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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

In re

SEASONS PARTNERS, LLC,

Debtor.

Chapter 11 Case

Case No. 4:17-bk-01746-BMW

**CHAPTER 11 DEBTOR'S DISCLOSURE STATEMENT FOR PLAN OF
REORGANIZATION DATED May 30, 2017**

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Seasons Partners LLC hereby submits the following Chapter 11 Debtor’s Disclosure Statement For Plan of Reorganization Dated May 30, 2017 (the “**Disclosure Statement**”) in connection with the Chapter 11 Debtor’s Plan of Reorganization dated May 30, 2017 (the “**Plan**”).

1
2 **I. Introduction**

3 A. Executive Summary

4 Debtor owns and manages an apartment complex in Tucson Arizona that leases
5 apartments primarily to students at the University of Arizona. Debtor engaged Smith &
6 Smith, PLLC as chapter 11 counsel to facilitate a reorganization. Towards this end, Debtor
7 submits the Plan of Reorganization, a copy of which is attached to this Disclosure Statement
8 as **Exhibit A**. In brief, the Plan provides for the restructuring of the senior lien and payment
9 of unsecured creditors over time.

1 B. General Information

0 Debtor hereby submits this Disclosure Statement to holders of Claims against and
1 Interests in Debtor for the purpose of soliciting acceptance of the Plan.

1 Debtor believes this Disclosure Statement contains the material, important, and
1 necessary information for creditors to arrive at an informed decision in exercising their right
2 to vote for acceptance or rejection of the Plan.

1 Most words or phrases in this Disclosure Statement have their usual and customary
3 meanings. Certain capitalized terms have the same meaning as defined in the Plan. If not
1 otherwise defined, certain terms in this Disclosure Statement have the meaning provided in
4 the Bankruptcy Code or Bankruptcy Rules.

1 Unless otherwise noted, those portions of the Plan and this Disclosure Statement
5 providing factual information concerning Debtor, including assets and liabilities, have been
1 prepared from information submitted by Debtor and professionals retained by Debtor.
6 Debtor’s counsel, and other professionals employed by Debtor, have used all relevant, non-

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privileged information in the possession of Debtor in preparing this Disclosure Statement and Plan.

The financial information contained in this Disclosure Statement has not been subjected to an audit by an independent certified public accountant. For that reason, Debtor does not warrant or represent that the information contained in this Disclosure Statement is without any inaccuracy. To the extent practicable, the information has been prepared from Debtor's financial books and records and effort has been made to ensure that all such information is accurate.

The Disclosure Statement and the Plan will classify all creditors into Classes. The treatment of each class of creditors will be set forth in this Disclosure Statement and in the Plan. You should carefully examine the treatment of the Class to which your claim will be assigned.

This Disclosure Statement requires approval by the Bankruptcy Court after notice and a hearing pursuant to Section 1125(b). Once approved, the Disclosure Statement will be distributed with the proposed Plan. Approval of the Disclosure Statement by the Bankruptcy Court does not constitute either certification or approval of Debtor's Plan by the Bankruptcy Court or that the Disclosure Statement is without any inaccuracy. Creditors may vote on the Plan once the Disclosure Statement is approved by the Bankruptcy Court. An approved Disclosure Statement and Ballot will be mailed to holders of claims and interests. The Disclosure Statement Order, attached to this Disclosure Statement as **Exhibit B**, provides in detail the deadlines, procedures, and instructions for voting to accept or reject the Plan of Reorganization, and to object to confirmation.

Finally, no representations concerning Debtor or the Plan are authorized other than as set forth in this Disclosure Statement.

C. Classification of Claims and Interests

The following table designates the Classes of Claims and Interests in Debtor, and specifies the Classes that are impaired by the Plan and entitled to vote to accept or reject the

Plan. A detailed description of the Classes of Claims and Interests is provided in Section VI below.

Class	Designation	Impairment	Entitled to Vote
1	Priority Tax Claims	Yes	Yes
2	Unsecured Priority Non-Tax Claims	Yes	Yes
3	Secured Claim of Somera Road – Seasons Tucson, LLC	Yes	Yes
4	Secured Claim of Bill Jachimek	Yes	Yes
5	Secured Claim of Huntington Bank	Yes	Yes
6	General Unsecured Claims	Yes	Yes
7	Ownership Interest in Seasons Partners	Yes	Yes

D. Voting

As a creditor, your vote is important. All holders of Claims are encouraged to vote. All creditors entitled to vote must cast their vote by completing, dating, and signing the ballot mailed to them with the Disclosure Statement once it is approved. The ballot will contain instructions concerning the deadline for submitting the ballot and the address where the ballot should be mailed.

The Court will confirm the Plan if the requirements of Section 1129 are met. The Court must determine whether the Plan has been accepted by each impaired class entitled to vote. Impaired classes entitled to vote are those classes of claims and interests whose legal, equitable or contractual rights are altered, as defined by Section 1124. In determining acceptance, only those votes submitted by a creditor with a claim listed as undisputed, non-contingent, and liquidated, or who has timely filed a proof of claim or proof of interest, will be counted.

Pursuant to Section 1126(c), for a class of claims to accept the Plan, there must be acceptance by holders of: (a) at least two-thirds of the dollar amount of the Allowed Claims of such class that actually vote on the Plan; and (b) more than one-half in number of the Allowed Claims of such class that actually vote on the Plan. An impaired class of interests is deemed to have accepted the Plan if the Plan has been accepted by at least two-thirds in

amount of the allowed interests who vote on the Plan. Failure to vote does not constitute either an acceptance or a rejection of the Plan.

The Plan may be confirmed under Section 1129(b) even if each class of creditors does not accept the Plan, so long as one impaired class of creditors accepts the Plan. Only the votes of creditors or interested parties whose ballots are timely received will be counted in determining acceptance of the Plan. Ballots must be received by counsel for the Chapter 11 Debtor no later than 5:00 p.m., Arizona time, on [_____], 2017 at the following address:

Gerald K. Smith and John C. Smith Law Offices, PLLC
6720 E. Camino Principal, Suite 203
Tucson, AZ 85715

E. Confirmation Hearing

In accordance with Section 1128 and Bankruptcy Rule 3017(c), a hearing will be held before the Honorable Brenda Whinery, United States Bankruptcy Court, 38 S. Scott Ave., Tucson, AZ 85701, at a time and date to be set by this Court and noticed out to all interested parties, to consider whether the requirements for confirmation have been met and whether the Plan has received the requisite acceptance, or whether the Plan can be confirmed pursuant to Section 1129(b). At the Confirmation Hearing, Debtor will request confirmation of the Plan, as it may be modified.

II. Overview of Debtor and Events Precipitating Bankruptcy

A. Debtor's Property

Seasons Partners owns the Seasons, a 142- unit (500-bed) mid-rise student living apartment community (the "**Property**") built in 2005. It consists of several residential buildings and a clubhouse. It is located at 811 E. Wetmore Rd., Tucson, Arizona. This community contains an average unit size of 1341 square feet. The Property is located near The University of Arizona, which has approximately 42,000 students. The majority of the units are furnished and contain full-service appliances that include washer and dryer, oven and range, microwave, dishwasher, refrigerator with ice maker, garbage disposal and walk-

in closets. This apartment community boasts all the most popular amenities including an elite swimming pool and fitness center, a business center with study lounges and a luxurious movie theater and game room, a social lounge with a fire pit and a tanning salon.

Aside from the Property, Debtor is the owner of miscellaneous personal property that it uses in the operation of its business and maintenance of the Property. Debtor further owns two vehicles, secured by loans, described below, a 2007 GMC W3500 W35042 and a 2004 Dodge Ram 1500 SB.

