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10 **UNITED STATES BANKRUPTCY COURT**

11 **CENTRAL DISTRICT OF CALIFORNIA**

12 **RIVERSIDE DIVISION**

13 In re  
14 RCR PLUMBING AND MECHANICAL,  
INC., a California corporation,  
15  
16 Debtor-in-Possession.

Case No. 6:11-bk-41853-WJ

Chapter 11 Case

**FIRST AMENDED DISCLOSURE  
STATEMENT DESCRIBING FIRST  
AMENDED CHAPTER 11 PLAN**

**DATE: July 10, 2012**

**TIME: 1:30 p.m.**

**CTRM: 302**

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1 RCR Plumbing and Mechanical, Inc. (the "Debtor"), the debtor-in-possession in the  
2 above captioned case, provides this *First Amended Disclosure Statement Describing*  
3 *Chapter 11 Plan* (the "Disclosure Statement")<sup>1</sup> in connection with the solicitation of  
4 acceptances and rejections of creditors of the *First Amended Chapter 11 Plan of*  
5 *Reorganization* (the "Plan"). The Debtor is the party proposing the Plan sent to you in the  
6 same envelope as this document. **THE DOCUMENT YOU ARE READING IS THE**  
7 **DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.**

8  
9 **I. INTRODUCTION**

10 The Debtor commenced this case by filing a voluntary petition for relief under  
11 Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, on  
12 October 12, 2011 (the "Petition Date"). Chapter 11 allows debtors to propose a plan. A  
13 plan may provide for a debtor to reorganize by continuing to operate, to liquidate by selling  
14 assets of the estate, or a combination of both.

15 The Plan contemplates that the Debtor will continue operating as a plumbing and  
16 HVAC subcontractor for medium- to large-scale residential and commercial building  
17 projects. The Debtor will complete its current projects and may submit bids for new  
18 projects. The Debtor will use the proceeds from its operations, including the proceeds  
19 from the sale of any personal property no longer necessary for its operations, to pay  
20 Creditors as set forth in the Plan. The Effective Date of the Plan will a date that is no later  
21 than the first Business Day that is sixty (60) days after entry of the Confirmation Order,  
22 provided there has been no order staying the effectiveness of the Confirmation Order.

23 **A. Purpose of This Document**

24 The purpose of this Disclosure Statement is to set forth information (1) about the  
25 history of the Debtor, its business, and the Chapter 11 case, (2) concerning the Plan and  
26

27  
28 <sup>1</sup> Unless otherwise defined in the Disclosure Statement, the definition of any capitalized term may be  
found in the Table of Definitions at the end of this Disclosure Statement.



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1 alternatives to the Plan, (3) advising holders of Claims and Interests of their rights under  
2 the Plan, (4) assisting the Creditors and Interest Holders who are entitled to vote on the  
3 Plan in making an informed judgment regarding whether they should vote to accept this  
4 Plan and to reject any Plan not proposed by the Debtor, and (5) assisting the Bankruptcy  
5 Court in determining whether the Plan complies with the provisions of Chapter 11 of the  
6 Bankruptcy Code and should be confirmed.

7 This Disclosure Statement cannot tell you everything about your rights. You should  
8 consider consulting your lawyer to obtain more specific advice on how the Plan will affect  
9 you and what is the best course of action for you. Weiland, Golden, Smiley, Wang Ekvall  
10 & Strok, LLP ("Weiland Golden"), general insolvency counsel for the Debtor, does not  
11 represent you.

12 Be sure to read the Plan as well as the Disclosure Statement. If there are any  
13 inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will  
14 govern.

15 The Bankruptcy Code requires that a disclosure statement contain "adequate  
16 information" concerning the Plan, meaning that the disclosure statement contains  
17 sufficient information to enable parties affected by the Plan to make an informed judgment  
18 in exercising their rights to vote to accept or reject the Plan. At the hearing on  
19 XX/XX/XXXX, the Court approved this Disclosure Statement as containing adequate  
20 information. Any party may now solicit votes for or against the Plan.

21 **B. Deadlines for Voting and Objecting; Date of the Plan Confirmation**  
22 **Hearing**

23 The Court has not yet confirmed the Plan described in this Disclosure Statement.  
24 In other words, the terms of the Plan are not yet binding on anyone. However, if the Court  
25 later confirms the Plan, then the Plan will be binding on the Debtor and on all Creditors  
26 and Interest Holders in this Case.

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

2                   The hearing where the Court will determine whether or not to confirm the Plan will  
3 take place on XX/XX/XXXX in Courtroom 302 of the United States Bankruptcy Court for  
4 the Central District of California, located at 3420 Twelfth Street, Riverside, California  
5 92501.

6                   **2. Deadline for Voting for or Against the Plan**

7                   If you are entitled to vote, it is in your best interest to timely vote on the enclosed  
8 ballot and return the ballot in the enclosed envelope to Weiland, Golden, Smiley,  
9 Wang Ekvall & Strook, LLP, attn: David A. Lee, Esq., 650 Town Center Drive, Suite 950,  
10 Costa Mesa, California 92626.

11                   Your ballot must be received no later than XX/XX/XXXX or it will not be counted.<sup>2</sup>

12                   **3. Deadline for Objecting to Confirmation of the Plan**

13                   Objections to the confirmation of the Plan must be filed with the Court and served  
14 upon counsel for the Debtor no later than XX/XX/XXXX.

15                   **4. Identity of Person to Contact for Further Information Regarding**  
16 **the Plan**

17                   Any interested party desiring further information about the Plan should contact Kyra  
18 E. Andrassy or David A. Lee of Weiland, Golden, Smiley, Wang Ekvall & Strook, LLP, by  
19 phone at (714) 966-1000 or by e-mail at [kandrassy@wgllp.com](mailto:kandrassy@wgllp.com) or [dlee@wgllp.com](mailto:dlee@wgllp.com).

20                   **C. Disclaimer**

21                   The financial data relied upon in formulating the Plan is based on the financial  
22 records of the Debtor and projections prepared by the Debtor's chief financial officer and  
23 the Debtor's financial advisor. The professionals employed by the Debtor drafted the Plan  
24 and the Disclosure Statement based on this information and have no independent  
25  
26

27  
28                   <sup>2</sup> In this Plan, because the shareholders are not receiving or retaining anything on account of their  
interests in the Debtor, their votes are not counted. See 11 U.S.C. § 1126(g).

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1 knowledge regarding the accuracy or the completeness of the data or information  
2 contained therein or herein.

3  
4 **II. BACKGROUND OF THE DEBTOR**

5 **A. Description of the Debtor and Its Business**

6 Founded and incorporated in 1977, the Debtor is a subcontractor that installs  
7 plumbing and HVAC systems in multi-family residential and commercial real property  
8 construction. The Debtor also provides warranty and repair services to its customers.  
9 The Debtor's business grew consistently throughout its history and was profitable in every  
10 year until 2007. As of the Petition Date, the Debtor was one of the largest plumbing and  
11 HVAC subcontractors in the western United States, with operations throughout California  
12 and Nevada. The Debtor's headquarters are located at 12660 Magnolia Drive and 12620  
13 Magnolia Drive, Riverside, California 92503 (together, the "Riverside Premises"). The  
14 Debtor has satellite offices located in Fremont and Sacramento, California. The Debtor  
15 also had a satellite office in Las Vegas, Nevada, but vacated that office post-petition.

16 Robert C. Richey is the chief executive officer and president of the Debtor. The  
17 sole shareholder of the Debtor is the Robert C. Richey Family Trust Dated January 20,  
18 1997 (the "Richey Family Trust"), of which Mr. Richey is the trustee.

19 In 1999, the Debtor was acquired by American Plumbing and Mechanical, Inc.  
20 ("AMPAM"). While the Debtor continued to be profitable after the acquisition, AMPAM did  
21 not. On October 13, 2003, AMPAM and its affiliated companies, including the Debtor,  
22 filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United  
23 States Bankruptcy Court for the Western District of Texas, San Antonio Division.  
24 Pursuant to the confirmed Chapter 11 plan in the AMPAM case (the "AMPAM Plan"), the  
25 Debtor received a discharge of any liability arising from contracts completed prior to  
26 August 2, 2004, the date the AMPAM Plan was confirmed.

27 After confirmation of the AMPAM Plan, the Debtor was disaggregated from  
28 AMPAM. Thereafter, the Debtor continued to install plumbing and HVAC systems for new

1 construction including residential, hospitality and commercial projects in California and  
2 Nevada.

3 **B. Debt and Equity Structure of the Debtor**

4 In June 2008, the Debtor obtained a revolving credit facility from PNC Bank, N.A.  
5 ("PNC Bank") in the amount of \$8.5 million pursuant to a Revolving Credit and Security  
6 Agreement, dated as of June 19, 2008 (the "Original PNC Agreement"), to procure  
7 working capital for the Debtor and to support approximately \$7 million in letters of credit  
8 related to the Debtor's high-deductible insurance policies. Borrowings under the Original  
9 PNC Agreement were limited by the value of eligible receivables and inventory on hand.

10 The Original PNC Agreement was amended by the Amended and Restated  
11 Revolving Credit and Security Agreement dated as of April 6, 2009, but deemed effective  
12 as of February 28, 2009 (the "Amended PNC Agreement" and together, with all other  
13 agreements and documents related to the credit facility with PNC, the "PNC Loan  
14 Documents"). Like its predecessor, the Amended PNC Agreement also provided for a  
15 revolving credit facility in the maximum amount of \$8.5 million, exclusive of any increases  
16 authorized therein. Prior to the Petition Date, the terms of the Amended PNC Agreement  
17 were further amended and restated on multiple occasions, including the Third Amended  
18 and Restated Revolving Credit Note, pursuant to which the maximum amount of the  
19 revolving credit facility under the Amended PNC Agreement was reduced to the principal  
20 amount of \$6.5 million.

21 As of the Petition Date, the Amended PNC Agreement provided for a \$6.5 million  
22 revolving credit facility (the "Revolving Credit Facility") and supported approximately \$4.8  
23 million in letters of credit (collectively, the "LOCs"). Post-petition, the amount of the  
24 revolving credit facility was reduced by agreement between the Debtor and PNC to \$5.0  
25 million to be consistent with the liability under the LOCs. As discussed further herein, the  
26 LOCs were issued to secure the Debtor's obligations under its insurance policies. The  
27 LOCs were undrawn as of the Petition Date. There were also no outstanding borrowings  
28 on the Revolving Credit Facility as of the Petition Date. Post-petition, at least two draws

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1 have occurred and several requests have been made. However, for purposes of  
2 calculating the amount available to the Debtor on the Revolving Credit Facility, under the  
3 Amended PNC Agreement, the outstanding aggregate amount of the LOCs is considered  
4 and treated as an advance against the Revolving Credit Facility. Moreover, pursuant to  
5 the Amended PNC Agreement, to the extent that 85% of the Debtor's "Eligible  
6 Receivables" exceed Debtor's outstanding draws on the Revolving Credit Facility,  
7 including the LOCs, the Debtor was required to reserve cash in an amount equal to any  
8 shortfall in the eligible receivables. To this end, as of the Petition Date, the Debtor had  
9 approximately \$683,400 on reserve in an account at PNC Bank (the "Reserved Funds"),  
10 which account was subject to a control agreement with PNC Bank.

11 The Debtor's partly contingent obligations under the Amended PNC Agreement are  
12 secured by substantially all of the Debtor's assets, including the Debtor's accounts  
13 receivable, equipment, and inventory. Furthermore, the Debtor's obligations under the  
14 Amended PNC Agreement have been guaranteed by Mr. Richey, as an individual and as  
15 trustee of the Richey Family Trust. Richey, as the trustee of the Richey Family Trust,  
16 pledged the common stock in the Debtor as security for the guaranteed obligations of the  
17 Richey Family Trust.

18 Post-petition, the Debtor vested the Committee with standing to investigate PNC's  
19 Claims and Liens. The Committee reviewed the PNC Loan Documents and related  
20 documents and determined that PNC's Claims and Liens were valid.

21 In addition, prior to the Petition Date, the Richey Family Trust purportedly loaned  
22 approximately \$1,225,000 to the Debtor to fund its operations pursuant to a Subordinated  
23 Promissory Note dated May 20, 2011 (the "Subordinated Note"). The Subordinated Note  
24 authorizes the Richey Family Trust to loan up to \$2.5 million to the Debtor. The Debtor's  
25 obligations to the Richey Family Trust are purportedly secured by substantially all of the  
26 Debtor's assets, including the Debtor's accounts receivable, equipment, and inventory.  
27 Repayment of the Subordinated Note is subordinate and junior to the repayment of the  
28 Debtor's obligations to PNC Bank under the Amended PNC Agreement. The Committee

1 objects to the characterization of this claim as a loan to the Debtor and believes that it  
2 should be recharacterized as equity or subordinated to all other claims.

3 **C. The Debtor's Liability Insurance Model**

4 As a contractor, the Debtor is required to carry workers' compensation insurance  
5 and general liability insurance. After confirmation of the AMPAM Plan, the Debtor had  
6 insurance policies in place, but they were either high-deductible policies with Ace  
7 American Insurance Co. ("Ace") or Arch Insurance Company ("Arch"), or excess policies  
8 over a self-insured retention ("SIR") with Arch (Ace and Arch are together referred to as  
9 the "Insurers"). An SIR is an amount specified in a policy that the insured must pay before  
10 the insurer pays. Unlike a deductible, an SIR is typically paid directly to the claimant by  
11 the insured.

12 None of the Debtor's policies with the Insurers are traditional guaranteed cost  
13 insurance policies with relatively low deductibles and fixed premiums. Under those  
14 policies, the insurance company will typically pay the injured party's claim in full and cover  
15 the cost of defense, with a right to seek reimbursement of the deductible from the insured.

16 In contrast, the Debtor's high deductible policies have insurance coverage that  
17 starts at the first dollar of loss, but the Debtor has agreed to reimburse the insurer for all  
18 claim payments up to the deductible limits, which are relatively substantial. With respect  
19 to the Debtor's excess policies over an SIR (the "SIR Policies"), Arch is only required to  
20 pay the portion of damages in excess of the Debtor's SIRs, which are also relatively  
21 substantial. There is no coverage until the loss exceeds the SIR and Arch has no  
22 obligation to pay anything to the claimant for amounts within the SIR. Attached hereto as  
23 Exhibit "1" is a list of all of the Debtor's general liability, workers' compensation, and auto  
24 insurance policies from November 1, 2003, through the present. The following are brief  
25 summaries of the terms of the respective Insurer's general liability and workers'  
26 compensation insurance policies:

27  
28

1                   **1. The High Deductible Policies with Ace**

2           The Debtor, or its predecessor in interest, AMPAM, purchased four (4) successive  
3 general liability policies with Ace with one year policy terms beginning on November 1,  
4 2003, and ending on November 1, 2007. The policies with Ace are high deductible  
5 policies subject to non-traditional deductible endorsements that modify the policy and  
6 require the insured to fund the deductible amounts in full before the insurer is required to  
7 defend or pay any claims. The deductibles on the first two policies are \$500,000 and the  
8 deductibles on the latter two are \$250,000.

9           The endorsements raise the question of who is legally responsible for making a  
10 claimant whole if the insured is unable to meet the deductible requirements. For example,  
11 for the 2003-2004 and 2004-2005 policies, the endorsements provide that subject to  
12 policy limits, "[i]n the event you are unable to pay the Deductible amount or any portion  
13 thereof, our obligation to pay damages to satisfy a judgment or pay a settlement shall  
14 include the Deductible amount or any portion thereof." The endorsements further provide  
15 that Ace has no duty to defend any suit. As it relates to expenses, the endorsements  
16 state that Ace shall not pay any allocated loss adjustment expenses within the deductible  
17 amount. An "allocated loss adjustment expense" is defined as any expenses, costs, or  
18 interest incurred in connection with the investigation, administration, settlement, or  
19 defense of any claim or suit arising under the policy. The deductible endorsements also  
20 provide that Ace has the right, but not the obligation, to pay any damages within the  
21 deductible if the Debtor fails to do so, to pay any amounts within the deductible to settle  
22 any suits, and to assume defense and control of any claims or litigation that Ace believes  
23 will exceed the deductible. There are similar provisions in the later endorsements.

24           General contractors for whom the Debtor works frequently require their  
25 subcontractors to list them as additional insureds on their general liability policies. Many  
26 also require that such additional insured coverage include completed operations. The  
27 completed operations additional insured coverage has not been available to most  
28 contractors for residential construction since approximately 2003. However, because the

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1 construction industry was so competitive in the early to mid 2000s and because of the  
2 high deductible nature of the Debtor's insurance policies, the Debtor was able to obtain  
3 this coverage for the general contractors for whom it did work and did so until 2007. As a  
4 result, in matters where the Debtor is named in the lawsuit as a cross defendant by the  
5 owner or general contractor, and either or both of those parties present a valid additional  
6 insured endorsement for completed operations, the insurer may be contractually  
7 responsible for paying the entire cost of the owner or contractor's defense, including all  
8 associated costs, subject to an action for equitable contribution at the end of the litigation.  
9 To the extent that any such amounts are within the Debtor's deductible, Ace has  
10 historically transferred that obligation to the Debtor as its insured. It remains unclear  
11 whether the Debtor has the direct right to seek equitable contribution under the insurance  
12 contract.

13 Because of the limited availability of these additional insured endorsements,  
14 additional insured defense costs in today's litigation environment typically far exceed the  
15 costs associated with the defense and indemnity obligations of the named insured, which  
16 are separate from and in addition to any additional insured obligations.

17 In addition to having general liability insurance policies with Ace, Ace also provided  
18 the Debtor with workers' compensation insurance during the same years. The deductibles  
19 under these policies with Ace range from \$250,000 to \$500,000. Unlike with general  
20 liability policies, under California law, if the insured cannot pay the deductible under a  
21 workers' compensation insurance policy, the benefits must still be paid by the carrier  
22 without regard to the deductible. However, any payments by the insurer within the  
23 deductible are treated as an advancement of funds by the insurer to the employer and  
24 creates a legal obligation for reimbursement.

25 As security for the performance of the Debtor's obligations under its insurance  
26 policies with Ace, the Debtor was required to post an irrevocable LOC at PNC Bank for  
27 Ace's benefit in the amount of \$3,553,000.00. The letter of credit is considered a draw  
28 against the Debtor's line of credit with PNC Bank, which is secured by virtually all of the



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1 Debtor's assets, although as of the Petition Date, there had been no draws against the  
2 LOC.

### 3 **2. The High Deductible Policies with Arch**

4 From November 1, 2007, through November 1, 2008, the Debtor had a general  
5 liability insurance policy with Arch that was a high deductible policy with a \$100,000  
6 deductible. The endorsement to this policy provided that Arch had no obligations under  
7 the policy unless damages were in excess of the \$100,000 deductible. The deductible  
8 endorsement to the general liability policy provides that Arch has no obligation to pay  
9 damages on behalf of the Debtor unless they are in excess of the deductible amount.  
10 Defense fees and costs (referred to as Allocated Loss Adjustment Expenses) are also  
11 specifically included within the deductible amount. The endorsement further provides that  
12 Arch will pay damages and defense fees and costs over the deductible once the  
13 deductible is satisfied. However, in contrast to Ace's deductible endorsements, the Arch  
14 endorsement specifically provides that the terms of the insurance with respect to the right  
15 and duty to defend any suit seeking damages apply irrespective of the application of the  
16 deductible amount. It appears that Arch may have the legal obligation to respond even if  
17 the Debtor does not pay the deductible, but it would maintain the right to seek  
18 reimbursement from the Debtor.

19 The Debtor also has workers' compensation insurance policies with Arch for the  
20 policy periods from November 1, 2007 through November 1, 2011. The policies have  
21 deductibles of \$175,000.

22 The Debtor's obligations under its policies with Arch are secured by an irrevocable  
23 LOC posted by the Debtor at PNC Bank in the amount of \$1,275,000. As with Ace's letter  
24 of credit, Arch's letter of credit is considered a draw against the Debtor's line of credit at  
25 PNC Bank, which is secured by virtually all of the Debtor's assets.

### 26 **3. The SIR Policies with Arch**

27 The remainder of the Debtor's general liability policies with Arch are excess policies  
28 over SIRs. Under the SIR endorsements, coverage begins only above the SIR amount,

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1 and only for damages in excess of the self-insured retention amount. Arch has no  
2 obligation to pay the allocated loss adjustment expense within the SIR. The Debtor is only  
3 obligated to communicate with Arch once the SIR payments for a particular claim equal or  
4 exceed \$50,000. The Debtor is responsible for investigation, defense, and settlement  
5 within the SIR. Arch has the right, but not the duty, to participate in proceedings where  
6 the SIR has not been satisfied by the insured.

7 The Debtor's obligations under its SIR policies with Arch are also secured by the  
8 same LOC that secures its obligations under its one deductible policy with Arch.

9 As set forth in the next section, the structure of the Debtor's insurance has  
10 exacerbated the Debtor's financial situation because the Debtor is effectively self-insured  
11 and simply cannot afford to continue to pay the deductibles and SIRs while continuing to  
12 operate its business.

13 **D. Events Precipitating the Chapter 11 Filing**

14 The Debtor's Chapter 11 filing was precipitated by several factors. A weak  
15 construction market led to heightened competition for projects and correspondingly  
16 thinned profit margins. Declining revenues and profit margins forced the Debtor to reduce  
17 overhead and staffing multiple times between 2008 and the Petition Date. Furthermore,  
18 as the Debtor's profitability declined and its business revenue contracted, it became  
19 increasingly difficult to secure the Revolving Credit Facility. The Debtor lacked sufficient  
20 receivables to secure the Revolving Credit Facility, and was forced to reallocate funds  
21 necessary for its operations to the Reserved Funds.

22 The Debtor's financial troubles have been exacerbated by the high cost of  
23 construction defect claims and litigation, which have been almost exclusively borne by the  
24 Debtor due to the high deductible and self-insured retention insurance programs  
25 discussed above. When the high deductible and self-insured programs were purchased,  
26 the Debtor was a much larger company with significant revenues. Unfortunately, the  
27 nature of construction defect claims provides for a long "tail" on liability exposure. This is  
28 especially troublesome as it relates to residential construction, which represents the

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1 majority of the revenues on which the subject general liability insurance programs and  
2 premiums were based. The applicable statute of limitations in both California and Nevada  
3 effectively create potential exposure for liability claims on residential construction for ten  
4 years from the date the work was completed. Claims and the associated litigation arising  
5 from the Debtor's work often do not commence until three to five years after homes are  
6 completed. The steady influx of claims and litigation since the implosion of the residential  
7 real estate market beginning in approximately 2007 has been based on the highest period  
8 of home production in the Debtor's history but with available funding based on the lowest  
9 revenues the Debtor had seen in a decade. This potential exposure, combined with the  
10 financial impact of insurance programs purchased in a better economy, has had a  
11 devastating impact on the Debtor.

12  
13 **III. SIGNIFICANT EVENTS DURING THE CASE**

14 **A. Retention of Debtors' Professionals**

15 After filing the petition, the Debtor sought an order approving employment of the  
16 law firm of Weiland, Golden, Smiley, Wang Ekvall & Strok, LLP ("Weiland Golden"), as  
17 general reorganization counsel, effective as of the Petition Date. The Bankruptcy Court  
18 approved the Debtor's employment of Weiland Golden, effective as of the Petition Date,  
19 pursuant to an order entered November 10, 2011.

20 By order entered November 15, 2011, the Bankruptcy Court approved the Debtor's  
21 employment of BSW & Associates as its financial advisor.

22 By order entered November 28, 2011, the Bankruptcy Court approved the Debtor's  
23 employment of Sidley Austin, LLP, as its special labor and employment counsel.

24 By order entered February 2, 2012, the Bankruptcy Court approved the Debtor's  
25 employment of Oliva & Associates, ALC, as its special advisory counsel with respect to  
26 insurance coverage issues.

27  
28

1           **B. Appointment of the Committee**

2           On November 8, 2011, the Office of the United States Trustee appointed the  
3 Official Committee of Unsecured Creditors (the "Committee") to represent the interests of  
4 the general unsecured creditors of the Debtor's estate. The members of the Committee  
5 are: (1) Hajoca Corporation/HD Supply; (2) Sacramento Windustrial Co.; (3) Aequitas Law  
6 Group; (4) Winnelson–Riverside; (5) Hirsch Pipe & Supply; (6) Ferguson Enterprises; and  
7 (7) Fiber Care Baths, Inc.

8           By order entered December 28, 2011, the Bankruptcy Court approved the  
9 Committee's employment of Venable LLP as its counsel. By order entered April 20, 2012,  
10 the Bankruptcy Court approved the Committee's employment of Bryan Cave as special  
11 counsel to verify the claimed validity of the secured claim of PNC Bank. Bryan Cave was  
12 retained because Venable had a conflict that prevented it from being directly adverse to  
13 PNC.

14           **C. Establishment of Claims Bar Date**

15           Upon motion by the Debtor, the Bankruptcy Court ordered that the bar date for  
16 filing proofs of claim or interest and applications for payment of Section 503(b)(9) Claims  
17 be March 30, 2012 (the "Claims Bar Date"). The Debtor served notice of the Claims Bar  
18 Date on all Creditors on February 15, 2012. Attached as Exhibit "2" is a copy of the  
19 claims register that reflects Claims scheduled in a specific dollar amount and Claims that  
20 were filed with the Court.

21           **D. Use of Cash Collateral**

22           On October 12, 2011, the Debtor filed the Emergency Motion for Order (1)  
23 Authorizing Use of Cash Collateral, and (2) Compelling Turnover of Estate Funds (the  
24 "Cash Collateral Motion"). The Bankruptcy Court granted the Cash Collateral Motion on  
25 an interim basis by order entered October 14, 2011. The Debtor was authorized to use  
26 the cash collateral of PNC Bank and the Richey Family Trust (together, the "Secured  
27 Creditors"). The Secured Creditors received a post-petition replacement lien to secure  
28 any diminution in the value of their collateral to the same extent, validity, and priority as

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1 any duly perfected and unavoidable liens in the collateral that they held as of the Petition  
2 Date.

3 Pursuant to a series of stipulations between the Debtor, the Committee, and PNC,  
4 the Debtor received further interim authorization to use cash collateral several times. On  
5 January 24, 2012, the parties entered into a stipulation authorizing the use of cash  
6 collateral on a final basis (the "Final Cash Collateral Stipulation"). Following a final  
7 hearing on February 7, 2012, the Bankruptcy Court entered an order granting the Cash  
8 Collateral Motion and approving the Final Cash Collateral Stipulation.

9 The Final Cash Collateral Stipulation provided that the Debtor would fund a reserve  
10 account (the "Reserve Account") with the Reserved Funds and monthly payments,  
11 calculated according to the formula in the Final Cash Collateral Stipulation. The Debtor  
12 agreed to fund the Reserve Account over time up to the lesser of the aggregate amount of  
13 the LOCs or to the amount of PNC's Estimated Claim once allowed by a final order. The  
14 Debtor has projected that the Reserve Account would be fully funded by August 31, 2012.

15 **E. Payment of Pre-Petition Wages and Retention and Incentive Bonuses**

16 By order entered November 3, 2011, the Bankruptcy Court granted on a final basis  
17 the Debtor's Emergency Motion for Order Authorizing Payment and Honoring: (1)  
18 Prepetition Payroll Obligations; and (2) Employee Gas Expense Account System (the  
19 "Pre-Petition Payroll Motion"). The Debtor was authorized to pay the wage, salary and  
20 benefit claims, as well as expense reimbursement claims, of its employees that became  
21 due, but went unpaid, prior to the Petition Date in an amount not to exceed \$11,725 per  
22 employee. The Debtor made the authorized payments to its employees.

23 In March 2012, the Debtor filed a motion seeking authority to pay a small handful of  
24 specific key employees retention or incentive bonuses to encourage them to continue  
25 working for the Debtor to ensure that it is able to complete all of its pending projects and  
26 to collect the receivables for those projects. The Court approved the motion, as modified  
27 prior to and at the hearing, by an order entered on May 17, 2012.

28

1 **F. Limit Notice**

2 On the Petition Date, the Debtor filed the Emergency Motion for Order Limiting  
3 Notice of Certain Matters Requiring Notice to Creditors Pursuant to Rules 2002 and 9007  
4 of the Federal Rules of Bankruptcy Procedure (the "Limit Notice Motion"). On  
5 November 3, 2011, the Bankruptcy Court entered an order granting the Limit Notice  
6 Motion. Pursuant to the Bankruptcy Court's order, the notice of certain specified matters  
7 was limited to: (1) the Creditors holding the twenty largest unsecured Claims; (2) the  
8 Committee; (3) the Office of the United States Trustee; (4) Secured Creditors; (5) all  
9 Creditors or other parties that requested that the Debtor send such notices by e-mail; (6)  
10 all registered CM/ECF users associated with the bankruptcy case; and (7) all Creditors or  
11 other parties whose interests are directly affected by the subject motion. The Bankruptcy  
12 Court's order provided that the notice of certain other matters, including the time fixed for  
13 filing objections to, and the hearing to consider approval of, a disclosure statement or the  
14 confirmation of a plan, must be provided to all creditors.

15 **G. Real Property Leases**

16 The Debtor's headquarters are located in the Riverside Premises, with satellite  
17 offices in Fremont and Sacramento, California. The Debtor has two leases for the  
18 Riverside Premises, one lease for each 12660 Magnolia Drive and 12620 Magnolia Drive.  
19 The Riverside Premises leases expired on December 31, 2011. The Debtor continues to  
20 occupy the building located at 12620 Magnolia Drive but intends to vacate the building at  
21 12660 Magnolia Drive, which has been used as a warehouse, by mid-May 2012. The  
22 Riverside Premises are owned by an affiliate of Robert C. Richey. Post-petition, the  
23 Debtor vacated its office in Las Vegas, which was on a month-to-month lease.

24 **1. The Fremont Lease**

25 On August 8, 2011, the Debtor entered into a lease with GB Holdings II  
26 LP/Grimmer Industrial Park, LLC, for an office located at 44875 Industrial Drive, Unit Q,  
27 Fremont, California 94538 (the "Fremont Lease"). The term of the lease is for two years  
28

1 and one month, with a monthly base rent of \$5,000.00. The Debtor required this space  
2 because it has a number of projects in the Bay Area of Northern California.

3 **2. The Sacramento Lease**

4 On August 24, 2010, the Debtor entered into a lease with Rene Harlin, LLC, for an  
5 office located at 4512 Harlin Drive, Sacramento, California 95826 (the "Sacramento  
6 Lease"). The term of the lease is for three years and three months, with a current monthly  
7 base rent of \$8,652.00. The Debtor needed this space because it has a number of  
8 projects in the Sacramento region of Northern California.

9 **3. Status of the Fremont Lease and the Sacramento Lease**

10 On January 17, 2012, the Debtor filed the Motion for Order Extending Time to  
11 Assume or Reject Non-Residential Real Property Leases Pursuant to 11 U.S.C.  
12 § 365(d)(4)(B). After a hearing held February 7, 2012, the Bankruptcy Court extended the  
13 deadline for the Debtor to assume or reject the Fremont Lease and the Sacramento Lease  
14 for ninety days to May 9, 2012. Because the Debtor is in the process of downsizing its  
15 Northern California operations so it can focus on Southern California and because neither  
16 of the leases was under market and therefore of value to any other party, the Debtor  
17 elected not to assume these leases. Therefore, they have been deemed rejected,  
18 although the Debtor has an informal arrangement with the landlords to occupy the spaces  
19 on a month to month basis until the spaces are no longer required.

20 **H. Winding Down of the Debtor's Business in Northern California**

21 In Spring 2012 and in order to wind down unprofitable operations in Northern  
22 California, the Debtor made the decision to not bid on any new phases of existing projects  
23 in that region and to not seek additional work in that area. With the exception of one  
24 project, the Debtor anticipates completing the current projects in Summer 2012 and will  
25 vacate the Sacramento space as of June 30, 2012. In order to make the Debtor's exit  
26 from this market less abrupt and less alarming to the general contractors for whom the  
27 Debtor has performed work and from whom the Debtor must still collect retention  
28 payments, the Debtor began discussions with Buetler Corporation, a competitor, about

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1 potentially performing warranty work for the Debtor's projects in that region and, if  
2 necessary, subcontracting any remaining work to Buetler to complete. John Chanda, the  
3 Debtor's operations manager in that region, decided to joint Buetler, as did an employee  
4 who handled the Debtor's purchasing in that region. The Debtor signed a letter of intent  
5 with Buetler, but that agreement contemplated a further agreement that would be subject  
6 to Court approval. As of the date of the disclosure statement, that agreement has not  
7 been prepared because there has not been a need to do so.

8 As of the filing of this Disclosure Statement, the Debtor remains in the process of  
9 completing its projects in Northern California and will make the decision about how to  
10 handle warranty work, if at all, in the near future.

11 **I. Litigation Concerning the Automatic Stay**

12 One of the primary reasons for the Chapter 11 bankruptcy filing was to provide the  
13 Debtor a mechanism for dealing with various construction defect claims. Typically, the  
14 Debtor becomes a party to construction defect litigation when general contractors are  
15 sued by one or more homeowners who allege construction defects. The general  
16 contractors then frequently name as cross-defendants all of the subcontractors (including  
17 the Debtor) who worked on the project.

18 Shortly after the Petition Date, numerous general contractors began filing Motions  
19 for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362, requesting that the  
20 Bankruptcy Court lift the automatic stay to allow the general contractors to proceed  
21 against the Debtor's insurance policies and liquidate their construction defect claims in a  
22 non-bankruptcy forum. The Debtor and the Committee opposed each of the motions that  
23 implicated the policies with the Insurers on the grounds that the Debtor could not afford to  
24 pay the costs of defense or indemnity that were required under the high deductible and  
25 SIR endorsements. The Debtor and the Committee feared that, should the automatic stay  
26 be lifted and the construction defect lawsuits permitted to proceed, the Debtor would be  
27 subject to many default judgments in the non-bankruptcy forums, or that the Insurers  
28 would reimburse their own costs of defense by drawing against the LOCs, thus triggering



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1 a Secured Claim against the Estate. The Debtor and the Committee also expressed  
2 concern that if the stay were lifted, claims that would otherwise be general unsecured  
3 claims would be elevated into secured claims as a result of the ensuing draws against the  
4 LOCs.

5 Following an omnibus hearing on January 24, 2012, the Bankruptcy Court denied  
6 many of the Motions for Relief from the Automatic Stay. Since that time, the Debtor and  
7 the Committee have successfully negotiated with many general contractors to prevent  
8 further litigation concerning the automatic stay. Instead, the construction defect claimants  
9 have generally utilized the claims allowance process and the Debtor intends to deal with  
10 their Claims under the Plan.

11 **J. Post-Petition Draws Against the Letters of Credit**

12 On May 25, 2012, Ace made a request to PNC Bank for a draw against the Ace  
13 LOC in the amount of \$19,373.29 for payments made under the Debtor's workers  
14 compensation insurance policies with Ace. PNC honored the request.

15 On June 22, 2012, Arch made a request to PNC Bank for a draw against the Arch  
16 LOC in the amount of \$168,060.00 for payments made under the Debtor's workers  
17 compensation insurance policies with Arch. The Debtor anticipates that PNC will honor  
18 the request.

19 **K. Sales of Assets**

20 As the Debtor has downsized its operations, it had extra vehicles and equipment  
21 that it no longer required for its operations. In March 16, 2012, the Court entered an order  
22 approving a procedure for the Debtor sell the vehicles it no longer needed at auction. As  
23 of the date of this Disclosure Statement, the Debtor has sent approximately 64 vehicles to  
24 auction. In addition, in late April, the Debtor sold some equipment that it no longer  
25 required to a third party, AMPAM Parks Mechanical, for \$70,000.

26 The Debtor expects that as its operations continue to downsize, it will sell additional  
27 equipment.

28

1           **L. Preferential and Fraudulent Conveyance Actions**

2           The Debtor has begun but not completed its analysis of potential preference  
3 actions and has begun the process of filing preference actions, including one against  
4 Ferguson Enterprises, Inc. The Debtor has not begun its analysis of fraudulent transfer  
5 claims (together, preference and fraudulent transfer actions are referred to as "Avoidance  
6 Actions"). Attached hereto as Exhibit "3" are the lists of all payments made to insiders in  
7 the one year period prior to the Petition Date and attached hereto as Exhibit "4" is the  
8 Debtor's list of all payments made to Creditors in the ninety (90) days prior to the Petition  
9 Date. Avoidance Actions may exist against some or all of these transferees, and claims  
10 for relief for all avoidance actions under 11 U.S.C. §§ 544 through 550, including, but not  
11 limited to, claims for the recovery of preferential transfers, are hereby reserved against all  
12 entities. The omission of the identity of a recipient of a potentially avoidable and  
13 recoverable transfer or of a particular payment from either Exhibit "3" or "4" is  
14 unintentional and shall not be deemed a waiver of the right of the Estate to recover any  
15 distribution(s), payment(s), or transfer(s) from any person or entity under any provision of  
16 the Bankruptcy Code. It is possible that these payments are either not avoidable or are  
17 subject to a valid affirmative defense.

18           **M. Claim Objections**

19           The Debtor has not completed its review of the Claims filed in the Case. The  
20 Debtor anticipates that objections will be filed to a number of Claims and that the majority,  
21 if not all, of the objections will be filed post-confirmation. The Debtor reserves all  
22 appropriate objections. On the Effective Date, standing to object to Claims will be vested  
23 in the Plan Trustee.