Since the Petition Date, Debtor's property has been managed by a receiver.

B. Debtor's Corporate History

Seasons Partners was formed by filing Articles of Organization on June 21, 2006. It was owned and managed by Frontier Management Equities, L.L.C., an Arizona limited liability company, and Seasons Partners Delaware LLC, a Delaware limited liability company.

John Fina invested \$1,500,000 in the Property, used for a debt service reserve.

Seasons Partners filed a voluntary chapter 11 bankruptcy petition in the United States Bankruptcy Court, District of Arizona, case no. 4:09-bk-24017-BMW. On November 8, 2010, the bankruptcy court entered its order confirming Debtor's modified plan of reorganization. As a result, among other things, Seasons Partners' sole member was Fina Seasons, LLC, a Delaware limited liability company ("Fina Seasons").

Debtor's ultimate plan of reorganization called for \$1.5 million to be invested by Conix, Inc., a Gettel entity.¹ Gettel contributed the \$1.5 million through Fina Seasons, owned by Conix, Inc. (Gettel) and Fina, 50/50.² Fina Seasons became (and is) the sole member of Debtor. Fina's \$750,000 (1/2 of the \$1.5 million) was borrowed from Conix, which agreed to forgive the debt in consideration of Fina's assignment of 40% of Fina Seasons to Conix.³ On December 7, 2010, Gettel took control of Debtor via notice to John

¹ Id., DE181 at 14-15.

² Third Non-Adverse Modification To Debtor's First Amended Plan Of Reorganization..., No. 4:09-bk-24017, DE 158, at 7.

³ Amendment to Operating Agreement entered into December 6, 2010.

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Fina, so that Gettel controlled 90% of Fina Seasons (and thus Debtor) through Conix and Fina controlled 10%.⁴ Conix assigned its interest in Fina Seasons to Compartments LLC, a Delaware LLC, and Fina assigned his interest to Holy Canoli, LLC, an Arizona LLC.⁵

As indicated, on December 7, 2010, Gettel took control of Fina Seasons. A since disbarred Tucson lawyer – Jeffrey Greenberg – represented Gettel and his entities.

Gettel obtained an additional \$1,000,000 for Property renovations from BMC Apartments, LLC, an Indiana limited liability company, BJP Apartments, LLC, an Indiana liability company, Ivory Energy, LLC, an Oklahoma limited liability company, and Boiler 2000, LLC, an Indiana limited liability company (together “**Lenders**”). The principals of Lenders are Christian Pezzuto and Brett Pezzuto (the “Pezzutos”). Lenders loaned \$1,000,000 to Compartments on or about March 5, 2012, evidenced by four Promissory Notes made and delivered by Compartments to Lenders. Repayment was secured by Compartments’ interest in Fina Seasons by virtue of a Pledge and Security Agreement (the “Pledge”) executed by Compartments.

Debtor, then controlled by Court Gettel and represented by Nancy March of Fennemore Craig and Jeffrey Greenberg⁶ as co-counsel, sought to obtain \$1.5 million in a debt service reserve held by Torchlight Loan Services LLC, fka ING Clarion Capital Loan Services LLC.⁷ In November 2013, Debtor and ING settled the dispute.⁸ ING conditionally agreed to release \$750,000 of the \$1,500,000 debt service reserve to Debtor.⁹

⁴ Letter dated December 7, 2010 from Conix, Inc. to John Fina.

⁵ Second Amendment to Operating Agreement effective January 1, 2011.

⁶ No. 4:09-bk-24017, DE 240 at Exhibit B.

⁷ Motion To Compel Lender To Release Amounts In Debt Service Reserve Account To Debtor In Accordance With Confirmed Plan Of Reorganization And Lender’s Loan Documents, No. 4:09-bk-24017, DE 240.

⁸ Joint Notice Of Filing Executed Settlement Agreement And Request To Vacate Hearing, No. 4:09-bk-24017, DE 316.

⁹ Settlement Agreement and Loan Modification, No. 4:09-bk-24017, DE 316-1, filed November 21, 2013.

The Pezzutos understand that Gettel obtained the \$750,000 without telling them. He used the funds without authority and without compliance with either Debtor's operating agreement or their loans to Compartments.

Gettel Abandons Debtor

Gettel's entities Conix and Compartments are subsidiaries of Variant Holding Company, LLC ("Variant"). On August 28, 2014, Variant filed a voluntary petition for relief under Chapter 11. Thereafter, on January 12, 2016, certain affiliated companies also sought Chapter 11 protection.¹⁰ The Variant Debtors' bankruptcy cases are jointly administered under Case No. 14-12021 and pending before the Honorable Brendan Linehan Shannon in the Delaware Bankruptcy Court.

Variant, and thus Debtor, were managed by Bradley D. Sharp of Development Specialists, Inc. ("DSI") by order of the Delaware bankruptcy court.¹¹ By this time, C-III Asset Management LLC ("C-III") was the servicer for Debtor's secured loan. Neither Debtor nor DSI were actively managing Debtor's property, so that occupancy and net operating income dropped significantly. On October 26, 2015, Variant sought authority to abandon its interest in Debtor to permit C-III's foreclosure.¹² Debtor now believes that C-III was servicer for the secured lender on a number of Variant assets that the CRO sought to restructure in order to preserve equity. The abandonment motion was granted without objection by the Delaware bankruptcy court's November 12, 2015 order.¹³

Gettel Defaults With The Investors

¹⁰ Debtor's Motion For Order: (I) Authorizing Debtor To Abandon Its Indirect Membership Interests In Seasons Partners, LLC; and (II) Authorizing Debtor To Take All Necessary And Appropriate Actions In Connection With The Foregoing, *In re Variant Holding Company, LLC*, No. 14-12021 (BLS), United States Bankruptcy Court, District of Delaware, DE 588, filed October 26, 2015.

¹¹ Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b) Authorizing Debtor To Employ And Retain Development Specialists Inc. To Provide A Chief Restructuring Officer..., No. 14-12021 (BLS), DE 154.

¹² No. 14-12021 (BLS), DE 588.

¹³ No. 14-12021 (BLS), DE 618.

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Conpartments did not pay on the four loans, although it never filed a bankruptcy petition. As a result of Conpartments' defaults under the Notes, and to address C-III's demand for the Pezzutos' authority, a public disposition of the interests of Conpartments in Fina Seasons was conducted on March 21, 2016, under the Pledge. At that foreclosure sale, Lenders purchased the interests of Conpartments in Fina Seasons via credit bid on the Loans. As a result, Fina Seasons was owned 90% by Lenders' successor Windy City Seasons, LLC ("WC"), a Delaware limited liability company, and 10% by Holy Canoli (Fina).

A Gettel entity was the manager of Fina Seasons. By an amendment to the Fina Seasons Operating Agreement, Seasons Wetmore, LLC ("Seasons Wetmore"), an Arizona limited liability company, is now the manager of Fina Seasons. Fina Seasons remains the sole member of Debtor. In October 2016, WC purchased Fina's 10% interest in Fina Seasons, which is now owned 100% by WC. In consideration of the transfer, Fina Seasons owes Holy Canoli (Fina) \$1,500,000.

C. Secured Debt

On or around August 24, 2006, Merrill Lynch Mortgage Lending, Inc., a Delaware corporation ("**Original Lender**"), made a loan (the "**Loan**") in the original principal amount of \$20,500,000 to Seasons Partners. The Loan is evidenced in part by: (a) that certain Loan Agreement dated August 24, 2006 (the "**Loan Agreement**") between Seasons Partners and Original Lender; and (b) that certain Promissory Note dated August 24, 2006 (the "Note"), in the original principal amount of \$20,500,000 executed by Seasons Partners, in favor of Original Lender. The Loan is secured by, among other things, that certain Deed of Trust, Assignment of Leases and Rents, and Security Agreement dated August 24, 2006 (the "**Deed of Trust**") executed by Seasons Partners, as grantor, in favor of Lawyers Title Agency of Arizona, as trustee, for the benefit of Original Lender, as beneficiary, which was recorded in the Official Records of Pima County, Arizona on August 25, 2006, as Sequence No. 20061650282 in Docket 12876, Page 1323. Seasons Partners believes the Deed of Trust is the senior consensual lien on the Property.

D. Prior Bankruptcy

As indicated above, Seasons Partners filed a chapter 11 bankruptcy petition in 2009. That bankruptcy case resulted in confirmation of a plan of reorganization.

The senior lienholder, then identified as ING, asserted a claim of \$22.7 million, secured by the Property valued by the court at \$11,600,000, plus accumulated cash collateral of \$600,000, and a Debt Service Reserve of \$1.5 million. ING made the election to be treated as fully secured under Section 1111(b).

Pursuant to that certain Third Non-Adverse Modification to Debtor's First Amended Plan of Reorganization Dated April 23, 2010 and Modified June 8, 2010 filed in Case No. 4-09-BK-24017-JMM, Seasons Partners agreed that on the first day of each calendar month after the two-year interest only period following the effective date of the Reorganization Plan, and on the first day of each month thereafter until the Maturity Date (as extended by the Reorganization Plan), Seasons Partners would make a payment to the holder of the Note of principal and interest in an amount equal to \$71,145.99. The Maturity Date would be the twelve-year anniversary of the Effective Date.

Holders of Allowed Unsecured Claims, estimated at \$50,000, were entitled to receive payments equaling 10% of their Allowed Claims, together with interest at a rate of 3.55% per annum. Payments would be made pro rata in nine equal annual installments from Debtor's net cash flow from operations, commencing on or before the first anniversary of the Effective Date of the Plan, and continuing until the earlier of the tenth anniversary of the Effective Date of the Plan or the sale of the Apartments. Because records of such payments are not currently available, Debtor assumes that there are material amounts due to unsecured creditors under the prior plan.

On November 8, 2010, the Court entered its Order Confirming Plan Filed by Seasons Partners, LLC. ING appealed and on July 22, 2011, Judge David Bury of the district court affirmed plan confirmation in CV-10-772-TUC-DCB. Debtor and ING fought over and eventually settled a dispute over the \$1,500,000 Debt Service Reserve. Gettel eventually obtained \$750,000 from the Debt Service Reserve which he thereafter used without

authority and without compliance to either Debtor's operating agreement or the loans to Compartments.

E. Debt Assignment

1 MLCFC 2006-3 – 811 E. Wetmore Rd LLC, a Delaware limited liability company
2 (“**MLCFC 2006-3**”) was assigned the Loan in December 2015 and it was the owner and
3 holder of the Note and rights evidenced by the Loan Agreement and secured by the Deed of
4 Trust. In February 2017, the Loan was assigned to Somera Road – Seasons Tucson, LLC
5 (“Somera”). Somera is the current holder of the Loan.

F. Default and Lender's Eventual Action

6 MLCFC 2006-3 alleges that debt service payments became delinquent in July 2015.
7 At the time, C-III Asset Management LLC (“**C-III**”), special servicer for MLCFC 2006-3
8 held a debt service reserve of \$772,390.76 at Merrill Lynch. It did not apply the debt service
9 reserve to delinquent payments, and instead began accruing ruinous default interest and late
10 charges.

1 Eventually, Variant stipulated with MLCFC 2006-3 to entry of an Order: (I)
1 Authorizing Debtor to Abandon Its Indirect Membership Interests in Seasons Partners, LLC;
1 and (II) Authorizing Debtor to Take All Necessary and Appropriate Actions in Connection
2 with the Foregoing filed on November 12, 2015 in the Variant Bankruptcy Case.

G. C-III Directs Foreclosure And Receivership But Will Not Negotiate

3 MLCFC 2006-3 obtained the appointment of a receiver for the Seasons Apartments
1 in case no. C20155598 without notice to Lenders or Holy Canoli. Randall Husmann of
4 Asset Campus Housing Inc., of Houston, Texas was appointed as receiver on December 18,
1 2015. The receiver hired its affiliate as manager for the Property. The receiver continues
5 to operate the Property, paying the receiver a fee (1.25% of total income) as well as a
1 management fee (3.75% of total income).

1 To pull off the scam, Gettel, Greenberg, and their co-conspirators created forged real
2 estate lien “releases” and recorded fraudulent records at the San Diego County Recorder’s
3 Office, wreaking havoc on the chain of title for these homes. They then defaulted on their
4 obligations to repay the loans, leaving the lenders to dispute the validity of their secured
5 interests, and causing millions of dollars in losses from unpaid loans.

6 Gettel and Greenberg have not been sentenced yet.

7
8 I. C-III Sells The Debt

9 The secured debt at issue was offered for sale. The Pezzutos immediately made a
10 cash offer on February 1, 2017. Without response from C-III, on February 16, 2017, Somera
11 announced it owned the debt.

12 J. Status of the Property

13 Occupancy at the Property dropped precipitously as a result of Gettel’s defalcations
14 and Variant ignoring the asset, and consequently income suffered. This changed after the
15 receiver took control. The Receiver used funds drawn from the debt service reserve to make
16 necessary capital expenditures at the Property. The Receiver has improved the Property’s
17 performance since the Receiver’s appointment.

18 As of the data reported in the monthly report for the period ended April 30, 2017, the
19 Receiver had \$217,564 in the bank, generating \$265,332 in Net Income in the first four
20 months of the year. Occupancy was 81%, with the Property per-leased 49% for the 2017-
21 2018 school year.

22 K. Current Management and Operations

23 As referenced above, the Property is managed by the Receiver.

24 Seasons Wetmore is the manager for Seasons Partners. Fina Seasons is the sole
25 member of Seasons Partners. Christian Pezzuto and Brett Pezzuto are the principals of
26 Seasons Wetmore.

27 Mr. Brett Pezzuto attended Purdue University where he graduated with a bachelor’s
28 degree in financial planning in 1994. Upon graduation, he immediately began his real estate

1 career as a multi-family unit real estate broker. Shortly after beginning his brokerage career,
2 he began purchasing multi-family buildings which he has continued to do until this day.

3 Mr. Christian Pezzuto attended Purdue University where he majored in Industrial
4 Management with a minor in Economics. He graduated with his bachelor's degree in
5 industrial management with a minor in economics in 1999. After leaving Purdue, he
6 attended Chicago-Kent College of Law. While at Chicago-Kent, he was a legal writing
7 teaching assistant during which he learned to be an avid researcher. Upon the completion
8 of his first year of law school, he was selected for a judicial externship for the Honorable
9 William J. Hibbler of the United States District Court for the Northern District of Illinois.
10 At the conclusion of his second year, he worked for the United States Securities and
11 Exchange Commission. In 2003, Mr. Pezzuto graduated from Chicago-Kent College of
12 Law with Highest Honors and was inducted into the Order of the Coif. Upon graduation,
13 Mr. Pezzuto obtained his real estate broker license and was a family law attorney for
14 multiple years. For the past nine years, he has served as president of a 624-unit
15 condominium association, located in Chicago's Gold Coast. Mr. Pezzuto continues to be a
16 licensed attorney in the State of Illinois.