24           **N. Section 503(b)(9) Claims**

25           Although the Claims Bar Date required Creditors with Claims under 11 U.S.C.  
26 § 503(b)(9) to file their requests for payment of such claims on or prior to the Claims Bar  
27 Date, the Debtor did not require those claimants to schedule hearings on allowance or  
28 payment, contemplating instead that the claims would be allowed under the Plan and then

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1 paid on the Effective Date. However, Pace Supply Co. and Ferguson Enterprises, Inc.,  
2 filed motions for allowance and immediate payment. The Debtor objected to their  
3 immediate payment for several reasons, including that such payments were not  
4 contemplated by the cash collateral stipulations with PNC and that the Section 503(b)(9)  
5 Claims were subject to setoff under 11 U.S.C. § 502(d) to the extent that the holders of  
6 Section 503(b)(9) Claims had received preferential transfers. The hearing on Pace's  
7 motion was continued first to June 26, 2012, and then to July 10, 2012, by stipulation of  
8 the parties. At the hearing on May 15, 2012, the Court granted the motion of Ferguson for  
9 immediate payment, ordering the Debtor to pay the Ferguson's Section 503(b)(9) Claim  
10 into its counsel's trust account pending resolution of issues regarding whether Ferguson  
11 has any exposure under 11 U.S.C. § 502(d) for having received preferential and avoidable  
12 transfers that should be setoff against its Section 503(b)(9) Claim. The Court continued  
13 the hearing to June 26, 2012, for further briefing on several issues, including § 502(d).  
14 The Debtor filed an interlocutory appeal of the order that was entered after the May 15,  
15 2012, hearing, and Ferguson filed an election to have the appeal heard by the United  
16 States District Court, Central District of California.

17 **O. Estimation of Claims**

18 The Debtor anticipates that the Debtor and/or the Plan Trustee may file a motion to  
19 estimate the extent of its liability with Arch for SIRs for workers' compensation claims and  
20 is in the process of making the determination of whether to file one to estimate the extent  
21 of its liability with Ace. The estimation motions would estimate the Claims of Ace and/or  
22 Arch related to the deductibles and SIRs under the Debtor's workers' compensation  
23 policies which will, in turn, determine the amount of the draws by Ace and/or Arch against  
24 the LOCs and, therefore, fix the amount of PNC's secured claim (together, the "Estimated  
25 Claims"). Under the Plan, builders with construction defect claims or claims related to  
26 their being named as an additional insured on the Debtor's policies with Ace and Arch and  
27 claimants with general liability claims must elect to either (1) receive a pro rata distribution  
28 from the Class 3A Fund or (2) seek recovery solely from insurance, conditioned upon their

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1 payment of the SIR or deductible, and waive any claims against the Estate. Therefore,  
2 there is no need to estimate their claims.

3 **P. Alleged Secured Claim of the Richey Family Trust**

4 In connection with the advances described above, the Richey Family Trust has filed  
5 a secured claim against the Estate, asserting that it is owed \$1,241,066.67 as of the  
6 Petition Date for prepetition loans that it made to the Debtor. With interest, the claim has  
7 increased to \$1,260,122.22 as of February 29, 2012. Specifically, three advances were  
8 made to the Debtor: (1) \$475,000.00 in May 2011; (2) \$500,000.00 in June 2011; and (3)  
9 \$250,000 in July 2011. The loans were made pursuant to the Subordinated Note and  
10 were purportedly secured by UCC-1 financing statements recorded with the California  
11 Secretary of State on July 6, 2011. The Debtor has agreed to vest the Committee with  
12 standing to investigate whether any equitable subordination, debt recharacterization, or  
13 any other claims that may be asserted against the Richey Family Trust. The Committee  
14 believes that the Estate may hold claims against the Richey Family Trust and other  
15 affiliates and/or related parties, including Robert C. Richey (collectively, the "Richey  
16 Entities"), and is presently investigating those claims. By stipulation between the Richey  
17 Entities and the Committee, the deadline to file any such claims against the Richey  
18 Entities is August 15, 2012. By stipulation between the Committee and the Richey  
19 Entities, the Committee will conduct the examination of the Richey Entities on July 16,  
20 2012, pursuant to Federal Rule of Bankruptcy Procedure 2004.

21  
22 **IV. FINANCIAL INFORMATION REGARDING THE DEBTOR**

23 **A. Historical Financial Information**

24 Attached hereto as Exhibit "5" are audited financials for the Debtor and its affiliates  
25 for the years ended 2009 and 2010 and unaudited financial statements for the period  
26 ended August 31, 2011.

1 **B. Financial Information Provided During the Case**

2 As set forth above, the Debtor filed schedules in this case that provide substantial  
3 financial information regarding its assets and liabilities as of the Petition Date. The  
4 schedules are available on-line through PACER or at the case-specific website,  
5 www.kccllc.net/rcr, or at the Clerk's Office. In addition to the schedules, the Debtor has  
6 prepared the monthly operating reports as required by the Office of the United States  
7 Trustee, and those are also available for inspection from the same sources as the  
8 schedules.

9 In connection with its monthly operating reports, the Debtor has prepared an  
10 unaudited balance sheet and a profit and loss statement for the post-petition period.  
11 These financial statements have not been subject to an independent audit, review, or  
12 compilation. A summary of these balance sheets and profit and loss statements is  
13 attached as Exhibit "6."

14 THE DEBTOR CANNOT WARRANT OR REPRESENT THAT THE FINANCIAL  
15 INFORMATION CONTAINED IN OR ATTACHED TO OR REFERENCED BY THIS  
16 DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACIES OR IS CONSISTENT  
17 WITH ANY ACCOUNTING STANDARDS, ALTHOUGH THE DEBTOR BELIEVES THAT  
18 IT HAS MADE A REASONABLE EFFORT, UNDER THE CIRCUMSTANCES, TO  
19 PRESENT THE FINANCIAL INFORMATION FAIRLY AND ACCURATELY AND IN  
20 ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

21  
22 **V. SUMMARY OF THE PLAN**

23 The following section contains a summary of the material provisions of the Plan,  
24 although it should not replace a review of the Plan in its entirety. The funding for the Plan  
25 will come from funds on hand and the revenues generated by the Reorganized Debtor's  
26 operations, as well as any net proceeds from Post-Confirmation Litigation.

27 The treatment of Allowed Claims and Allowed Interests under the Plan supersedes  
28 any agreements or rights the Holders of those Claims or Interests may have in or against

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1 the Debtor or their assets and is in full satisfaction of the legal, equitable, and contractual  
2 rights of the holders of the Claims or Interests. Unless the Plan provides otherwise, no  
3 distributions will be made and no rights retained on account of any Claim or Interest that  
4 has not become an Allowed Claim or Allowed Interest.

5 As required by the Bankruptcy Code, the Plan classifies Claims and Interest in  
6 various classes according to their right to priority. The Plan states whether each Class of  
7 Claims or Interests is impaired and provides for the treatment that each Class will receive.

8 **A. Allowance and Treatment of Unclassified Claims**

9 Certain types of Claims are not placed into voting classes but are instead  
10 unclassified. They are not considered impaired and they do not vote on the Plan because  
11 they are automatically entitled to certain treatment under the Bankruptcy Code.

12 Accordingly, the following Claims have not been put into a Class:

13 **1. Administrative Claims**

14 Administrative Claims are for costs and expenses of administering the Debtor's  
15 Case that are allowable under Bankruptcy Code section 503(b) or 28 U.S.C. § 1930, and  
16 include Claims incurred post-petition in the course of operating the Debtor's business,  
17 fees and expenses of professionals, fees due to the OUST, and Section 503(b)(9) Claims.

18 **a. Ordinary Course Administrative Claims**

19 The following chart lists all of the Debtor's Ordinary Course Administrative Claims,  
20 which generally include debt that it incurs in the operation of its plumbing business.  
21 Ordinary Course Administrative Claims do not include claims for professional fees  
22 ("Professional Fee Claims"), Section 503(b)(9) Claims, and Non-Ordinary Course  
23 Administrative Claims. The following chart describes the proposed treatment for Ordinary  
24 Course Administrative Claims, as well as Clerk's Office Fees and OUST fees that the  
25 Debtor must pay as a condition to having filed this case:

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Description	Estimated Amount Owed	Treatment
Ordinary Course Administrative Claims, including Administrative Tax Claims		These Claims have been or will be paid in the ordinary course of the Debtor's or Reorganized Debtor's business.
Clerk's Office Fees	\$0	Any outstanding Clerk's Office Fees will be Paid in Full on the Effective Date.
OUST Fees	\$0	Any outstanding OUST Fees will be Paid in Full in the Effective Date.

**b. Section 503(b)(9) Claims**

The following chart lists all of the Section 503(b)(9) Claims and their treatment under the Plan:

Description	Estimated Amount Owed <sup>3</sup>	Treatment
Pace Supply Co.	\$139,644.07	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
Hajoca Corporation	\$3,905.49	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
HD Supply	\$569,358.32	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
Hirsch Pipe & Supply Co.	\$7,522.45	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
Ferguson Enterprises	\$253,479.90	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
Sacramento Windustrial	\$148,114.87	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.
Slakely Bros.	\$42,368.31	Unless otherwise agreed, the Section 503(b)(9) Claim will be paid in full on the Effective Date.

**c. Professional Fee Claims**

In addition, there are a number of Professional Fee Claims that are ordinarily required to be paid upon the Effective Date of the Plan or as soon thereafter as they are allowed. Here, a Professional Fee Claim will be paid only if: (a) on or before forty-five

<sup>3</sup> These amounts are gross figures and do not take into account any setoffs related to the claimants' exposure for recovery of preferential payments or transfers under 11 U.S.C. § 502(d) and 11 U.S.C. § 547.

1 days after the Effective Date (or such further date if extended by order of the Court), the  
 2 Person holding the Professional Fee Claim both files with the Court an application  
 3 requesting allowance and payment of the Professional Fee Claim, and (b) the  
 4 Professional Fee Claim is allowed by a Final Order of the Bankruptcy Court. Any party in  
 5 interest may file an objection to such an application within the time provided by the Local  
 6 Bankruptcy Rules or within any other period that the Bankruptcy Court sets. Professionals  
 7 holding Professional Fee Claims who do not timely file and serve their applications for  
 8 payment will be forever barred from asserting these Claims.

9 The Professional Fee Claims and their treatment under the Plan are listed on the  
 10 following chart:

Description	Treatment
Weiland Golden	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.
BSW & Associates	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.
Sidley Austin, LLP	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.
Oliva & Associates, ALC	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.
Venable LLP	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.
Bryan Cave, LLP	Paid in full on the later of (i) the Effective Date, and (ii) the date that is ten (10) Business Days after the Bankruptcy Court enters a Final Order allowing the Professional Fee Claim.

24 d. Non-Ordinary Course Administrative Claims Bar Date

25 All requests for payment of an Administrative Claim that accrued between the  
 26 Petition Date and the Effective Date (other than the Ordinary Course Administrative  
 27 Claims, Section 503(b)(9) Claims, and Professional Fee Claims, as listed above) (the  
 28 "Non-Ordinary Course Administrative Claims") must be filed with the Bankruptcy Court no

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1 later than thirty (30) days after the Effective Date (the "Non-Ordinary Course  
 2 Administrative Claims Bar Date") or be forever barred. Within ten (10) days of the  
 3 Effective Date, the Reorganized Debtor will serve notice of the Non-Ordinary Course  
 4 Administrative Claims Bar Date on all Creditors and parties in interest.

5 (1) Deadline for Objections to Non-Ordinary Course  
 6 Administrative Claims

7 All objections to allowance of Non-Ordinary Course Administrative Claims must be  
 8 filed by any parties in interest no later than ninety (90) days after the Non-Ordinary  
 9 Administrative Claims Bar Date (the "Non-Ordinary Course Administrative Claims  
 10 Objection Deadline"). The Non-Ordinary Course Administrative Claims Objection  
 11 Deadline may be extended for one additional ninety (90) day period by the filing by the  
 12 Reorganized Debtor of a notice of extension of the Non-Ordinary Course Administrative  
 13 Claims Objection Deadline. Any further extensions may only be obtained by an order of  
 14 the Bankruptcy Court for cause. If no objection to a Non-Ordinary Course Administrative  
 15 Claim is filed on or before the Non-Ordinary Course Administrative Claim Objection  
 16 Deadline, then the Non-Ordinary Course Administrative Claim will be deemed Allowed as  
 17 of that date. Except as otherwise agreed, a Non-Ordinary Course Administrative Claim  
 18 will be paid in full within sixty (60) days after the date that it becomes an Allowed Claim.

19 **2. Priority Tax Claims**

20 Priority Tax Claims include certain unsecured income, sales, employment, and  
 21 other taxes described by Bankruptcy Code section 507(a)(8). The Bankruptcy Code  
 22 requires that each holder of a section 507(a)(8) Priority Tax Claim receive the present  
 23 value of such Claim in deferred cash payments, over a period not exceeding five years  
 24 from the order for relief.

25 The following chart lists the Debtor's known section 507(a)(8) Priority Tax Claims  
 26 and their treatment under the Plan:

Description	Estimated Amount Owed	Treatment
California State Board of Equalization	\$10,579	Paid in full on the Effective Date.

**B. Allowance and Treatment of Classified Claims and Interests**

As required by the Bankruptcy Code, the Plan places Claims and Interests into various Classes according to their right to priority and other relative rights. The charts below list each Class of Claims and Interests established under the Plan and indicates whether the Class is impaired or unimpaired by the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable, and contractual rights to which the holders of Claims or Interests in the Class are entitled, with limited exceptions.

**1. Secured Claims**

Secured Claims are Claims secured by valid liens on property of the Estate. The following chart lists all Classes containing the Debtors' Secured Claims and their treatment under the Plan:

Class	Description	Impaired (Y/N)	Treatment
1A	<p>Name and Description: PNC Bank</p> <p>Amount of Claim:</p> <p>Noncontingent Secured Claim related to (1) draws under the LOCs made prior to the Effective Date (approximately \$187,433.29 as of June 30, 2012); (2) the amount(s) of additional draws under the LOCs; (3) fees, costs, and charges provided for under the PNC Loan Documents and allowable under 11 U.S.C. § 506(b); and (4) interest provided for under the PNC Loan Documents and allowable under 11 U.S.C. § 506(b) (collectively, the "Noncontingent PNC Claim")</p> <p>Contingent Secured Claim (1) in the aggregate amount of the draws available but undrawn under the LOCs (with such amounts approximating</p>	Yes	<p>As provided in the Final Cash Collateral Stipulation, the Debtor is required to fund the Reserve Account with the Reserved Funds and cash on hand from operations beginning in February 2012 in accordance with the criteria set out in Section 2.4.2. of the Final Cash Collateral Stipulation. The Reserve Account is expected to be fully funded by August 31, 2012, but if it is not, the Debtor and/or the Reorganized Debtor will continue to fully fund the Reserve Account in accordance with the Funding Criteria notwithstanding any expiration of the Final Cash Collateral Stipulation. The Reserve Account will be funded up to the lesser of (the "Funded Reserve Amount"): (a) the aggregate amount of the LOCs (\$4,828,000) (the "Maximum LOC Amount") or such lesser amount agreed to by PNC; or (b) if there are Final Orders fixing both Estimated Claims, then the sum of the Estimated Claims; or (c) if only Arch's Claim is estimated, then the sum of the amount fixed for Arch's Estimated Claim, plus the outstanding amount of the Ace LOC as then in effect.</p> <p>Within sixty (60) days after the Effective Date, the outstanding principal and interest portions of the Noncontingent PNC Claim shall be Paid in Full from the Reserve Account, with the portions of the</p>

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Class	Description	Impaired (Y/N)	Treatment
	<p>\$4,640,566.71 as of June 30, 2012), which amount will decrease by the amount of any additional draws that may be honored; (2) fees, costs, and charges provided for under the PNC Loan Documents and allowable under 11 U.S.C. § 506(b); and (3) interest provided for under the PNC Loan Documents and allowable under 11 U.S.C. § 506(b) (collectively, the "Contingent PNC Claim").</p> <p>Collateral: Substantially all assets of the Debtor</p>		<p>Noncontingent PNC Claim attributable to reasonable fees, costs, or charges provided for under the PNC Loan Documents and allowed under 11 U.S.C. § 506(b) to be paid by the Debtor or the Reorganized Debtor within sixty (60) days of the Effective Date from funds other than those in the Reserve Account.</p> <p>With respect to the Contingent PNC Claim, depending on whether the Debtor elects (a) to obtain an order fixing both Estimated Claims ("Option A"), (b) to obtain an order fixing only Arch's Estimated Claim ("Option B"), or (c) to not seek entry of any orders fixing the Estimated Claims ("Option C"), then the following treatments apply:</p> <p>Option A: If the Debtor, the Reorganized Debtor, or the Plan Trustee seek an order fixing both Estimated Claims, then: (1) upon entry of a Final Order fixing the amount of the Estimated Claims of Ace and/or Arch, (2) upon the Reserve Account being fully funded up to the Funded Reserve Amount, and (3) after satisfaction of the Noncontingent PNC Claim, PNC shall, from the Funded Reserve Amount (which amount shall in no event exceed the Maximum LOC Amount), disburse to Ace and/or Arch from funds in the Reserve Account the amount of their respective Estimated Claims, less any draws made by them in connection with their Estimated Claims. Simultaneous with such disbursement, the respective LOCs shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with such LOCs. Any balance remaining in the Reserve Account in excess of the foregoing items shall be disbursed to the Plan Trustee for distribution in accordance with the Plan. After these disbursements take place, PNC shall have no further Claim against the Debtor, the Reorganized Debtor, or their property, the Revolving Credit Facility shall be terminated, and the Lien held by PNC shall be deemed released and extinguished.</p> <p>Option B: If the Debtor, the Reorganized Debtor, or the Plan Trustee elect not to estimate Ace's Claim and to instead only estimate Arch's Claim, then upon: (1) entry of a Final Order fixing the amount of</p>

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Class	Description	Impaired (Y/N)	Treatment
			<p>Arch's Estimated Claim, (2) the Reserve Account being fully funded up to the Funded Reserve Amount and (3) after satisfaction of the Noncontingent PNC Claim, PNC shall, from the Funded Reserve Amount (which amount shall in no event exceed the Maximum LOC Amount), disburse to Arch from funds available in the Reserve Account the amount of its Estimated Claim, less any draws made by Arch in connection with its Estimated Claim. Simultaneous with such disbursement, the Arch LOC shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with the Arch LOC. The balance of the funds in the Reserve Account shall be used to collateralize a new irrevocable standby letter of credit to be obtained in favor of Ace at PNC or a similar federally insured financial institution that is also approved by the Office of the United States Trustee and of similar stature to PNC in an amount equivalent to the principal amount of the Ace LOC, less any draws made by Ace and paid by PNC (the "Ace Replacement LOC"). Simultaneous with the establishment of the Ace Replacement LOC, the Ace LOC shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with the Ace LOC. The Reorganized Debtor will bear all costs for establishing the Ace Replacement LOC and it shall contain terms substantially similar to the Ace LOC. The balance of funds in the Reserve Account, if any, shall be distributed to the Plan Trustee to be distributed in accordance with the Plan. After these transfers take place, PNC shall have no further Claim against the Debtor, the Reorganized Debtor, or their property, the Revolving Credit Facility shall be terminated, and the Lien held by PNC shall be deemed released and extinguished.</p> <p>Option C: If the Debtor, the Reorganized Debtor, or the Plan Trustee elect not to seek an order fixing the amount of the Estimated Claims, then upon (1) the Reserve Account being fully funded, and (2) satisfaction of the Noncontingent PNC Claim, PNC shall either (the "LOC Release Event") (1) use the balance of the Reserve Account to collateralize two new irrevocable</p>

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Class	Description	Impaired (Y/N)	Treatment
			<p>standby letters of credit in favor of Arch and Ace in amounts equivalent to the balances of the Arch LOC and the Ace LOC then in effect, or (2) release the balance of the funds in the Reserve Account to a federally insured financial institution that is approved by the Office of the United States Trustee and similar in stature to PNC Bank to be used to collateralize two new irrevocable standby letters of credit in favor of Ace and Arch in amounts equivalent to the balances of the Arch LOC and the Ace LOC then in effect (under either scenario, the "Replacement LOCs"). The Reorganized Debtor will bear all costs associated with establishing the Replacement LOCs, and the Replacement LOCs shall contain substantially similar terms as the LOCs. Simultaneous with the LOC Release Event, the existing LOCs shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with such LOCs. After these transfers take place, PNC shall have no further Claim against the Debtor, the Reorganized Debtor, or their property, the Revolving Credit Facility shall be terminated, and the Lien held by PNC shall be deemed released and extinguished.</p> <p>Until satisfaction of the Allowed Class 1A Claim, PNC retains its Liens and security interests, including but not limited to such interests in the Reserve Account. The treatment provided herein shall be in full settlement and satisfaction of PNC Bank's Allowed Class 1A Claim.</p>
1B	<p>Name and Description: Richey Family Trust</p> <p>Amount Owed: Approximately \$1,260,122.22 as of February 29, 2012</p> <p>Collateral: Substantially all assets of the Debtor</p>	Yes	<p>The Richey Family Trust shall be (a) allowed a secured claim of \$1,260,122.22, or such other amount as determined by the Court or agreed to between the parties (the "Allowed Class 1B Claim") that shall bear simple interest of 1.00% per annum from the Petition Date until Paid in Full, or (b) disallowed in whole or in part.</p> <p>Once the Allowed Class 1A Claim of PNC Bank is satisfied in full, the Reorganized Debtor shall make payments on account of the Class 1B Claim on a quarterly basis as Cash becomes available until the Class 1B Claim has been Paid in Full. If the Committee files an action to avoid, disallow, recharacterize, equitably</p>

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Class	Description	Impaired (Y/N)	Treatment
			subordinate, or otherwise challenge the Class 1B Claim, then any distributions that would otherwise have been paid on account of the Class 1B Claim shall instead be held in trust pending resolution of the dispute by a Final Order that shall also direct how the funds held in trust are distributed. The Richey Family Trust shall retain its lien until such time as the Allowed Class 1B Claim has been Paid in Full, avoided, disallowed, recharacterized, or equitably subordinated, at which time the lien shall be released and title to the collateral shall be held free and clear of this lien.

**2. Class of Priority Unsecured Non-Tax Claims**

Certain priority Claims that are referred to in Bankruptcy Code §§ 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) are required to be placed in Classes. The Bankruptcy Code requires that each holder of the above priority Claims receive Cash on the Effective Date equal to the allowed amount of such Claim. However, a Class of unsecured Priority Claim holders may vote to accept deferred Cash payments of a value, as of the Effective Date, equal to the allowed amount of such Claim.

The Debtor believes that the only potential unsecured Priority Claims are Claims of employees or former employees under Bankruptcy Code § 507(a)(4) for unpaid pre-petition wages, salaries, or commissions. As stated above, the Debtor was authorized to pay most, if not all, of these Priority Claims following the hearing on the Pre-Petition Payroll Motion. However, it is possible that certain § 507(a)(4) Claims, such as Claims of former employees for severance, may not have been paid. If such Claims exist, the Debtor will pay these remaining Claims in full, in Cash, on the Effective Date.

Class	Description	Impaired (Y/N)	Treatment
2	Allowed Priority Unsecured Claims Pursuant to 11 U.S.C. § 507(a)(4)  Amount Owed:	No	Paid in full on the Effective Date.

**3. Classes of General Unsecured Claims**

General Unsecured Claims are unsecured Claims not entitled to priority under 11 U.S.C. § 507(a). The Plan separately classifies General Unsecured Claims of creditors who have no recourse to insurance (such as trade claims) from those who do potentially have recourse to insurance (i.e., construction defect claims of builders, including claims under additional insured endorsements to the Debtor's insurance policies, and worker's compensation claims). It also separately classifies the estimated claims of the Insurers.

a. Unsecured Claims Other Than Those in Classes 3B, 3C, 3D, and 3E

The following chart describes the treatment for General Unsecured Creditors not included in Classes 3B, 3C, 3D, and 3E. Class 3A is generally comprised of trade debt and any claims of the Insurers in the event that the amount(s) of any Ace Estimated Claim and any Arch Estimated Claim exceed the amount of the Ace LOC and the Arch LOC.

Class	Description	Impaired (Y/N)	Treatment
3A	All General Unsecured Claims other than those in Classes 3B, 3C, 3D, or 3E  Amount owed: Approximately \$13,770,336	Yes	Within six (6) months of the Effective Date, the Holders of Allowed Class 3A Claims may receive an interim distribution from the Class 3A Fund to the extent that funds are available. Further interim distributions may be made, in the discretion of the Plan Trustee, as Post-Confirmation Litigation is resolved

b. Construction Defect and Workers' Compensation Claims

The following chart describes the treatment of the Claims of all Creditors whose Claims may be covered under one or more of the Debtor's general liability insurance policies or builders or general contractors (a "Builder"), including Claims of Builders under additional insured endorsements to the Debtor's insurance policies with Ace, as well as

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1 any Creditors with claims for workers' compensation, who, on account of their Claim, may  
 2 seek recourse against an insurance policy of one or more of the Insurers:

3	Class	Description	Impaired (Y/N)	Treatment
4	3B	General Unsecured Claims for construction defects, including claims of Builders under additional insured endorsements to the Debtor's insurance policies with Ace, or claims for which there may be coverage under the Debtor's general liability insurance policies.	Yes	In connection with voting on confirmation of the Plan, each Holder of an Allowed Class 3B Claim must elect to (a) have its entire Claim treated as a Class 3A Claim to share pro rata with other Allowed Class 3A Claims ("Election A") or (b) pursue any available insurance policy of the Debtor's, except that if this election is made, the Holder of the Class 3B Claim shall assume sole responsibility for paying the deductible or SIR that would otherwise have been paid by the Debtor, in full satisfaction of their Claims against the Debtor, the Reorganized Debtor, or their property ("Election B"). If a Creditor with a Class 3B Claim fails to timely make the election, then the Class 3B Claim shall be deemed to have selected Election A.
5		Amount Owed: Unknown <sup>4</sup>		
6	3C	Name and Description: Allowed General Unsecured Workers' Compensation Claims	No	The Holders of Allowed Class 3C Claims shall be required to look to applicable insurance, if any, for satisfaction of their Claim and shall have no further Claim against and shall be deemed to have fully released the Estate, the Debtor, the Reorganized Debtor, or their property.
7		Amount Owed: To Be Determined		

20 c. General Unsecured Claims of Insurers

21 Classes 3D and 3E are comprised of the claims of Ace and Arch, which are  
 22 secured by the LOCs, which are not property of the estate.

23	Class	Description	Impaired (Y/N)	Treatment
24	3D	Name and Description: Ace American Insurance Co.	Yes	The Debtor, the Reorganized Debtor, Plan Trustee, or Ace may seek an order of the Bankruptcy Court to fix the Estimated Claim of Ace. In that event, once (1) a

27 <sup>4</sup> The Debtor is unable to give an approximate amount of the claims that fall into Class 3B because  
 28 many of the proof of claims were filed as unliquidated claims with no dollar amount and will need to be estimated in order to receive a distribution.

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Class	Description	Impaired (Y/N)	Treatment
	Amount Owed: To Be Determined		<p>Final Order fixing the amount of Ace's Estimated Claim is entered, (2) the Reserve Account is fully funded up to the Funded Reserve Amount, and (3) after satisfaction of the Noncontingent PNC Claim, PNC shall, from the Funded Reserve Amount, disburse to Ace the amount of its Estimated Claim. Simultaneous with that disbursement, the Ace LOC shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with the Ace LOC.</p> <p>If the Debtor, the Reorganized Debtor, or the Plan Trustee elect not to seek an order estimating Ace's Claim, then (1) upon the Reserve Account being fully funded up to the Funded Reserve Amount and (2) after satisfaction of the Noncontingent PNC Claim, the funds in the Reserve Account allocable to Ace shall be used to obtain and collateralize the Ace Replacement LOC at PNC or a similar federally insured financial institution that is also approved by the Office of the United States Trustee and of similar stature to PNC. The Reorganized Debtor shall bear the costs of establishing the Ace Replacement LOC and it shall contain substantially similar terms as the Ace LOC. Upon PNC's disbursements of the funds allocable to the Ace LOC and the establishment of the Ace Replacement LOC, the Ace LOC shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with the Ace LOC.</p> <p>If there is no Final Order for an estimated Claim of Ace, then on the date that the last claim filed by the statute of limitations for the last policy is finally resolved, and if the entire amount of the Ace Replacement LOC has not been drawn down, then the Ace Replacement LOC will be extinguished and the funds</p>

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Class	Description	Impaired (Y/N)	Treatment
			posted as security for the Ace Replacement LOC will be returned to the Plan Trustee, less any contractual fees and costs that may be due and owing to the issuer of the Ace Replacement LOC, for distribution as part of the Class 3A Fund.
3E	Name and Description: Arch Insurance Co.  Amount Owed: To Be Determined	Yes	The Debtor, the Reorganized Debtor, Plan Trustee, or Arch may seek an order of the Bankruptcy Court to fix the Estimated Claim of Arch. If the Debtor, the Reorganized Debtor, or the Plan Trustee seek an order estimating the amount of Arch's Claim, then: (1) upon entry of a Final Order fixing the amount of Arch's Estimated Claim, (2) upon the Reserve Account being fully funded up to the Funded Reserve Amount, and (3) after satisfaction of the Noncontingent PNC Claim, PNC shall, from the Funded Reserve Amount, disburse to Arch the amount of its Estimated Claim. Simultaneous with such disbursement, the Arch LOC shall be deemed extinguished and terminated with no further liability on the part of PNC in connection with the Arch LOC.  If the Debtor, the Reorganized Debtor, the Plan Trustee, and Arch elect not to seek an order fixing the amount of the Arch Estimated Claim, then (1) upon the Reserve Account being fully funded, and (2) after the satisfaction of the Noncontingent PNC Claim, PNC shall, at the request of the Reorganized Debtor or the Plan Trustee, either (1) use the funds in the Reserve Account allocated to the Arch LOC to be used to collateralize a new irrevocable standby letter of credit in favor of Arch in an amount equivalent to the balance of the Arch LOC then in effect and with substantially similar terms, or (2) release the funds in the Reserve Account allocated to the Arch LOC to a federally insured financial institution that is approved by the Office of the

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Class	Description	Impaired (Y/N)	Treatment
			<p>United States Trustee and similar in stature to PNC to be used to collateralize a new irrevocable standby letter of credit in favor of Arch in an amount equivalent to the balance of the Arch LOC then in effect. The Reorganized Debtor will bear all the costs associated with establishing the Arch Replacement LOC.</p> <p>If there is no Final Order for an Estimated Claim of Arch, then on the date that the last claim filed by the statute of limitations for the last policy is finally resolved, and if the entire amount of the Arch Replacement LOC has not been previously drawn down, then Arch Replacement LOC will be extinguished and the funds posted as security for the Arch Replacement LOC will be returned to the Plan Trustee, as appropriate, less any contractual fees and costs that may be due and owing to the issuer of the Arch Replacement LOC in effect at that time, for distribution as part of the Class 3A Fund.</p>

If Ace or Arch make a proper request for a draw down under their respective Replacement LOCs, if the Reorganized Debtor or the Plan Trustee has a bona fide dispute regarding the request, they may request that the Bankruptcy Court resolve the dispute, and the Bankruptcy Court reserves jurisdiction over any such disputes. In the event of a bona fide dispute, the issuing bank may comply with the request in accordance with applicable law, but Ace or Arch, as the case may be, shall hold the disputed funds in a segregated account pending resolution of the dispute by a Final Order of the Bankruptcy Court. If that occurs prior to the establishment of the Replacement LOCs and the payment of the Allowed Class 1A Claim of PNC, then PNC shall be deemed to hold a noncontingent and liquidated secured claim for the amount of the disputed draw(s) and PNC shall otherwise be entitled to receive the treatment provided for under Class 1A.

**4. Class of Interest Holders**

Interest Holders are the parties who hold ownership Interests in the Debtor. The Debtor is a corporation, and therefore its shareholders are Interest Holders. The following chart lists the treatment under the Plan of the Debtor's Interest Holders.

Class	Description	Impaired (Y/N)	Treatment
4	Name and Description: Richey Family Trust	Yes	On the Effective Date, all existing shares in the Debtor will be extinguished and holders of Class 4 Interests shall receive nothing on account of their interests.

**VI. MEANS OF IMPLEMENTING THE PLAN**

This Section is intended to explain how the Debtor intends to effectuate the Plan, and how the Debtor intends to fund the obligations to Creditors undertaken in the Plan.

This Section provides information regarding funding sources for Plan obligations and other material issues bearing upon performance of the Plan.

**A. Post-Confirmation Operations**

The Debtor anticipates that it will continue to complete its work in process post-confirmation, as well as bid for new projects. The Debtor currently has 105 pending projects that it is estimated will be completed by March 2013 and that collections will continue through at least the end of Spring 2013.

The Debtor anticipates that Keith Lynaugh, the Chief Financial Officer, and Robert Richey, the Debtor's president, will lead the post-confirmation operations. In addition, it is contemplated that Wendy McBride, the Debtor's risk manager, will continue to perform services for the Reorganized Debtor on an as-needed hourly basis. Richey will remain as the responsible party of the Reorganized Debtor, and McBride will continue to assist the Reorganized Debtor on all insurance-related issues in an effort to minimize claims against the Reserve Account, and accordingly maximize the value back to the Estate of the

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1 liquidated amounts of the Insurers' Estimated Claims. Lynaugh will also be the primary  
2 person responsible for maximizing the collection of account receivables.

3 **B. Cash on Hand on the Effective Date and Accrued Operating Liabilities**  
4 **of the Debtor**

5 Based upon the financial projections, the Debtor estimates that on the Effective  
6 Date, the Debtor will have Cash on hand in the approximate amount of \$5,808,824. From  
7 the Cash on hand, the collection of accounts receivable, the sale of assets and other  
8 sources, the Debtor will fund the Plan as set forth in the financial projections as set forth in  
9 Exhibit "7."

10 **C. Establishment of a Plan Trust**

11 **1. Establishment of Plan Trust.**

12 The Plan Trust shall be established and shall become effective on the Effective  
13 Date. The Plan Trust will be formed to hold the shares of stock of the Reorganized  
14 Debtors and its beneficiaries will be the creditors of the Estate. The Plan Trust will be  
15 formed in accordance with California law and run by the Plan Trustee. The Plan Trust  
16 shall hold and administer the Class 3A Fund as well as other assets of the Debtor and the  
17 Estate including but not limited to the Post Confirmation Estate Claims and Post  
18 Confirmation Litigation for liquidation and distribution in accordance with the Plan unless  
19 otherwise settled or released by Order of the Bankruptcy Court prior to the Effective Date,  
20 and the Net Proceeds thereof (collectively, the "Plan Trust Assets"). The Plan Trust  
21 Assets shall not include any assets of the Debtor and the Estate required to complete the  
22 post-confirmation work in process, including but not limited to the Debtor's general  
23 contractors' license(s).

24 **2. Trust Distributions from the Class 3A Fund**

25 The Plan Trustee shall liquidate all assets of the Debtors and the Estate (including,  
26 without limitation, all Post Confirmation Estate Claims) and distribute the Net Proceeds of  
27 such liquidation from the Plan Trust in accordance with the Plan and the Plan Trust  
28 Agreement.

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1                                   **3. Duration of Trust**

2                   The Plan Trust shall have an initial term of three (3) years; provided, however, that,  
3 if warranted by the facts and circumstances, and subject to the approval of the Bankruptcy  
4 Court with jurisdiction over the case, upon a finding that an extension of the term of the  
5 Plan Trust is necessary to accomplish the liquidating purpose of the Trust, the term of the  
6 Plan Trust may be extended for a finite term and/or terminated as more fully described in  
7 the Plan. As soon as practicable after the Distribution Date, the Plan Trustee shall seek  
8 entry of a Final Order closing the Chapter 11 Case pursuant to Bankruptcy Code section  
9 350. The Bankruptcy Court expressly reserves jurisdiction to reopen the Bankruptcy Case  
10 to extend the term of the Plan Trust if the Plan Trustee determines in its sole discretion  
11 that the Plan Trustee should remain in existence beyond the initial term of the Plan Trust  
12 and any extensions made in accordance with the Plan and the Plan Trust Agreement.

13                                   **4. Liquidation of Causes of Action**

14                   Notwithstanding any other term or provision of the Plan, the Debtor shall have, prior  
15 to the Effective Date, and the Plan Trustee shall have, on and after the Effective Date,  
16 sole authority and responsibility for investigating, analyzing, commencing, prosecuting,  
17 litigating, compromising, collecting, and otherwise administering the Post Confirmation  
18 Estate Claims and Avoidance Actions, including, but not limited to, objections to Claims  
19 pursuant to the terms of the Plan and Plan Trust Agreement. Without limiting the  
20 foregoing, any claims against the Richey Entities including, but not limited to, the Estate's  
21 claim to recharacterize and/or subordinate Richey's purported secured claim, as well as  
22 any other claims that may be asserted against the Richey Entities, including but not  
23 limited to any claims for breach of fiduciary duty, fraud and misrepresentation, fraudulent  
24 transfer and preferential transfer claims, and any other claims that may be asserted  
25 against any or all of the Richey Entities shall be transferred to the Plan Trust on the  
26 Effective Date. In addition, any claims or causes of action against Ace or Arch and any  
27 other insurers of the Debtor are expressly reserved.

28

1                   **5. Plan Trustee**

2                   a. Appointment

3                   The appointment of the Plan Trustee shall be effective as of the Effective Date.  
4                   Successor Plan Trustee(s) may be appointed as set forth in the Plan Trust Agreement.

5                   b. Term

6                   Unless the Plan Trustee resigns, is removed for cause, or dies earlier, the Plan  
7                   Trustee's term shall expire upon termination of the Plan Trust pursuant to the Plan and/or  
8                   the Plan Trust Agreement.

9                   c. Powers and Duties

10                  The Plan Trustee shall have the rights and powers set forth in the Plan Trust  
11                  Agreement attached as Schedule "A" to the Plan including, but not limited to, the powers  
12                  of a debtor-in-possession under Bankruptcy Code sections 1107 and 1108. The Plan  
13                  Trustee shall be governed in all things by the terms of the Plan Trust Agreement and the  
14                  Plan. The Plan Trustee shall administer the Plan Trust and its assets, and make  
15                  Distributions from the proceeds of the Plan Trust in accordance with the Plan. In addition,  
16                  the Plan Trustee shall, in accordance with the terms of the Plan, take all actions  
17                  necessary to effectuate the Plan.