1 **III. Significant Events During the Chapter 11**

2 **A. Initial Filing**

3 Faced with C-III's complete refusal to negotiate a consensual resolution of the
4 defaulted loan, Debtor filed its bankruptcy petition. The voluntary chapter 11 petition was
5 filed on February 27, 2017.

6 **B. Bankruptcy Schedules**

7 Seasons Partners filed schedules of assets and liabilities and a statement of financial
8 affairs. These are available upon request or at the bankruptcy court.

9 In summary, the schedules reflect the Property and its associated assets – tenant
10 receivables, the buildings, furniture, fixtures and equipment. As indicated, Debtor has
11 retained Steven Cole to provide an expert appraisal report concerning the value of the

Property. The Property is valued at \$13 million in Debtor's Schedules. The Schedules also reflect the liabilities and ownership interests discussed below.

C. Initial Steps

Seasons Partners sought and was granted permission to retain Smith & Smith PLLC as bankruptcy counsel.

On April 13, 2017, Debtor attended the Section 341 Meeting of the Creditors and was examined by the U.S. Trustee.

In general, Debtor and Somera agreed that the existing Receiver would manage the Property, use cash collateral pursuant to a budget, and periodically account to the parties, the United States Trustee and the Court. To that end, on March 21, 2017, Debtor and Somera entered into a stipulation permitting Debtor to use Somera's cash collateral under the same terms of the receivership order. These motions are set for hearing on June 14, 2017.

On May 10, 2017, Debtor filed a Motion to Excuse Turnover, permitting the receiver to remain in place through confirmation of Debtor's Plan. Debtor also filed a Motion To Authorize Payment of Prepetition Taxes And Related Obligations on May 10, 2017. These motions are set for hearing on June 14, 2017.

On April 25, 2017, Debtor filed an Application to Employ Christopher Linscott to (I) analyze and review Debtor's financials, schedules, statement of financial affairs, disclosure statement, and plan of reorganization; (II) prepare expert report related to feasibility, plan confirmation and related issues; and (III) provide expert testimony. The Court granted the Application on May 22, 2017.

On April 25, 2017, Debtor filed an Application to Employ Steven Cole to (I) prepare an expert appraisal report of the Property and the business of Debtor; and (II) provide expert testimony. The Court granted the Application on May 22, 2017.

On May 2, 2017, Debtor filed an Application to Employ Greystar to (I) prepare expert marketing analysis of the real property and business of Debtor; and (II) provide expert testimony. The Court granted the Application on May 22, 2017.

D. 2004 Examinations

Debtor conducted Rule 2004 Examinations of C-III and Somera. Both objected to Debtor's requests but provided certain requested documents notwithstanding the objections. Debtor is following up to obtain additional documents.

E. Contested Matters

On March 9, 2017, Somera filed an Emergency Motion to Dismiss Abstain Or Suspend the Case. Debtor submitted its Opposition on April 5, 2017 and a Reply was filed on April 10, 2017. On May 24, 2017, the Court vacated the evidentiary hearing scheduled to occur on June 1, 2017. The matter is set for a status hearing on June 1, 2017.

On April 26, 2017, Debtor filed a Motion to Disqualify Fennemore Craig As Counsel for Somera Road – Seasons Tucson, LLC requesting the disqualification of Fennemore Craig due to its prior representation of Debtor in the previous bankruptcy case. Somera filed its Response on May 15, 2017, and a Reply was filed on May 16, 2017. After a hearing on May 17, Fennemore Craig withdrew as counsel for Somera on May 22, 2017, and co-counsel Perkins Coie also subsequently withdrew.

IV. Existence/Non-Existence Of Avoidable Transfers

Bankruptcy law provides that certain preferential payments or payments made without fair consideration in the 90 days before the bankruptcy filing (or within one year to related parties) can be recovered from the payee by the estates to be used to proportionately pay all creditors. Debtor does not believe that there are transfers avoidable under federal or state law such as preference or fraudulent transfer.

Debtor has and will examine, analyze, and where appropriate, seek recovery of avoidable transfers. Debtor also retains its rights to avoid payments or distributions to any other recipients made within the preference period. Debtor also retains the right to avoid any liens that a creditor may have attempted to perfect in the 90 days before the bankruptcy or after the bankruptcy filing.

V. Summary of the Plan

THE FOLLOWING IS ONLY A SUMMARY OF THE PLAN OF REORGANIZATION. IN THE EVENT OF ANY INCONSISTENCY, THE EXPRESS TERMS OF THE PLAN SHALL GOVERN.

1 A. Overview

2 The goal of the Plan is to pay creditors to the fullest extent possible through the
3 revenues generated by Debtor over time. The Plan will be funded by a new value
4 contribution from the current equity owner of Debtor, Seasons Partners, via funds advanced
5 to WC, through its principals the Pezzutos. The Plan further proposes that Somera’s secured
6 claim and other secured claims will be restructured according to the terms described below.
7 Unsecured creditors will be paid in a fair and equitable manner receiving payments over the
8 life of the Plan.

9 B. Classification and Treatment of Claims and Interests

1 All claims and interests, except administrative expense and priority tax claims, are
0 placed into classes as set forth below. A claim or interest is placed in a particular class, only
1 to the extent that the claim or interest falls within the description of that class, and is
1 classified in all other classes to the extent that any portion of the claim or interest falls within
1 the description of such other class.

2 A claim or interest is placed into a particular class for all purposes, including voting
1 on this Plan, confirmation, and receiving distributions pursuant to this Plan, only to the
3 extent that such claim or interest is an Allowed Claim in that class, and such claim has not
1 been paid, released, or otherwise settled prior to the Effective Date. The establishment of
4 particular Classes or categories of Unclassified Priority Claims does not mean or imply that
1 there are any Allowed Claims that fall into each such Class or category, and the Reorganized
5 Debtor, as the successor to Debtor, may later contend there are no such Allowed Claims in
1 any given Class or category.

6 Although the following is not a substitute for a careful reading of the Plan, it is a
1 general discussion of the treatment of Allowed Claims and Interests under the Plan.

Through the Plan, Debtor intends to allow for payments to allowed prepetition claims based on the revenues earned from Debtor in the post-petition operation of its business.

C. Unclassified Claims

Pursuant to Section 1123(a)(1), Administrative Expenses pursuant to Section 507(a)(2) and Priority Tax Claims pursuant to Section 507(a)(8) are not classified under the Plan. These Claims are not considered impaired and holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code.

1. Administrative Expenses

Administrative Expenses are costs or expenses of administering the Chapter 11 case that are allowed under Section 507(a)(2). The holders of Administrative Expenses shall receive cash on account and in the amount of such Administrative Expenses. At the option of Debtor, payment of Administrative Expenses shall be made in cash: (a) on the Effective Date; or (b) when due in accordance with the terms of any agreement between Debtor and the holder of the administrative claim. Any sums due more than 10 days without payment will accrue interest at a rate of 5% until paid in full. Professionals employed at the expense of the Estate and entities who may be entitled to reimbursement or the allowance of fees and expenses from the Estate pursuant to Section 503(b)(2)-(6) shall receive cash in the amount awarded to such professionals and entities at such times and only in accordance with a Final Order entered pursuant to Sections 330 or 503(b)(2)-(6).

Any application for payment of an Administrative Expense shall be filed within 45 days of the Effective Date (the “**Administrative Expenses Bar Date**”), or shall be forever barred.