18                  d. Retention of Professionals and Compensation  
19                                 Procedure

20                  On and after the Effective Date, subject to the terms of the Plan Trust Agreement,  
21                  the Plan Trustee may engage such professionals and experts, including a financial  
22                  advisor as may be deemed necessary and appropriate by the Plan Trustee to assist the  
23                  Plan Trustee in carrying out the provisions of the Plan and the Plan Trust Agreement,  
24                  including, but not limited to, professionals retained prior to the Effective Date by either the  
25                  Debtor or the Committee.

26                  e. Plan Trustee as Successor

27                  Pursuant to Bankruptcy Code section 1123(b), the Plan Trustee shall be the  
28                  successor to the Debtor for all purposes.

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1 f. Compromising Claims

2 Pursuant to the Plan and the Plan Trust Agreement, as of the Effective Date, the  
3 Plan Trustee is authorized to approve compromises of the Post Confirmation Litigation  
4 and Avoidance Actions.

5 **D. Corporate Actions**

6 On the Effective Date, all actions contemplated by the Plan shall be deemed  
7 authorized and approved in all respects, subject to the provisions of the Plan, by virtue of  
8 entry of the Confirmation Order, in accordance with the Bankruptcy Code and applicable  
9 state law and without any requirement of further action by the stockholders, officers, or  
10 directors of the Debtor.

11 **E. Termination of the Debtor's 401(k) Retirement Plan**

12 On the Effective Date, the Debtor or the Reorganized Debtor will take the  
13 necessary steps to wind down its 401(k) plan and instruct the administrator of the 401(k)  
14 plan to make distributions to participating employees. Robert Richey shall be responsible  
15 for taking action to institute this wind down.

16 **F. Retention of Professionals by Reorganized Debtor**

17 The Reorganized Debtor may retain professionals only to the extent necessary to  
18 perform the post-confirmation work in process or to collect the post-confirmation  
19 outstanding account receivables. The Reorganized Debtor is authorized to pay its  
20 professionals through the post-confirmation cash on hand of the Reorganized Debtor.

21 **G. Post-Confirmation Litigation, Including Avoidance Actions**

22 On the Effective Date, the Plan Trustee will be vested with authority to enforce, file,  
23 litigate, prosecute, settle and collect Avoidance Actions or Post-Confirmation Estate  
24 Claims, although he or she will not be required to do so and the determination of whether  
25 to do so will be made solely by the Plan Trustee in his or her absolute discretion. If any  
26 Avoidance Actions or Post-Confirmation Litigation is pending on the Effective Date, the  
27 Plan Trustee shall substitute into that litigation as the real party plaintiff as of the Effective  
28 Date.



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1 The Debtor has not yet finally determined whether any Avoidance Actions or Post-  
2 Confirmation Estate Claims exist. The investigation will continue after the Effective Date.  
3 As a result, all parties are advised that notwithstanding the fact that the existence of any  
4 particular Avoidance Action or Post-Confirmation Estate Claims may not be listed,  
5 disclosed, or set forth in the Plan, an Avoidance Action or other Post-Confirmation Estate  
6 Claim may be filed against any creditor or other party at any time prior to October 12,  
7 2013, the expiration of the statute of limitations. Any Net Proceeds from recoveries from  
8 Avoidance Actions or Post-Confirmation Estate Claims shall be part of the Class 3A Fund.

9 **H. Compromise of Controversies**

10 From and after the Effective Date, the Reorganized Debtor and the Plan Trustee  
11 shall be entitled to compromise any objections to Disputed Claims, or any controversies  
12 related to Post-Confirmation Estate Claims or Avoidance Actions without any need for  
13 notice to Creditors or approval from the Bankruptcy Court. The Reorganized Debtor shall  
14 cooperate with the Plan Trustee in the compromise of any objections to disputed claims or  
15 any controversies related to Post-Confirmation Estate Claims or Avoidance Actions.

16 **I. Bankruptcy Court Approval of Post-Confirmation Matters**

17 Nothing contained in the Plan shall be deemed to impair in any manner the right of  
18 any party in interest to seek at any time after the Effective Date orders of the Bankruptcy  
19 Court approving actions to be taken in a manner consistent with the Plan as may be  
20 necessary or desirable to effectuate the provisions of the Plan.

21 **J. Right to Setoff**

22 Pursuant to 11 U.S.C. § 553 or applicable non-bankruptcy law, the Reorganized  
23 Debtor may, but shall not be required to, set off against any Allowed Claim and the  
24 Distribution to be made pursuant to the Plan on account of such Allowed Claim any  
25 account stated, claim, right, or Cause of Action which the Debtor or the Estate possesses  
26 against the Holder of such Allowed Claim; provided, however, that neither the failure to  
27 effect such a setoff nor the allowance of any Claim shall constitute a waiver or release by  
28

1 the Reorganized Debtor of any such account, claim, right, and Cause of Action that they  
2 may possess against the Holder of such Allowed Claim.

3 As allowed by Section 553 of the Bankruptcy Code, the Internal Revenue Service  
4 shall be entitled to set off against any amounts that the Internal Revenue Service may  
5 owe to the Debtor on account of overpayments by the Debtor of pre-confirmation taxes  
6 any pre-confirmation tax liabilities that the Debtor may owe to the Internal Revenue  
7 Service.

8 **K. Distributions**

9 **1. Dates of Distributions**

10 Distributions required to be made on the Effective Date shall be deemed timely  
11 made as soon as practicable after such date and, in any event, within fifteen (15) days of  
12 such date. Any Distribution required to be made when a Disputed Claim becomes an  
13 Allowed Claim shall be deemed timely made if made as soon as practicable thereafter but,  
14 in any event, within fifteen (15) days thereafter.

15 **2. Manner of Distribution**

16 At the option of the Reorganized Debtor, monetary distributions may be made in  
17 cash, wire transfer, or by a check drawn on a domestic bank approved by the OUST.

18 **3. Undeliverable Distributions**

19 Distributions to holders of Allowed Claims will be sent to the last known address set  
20 forth on such holder's proof of Claim Filed with the Bankruptcy Court, or on the schedules,  
21 if no proof of Claim was filed. Holders of Claims may change the address to which  
22 distributions will be sent by filing a written change of address with the Bankruptcy Court  
23 and serving a copy of the change of address on the Debtor. If a Distribution is returned as  
24 undeliverable, the Debtor shall hold the Distribution and shall not be required to take any  
25 further action with respect to the delivery of the Distribution unless and until the Debtor is  
26 notified in writing of the then current address of the person or entity entitled to receive the  
27 Distribution. Unless and until the Debtor is so notified, such Distribution shall be deemed  
28

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1 to be "Unclaimed Property" and shall be dealt with in accordance with the provision below  
2 for Distribution of Unclaimed Property.

3 **4. Rounding of Payments**

4 Whenever payment of a fraction of a cent would otherwise be called for, the actual  
5 payment shall reflect a rounding down of such fraction to the nearest whole cent.

6 **5. Compliance with Tax Requirements**

7 The Debtor shall comply with all withholding and reporting requirements imposed  
8 by federal, state, or local taxing authorities in connection with making distributions under  
9 the Plan.

10 In connection with each distribution with respect to which the filing of an information  
11 return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is  
12 required, the Debtor shall file such information return with the Internal Revenue Service  
13 and provide any required statements in connection therewith to the recipients of such  
14 Distribution, or effect any such withholding and deposit all moneys so withheld to the  
15 extent required by law. With respect to any person or entity from whom a tax identification  
16 number, certified tax identification number, or other tax information is required by law to  
17 avoid withholding has not been received by the Debtor, then the Debtor may, at its sole  
18 option, withhold the amount required and distribute the balance to such person or entity or  
19 decline to make such a Distribution until the information is received.

20 **6. Distribution of Unclaimed Property**

21 If a Distribution is returned to the Debtor as undeliverable, then such Distribution  
22 amount shall be deemed to be "Unclaimed Property." Nothing contained in the Plan shall  
23 require the Debtor, or anyone else, to attempt to locate such person or entity. The  
24 Unclaimed Property shall be set aside and, in the case of cash, held in an interest-bearing  
25 account to be maintained by the Debtor. If such person or entity presents itself within six  
26 (6) months of the date of the payment returned undeliverable, then the Unclaimed  
27 Property shall be distributed to such person or entity, together with any interest or  
28 dividends earned thereon. If such person or entity does not present itself within six (6)

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1 months of the date of the payment returned undeliverable, then any such Unclaimed  
2 Property and accrued interest or dividends earned thereon shall become the property of  
3 and be distributed to the other holders of Allowed Claims in accordance with the Plan.

4 **7. De Minimis Distributions**

5 If any single distribution required by the Plan would be for an amount of \$5.00 or  
6 less, then the Debtor shall not be required to process the distribution and may, at his  
7 option, either add the distribution to the next distribution if the collective amount would be  
8 greater than \$5.00 or treat the distribution as an undeliverable distribution.

9 **8. Limitation of Liability**

10 Neither the Debtor, the Reorganized Debtor, or any of their respective employees,  
11 members, officers, directors, shareholders, agents, or Professionals shall be liable for (i)  
12 any acts or omissions, except for willful misconduct, in connection with implementing the  
13 Distribution provisions of the Plan and the making or withholding of Distributions under the  
14 Plan, or (ii) any change in the value of Distributions made under the Plan resulting from  
15 any delays in making such Distributions in accordance with the terms of the Plan  
16 (including, but not limited to, any delays caused by the resolution of Disputed Claims).

17 **L. Claim Objections and Disputed Claims**

18 **1. Standing**

19 On the Effective Date, the Plan Trustee shall have the sole and exclusive right to  
20 file objections to Secured Claims, Priority Unsecured Claims, or General Unsecured  
21 Claims. The Plan Trustee and any post-confirmation committee that may be formed will  
22 have standing to be heard with respect to any objection to an Administrative Claim.

23 **2. Claims Objection Deadline**

24 Unless extended as set forth herein, any objection to a Claim must be filed with the  
25 Bankruptcy Court and served on the Holder of the Claim within one hundred eighty (180)  
26 days of the Effective Date (the "Claims Objection Deadline"). An initial Claims Objection  
27 Deadline may be extended for one one hundred eighty (180) day period by the filing by  
28 the Reorganized Debtor or the Plan Trustee of a notice of extension of the Claims

1 Objection Deadline. Any further requests for an extension of the Claims Objection  
2 Deadline may be obtained from the Bankruptcy Court for cause and the request must be  
3 made prior to the expiration of the time to object and may be made by any party-in-interest  
4 on service to the Reorganized Debtor and the OUST. There is no limit to the number of  
5 extensions that may be sought.

6 **3. Treatment of Disputed Claims**

7 a. No Distribution Pending Allowance

8 If any portion of a Claim is a Disputed Claim, no Distribution provided for under the  
9 Plan shall be made on account of such Claim unless and until such Claim becomes an  
10 Allowed Claim.

11 b. Reserves for Disputed Claims

12 In the event that Disputed Claims are pending at the time of a Distribution under  
13 the Plan, the Plan Trustee shall maintain a reasonable reserve for such Disputed Claims.  
14 No Distribution of funds shall be made from that reserve until such Disputed Claim has  
15 been determined by a Final Order of the Bankruptcy Court. If a Disputed Claim is  
16 ultimately disallowed by the Bankruptcy Court, the amount reserved for that Disputed  
17 Claim shall be distributed on account of Allowed General Unsecured Claims at the time  
18 when the next Distribution is to be paid to General Unsecured Creditors under the Plan.

19 **M. Discharge of the Committee**

20 Upon the Effective Date, the Committee shall terminate and disband and the  
21 members of the Committee shall be released and discharged of and from all further  
22 authority, duties, responsibilities and obligations related to and arising from their service  
23 as Committee members; provided, however, that the Committee reserves the right to form  
24 a post-confirmation committee.

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1 **VII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

2 **A. Executory Contracts and Leases Being Assumed**

3 Effective as of, and conditioned upon the occurrence of the Effective Date, the  
4 Debtor hereby rejects all of the executory contracts and unexpired leases of the Debtor  
5 except for those executory contracts and unexpired leases being specifically assumed as  
6 identified on Schedule B of the Plan.

7 The Debtor may amend Schedule B of the Plan to add or delete any executory  
8 contract or unexpired lease, up to and including the Confirmation Date. However, if any  
9 such amendments are made to Schedule B less than twenty-one (21) days before the  
10 Confirmation Date, then the affected contract or lease party shall have fourteen (14) days  
11 from service of the notice of amendment in which to serve on the Debtor a written  
12 objection to the same. Upon receipt of the objection, the Debtor shall promptly set a  
13 hearing on the same, and the assumption or rejection of the affected contract or lease  
14 shall be delayed until the Bankruptcy Court makes a determination on this issue (such  
15 determination may be made after the Confirmation Date without delaying the Confirmation  
16 of the Plan). If an executory contract or unexpired lease has been assumed by the Debtor  
17 prior to confirmation of the Plan pursuant to an order of the Bankruptcy Court, such  
18 assumption shall not be affected by the Plan.

19 At least twenty-one (21) days prior to the Confirmation Date and only to the extent  
20 that the Cure Claims are not otherwise specifically treated under the Plan, the Debtor will  
21 file and serve a schedule of cure claims (the "Cure Claim Schedule"). Any objection to the  
22 amount of the proposed cure claim must be filed and served on counsel for the Debtor  
23 and the Committee at least fourteen (14) days prior to the Confirmation Hearing. If a party  
24 to an executory contract or unexpired lease does not timely object to the proposed cure  
25 claim, then the amount of the cure claim shall be deemed to be the amount proposed by  
26 the Debtor in the schedule of cure claims and any cure claim in excess of that amount will  
27 be waived and forever barred in this Case, without further notice. If the Debtor cannot  
28 resolve any timely objections with the Creditor, the Debtor may either (1) elect to reject the

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1 executory contract or unexpired lease at the Confirmation Hearing, or (2) have the  
2 Bankruptcy Court adjudicate the amount of the cure claim without delaying confirmation of  
3 the Plan.

4 **B. Executory Contracts and Unexpired Leases Being Rejected**

5 On the Effective Date, the Debtor will be deemed to have rejected all of the  
6 executory contracts and unexpired leases not identified on Schedule B of the Plan. The  
7 Debtor reserves the right to amend Schedule B to add or delete any executory contracts  
8 or unexpired leases up to and including the Confirmation Date. However, if any such  
9 amendments are made to Schedule A less than twenty-one (21) days before the  
10 Confirmation Date, then the affected contract or lease party shall have fourteen (14) days  
11 from service of the notice of amendment in which to serve on the Debtor and the  
12 Committee a written objection to the same. Upon receipt of the objection, the Debtor shall  
13 promptly set a hearing on the same, and the assumption or rejection of the affected  
14 contract or lease shall be delayed until the Bankruptcy Court makes a determination on  
15 this issue (such determination may be made after the Confirmation Date without delaying  
16 the Confirmation of the Plan). If an executory contract or unexpired lease was rejected by  
17 the Debtor prior to the Confirmation Date pursuant to an order of the Bankruptcy Court,  
18 the rejection shall not be affected by the Plan.

19 **C. Bar Date for Rejection Damages**

20 Any Claim arising out of the rejection of an executory contract or unexpired lease  
21 shall be forever barred and shall not be enforceable against the Debtor or entitled to a  
22 distribution under the Plan unless a Proof of Claim for such Rejection Claim is filed and  
23 served on the Reorganized Debtor within thirty (30) days after the later of (i) the entry of  
24 the order of the Bankruptcy Court approving the rejection of the executory contract or  
25 unexpired lease or (ii) the Confirmation Date. To the extent that any creditor with a  
26 Rejection Claim holds a Claim that would, either totally or in part, be classified in Class 3B  
27 under the Plan, such creditor shall choose between Election A and Election B when filing  
28

1 its Proof of Claim for its Rejection Claim and shall receive the treatment provided for  
2 Allowed Class 3B Claims under the Plan.

3  
4 **VIII. TAX CONSEQUENCES OF THE PLAN**

5 **A. Introduction**

6 The implementation of the Plan may have federal, state, and local tax  
7 consequences to the Debtor, Creditors and Interest Holders. The Debtor has not obtained  
8 a tax opinion about the effect of the Plan on Creditors or Interest Holders. This Disclosure  
9 Statement does not constitute, and is not intended to constitute, either a tax opinion or tax  
10 advice to any person, and the summary contained in the Plan is provided for informational  
11 purposes only. CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW  
12 THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR  
13 OWN ACCOUNTANTS, ATTORNEYS, OR ADVISORS.

14 The discussion below summarizes only certain of the federal income tax  
15 consequences associated with implementation of the Plan. It does not cover all aspects  
16 of federal income taxation that may be relevant to the Debtor or the Holders of Claims or  
17 Interests, nor does the discussion deal with tax issues peculiar to certain types of  
18 taxpayers. No aspect of foreign, state, local, or estate and gift taxation is addressed.

19 The following discussions are based on the Internal Revenue Code of 1986, as  
20 amended (the "Internal Revenue Code"), the regulations promulgated hereunder, and  
21 existing judicial decisions and administrative rulings. Changes in such rules or new  
22 interpretations thereof could significantly affect the tax consequences described below.  
23 No rulings have been requested from the IRS. Moreover, no legal opinions have been  
24 requested from counsel with respect to any of the tax aspects of the Plan.

25 **B. Federal Tax Consequences to the Debtors**

26 Consummation of the Plan may substantially reduce the amount of the Debtor's  
27 aggregate outstanding indebtedness (any amount of potential discharged indebtedness  
28 for federal income tax purposes will be referred to herein as the "Debt Discharge



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1 Amount"). In general, the Internal Revenue Code provides that a taxpayer who realizes a  
2 discharge of indebtedness must include the Debt Discharge Amount in its gross income in  
3 the taxable year of discharge to the extent that the Debt Discharge Amount exceeds any  
4 consideration given for the discharge. However, if a taxpayer is in a Title 11 bankruptcy  
5 case and the discharge of indebtedness occurs pursuant to a plan approved by the  
6 bankruptcy court, as it does in these Cases, then such discharge of indebtedness is  
7 specifically excluded from gross income. Accordingly, the Debtor will not be required to  
8 report any Debt Discharge Amount as income as a result of the Plan.

9 Although the Debtor will not have to include the Debt Discharge Amount resulting  
10 from Plan transactions in their gross income, there will be a tax effect. The Internal  
11 Revenue Code requires certain tax attributes of a debtor to be reduced by the Debt  
12 Discharge Amount excluded from income. Tax attributes are reduced in the following  
13 order of priority: net operating losses and net operating loss carryovers; general business  
14 creditors; minimum tax credits; capital loss carryovers; basis of property of the taxpayer;  
15 passive activity loss or credit carryovers; and foreign tax credit carryovers. Tax attributes  
16 are generally reduced by one dollar for each dollar excluded from gross income, except  
17 that general tax credits, minimum tax credits, and foreign tax credits are reduced by 33.3  
18 cents for each dollar excluded from gross income.

19 An election can be made to alter the order of priority of attribute reduction by first  
20 applying the reduction against depreciable property held by the taxpayer in an amount not  
21 to exceed the aggregate adjusted basis of such property. The Debtor has not yet decided  
22 whether to make such an election. The deadline for making such election is the due date  
23 (including extensions) of the Debtor's federal income tax return for the taxable year in  
24 which such debt is discharged pursuant to the Plan.

25 Any Claim against the Debtor (except a Claim that would give rise to a deduction if  
26 paid) that is discharged by payment to a Creditor of Cash and/or property will result in the  
27 creation of a Debt Discharge Amount reducing tax attributes to the extent that the  
28

1 adjusted issue price of the debt discharged (plus accrued interest) exceeds the fair market  
2 value of the payment made in cancellation thereof.

3 The Debt Discharge Amount may be increased to the extent that General  
4 Unsecured Creditors holding unscheduled Claims failed to timely file a Proof of Claim and  
5 have their claims discharged on the Confirmation Date pursuant to Bankruptcy Code  
6 Section 1141.

7 **C. Tax Consequences to Creditors**

8 Holders of a Claim who receive Cash in payment of their Claims will recognize gain  
9 or loss equal to the difference, if any, between the amount of the Cash payment(s)  
10 received that is/are not attributable to interest and their respective adjusted tax bases in  
11 their Claims.

12 The character of any gain or loss recognized by a Holder of a Claim as capital or  
13 ordinary and, if capital, as long-term or short-term, will depend on the holder's status, the  
14 nature of the Claim, and the Holder's holding period. The character of such gain or loss  
15 may also be affected by special rules under the Internal Revenue Code. Any portion of a  
16 Claim payment that is attributable to accrued unpaid interest that the holder has not  
17 already included in income will result in the recognition of ordinary income. Holders of  
18 Claims should consult with their own tax advisors as to the character and timing of  
19 recognition of gain or loss.

20  
21 **IX. CONFIRMATION REQUIREMENTS AND PROCEDURES**

22 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN  
23 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON  
24 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following  
25 discussion is intended solely for the purpose of alerting readers about basic confirmation  
26 issues, which they may wish to consider, as well as certain deadlines for filing Claims.  
27 The Debtor CANNOT and DOES NOT represent that the discussion contained below is a  
28

1 complete summary of the law on this topic or on those issues that affect Creditors, the  
2 Claims or the Interest Holders.

3 Many requirements must be met before the Bankruptcy Court can confirm a Plan.  
4 Some of the requirements include that the Plan must be proposed in good faith,  
5 acceptance of the Plan, whether the Plan pays creditors at least as much as creditors  
6 would receive in a Chapter 7 liquidation, and whether the Plan is feasible. These  
7 requirements are not the only requirements for confirmation.

8 **A. Who May Vote or Object**

9 **1. Who May Object to Confirmation of the Plan**

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

12 **2. Who May Vote to Accept/Reject the Plan**

13 A Creditor or Interest Holder has a right to vote for or against the Plan if that  
14 creditor or Interest Holder has a Claim which is both (1) Allowed or Allowed for voting  
15 purposes and (2) classified in an impaired Class.

16 **a. What Is an Allowed Claim/Interest**

17 As noted above, a Creditor or Interest Holder must first have an Allowed Claim or  
18 Interest to have the right to vote. Generally, any Proof of Claim or Interest will be Allowed,  
19 unless there is objection to the Claim or Interest. When an objection to a Claim or Interest  
20 is filed, the Creditor or Interest Holder holding the Claim or Interest cannot vote unless the  
21 Bankruptcy Court, after notice and hearing, either overrules the objection or allows the  
22 Claim or Interest for voting purposes.

23 **THE BAR DATE FOR FILING A PROOF OF CLAIM OR INTEREST IN THIS**  
24 **CASE WAS MARCH 30, 2012, for all Persons other than governmental units. A**

25 Creditor or Interest Holder may have an Allowed Claim or Interest even if a Proof of Claim  
26 or Interest was not timely filed, but only if the Claim (1) is scheduled on the Debtor's  
27 Schedules and such Claim is not scheduled as disputed, contingent, or unliquidated, and  
28

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1 (2) no party in interest has objected to the Claim. An Interest is deemed allowed if it is  
2 scheduled and no party in interest has objected to the Interest.

3 b. What Is an Impaired Claim/Interest

4 As noted above, an Allowed Claim or Interest only has the right to vote if it is in a  
5 Class that is impaired under the Plan. A Class is impaired if the Plan alters the legal,  
6 equitable, or contractual rights of the members of that Class. For example, a Class  
7 comprised of General Unsecured Claims is impaired if the Plan fails to pay the members  
8 of that Class 100% of what they are owed.

9 In this case, the Debtor believes that all Classes of Creditors and Interest Holders  
10 are impaired and are entitled to vote to accept or reject the Plan. Parties who dispute the  
11 Debtor's characterization of their Claim or Interest as being impaired or unimpaired may  
12 file an objection to the Plan contending that the Debtor has incorrectly characterized the  
13 Class.

14 **3. Who Is Not Entitled to Vote**

15 The following four types of Claims are not entitled to vote: (1) Claims that have  
16 been disallowed; (2) Claims in unimpaired Classes; (3) Claims entitled to priority pursuant  
17 to 11 U.S.C. § 507(a)(1), (a)(2), (a)(8), or (b); and (4) Claims or Interests in Classes that  
18 do not receive or retain any value under the Plan. Claims in unimpaired Classes are not  
19 entitled to vote because such Classes are deemed to have accepted the Plan. Claims  
20 entitled to priority pursuant to 11 U.S.C. § 507(a)(2), (a)(3), and (a)(8) are not entitled to  
21 vote because such Claims are not placed in Classes and they are required to receive  
22 certain treatment specified by the Bankruptcy Code. Claims or Interests in Classes that  
23 do not receive or retain any value under the Plan do not vote because such Classes are  
24 deemed to have rejected the Plan. **EVEN IF YOUR CLAIM OR INTEREST IS THE TYPE**  
25 **DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE**  
26 **CONFIRMATION OF THE PLAN.**

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**4. Votes Necessary to Confirm the Plan**

If impaired Classes exist, the Bankruptcy Court cannot confirm the Plan unless (1) at least one impaired Class of Claims has accepted the Plan without counting the votes of any Insiders within that Class, and (2) all impaired Classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cramdown" on non-accepting Classes, as discussed in Article IX Section A.6 below.

**5. Votes Necessary for a Class to Accept the Plan**

A Class of Claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted, voted in favor of the Plan. A Class of Interests is considered to have "accepted" the Plan when at least two-thirds (2/3) in amount of the Interest Holders of such Class which actually voted, voted to accept the Plan.

**6. Treatment of Non-Accepting Classes**

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

**7. Request for Confirmation Despite Nonacceptance by Impaired Class(es)**

The Debtor will ask the Bankruptcy Court to confirm this Plan by cramdown on all impaired Classes if any of these Classes do not vote to accept the Plan.

1           **B. Liquidation Analysis**

2           Another confirmation requirement is the "Best Interest Test," which requires a  
3 liquidation analysis. Under the Best Interest Test, if a Claimant or Interest Holder is in an  
4 impaired Class and that Claimant or Interest Holder does not vote to accept the Plan, then  
5 that Claimant or Interest Holder must receive or retain under the Plan property of a value  
6 not less than the amount that such holder would receive or retain if the Debtors were  
7 liquidated under Chapter 7 of the Bankruptcy Code.

8           In a Chapter 7 case, the debtor's assets are usually sold by a Chapter 7 trustee.  
9 Secured creditors are paid first from the sales proceeds of properties on which the  
10 secured creditor has a Lien. Administrative claims are paid next. Next, unsecured  
11 creditors are paid from any remaining sales proceeds, according to their rights to priority.  
12 Unsecured creditors with the same priority share in proportion to the amount of their  
13 allowed claim in relationship to the amount of total allowed unsecured claims. Finally,  
14 Interest Holders receive the balance that remains, if any, after all creditors are paid.

15           For the Bankruptcy Court to be able to confirm this Plan, the Bankruptcy Court  
16 must find that all Creditors and Interest Holders who do not accept the Plan will receive at  
17 least as much under the Plan as such holders would receive under a Chapter 7  
18 liquidation. The Debtor maintains that this requirement is met here because in a Chapter  
19 7 liquidation, after liquidation of the Collateral, there would not be sufficient funds with  
20 which to pay Unsecured Claims in full or Interests. The liquidation analysis is attached as  
21 Exhibit "8."

22           **C. Feasibility**

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

27           There are at least two important aspects of a feasibility analysis. The first aspect  
28 considers whether the Plan proponent will have enough cash on hand on the Effective

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1 Date of the Plan to pay all the Claims and expenses which are entitled to be paid on such  
2 date. The second aspect considers whether the proponent will have enough cash over  
3 the life of the Plan to make the required Plan payments.

4 **1. Projections of Future Cash Flow**

5 Attached hereto as Exhibit "7" are financial projections (the "Financial Projections")  
6 prepared by the Debtor, with assistance from the Debtor's financial advisor, which provide  
7 support for the feasibility of the Plan, pursuant to Section 1129(a)(11) of the Bankruptcy  
8 Code. The Financial Projections set forth the Debtor's estimate of the anticipated cash  
9 flow of the Reorganized Debtor for the term of the Plan. Projections of anticipated cash  
10 flow are based on estimated costs to complete construction projects currently in process,  
11 estimated material and labor costs to complete projections, and the collection of accounts  
12 receivable and the related overhead costs to operate the business. Attached to the  
13 Financial Projections is a statement of the material assumptions underlying the Financial  
14 Projections. Although the Debtor has devoted considerable effort to the development of  
15 the Financial Projections and believes that the Financial Projections represent fairly the  
16 projected future cash flow of the Reorganized Debtor, care should be taken in analyzing  
17 the Financial Projections as no guarantee exists that the Financial Projections can be met  
18 by the Reorganized Debtor.

19 THE FINANCIAL PROJECTIONS SET FORTH IN THIS DISCLOSURE  
20 STATEMENT REPRESENT AN ESTIMATE OF FUTURE PERFORMANCE BASED  
21 UPON CERTAIN ASSUMPTIONS SET FORTH WITH SUCH FINANCIAL  
22 PROJECTIONS. THESE FUTURE EVENTS MAY OR MAY NOT OCCUR, AND THE  
23 FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR  
24 OTHER ASSURANCE OF THE ACTUAL RESULTS WHICH WILL OCCUR. BECAUSE  
25 OF THE UNCERTAINTIES INHERENT IN PREDICTIONS OF FUTURE EVENTS AND  
26 EVENTS OUTSIDE OF THE DEBTOR'S CONTROL, THE REORGANIZED DEBTOR'S  
27 ACTUAL CASH FLOW MAY WELL BE DIFFERENT FROM THAT PREDICTED, AND  
28

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1 SUCH DIFFERENCE MAY BE MATERIAL AND ADVERSE TO THE INTERESTS OF  
2 CREDITORS.

3 The Financial Projections are intended to assess the future cash flow available to  
4 the Reorganized Debtor for making the Distributions required by the Plan. Significant  
5 assumptions underlying the Financial Projections include the following:

6 a. Effective Date of the Plan. For the purpose of the Financial  
7 Projections, the Debtor estimates that the Confirmation Date will occur on or about  
8 August 31, 2012 and that the Effective Date will occur on or about October 31, 2012.

9 b. Revenues Generated by the Reorganized Debtor's Operations.  
10 The Debtor's projections of the future revenues are derived, in large part, from completion  
11 of construction projects based upon estimated project completion schedules. In the event  
12 a project or projects are delayed, completion of the work is expedited, the project is  
13 cancelled, or the contract amount is changed, the timing of the collection of the revenues  
14 and the amount collected may differ from the amounts projected, which could impact the  
15 timing of payments to creditors.

16 c. Expenses of the Reorganized Debtor. The Debtor has  
17 assumed, for the purpose of the Financial Projections that the project-related expenses of  
18 the Reorganized Debtor consisting of job labor, job materials, warranty costs, fleet  
19 vehicles and indirect costs will be variable and based on projected revenues. Such  
20 amounts are based on recent historical averages and management's estimates. Fixed  
21 costs are based on the activities required to support the generation of revenues and  
22 consist primarily of administrative functions and related costs including accounting, risk  
23 management, insurance, human resources, occupancy costs, legal fees and other costs.  
24 If significant projects are delayed by the Debtor's customers, reductions in fixed costs may  
25 not occur as rapidly as set forth in the projections.

26 d. Funding of Distributions Required by the Plan. The Debtor's  
27 Financial Projections indicate that, for each month after the Effective Date, the  
28 Reorganized Debtor will have Cash sufficient to pay the expenses which will be incurred



1 in connection with the operation of the Reorganized Debtor's business and to make all  
2 payments required to be made pursuant to the Plan.

3 The Debtor's Financial Projections indicate that the Reorganized Debtor will have  
4 Cash sufficient to fund the Distributions required to be paid to Creditors on or before the  
5 Effective Date.

6 **2. Funding of Ongoing Distributions to Holders of Allowed Claims**  
7 **Required by the Plan**

8 The second component essential to the execution of the Plan relates to the  
9 Reorganized Debtor's funding of the ongoing Distributions to holders of Allowed Claims  
10 required by the Plan. The Debtor's Financial Projections include three possible scenarios,  
11 titled "Low," "Medium" and "High." The differences among the scenarios are described in  
12 Exhibit "7." The Financial Projections indicate that, over the term of the Plan, the  
13 Reorganized Debtor will have funds sufficient to pay its accruing obligations with respect  
14 to the Allowed Secured Claims, its Administrative Claims, the Allowed Priority Tax Claims,  
15 and the Allowed General Unsecured Claim as set forth in the Plan.

16 The Debtor's Financial Projections indicate, therefore, that the Reorganized Debtor  
17 will generate revenues sufficient to meet all of its obligations under the Plan, as well as to  
18 pay the costs of operating its business. While the Debtor recognizes that the projections  
19 of the revenues and expenses of its future business operations are subject to a variety of  
20 unpredictable outside forces and circumstances which could adversely affect such  
21 projections, the Debtor believes that the Financial Projections have been prepared with  
22 sufficient care.

23 **D. Discharge**

24 The rights under the Plan and the treatment of Claims under the Plan will be in  
25 exchange for, and in complete satisfaction, discharge, and release of, all Claims of any  
26 nature whatsoever (including, without limitation, any interest accrued on Claims from and  
27 after the Petition Date) against the Debtor, the Reorganized Debtor, or property thereof,  
28 including Claims arising from work performed by the Debtor prior to the Petition Date,

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- 1 regardless of whether the Claims are contingent, unliquidated, or unmatured. Except as  
2 otherwise provided in the Plan or the Confirmation Order:
- 3 1. On the Effective Date, the Debtor, the Estate, the Reorganized Debtor, and  
4 their property will, to the fullest extent permitted by Bankruptcy Code § 1141,  
5 be deemed discharged and released from any and all Claims, including,  
6 without limitation, all demands, liabilities, or Claims that arose before the  
7 Confirmation Date or that are based upon or otherwise relate to acts, events,  
8 omissions, transactions or other activities of any kind that occurred before  
9 the Confirmation Date, and all debts of the kind specified in Bankruptcy  
10 Code §§ 502(g), 502(h), or 502(l) regardless of whether: (1) a proof of Claim  
11 based on such a debt is Filed or deemed Filed; (2) a Claim based on such a  
12 debt is allowable under Bankruptcy Code § 502; or (3) the Person holding  
13 the Claim based on such a debt has accepted the Plan;
  - 14 2. All Persons will be precluded from asserting against the Debtor, the Estate,  
15 the Reorganized Debtor, or their property any other or further Claims based  
16 on, arising from, or in connection with any act, event, omission, transaction,  
17 or other activity of any kind that occurred before the Confirmation Date;
  - 18 3. Except as provided in the Plan, all Persons are precluded from asserting  
19 against the Debtor, the Reorganized Debtor, the Class 3A Fund, or the  
20 Debtor's or Reorganized Debtor's insurance policies any Claims based on,  
21 arising from, or in connection with any work performed by the Debtor prior to  
22 the Effective Date including, but not limited to any Claims arising from  
23 additional insured endorsements. Nothing in any insurance contract, form,  
24 endorsement, or other side agreement to any policy issued to the Debtor  
25 prior to confirmation of the Plan or future policies issued to the Reorganized  
26 Debtor shall constitute or create an affirmation or reaffirmation by the Debtor  
27 or the Reorganized Debtor to assume liability for any Discharged Claim.  
28 Any insurance carrier that issued a pre-confirmation policy to the Debtor or

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- 1 that issues a future policy to the Reorganized Debtor has no duty to defend  
2 or indemnify any named insured or additional insured for Discharged Claims.
- 3 4. Any debt of the Debtor, whether secured or unsecured, which was in default  
4 as of or at any time prior to the Effective Date, will no longer be deemed in  
5 default. Moreover, to the extent that the Debtor complies with the terms and  
6 conditions of the Plan, these obligations will be deemed in good standing;
- 7 5. As set forth in Bankruptcy Code §§ 524 and 1141, except as otherwise  
8 provided in the Plan or the Confirmation Order, the Confirmation Order  
9 constitutes a discharge of any and all Claims against, and all debts and  
10 liabilities of, the Debtor. The Reorganized Debtor and its property will, to the  
11 fullest extent permitted by Bankruptcy Code § 1141, be deemed discharged  
12 and released from any and all Claims, including, without limitation, all  
13 demands, liabilities, or Claims that arose before the Effective Date or that  
14 are based on or otherwise relate to acts, events, omissions, transactions or  
15 other activities of any kind that occurred before the Effective Date. This  
16 discharge will void any judgment that was obtained against any of the  
17 Debtors at any time only to the extent that the judgment relates to a  
18 discharged Claim;
- 19 6. Subject to the limitations and conditions imposed under Bankruptcy Code  
20 § 1125(e), Persons who—in good faith and in compliance with applicable  
21 Bankruptcy Code provisions—either solicit Plan acceptances or rejections or  
22 participate in the offer, issuance, sale, or purchase of securities under the  
23 Plan will not be liable on account of their solicitation or participation for  
24 violation of any applicable law, rule, or regulation governing the solicitation  
25 of Plan acceptances or rejections or the offer, issuance, sale or purchase of  
26 such securities.
- 27 7. On the Effective Date, neither the Debtor nor any of its officers, directors,  
28 shareholders, employees, and other agents, advisors, or Professionals will

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1 have or incur any liability to any Creditor or Interest Holder or to any other  
2 person for any act or omission in connection with or arising out of the  
3 negotiation, preparation, and pursuit of confirmation of the Plan, the  
4 approval of this Disclosure Statement, the consummation of the Plan, the  
5 administration of the Plan, the Case, or the property to be distributed under  
6 the Plan, to the extent permitted by applicable statutes and case law, except  
7 that the foregoing shall not apply to instances of willful misconduct or gross  
8 negligence. Notwithstanding the foregoing, nothing contained herein shall  
9 release any claims that may be asserted against the Debtor's officers,  
10 directors, shareholders, employees, and other agents, advisors, or  
11 Professionals that accrued, arose, or otherwise related to the period prior to  
12 the Petition Date.

13 **E. Vesting of Property of the Estate**

14 Except as otherwise provided in the Plan or in any agreements contemplated under  
15 the Plan, the confirmation of the Plan revests all property of the Estate in the Reorganized  
16 Debtor.