The anticipated Administrative Expenses on the Effective Date include Debtor’s counsel’s outstanding fees in the approximate amount of \$60,000.00 and costs in the approximate amount \$500.00, the allowed fees and costs of Debtor’s financial expert witness Mr. Linscott, its appraiser Mr. Cole, and Greystar. The anticipated Administrative

1 Expenses are an estimate and Debtor reserves all rights to submit additional Administrative
2 Expenses to the Court for approval for, among other reasons, work that will be done between
3 the filing of the Plan and Disclosure Statement and the Confirmation Hearing. Post-
4 confirmation, the Reorganized Debtor's counsel will continue to incur fees, and it is
5 anticipated an accountant will be employed and will incur fees related to tax accounting.

6 Notwithstanding any provision in the Plan to the contrary, all fees and charges
7 assessed against the Estate pursuant to 28 U.S.C. § 1930 shall be paid on or before the
8 Effective Date.

9 **D. Classified Claims**

10 **1. Priority Claims**

11 **Class 1 – Priority Tax Claims**

12 According to Debtor's Schedule E, no sums are owed to governmental entities for
13 past due taxes.

14 All valid, enforceable liens securing repayment of the Class 1 Claims shall be
15 retained notwithstanding confirmation of the Plan or occurrence of the Effective Date. Such
16 Allowed Claims shall be paid in full, in cash, plus interest at the statutory rate from the
17 Petition Date, over 3 years, with the last payment due on the third anniversary of the Petition
18 Date. Payments shall be in quarterly installments, beginning on the Distribution Date.
19 Subsequent payments shall be made on the 20th day of the month every 90 days thereafter,
20 until maturity. Post-petition taxes will be paid when due in the ordinary course of business,
21 without the necessity of the filing of a proof of claim.

22 **Class 2 – Unsecured Priority Non-Tax Claims**

23 This Class shall consist of Allowed Claims entitled to priority under Section 507(a),
24 other than Priority Tax Claims. Pursuant to Debtor's Schedule E, there are no claims entitled
25 to priority under Section 507(a)(4).

26 Certain creditors are entitled to Section 503(b)(9) administrative priority, which are
27 the Allowed Claims of creditors who delivered goods in the ordinary course of business and

received by Debtor within 20 days before the petition date and which are otherwise legally entitled to such status. All allowed claims entitled to administrative priority pursuant to this section of the Bankruptcy Code will be paid in full on the later of the Effective Date or the allowance of the claim.

Class 2 is impaired.

2. Secured Claims

Class 3 – Somera Secured Claim

The Claim of Somera secured by the Property shall remain secured after the Effective Date by the same property and in the same priority as was the case on the Petition Date.

Somera's Claim exceeds the value of the collateral, including the Property and associated personalty. Debtor believes the value of the of the Property is approximately \$13 million.

The Allowed Class 3 Claim shall be impaired under Section 1124(a). The holder of a Class 3 Claim shall retain its liens against the Property and will be treated as follows:

Valuation

The Court shall determine pursuant to Section 506(a) the value of the lien held by Somera on Debtor's interest in its property. The amount so determined shall be the Allowed Secured Claim.

No Section 1111(b) Election

If Somera does not make the election under § 1111(b) to have the Class 3 Claim treated as fully secured, then Debtor shall pay the Allowed Secured Claim in full as follows:

(A) The Allowed Secured Claim shall bear interest from the Effective Date of the Plan at an amount determined by the Court to satisfy Section 1129(b)(2)(A)(i)(II). Debtor proposes a rate of 5%.

(B) For the first three years after the Effective Date, Debtor will make interest only payments;

1 (C) On the date that is three years after the Effective Date until the earlier of (1) the
2 maturity date of the loan, which will be the ten-year anniversary of the Effective Date (the
3 “Maturity Date”) or (2) the sale or refinance of the Property Debtor shall make monthly
4 principal and interest payments with principal based on a 30-year amortization;

5 (D) All unpaid principal and interest shall be payable upon the Maturity Date or any
6 earlier sale or refinance.

7 Section 1111(b) Election

8 In the event that Somera elects to be “fully secured” by asserting an election to be
9 treated under Section 1111(b), then Somera’s claim shall be treated in the following manner:

10 (i) Somera shall forego and waive any unsecured deficiency claim and shall have no Class
11 6 Claim; (ii) under the Section 1111(b) election, Maturity Date for Class 3 shall be extended
12 to occur on the 15th anniversary of the Effective Date, at the end of which time the entire
13 unpaid amount of the Class 3 claim must be fully satisfied; and (iii) the Allowed Class 3
14 Claim shall be deemed satisfied in full when the gross amount of distributions made to
15 Somera under the Plan (whether principal or interest) equals the Allowed Class 3 Claim.

16 Class 3 is impaired.

17 **Class 4 – Secured Claim of Bill Jachimek**

18 This class consists of the prepetition secured claim of Bill Jachimek secured by a lien
19 on the 2007 GMC W3500 W35042 with Vehicle Identification Number
20 4KDB4B1U77J803334. The note is in the amount of \$10,000, bears interest at 7%, and is
21 payable in 8 quarterly installments of \$1,350.43.

22 The Class 4 claim shall retain its prepetition security. The Class 4 claim will be paid,
23 at the option of Reorganized Debtor: (i) in full on the Distribution Date; or (ii) in full,
24 reamortized on the Effective Date, in 7 quarterly installments of \$1,040, with interest
25 imputed at 6.5%.

26 Class 4 is impaired.

Class 5 – Secured Claim of The Huntington National Bank

This class consists of the prepetition secured claim of The Huntington National Bank secured by a lien on the 2004 Dodge Ram 1500, SN 1D7HA16D14J293168. The note is in the amount of \$7,013.37, bears interest at 5.69%, and is payable in 36 monthly installments of \$220.01.

The Class 5 claim shall retain its prepetition security. The Class 5 claim will be paid, at the option of Reorganized Debtor: (i) in full on the Distribution Date; or (ii) in full, reamortized on the Effective Date, in 30 monthly installments of \$198.18, with interest imputed at 5.5%.

Class 5 is impaired.

3. Unsecured Claims.

Class 6 - General Unsecured Claims

This Class shall consist of Allowed Claims without statutory priority or security. This Class is estimated based on Debtor’s Schedule F at \$5,046,963.88. Excluding disputed claims, and excluding a deficiency from Class 3, the estimate is \$321,415.38. A substantial amount of such claims was reported by the Receiver as of the end of August 2016 and likely were paid by or after the Petition Date. Further, claims that were allowed in the prior bankruptcy case should have received payments after the plan was confirmed.

Class 6 shall receive payments in five equal annual installments of \$50,000.00 each. Payments shall commence on the Distribution Date and continue annually until the fifth anniversary of the Effective Date. All remaining amounts of Class 6 Claims shall be discharged. Payments will be made from Debtor’s post-confirmation cash flow and equity contributions. Payments shall commence on the Distribution Date.

Class 6 is impaired.

4. **Ownership Interests**

Class 7 – Ownership Interest in Seasons Partners

1 Fina Seasons shall be merged into Reorganized Debtor on the Effective Date so that
2 the sole member of the Reorganized Debtor will be WC, which shall contribute the sums
3 necessary for occurrence of the Effective Date of the Plan.

4 Class 7 is impaired.

5 **VI. Executory Contracts and Unexpired Leases**

6 A. Assumption of Contracts and Leases.

7 Reorganized Debtor shall assume as of the Effective Date each Executory Contract
8 and Unexpired Lease (i) on the Receiver’s rent roll in the Effective Date or for future rentals,
9 or (ii) listed by Debtor in its Schedule G as amended; but not any executory contract or
0 unexpired lease listed on the Schedule of Rejected Contracts filed by Debtor within 10 days
1 of the hearing on the proposed Disclosure Statement as that Schedule may be amended from
2 time to time.