17 **F. Modification of Plan**

18 The Debtor may modify the Plan at any time before confirmation. However, the  
19 Bankruptcy Court may require a new disclosure statement and/or re-voting on the Plan.  
20 The Reorganized Debtor may also seek to modify the Plan at any time after confirmation  
21 only if (1) the Plan has not been substantially consummated and (2) the Bankruptcy Court  
22 authorizes the proposed modifications after notice and a hearing.

23 **G. Post-Confirmation Status Report**

24 Within one hundred eighty (180) days of the Confirmation Date, the Reorganized  
25 shall cooperate with the Plan Trustee who shall file a status report with the Bankruptcy  
26 Court explaining what progress has been made toward consummation of the confirmed  
27 Plan. The status report shall be served on the United States Trustee and the Trustee.  
28

1 Further status reports shall be filed every one hundred eighty (180) days and served on  
2 the same entities until the Cases are closed.

3 **H. Post-Confirmation Fees to the OUST**

4 Pursuant to 28 U.S.C. § 1930(a)(6), quarterly fees to the Office of the United States  
5 Trustee will continue to be due until the bankruptcy case is closed, dismissed, or  
6 converted to Chapter 7, at the rate in effect at the time such fees are due. Such fees shall  
7 be paid by the Reorganized Debtor from proceeds from its operations.

8 **I. Post-Confirmation Conversion/Dismissal**

9 A Creditor or party in interest may bring a motion to convert or dismiss the case  
10 under 11 U.S.C. § 1112(b), after the Plan is confirmed, if there is a default in performing  
11 the Plan. If the Bankruptcy Court orders the cases converted to Chapter 7 after the Plan  
12 is confirmed, then all property that had been property of the Chapter 11 Estates, and that  
13 has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estates. The  
14 automatic stay will be re-imposed upon the revested property, but only to the extent that  
15 relief from stay was not previously authorized by the Bankruptcy Court during this case.

16 The Confirmation Order may also be revoked under very limited circumstances.  
17 The Bankruptcy Court may revoke the order if the order was procured by fraud and if a  
18 party in interest brings an adversary proceeding to revoke confirmation within one  
19 hundred eighty (180) days after the Confirmation Date.

20 **J. Governing Law**

21 Unless a rule of law or procedure is supplied by federal law, including the  
22 Bankruptcy Code and the Bankruptcy Rules, the laws of the State of California (without  
23 reference to its conflict of law rules) will govern the construction and implementation of the  
24 Plan and any agreements, documents, and instruments executed in connection with the  
25 Plan unless otherwise specifically provided in such agreements, documents, or  
26 instruments.

1 **K. Successors and Assigns**

2 The rights, benefits, and obligations of any person or entity named or referred to in  
3 the Plan will be binding on, and will inure to the benefit of, the heirs, executors,  
4 administrators, successors, and assigns of each person and entity.

5 **L. Exemption from Certain Transfer Taxes and Recording Fees**

6 Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or  
7 exchange of a security, or the making or delivery of an instrument of transfer under the  
8 Plan may not be taxed under any law imposing a stamp tax or similar tax. The taxes from  
9 which such transfers are exempt include stamp taxes, recording taxes, sales and use  
10 taxes, transfer taxes, and other similar taxes.

11 **M. Prohibition of Non-Voting Securities**

12 To the extent required by Section 1123(a)(6) of the Bankruptcy Code, the  
13 Reorganized Debtor will include in its charter any necessary provision prohibiting the  
14 issuance of non-voting securities.

15  
16 **X. RETENTION OF JURISDICTION**

17 The Bankruptcy Court will retain jurisdiction of all matters arising in or related to the  
18 Plan to the fullest extent provided by law until the Plan is fully consummated, including,  
19 without limitations:

- 20 1. The adjudication of the validity, scope, classification, allowance, and  
21 disallowance of any Claim;
- 22 2. The estimation of any Claim;
- 23 3. The allowance or disallowance of Professional-Fee Claims, compensation,  
24 or other Administrative Claims;
- 25 4. To hear and determine Claims concerning taxes pursuant to Bankruptcy  
26 Code sections 346, 505, 525, and 1146;
- 27 5. To hear and determine any action or proceeding brought under Bankruptcy  
28 Code sections 108, 510, 543, 544, 545, 547, 548, 549, 550, 551, and 553;

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- 1           6.     To hear and determine all actions and proceedings relating to pre-
- 2 confirmation matters;
- 3           7.     To hear and determine any issue relating to the assumption or rejection of
- 4 executory contracts and unexpired leases;
- 5           8.     To hear and determine any modification to the Plan in accordance with the
- 6 Bankruptcy Rules and the Bankruptcy Code;
- 7           9.     To enforce and interpret terms of the Plan;
- 8           10.    To correct any defects, cure any omissions, or reconcile any inconsistency
- 9 in the Plan or the Confirmation Order as may be necessary to carry out the purpose and
- 10 intent of the Plan;
- 11          11.    To interpret and enforce the discharge provisions of the Plan;
- 12          12.    To hear and determine such matters and make such orders as are
- 13 consistent with the Plan as may be necessary to carry out the provisions thereof and to
- 14 adjudicate any disputes arising under or related to any order entered by the Bankruptcy
- 15 Court in this Case;
- 16          13.    To resolve any disputes with Ace or Arch regarding requests to draw against
- 17 the Ace Replacement LOC or the Arch Replacement LOC;
- 18          14.    The entry of an order concluding and terminating this Case; and

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1 15. To reopen the Case to resolve any disputes relating to the foregoing and/or  
2 to interpret and enforce the terms of the Plan, the Confirmation Order, and the Plan Trust  
3 Agreement.

4  
5 Dated: June 26, 2012

WEILAND, GOLDEN,  
SMILEY, WANG EKVALL & STROK, LLP

7 By: /s/ Evan D. Smiley  
8 EVAN D. SMILEY  
9 Attorneys for Debtor-in-Possession,  
RCR Plumbing and Mechanical, Inc.

10 Dated: June 26, 2012

RCR PLUMBING & MECHANICAL, INC.

12 By: \_\_\_\_\_  
13 KEITH LYNAUGH  
14 Chief Financial Officer

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**PLAN DEFINITIONS**

**A. Definitions**

The following defined terms are used in this Plan. Any capitalized term that is not defined herein, but that is defined in the Bankruptcy Code or in the Bankruptcy Rules shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules.

"Ace LOC" means the letter of credit issued by PNC Bank prepetition for the benefit of Ace American Insurance Company.

"Ace Replacement LOC" means the new irrevocable standby letter of credit in favor of Ace that may be obtained in an amount equal to either the amount of the Ace LOC as then in effect or, if, Ace's Claim is estimated, the Ace Estimated Claim, less any draws made by Ace in connection with its Estimated Claim.

"Administrative Claim" means a Claim for costs and expenses of the administration of a Case under Section 503(b) or 507(a)(1) of the Bankruptcy Code, including, without limitation, a Claim of a Professional employed at the expense of an Estate and any fees or charges asserted against an Estate under 28 U.S.C. § 1930.

"Administrative Claims Objection Deadline" means sixty (60) days after the Administrative Claims Bar Date. The Administrative Claims Objection Deadline may be extended for a one-time sixty (60) day period by the Reorganized Debtor by filing a notice of the extended Administrative Claim Objection Deadline with the Bankruptcy Court. Thereafter, it may only be extended by an order of the Bankruptcy Court. If no objection to an Administrative Claim is filed on or before the Administrative Claim Objection Deadline, then the Administrative Claim will be deemed Allowed as of that date.

"Administrative Tax Claim" means a request by a Governmental Unit for payment of Administrative Claims for Taxes (and for interest or penalties related to such Taxes) for any tax year or period, all or any portion of which occurs within the period from and including the Petition Date through and including the Effective Date.

"Allowed Administrative Claim" means an Administrative Claim allowed pursuant to Sections 503(b) or 507(a)(1) of the Bankruptcy Code or pursuant to 28 U.S.C. § 1930.

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1           "Allowed Claim" means a Claim that is either (i) listed in the Schedules filed with  
2 the Bankruptcy Court by the Debtor and not listed as disputed, contingent, unliquidated or  
3 unknown as to amount and as to which no timely objection has been filed; or (ii) with  
4 respect to which a Proof of Claim has been filed within the time period fixed by the  
5 Bankruptcy Court, and as to which no objection was filed within the time period fixed by  
6 the Bankruptcy Code, the Bankruptcy Rules, this Plan or order of the Bankruptcy Court, or  
7 as to which any such objection has been determined by a Final Order. The amount of an  
8 Allowed Claim shall be as follows: (a) if the Creditor did not file a Proof of Claim with the  
9 Bankruptcy Court on or before the Bar Date, the amount of the Creditor's Claim as listed  
10 in the Schedules as neither disputed, contingent, unliquidated or unknown; or (b) if the  
11 Creditor filed a Proof of Claim with the Bankruptcy Court on or before the Bar Date, (1) the  
12 amount stated in such Proof of Claim if no objection to such Proof of Claim was filed  
13 within the time period fixed by the Bankruptcy Code, the Bankruptcy Rules, this Plan or  
14 order of the Bankruptcy Court, or (2) the amount thereof as fixed by a Final Order of the  
15 Bankruptcy Court if an objection to such Proof of Claim was filed within the time period  
16 fixed by the Bankruptcy Code, the Bankruptcy Rules, this Plan or order of the Bankruptcy  
17 Court. Any Claim that is not filed by the applicable Bar Date and that is listed as disputed,  
18 unliquidated, contingent or unknown, or that is not allowed under the terms of this Plan,  
19 shall be zero, and no Distribution shall be made on account of such Claim.

20           "Allowed Class 1A Claim" of PNC Bank includes both the Noncontingent PNC  
21 Claim and the Contingent PNC Claim.

22           "Allowed Cure Claim" means an Allowed Claim for Cure Claims pursuant to the  
23 terms of this Plan and a Final Order.

24           "Allowed General Unsecured Claim" means an unsecured Allowed Claim against  
25 the Debtor, however arising, not entitled to priority under Section 507(a) of the Bankruptcy  
26 Code, including, without limitation, a Rejection Claim.

27           "Allowed Interest" means an Interest to the extent, and only to the extent, of the  
28 allowed amount of such Interest. The amount of an Allowed Interest shall be (i) the

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1 amount provided by or established in the records of the Debtor on the Confirmation Date,  
2 provided, however, that a timely filed Proof of Interest shall supersede any listing of such  
3 Interest on the records of the Debtor; (ii) the amount stated in a timely filed Proof of  
4 Interest if no objection to such Interest is filed prior to the Confirmation Date or such later  
5 date as the Bankruptcy Court allows; or (iii) the amount of such Interest as fixed by a Final  
6 Order of the Bankruptcy Court.

7 "Allowed Priority Tax Claim" means an Allowed Claim provided for by Section  
8 507(a)(8) of the Bankruptcy Code.

9 "Allowed Priority Unsecured Claim" means an unsecured Allowed Claim entitled to  
10 priority under Sections 507(a)(3)-(7) of the Bankruptcy Code.

11 "Allowed Professional Fee Claim" means an Allowed Claim provided for by Section  
12 507(a)(2) and Section 503(b) of the Bankruptcy Code.

13 "Allowed Secured Claim" means an Allowed Claim secured by a valid and  
14 unavoidable Lien against property in which an Estate has an interest, or which is subject  
15 to setoff under Section 553 of the Bankruptcy Code, to the extent of the value, determined  
16 in accordance with Section 506(a) of the Bankruptcy Code, of the interest of the holder of  
17 such Allowed Claim in the Estate's interest in such property, or to the extent of the amount  
18 subject to any setoff as the case may be.

19 "AMPAM" means American Plumbing and Mechanical, Inc., which acquired the  
20 Debtor in 1999 and from which the Debtor was subsequently disaggregated.

21 "Arch Replacement LOC" means the new irrevocable standby letter of credit in  
22 favor of Arch that may be obtained in an amount equal to either the amount of the Arch  
23 LOC as then in effect or, if, Arch's Claim is estimated, the Arch Estimated Claim, less any  
24 draws made by Arch in connection with its Estimated Claim.

25 "Avoidance Action" means any action or proceeding filed pursuant to the provisions  
26 of Sections 510, 542, 543, 544, 545, 547, 548, 549 or 550 of the Bankruptcy Code, or any  
27 similar action or proceeding filed to recover property for or on behalf of an Estate or to  
28 avoid a Lien or transfer.

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1           "Bankruptcy Code" means title 11, United States Code, as amended. All citations  
2 in this Plan to Section numbers are to the Bankruptcy Code, unless otherwise expressly  
3 stated herein.

4           "Bankruptcy Court" means the United States Bankruptcy Court for the Central  
5 District of California, Riverside Division, which has jurisdiction over the Case and the  
6 Estate of the Debtor, or such successor court or tribunal as may hereafter be confirmed or  
7 created by lawful authority with power to confirm reorganization plans under Chapter 11 of  
8 the Bankruptcy Code and all applicable statutes, rules and regulations pertaining thereto.

9           "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy  
10 Procedure, as amended, and the Local Bankruptcy Rules for use in the United States  
11 Bankruptcy Court for the Central District of California, as amended.

12           "Business Day" means any day, other than a Saturday, a Sunday or a "legal  
13 holiday," as defined in Rule 9006(a) of the Bankruptcy Rules.

14           "Case" means the Chapter 11 case commenced by the Debtor on the Petition Date,  
15 and pending before the Bankruptcy Court as Case No. 6:11-bk-41853-WJ.

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

18           "Claim" means (i) a right to payment from the Debtor, whether or not such right to  
19 payment is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured,  
20 unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, and includes  
21 any claims based on, arising from, or connected with any work performed by the Debtor  
22 prior to the Petition Date, including claims based on additional insured endorsements, or  
23 (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a  
24 right to payment from the Debtor whether or not such right to an equitable remedy is  
25 reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,  
26 disputed, undisputed, secured, or unsecured.

27           "Claims Bar Date" means the last date for creditors and equity security holders  
28 whose claims or interests are not scheduled, or are scheduled as disputed, contingent, or

1 unliquidated in the Debtor's Schedules to file Proofs of Claim, except for the following  
2 Claims: (i) Administrative Claims other than Section 503(b)(9) Administrative Claims, and  
3 (ii) Rejection Claims. The Claims Bar Date was March 30, 2012.

4 "Claims Objection Deadline" means the one hundred eightieth (180th) day after the  
5 Effective Date or such greater period of limitation as maybe fixed or extended as set forth  
6 in the Plan or by agreement between the Reorganized Debtor and the Creditor.

7 "Class" means the group of Claims or interests classified in Article II of the Plan  
8 pursuant to Sections 1122 and 1123 of the Bankruptcy Code.

9 "Class 3A Fund" means the fund available for distribution to Allowed Class 3A  
10 Claims and shall be comprised of the funds assigned to the Class 3A Fund by the Richey  
11 Trust, net proceeds of any Post-Confirmation Estate Claims, including Avoidance Actions,  
12 any dividends that would otherwise be payable to the Richey Family Trust on account of  
13 its equity interest in the Debtor, and the balance of any funds remaining as security for the  
14 Ace Replacement LOC or the Arch Replacement LOC on the Ace Reconciliation Date and  
15 the Arch Reconciliation Date.

16 "Confirmation Date" means the date on which the Bankruptcy Court enters the  
17 Confirmation Order.

18 "Confirmation Hearing" means the hearing(s) scheduled by the Bankruptcy Court  
19 for the purpose of considering the confirmation of this Plan.

20 "Confirmation Order" means the order, as entered, of the Bankruptcy Court  
21 confirming this Plan.

22 "Contingent PNC Claim" means the secured Claim of PNC Bank (1) in the  
23 aggregate amount of the draws available but undrawn under the LOCs (with such  
24 amounts approximating \$4,640,566.71 as of June 30, 2012), which amount will decrease  
25 by the amount of any additional draws that may be honored; (2) fees, costs, and charges  
26 provided for under the PNC Loan Documents and allowable under 11 U.S.C. § 506(b);  
27 and (3) interest provided for under the PNC Loan Documents and allowable under 11  
28 U.S.C. § 506(b).

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1           "Creditor" means the holder of an Allowed Claim or Allowed Administrative Claim.

2           "Cure Claims" means the amounts necessary to cure any defaults under executory  
3 contracts and unexpired leases assumed under the Plan.

4           "Debt Discharge Amount" means any amount of potential discharged indebtedness  
5 for federal income tax purposes.

6           "Debtor" means RCR Plumbing & Mechanical, Inc. For purposes of the Plan,  
7 reference to "Debtor" shall include the Reorganized Debtor.

8           "Discharged Claims" includes any Claims discharged under the Plan pursuant to  
9 11 U.S.C. § 1141, including contingent, unliquidated, or unmatured Claims arising from  
10 any work performed by the Debtor prior to the Effective Date including, without limitation,  
11 construction defect and related contractual and other Claims arising from the Debtor's  
12 prepetition conduct or work performed for owners, general contractors, and builders that  
13 may manifest after the Confirmation Date, regardless of the date of discovery of those  
14 Claims.

15           "Disclosure Statement" means the Debtor's Disclosure Statement, as the same  
16 may be amended or modified from time to time.

17           "Disputed Claim" means all or any part of a Claim as to which any one of the  
18 following applies: (i) no Proof of Claim has been filed with respect to such Claim, and the  
19 Claim is listed in the Schedules as unliquidated, disputed, contingent or unknown, or;  
20 (ii) the Claim is the subject of a timely objection or request for estimation which is filed on  
21 or before the Claims Objection Deadline, which objection or request for estimation has not  
22 been withdrawn or determined by a Final Order. In addition, prior to the earlier of (a) the  
23 Claims Objection Deadline, and (b) such date as the Bankruptcy Court allows the Claim  
24 pursuant to a Final Order, any Claim that is evidenced by a Proof of Claim shall be  
25 deemed a Disputed Claim for purposes of calculating and making any Distributions under  
26 this Plan if: (1) no Claim corresponding to the Proof of Claim is listed in the Schedules,  
27 (2) the Claim corresponding to the Proof of Claim is listed in the Schedules as disputed,  
28 contingent, unliquidated or unknown, (3) the amount of the Claim as specified in the Proof

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1 of Claim exceeds the amount of any corresponding Claim listed in the Schedules as not  
2 disputed, not contingent, and liquidated, but only to such extent, or (4) the priority or  
3 classification of the Claim as specified in the Proof of Claim differs from the priority of any  
4 corresponding Claim listed in the Schedules.

5 "Distribution" means the Cash that is required to be distributed under this Plan to  
6 the holders of Allowed Claims.

7 "Effective Date" means a date as determined by the Debtor that is no later than the  
8 first Business Day that is sixty (60) days after entry of the Confirmation Order, provided  
9 that there is no stay of effectiveness of the Confirmation Order. If such a stay is issued  
10 other than by operation of Federal Rule of Bankruptcy Procedure 3020(e), then the  
11 Effective Date shall be the later of the date that the Confirmation Order becomes a Final  
12 Order or the date that is sixty (60) days after entry of the Confirmation Order.

13 "Election A" means the option for the holder of a General Unsecured Claim in Class  
14 3B to have its entire Claim treated as a Class 3A Claim, to share pro rata with other  
15 Allowed Class 3A Claims.

16 "Election B" means the option for the holder of a General Unsecured Claim in Class  
17 3B to pursue any available insurance policy of the Debtor's except that if this election is  
18 made, the Holder of the Class 3B Claim shall assume sole responsibility for paying the  
19 deductible or DIR that would otherwise be paid by the Debtor, in full satisfaction of their  
20 Claims against the Debtor, the Reorganized Debtor, or their property.

21 "Estate" means the Debtor's bankruptcy estate created under Section 541 of the  
22 Bankruptcy Code in the Case.

23 "Estimated Claim(s)" means the Claim(s) of Ace Insurance Co. and/or Arch  
24 American Insurance Co. related to the deductibles and SIRs under the Debtor's workers'  
25 compensation insurance policies, as may be estimated as provided under 11 U.S.C.  
26 § 502(c).

27 "Fair Market Value" means the value of an asset based on a continued-use basis,  
28 as determined by an independent third party holding requisite appraiser credentials.

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1           "Final Cash Collateral Stipulation" means and refers to the *Amended Stipulation for*  
2 *Order Authorizing Debtor's Final Use of Cash Collateral (October 12, 1011 Through*  
3 *August 31, 2012)* that was filed with the Court on January 31, 2012, as docket no. 297.

4           "Final Order" means an order or judgment of the Bankruptcy Court, or of any court  
5 of competent jurisdiction where there is pending an action in which the Debtor or the  
6 Reorganized Debtor is a party, as to which the time to appeal, petition for certiorari, or  
7 move for reargument or rehearing has expired and as to which no appeal, petition for  
8 certiorari, or other proceeding for reargument or rehearing shall then be pending or as to  
9 which any right to appeal, petition for certiorari, move to reargue, or to rehear shall have  
10 been waived in writing in form and substance satisfactory to the Debtor or to the  
11 Reorganized Debtor.

12           "Financial Projections" means the financial projections prepared by the Debtor that  
13 provide support for the feasibility of the Plan, pursuant to Section 1129(a)(11) of the  
14 Bankruptcy Code.

15           "Funded Reserve Amount" means the funding of the Reserve Account up to (a) the  
16 aggregate amount of the LOCs or such lesser amount agreed to by PNC, or (b) if there  
17 are Final Orders fixing the Estimated Claims, then the sum of the Estimated Claims; or (c)  
18 if only Arch's Claim is estimated, then the sum of the amount fixed for Arch's Estimated  
19 Claim, plus the outstanding amount of the Ace LOC, as then in effect.

20           "General Unsecured Claim" means an unsecured Claim against the Debtor,  
21 however arising, not entitled to priority under Section 507(a) of the Bankruptcy Code,  
22 including, without limitation, a Rejection Claim.

23           "General Unsecured Creditor" means the holder of an Allowed General Unsecured  
24 Claim.

25           "Governmental Unit" shall have the meaning provided in Section 101(27) of the  
26 Bankruptcy Code.

27           "Initial Distribution Date" means the date on which the first Distribution is made to a  
28 Class.



1           "Interest" means any equity security in the Debtor, as provided by Section 101(16)  
2 of the Bankruptcy Code, including, without limitation, any common stock interest,  
3 preferred stock interest, stock option, warrant, partnership interest, or membership  
4 interest.

5           "Interest Holder" means the holder of an Interest in a Debtor.

6           "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

7           "Lien" means any lien, encumbrance, pledge or other charge against property.

8           "LOC Replacement Date" means the date upon which both (1) Final Orders fixing  
9 the amount of the Estimated Claims are entered and (2) the Reserve Account is fully  
10 funded.

11           "LOCs" means the irrevocable letters of credit issued prior to the Petition Date by  
12 PNC Bank, N.A., in favor of Arch Insurance Company and Ace American Insurance  
13 Company to secure the Debtor's obligations under its insurance policies.

14           "Maximum LOC Amount: is \$4,828,000, or the aggregate amount of the LOCs.

15           "Net Proceeds" means any proceeds generated from the pursuit of Post-  
16 Confirmation Estate Claims, net of all attorneys' fees and other costs necessary to recover  
17 such proceeds.

18           "Noncontingent PNC Claim" means PNC's secured Claim related to (1) draws  
19 under the LOCs made prior to the Effective Date (approximately \$187,433.29 as of  
20 June 30, 2012); (2) the amount(s) of additional draws under the LOCs; (3) fees, costs, and  
21 charges provided for under the PNC Loan Documents and allowable under 11 U.S.C.  
22 § 506(b); and (4) interest provided for under the PNC Loan Documents and allowable  
23 under 11 U.S.C,§ 506(b) (collectively, the "Noncontingent PNC Claim").

24           "Non-Ordinary Course Administrative Claims" means all Administrative Claims  
25 other than Ordinary Course Administrative Claims, Section 503(b)(9) Claims, and  
26 Ordinary Course Administrative Claims.

27           "Non-Ordinary Course Administrative Claims Bar Date" is thirty days after the  
28 Effective Date and is the deadline by which all requests for payment of a Non-Ordinary

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1 Course Administrative Claim that accrued between the Petition Date and the Effective  
2 Date must be filed with the Court.

3 "Non-Ordinary Course Administrative Claims Objection Deadline" is sixty days after  
4 the Non-Ordinary Course Administrative Claims Bar Date, unless further extended as  
5 provided in the Plan.

6 "Ordinary Course Administrative Claims" means all Administrative Claims incurred  
7 in the ordinary course of the Debtor's business on or after the Petition Date, except for  
8 Professional Fee Claims, Section 503(b)(9) Claims, and Non-Ordinary Course  
9 Administrative Claims.

10 "Paid in Full" means the Debtor's payment obligations to a particular Class of  
11 Creditors under this Plan have been fully satisfied.

12 "Petition Date" means October 12, 2011, which is the date on which the Debtor  
13 filed its petition for relief under Chapter 11 of the Bankruptcy Code.

14 "Plan" means this Chapter 11 Plan of Reorganization, together with the exhibits  
15 hereto, as the same may be amended or modified from time to time.

16 "Plan Proponent" means the Debtor.

17 "PNC Loan Documents" means the Amended PNC Agreement and all of the other  
18 agreements and documents related to the Debtor's credit facility with PNC Bank.

19 "Post-Confirmation Estate Claims" or "Post-Confirmation Litigation" means any and  
20 all claims and causes of action that constitute property of the Estate including, but not  
21 limited to, any Avoidance Actions, equitable subordination or debt recharacterization  
22 actions against creditors, and any causes of action or claims for recovery of any amounts  
23 owing to the Debtor or the Estate.

24 "Priority Tax Claim" means any Claim provided for by Section 507(a)(8) of the  
25 Bankruptcy Code.

26 "Priority Unsecured Claim" means any Claim provided for by Section 507(a)(3) or  
27 (4) of the Bankruptcy Code.

28

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1           "Professional" means a person or entity employed by the Debtor pursuant to a Final  
2 Order in accordance with Sections 327 or 1103 of the Bankruptcy Code.

3           "Professional Fee Claims" means Claims for fees of a person or entity employed by  
4 the Debtor pursuant to a Final Order in accordance with Sections 327 or 1103 of the  
5 Bankruptcy Code.

6           "Proof of Claim" means a written statement filed in a Case by a Creditor in which  
7 the Creditor sets forth the amount of its Claim, in accordance with Rule 3001 of the  
8 Bankruptcy Rules.

9           "Proof of Interest" means a written statement filed in a Case by an Interest Holder  
10 in which the Interest Holder sets forth the amount of its interest.

11           "Pro Rata" means proportionately, so that with respect to any Distribution in respect  
12 of any Allowed Claim, the ratio of (i) (a) the amount of property distributed or reserved on  
13 account of such Allowed Claim to (b) the amount of such Allowed Claim, is the same as  
14 the ratio of (ii) (a) the amount of property distributed or reserved on account of all Allowed  
15 Claims of the Class sharing in such Distribution to (b) the amount of all Allowed Claims in  
16 such Class.

17           "Rejection Claim" means any Claim based upon, or arising from, the rejection of  
18 any executory contract or unexpired lease pursuant to order of the Bankruptcy Court or  
19 pursuant to this Plan.

20           "Reorganized Debtor" means RCR Plumbing & Mechanical, Inc., and any  
21 successors thereto by merger, consolidation, acquisition, or otherwise.

22           "Replacement LOCs" refers to the Ace Replacement LOC and the Arch  
23 Replacement LOC.

24           "Reserve Account" means the reserve account at PNC Bank, N.A., that the Debtor  
25 agreed to fund over time pursuant to the Final Cash Collateral Stipulation.

26           "Richey Family Trust" means the Robert C. Richey Family Trust Dated January 20,  
27 1997, of which Robert C. Richey is the trustee.

28

1           "Riverside Premises" means the Debtor's headquarters which, as of the Petition  
2 Date, were located at 12660 Magnolia Drive and 12620 Magnolia Drive, Riverside,  
3 California 92503.

4           "Section 503(b)(9) Claims" means any Claims of creditors Allowed under 11 U.S.C.  
5 § 503(b)(9).

6           "Schedules" means the Schedules of Assets and Liabilities and Statement of  
7 Financial Affairs filed by the Debtor in the Case, as required by Section 521(1) of the  
8 Bankruptcy Code, Rules 1007(a)(3) and (b)(1) of the Bankruptcy Rules, and Official  
9 Bankruptcy Form No. 6, as the Schedules may be amended from time to time.

10           "Secured Claim" means any Claim, including interest, reasonable attorneys' fees,  
11 costs, and charges, to the extent allowable pursuant to Section 506(b) of the Bankruptcy  
12 Code and this Plan, that is secured by a Lien on property in which a Debtor has an  
13 interest or that is subject to recoupment or setoff under Section 553 of the Bankruptcy  
14 Code, to the extent of the value of the interest of the holder of such Secured Claim in the  
15 Debtor's interest in the property, determined pursuant to Section 506(a) of the Bankruptcy  
16 Code.

17           "Tax" means any tax, charge, fee, levy, or other assessment by any federal, state,  
18 local or foreign taxing authority, including, without limitation, income, excise, property,  
19 sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem,  
20 estimated, severance, stamp, occupation and withholding tax. "Tax" shall include any  
21 interest or additions attributable to, or imposed on or with respect to, such assessments.

22           "Tax Claim" means any Claim, pre-petition or post-petition, relating to a Tax.

23           "United States Trustee" means the Office of the United States Trustee.

24  
25           **B. Rules of Construction**

26           The rules of construction in Bankruptcy Code section 102 apply to this Plan. For  
27 the purpose of this Plan, unless otherwise provided in this Plan, (i) whenever from the  
28 context it is appropriate, each term, whether stated in the singular or the plural, shall

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1 include both the singular and the plural; (ii) each pronoun stated in the masculine,  
2 feminine or neuter shall include the masculine, feminine and neuter; (iii) any reference in  
3 this Plan to an existing document, Exhibit or schedule filed or to be filed means such  
4 document or schedule as it may have been or may be amended, modified or  
5 supplemented pursuant to this Plan; (iv) any reference to an entity as a holder of a Claim  
6 or Interest includes that entity's successors and assigns; (v) except as otherwise stated  
7 herein, all references in this Plan to Sections, Articles and Exhibits are references to  
8 Sections, Articles and Exhibits of or to this Plan; (vi) the words "herein," "hereunder" and  
9 "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan;  
10 (vii) unless otherwise provided in this Plan, any reference in this Plan to a contract,  
11 instrument, release, indenture, agreement, or other document being in a particular form or  
12 on particular terms and conditions means that such document shall be substantially and  
13 materially in such form or substantially and materially on such terms and conditions; and  
14 (viii) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply  
15 to the extent such rules are not inconsistent with the express terms of this Plan or any  
16 other provision in this Section.

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**C. Rules of Interpretation**

Except as otherwise provided in the Plan, Bankruptcy Rule 9006(a) applies when  
computing any time period under the Plan.

Any term used in the Plan that is not a Defined Term, but that is used in the  
Bankruptcy Code or Bankruptcy Rules has the meaning assigned to such term in the  
Bankruptcy Code or Bankruptcy Rules, as applicable, unless the context requires  
otherwise.

The definition given to any term or provision in the Plan supersedes and controls  
any different meaning that may be given to that term or provision in the Disclosure  
Statement.

1 Whenever it is appropriate from the context, each term, whether stated in the  
2 singular or the plural, includes both the singular and the plural.

3 Any reference to a document or instrument being in a particular form or on  
4 particular terms means that the document or instrument will be substantially in that form or  
5 on those terms or as amended by the terms thereof.

6 Any reference to an existing document means the document as it has been, or may  
7 be, amended or supplemented.

8 Unless otherwise indicated, the phrase "under the Plan" and similar words or  
9 phrases refer to this Plan in its entirety rather than to only a portion of the Plan.

10 Unless otherwise specified, all references to Sections or Exhibits are references to  
11 this Plan's Sections or Exhibits.

12 Section captions and headings are used only as convenient references and do not  
13 affect this Plan's meaning.

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Weiland, Golden,  
Smiley, Wang Ekvall & Strok, LLP  
650 Town Center Drive, Suite 950  
Cincinnati, Ohio 45229  
Tel 714-866-1000 Fax 714-866-1002

**EXHIBIT 1**

Policy Term	Type	Carrier	Policy #	Limits	DED/SIR	TYPE
11/01/03 - 11/01/04	GL	ACE	HDO G21703187	1M/1M	\$500,000	DED
11/01/04 - 11/01/05	GL	ACE	HDO G21703187	1M/1M	\$500,000	DED
11/01/05 - 11/01/06	GL	ACE	HDO G2029968A	1M/2M	\$250,000	DED
11/01/06 - 11/01/07	GL	ACE	HDO G2173651A	2M/4M	\$250,000	DED
11/01/07 - 11/01/08	GL	ARCH	71PKG2163400	2M/4M	\$100,000	DED
11/01/08 - 11/01/09	GL	ARCH	71PKG2237101	2M/4M	\$100,000	SIR
11/01/09 - 11/01/10	GL	ARCH	71GPP2271702	2M/4M	\$100,000	SIR
11/01/10 - 11/01/11	GL	ARCH	71GPP2343803	2M/4M	\$100,000	SIR
11/01/11 - 11/01/12	GL	HANNOVER	IG014000006-00	1M/2M	\$10,000	SIR
03/30/10 - 03/30/11	GL	ASPEN SPECIALTY	CRA6PLK10	1M/2M	\$10,000	DED
03/30/11 - 03/30/12	GL	UNITED.SPECIALTY	TWCG41001188	1M/2M	\$5,000	DED
11/01/03 - 05/01/04	WC	ACE	WLR C43966108	1M	\$250,000	DED
05/01/04 - 11/01/04	WC	ACE	WLR C43975717	1M	\$250,000	DED
11/01/04 - 11/01/05	WC	ACE	WLR C43514015	1M	\$250,000	DED
11/01/05 - 11/01/06	WC	ACE	WLR C44185477	1M	\$500,000	DED
11/01/06 - 11/01/07	WC	ACE	WLR C44450379	1M	\$500,000	DED
11/01/07 - 11/01/08	WC	ARCH	71WCI2163300	1M	\$175,000	DED
11/01/08 - 11/01/09	WC	ARCH	71 WCI2237001	1M	\$175,000	DED
11/01/09 - 11/01/10	WC	ARCH	71WCI2271602	1M	\$175,000	DED
11/01/10 - 11/01/11	WC	ARCH	71WCI2343703	1M	\$175,000	DED
11/01/11 - 11/01/12	WC	ARCH	71WCI8745004	1M	NONE	N/A
11/01/03 - 11/01/04	AUTO	ACE	ISA H08014413	2M	500000	DED
11/01/04 - 11/01/05	AUTO	ACE	ISA H08014425	2M	500000	DED
11/01/05 - 11/01/06	AUTO	ACE	ISA H07671015	2M	150000	DED
11/01/06 - 11/01/07	AUTO	ACE	ISA H07834433	2M	150000	DED
11/01/07 - 11/01/08	AUTO	ARCH	71PKG2163400	2M	125000	DED
11/01/08 - 11/01/09	AUTO	ARCH	71PKG2237101	2M	150000	DED
11/01/09 - 11/01/10	AUTO	PHILADELPHIA	PHPK490580	2M	25000	DED
11/01/10 - 11/01/11	AUTO	PHILADELPHIA	PHPK644232	2M	25000	DED
11/01/11 - 11/01/12	AUTO	PHILADELPHIA	PHPK790834	2M	25000	DED
11/01/03 - 11/01/04	EXCESS	NATIONAL UNION (AIG)	BE 2977869	\$25M	\$0	N/A
11/01/04 - 11/01/05	EXCESS	AMERICAN HOME ASSURANCE COMPANY (AIG)	BE 5684312	\$25M	\$10,000	SIR
11/01/05 - 11/01/06	EXCESS	NATIONAL UNION (AIG)	BE 5684331	\$25M	\$250,000	SIR
11/01/06 - 11/01/07	EXCESS	NATIONAL UNION (AIG)	BE 7227563	\$25M	\$10,000	SIR
11/01/07 - 11/01/08	EXCESS	NATIONAL UNION (AIG)	BE 7227707	\$25M	\$10,000	SIR
11/01/08 - 11/01/09	EXCESS	NATIONAL UNION (AIG)	7532590	\$25M	\$10,000	SIR
11/01/09 - 11/01/10	EXCESS	NATIONAL UNION (AIG)	7520138	\$25M	\$10,000	SIR
11/01/10 - 11/01/11	EXCESS	ALLIED WORLD NATIONAL ASSURANCE CO.	0306-0754	\$15M	NONE	N/A
11/01/11 - 11/01/12	EXCESS	ALLIED WORLD NATIONAL ASSURANCE CO.	0306-0754	\$5M	NONE	N/A



## **EXHIBIT 2**

RCR Plumbing and Mechanical, Inc.  
Schedule Reconciliation Report  
(As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C U D
		24 HOUR FIRE PROTECTION		\$965.00	F	\$965.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ELINX ENTERPRISES, INC		\$90.24	F	\$90.24	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	120	A D SEENO CONSTRUCTION CO	\$3,426.62	\$0.00	F	\$3,426.62	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/27/2012	38	ABATIX CORPORATION	\$45.92	\$45.92	F	\$45.92	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ABELING ENTERPRISES LP		\$11,591.48	F	\$11,591.48	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ACE AMERICAN INSURANCE CO		\$25,000.00	F	\$25,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	145	ACE American Insurance Company	UNLIQUIDATED			UNLIQUIDATED	Secured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	145	ACE American Insurance Company	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	113	Aequitas Law Group	\$108,000.00	\$108,000.00	F	\$108,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		AIR and HOSE SOURCE INC		\$18.66	F	\$18.66	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		AIRGAS NO CALLIF		\$599.73	F	\$599.73	General Unsecured	RCR Plumbing and Mechanical, Inc.	
10/24/2011	4	Airgas Safety Inc.	\$750.89	\$0.00	F	\$750.89	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		AIRGAS WEST		\$93.61	F	\$93.61	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/06/2011	12	ALLIED WASTE SERVICES	\$343.24			\$343.24	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ALMADEN VALLEY BACKHOE		\$575.00	F	\$575.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	62	AMERICAN BOBCAT and BACKHOE	\$6,875.00	\$4,170.00	F	\$6,875.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/01/2012	70	AMERICAN LEAK DETECTION	\$825.00	\$275.00	F	\$825.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	112	AMERISINK INC	\$23,243.62	\$12,866.58	F	\$23,243.62	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/06/2012	83	AMPAC SERVICES INC	\$495.65	\$695.73	F	\$495.65	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ANGELUS SHEET METAL and SUPPLY		\$3,723.84	F	\$3,723.84	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ARAMARK REFRESHMENT SERVICES		\$893.67	F	\$893.67	General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
 Schedule Reconciliation Report  
 (As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C	U	D
		ARC DIETERICH POST		\$3,130.85	F	\$3,130.85	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		ARC MERCURY REPROGRAPHICS		\$809.67	F	\$809.67	General Unsecured	RCR Plumbing and Mechanical, Inc.			
01/10/2012	23	Arch Insurance Company	\$13,614.58			\$13,614.58	Priority	RCR Plumbing and Mechanical, Inc.			
03/30/2012	183	ARCHSTONE	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.		C	U
03/05/2012	80	ARMANDO SANTIAGO ASBURY ENVIRONMENTAL SERVICES	\$21,660.00	\$0.00	F	\$21,660.00	Priority	RCR Plumbing and Mechanical, Inc.			
		AT and T		\$300.00	F	\$300.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		AT and T		\$66.30	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		AT and T		\$6.80	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/21/2012	53	AT&T Corp	\$10,673.58	\$5,991.00	F	\$10,673.58	General Unsecured	RCR Plumbing and Mechanical, Inc.			
01/19/2012	26	AT&T Long Distance, LLC	\$2,004.38	\$211.89	F	\$2,004.38	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		ATLANTIC CONCRETE INC ATLAS CONSTRUCTION and PLUMBING		\$4,950.00	F	\$4,950.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		ATLAS DISPOSAL		\$3,900.00	F	\$3,900.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		AYRES INN CORONA EAST		\$53.10	F	\$53.10	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		B AND D AUTOMOTIVE		\$260.85	F	\$260.85	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		B AND D AUTOMOTIVE		\$875.50	F	\$875.50	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/19/2012	98	BALESTRERI PENDLETON POTOCKI	\$995.72	\$364.89	F	\$995.72	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		BARNES WELDING SUPPLY		\$24.72	F	\$24.72	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		BAY ALARM COMPANY		\$1,250.04	F	\$1,250.04	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		BERRETT		\$630.00	F	\$630.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		BIG O TIRES BAKERSFIELD		\$73.72	F	\$73.72	General Unsecured	RCR Plumbing and Mechanical, Inc.			
10/24/2011	2	Black & Decker (US) Inc	\$4,004.84	\$4,004.84	F	\$4,004.84	General Unsecured	RCR Plumbing and Mechanical, Inc.			