3 Entry of the Confirmation Order shall constitute approval of the rejections and
4 assumptions contemplated hereby pursuant Sections 365 and 1123 as of the Effective Date,
5 without prejudice to Debtor’s right to modify this portion of the Plan by amending the
6 Schedule of Assumed Contracts and Schedule of Rejected Contracts and Leases prior to the
7 Distribution Date in accordance with Section 1127(b).

8 Each executory contract or unexpired lease that is to be assumed and relates to the
9 use, ability to acquire or occupancy of real property shall include (a) all modifications,
0 amendments, supplements, restatements, or other agreements made directly or indirectly by
1 any agreement, instrument, or other document that in any manner affect such executory
2 contract or unexpired lease and (b) all executory contracts and unexpired leases appurtenant
3 to the premises, including all easements, licenses, permits, rights, privileges, immunities,
4 options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel
5 or bridge agreements or franchises, and any other interest in real estate or rights in rem

related to such premises, unless any of the foregoing agreements has been rejected pursuant to any order of the Court that may be entered prior to the Effective Date, including the Confirmation Order.

1 **1. Cure Payments.**

2 Reorganized Debtor shall honor without change its contractual and other obligations
3 to tenants of the Property. As to all other Executory Contracts and Unexpired Leases, to the
4 extent arrearages remain unpaid, Section 365(b)(1)(A) or (B) require payment of those sums
5 to such parties in order to cure defaults under the executory contracts and unexpired leases
6 to be assumed under the Plan (“**Cure Payments**”). If any non-debtor party to an executory
7 contract or lease contends that defaults exist and must be cured under such party’s executory
8 contract or lease, then that party must comply with the Plan. As required by Section
9 365(b)(1), any and all monetary defaults under each executory contract and unexpired lease
10 to be assumed under the Plan will be satisfied on the Distribution Date, unless subject to a
pending dispute on that date.

1 If a dispute arises regarding: (a) the amount of any proposed Cure Payments; (b)
1 whether Reorganized Debtor provided adequate assurance of future performance under an
1 executory contract or unexpired lease to be assumed, to the extent required under the
1 Bankruptcy Code; or (c) any other matter pertaining to a proposed assumption, then any
2 required Cure Payments will be made by the later of the Distribution Date or 14 days after
1 entry of a Final Order resolving the dispute and approving the assumption. If there is either
3 a dispute as to the Cure Amount, or the non-debtor party otherwise objects to assumption,
1 then Reorganized Debtor shall have the right to abandon the assumption of such contract or
4 agreement listed on the Schedule of Assumed Agreements, and to treat such contract or
1 agreement as rejected under the Plan at any time during the pendency of such dispute or
5 upon resolution of such dispute.
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2. Objections to Assumption or Proposed Cure Payments.

Any entity that is a party to an executory contract or unexpired lease that will be assumed under the Plan and either contends that the proposed Cure Payment described above is incorrect or otherwise objects to the contemplated assumption must file with the Court a written statement and supporting declaration of facts stating the basis for its objection. This statement and declaration must be filed and served by the later of: (a) ten days before the Confirmation Hearing; or (b) five Business Days after Debtor files and serves any Plan modification with respect to an executory contract or unexpired lease to be assumed. Any entity that fails to timely file and serve such a statement and declaration will be deemed to waive and release any and all objections to the proposed assumption and the proposed Cure Payments.

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3. Resolution of Claims Relating to Assumed Agreements.

Payment of any Cure Payments required by Court Order with respect to executory contracts or unexpired leases that are assumed under the Plan shall be deemed to satisfy, in full, any prepetition arrearage or other damage claim asserted in a filed proof of Claim or listed in the Schedules, irrespective of whether the Cure Payment is less than the amount set forth in such proof of Claim or the Schedules. Upon the tendering of the Cure Payment, such Claim shall be Disallowed without further order of the Court or action by any party.

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B. Rejection of Contracts and Leases.

1. Identification of Rejected Agreements

As of the Effective Date, Debtor will reject any executory contracts and unexpired leases listed on the Schedule of Rejected Contracts and any not identified on the Schedule of Assumed Agreements filed by Debtor within 10 days of the hearing on the Disclosure Statement, as that Schedule may be amended from time to time, to the extent that these agreements constitute executory contracts or unexpired leases under Section 365, as well as any contracts or leases previously rejected pursuant to Court orders.

Debtor reserves the right to amend the Plan at any time before the Effective Date to:
(a) provide for assumption and assignment of any executory contract or unexpired lease under the Plan, or (b) delete any executory contract or unexpired lease from the Schedule of Assumed Agreements and thus provide for its rejection under the Plan, pursuant to Section 1127(b), provided, however, that any such amendments may be made only before substantial consummation of the Plan, and provided further that any such amendments shall meet the requirements of §§ 1122 and 1123 of the Bankruptcy Code. Debtor will provide notice of any modification to the Plan to the party or parties to the executory contracts or unexpired leases affected by the amendment.

The Confirmation Order will constitute a Court order approving the rejection, as of the Effective Date, of any and all executory contracts and unexpired leases not assumed under the Plan.

2. Rejection Damages - Bar Date for Rejection Damage Claims.

Any Claim for damages arising from the rejection under the Plan of an executory contract or unexpired lease must be filed and served upon Reorganized Debtor by the Rejection Claims Bar Date. Any such Claims that are not timely filed and served will be entitled to distribution from Reorganized Debtor only after full payment of all timely filed class 1 through 7 allowed claims.

All timely filed Claims for rejection damages shall be classified as unsecured claims and treated in accordance with the Plan.

VII. Means for Executing and Implementing the Plan

A. Means of Funding the Plan—New Equity Contribution

On the Effective Date, WC shall contribute \$1,500,000 to Debtor in cash-equivalent contributions to the Reorganized Debtor in order to retain the equity of the Reorganized Debtor. Debtor believes that this is a new substantial infusion of money that is necessary for a successful reorganization and is at least equivalent to the interest received on account of such contribution.

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B. Causes of Action

Pursuant to Section 1123(b)(3), the Reorganized Debtor shall retain all of Debtor's Causes of Action, including any avoidance causes of action relating to or in connection with payments made or transfers to insiders or affiliates of Debtor and violations of the automatic stay. Further, the Reorganized Debtor shall retain all rights to collect and distribute any recovery under a pre-petition judgment under which Debtor is the judgment creditor, or for which a judgment creditor's rights have been assigned to Debtor.

C. Management

From and after the Effective Date, Reorganized Debtor will continue to be managed by Seasons Wetmore, whose manager is Christian Pezzuto, which management may subsequently be modified to the extent provided by Reorganized Debtor's articles of organization, by-laws, and operating agreement (as amended, supplemented, or modified). On and after the Effective Date, the appropriate managers or members of Reorganized Debtor are authorized to issue, execute, deliver, and consummate the transactions contemplated by or described in the Plan in the name of and on behalf of Reorganized Debtor without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, rule, or any requirements of further action, vote, or other approval or authorization by any Person.

D. Objections to Claims and Interests

At any time before the expiration of 60 days after the Effective Date, the Reorganized Debtor or any other party in interest may object to any Claim that was not scheduled, or was scheduled as disputed, contingent, or unliquidated, that has not been allowed by a Final Order of the Bankruptcy Court. Any Claim that was not scheduled and for which no Proof of Claim was filed will be disallowed.

Except in regards to Administrative Expenses, objections to Claims and Interests shall be filed and served upon the holder of such Claim or Interest no later than the Claims Objection Bar Date.

1 There shall be no distribution to the holder of a Disputed Claim until the Objection
2 to the Claim has been resolved by a Final Order of the Bankruptcy Court and the Claim has
3 become an Allowed Claim. Payments and distributions on account of each Disputed Claim
4 that is Allowed shall be made in accordance with the provisions of the Plan relating to the
5 class of creditors to which the holder belongs.

6 E. Tax Compliance

7 Debtor will comply with all tax withholding and reporting requirements, including
8 with regard to all distributions and receipts pursuant to this Plan, as applicable. All holders
9 of Allowed Claims and Interests shall have sole responsibility for any tax obligation
10 imposed by any governmental unit pursuant to a distribution received under the Plan.

11 F. Vesting

12 Except as provided for in the Plan or Confirmation Order, on the Effective Date,
13 Debtor shall be vested with the remaining property or assets from the Estate, free and clear
14 of all claims, liens, charges, and other interests of creditors arising prior to the filing date,
15 except as provided by the Plan, to be liquidated in the ordinary course of business.

16 G. Transfer By Receiver

17 On the 15th day after entry of the Confirmation Order, unless a stay shall have been
18 entered and effective, the Receiver shall return possession of the Property, including all
19 accounts, funds, leases and assets of any kind, to Seasons Partners, for administration
20 pursuant to the Plan.

21 Seasons Partners will enter into an arms' length management agreement with a third
22 party apartment management company on market terms.

23 **VIII. Distributions Under the Plan**

24 A. Manner of Cash Payments under the Plan.

25 With respect to distributions, cash payments to domestic entities holding Allowed
26 Claims will be tendered in U.S. Dollars and will be made by checks drawn on a domestic
27 bank, or at Reorganized Debtor's option, by wire transfer from a domestic bank. Payments

made to foreign creditors holding Allowed Claims may be paid in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

B. No De Minimis Distributions.

Notwithstanding anything to the contrary in the Plan, no cash payment of less than \$5 will be made to any entity holding an Allowed Claim for less than such amount. No consideration will be provided in lieu of the de minimis distributions that are not made under this Section.

C. No Distribution With Respect to Disputed Claims.

Notwithstanding any other provisions of the Plan governing distributions, no payments of cash or distributions of other property or other consideration of any kind shall be made on account of any Disputed Claim unless and until such Claim becomes an Allowed Claim or is deemed to be such for purposes of distribution, and then only to the extent that the Claim becomes, or is deemed to be for distribution purposes, an Allowed Claim. The presence of a Disputed Claim in any Class will not be a cause to delay distribution to Allowed Claims in that Class or in other Classes, so long as a reserve is created for the Disputed Claim. Any holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its distribution within ten Business Days after the date that such Claim becomes an Allowed Claim. Unless otherwise specifically provided for in the Plan or as otherwise required by Code § 506(b), interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

D. Delivery of Distributions and Undeliverable/Unclaimed Distributions.

1. Delivery of Distributions in General

Reorganized Debtor shall serve as the Disbursing Agent for all payments due on the Effective Date and shall make distributions to each holder of an Allowed Claim by mail as follows: (a) at the address set forth on the proof of Claim filed by such holder of an Allowed Claim; (b) at the address set forth in any written notice of address change delivered to

Reorganized Debtor after the date of any related proof of Claim; and (c) at the address reflected in the Schedules if no proof of Claim is filed and Reorganized Debtor has not received a written notice of a change of address.

1 **2. Undeliverable and Unclaimed Distributions.**

2 If the distribution to the holder of any Allowed Claim is returned to Reorganized
3 Debtor as undeliverable, no further distribution shall be made to such holder unless and until
4 Reorganized Debtor is notified in writing of such holder's then current address.
5 Undeliverable distributions shall remain in the possession of Reorganized Debtor until such
6 time as a distribution becomes deliverable, or the obligation to deliver is terminated pursuant
7 to this section of the Plan. Reorganized Debtor will hold undeliverable cash distributions in
8 an unsegregated, interest-bearing bank account for the benefit of the entities entitled to the
9 distributions. These entities will be entitled to any interest actually earned on account of the
10 undeliverable distributions if and when distributions are subsequently made pursuant to this
11 section of the Plan.

1 Any holder of an Allowed Claim that does not notify Reorganized Debtor in writing
2 of its asserted entitlement to an undeliverable distribution within 1 year after the Effective
3 Date shall no longer have any claim to or interest in such undeliverable distribution, and
4 shall be forever barred from receiving any distributions under the Plan, or from asserting a
5 Claim against Reorganized Debtor or its property.

6 Any undeliverable distributions that are not claimed under this section will be used
7 by Reorganized Debtor to satisfy any remaining obligations under the Plan, and if all such
8 obligations are fully satisfied, shall be retained by Reorganized Debtor free from any
9 restrictions thereon. Nothing contained in the Plan shall require Reorganized Debtor to
10 attempt to locate any holder of an Allowed Claim.

1 E. Claims Bar Date

2 Any Claim filed after (i) the Bar Date for Claims and Interests (and any amendment
3 to such timely-filed Claim or Interest filed no later than the Effective Date), (ii) with respect

1 to Claims for rejection damages, the Rejection Claims Bar Date, or (iii) with respect to
2 Claims that are Administrative Expenses, the Administrative Expenses Bar Date, shall not
3 be recognized, or recorded on the claims register, by Reorganized Debtor and shall be
4 disallowed automatically without the need for any objection from Reorganized Debtor or
5 unless such untimely filing is expressly authorized by an order of the Bankruptcy Court.
6 Nothing herein shall in any way alter, impair, or abridge the legal effect of the order
7 approving the Bar Date for Claims and Interests, and Reorganized Debtor's, and other parties
8 in interests' rights to object to such Claims on the grounds that they are time barred or
9 otherwise subject to disallowance or modification.

7 **IX. Effect of Plan on Claims**

8 **A. Effect of Confirmation**

9 Except for continuing liens, claims, rights, and interests of the secured creditors
10 against Debtor, the Estate, and the Property as provided for in the Plan, or in the
11 confirmation order, the confirmation of the Plan is a discharge, on the Effective Date, of any
12 and all debts of Debtor that arose at any time prior to confirmation, including, but not limited
13 to, all principal and all interest accrued thereon, pursuant to Section 1141 of the Bankruptcy
14 Code. Such discharge shall be effective as to each claim, regardless of whether a proof of
15 claim thereof was filed, whether the claim is an allowed claim or whether the holder thereof
16 votes to accept the Plan.

3 Holders of claims against Debtor may not receive any payment or distribution except
1 as otherwise provided for in the Plan, and may not seek any recourse against Debtor or its
2 assets except as provided for in the Plan. After the Confirmation Date, all holders of claims
3 will be forever enjoined from taking any action against Debtor or its property on account of
4 such claim; including the commencement or continuation of any proceeding; enforcing any
5 judgment or award; creating, perfecting, or enforcing any lien; or any other action
6 inconsistent with the terms of the Plan.

1 The Reorganized Debtor will move the Court to close the case once the Plan has been
2 substantially consummated. Until substantial consummation, the Reorganized Debtor will
3 be responsible for filing pre- and post-confirmation reports required by the United States
4 Trustee and paying the quarterly post-confirmation fees of the United States Trustee.
5 Alternatively, the Court may enter a final decree closing the case on its own motion.

6
7 **B. Reorganized Debtor's Authority to Compromise and Settle**

8 Pursuant to Bankruptcy Rule 9019(a), Reorganized Debtor may compromise or settle
9 any Claim or Interest, or any cause of action against Debtor or brought by Debtor upon
0 notice and a hearing.

1 **C. Right of Setoff**

2 Debtor may set off against any payment or distribution made pursuant to an Allowed
3 Claim a claim of any kind that it may have against the holder of such an Allowed Claim, but
4 Debtor will not be required to do so. The failure to utilize the right of setoff does not
5 constitute a waiver or release of any claim Debtor has against a holder of an Allowed Claim.