RCR Plumbing and Mechanical, Inc.  
 Schedule Reconciliation Report  
 (As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C	U	D
		BLAZE OUT		\$471.75	F	\$471.75	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		BOBS CRANE SERVICE		\$1,947.40	F	\$1,947.40	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/23/2012	57	BRADY SAND and MATERIAL INC Brehm Communities and Emerald Valley - Norco, LP	\$332.82	\$661.04	F	\$332.82	General Unsecured	RCR Plumbing and Mechanical, Inc.			
11/30/2011	11	Brehm Communities and Emerald Valley-Norco, LP	\$153,368.94			\$153,368.94	General Unsecured	RCR Plumbing and Mechanical, Inc.			
04/02/2012	232	Valley-Norco, LP	\$153,368.94			\$153,368.94	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/24/2012	58	BRUNO PEREZ BULLS EYE ENGINEER UNDERGRND	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		C WELLS PIPELINE MATERIALS		\$7,144.00	F	\$7,144.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/13/2012	94	CAL STEAM INC 2504	\$391.68	\$391.68	F	\$391.68	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		CALIFORNIA SUBMETERS		\$2,085.30	F	\$2,085.30	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		CANYON TIRE and TRUCK PARTS		\$12,461.83	F	\$12,461.83	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		CAPITOL CITY PROPANE		\$3,802.46	F	\$3,802.46	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/24/2012	32	Carina Corporation dba Carina Homes (Molinsky)	UNLIQUIDATED	\$461.17	F	\$461.17	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		CARRILLO GARDENING SERVICE		\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
				\$1,000.00	F	\$1,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
04/02/2012	192	Centex Homes	\$67,375.00			\$67,375.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/24/2012	34	Centex Homes & Centex Real Estate Corporation (Tropical Breeze II)	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/24/2012	33	Centex Homes (The Parks Development)	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/24/2012	35	Centex Homes Centex Real Estate Corporation & Normas Corp. (Goynes)	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
04/02/2012	233	CHAD PRITTCHETT	BLANK	\$0.00	F	BLANK	Priority	RCR Plumbing and Mechanical, Inc.			
		CHARLIE HENDERSON		\$2,456.75	F	\$2,456.75	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		CINTAS FIRST AID and SAFETY		\$518.28	F	\$518.28	General Unsecured	RCR Plumbing and Mechanical, Inc.			

RCR Plumbing and Mechanical, Inc.  
 Schedule Reconciliation Report  
 (As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C U D
		CITY OF PERRIS		\$97.50	F	\$97.50	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	37	City of Riverside	\$1,079.52	\$1,079.52	F	\$1,079.52	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/27/2012	66	CITY OF RIVERSIDE	\$1,079.52			\$1,079.52	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/09/2012	91	Clement Support Services, Inc.	\$38,994.87	\$44,507.90	F	\$38,994.87	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		COLLICUTT ENERGY SERVICES		\$350.00	F	\$350.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		COMP CENTRAL OCCUPATIONAL		\$1,175.08	F	\$1,175.08	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CONCENTRA MEDICAL CENTERS		\$35.00	F	\$35.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CONSOLIDATED LABS INC		\$24.00	F	\$24.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CONSUMERS PIPE		\$116.21	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	187	Consumers Pipe and Supply Co	\$32,284.37	\$32,168.16	F	\$32,284.37	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CORODATA		\$154.22	F	\$154.22	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CORONA SMOG CENTER TEST ONLY		\$315.00	F	\$315.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		COVERTEK SALES		\$3,572.47	F	\$3,572.47	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		CROWN CARBIDE		\$1,617.88	F	\$1,617.88	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/19/2012	100	Crownco, Inc.	\$45,798.94	\$45,798.94	F	\$45,798.94	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/27/2012	116	Crownco, Inc.	\$45,798.94			\$45,798.94	General Unsecured	RCR Plumbing and Mechanical, Inc.	
11/22/2011	10	CULLIGAN	\$33,985.00	\$33,985.00	F	\$33,985.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	59	CVC CONSTRUCTION CORP	\$9,785.00	\$9,885.00	F	\$9,785.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	78	D and D SUPPLY	\$927.85	\$919.92	F	\$927.85	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	43	D and D SUPPLY	\$927.85			\$927.85	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	109	Davidson Communities, LLC	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
 Schedule Reconciliation Report  
 (As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CA	Nature	Debtor Name	C U D
		DAY AND NIGHT RESTORATION INC		\$22,136.35	F	\$22,136.35	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		DEPARTMENT OF MOTOR VEHICLES		\$2,830.00	F	\$2,830.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
05/01/2012	24	Department of the Treasury - Internal Revenue Service	\$100.00			\$100.00	Priority	RCR Plumbing and Mechanical, Inc.	
02/22/2012	54	DERSTINE WATER	\$180.00	\$124.80	F	\$180.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		DESERT PIPE and SUPPLY LV		\$82,056.48	F	\$82,056.48	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		DESERT PIPE and SUPPLY LV JOB		\$163.14	F	\$163.14	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		DOCUMENT STORAGE CORPORATION		\$1,754.85	F	\$1,754.85	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		DON KENT TREASURER		\$29,430.56	F	\$29,430.56	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	126	Donald & Charlene Demich, Trustees of the Demich Family Trust	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	159	Donald & Charlene Demich, Trustees of the Demich Family Trust	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	196	Donald & Charlene Demich, Trustees of the Demich Family Trust	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	128	Durant & Carmela Brockett	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	160	Durant & Carmela Brockett	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	195	Durant & Carmela Brockett	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		EAGLE TOWING INC		\$117.00	F	\$117.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		EI DORADO ROCK INC		\$2,076.30	F	\$2,076.30	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		EMPLOYMENT CHECK		\$432.00	F	\$432.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	76	ENRIQUE VAZQUEZ	BLANK	\$0.00	F	BLANK	Priority	RCR Plumbing and Mechanical, Inc.	
		Enterprise Fleet Services		\$1,460.71	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/07/2012	86	ENTERPRISE VEHICLE EXCHANGE	\$1,460.71	\$0.00	F	\$1,460.71	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	146	ESIS, Inc.	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
 Schedule Reconciliation Report  
 (As of June 25, 2012)

Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C U D
03/29/2012	146	ESIS, Inc.	UNLIQUIDATED		F	UNLIQUIDATED	Secured	RCR Plumbing and Mechanical, Inc.	
		EXPRESS OFFICE PRODUCTS INC		\$476.84	F	\$476.84	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		EXPRESS PIPE and SUPPLY COINC		\$247.77	F	\$247.77	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FAST UNDERGAR RIVERSIDE		\$10.78	F	\$10.78	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FASTENAL		\$517.20	F	\$517.20	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FEDERAL EXPRESS CORP		\$17.99	F	\$17.99	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FERGUSON JOB 1243900		\$8,956.30	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	D
		FERGUSON RIVERSIDE		\$259,215.79	F	\$259,215.79	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FERGUSON ENT LAS VEGAS		\$19,881.50	F	\$19,881.50	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FERGUSON ENT SACRAMENTO		\$686,352.83	F	\$686,352.83	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FERGUSON FIRE and FABRICATION LV		\$626.38	F	\$626.38	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FERGUSON WATERWORKS NO CAL		\$1,710.35	F	\$1,710.35	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/12/2011	16	Ferreligas Inc.	\$942.50	\$585.01	F	\$942.50	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	118	Fiber Care Baths, Inc.	\$132,037.71	\$111,588.97	F	\$132,037.71	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	63	FINDLAY CHEVROLET	\$5,587.09	\$927.62	F	\$5,587.09	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	64	FIRECODE	\$395.23	\$383.50	F	\$395.23	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	60	FIRECODE	\$395.23			\$395.23	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	125	First Light at Old Vegas Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	161	First Light at Old Vegas Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	197	First Light at Old Vegas Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		FM GRAPHICS INC		\$232.58	F	\$232.58	General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
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03/30/2012	162	Frank Maione	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	216	Frank Maione	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	127	Fred Clark	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	163	Fred Clark	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	194	Fred Clark	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/27/2012	69	FST SAND AND GRAVEL INC	\$1,328.44	\$1,564.23	F	\$1,328.44	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/07/2012	87	G and K SERVICES	\$1,030.80	\$687.20	F	\$1,030.80	General Unsecured	RCR Plumbing and Mechanical, Inc.	
11/15/2011	7	GE Capital Fleet Services	\$26,810.77	\$1,564.23	F	\$26,810.77	Secured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	151	Gerardo Medrano	\$10,000,000.00			\$10,000,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	234	Goodman Distribution, Inc.	\$2,120.19	\$767.88	F	\$2,120.19	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	166	Grand Canyon Condominiums, LLC	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	165	Grand Canyon Condominiums, LLC	\$142,142.87			\$142,142.87	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	124	Grand Canyon Village Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	167	Grand Canyon Village Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	198	Grand Canyon Village Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		H2O ENVIRONMENTAL		\$300.00	F	\$300.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	39	Hajoca Corporation	\$10,784.90			\$10,784.90	Admin Priority	RCR Plumbing and Mechanical, Inc.	
03/05/2012	41	Hajoca Corporation/Heick Supply	\$56,545.10	\$82,300.93	F	\$56,545.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/07/2012	88	Hajoca Corporation dba Keenan Supply	\$56,545.10	\$1,395.35	F	\$56,545.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/02/2012	74	Hajoca Corporation/Heick Supply Hajoca Corporation DBA Keenan Supply	\$56,545.10			\$56,545.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	



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03/05/2012	81	Hajoca Corporation/Heick Supply Hajoca Corporation DBA Keenan Supply	\$56,545.10			\$56,545.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/02/2012	74	Hajoca Corporation/Heick Supply Hajoca Corporation DBA Keenan Supply	\$10,784.90			\$10,784.90	Admin Priority	RCR Plumbing and Mechanical, Inc.	
03/05/2012	41	Hajoca Corporation/Heick Supply Hajoca Corporation DBA Keenan Supply	\$10,784.90		F	\$10,784.90	Admin Priority	RCR Plumbing and Mechanical, Inc.	
03/05/2012	81	Hajoca Corporation/Heick Supply Hajoca Corporation DBA Keenan Supply	\$10,784.90			\$10,784.90	Admin Priority	RCR Plumbing and Mechanical, Inc.	
03/07/2012	88	Hajoca Corporation/Heick Supply Hajoca Corporation dba Keenan Supply	\$10,784.90		F	\$10,784.90	Admin Priority	RCR Plumbing and Mechanical, Inc.	
		HANSEN RASMUSSEN		\$1,094.69	F	\$1,094.69	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HAROLDS AUTOMOTIVE SERVICE		\$45.21	F	\$45.21	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HARTS FLEET SERVICE		\$974.65	F	\$974.65	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HASTIES CAPITOL SAND and GRAVEL		\$1,339.95	F	\$1,339.95	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HAULAWAY		\$19,409.20	F	\$19,409.20	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HAWK SIGNS and ENGRAVING INC		\$87.75	F	\$87.75	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HBE GENERAL CONSTRUCTION INC		\$26,017.72	F	\$26,017.72	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HD SUPPLY FIRE PROTECTION		\$23,397.49	F	\$23,397.49	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HD SUPPLY WATERWORKS FRESNO		\$35.33	F	\$35.33	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/19/2012	101	HD Supply Construction Supply Ltd Dba White Cap Construction Supply	\$15,701.18	\$15,140.56	F	\$15,701.18	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		HD SUPPLY JOB 1243800		\$247,776.56	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	D
03/05/2012	42	HD Supply Plumbing-HVAC RIV	\$5,296,991.04	\$5,150,848.74	F	\$5,296,991.04	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/02/2012	75	HD Supply Plumbing-HVAC RIV	\$5,296,991.04			\$5,296,991.04	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	82	HD Supply Plumbing-HVAC RIV	\$5,296,991.04			\$5,296,991.04	General Unsecured	RCR Plumbing and Mechanical, Inc.	

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03/05/2012	40	HD Supply Plumbing-HVAC RIV	\$685,396.82	\$674,037.40	F	\$685,396.82	Admin Priority	ROR Plumbing and Mechanical, Inc.	
03/02/2012	75	HD Supply Plumbing-HVAC RIV	\$685,396.82			\$685,396.82	Admin Priority	ROR Plumbing and Mechanical, Inc.	
03/05/2012	42	HD Supply Plumbing-HVAC RIV	\$685,396.82		F	\$685,396.82	Admin Priority	ROR Plumbing and Mechanical, Inc.	
03/05/2012	82	HD Supply Plumbing-HVAC RIV	\$685,396.82			\$685,396.82	Admin Priority	ROR Plumbing and Mechanical, Inc.	
		HD SUPPLY SUPPLY WATERWORKS		\$2.59	F	\$2.59	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		HEIECK SUPPLY		\$2,542.00	F	\$2,542.00	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/29/2012	123	Hemosa Vistas Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/30/2012	168	Hemosa Vistas Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/30/2012	199	Hemosa Vistas Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		HERRING TRENCHING COINC		\$855.00	F	\$855.00	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/29/2012	122	High Noon at Arlington Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/30/2012	169	High Noon at Arlington Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/30/2012	200	High Noon at Arlington Ranch Homeowners Association	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	ROR Plumbing and Mechanical, Inc.	
01/09/2012	22	Hilda L. Soils, Secretary of Labor	\$167,017.93			\$167,017.93	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		HILTI INC		\$3,099.99	F	\$3,099.99	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/20/2012	103	Hirsch Pipe & Supply Co., Inc.	\$58,840.58	\$43,165.75	F	\$58,840.58	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		HIRSCH PIPE and SUPPLY		\$13,170.34	F	\$0.00	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		HOFFMAN GENERAL ENGINEERING		\$6,449.00	F	\$6,449.00	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/19/2012	102	Hofmann Construction Co.	\$54,317.02			\$54,317.02	General Unsecured	ROR Plumbing and Mechanical, Inc.	
03/14/2012	96	Hofmann Construction Co.	\$36,508.77			\$36,508.77	General Unsecured	ROR Plumbing and Mechanical, Inc.	
		INSIGHT DIRECT USA		\$2,701.24	F	\$2,701.24	General Unsecured	ROR Plumbing and Mechanical, Inc.	

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03/27/2012	141	ISAAC E BARNES	\$10,000.00	\$0.00	F	\$10,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/27/2011	19	J & D Paper Company, Inc.	\$14,943.76	\$14,934.76	F	\$14,943.76	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	47	JACKSON DEMARCO TIDUS	\$2,719.54	\$3,151.90	F	\$2,719.54	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/06/2012	84	JACKSON DEMARCO TIDUS	\$2,719.54			\$2,719.54	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		JC PLUMBING N THINGS		\$385.91	F	\$385.91	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		JENSEN PRECAST RIV		\$15,033.27	F	\$15,033.27	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/21/2012	52	JIFFY LUBE SOUND BILLING JLS ENVIRONMENTAL SERVICES INC	\$979.36	\$15,033.27	F	\$979.36	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	65	JM MCKINNEY CO	\$766.85	\$505.19	F	\$766.85	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		JOELS BACKHOE SERVICE		\$2,235.00	F	\$2,235.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	132	John & Karl Pierce	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	170	John & Karl Pierce	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	218	John & Karl Pierce	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	129	John & Susan Bowers	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	171	John & Susan Bowers	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	193	John & Susan Bowers	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/01/2012	72	JR SHOWER PANS INC	\$26,670.00	\$33,880.00	F	\$26,670.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	213	K. Hovanian Communities, Inc. and K. Hovanian Companies of California, Inc.	\$57,000.00			\$57,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	229	K. Hovanian Communities, Inc. and The Forecast Group, LP	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	214	K. Hovanian Communities, Inc. and The Forecast Group, LP	\$63,000.00			\$63,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	143	K. Hovanian Communities, Inc. fka K. Hovanian Forecast Homes, Inc.	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	

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03/29/2012	228	K. Hovnanian Communities, Inc. fka K. Hovnanian Forecast Homes, Inc.	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	205	K. Hovnanian Communities, Inc. fka K. Hovnanian Forecast Homes, Inc.	\$100,000,000.00			\$100,000,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	211	K. Hovnanian Communities, Inc. fka K. Hovnanian Forecast Homes, Inc.	\$48,000.00			\$48,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	153	K. Hovnanian Communities, Inc. fka K. Hovnanian Forecast Homes, Inc.	\$25,000.00			\$25,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	188	K. Hovnanian Communities, Inc. fka K. Hovnanian Forecast Homes, Inc.	\$25,000.00			\$25,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	164	K. Hovnanian Communities, Inc. fka K. Hovnanian Communities of California, Inc.	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	225	K. Hovnanian Communities, Inc. fka K. Hovnanian Communities, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	208	K. Hovnanian Communities, Inc. fka K. Hovnanian Communities, Inc., a California Corporation	\$100,000,000.00			\$100,000,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	144	K. Hovnanian Forecast Homes Southern, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	226	K. Hovnanian Forecast Homes Southern, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	203	K. Hovnanian Forecast Homes Southern, Inc., a California Corporation	\$350,000.00			\$350,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	204	K. Hovnanian Forecast Homes Southern, Inc., a California Corporation	\$350,000.00			\$350,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	147	K. Hovnanian Forecast Homes, Inc. and the Forecast Group, LP	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	150	K. Hovnanian Forecast Homes, Inc. and the Forecast Group, LP	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	212	K. Hovnanian Forecast Homes, Inc. and The Forecast Group, LP	\$48,000.00			\$48,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	209	K. Hovnanian Forecast Homes, Inc. and The Forecast Group, LP	\$47,000.00			\$47,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	154	K. Hovnanian Four Seasons @ Beaumont, LLC, K. Hovnanian Companies of CA, Inc.	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	206	K. Hovnanians Four Seasons at Beaumont, LLC, K. Hovnanian Companies of California, Inc.	\$99,000.00			\$99,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	

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03/29/2012	227	K. Hovnamians Four Seasons at Palm Springs, LLC K. Hovnamian Forecast Homes, Inc.	\$25,000.00			\$25,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	207	K. Hovnamians Four Seasons at Palm Springs, LLC K. Hovnamian Forecast Homes, Inc.	\$25,000.00			\$25,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	114	KB Home Coastal, Inc.	\$24,191.00	\$0.00	F	\$24,191.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	202	KB Home Coastal, Inc., a California Corporation	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	157	KB Home Coastal, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/12/2012	48	KB Home Greater Los Angeles, Inc.	BLANK			BLANK	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	110	KB Home Greater Los Angeles, Inc.	\$500,000.00			\$500,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	115	KB Home Greater Los Angeles, Inc.	\$500,000.00			\$500,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	111	KB Home Greater Los Angeles, Inc.	\$114,179.00			\$114,179.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	140	KB Home Greater Los Angeles, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	149	KB Home Greater Los Angeles, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	156	KB Home Greater Los Angeles, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	210	KB Home Greater Los Angeles, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	158	KB Home Greater Los Angeles, Inc., a California Corporation	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		KC SCOTT MANUFACTURING INC		\$199.11	F	\$199.11	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		LAKE CHEVROLET		\$1,660.10	F	\$1,660.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		LAS VEGAS SUPPLY		\$415.24	F	\$415.24	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		LB SWIFT MANUFACTURING		\$447.06	F	\$447.06	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		LEIGHT SALES CO INC		\$591.32	F	\$591.32	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/07/2012	44	Leobardo Martinez	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	

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03/09/2012	92	Leobardo Martinez	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
02/24/2012	36	Les Schwab Tire Centers of California, Inc.	\$5,252.35	\$5,252.35	F	\$5,252.35	Secured	RCR Plumbing and Mechanical, Inc.	
03/22/2012	104	Letosky - McClain	\$79,321.48	\$847.60	F	\$79,321.48	General	RCR Plumbing and Mechanical, Inc.	
03/29/2012	133	Mark Raney	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	172	Mark Raney	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	219	Mark Raney	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
		MATHESON TRI GAS INC		\$4,206.85	F	\$4,206.85	General	RCR Plumbing and Mechanical, Inc.	
03/16/2012	97	MATTHEW G SMITH	\$250.00	\$0.00	F	\$250.00	Priority	RCR Plumbing and Mechanical, Inc.	
		MAX EQUIPMENT RENTAL		\$2,045.96	F	\$2,045.96	General	RCR Plumbing and Mechanical, Inc.	
03/28/2012	117	MBK Homes LTD., a California Partnership	\$25,000.00	\$0.00	F	\$25,000.00	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	184	Mentage Homes as General Partner in Avalon GDCl Yorba Linda L.P. dba Avalon Homes	\$344,875.20	\$0.00	F	\$344,875.20	General	RCR Plumbing and Mechanical, Inc.	
03/29/2012	134	Michael Ripa	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	173	Michael Ripa	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	220	Michael Ripa	UNLIQUIDATED			UNLIQUIDATED	General	RCR Plumbing and Mechanical, Inc.	
		MILLER RENTALS INC		\$564.53	F	\$564.53	General	RCR Plumbing and Mechanical, Inc.	
		MJD CONCRETE WORKS INC		\$1,309.75	F	\$1,309.75	General	RCR Plumbing and Mechanical, Inc.	
12/22/2011	18	Mobile Mini, Inc.	\$806.17	\$1,059.74	F	\$806.17	General	RCR Plumbing and Mechanical, Inc.	
03/03/2012	90	MOTEL 6	\$6,616.66	\$200.00	F	\$6,616.66	General	RCR Plumbing and Mechanical, Inc.	
		MULTI TECH PRODUCTS		\$197.72	F	\$197.72	General	RCR Plumbing and Mechanical, Inc.	
03/30/2012	174	MURCHISON and CUMMING LLP	\$2,183.30	\$0.00	F	\$2,183.30	General	RCR Plumbing and Mechanical, Inc.	
		MUZAK LLC		\$90.90	F	\$90.90	General	RCR Plumbing and Mechanical, Inc.	

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03/29/2012	130	Nancy Morgan	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/30/2012	175	Nancy Morgan	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/30/2012	215	Nancy Morgan	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		NAPA AUTO PARTS		\$128.47	F	\$128.47	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		NEFF RENTAL		\$4,092.01	F	\$4,092.01	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		Nevada Department of Taxation		\$8,701.00	E	\$8,701.00	Priority	RCR Plumbing and Mechanical, Inc.			
		NEVADA POWER		\$579.14	F	\$579.14	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/19/2012	99	NUGEN PURE WATER SYSTEMS	\$4,024.01	\$4,024.01	F	\$4,024.01	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		NUMLEY ENGINEERING INC		\$8,725.00	F	\$8,725.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		ODOR MASTERS		\$4,572.50	F	\$4,572.50	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/09/2012	46	OFFICE SOLUTIONS	\$3,464.30	\$3,752.87	F	\$3,464.30	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/22/2012	50	Oliva & Associates ALC	\$46,504.75	\$40,938.01	F	\$46,504.75	Secured	RCR Plumbing and Mechanical, Inc.			
		ONE STOP SHOP		\$538.75	F	\$538.75	General Unsecured	RCR Plumbing and Mechanical, Inc.			
10/24/2011	1	Pace Supply Corp.	\$706,377.38	\$635,238.01	F	\$706,377.38	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/29/2012	119	Pacific Bell Telephone Company	\$2,990.05			\$2,990.05	General Unsecured	RCR Plumbing and Mechanical, Inc.			
01/30/2012	28	PACIFIC GAS AND ELECTRIC COMPANY	\$642.09	\$280.53	F	\$642.09	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		PACIFIC MATERIAL HANDLING		\$489.43	F	\$489.43	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/23/2012	107	PARDEE HOMES	\$289.26	\$0.00	F	\$289.26	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/23/2012	55	PARKER SECURITY & LOCKSMITH	\$1,077.65	\$1,077.65	F	\$1,077.65	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		PARTS SOURCE AAPCO		\$3,537.33	F	\$3,537.33	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/02/2012	73	PAT WHITE	\$3,400.00	\$0.00	F	\$3,400.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			

RCR Plumbing and Mechanical, Inc.  
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Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Deductor Name	C U D
		PCS CONTRACTING INC		\$864.00	F	\$864.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		PEP BOYS		\$656.70	F	\$656.70	General Unsecured	RCR Plumbing and Mechanical, Inc.	
05/29/2012	238	Pitney Bowes Global Financial Services	\$4,761.42			\$4,761.42	General Unsecured	RCR Plumbing and Mechanical, Inc.	
06/04/2012	239	Pitney Bowes Global Financial Services	\$2,880.47			\$2,880.47	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		PITNEY BOWES INC		\$42.97	F	\$42.97	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	155	PNC Bank, National Association	UNLIQUIDATED	\$4,828,000.00	D	UNLIQUIDATED	Secured	RCR Plumbing and Mechanical, Inc.	C U
03/30/2012	185	PNC Bank, National Association	UNLIQUIDATED			UNLIQUIDATED	Secured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	201	Porter Ranch Development Company	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	79	POWERLL PIPE and SUPPLY PREFERRED INSULATION CONTRACTOR	\$5,047.66	\$3,624.00	F	\$5,047.66	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		PREMIUM 1ST AID		\$3,624.00	F	\$3,624.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
				\$196.11	F	\$196.11	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	45	Pro-Star Auto Service Inc.	\$6,435.58	\$4,744.82	F	\$6,435.58	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		PULIZ RECORDS MANAGEMENT		\$1,402.43	F	\$1,402.43	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		R and R IDENTIFICATION		\$277.06	F	\$277.06	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		R and R INVESTMENTS II		\$1,159.10	F	\$1,159.10	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/27/2012	67	RAINBOW FASTENERS	\$1,020.06	\$0.00	F	\$1,020.06	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	135	Ralph & Joyce Vitello	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	176	Ralph & Joyce Vitello	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	221	Ralph & Joyce Vitello	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/06/2012	85	RAUL ANGELO BELTRAN	BLANK	\$0.00	F	BLANK	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/01/2012	71	RAUL ANGELO BELTRAN	BLANK			BLANK	General Unsecured	RCR Plumbing and Mechanical, Inc.	



RCR Plumbing and Mechanical, Inc.  
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Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C U D
		RC PLUMBING		\$569.23	F	\$569.23	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		RCR Companies		\$741.60	F	\$741.60	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/23/2012	108	RCR Enterprises, LP	\$9,145.09	\$8,709.61	F	\$9,145.09	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/23/2012	29	Rene-Harlin, LLC	\$3,251.60	\$3,251.60	F	\$3,251.60	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		REPUBLIC SERVICES 620		\$167.62	F	\$167.62	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	131	Richard & Marif Novick	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	177	Richard & Marif Novick	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	217	Richard & Marif Novick	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/22/2012	105	Robert C. Richey Family Trust Dated January 20, 1997, Robert C. Richey Trustee	\$1,260,122.22	\$1,225,000.00	D	\$1,260,122.22	Secured	RCR Plumbing and Mechanical, Inc.	
		ROCKY MOUNTAIN COLBY PIPE CO		\$57,857.48	F	\$57,857.48	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/09/2011	15	Rogelio Miranda	\$26,675.00			\$26,675.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/09/2011	15	Rogelio Miranda	\$11,725.00			\$11,725.00	Priority	RCR Plumbing and Mechanical, Inc.	
03/14/2012	95	ROORDA PIQUET & BESSEE INC	\$2,900.00	\$6,292.50	F	\$2,900.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	61	S & J CONCRETE COMPANY	\$7,365.00	\$13,617.50	F	\$7,365.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		SACRAMENTO VALLEY ALARM		\$89.95	F	\$89.95	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/26/2012	51	Sacramento Windustrial Co.	\$718,217.31	\$598,682.88	F	\$718,217.31	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		SAFEELITE AUTOGLASS		\$430.14	F	\$430.14	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		SAFETY KLEEN SYSTEMS INC		\$25.00	F	\$25.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
12/20/2011	17	SARALIEE ANN HAYMAN	\$19,846.20	\$0.00	F	\$19,846.20	Priority	RCR Plumbing and Mechanical, Inc.	
		SBC LONG DISTANCE		\$958.35	F	\$958.35	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		SDA SECURITY		\$870.43	F	\$870.43	General Unsecured	RCR Plumbing and Mechanical, Inc.	

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Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C	U	D
		SECURITY LIFT TRUCK SALES		\$302.45	F	\$302.45	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		SEEK TECH		\$1,913.41	F	\$1,913.41	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/29/2012	182	Select Build Nevada Inc SETON IDENTIFICATION PRODUCTS	UNLIQUIDATED	\$0.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/23/2012	56	SEWER CABLE EQUIPMENT CO	\$419.80	\$446.11	F	\$419.80	General Unsecured	RCR Plumbing and Mechanical, Inc.			
02/23/2012	56	SEWER CABLE EQUIPMENT CO	\$26.31		F	\$26.31	Priority Unsecured	RCR Plumbing and Mechanical, Inc.			
03/30/2012	223	Shapel Industries, Inc. SHARP REES STEALY MED CENTERS	UNLIQUIDATED	\$39.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/22/2012	106	Sidley Austin LLP	\$45,733.94	\$35,559.42	F	\$45,733.94	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/29/2012	148	SLAKEY BROS	\$302,469.08	\$308,908.60	F	\$302,469.08	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		SMOG BUSTERS		\$22.00	F	\$22.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		SMUD SAC MUNICIPAL UTIL DIST		\$1,491.21	F	\$1,491.21	General Unsecured	RCR Plumbing and Mechanical, Inc.			
		SOMMERCAL CONSTRUCTION		\$3,500.00	F	\$3,500.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			
11/09/2011	6	Southern California Edison Company	\$11,800.18	\$8,852.59	F	\$11,800.18	General Unsecured	RCR Plumbing and Mechanical, Inc.			
11/09/2011	237	Southern California Edison Company	\$11,800.18			\$11,800.18	General Unsecured	RCR Plumbing and Mechanical, Inc.			
04/11/2012	231	Standard Pacific Corp.	UNLIQUIDATED	\$359.00	F	UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.			
12/29/2011	20	STATE BOARD OF EQUALIZATION	\$13,290.02	\$15,154.00	E	\$13,290.02	Priority General	RCR Plumbing and Mechanical, Inc.			
03/22/2012	49	State Farm General Insurance Company	\$42,591.00	\$0.00	F	\$42,591.00	General Unsecured	RCR Plumbing and Mechanical, Inc.			C U D
11/07/2011	5	State Farm General Insurance Company	\$17,978.97			\$17,978.97	General Unsecured	RCR Plumbing and Mechanical, Inc.			
12/05/2011	13	Stradley Ronon Stevens & Young, LLP	\$4,574.09			\$4,574.09	General Unsecured	RCR Plumbing and Mechanical, Inc.			
03/28/2012	152	Sun Lakes Construction of California	\$37,182.84	\$0.00	F	\$37,182.84	Secured	RCR Plumbing and Mechanical, Inc.			

RCR Plumbing and Mechanical, Inc.  
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04/11/2012	230	Talega Village, LLC	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
01/06/2012	21	The Hofmann Company	\$5,423.00	\$0.00	F	\$5,423.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		THOR BACKHOE SERVICE INC		\$17,978.00	F	\$17,978.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		TODD PIPE and SUPPLY LLC		\$141,492.86	F	\$141,492.86	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		TOOL SERVICE		\$27.62	F	\$27.62	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		TRENCH SHORING COMPANY		\$530.00	F	\$530.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		TRI STATE PRECISION GRINDING		\$353.50	F	\$353.50	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/24/2012	31	Trovax, Inc. & Casey, Inc. (Sue)	UNLIQUIDATED			UNLIQUIDATED	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		TUB PROS INC		\$5,950.00	F	\$5,950.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		U HAUL INTERNATIONAL		\$150.78	F	\$150.78	General Unsecured	RCR Plumbing and Mechanical, Inc.	
10/24/2011	3	Uline Shipping Supplies	\$622.80	\$622.80	F	\$622.80	General Unsecured	RCR Plumbing and Mechanical, Inc.	
10/24/2011	3	Uline Shipping Supplies	\$74.41		F	\$74.41	Admin Priority	Mechanical, Inc.	
03/28/2012	9	United Parcel Service	\$838.15	\$1,601.48	F	\$838.15	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		UNITED RENTALS INC		\$473.42	F	\$473.42	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		US HEALTHWORKS MEDICAL GROUP		\$2,331.21	F	\$2,331.21	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/27/2012	68	VEGAS PROPANE INC	\$122.00	\$122.00	F	\$122.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		VERIZON WIRELESS		\$11,710.03	F	\$11,710.03	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/05/2012	77	VICTOR MANUEL IBARRA MANJARREZ	\$2,000.00	\$0.00	F	\$2,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
11/14/2011	8	Viking Supplynet dba SupplyNetwork Inc	\$11,994.26	\$11,395.10	F	\$11,994.26	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WADE EHRlich GENL ENGINEERING		\$585.00	F	\$585.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WALL DESIGN INC		\$650.00	F	\$650.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
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Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Destor Name	C U D
		WASTE MANAGEMENT		\$138.26	F	\$138.26	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WASTE MNGMT OF INLAND EMPIRE		\$377.16	F	\$377.16	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WATER RITE PRODUCTS INC		\$137.49	F	\$137.49	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WATSONVILLE GRADING and EXCAV		\$8,850.00	F	\$0.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	D
12/09/2011	14	Wells Fargo Bank, National Association	\$6,635.11	\$8,967.00	F	\$6,635.11	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WESTCOAST LOCK and SAFE		\$350.00	F	\$350.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WESTSIDE BUILDING MATERIAL COR	\$5,634.11	\$0.00	F	\$5,634.11	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/27/2012	142	WHCI Plumbing Supply Co. Inc.	\$39,916.14	\$34,540.49	F	\$39,916.14	General Unsecured	RCR Plumbing and Mechanical, Inc.	
02/23/2012	30	Wigwam Ranch East Twilight Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	136	Wigwam Ranch East Twilight Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	178	Wigwam Ranch East Twilight Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	222	Wigwam Ranch East Twilight Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	121	Wigwam Ranch Estates Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	137	Wigwam Ranch Estates Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	179	Wigwam Ranch Estates Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	191	Wigwam Ranch Estates Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	138	Wigwam Ranch Master Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	180	Wigwam Ranch Master Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	190	Wigwam Ranch Master Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/29/2012	139	Wigwam Ranch Square Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	181	Wigwam Ranch Square Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	189	Wigwam Ranch Square Homeowners Association					General Unsecured	RCR Plumbing and Mechanical, Inc.	

RCR Plumbing and Mechanical, Inc.  
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Date Filed	Claim Number	Name	Claim Amount	Schedule Amt	Sch	CAA	Nature	Debtor Name	C U D
03/08/2012	89	WILLIAM F CROFT	\$3,362.58	\$0.00	F	\$3,362.58	Priority	RCR Plumbing and Mechanical, Inc.	
		WINGFOOT COMMERCIAL TIRE		\$25.00	F	\$25.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WINNELSON FRESNO		\$111.57	F	\$111.57	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/30/2012	186	WINNELSON RIVERSIDE	\$26,977.29	\$83,301.22	F	\$26,977.29	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		WINTROP COUCHOT PROF CORP		\$725.00	F	\$725.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/02/2012	235	WRIGHT	\$484,282.23	\$0.00	F	\$484,282.23	General Unsecured	RCR Plumbing and Mechanical, Inc.	C U D
		WW GRAINGER INC		\$149.52	F	\$149.52	General Unsecured	RCR Plumbing and Mechanical, Inc.	
01/17/2012	25	XEROX CORPORATION	\$5,472.89	\$2,536.03	F	\$5,472.89	General Unsecured	RCR Plumbing and Mechanical, Inc.	
01/27/2012	27	XEROX CORPORATION	\$5,472.89			\$5,472.89	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		XO COMMUNICATIONS		\$219.44	F	\$219.44	General Unsecured	RCR Plumbing and Mechanical, Inc.	
03/09/2012	93	Xpedite Systems LLC dba Easylink Services	\$510.76	\$373.36	F	\$510.76	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/05/2012	236	Zenith of Nevada, Inc. f/k/a Perma-Bit	\$10,005,000.00			\$10,005,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
04/04/2012	224	Zenith of Nevada, Inc. fka Perma-Bit	\$10,005,000.00			\$10,005,000.00	General Unsecured	RCR Plumbing and Mechanical, Inc.	
		ZEP MANUFACTURING COMPANY		\$836.75	F	\$836.75	General Unsecured	RCR Plumbing and Mechanical, Inc.	

**EXHIBIT 3**

Name and Address	Date of Payments	Amount Paid	Still Owed
James McCarron 6 Via Belorado, San Clemente, CA 92673	10/10/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	10/17/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	10/24/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	10/31/10	2,218.36	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	11/07/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	11/14/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	11/21/10	2,218.36	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	11/28/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	12/05/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	12/12/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	12/19/10	2,218.36	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	12/26/10	2,218.35	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	01/02/11	882.06	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	01/09/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	01/16/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	01/23/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	01/30/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	02/06/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	02/13/11	2,058.32	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	02/20/11	2,058.32	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	02/27/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	03/06/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	03/13/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	03/20/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	03/27/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	04/03/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	04/10/11	2,058.32	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	04/17/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	04/24/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	05/01/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	05/08/11	2,058.33	0
James McCarron 6 Via Belorado, San Clemente, CA 92673	05/15/11	2,058.33	0

James McCarron	6 Via Belorado, San Clemente, CA 92673	05/22/11	2,058.33	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	05/29/11	2,058.32	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	06/05/11	2,058.32	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	06/12/11	2,058.33	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	06/19/11	2,058.33	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	06/26/11	2,058.33	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/03/11	2,043.39	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/10/11	2,050.87	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/17/11	2,050.86	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/24/11	2,050.86	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/31/11	2,050.86	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	08/07/11	2,050.86	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	08/14/11	2,050.87	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	08/21/11	2,072.58	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	08/28/11	2,085.02	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	09/04/11	2,085.00	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	09/11/11	2,085.02	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	09/18/11	2,085.01	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	09/25/11	2,192.35	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	10/02/11	2,204.54	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	11/03/10	507.43	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	11/17/10	907.68	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	12/01/10	190.78	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	12/22/10	70.07	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	01/12/11	159.66	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	02/09/11	505.98	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	02/23/11	517.83	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	03/09/11	898.10	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	03/23/11	801.19	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	04/13/11	1,381.58	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	05/11/11	481.24	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	05/25/11	220.34	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	06/29/11	1,394.32	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	07/27/11	102.83	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	09/21/11	488.91	0
James McCarron	6 Via Belorado, San Clemente, CA 92673	10/05/11	122.49	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	10/10/10	576.20	0



Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	10/17/10	576.19	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	10/24/10	576.19	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	10/31/10	576.19	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	11/07/10	576.20	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	11/14/10	576.18	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	11/21/10	576.20	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	11/28/10	576.20	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	12/05/10	576.18	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	12/12/10	576.20	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	12/19/10	576.19	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	12/26/10	576.19	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	01/09/11	560.66	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	01/16/11	564.55	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	01/23/11	564.56	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	01/30/11	434.58	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	02/06/11	564.57	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	02/13/11	564.56	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	02/20/11	564.57	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	02/27/11	564.56	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	03/06/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	03/13/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	03/20/11	566.89	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	03/27/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	04/03/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	04/10/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	04/17/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	04/24/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	05/01/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	05/08/11	436.89	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	05/15/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	05/22/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	05/29/11	436.89	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	06/05/11	436.89	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	06/12/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	06/19/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	06/26/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926-	07/03/11	566.87	0

Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/10/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/17/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/24/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/31/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	08/07/11	436.90	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	08/14/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	08/21/11	436.89	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	08/28/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	09/04/11	566.87	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	09/11/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	09/18/11	566.88	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	09/25/11	488.26	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	10/02/11	625.15	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	12/08/10	429.58	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	06/01/11	381.96	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/13/11	663.49	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	07/20/11	301.13	0
Amber Lee	5842 Middlecoff Dr, Huntington Beach, Ca 926	10/17/10	641.02	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	10/24/10	645.15	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	10/31/10	691.73	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	11/07/10	591.69	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	11/14/10	591.68	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	11/21/10	591.69	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	11/28/10	591.70	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	12/05/10	591.69	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	12/12/10	591.69	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	12/19/10	591.69	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	12/26/10	469.83	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	01/02/11	18.57	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	01/09/11	566.04	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	01/16/11	566.05	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	01/23/11	566.04	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	01/30/11	566.06	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	02/06/11	566.04	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	02/13/11	566.04	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	02/20/11	566.05	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca 92503	02/27/11	721.93	0

Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	03/06/11	721.93	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	03/13/11	721.93	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	03/20/11	566.08	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	03/27/11	721.94	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	04/03/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	04/10/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	04/17/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	04/24/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	05/01/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	05/08/11	641.78	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	05/15/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	05/22/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	05/29/11	641.79	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	06/05/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	06/12/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	06/19/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	06/26/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	07/03/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	07/10/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	07/17/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	07/24/11	814.30	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	07/31/11	814.31	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	08/07/11	811.99	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	08/14/11	639.48	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	08/21/11	812.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	08/28/11	811.99	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	09/04/11	812.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	09/11/11	811.99	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	09/18/11	812.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	09/25/11	639.47	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	10/02/11	462.19	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	11/29/10	5,000.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	12/01/10	335.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	03/21/11	19,000.00	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	04/27/11	160.52	0
Tina Dougeropolous	16454 Sun Summit Drive, Riverside, Ca	92503	09/28/11	302.54	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca	92503	10/10/10	1,419.74	0

Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/17/10	1,419.73	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/24/10	1,419.74	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/31/10	1,419.74	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	11/07/10	1,300.21	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	11/14/10	1,300.22	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	11/21/10	1,305.53	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	11/28/10	1,320.18	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/05/10	1,320.16	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/12/10	1,320.18	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/19/10	1,320.17	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/26/10	1,320.17	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/02/11	1,289.34	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/09/11	1,289.33	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/16/11	1,289.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/23/11	1,289.33	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/30/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/06/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/13/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/20/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/27/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	03/06/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	03/13/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	03/20/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	03/27/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	04/03/11	1,227.37	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	04/10/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	04/17/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	04/24/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/01/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/08/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/15/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/22/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/29/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/05/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/12/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/19/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/26/11	1,227.36	0

Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/03/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/10/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/17/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/24/11	1,227.37	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/31/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/07/11	1,227.35	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/14/11	1,227.36	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/21/11	1,278.43	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/22/11	4,101.19	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/28/11	1,278.44	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	09/04/11	1,278.42	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	09/11/11	1,278.43	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	09/18/11	1,278.42	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	09/25/11	1,421.31	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/02/11	1,421.29	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	11/10/10	3,765.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/01/10	2,708.32	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	12/08/10	1,190.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	01/05/11	272.83	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/02/11	4,488.64	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	02/09/11	5,599.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	03/09/11	752.64	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	04/13/11	1,410.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	05/18/11	1,684.76	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/22/11	2,511.03	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	06/29/11	1,683.31	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	07/27/11	6,274.13	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/18/11	2,324.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	08/31/11	230.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	09/21/11	2,037.56	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/05/11	2,320.00	0
Keith Lynaugh	16343 Sun Summit Dr, Riverside, Ca 92503	10/10/10	3,206.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/10/10	3,206.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/24/10	3,206.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/31/10	3,206.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	11/07/10	3,206.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	11/14/10	1,786.52	0

Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	11/21/10	1,786.52	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	11/28/10	1,786.51	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	12/05/10	1,791.47	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	12/12/10	1,791.47	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	12/19/10	1,799.77	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	12/26/10	1,803.01	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/02/11	321.36	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/09/11	1,429.48	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/16/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/23/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/30/11	1,430.19	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	02/06/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	02/13/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	02/20/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	02/27/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/06/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/13/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/20/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/27/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	04/03/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	04/10/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	04/17/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	04/24/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/01/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/08/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/15/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/22/11	1,430.19	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/29/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/05/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/12/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/19/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/26/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/03/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/10/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/17/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/24/11	1,430.19	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/31/11	1,430.17	0

Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	08/07/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	08/14/11	1,430.18	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	08/21/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	08/28/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	09/04/11	1,430.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	09/11/11	1,464.51	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	09/18/11	1,663.72	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	09/25/11	1,663.71	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/02/11	1,679.08	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/13/10	132.25	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/09/11	513.49	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/22/11	371.00	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/13/11	694.14	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	11/17/10	1,597.87	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	12/08/10	1,176.52	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	01/12/11	448.24	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	02/16/11	1,116.35	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	03/09/11	1,283.19	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	04/13/11	4,537.44	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	05/11/11	5,630.44	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	06/22/11	4,489.70	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	07/13/11	3,418.76	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	08/17/11	950.81	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	09/12/11	6,339.17	0
Robert C. Richey	2331 Cliff Dr, Newport Beach, Ca 92663	10/12/11	4,451.22	0

**EXHIBIT 4**



CHK#	Name	Vendor Code	Address	City	State	Zip	Date	Paid	Still Owed
120222	ABELING ENTERPRISES, LP	ABEL001	16111 PINNACLE RD	CHINO HILLS	CA	91709	07/20/11	11,591.48	
120780	ABELING ENTERPRISES, LP	ABEL001	16111 PINNACLE RD	CHINO HILLS	CA	91709	08/17/11	11,591.48	0.00
120991	AGE AMERICAN INSURANCE CO	AGEJ001	16111 PINNACLE RD	CHINO HILLS	CA	91709	09/12/11	11,591.48	
ACE027	AGE AMERICAN INSURANCE CO	AGEJ001	DEPT CH 10123	PALATINE	IL	60055-0123	07/19/11	59,563.32	24,484.97
ACE028	AGE AMERICAN INSURANCE CO	AGEJ001	DEPT CH 10123	PALATINE	IL	60055-0123	08/17/11	24,051.83	0.00
ACE029	AGE AMERICAN INSURANCE CO	AGEJ001	DEPT CH 10123	PALATINE	IL	60055-0123	08/17/11	9,216.66	0.00
ACE030	AGE AMERICAN INSURANCE CO	AGEJ001	DEPT CH 10123	PALATINE	IL	60055-0123	09/15/11	29,728.58	0.00
120781	AEQUITAS LAW GROUP	AEQU001	2029 CENTURY PK E, 14 FL	LOS ANGELES	CA	90067	08/17/11	54,000.00	108,000.00
120988	AMERISINK, INC	AMER085	835 FREMONT AVE	SAN LEANDRO	CA	94577	08/10/11	25,113.70	0.00
120987	AMERISINK, INC	AMER085	835 FREMONT AVE	SAN LEANDRO	CA	94577	08/24/11	11,427.80	0.00
120996	AMERISINK, INC	AMER085	835 FREMONT AVE	SAN LEANDRO	CA	94577	09/12/11	19,717.46	12,866.58
120998	AMERICAN EXPRESS	AMEX001	BOX 0001	LOS ANGELES	CA	90096-0001	09/12/11	6,339.17	
120914	AT&T	AT&T002	P.O. BOX 5019	CAROL STREAM	IL	60197-5019	07/15/11	7,273.21	7,189.10
120994	AT&T	ATLA002	P.O. BOX 1772	CAROL STREAM	IL	60197-5019	08/31/11	6,310.83	
120993	ATLANTIC CONCRETE, INC	ATLA002	P.O. BOX 5019	GILROY	CA	95021-1772	08/10/11	9,800.00	3,750.00
120694	JOSE BRAVO	BRAV006	9611 SYCAMORE AVE	FONTANA	CA	92335	08/17/11	10,000.00	
120604	CALIFORNIA SUBMETERS	CAL009	5858 MT ALIFAN DRIVE #10	SAN DIEGO	CA	92111	08/10/11	6,260.08	
121003	CALIFORNIA SUBMETERS	CAL009	5858 MT ALIFAN DRIVE #10	SAN DIEGO	CA	92111	09/12/11	7,926.09	2,758.40
121009	CLEMENT SUPPORT SERVICES INC	CLEM001	FILE 31302, PO BOX 60000	SAN FRANCISCO	CA	94160	09/12/11	13,078.26	0.00
121281	CLEMENT SUPPORT SERVICES INC	CLEM001	FILE 31302, PO BOX 60000	SAN FRANCISCO	CA	94160	10/10/11	17,654.45	26,600.64
120618	CONSUMERS PIPE & SUPPLY CO	CONSO06	10927 JASMINE STREET	FONTANA	CA	92337	08/10/11	29,715.77	32,168.16
120621	COVERTEK SALES	COVE001	27472 PORTOLA PKWY	FOOTHILL RANCH	CA	92610	08/10/11	5,884.48	2,054.80
121012	COVERTEK SALES	COVE001	27472 PORTOLA PKWY	FOOTHILL RANCH	CA	92610	09/12/11	8,599.61	2,054.80
120622	CROWNCO	CROW003	27570 COMMERCE CENTR #120	TEMECULA	CA	92590	08/10/11	38,959.79	0.00
121013	CROWNCO	CROW003	27570 COMMERCE CENTR #120	TEMECULA	CA	92590	09/12/11	9,939.11	18,261.91
120242	CVC CONSTRUCTION CORP	CEDA011	P.O. BOX 488	W SACRAMENTO	CA	95605-0488	07/19/11	6,950.00	9,485.00
120253	D & D SUPPLY	D&DS011	PO BOX 368	RANCHO CORDOVA/CA	CA	95741-0368	07/21/11	7,298.35	
120624	D & D SUPPLY	D&DS011	PO BOX 368	RANCHO CORDOVA/CA	CA	95741-0368	08/10/11	7,298.35	586.19
120254	DAY & NIGHT RESTORATION INC	DAY&001	8470 PUEBLO ROAD	LAKEVIEW	CA	92040	09/12/11	7,298.35	
121015	DAY & NIGHT RESTORATION INC	DAY&001	8470 PUEBLO ROAD	LAKEVIEW	CA	92040	09/12/11	9,166.33	
120627	DELL MARKETING L.P.	DELL001	C/O DELL USA L.P.	PASADENA	CA	91110-0916	08/10/11	7,365.64	
120630	DELL MARKETING L.P.	DELL001	C/O DELL USA L.P.	PASADENA	CA	91110-0916	08/10/11	54,528.26	
121017	DESERT PIPE & SUPPLY - LV	DESE005	75200 MERLE DRIVE	PALM DESERT	CA	92211	08/10/11	72,371.31	70,076.75
ES1010	ESIS, INC	ESIS001	DEPT CH 10123	PALATINE	IL	60055-0123	07/15/11	29,285.71	0.00
ES1011	ESIS, INC	ESIS001	DEPT CH 10123	PALATINE	IL	60055-0123	08/11/11	29,285.71	0.00
ES1012	ESIS, INC	ESIS001	DEPT CH 10123	PALATINE	IL	60055-0123	08/11/11	22,500.00	0.00
ES1013	ESIS, INC	ESIS001	DEPT CH 10123	PALATINE	IL	60055-0123	08/18/11	11,938.34	0.00
ES1014	ESIS, INC	ESIS001	DEPT CH 10123	PALATINE	IL	60055-0123	09/08/11	29,285.71	0.00
121210	ETIVISTA CONCRETE, INC	ETIV001	8657 PECAN AVE #110	RANCHO CUCAMON/CA	CA	91739-9465	09/28/11	19,325.80	29,285.71
120456	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	07/25/11	87,269.05	0.00
120642	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	08/10/11	11,242.73	0.00
120895	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	08/24/11	116,873.23	0.00
121127	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	09/16/11	57,089.72	0.00
121185	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	09/26/11	72,327.93	0.00
121240	FERGUSON - RIVERSIDE	FERG003	2750 S TOWNE AVE	POMONA	CA	91766	09/29/11	67,469.28	0.00
120457	FERGUSON ENT - LAS VEGAS	FERG006	2750 SO TOWNE AVE	POMONA	CA	91766	07/25/11	11,419.58	224,202.83
120896	FERGUSON ENT - LAS VEGAS	FERG006	2750 SO TOWNE AVE	POMONA	CA	91766	08/24/11	34,539.59	0.00
121128	FERGUSON ENT - LAS VEGAS	FERG006	2750 SO TOWNE AVE	POMONA	CA	91766	09/16/11	10,494.40	0.00
121188	FERGUSON ENT - LAS VEGAS	FERG006	2750 SO TOWNE AVE	POMONA	CA	91766	09/26/11	13,545.26	0.00
121241	FERGUSON ENT - LAS VEGAS	FERG006	2750 SO TOWNE AVE	POMONA	CA	91766	09/29/11	13,545.26	0.00
120459	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	07/25/11	248,482.55	18,004.23
120644	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	08/10/11	17,414.47	0.00
120898	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	08/24/11	219,568.02	0.00
121129	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	09/16/11	53,210.95	0.00
121188	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	09/26/11	102,691.96	0.00
121242	FERGUSON ENT - SACRAMENTO	FERG111	2750 SO. TOWNE AVE.	POMONA	CA	91766	09/29/11	67,008.97	0.00
120267	FIBER CARE BATHS, INC.	FIBE002	9832 YUCCA RD	ADELANTO	CA	92301	07/18/11	7,883.80	520,382.52

121085	FIBER CARE BATHS, INC.	FIBEC02	9832 YUCCA RD	ADELANTO	CA	92301	09/13/11	18,148.47	65,008.41
120269	FND SUPPLY	FND001	3660 SOUTH POINTE CIR	LAUGHLIN	NV	89029	07/19/11	40,737.52	-
GBS018	GALLAGHER & BASSETT SERVICES	GALL011	15763 COLLECTIONS CENTER	CHICAGO	IL	60693	08/04/11	36,340.82	-
GBS019	GALLAGHER & BASSETT SERVICES	GALL011	15763 COLLECTIONS CENTER	CHICAGO	IL	60693	09/08/11	8,817.55	-
GBS020	GALLAGHER & BASSETT SERVICES	GALL011	15763 COLLECTIONS CENTER	CHICAGO	IL	60693	10/05/11	20,337.84	-
CCK001	GB HOLDING II, LLP	GBH0001	P.O. BOX 7129	MENLO PARK	CA	94026	08/16/11	20,000.00	5,000.00
120661	HAJOCA CORP	HAJO001	DEPT LA 21443	PASADENA	CA	91185-1143	08/10/11	31,670.16	0.00
120276	HAJOCA CORP	HAJO001	DEPT LA 21143	PASADENA	CA	91185-1143	07/15/11	29,765.65	61,296.88
121029	HAJOCA CORP	HAJO001	DEPT LA 21143	PASADENA	CA	91185-1143	09/12/11	16,906.41	-
120280	HAULAWAY	HAUL001	P.O. BOX 186	STANTON	CA	90680-0186	07/22/11	9,565.85	0.00
120664	HAULAWAY	HAUL001	P.O. BOX 186	STANTON	CA	90680-0186	08/10/11	9,567.65	0.00
121155	HAULAWAY	HAUL001	P.O. BOX 186	STANTON	CA	90680-0186	09/21/11	18,225.00	0.00
120665	HBE GENERAL CONSTRUCTION INC	HBE001	21104 KINNEY ST	PERRIS	CA	92570	09/12/11	25,239.00	26,017.72
121031	HBE GENERAL CONSTRUCTION INC	HBE001	DEPT 70998	LOS ANGELES	CA	90088-0998	07/18/11	8,378.90	15,027.79
120282	HD SUPPLY - WHITE CAP	HDSU002	DEPT 70998	LOS ANGELES	CA	90074-6214	08/10/11	9,743.98	35.33
120666	HD SUPPLY - WATERWORKS - FRESNO	HDSU003	DEPT 70998	PASADENA	CA	91185-1143	07/14/11	7,601.55	2,542.00
120286	HEIECK SUPPLY	HEIE011	DEPT LA 21143	LA HABRA	CA	919073	08/31/11	7,704.10	2,456.75
120920	CHARLIE HENDERSON	HEIE023	9 SLEEPY HOLLOW LANE	NEWTON SQUARE	PA	19073	08/31/11	12,122.55	0.00
121035	HERRING TRENCHING CO, INC.	HERR003	PO BOX 427	LOS ANGELES	CA	90633	09/12/11	7,747.28	0.00
120287	HIRSCH PIPE & SUPPLY	HIRS001	P.O. BOX 749441	LOS ANGELES	CA	90074-9441	07/14/11	33,295.42	0.00
120674	HIRSCH PIPE & SUPPLY	HIRS001	P.O. BOX 749441	LOS ANGELES	CA	90074-9441	08/10/11	12,113.27	27,190.72
121037	HIRSCH PIPE & SUPPLY	HIRS001	P.O. BOX 749441	LOS ANGELES	CA	90074-9441	09/12/11	12,113.27	13,170.34
120288	HIRSCH PIPE & SUPPLY	HIRS002	P.O. BOX 749441	LOS ANGELES	CA	90074-9441	07/14/11	5,898.63	0.00
122934	HORIZON ENGINEERING	HOR0003	9901 COVINGTON CROSS #120	LAS VEGAS	NV	89144	07/18/11	6,423.82	0.00
120571	HD SUPPLY PLUMBING/HVAC - RIV	HUGH008	P.O. BOX 75586	CITY OF INDUSTRY CA	CA	91716-9382	08/03/11	333,726.83	0.00
120900	HD SUPPLY PLUMBING/HVAC - RIV	HUGH008	P.O. BOX 75586	CITY OF INDUSTRY CA	CA	91716-9382	08/24/11	327,915.70	0.00
120987	HD SUPPLY PLUMBING/HVAC - RIV	HUGH008	P.O. BOX 75586	CITY OF INDUSTRY CA	CA	91716-9382	09/08/11	732,587.94	0.00
121180	HD SUPPLY PLUMBING/HVAC - RIV	HUGH008	P.O. BOX 75586	CITY OF INDUSTRY CA	CA	91716-9382	09/26/11	208,168.54	4,490,389.58
120572	HD SUPPLY PLUMBING/HVAC - LV	HUGH010	P.O. BOX 75382	CITY OF INDUSTRY CA	CA	91716-9382	08/03/11	160,142.93	0.00
120901	HD SUPPLY PLUMBING/HVAC - LV	HUGH010	P.O. BOX 75382	CITY OF INDUSTRY CA	CA	91716-9382	08/24/11	89,642.28	0.00
120988	HD SUPPLY PLUMBING/HVAC - LV	HUGH010	P.O. BOX 75382	CITY OF INDUSTRY CA	CA	91716-9382	09/26/11	121,395.87	0.00
121191	HD SUPPLY PLUMBING/HVAC - LV	HUGH010	P.O. BOX 75382	CITY OF INDUSTRY CA	CA	91716-9382	09/26/11	51,450.63	0.00
120460	IMPERIAL PFS	IMPE002	45 E BROWN PARK PL W #308	FRESNO	CA	98720	07/25/11	19,978.61	646,820.21
120679	JACKSON, DEMARCO, TUDUS,	JACK008	P.O. BOX 19704	IRVINE	CA	92623-9704	08/10/11	15,650.01	3,151.90
120680	J & D PAPER CO, INC.	JDBA001	1440 DALY STREET	ANAHEIM	CA	92806-1502	08/10/11	8,661.94	14,934.76
120998	JENSEN PRECAST (RIV)	JENS001	825 STENNERI WAY	SPARKS	NV	89431	08/29/11	5,867.00	0.00
120286	JR SHOWER PANS, INC	JRSU001	1575 Hollister Rd	PINON HILLS	CA	92372	07/20/11	21,085.00	0.00
120687	JR SHOWER PANS, INC	JRSU001	1575 Hollister Rd	PINON HILLS	CA	92372	08/10/11	8,500.00	0.00
121045	JR SHOWER PANS, INC	JRSU001	1575 Hollister Rd	PINON HILLS	CA	92372	09/12/11	7,510.00	28,295.00
120546	KAISER FOUNDATION HEALTH PLAN	KAIS002	FILE #54803	LOS ANGELES	CA	90074-4803	07/13/11	85,142.88	0.00
120397	KAISER FOUNDATION HEALTH PLAN	KAIS002	FILE #54803	LOS ANGELES	CA	90074-4803	08/03/11	82,823.19	0.00
121260	KAISER FOUNDATION HEALTH PLAN	KAIS002	FILE #54803	LOS ANGELES	CA	90074-4803	09/07/11	84,926.94	0.00
120987	KAISER FOUNDATION HEALTH PLAN	KAIS002	FILE #54803	LOS ANGELES	CA	90074-4803	10/05/11	77,903.03	0.00
121046	KEENAN SUPPLY / HAJOCA CORP	KEEN001	DEPT LA 21143	PASADENA	CA	91185-1143	09/12/11	33,905.86	289.63
120302	LOCKTON INSURANCE BROKERS LLC	LOCK001	P.O. BOX 92643	LOS ANGELES	CA	90009-2643	07/25/11	10,000.00	0.00
120400	LOCKTON INSURANCE BROKERS LLC	LOCK001	P.O. BOX 92643	LOS ANGELES	CA	90009-2643	07/31/11	73,487.83	0.00
120551	LOCKTON INSURANCE BROKERS LLC	LOCK001	P.O. BOX 92643	LOS ANGELES	CA	90009-2643	08/03/11	10,000.00	0.00
120694	LOCKTON INSURANCE BROKERS LLC	LOCK001	P.O. BOX 92643	LOS ANGELES	CA	90009-2643	08/10/11	10,000.00	0.00
120988	LOCKTON INSURANCE BROKERS LLC	LOCK001	P.O. BOX 92643	LOS ANGELES	CA	90009-2643	09/07/11	10,000.00	0.00
120515	KEITH LYNAUGH	LYNA001	16343 SUN SUMMIT DR	RIVERSIDE	CA	92503	07/27/11	6,274.13	10,000.00
120865	MARSHALL BUCKHOE, INC.	MARS002	8285 W EQUSET LN	EAGLE	ID	83616	08/10/11	6,345.00	0.00
120881	DON KENT - TREASURER	MCD0003	RIV. COUNTY TREASURER	RIVERSIDE	CA	92502-2205	08/24/11	17,622.69	0.00
120701	MOTEL 6	MOT006	P.O. BOX 846175	DALLAS	TX	75284-6175	08/10/11	6,404.42	0.00
120501	NEVADA EMPLOYMENT SECURITY DIV	NEVA003	500 EAST 3RD. ST.	CARSON CITY	NV	89713-0030	07/27/11	9,811.19	0.00
121065	NUVEEN ENGINEERING INC	NUVE001	1511 MARK WEST SPRINGS RD	SANTA ROSA	CA	95404	09/12/11	9,075.00	6,305.00
120320	OLIVA & ASSOCIATES	OLIV003	11770 BERNARDO PLAZA #350	SAN DIEGO	CA	92128	08/10/11	27,236.70	0.00
120713	OLIVA & ASSOCIATES	OLIV003	11770 BERNARDO PLAZA #350	SAN DIEGO	CA	92128	08/10/11	25,753.43	0.00
120322	PACE SUPPLY	PACE011	P.O. BOX 6407	ROHNERT PARK	CA	94927-6407	07/18/11	169,546.21	40,938.01

120715	PAGE SUPPLY	PAGE011	P.O. BOX 6407	ROHNERT PARK	CA	94927-6407	08/10/11	321,943.29	0.00
121058	PAGE SUPPLY	PAGE011	P.O. BOX 6407	ROHNERT PARK	CA	94927-6407	09/12/11	195,728.90	605,711.36
120402	PETERSON DEAN	PETE001	707 ALDRIDGE RD #A	VACAVILLE	CA	95698	07/13/11	7,044.44	0.00
120325	PREFERRED INSULATION CONTRACTR	PREFE001	1691 JENKS DRIVE	CORONA	CA	92880	07/18/11	11,165.00	0.00
121062	PREFERRED INSULATION CONTRACTR	PREFE001	1691 JENKS DRIVE	CORONA	CA	92880	09/12/11	11,000.00	0.00
120505	QUOTE SOFTWARE INC	QUOT002	P.O. BOX 11145	EUGENE	OR	97440	07/27/11	6,360.00	3,624.00
120517	RENE-HARLIN, LLC	RENE001	2750 REDDING AVE	SACRAMENTO	CA	95820	08/01/11	8,400.00	0.00
120944	RENE-HARLIN, LLC	RENE001	2750 REDDING AVE	SACRAMENTO	CA	95820	09/01/11	8,400.00	0.00
120518	RGR ENTERPRISES, LP	RICH010	2331 CLIFF DRIVE	NEWPORT BEACH	CA	92663	08/01/11	22,500.00	8,400.00
120945	RGR ENTERPRISES, LP	RICH010	2331 CLIFF DRIVE	NEWPORT BEACH	CA	92663	09/01/11	22,500.00	0.00
121172	ROORDA, PLOUET & BESSEE, INC.	ROOR001	5995 BROCTON AVE 2ND FL	RIVERSIDE	CA	92506	09/21/11	8,340.00	0.00
120462	SACRAMENTO INDUSTRIAL CO	SACR112	5800 WAREHOUSE WAY	SACRAMENTO	CA	95826-4916	07/25/11	261,761.16	0.00
120903	SACRAMENTO INDUSTRIAL CO	SACR112	5800 WAREHOUSE WAY	SACRAMENTO	CA	95826-4916	08/24/11	217,722.41	0.00
121194	SACRAMENTO INDUSTRIAL CO	SACR112	5800 WAREHOUSE WAY	SACRAMENTO	CA	95826-4916	09/26/11	268,100.13	0.00
120336	SIDLEY AUSTIN LLP	SIDL001	P.O. BOX 0642	CHICAGO	IL	60690	07/26/11	12,389.42	547,694.90
120735	SIDLEY AUSTIN LLP	SIDL001	P.O. BOX 0642	CHICAGO	IL	60690	08/10/11	12,389.42	0.00
120337	SILVA BACKHOE	SILV001	15345 CRANBROOK AVE	LAWNDALE	CA	90260	07/19/11	17,567.50	35,559.42
120338	SLAKEY BROS	SLAK001	P.O. BOX 80000	SAN FRANCISCO	CA	94160-0001	07/18/11	58,886.07	0.00
120737	SLAKEY BROS	SLAK001	P.O. BOX 80000	SAN FRANCISCO	CA	94160-0001	08/10/11	82,339.13	289,694.40
121066	SLAKEY BROS	SLAK001	P.O. BOX 80000	SAN FRANCISCO	CA	94160-0001	09/12/11	147,587.07	0.00
120739	SO.CALIF.EDISON	SOCA001	P.O. BOX 800	ROSEMead	CA	91771-0001	08/10/11	8,876.94	8,852.59
120977	SO.CALIF.EDISON	SOCA001	P.O. BOX 800	ROSEMead	CA	91771-0001	09/07/11	8,799.42	1,375.00
120740	SOMMERCAL CONSTRUCTION	SOMM011	3690 33rd AVE.	SACRAMENTO	CA	95824	08/10/11	6,325.00	0.00
120340	STRAIGHT-LINE, INC.	STRA001	8820 EL CAMINO ROAD	LAS VEGAS	NV	89139	07/19/11	11,640.00	0.00
120745	STRAIGHT-LINE, INC.	STRA001	8820 EL CAMINO ROAD	LAS VEGAS	NV	89139	08/10/11	12,855.00	0.00
120368	THOR BACKHOE SERVICE, INC.	THOR003	30199 SKIPPERS WAY	CANYON LAKE	CA	92592	07/14/11	28,730.00	0.00
120751	THOR BACKHOE SERVICE, INC.	THOR003	30199 SKIPPERS WAY	CANYON LAKE	CA	92592	08/10/11	24,892.77	0.00
121071	THOR BACKHOE SERVICE, INC.	THOR003	30199 SKIPPERS WAY	CANYON LAKE	CA	92592	09/12/11	14,010.00	11,260.00
120463	TODD PIPE & SUPPLY LLC	TODD006	1005 EDWARD CT	ANAHEIM	CA	92806	07/25/11	64,661.35	0.00
120904	TODD PIPE & SUPPLY LLC	TODD006	1005 EDWARD CT	ANAHEIM	CA	92806	08/24/11	43,027.23	0.00
121195	TODD PIPE & SUPPLY LLC	TODD006	1005 EDWARD CT	ANAHEIM	CA	92806	09/26/11	36,033.72	0.00
120752	TOMARCO	TOMAR04	14848 NORTHAM ST	LA MIRADA	CA	90638	08/10/11	6,658.39	0.00
120346	TUB PROS, INC.	TUBP001	2101 E. BONANZA RD	LAS VEGAS	NV	89101	07/20/11	8,075.00	0.00
120765	TUB PROS, INC.	TUBP001	2101 E. BONANZA RD	LAS VEGAS	NV	89101	08/10/11	7,820.00	4,425.00
120512	VERIZON WIRELESS	VERI008	P.O. BOX 660108	DALLAS	TX	75266-0108	07/27/11	14,894.23	0.00
120941	VERIZON WIRELESS	VERI008	P.O. BOX 660108	DALLAS	TX	75266-0108	08/31/11	12,639.98	0.00
120763	VIKING SUPPLY NET	VIKI002	2353 INTERNATIONAL ST	COLUMBUS	OH	43228	08/10/11	17,497.75	11,710.03
120357	WATSONVILLE GRADING & EXCAV	WATS002	132 COLLEGE ROAD	WATSONVILLE	CA	95076	07/19/11	13,100.00	6,593.95
121079	WATSONVILLE GRADING & EXCAV	WATS002	132 COLLEGE ROAD	WATSONVILLE	CA	95076	09/12/11	32,550.00	0.00
120772	WHCI PLUMBING SUPPLY CO	WHCI001	2900 VOLPEY WAY	UNION CITY	CA	94587	08/10/11	13,513.74	29,894.39
121082	WHCI PLUMBING SUPPLY CO	WHCI001	2900 VOLPEY WAY	UNION CITY	CA	94587	09/12/11	25,634.17	0.00
121237	WINNELSON - RIVERSIDE	WINN001	22070 COMMERCE WAY	GRAND TERRACE	CA	92313	09/28/11	7,388.14	80,114.19
								7,781,231.38	8,389,736.27

**EXHIBIT 5**



**RCR** PLUMBING  
HVAC  
FIRE SPRINKLERS

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A PLEDGE OF QUALITY • A PROMISE OF SATISFACTION

***RCR Plumbing & Mechanical, Inc.  
and Affiliates***

*Financial Statements and Independent Auditors' Report for  
the Years Ended December 31, 2010 and December 31, 2009*





5995 Brockton • 2<sup>nd</sup> Floor  
Riverside, California 92506  
951•684•7781 FAX 951•684•2921  
e-mail: rpb@rpbcpa.com

#### INDEPENDENT AUDITORS' REPORT

Director and Shareholder of RCR Plumbing & Mechanical, Inc. and affiliates:

We have audited the accompanying combined balance sheets of RCR Plumbing & Mechanical, Inc. and affiliates ("RCR" or the "Company") as of December 31, 2010 and 2009, and the related combined statements of operations, shareholder's equity and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the combined financial position of the Company at December 31, 2010 and 2009, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be "Blair", is written over the typed name.

Riverside, California  
April 15, 2011

**RCR PLUMBING & MECHANICAL, INC. AND AFFILIATES**

**COMBINED BALANCE SHEETS**  
 (in thousands)

	December 31, 2010	December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 1,725	\$ 2,136
Restricted cash .....	2,677	—
Accounts receivable, net of allowance for doubtful accounts of \$49 and \$78 ....	5,139	10,195
Inventories, net of allowance for excess and obsolete inventory of \$63 and \$215.....	871	1,516
Costs and estimated earnings in excess of billings on uncompleted contracts....	1,098	1,839
Prepaid expenses and other current assets.....	<u>1,488</u>	<u>2,450</u>
Total current assets.....	12,998	18,136
Property and equipment, net.....	676	799
Deferred income taxes – non-current .....	—	1,475
Other non-current assets.....	<u>89</u>	<u>221</u>
<b>TOTAL ASSETS .....</b>	<b><u>\$ 13,763</u></b>	<b><u>\$ 20,631</u></b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities:		
Accounts payable.....	\$ 4,082	\$ 4,014
Accrued expenses.....	2,599	3,178
Billings in excess of costs and estimated earnings on uncompleted contracts....	1,116	1,994
Deferred income taxes – current .....	—	—
Short-term debt.....	<u>136</u>	<u>230</u>
Total current liabilities .....	<u>7,933</u>	<u>9,416</u>
Long-term debt.....	—	—
Insurance loss reserves – non-current.....	<u>3,780</u>	<u>4,050</u>
Total liabilities .....	11,713	13,466
Commitments and contingencies (Notes 12 and 13).....	—	—
Shareholder's equity:		
Common stock, no par value, 5,000,000 shares authorized, 1,176,623 shares issued and outstanding.....	124	124
Retained earnings.....	<u>1,926</u>	<u>7,041</u>
Total shareholder's equity .....	<u>2,050</u>	<u>7,165</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY.....</b>	<b><u>\$ 13,763</u></b>	<b><u>\$ 20,631</u></b>

The accompanying notes are an integral part of these financial statements.