6
7 **X. Liquidation Analysis**

8 Pursuant to Section 1129(a)(7), the Plan must provide that creditors not accepting the
9 Plan will receive at least as much under the Plan as they would receive in a liquidation of
0 Debtor under Chapter 7 of the Bankruptcy Code. Attached as **Exhibit C** is a liquidation
1 analysis prepared by Debtor that reflects the estimated recoveries of creditors under a
2 chapter 7 liquidation. The liquidation analysis shows that in a liquidation unsecured
3 creditors would receive no payment and only Somera and administrative claimants would
4 receive payment.

5
6 **XI. Risk Analysis**

7 **A. General**

8 Every holder of a Claim against or Interest in Debtor should read and carefully
9 consider the following factors, as well as the other information set forth in this Disclosure

Statement (and the documents delivered together herewith and/or incorporated by reference herein) before deciding whether to vote to accept or to reject the Plan.

B. Projections

1 **1. Projected Income and Expense**

2 Pro forma income and expense projections of Reorganized Debtor for Years 1
3 through 3 following Plan Confirmation will be supplemented as **Exhibit D**. The Debtor
4 will have the income and expense projections supplemented no later than one week prior to
5 the deadline for objections to the Disclosure Statement.

6 **2. Pro Forma Balance Sheet**

7 Attached as **Exhibit E** will be the Pro Forma Balance Sheet for Reorganized Debtor
8 for Years 1 through 3 following Plan Confirmation. The Debtor will supplement the Pro
9 Forma Balance Sheet no later than one week prior to the deadline for objection to the
1 Disclosure Statement.

0 C. Post-Consummation Capital Structure of Reorganized Debtor

1 The capital structure of Reorganized Debtor is expected to be as follows upon the
1 full capitalization of the entity: Seasons Partners will be owned by its sole member, WC,
1 which will have contributed not less than \$1,500,000 on the Effective Date of the Plan.

2 D. Going Concern Prospects. - Risks Related To Our Business And Industry

1 Risks to the ability of continued operations include, but are not limited to, the
3 following:

1 The Reorganized Debtor anticipates maintaining and improving its occupancy and
4 rental rates, while reducing expenses. The ability to do so is dependent upon the market,
1 management, and the general health of the University of Arizona and the City of Tucson.

5 The Reorganized Debtor may not be able to secure additional financing on favorable
1 terms, or at all, to meet future capital needs, including refinancing of the Secured Claim of
6 Somera. In the future, the Reorganized Debtor may require additional capital to respond to
1 business opportunities, challenges, or unforeseen circumstances and may determine to

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engage in equity or debt financings or enter into credit facilities for other reasons. The Reorganized Debtor may not be able to timely secure additional debt or equity financing on favorable terms, or at all. If the Reorganized Debtor raises additional funds through the issuance of equity or convertible debt or other equity-linked securities, existing ownership could suffer significant dilution. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities. If the Reorganized Debtor is unable to obtain adequate financing or financing on satisfactory terms, when required, the Reorganized Debtor's ability to satisfy debt and maintain occupancy could be negatively affected.

8 E. Risks Related to an Investment in Reorganized Debtor

9 An investment in Reorganized Debtor should be considered a speculative investment, and there is no guarantee of a return of all or any part of the amount invested or earnings thereon.

10
11 FUTURE PROFITS FOR REORGANIZED DEBTOR, IF ANY, ARE
12 IMPOSSIBLE TO PREDICT WITH COMPLETE ACCURACY, AND NO
13 REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY REORGANIZED
14 DEBTOR RESPECTING REORGANIZED DEBTOR'S FUTURE PROFIT POTENTIAL.

15 The issuance of additional shares of membership interests or securities convertible into membership interests could dilute the proportionate ownership and voting power of then-current owners, and may result in the dilution of the book value of the Reorganized Debtor's ownership interest.

16 In the future, Reorganized Debtor may sell additional membership interests to fund the operation and expansion of its business, and may grant additional options and warrants. There can be no assurance that the purchase price for future sales of ownership rights or that the exercise price granted in connection with current and future options or warrants will equal or exceed the purchase price of the membership interests. Such future sales will dilute

the ownership percentage and voting power of investors acquiring ownership in Reorganized Debtor and the sale of membership interests or exercise of any options or warrants will result in immediate dilution of the book value of the interests issued.

The exercise of any options or warrants will result in immediate dilution of the book value of Reorganized Debtor's ownership interest if the fair market value of the membership interests is greater than the exercise price of the options or warrants. Issuance of additional membership interests may reduce the proportionate ownership and voting power of then existing owners.

XII. Alternatives To The Plan

If the Plan is not confirmed, several different events could occur: (1) Debtor or a third party could propose another plan providing for different treatment of Creditors; (2) the Court (after appropriate notice and hearing) could dismiss the Case or convert the Case to chapter 7 liquidation if an alternative plan is not confirmed in a reasonable period of time; (3) the Court could grant Somera relief from the automatic stay to foreclose its liens on the Property; and/or (4) the Court could approve a sale of all or some of Debtor's remaining assets to a bidder under Bankruptcy Code § 363.

XIII. Tax Consequences

Pursuant to Section 1125(a)(1), the Disclosure Statement is to provide a discussion of the possible material tax consequences of the Plan to Debtor, any successor to Debtor and a hypothetical investor typical of the holders of claims or interests in the case, such that would enable such investor to make an informed judgment about the Plan. Debtor has not obtained a tax opinion and does not express any opinion as to the tax consequences to the creditors or equity security holders. Interested parties are encouraged to obtain their own professional counsel to determine the tax consequences of the Plan. In particular, to the extent any creditor is not paid in full on its Allowed Claim, such creditor should consult with a tax advisor concerning the potential for any write off of such claim. It is generally

an administrative classification or arise from a substantially different economic basis. The second requirement is satisfied as demonstrated by the Liquidation Analysis provided.

If a class of secured claims does not accept the Plan, the Code provides that the fair and equitable requirement is satisfied if the class retains its lien and receives deferred cash payments of a present value equal to the value of the claimant's secured interest in the collateral. This requirement may be satisfied as to each class treated as a secured claim because the Plan provides for them to receive the value of their interest in their collateral together with interest.

If a class of unsecured claims does not accept the Plan, the fair and equitable rule requires that (1) each impaired unsecured creditor receives or retains, under the plan, property of a value equal to the amount of its allowed claim; or (2) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan if claims in the dissenting class are not paid in full.

Debtor recommends that the Plan and Disclosure Statement be approved as it is in the best interests of the Estate and all creditors. The alternatives to confirmation of the Plan include dismissal or conversion to Chapter 7 liquidation. Dismissal would result in creditors having to resort to other legal proceedings to collect debts, and Chapter 7 liquidation would delay distributions. For these reasons, Debtor recommends all creditors accept the Plan and return ballots timely so that the votes can be counted.

Dated May 30, 2017.

**GERALD K. SMITH AND JOHN C. SMITH
LAW OFFICES, PLLC**

By /s/ John C. Smith

John C. Smith
Grant L. Cartwright
Cody D. Vandewerker
Attorneys for Debtor

COPY of the foregoing mailed, emailed* or
mailed via U.S. mail on May 30, 2017, to:

Edward K. Bernatavicius *
Office of the United States Trustee
230 N. First Avenue, Suite 204
Phoenix, AZ 85003-1706
edward.k.bernatavicius@usdoj.gov

/s/Liza D. Taylor _____
Liza D. Taylor

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