**RCR PLUMBING & MECHANICAL, INC. AND AFFILIATES**

**COMBINED STATEMENT OF OPERATIONS**  
 (In thousands)

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Net revenue.....	\$ 47,309	\$ 62,081	\$ 75,761
Cost of revenue.....	<u>45,075</u>	<u>55,406</u>	<u>72,449</u>
Gross profit.....	2,234	6,675	3,312
Operating expenses:			
Selling, general and administrative.....	5,545	6,746	10,831
Restructuring Charges .....	<u>—</u>	<u>529</u>	<u>363</u>
Total operating expenses.....	<u>5,545</u>	<u>7,275</u>	<u>11,194</u>
Operating income (loss).....	(3,311)	(600)	(7,882)
Other income (expense), net.....	<u>(95)</u>	<u>511</u>	<u>22</u>
Income (loss) before income taxes .....	(3,406)	(89)	(7,860)
Provision (benefit) for income taxes.....	<u>1,709</u>	<u>605</u>	<u>(3,176)</u>
Net income (loss).....	<u>\$ (5,115)</u>	<u>\$ (694)</u>	<u>\$ (4,684)</u>

The accompanying notes are an integral part of these financial statements.



**RCR PLUMBING & MECHANICAL, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF SHAREHOLDER'S EQUITY**  
 (in thousands)

	<u>Shares</u>	<u>Amount</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
Balance at December 31, 2007.....	1,176	123	\$ 12,419	\$ 12,542
Net loss.....	<u>—</u>	<u>—</u>	<u>(4,684)</u>	<u>(4,684)</u>
Balance at December 31, 2008.....	1,176	123	7,735	7,858
Capital contribution by sole shareholder.....	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>
Net loss.....	<u>—</u>	<u>—</u>	<u>(694)</u>	<u>(694)</u>
Balance at December 31, 2009.....	1,176	124	7,041	7,165
Net loss.....	<u>—</u>	<u>—</u>	<u>(5,115)</u>	<u>(5,115)</u>
Balance at December 31, 2010.....	<u>1,176</u>	<u>\$ 124</u>	<u>\$ 1,926</u>	<u>\$ 2,050</u>

The accompanying notes are an integral part of these financial statements.

RCR PLUMBING & MECHANICAL, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS  
(in thousands)

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss) .....	\$ (5,115)	\$ (694)	\$ (4,684)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	486	799	1,312
Provision for billing adjustments and doubtful accounts .....	(29)	(268)	(797)
Provision for excess and obsolete inventories .....	(151)	38	(44)
Deferred income taxes .....	1,803	916	(819)
Provision for non-current insurance loss reserves .....	(270)	(3,360)	285
(Gain) loss on disposal of property, plant and equipment .....	(38)	172	(51)
Changes in operating assets and liabilities, net of acquisitions:			
Restricted Cash .....	(2,677)	—	—
Accounts receivable .....	5,087	2,606	309
Inventories .....	797	1,364	(227)
Costs and estimated earnings in excess of billings on uncompleted contracts ..	741	1,213	740
Prepaid expenses and other current assets .....	1,203	748	(592)
Accounts payable .....	67	(1,939)	2,906
Accrued expenses .....	(1,150)	6	(2,404)
Billings in excess of costs and estimated earnings on uncompleted contracts ..	(878)	(1,820)	(523)
Other non-current assets .....	31	13	218
Net cash provided by operating activities .....	(93)	(206)	(4,371)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment .....	(237)	(43)	(204)
Proceeds from the sale of property and equipment .....	40	706	113
Net cash used in investing activities .....	(197)	663	(91)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Borrowings under insurance premium financings .....	216	255	204
Principal payments on insurance premium financings .....	(309)	(217)	(130)
Borrowings under revolving credit facility .....	—	1,000	—
Principal payments on revolving credit facility .....	—	(1,000)	—
Loan commitment fees and costs .....	(28)	(69)	(234)
Capital contribution by sole shareholder .....	—	1	—
Net cash used in financing activities .....	(121)	(30)	(160)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	(411)	427	(4,622)
CASH AND CASH EQUIVALENTS, beginning of period .....	2,136	1,709	6,331
CASH AND CASH EQUIVALENTS, end of period .....	<u>\$ 1,725</u>	<u>\$ 2,136</u>	<u>\$ 1,709</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash paid (received) for:			
Interest expense, letter of credit fees and credit line fees .....	<u>\$ 162</u>	<u>\$ 161</u>	<u>\$ 292</u>
Income taxes .....	<u>\$ (497)</u>	<u>\$ (2,108)</u>	<u>\$ 4</u>

The accompanying notes are an integral part of these financial statements.

**RCR PLUMBING & MECHANICAL, INC. AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**(amounts in thousands)**

**Note 1. Business and Organization**

RCR Plumbing & Mechanical, Inc. ("RCR" or the "Company") is a licensed residential and commercial plumbing and heating, ventilation and air conditioning (HVAC) contracting company that currently conducts business in California and Nevada. RCR, a California corporation, was organized in May 1977. In February 2008, the Company changed its name from RCR Plumbing, Inc. to RCR Plumbing & Mechanical, Inc. to strengthen its position in the commercial plumbing market. In April 1999, RCR was acquired by American Plumbing and Mechanical, Inc. (AMPAM) and remained a wholly-owned subsidiary of American Plumbing Mechanical, Inc. ("AMPAM") until November 30, 2005, at which time the Company was disaggregated and became an independent operating company. See Note 19. Disaggregation from AMPAM, for additional information.

**Note 2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of RCR Plumbing & Mechanical, Inc., its subsidiary, RCR Mechanical, Inc., and its commonly controlled affiliates, RCR Plumbing & Mechanical (AZ), Inc. and RCR Mechanical (CA), Inc. All intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

*Cash and Cash Equivalents*

Cash and cash equivalents generally consist of cash and overnight money market investments. Such investments are stated at cost, which approximates fair value.

*Accounts Receivable*

Accounts receivable consist primarily of billings to contractors that arise from services provided by the Company under contract terms that entitle it to progress payments. By law, the Company is typically granted a lien interest on the work performed until paid. The Company's customers are primarily in the new residential, multi-family and commercial construction industry. Accordingly, the Company is exposed to risks of fluctuations in construction in the areas in which it operates including potential credit risk related to changes in business and economic factors. The Company periodically reviews its accounts receivable and records a provision for estimated credit losses based on historical experience and any specific collection issues that have been identified.

*Inventories*

Inventories consist of parts and supplies held for use in the ordinary course of business and are stated at the lower of average cost or current estimated market value. The Company periodically reviews inventory quantities on hand and records a provision for excess inventories based on historical usage and expected future demand.

*Vendor Allowances*

Consistent with industry business practice, the Company receives allowances from certain of its vendors in support of the products purchased by the Company and installed as part of its contracting services. Certain allowances are received to reimburse the Company for rebate and masking programs. The Company also receives purchase discounts by paying within the net period. All vendor allowances are included as a reduction to cost of revenue in determining gross profit.

*Property and Equipment*

Property and equipment are stated at cost. The Company depreciates or amortizes these assets using the straight-line method over the estimated useful lives of the various classes of assets, as follows:

Vehicles and aircraft .....	3 to 10 years
Machinery and equipment.....	3 to 7 years
Computers and office equipment .....	2 to 7 years
Furniture and fixtures.....	5 to 7 years
Leasehold improvements .....	Remaining life of lease

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing equipment, are capitalized and depreciated over the expected life of the asset. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statement of operations.

The Company periodically reviews the recoverability of its long-lived assets using the methodology prescribed in FASB ASC Topic 360, *Property, Plant and Equipment*. The Company also reviews these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted future net cash flows from the operations to which the assets relate, based on management's best estimates using appropriate assumptions and projections at the time, to the carrying amount of the assets. If the carrying value is determined not to be recoverable from future operating cash flows, the asset is deemed impaired and an impairment loss is recognized equal to the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment charges of \$313 related to restructuring activities were recorded for the year ended December 31, 2009. See Note 8. Restructuring Charges and Accrued Restructuring Expenses, for additional information. No impairment charges were recorded for the years ended December 31, 2010 or 2008.

*Warranties*

RCR generally warrants its labor and materials for one year after completion of a plumbing installation contract. However, some states extend this warranty period with respect to certain structural items for up to ten years. The Company records an estimate for standard warranty-related costs based on historical warranty claims and repair costs at the time revenue is recognized and updates such estimate throughout the warranty period. While warranty costs have historically been within Management's expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same warranty claim rates or repair costs that it has in the past, and actual warranty costs may differ materially from these estimates.

*Income Taxes*

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC Topic 740"), which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit (expense) results from the change in net deferred tax assets or deferred tax liabilities. RCR regularly reviews the recoverability of deferred tax assets for recoverability and records a valuation allowance when it is more likely than not that some or all deferred tax assets will not be realized based on historical taxable income, projected future taxable income and the expected timing of reversals of existing temporary differences. As a result of the current economic downturn, the Company realized combined operating losses in the years ended December 31, 2010, 2009 and 2008, and recorded a full valuation allowance against its state net operating loss carryforwards during the year ended December 31, 2009 and the remainder of its net deferred tax assets during the year ended December 31, 2010.

FASB ASC Topic 740-20, *Income Taxes – Intra-period Tax Allocation* ("ASC Topic 740-20"), provides guidance for the accounting of uncertainties in income taxes recognized in accordance with ASC Topic 740 by prescribing rules for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or positions expected to be taken in tax returns. ASC Topic 740-20 requires that any liability created for unrecognized tax benefits is disclosed. The application of ASC Topic 740-20 may also affect the tax bases of assets and liabilities and, therefore, may change or create deferred tax liabilities or assets. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

*Self-Insurance Reserves*

The Company maintains various high-deductible general liability, workers' compensation, and auto liability insurance programs. While Management has continued to work on reducing the deductible levels under these policies over the past few years, the Company continues to be effectively self-insured to the extent of such deductibles. In view of these high per-incident deductibles, insurance loss reserves are accrued for projected

settlements and estimates for incurred-but-not-reported claims up to deductible amounts based upon actual and pending RCR claim data, historical RCR claim trends and industry averages. Management believes that an actuarial valuation provides the best estimate of the ultimate losses to be expected under these programs. As a result, the Company has engaged an independent third-party actuary to analyze its expected losses under these insurance programs and has recorded the present value of the actuarially determined ultimate loss deductibles under its workers' compensation, auto and general liability programs. While the Company believes that the amounts accrued will be sufficient to cover its exposure under these insurance programs, RCR's ultimate liabilities may differ materially from these estimates, and there is no guarantee that the Company will have the cash or funds available to pay any or all claims. Adjustments, if any, to estimates recorded for actual claim payments will be reflected in the results of operations in future years as these liabilities develop.

#### *Fair Value Measurement*

RCR records the carrying value of financial assets and liabilities in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and enhances disclosures about fair value measurements. RCR's carrying value of cash and cash equivalents, accounts receivable, accounts payable and other accrued expenses approximate fair value due to the short-term maturity of these items. The Company's carrying value of the expected liability for self-insurance reserves have been recorded at the present value of the actuarially determined ultimate loss deductibles under its insurance programs which RCR believes approximate fair value. The carrying value of outstanding debt issued pursuant to financing or credit agreements approximate fair value since the interest rates under the terms of these agreements approximate current market interest rates.

#### *Revenue Recognition on Construction Contracts*

The Company recognizes revenue from construction contracts under the percentage-of-completion method measured by the contract costs incurred to date relative to the total estimated contract costs. Contract costs include all direct material, labor and subcontractor costs. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to costs and income, the effects of which are recognized in the period such revisions are determined. If the estimated contract costs are expected to exceed contract revenues and result in a "loss" contract, an accrual is made to record the full value of the expected loss in the current period. Unapproved change orders are accounted for in revenue and cost when it is probable that the costs will be recovered through a change in the contract price. In circumstances where recovery is considered probable but the revenues cannot be reliably estimated, costs attributable to change orders are deferred pending determination of contract price. Revenues recognized in excess of amounts billed are classified as current assets under "Costs and estimated earnings in excess of billings on uncompleted contracts." Amounts billed to clients in excess of revenues recognized to date are classified as current liabilities under "Billings in excess of costs and estimated earnings on uncompleted contracts." RCR anticipates that substantially all incurred costs associated with contract work in progress at December 31, 2010 will be billed and collected in 2011.

#### *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reporting years. Actual results could differ from those estimates.

#### *New Accounting Pronouncements*

In January 2010, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which provides amendments to Accounting Standards Codification Subtopic 820-10, *Fair Value Measurements and Disclosures - Overall*. ASU 2010-06 requires additional disclosures for recurring and nonrecurring fair value measurements, including transfers within the levels of the fair value hierarchy and purchases, sales, issuance and settlements in the rollforward of certain fair value measurement activity. Certain provisions of ASC 2010-06 were effective for interim and annual periods ending after December 15, 2009 while other provisions are effective for fiscal years beginning after December 15, 2010. The adoption of ASU 2010-06 has not and is not expected to have a material effect on the Company's combined financial statements.

#### *Reclassifications*

Certain items in prior year financial statements have been reclassified to conform to current year presentation. Such reclassifications had no effect on net income as previously reported.

*Subsequent Events*

The Company has evaluated activities through April 15, 2011, and all known subsequent events have been included in this report.

**Note 3. Costs, Estimated Earnings and Billings on Uncompleted Contracts**

Costs, estimated earnings and billings on uncompleted contracts consist of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Costs incurred on uncompleted contracts.....	\$ 14,929	\$ 34,589
Estimated earnings.....	<u>3,667</u>	<u>8,879</u>
Estimated revenues .....	18,596	43,468
Less: Billings to date .....	<u>(18,614)</u>	<u>(43,623)</u>
Net over-billings .....	<u>\$ (18)</u>	<u>\$ (155)</u>
Costs and estimated earnings in excess of billings on uncompleted contracts.....	\$ 1,098	\$ 1,839
Billings in excess of costs and estimated earnings on uncompleted contracts.....	<u>(1,116)</u>	<u>(1,994)</u>
Net over-billings .....	<u>\$ (18)</u>	<u>\$ (155)</u>

**Note 4. Prepaids and Other Current Assets**

Prepaids and other current assets consist of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Accrued vendor rebates and allowances .....	\$ 436	\$ 429
Deferred income taxes - current.....	—	328
Prepaid insurance.....	711	723
Income taxes receivable.....	—	702
Other current assets.....	<u>341</u>	<u>268</u>
Total prepaids and other current assets .....	<u>\$ 1,488</u>	<u>\$ 2,450</u>

**Note 5. Property and Equipment**

Net property and equipment consist of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Vehicles.....	\$ 830	\$ 996
Machinery and equipment.....	2,338	2,342
Computers and office equipment.....	1,193	1,222
Furniture and fixtures .....	534	532
Leasehold improvements.....	<u>1,269</u>	<u>1,531</u>
Gross property and equipment.....	6,164	6,623
Less: Accumulated depreciation and amortization.....	<u>(5,488)</u>	<u>(5,824)</u>
Total property and equipment, net.....	<u>\$ 676</u>	<u>\$ 799</u>

The accompanying statement of operations for the years ended December 31, 2010, 2009 and 2008, include depreciation and amortization expense of \$358, \$686 and \$1,172, respectively.

**Note 6. Other Non-Current Assets**

Other non-current assets consist of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Unamortized debt issue costs.....	\$ 70	\$ 175
Deposits .....	10	10
Long-term prepaid expenses.....	<u>9</u>	<u>36</u>
Total other non-current assets .....	<u>\$ 89</u>	<u>\$ 221</u>

**Note 7. Accrued Expenses**

Accrued expenses consist of the following:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Accrued salary, wages and benefits.....	\$ 278	\$ 478
Accrued warranty costs .....	646	814
Insurance loss reserves – current .....	1,619	1,415
Income taxes payable .....	—	300
Accrued restructuring charges.....	—	103
Accrued interest expense, letter of credit fees and credit line fees.....	37	36
Other accrued expenses.....	<u>19</u>	<u>32</u>
Total accrued expenses .....	<u>\$ 2,599</u>	<u>\$ 3,178</u>

**Note 8. Restructuring Charges and Accrued Restructuring Expenses**

*Restructuring and Impairment Charges*

In connection with the plans described below, the Company recorded various restructuring and impairment charges in 2009 and 2008. RCR did not record any similar charges in 2010. A summary of these restructuring and impairment charges is listed below:

	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Severance.....	\$ —	\$ 200	\$ 144
Facility closure and impairment charges .....	<u>—</u>	<u>329</u>	<u>219</u>
Total restructuring expense .....	<u>\$ —</u>	<u>\$ 529</u>	<u>\$ 363</u>

*2009 Restructuring Plan*

In response to the deepening global economic recession, increase in residential foreclosure rates and reduction in credit availability for commercial projects that continue to challenge the construction industry, the Company formulated and implemented a plan to further consolidate operations and reduce operating expenses in March 2009. As part of this plan, RCR combined its corporate headquarters into the Southern California facility and initiated personnel reductions in its corporate, Southern California and Northern California operations.

A summary of the activity affecting its accrued restructuring liability related to the 2009 Restructuring Plan for the fiscal years ended December 31, 2009 and 2010 is as follows:

	<u>Workforce Reductions</u>	<u>Facility Closures and Lease Accruals</u>	<u>Total</u>
Balance, December 31, 2008 .....	\$ —	\$ —	\$ —
Amounts accrued .....	204	313	517
Amounts paid/incurred.....	<u>(155)</u>	<u>(313)</u>	<u>(468)</u>
Balance, December 31, 2009 .....	49	—	49
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	<u>(49)</u>	<u>—</u>	<u>(49)</u>
Balance, December 31, 2010 .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The workforce reduction costs related entirely to severance payments and the facility closure costs related entirely to impairment charges on leasehold improvements. The costs associated with these restructuring activities were recorded in accordance with the accounting guidance of FASB ASC Topic 420, *Exit or Disposal Obligations* ("ASB Topic 420"). Pursuant to this guidance, a liability for a cost associated with an exit or disposal activity shall be recognized in the period in which the liability is incurred, except for a liability for one-time employee termination benefits that is incurred over time. In the unusual circumstance in which fair value cannot be reasonably estimated, the liability shall be recognized initially in the period in which fair value can be reasonably estimated.

**2008 Restructuring Plan**

In July 2008, the Company formulated and began to implement a plan to further consolidate operations and reduce indirect and operating expenses. As part of this plan, RCR combined its remaining Southern California operations into Riverside by closing its facilities in Adelanto, Palmdale, Palm Springs and San Diego, and relocating its Las Vegas operations to a smaller facility. The Company also initiated additional personnel reductions in its corporate staff and Southern California operations. These reductions were taken in response to the increasing foreclosure activity and continuing weakness in the demand for new residential housing in these markets.

A summary of the activity affecting its accrued restructuring liability related to the 2008 Restructuring Plan for the fiscal years ended December 31, 2008, 2009 and 2010 is as follows:

	Workforce Reductions	Facility Closures and Lease Accruals	Total
Balance, December 31, 2007 .....	\$ —	\$ —	\$ —
Amounts accrued .....	144	163	307
Amounts paid/incurred.....	(141)	(42)	(183)
Balance, December 31, 2008 .....	3	121	124
Amounts accrued .....	(3)	15	12
Amounts paid/incurred.....	—	(85)	(85)
Balance, December 31, 2009 .....	—	51	51
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	—	(51)	(51)
Balance, December 31, 2010 .....	\$ —	\$ —	\$ —

The workforce reduction costs related entirely to severance payments and the facility closure costs relate entirely to lease payment accruals through the end of the lease term. The costs associated with these restructuring activities were recorded in accordance with the accounting guidance of ASC Topic 420.

**2007 Restructuring Plan**

In response to a discernable slow-down in new construction releases in Southern California and Arizona, RCR formulated and began to implement a plan to further consolidate operations and reduce operating expenses in December 2007. As part of this plan, the Company combined its Palm Springs operations into one facility and discontinued its operations in Arizona.

A summary of the activity affecting its accrued restructuring liability related to the 2007 Restructuring Plan for the fiscal years ended December 31, 2008, 2009 and 2010 is as follows:

	Workforce Reductions	Facility Closures and Lease Accruals	Total
Balance, December 31, 2007 .....	\$ —	\$ 139	\$ 139
Amounts accrued .....	—	46	46
Amounts paid/incurred.....	—	(185)	(185)
Balance, December 31, 2008 .....	—	—	—
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	—	—	—
Balance, December 31, 2009 .....	—	—	—
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	—	—	—
Balance, December 31, 2010 .....	\$ —	\$ —	\$ —



The facility closure costs related entirely to lease payment accruals through the end of the lease term. The costs associated with these exit and restructuring activities were recorded in accordance with the accounting guidance of ASC Topic 420.

*2006 Restructuring Plan*

In December 2006, the Company formulated and began to implement a plan to consolidate its Southern California and Northern California operations and reduce operating expenses. As part of this plan, RCR combined its San Diego operations into one facility, closed its Modesto facility, and initiated personnel reductions in such regions. These actions were taken in response to a noticeable slow-down in residential construction activity in these markets in the fourth quarter of 2006.

A summary of the activity affecting RCR's accrued restructuring liability related to the 2006 Restructuring Plan for the fiscal year ended December 31, 2008, 2009 and 2010 is as follows:

	Workforce Reductions	Facility Closures and Lease Accruals	Total
Balance, December 31, 2007 .....	\$ —	\$ 50	\$ 50
Amounts accrued .....	—	10	10
Amounts paid/incurred.....	—	(44)	(44)
Balance, December 31, 2008 .....	—	16	16
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	—	(13)	(13)
Balance, December 31, 2009 .....	—	3	3
Amounts accrued .....	—	—	—
Amounts paid/incurred.....	—	(3)	(3)
Balance, December 31, 2010 .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The facility closure costs related entirely to lease payment accruals through the end of the lease term. These costs were recorded in accordance with the accounting guidance of ASC Topic 420.

**Note 9. Financing Arrangements**

Short-term debt consists of the following:

	December 31, 2010	December 31, 2009
Borrowings under revolving line of credit .....	\$ —	\$ —
Insurance premium financing.....	136	230
Total short-term debt .....	<u>\$ 136</u>	<u>\$ 230</u>

*Insurance Premium Financing*

During 2010, 2009 and 2008, the Company elected to finance certain insurance premiums in connection with the renewal of its insurance policies in order to improve cash flow. These finance arrangements generally provide the third-party finance company with a security interest in any unearned insurance premiums in the case of default by RCR. For the years ended December 31, 2010, 2009 and 2008, the Company financed \$216, \$255 and \$204 of insurance premiums for between seven and ten months at an annual effective interest rate of 6.20% for 2010, 6.95% for 2009, and 7.15% for 2008, requiring fixed monthly principal and interest payments of \$20, \$26 and \$21, for the policy years beginning November 1, 2010, 2009 and 2008, respectively.

*Credit Facility with PNC Bank, National Association ("PNC")*

On June 19, 2008, the Company entered into a "Secured Financing Agreement" with PNC ("PNC Credit Agreement"). Effective February 28, 2009, RCR negotiated an amendment and restatement of the PNC Credit Agreement ("PNC Restated Credit Agreement") which modified certain financial covenants and provided RCR the ability to add new affiliated entities as borrowers under the PNC Credit Facility. The terms of the PNC Restated Credit Agreement, provide for a revolving credit facility of \$8.5 million with options to increase the credit facility commitment up to a maximum amount of \$12 million ("PNC Revolver") and is secured by the assets of the Company and a personal guarantee by the owner, Robert C. Richey. The PNC Restated Credit Agreement requires the Company to maintain compliance with certain specified covenants including a minimum tangible net worth, minimum liquidity, and a minimum fixed charge coverage test, and expires on June 2011. There is no prepayment fee under the agreement. As of December 31, 2010, the Company was not in compliance with any of these

covenants and was in default under the terms of the PNC Restated Credit Agreement. The Company is working with PNC on a waiver and/or an amendment to the PNC Restated Credit Agreement to reset covenants to cure this default. (See Note 21, Subsequent Events, for additional information.)

Borrowings under the PNC Revolver are generally limited to the sum of eighty-five percent (85%) of eligible receivables (the "Borrowing Base"). At the option of the Company, amounts outstanding under the Revolver accrue interest at either (a) the PNC Base Rate plus 0.75%, or (b) LIBOR plus 2.75% per annum, calculated on the basis of a 360-day year, payable monthly in arrears. As of December 31, 2010, the LIBOR rate was 0.2%. In addition to interest charges, the PNC Revolver is subject to a monthly Facility Fee calculated at 0.05% of the difference between the credit facility commitment amount and the daily average outstanding balance under the PNC Revolver during the month, including outstanding letters of credit. The PNC Revolver is also subject to a monthly Collateral Management Fee of \$1 per month. Under the terms of the PNC Revolver, RCR was required to execute a Blocked Account Control Agreement for the benefit of PNC. At December 31, 2010, there were no draws outstanding under the PNC Revolver, the borrowing base was \$3,805, and the Company had posted cash of \$2,677 into a secured money market account in favor of PNC to support its \$6,482 in outstanding standby letters of credit.

**Note 10. 401(k) and Profit-Sharing Plans**

The Company sponsors a 401(k) and profit-sharing plan covering eligible employees and provides for a discretionary Company match in cash on a portion of participant contributions, a discretionary profit-sharing contribution by the Company, and qualified non-elective employer contributions in connection with prevailing wage jobs. The Company's 401(k) and profit sharing plan is managed by Fidelity Investments, and is an employee self-directed plan which offers a variety of investment choices via mutual funds. Employees may contribute up to 100% of eligible compensation, subject to IRS maximums. Any Company matching contributions are made in cash and are invested in the same percentage among the various funds offered as selected by the employee. The Company did not make any employer matching contributions or authorize any discretionary profit sharing contributions for the years ended December 31, 2010, 2009 and 2008. RCR made qualified non-elective employer contributions of \$109, \$0 and \$0 related to prevailing wage jobs for the years ended December 31, 2010, 2009 and 2008, respectively.

**Note 11. Shareholder's Equity**

As part of the Chapter 11 Case and the subsequent disaggregation transaction from AMPAM, RCR issued 11% and 14% warrants ("Warrants") to certain bankruptcy creditor groups. Both the 11% and 14% warrants allowed the holders to collectively purchase either 11% or 14% of the equity of RCR (depending on the class of warrant they hold— 11% or 14%) upon shareholder approval of (a) any merger, reorganization or consolidation of RCR in which its voting securities immediately before effecting such merger, reorganization or consolidation will not represent, or are not to be converted into securities that represent, at least sixty-seven percent (67%) of the voting power of all voting securities of the surviving entity immediately after the merger, reorganization or consolidation; or (b) a sale or other disposition of substantially all of the assets of RCR. The Warrants expired unexercised on October 4, 2009.

**Note 12. Commitments and Contingencies**

The Company leases certain operating facilities under non-cancelable operating leases from related parties. See Note 16, Related Parties, for additional information. RCR also leases certain operating facilities, vehicles and equipment under non-cancelable operating leases from unrelated third parties. Total rent expense to both related and unrelated parties was \$1,057, \$1,465 and \$2,053 for the years ended December 31, 2010, 2009 and 2008. Future minimum lease payments required under both related and unrelated party operating leases at December 31, 2010, are payable as follows:

Fiscal Year	Total
2011.....	\$ 282
2012.....	144
2013.....	110
2014.....	28
2015.....	—
Thereafter.....	—
Total .....	<u>\$ 564</u>

RCR is subject to various legal proceedings from time to time as part of its business. As of December 31, 2010 and 2009, the Company was not currently party to any legal proceedings or threatened legal proceedings, the adverse outcome of which, individually or in the aggregate, it believes would have a material adverse effect on its business, financial condition and results of operations.

**Note 13. Contractual Guarantees and Indemnities**

The Company establishes reserves for future warranty repair costs that are expected to be incurred pursuant to specific warranty provisions with its customers. RCR's warranty reserves are generally established at the time revenue is recognized and updated throughout the warranty period based upon numerous factors including historical warranty repair rates and expenses over the warranty period. The Company also accrues additional warranty liabilities for significant and unusual warranty issues at the time such issues are identified and the associated warranty related costs can be reasonably estimated. A summary of the activity that affected the Company's accrued warranty costs for the years ended December 31, 2010 and 2009 is as follows:

Description	Accrued Warranty Costs
Balance at December 31, 2008 .....	\$ 1,279
Reductions for warranty costs incurred .....	(910)
Warranty accrual related to current year sales.....	651
Change in estimate related to previous warranty accruals.....	<u>(206)</u>
Balance at December 31, 2009 .....	814
Reductions for warranty costs incurred .....	(807)
Warranty accrual related to current year sales.....	620
Change in estimate related to previous warranty accruals.....	<u>19</u>
Balance at December 31, 2010 .....	<u>\$ 646</u>

During its normal course of business, the Company makes certain contractual guarantees and indemnities pursuant to which the Company may be required to make future payments under specific circumstances. RCR has not recorded any liability for these contractual guarantees and indemnities in the accompanying combined financial statements. A description of significant contractual guarantees and indemnities existing as of December 31, 2010 and 2009 is included below:

*Director and Officer Contractual Guarantees*

The Company has entered into severance and change in control arrangements with certain of its executives. These arrangements provide for the payment of specific compensation benefits to such executives upon the termination of their employment with RCR. No payments were made to any executives pursuant to these severance and change in control arrangements during the years ended December 31, 2010, 2009 or 2008.

*Other Guarantees and Indemnities*

The Company issues guarantees for certain contingent liabilities under various contractual arrangements, including customer contracts and self-insured retentions under certain insurance policies. These guarantees normally take the form of standby letters of credit issued by the Company's lender. Historically, any amounts payable pursuant to such guarantees have not had a material adverse effect on RCR's business, financial condition or results of operations. Letters of credit related to such guarantees of \$6,482 and \$6,331 were outstanding at December 31, 2010 and December 31, 2009, respectively.

**Note 14. Other Income, Net**

Other income, net, consists primarily of interest expense. The components of other income, net, are as follows:

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Interest income.....	\$ 15	\$ 19	\$ 52
Interest expense, letter of credit and credit line fees.....	(296)	(270)	(576)
Distributions from former parent company (AMPAM) .....	26	420	129
Other income (expense).....	<u>160</u>	<u>342</u>	<u>417</u>
Total other income (expense).....	<u>\$ (95)</u>	<u>\$ 511</u>	<u>\$ 22</u>

**Note 15. Income Taxes**

The components of federal and state income tax expense (benefit) consist of the following:

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
<b>Current:</b>			
Federal.....	\$ (96)	\$ (1,100)	\$ (1,802)
State.....	<u>1</u>	<u>240</u>	<u>(5)</u>
Total current provision (benefit).....	<u>(95)</u>	<u>(860)</u>	<u>(1,807)</u>
<b>Deferred:</b>			
Federal.....	1,451	878	(792)
State.....	<u>353</u>	<u>587</u>	<u>(577)</u>
Total deferred provision (benefit).....	<u>1,804</u>	<u>1,465</u>	<u>(1,369)</u>
Total provision (benefit) for income taxes .	<u>\$ 1,709</u>	<u>\$ 605</u>	<u>\$ (3,176)</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for tax and financial reporting purposes. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the actual timing within which the underlying temporary differences become taxable or deductible. A valuation allowance is required to be established against the carrying amounts of deferred tax assets, if based on the available evidence, it is more likely than not that such assets will not be realized. In assessing the need for a valuation allowance, the Company must consider all positive and negative evidence related to the realization of the deferred tax asset, including the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods and tax planning alternatives. Based upon all available evidence, including recent losses over the past three years, RCR established a full valuation allowance of \$4,331 against its deferred tax assets during the year ended December 31, 2010.

As a result of the Company's recent financial performance and expectations that it will not exceed taxable income of \$10,000 in any given tax year for the foreseeable future, RCR reduced the effective tax rate used to value its federal deferred income taxes from 35% to 34% as of December 31, 2009. The net effect of this change was a \$74 decrease in net deferred tax assets as of January 1, 2009.

The Company's current and non-current deferred income tax assets and liabilities were comprised of the following major components:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b><u>Current deferred income tax assets:</u></b>		
Accruals and provisions.....	\$ 959	\$ 994
Other.....	<u>44</u>	<u>122</u>
Total current deferred income tax assets .....	<u>1,003</u>	<u>1,116</u>
<b><u>Current deferred income tax liabilities:</u></b>		
Contract revenue recognition.....	(94)	(427)
Prepays .....	(346)	(338)
Other.....	<u>—</u>	<u>(23)</u>
Total current deferred income tax liabilities .....	<u>(440)</u>	<u>(788)</u>
Net current deferred income tax assets.....	563	328
Less: Valuation Allowance .....	<u>(563)</u>	<u>—</u>
Adjusted net current deferred income tax assets .....	<u>\$ —</u>	<u>\$ 328</u>
<b><u>Non-current deferred income tax assets:</u></b>		
Accruals and provisions.....	\$ 1,550	\$ 1,687
NOL Carryforwards.....	<u>1,950</u>	<u>895</u>
Total non-current deferred income tax assets .....	<u>3,500</u>	<u>2,582</u>
<b><u>Non-current deferred income tax liabilities:</u></b>		
Property, plant and equipment.....	(60)	(114)
State Taxes .....	<u>—</u>	<u>(98)</u>
Total non-current deferred income tax liabilities.....	<u>(60)</u>	<u>(212)</u>
Net non-current deferred income tax assets .....	3,440	2,370
Less: Valuation Allowance .....	<u>(3,440)</u>	<u>(895)</u>
Adjusted net non-current deferred income tax assets.....	<u>\$ —</u>	<u>\$ 1,475</u>

As of December 31, 2010, RCR had approximately \$2,595 in federal NOL carryforwards that expire in 2030 and \$12,083 of state NOL carryforwards, primarily in the state of California, that begin to expire in 2029. The potential future federal and state tax benefits amount associated with these NOL carryforwards is \$882 and \$1,068, respectively, before application of the valuation allowance.

The provision (benefit) for income taxes in the accompanying financial statements reconciles to the amount computed by applying the federal statutory rate of 34% to income before income taxes as follows:

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Taxes at federal statutory rate .....	\$ (1,158)	\$ (30)	\$ (2,672)
State taxes, net .....	234	546	(384)
S-Corporation losses (earnings).....	89	—	—
Meals and entertainment.....	19	9	27
Deduction for domestic production activities.....	—	36	13
Officers life insurance.....	11	11	11
Surtax exemption.....	—	(40)	(142)
Reduction in deferred tax benefit rate.....	—	74	—
Federal valuation allowance .....	2,584	—	—
Other .....	(70)	(1)	7
Total provision (benefit) for income taxes .....	<u>\$ 1,709</u>	<u>\$ 605</u>	<u>\$ (3,176)</u>

The Company strives to resolve open matters with each tax authority at the examination level. While the Company has accrued for amounts it believes are the expected outcomes of tax audits, the final outcome with a tax authority may result in a tax liability that is more or less than that reflected in the financial statements. Furthermore, the Company may later decide to challenge any assessments, if made, and may exercise its right to appeal. The liability is reviewed periodically and adjusted as events occur that affect potential liabilities for additional taxes, such as lapsing of applicable statutes of limitations, proposed assessments by tax authorities, negotiations between tax authorities, identification of new issues, and issuance of new legislation, regulations or case law. Management believes that adequate amounts of tax and related interest, if any, have been provided for any adjustments that may result from these examinations of uncertain tax positions.

During 2009, the Company reached a resolution with the Internal Revenue Service ("IRS") with respect to the audit of its 2005 - 2008 tax years, resulting in additional federal and state tax liabilities for tax years 2005 - 2008, including interest and penalties, of \$1,533. In January 2010, the IRS filed a tax lien against RCR as security for the installment payment agreement requested by the Company in connection with such audit liability. The tax lien was subsequently released by the IRS in April 2010 after RCR satisfied the remaining audit liability in full. The majority of the audit liabilities related to the timing of certain tax deductions that were offset by an increase in RCR's NOL carryback for 2008 and the resulting NOL carryback refund received in 2009. RCR filed amended state tax returns for tax years 2005 -2008 to reflect the IRS audit adjustments and paid all resulting state tax liabilities, including any interest and penalties, during 2009.

ASC Topic 740-20 provides guidance for the accounting of uncertainties in income taxes by prescribing rules for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or positions expected to be taken in tax returns. ASC Topic 740-20 requires that any liability created for unrecognized tax benefits is disclosed. The application of ASC Topic 740-20 may also affect the tax bases of assets and liabilities and, therefore, may change or create deferred tax liabilities or assets. The only tax years subject to examination by the IRS are the 2009 and 2010 tax years, and the tax years subject to examination for the Company's state tax returns are the 2006 - 2010 tax years. As of December 31, 2010, the Company has not recorded any liability for income taxes associated with uncertain tax positions due to its Net Operating Loss carryforward position.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, including interest and penalties, is as follows:

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>
Beginning unrecognized tax benefits .....	\$ 55	\$ 305
Gross increases for prior year tax positions .....	—	—
Gross decreases for prior year tax positions.....	(97)	—
Gross increases for current year tax positions .....	—	—
Settlements/Installment plan payments .....	42	(240)
Ending unrecognized tax benefits.....	<u>\$ —</u>	<u>\$ 55</u>

**Note 16. Related Parties**

*Operating Lease Agreements with Sole Shareholder and Chief Executive Officer*

The Company leases certain facilities from various affiliates of its Sole Shareholder and Chief Executive Officer ("CEO"). The Company believes that the terms of such leases were negotiated at arm's length and reflect commercially reasonable terms similar to those it has negotiated for other facilities with unrelated third parties. Total rents paid to affiliates of the Sole Shareholder and CEO during the year ended December 31, 2010, 2009 and 2008, totaled \$384, \$356 and \$712, respectively. At December 31, 2010 future minimum lease payments required under operating leases with affiliates of the Sole Shareholder and CEO are payable as follows:

<u>Fiscal Year</u>	<u>Total</u>
2011.....	\$ 270
2012.....	—
2013.....	—
2014.....	—
2015.....	—
Thereafter.....	—
Total .....	<u>\$ 270</u>

*Distributions from Former Parent Company*

As part of the Separation Agreement and disaggregation transaction with AMPAM, RCR was required to fund estimated future costs for wind-down activities of AMPAM in the amount of \$758 and insurance collateral for various wind-down entities of AMPAM in the amount of \$937. During the years ended December 31, 2010, December 31, 2009 and December 31, 2008, RCR recovered \$26, \$420 and \$129 of the amounts originally funded under the Separation Agreement for the wind-down of AMPAM, resulting in a net benefit to the income statement. The Company does not anticipate receiving any additional recoveries in the future.

**Note 17. Customer Concentrations**

The Company's customers are primarily in the residential and commercial construction industry. Accordingly, the Company is exposed to risks of fluctuations in construction in the areas in which it operates. For the years ended December 31, 2010 and 2009, the Company had no single customer that exceeded 10% of revenue. For the year ended December 31, 2008, RCR had one customer who represented approximately 10% of the Company's revenues and approximated 2% of total accounts receivable at December 31, 2008.

**Note 18. Supplier Concentrations**

The Company sources materials for its business primarily through distributors and has elected to source the majority of its purchasing volume through a few large distributors in order to drive volume discounts and price concessions. For the years ended December 31, 2010, 2009 and 2008, the Company had one supplier that represented 46%, 44% and 47% of its material purchases, respectively, and approximated 31% and 35% of total accounts payable at December 31, 2010 and 2009, respectively. RCR had one additional supplier that represented 28%, 25% and 23% of its material purchases for the years ended December 31, 2010, 2009 and 2008, respectively, and approximated 46% and 26% of total accounts payable at December 31, 2010 and 2009, respectively. The Company believes that the volume it sources through these two suppliers could be redirected to other available distributors and suppliers with minimal disruption to its business if either of these two suppliers were to discontinue doing business.

**Note 19. Disaggregation from AMPAM**

On November 30, 2005, RCR and each of the other operating affiliates of AMPAM entered into a "Separation and Stockholders Agreement" ("Separation Agreement") whereby each operating company (a) repaid their allocated portion of the AMPAM Revolving Credit and Term loans; (b) agreed to settle their intercompany reimbursement accounts; and (c) agreed to certain allocations of recoveries received, taxes payable and on-going wind-down costs of AMPAM. Simultaneous with the execution of the Separation Agreement, (a) AMPAM adopted a Plan of Distribution; (b) AMPAM distributed all of the capital stock of each operating company to the existing shareholders in accordance with such plan and AMPAM's Amended and Restated Certificate of Incorporation; (c) AMPAM filed a Certificate of Dissolution with the State of Delaware; and (d) each operating company issued replacement Warrants to each holder of AMPAM 11% and 14% stock warrants. These Warrants expired unexercised on October 4, 2009.

**Note 20. Recent Financial Performance and Management's Outlook for the Future**

Due to the on-going downturn in the global economy, reduced liquidity in the financial markets, rising foreclosures, customer business failures, irrational competition and significant swings in the commodity markets, the past three years have been extremely difficult for the Company. As a result of these factors, RCR posted its third consecutive annual operating loss in the thirty-three year history of the Company during the year ended December 31, 2010. The loss in 2010 was primarily attributable to the expiration of the Federal and California Homebuyer tax credits that effectively pushed demand for new homes into the first half of the year and minimized production releases for new homes in the latter half of the year, as well as aggressive price reductions by competitors during the last half of the year that reduced margins on new work that became available.

Throughout this recession, RCR has taken major steps to lower its operating costs by closing facilities and consolidating operations, reducing overhead and streamlining internal processes to realize operating efficiencies, as well as restructured its credit line to enable the Company to weather the current economic conditions. In addition, the Company has aggressively diversified its customer base into other residential and commercial markets, including apartments, hospitality, senior housing and mixed-use projects and, during 2010, expanded its contracting trades to include HVAC as well as firesprinklers. RCR also continued to execute on a number of initiatives in 2010 to conserve working capital through reductions in inventory levels, increased emphasis on the collection of past due/doubtful accounts, and sales of excess fixed assets, as well as the relocation of facilities and/or renegotiation of expiring leases at reduced rental rates. Management believes that these steps continue to position the Company to not only survive the current global recession, but also quickly return to profitability once the economy improves and construction begins to rebound. While there can be no assurances as to when the continuing government initiatives to loosen credit, reduce foreclosures, stem rising unemployment and boost consumer confidence will improve the economic landscape, RCR remains committed to continue to assess the performance of its business and relentlessly drive improvements in its working capital and cost structure. Management believes that the dedication and commitment of its employees to reinvent the Company in light of the current economic challenges by identifying new customers, expanding trade offerings, improving operating efficiencies, demonstrating RCR's ability to bring added-value to our customer relationships, and leveraging the Company's longstanding relationships with our vendors, will allow RCR to weather this unprecedented downturn in the construction industry.

**Note 21. Subsequent Events**

On February 1, 2011, the Company executed Amendment One to the PNC Restated Credit Agreement that released PNC's security interest in certain collateral supporting the personal guarantee by RCR's Sole Shareholder and reduced the amount of the revolving credit facility to \$6.5 million. RCR is currently continuing discussions with PNC for a waiver of its continuing breach of the Company's financial covenants. As of April 15, 2011, the Company has received a preliminary term sheet from PNC to renew the credit facility for a two-year term and reset its financial covenants. RCR is in the process of evaluating the proposed terms from PNC and expects to be able to finalize the terms and renew the credit facility prior to its expiration.

DATE: 09/30/11  
 TIME: 18:00:56  
 DEPT NAME: Department: Summary

RCR PLUMBING & MECHANICAL  
 SUMMARY COMPARATIVE BALANCE SHEET CY/PY  
 PERIOD END DATE: 09/31/11

PAGE#: 1  
 RPT ID: D3  
 DEPTH: Summary

	-----YEAR-TO-DATE-----	
	-----ACTUAL-----	
	2011	2010
<b>CURRENT ASSETS</b>		
CASH	1,545,641	2,352,700
RESTRICTED CASH	0	2,291,812
TRADE RECEIVABLES	9,148,553	6,307,029
OTHER RECEIVABLES	528,774	618,817
ADVANCE REIMBURSEMENT ACCOUNT	0	0
INVENTORY	1,390,365	1,284,359
BILLINGS > COSTS & REV	3,025,066	1,452,453
PREPAID EXPENSES	622,927	1,445,985
DEFERRED TAX BENEFIT	206	32,008
<b>TOTAL CURRENT ASSETS</b>	<b>16,261,532</b>	<b>15,720,746</b>
<b>TOTAL FIXED ASSETS</b>	<b>490,481</b>	<b>764,593</b>
<b>OTHER ASSETS</b>	<b>112,741</b>	<b>166,128</b>
DEFERRED INCOME TAX 1910	0	1,575,433
<b>TOTAL ASSETS</b>	<b>16,864,754</b>	<b>18,226,899</b>

CONFIDENTIAL



DATE: 09/30/11  
TIME: 18:00:56  
DEPT NAME: Department Summary

RCR PLUMBING & MECHANICAL  
SUMMARY COMPARATIVE BALANCE SHEET CY/PY  
PERIOD END DATE: 08/31/11

PAGE#: 2  
RPT ID: B3  
DEPT#: Summary

		-----YEAR-TO-DATE-----	
		-----ACTUAL-----	
		2011	2010
<b>CURRENT LIABILITIES</b>			
ACCOUNTS PAYABLE		9,301,350	4,278,768
ACCRUED INTEREST		42,038	25,352
ACCRUED LOSSES ON CONTRACTS	2105	0	8,000
ACCRUED PAYROLL		631,531	479,133
ACCRUED BONUS		0	0
ACCRUED VACATION		4,674	47,320
ACCRUED WARRANTY	2160	551,750	605,500
ACCRUED INSURANCE PROGRAMS		1,036,947	1,113,786
BILLINGS IN EXCESS OF COSTS		1,984,365	1,147,612
INSURANCE FINANCING-AFCO	2410	0	25,501
CURRENT MATURITIES LT DEBT		0	0
OTHER ACCRUALS		100,819	174,486
ACCRUED FEDERAL INCOME TAX	2350	0	102-
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,653,474</b>	<b>7,995,355</b>
<b>LONG TERM LIABILITIES</b>			
Other Debt		0	0
LONG TERM DEBT		0	0
OTHER LONG TERM LIABILITIES		3,780,000	4,050,000
RELATED PARTY LOAN	2750	1,225,000	0
<b>TOTAL LONG TERM</b>		<b>5,005,000</b>	<b>4,050,000</b>
<b>TOTAL LIABILITIES</b>		<b>18,658,474</b>	<b>12,045,355</b>
<b>EQUITY</b>			
CAPITAL		423,502	148,502
RETAINED EARNINGS - CURRENT YEAR		4,144,167-	1,007,843-
RETAINED EARNINGS - PRIOR YEAR		1,926,946	7,040,865
<b>TOTAL EQUITY</b>		<b>1,793,719-</b>	<b>6,181,544</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>16,864,754</b>	<b>18,226,899</b>

CONFIDENTIAL

DATE: 09/30/11  
 TIME: 17:51:05  
 DEPT NAME: Department Summary

RCR PLUMBING & MECHANICAL  
 SUMMARY COMPARATIVE INC STMT CY V PY  
 PERIOD END DATE: 08/31/11

PAGE#: 1  
 RPT ID: IC  
 DEPTH: Summary

	2011		2011		2010	
	ACTUAL	ROW%	ACTUAL	ROW%	ACTUAL	ROW%
TOTAL REVENUE	5,542,228	100.0	33,060,353	100.0	36,112,846	100.0
DIRECT COSTS	4,845,555	87.4	28,674,763	86.7	28,638,150	79.3
TOTAL INDIRECT EXPENSES	692,073	12.5	4,623,873	14.0	4,999,120	13.8
GROSS OPERATING PROFIT	4,600	0.1	238,283	0.7	2,475,576	6.9
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative	672,377	12.1	3,814,599	11.5	3,888,627	10.8
RESTRUCTURING CHARGES	0	0.0	0	0.0	0	0.0
CORP ACCTG & MGMT	0	0.0	0	0.0	0	0.0
AMPAM ALLOCATED OVERHEAD	0	0.0	0	0.0	25,732	0.1
TOTAL G & A EXPENSES	672,377	12.1	3,814,599	11.5	3,862,895	10.7
TOTAL OPERATING PROFIT	667,776	12.1	4,052,882	12.3	1,387,319	3.8
OTHER INCOME & EXPENSE						
INTEREST COSTS	21,519	0.4	120,483	0.4	109,103	0.3
SHORT LOAN COMM FEE	4,485	0.1	84,734	0.3	83,388	0.2
OTHER INCOME (EXPENSE)	5,749	0.1	116,332	0.4	53,023	0.2
TOTAL OTHER INC & EXP	20,259	0.4	88,885	0.3	139,468	0.4
INC. BEFORE TAX	688,031	12.4	4,141,767	12.5	1,526,787	4.2
FEDERAL INCOME TA 9800	0	0.0	2,400	0.0	518,944	1.4
Net Profit	688,031	12.4	4,144,167	12.5	1,007,843	2.8
SUPPLEMENTAL INFORMATION						
DEPRECIATION	20,213	0.4	182,652	0.6	243,291	0.7
(GAIN) LOSS ON SALE OF ASSETS	4,800	0.1	30,634	0.1	13,700	0.0

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**RCR Plumbing and Mechanical, Inc.  
Statement of Cash Flows  
For the Month Ended August 31, 2011**

	<u>8/31/2011</u>	<u>7/31/2011</u>	MTD Cash Flow <u>Source/(Use)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)			(688)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>			(688)
Depreciation and amortization	20	4	25
Provision for doubtful accounts			12
Provision for excess and obsolete inventories			4
Deferred income taxes			-
Loss (gain) on disposal of property, plant and equipment			(5)
<u>Changes in operating assets and liabilities, net of acquisitions:</u>			(5)
Accounts receivable			(493)
Inventories			(48)
Costs and estimated earnings in excess of billings on uncompleted contracts			(274)
Restricted cash			35
Prepaid expenses and other current assets			67
Accounts payable			504
Accrued expenses			39
Billings in excess of costs and estimated earnings on uncompleted contracts			208
Other non-current assets			0
Other non-current liabilities			-
Net cash provided by (used in) operating activities			<u>(614)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment			0
Proceeds from the sale of property and equipment			5
Net cash used in investing activities			<u>5</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Borrowings under insurance premium financings			-
Principal payments on insurance premium financings			-
Borrowings under revolving credit facility			-
Principal payments on revolving credit facility			-
Principal payments on term loan			-
PNC Commitment Fees			-
Principal payments on capital leases and other long-term debt arrangements			(5)
Subordinated Debt Proceeds			-
Capital contribution			-
Net cash used in financing activities			<u>(5)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			<b>(614)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>			<b>2,160</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>			<b><u>1,546</u></b>

**RCR Plumbing and Mechanical, Inc.  
Statement of Cash Flows  
Eight Months Ended August 31, 2011**

	<u>8/31/2011</u>	<u>12/31/2010</u>	<u>YTD Cash Flow Source/(Use)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)			(4,144)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>			
Depreciation and amortization			(4,144)
Provision for doubtful accounts	183	85	267
Provision for excess and obsolete inventories			3
Deferred income taxes			(3)
Loss (gain) on disposal of property, plant and equipment			-
<u>Changes in operating assets and liabilities, net of acquisitions:</u>			
Accounts receivable			(31)
Inventories			(3,930)
Costs and estimated earnings in excess of billings on uncompleted contracts			(516)
Restricted cash			(1,927)
Prepaid expenses and other current assets			2,677
Accounts payable			254
Accrued expenses			5,225
Billings in excess of costs and estimated earnings on uncompleted contracts			(236)
Other non-current assets			869
Other non-current liabilities			1
Net cash provided by (used in) operating activities			<u>          (1,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment			(7)
Proceeds from the sale of property and equipment			40
Net cash used in investing activities			<u>          33</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Borrowings under insurance premium financings			-
Principal payments on insurance premium financings			(136)
Borrowings under revolving credit facility			-
Principal payments on revolving credit facility			-
Principal payments on term loan			-
PNC Loan commitment fees			-
Principal payments on capital leases and other long-term debt arrangements			(108)
Subordinated Debt Proceeds			-
Capital contribution			1,225
Net cash used in financing activities			<u>          300</u>
			<u>          1,280</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
CASH AND CASH EQUIVALENTS, beginning of period			(179)
CASH AND CASH EQUIVALENTS, end of period			<u>          1,725</u>
			<u>          1,546</u>

**EXHIBIT 6**

RCR Plumbing & Mechanical, Inc.  
BALANCE SHEET  
(ACCRUAL BASIS ONLY)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Total
<b>Sales/Revenue</b>									
Gross Sales/Revenue	2,235,202	4,390,044.75	3,707,127	3,031,028	2,407,433	2,534,398	1,855,450	1,631,941	21,782,824
Less: Returns/Discounts	-	(53,284.59)	(30,259)	(20,753)	(48,194)	(62,847)	(1,769)	-	(167,470)
Net Sales/Revenue	2,235,202	4,326,760.16	3,676,869	3,010,266	2,359,239	2,471,550	1,853,680	1,631,941	21,615,353
<b>Cost of Goods Sold</b>									
Beginning Inventory at cost	1,489,297	1,239,591.55	956,637	743,294	543,998	493,992	391,952	261,049	6,109,630
Purchases	1,036,967	2,535,833.16	1,923,373	1,526,192	1,217,874	1,442,923	993,393	1,114,442	11,750,997
Less Ending Inventory at Cost	1,239,592	936,336.57	743,234	543,988	493,992	391,952	261,049	149,834	4,770,227
Cost of Goods Sold	1,286,662	2,818,858.15	2,136,616	1,725,498	1,267,870	1,554,963	1,114,296	1,225,637	13,130,400
Gross Profit	948,540	1,507,902.01	1,540,243	1,284,768	1,091,369	916,587	739,385	455,959	8,484,753
Other Operating Profit (Itemize)	-	-	-	-	-	-	-	-	-
<b>Operating Expenses:</b>									
Payroll - Insiders	25,398	41,011.49	42,864	46,992	31,825	33,306	31,825	34,787	288,099
Payroll - Other Employees	719,668	1,147,159.20	1,104,217	1,029,245	899,073	842,433	608,723	520,714	6,870,228
Payroll Taxes	84,294	89,473.80	92,472	166,298	110,084	81,292	61,301	42,588	709,773
Other Taxes (Itemize)	-	-	-	13,000	487	81,292	13,000	-	26,467
Depreciation and Amortization	14,463	21,469.80	16,459	16,356	15,751	23,529	16,180	17,562	143,780
Rent Expense - Real Property	23,127	36,095.27	25,513	36,152	36,329	36,082	38,502	28,987	260,697
Rent Expense - PP	6,830	9,536.16	8,888	9,789	9,176	9,176	9,118	10,667	73,499
Insurance	108,880	186,100.86	228,064	222,265	209,681	112,765	173,114	155,109	1,994,889
Real Property Taxes	4,623	7,468.00	7,468	7,468	7,468	3,301	3,300	3,300	44,395
Telephone & Utilities	21,944	29,819.17	23,964	32,456	27,211	31,119	28,224	27,856	222,624
Repairs & Maintenance	5,714	5,114.07	3,457	3,276	5,979	4,917	5,580	3,998	40,035
Travel & Entertainment	5,895	16,140.89	3,910	3,857	4,620	3,125	3,104	2,855	43,676
Miscellaneous Operating Expenses (Itemize)	195,644	297,112.32	169,631	211,244	202,671	215,225	55,214	97,288	1,444,031
Total Operating Expenses	1,186,558	1,866,410.13	1,728,808	1,800,397	1,560,753	1,396,270	1,049,276	945,822	11,562,295
Net Gain/(Loss) from Operations	(248,018)	(378,508.12)	(186,565)	(515,629)	(469,384)	(479,684)	(309,892)	(489,863)	(3,077,542)
<b>Non Operating Income</b>									
Interest Income	179	120.38	100	107	97	100	103	103	909
Net Gain on Sale of Assets	3,200	535.00	-	-	-	-	25,733	81,610	111,076
Other (Itemize)	6,885	7,280.23	5,615	10,116	82,879	7,734	145,039	89,912	371,340
Total Non-Operating Income	10,244	7,935.61	5,615	19,223	82,879	7,833	170,875	179,625	483,327
<b>Non Operating Expenses:</b>									
Interest Expense	2,541	20,229.00	6,866	15,695	28,142	25,244	12,739	15,190	126,646
Legal & Professional (Itemize)	104,447	211,428.71	240,654	217,086	209,988	198,003	466,453	136,534	1,784,574
Other (Itemize)	-	90,073.00	-	-	-	17,824	(1,926)	154,613	260,584
Total Non-Operating Expenses	108,988	321,730.71	247,520	232,662	238,130	241,071	477,266	308,337	2,171,704
Net Income (Loss)	(344,761)	(692,303.22)	(428,470)	(729,089)	(624,538)	(712,921)	(616,289)	(617,575)	(4,765,919)

RCR Plumbing & Mechanical, Inc.  
 BALANCE SHEET  
 (ACCRUAL BASIS ONLY)

ASSETS	May 31, 2012
<b>CURRENT ASSETS</b>	
UNRESTRICTED CASH	3,177,005
RESTRICTED CASH	737,901
ACCOUNTS RECEIVABLE	5,225,921
INVENTORY	149,854
NOTES RECEIVABLE	-
PREPAID EXPENSES	271,047
OTHER (ITEMIZE)	1,225,292
<b>TOTAL CURRENT ASSETS</b>	<u>10,787,020</u>
PROPERTY, PLANT AND EQUIPMENT	4,604,119
ACCUMULATED DEPRECIATION/DEPLETION	(4,320,746)
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<u>283,373</u>
<b>OTHER ASSETS (NET OF AMORTIZATION)</b>	
DUE FROM INSIDERS	0
OTHER (ITEMIZE)	0
<b>TOTAL OTHER ASSETS</b>	<u>0</u>
<b>TOTAL ASSETS</b>	<u><u>11,070,394</u></u>
<b>LIABILITIES</b>	
<b>Post petition Liabilities</b>	
Accounts Payable **	1,428,957
Taxes Payable	44,714
Notes Payable	-
Professional Fees	866,753
Secured Debt	-
Other (Itemize)	1,270,863
<b>Total Post-Petition Liabilities</b>	<u>3,611,286</u>
<b>Pre-petition Liabilities</b>	
Secured Liabilities	1,225,000
Priority Liabilities	-
Unsecured Liabilities	14,694,327
Other (Itemize)	-
<b>Total Pre-petition Liabilities</b>	<u>15,919,327</u>
<b>TOTAL LIABILITIES</b>	
<b>EQUITY</b>	
Pre-Petition Owner's Equity	(2,745,666)
Post-Petition Profit/(Loss)	(4,763,500)
Direct Charges to Equity (Itemize)	(951,053)
<b>TOTAL EQUITY</b>	<u>(8,460,219)</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>11,070,394</u></u>

**EXHIBIT 7**



RCR Plumbing & Mechanical  
Financial Projections

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
Collection of Existing AR	2,160,611	3,284,389	568,398	382,287	8,698	56,315	218,797	43,326	43,326	43,326	43,326	43,345	265,766
Collection of Projected Billings	2,582	17,883	2,306,212	2,283,609	1,233,817	693,874	218,797	43,326	43,326	43,326	43,345	43,345	7,058,202
Insurance Refunds	-	-	-	-	-	-	-	-	-	-	-	-	260,773
<b>Total Receipts</b>	<b>2,163,193</b>	<b>3,302,272</b>	<b>2,874,610</b>	<b>2,665,896</b>	<b>1,242,515</b>	<b>750,189</b>	<b>218,797</b>	<b>43,326</b>	<b>43,326</b>	<b>43,326</b>	<b>43,345</b>	<b>43,345</b>	<b>14,045,438</b>
Job Labor	(516,753)	(448,253)	(271,109)	(145,028)	(31,291)	(10,176)	(10,176)	(10,176)	(10,181)	-	-	-	(1,493,443)
Job Materials	(995,039)	(914,200)	(610,846)	(415,150)	(151,161)	(17,653)	(27,374)	(29,837)	(29,850)	-	-	-	(3,191,111)
Joint Checks (Job Materials)	(234,475)	(355,094)	(490,020)	(355,692)	(255,343)	(79,695)	(60,421)	(62,647)	(62,648)	-	-	-	(1,830,699)
Subcontracting Costs	(34,523)	(116,255)	(196,882)	(186,365)	(118,332)	(45,541)	(35,183)	(2,647)	(2,648)	-	-	-	(738,376)
Warranty Costs	(31,667)	(26,446)	(15,995)	(15,995)	(15,995)	(15,995)	(15,995)	(15,995)	(15,995)	-	-	-	(170,076)
Payroll, Taxes & Benefits - Indirect	(219,143)	(176,943)	(156,112)	(156,112)	(156,112)	(156,112)	(156,112)	(156,112)	(156,112)	-	-	-	(702,482)
Insider Compensation, Taxes & Benefits	(30,556)	(30,556)	(30,556)	(30,556)	(30,556)	(30,556)	(30,556)	(30,556)	(30,556)	-	-	-	(258,679)
Rent & Occupancy	(76,721)	(36,491)	(35,322)	(43,888)	(23,988)	(24,163)	(2,300)	(2,300)	(2,300)	-	-	-	(254,572)
Pick Vehicles - Maintenance	(111,016)	(110,786)	(61,050)	(35,475)	(9,500)	(5,775)	(2,475)	-	-	-	-	-	(336,477)
Division Office	(18,221)	(18,107)	(11,808)	(5,713)	(3,922)	(3,922)	(3,922)	(3,922)	(3,922)	-	-	-	(71,146)
Info Tech	(12,654)	(26,254)	(6,913)	(98,143)	(108,143)	(421)	(421)	(421)	(421)	-	-	-	(61,728)
Insurance	(98,143)	(98,143)	(98,143)	(98,143)	(98,143)	(98,143)	(98,143)	(98,143)	(98,143)	-	-	-	(32,059)
Indirect Costs	(22,188)	(18,530)	(11,207)	(3,995)	(2,124)	(1,76)	(1,76)	(1,76)	(1,76)	-	-	-	(32,764)
Office Expense	(5,281)	(5,281)	(5,281)	(5,281)	(5,281)	(5,281)	(5,281)	(5,281)	(5,281)	-	-	-	(13,983)
Travel	(6,533)	(6,533)	(6,533)	(6,533)	(6,533)	(6,533)	(6,533)	(6,533)	(6,533)	-	-	-	(24,165)
Bank Fees	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	-	-	-	(11,111)
Legal & Professional - Ordinary Course	(41)	(41)	(13,041)	(5,021)	(16,021)	(5,55)	(278)	(278)	(278)	-	-	-	(6,387)
Utilities	(1,111)	(1,111)	(1,111)	(1,111)	(1,111)	(1,111)	(1,111)	(1,111)	(1,111)	-	-	-	(4,232)
Reimbursable Employee Expenses	(1,639)	(1,639)	(1,639)	(819)	(819)	(410)	(410)	(410)	(410)	-	-	-	(9,809,650)
Other	(2,439,108)	(2,393,771)	(2,040,500)	(1,444,923)	(831,031)	(273,880)	(171,059)	(88,090)	(81,607)	(14,454)	(14,454)	(16,276)	(9,809,650)
Operating Disbursements	(2,755,915)	(908,501)	834,110	1,220,973	411,484	476,309	47,738	(44,764)	(38,281)	28,872	28,891	637,869	4,235,788
Operating Cash Flows	(592,722)	3,909,501	1,034,101	1,420,973	411,484	476,309	47,738	(44,764)	(38,281)	28,872	28,891	637,869	4,235,788
Asset Sales	-	150,000	77,500	77,500	12,500	10,000	7,500	-	150,000	-	-	-	485,000
P&C Fees (Professional + LOC Fees)	(33,720)	150,000	77,500	43,780	1,260	10,000	(250,000)	-	150,000	-	-	-	(328,680)
Investing & Financing	(33,720)	150,000	77,500	43,780	1,260	10,000	(250,000)	-	150,000	-	-	-	156,320
Buy Bonus	-	-	(31,516)	(17,728)	(12,344)	(19,697)	(118,183)	-	-	-	-	-	(291,650)
Debtor's Counsel	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	-	-	-	-	-	(500,000)
Debtor's Financial Advisor	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	-	-	-	-	-	(175,000)
KCC	(1,500)	(1,500)	(1,500)	(7,500)	(7,500)	(7,500)	-	-	-	-	-	-	(27,000)
Creditor's Committee Counsel	(30,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(200,000)	-	-	-	-	-	(375,000)
US Trustee Fees	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(9,750)	-	-	-	-	-	(53,750)
Reorganization	(139,500)	(101,500)	(133,016)	(138,228)	(119,884)	(127,197)	(553,570)	-	-	-	-	-	(92,183)
Payments to RCR/PNC Reserve Account *	-	-	(163,893)	(1,407,732)	(2,602,658)	(500,000)	-	-	-	-	-	-	(4,174,283)
Payments on 503(D)(9) Claims	-	-	-	-	-	-	-	-	-	-	-	-	(625,473)
Net Cash Flows	(449,135)	957,001	614,701	(281,266)	(2,309,758)	(1,40,888)	(748,332)	(44,764)	111,719	28,872	28,891	79,787	(2,312,685)
Beginning Cash - at Wells Fargo	2,585,570	2,196,435	3,093,436	3,708,137	3,426,931	1,117,173	976,284	227,952	183,189	294,908	323,780	352,671	2,585,570
Ending Cash - at Wells Fargo	2,136,435	3,093,436	3,708,137	3,426,931	1,117,173	976,284	227,952	183,189	294,908	323,780	352,671	272,684	272,684

\* - Total payments into RCR/PNC Reserve Account per Cash Stipulation are calculated to include \$653,717 already held in the account at March 2012; total projected in account at August 31, 2012 will be \$4,828,000.

**RCR Plumbing & Mechanical  
Projected Sources & Uses of Cash**

Scenario -->

	\$	Low	%	\$	Medium	%	\$	High	%
<b>Sources</b>									
Beginning Cash - Wells Fargo		\$2,585,570			\$2,585,570			\$2,585,570	
Beginning Cash - PNC Bank		653,717			653,717			653,717	
Projected Cash from Operations		3,975,015			3,975,015			3,975,015	
Insurance Policy Refunds		260,773			260,773			260,773	
Asset Sales		485,000			485,000			485,000	
		<u>\$7,960,074</u>			<u>\$7,960,074</u>			<u>\$7,960,074</u>	
<b>Uses</b>									
PNC Bank Letter of Credit - Ace American Insurance		3,553,000	100.0%	(\$3,553,000)	100.0%	(\$2,438,824)	100.0%	(\$1,324,648)	100.0%
PNC Bank Letter of Credit - Arch Insurance		1,275,000	100.0%	(1,275,000)	100.0%	(875,176)	100.0%	(475,352)	100.0%
PNC Bank Letter of Credit - Quarterly Fees + Professionals		328,680	100.0%	(328,680)	100.0%	(328,680)	100.0%	(328,680)	100.0%
Robert C. Richey Family Trust		1,225,000	100.0%	(1,225,000)	100.0%	(1,225,000)	100.0%	(1,225,000)	100.0%
Administrative Claims - Accounts Payable		0	62.4%	(0)	100.0%	(0)	100.0%	(0)	100.0%
Administrative Claims - Slay Bonus Plan		291,650	62.4%	(181,916)	62.4%	(291,650)	100.0%	(291,650)	100.0%
Administrative Claims - Professional Fees		1,077,637	62.4%	(672,171)	62.4%	(1,077,637)	100.0%	(1,077,637)	100.0%
Administrative Claims - US Trustee Fees		35,750	62.4%	(22,299)	62.4%	(35,750)	100.0%	(35,750)	100.0%
Administrative Claims - 503(b)(9) Claims		1,125,473	62.4%	(702,009)	62.4%	(702,052)	100.0%	(278,630)	100.0%
507(a)(8) Priority Tax Claims - California BOE		15,154	0.0%	0	0.0%	(15,154)	100.0%	(15,154)	100.0%
General Unsecured Creditors		13,770,336	0.0%	(0)	0.0%	(970,152)	6.8%	(2,907,573)	19.9%
		<u>(\$7,960,074)</u>		<u>(\$7,960,074)</u>		<u>(\$7,960,074)</u>		<u>(\$7,960,074)</u>	

**Key Assumptions**

The key assumption between each of the scenarios are described below.

PNC Bank Letters of Credit (Arch and Ace): The actual range of the liability is likely to be determined based on claims estimation hearing. The key assumptions for each scenario include:

- Low - Includes the maximum amount is drawn upon the letters of credit.
- Medium - Assumes the exposure is the average between the LOW and HIGH scenarios.
- High - Assumes the exposure for letters of credit is \$1.8 million (Workers' Compensation), which approximates the amounts set forth in an actuarial report obtained by the Debtor prior to the petition date. The remaining exposure is assumed to be \$0.

503(b)(9) Claims: The Debtor believes that certain holders of these claims received preferential payments thereby reducing the respective 503(b)(9) claims.

- Low - No credit is received by the Debtor for preference claims.
- Medium - Assumes the exposure is the average of the Low and High scenarios, resulting in remaining 503(b)(9) Claims of \$702,052.
- High - The reduction of the total claims are based on individual preference analysis for each significant holder of 503(b)(9) claims for aggregate reductions totaling \$846,843.

**EXHIBIT 8**

**RCR Plumbing & Mechanical, Inc.**  
**Chapter 7 Liquidation Analysis**

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**General Assumptions**

In chapter 7 bankruptcy, a trustee (the "*Chapter 7 Trustee*") is appointed to manage a debtor's affairs and conduct a liquidation. Accordingly, the Liquidation Analysis assumes Chapter 7 Trustee would be required to liquidate and would do so on an expedited, but orderly basis. The Debtor would be forced to cease substantially all operations immediately and the Chapter 7 Trustee would use the Debtor's cash position to liquidate all assets and pay priority claims.

The likely consequences of the conversion of the Debtor's chapter 11 case to a cases under chapter 7 of the Bankruptcy Code include the following:

- The liquidation would need to be expedited but orderly wind-down to maximize recovery values.
- Recoveries do not reflect any potential negative impact on the distributable value available to the Debtor's creditors on account of any potential unknown and contingent liabilities, including, but not limited to, environmental obligations, unknown claims, rejection claims or litigation claims.

The following table summarizes the estimated proceeds that would be available for distribution to the Debtor's creditors in a hypothetical liquidation of the Debtor's estate under chapter 7 of the Bankruptcy Code. The result is based on an average of two projected scenarios, a "Low" or conservative case and a "High" case, both are based on the projected recoveries from the liquidation of assets.

**RCR Plumbing & Mechanical, Inc.**  
**Chapter 7 Liquidation Analysis (As of May 31, 2012)**

	Notes	Book Value as of 5/31/12	Estimated Recovery %		Estimated Liquidation Value	
			Low	High	Low	High
Unrestricted Cash	[1]	3,177,005	100%	100%	3,177,005	3,177,005
Restricted Cash	[2]	737,901	100%	100%	737,901	737,901
Accounts Receivable, net	[3]	5,225,921	32%	74%	1,653,537	3,849,708
Costs in Excess of Billings (VIP)	[4]	865,432	0%	20%	-	173,090
Inventory, net	[5]	149,854	20%	50%	29,971	74,927
Prepaid Expenses & Other	[6]	630,889	29%	50%	181,468	317,039
Leaseholds, Furniture, Equipment & Vehicles	[7]	283,373	20%	40%	56,675	113,349
<b>Gross Proceeds Available for Distribution</b>		<b>11,070,395</b>	<b>53%</b>	<b>76%</b>	<b>5,836,556</b>	<b>8,443,019</b>
<b>Less:</b>						
Trustee Fees					(198,347)	(276,541)
Professional Fees	[8]				(119,008)	(165,924)
Wind-down Costs	[9]				(13,000)	(26,000)
<b>Total Chapter 7 Administrative Costs</b>					<b>(330,355)</b>	<b>(468,465)</b>
<b>Net Proceeds Available for Distribution to Creditors</b>					<b>5,506,202</b>	<b>7,974,554</b>
<b>Secured Claims</b>						
PNC Bank (Letters of Credit)	[11]	4,828,000	100%	100%	(4,828,000)	(4,828,000)
Robert C. Richey Family Trust	[13]	1,225,000	0%	100%	-	(1,225,000)
		<b>6,053,000</b>			<b>678,202</b>	<b>1,921,554</b>
Administrative Claims (incl. 503b9)	[10]	4,776,401	14%	40%	(678,202)	(1,921,554)
<b>Proceeds Available for Unsecured Claims</b>					<b>-</b>	<b>-</b>
<b>Unsecured Claims</b>						
Priority Taxes		23,855	0%	0%	-	-
General Unsecured	[12]	13,730,694	0%	0%	-	-
<b>Total Unsecured Claims</b>		<b>13,754,549</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>LOW-HIGH AVERAGE (MEAN) PROCEEDS AVAILABLE FOR UNSECURED CLAIMS</b>					<b>\$</b>	<b>-</b>
<b>RECOVERY %</b>						<b>0.0%</b>

**RCR Plumbing & Mechanical, Inc.**  
**Chapter 7 Liquidation Analysis (As of May 31, 2012)**

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Notes & Significant Assumption to Liquidation Analysis

- [1] Unrestricted cash consist of all cash held at Wells Fargo Bank.
- [2] Restricted cash consist of funds held at PNC Bank securing letters of credit issued in favor of insurance companies that provided workers compensation and general liability insurance policies.
- [3] Consist of amount due from customers. In the event a customer project in process is not completed, it is likely the customer may assert offsets against the accounting receivable including but not limited to, contractor replacement costs, damages due to project delays and back charges for estimated future warranty work. In the "Low" column, the collections include only those projects that are complete. In the "High" column, includes 100% collection for projects that are 100% complete and collections for projects still in progress for which work completed less a discount of 40% for offsets claims.
- [4] Costs in excess of billings represents work completed whereby the Debtor does not have a contractual right to bill the respective project milestone as set forth in the contract has not been achieved. As a result, in the event of a liquidation, the amounts will not be recoverable as the customer will have to hire a replacement contractor to complete the work.
- [5] Unused materials will be sold at auction.
- [6] Consist primarily of prepaid insurance premiums, software licenses and rent. To the extent the insurance premium is not fully earned or is not subject to a minimum premium, the respective amount is deemed recoverable. Software licenses are non-cancellable and not recoverable. Prepaid rent is deemed
- [7] Leaseholds, furniture, equipment and vehicles include assets that are significantly depreciated and may not result in significant liquidation value. Approximately 50% of the book value consist of leasehold improvements with no realizable value. An appraisal has not performed or obtained for these
- [8] Professional fees consist of the estimated cost of lawyers, accountants and liquidators employed by a Chapter 7 Trustee. These amounts are estimated at 60% of the Trustee's fees.
- [9] Wind-down costs include the estimated costs of the Debtor's personnel to assist with the final accounting. The amount has been estimated at one month of payroll for the "Low" column and two months for the "High" column.
- [10] Includes estimated 503(b)(9) claims for goods shipped prior to the petition date.
- [11] Amounts include of outstanding irrevocable standby letters of credit issued by PNC Bank in favor of Ace American Insurance Co. and Arch Insurance Co. to secure insurance policies. Under a Chapter 7 liquidation, RCR would not be entitled to a discharge and would have little, if any, ability to limit the draws against the letters of credit. It is assumed is the underlying letters of credit would be drawn down in their entirety in a Chapter 7.
- [12] Subject to claims analysis for which the claims bar date of March 30, 2012. Excludes contract rejection damages, construction defect claims, etc. that have not been quantified at this time.
- [13] The Committee is reserving its rights to dispute the classification of this claim.

### PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

**650 Town Center Drive, Suite 950, Costa Mesa, California 92626**

A true and correct copy of the foregoing document entitled (*specify*):**FIRST AMENDED DISCLOSURE STATEMENT DESCRIBING FIRST AMENDED CHAPTER 11 PLAN** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **June 26, 2012**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL:**

On **June 26, 2012**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **June 27, 2012**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Personal Delivery

The Hon. Wayne Johnson, United States Bankruptcy Court, 3420 Twelfth Street, Riverside, CA 92501

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

6/26/2012

*Date*

Terri Jones

*Printed Name*

*Isl Terri Jones*

*Signature*