

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WILSON DIVISION**

In Re:
SHEARIN FAMILY INVESTMENTS, LLC
Debtor

Case No.:
08-07082-8-JRL
Chapter 11

DISCLOSURE STATEMENT

Pursuant to the provisions of Section 1125(b) of the Bankruptcy Code, the Debtor hereby submits the following information:

I. PURPOSE

The purpose of this Disclosure Statement (“Disclosure Statement”) is to provide each holder of a claim against the Debtor with adequate information about the Debtor and the Debtor’s Plan of Reorganization so that each holder of a claim may make an informed decision about whether to accept or reject the Plan. Attached hereto as **Exhibits “A”** and **“B”** are summaries of the Debtor’s assets and liabilities. A Liquidation Analysis is attached as **Exhibit “C.”**

II. SUMMARY OF THE PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN AND THE TREATMENT OF CREDITORS UNDER THE PLAN. THE FOLLOWING IS A SUMMARY, ONLY. CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THE MORE DETAILED DESCRIPTION CONTAINED IN THE PLAN AND THIS DISCLOSURE STATEMENT.

THE PLAN CONTEMPLATES A CONTINUATION OF THE DEBTOR’S BUSINESS. IN ACCORDANCE WITH THE PLAN, THE DEBTOR INTENDS TO SATISFY CERTAIN CREDITOR CLAIMS FROM INCOME EARNED THROUGH CONTINUED OPERATIONS, AS OUTLINED HEREIN.

The Debtor’s Plan of Reorganization (“Plan”) is based on the Debtor’s belief that the interests of their creditors will be best served if it is allowed to reorganize its debts and fund the Plan from income.

The Debtor proposes to complete construction of the Nautical Club project with post-petition financing obtained from RBC.

The Debtor will pay the administrative costs in full within ten days of the Effective Date or upon such other mutually acceptable terms as the parties may agree. Such claims remaining unpaid 10 days following the Effective Date shall accrue interest at a rate of eight percent (8%) per annum.

All ad valorem taxes shall be paid over a period of five years, in monthly installments, with interest at an annual rate of five percent (5%), beginning on the fifteenth day of the first full month following the Effective Date.

Any and all priority taxes due and owing to the Internal Revenue Service, N.C. Department of Revenue, or any other county or city taxing authority shall be paid over a period of five years in monthly installments with interest at an annual rate equal to the statutory rate as of the Effective Date, currently five percent (5%), beginning on the fifteenth day of the first full month following the Effective Date.

The Debtor will treat the claims of RBC, Wachovia, ECB, Southern Bank, John Hamad, and Samer and Sumer Hamad as fully secured, with payments to be made from proceeds of the sale of the Debtor's property.

A portion of the claims of Centurion Construction will be paid from RBC's post-petition financing, and the remainder will be treated as a general unsecured claim.

The Debtor has assumed the executory contract with Summer Winds Condominiums, Inc. for the construction of a joint wastewater treatment plant.

The total of general unsecured claims as of the date of the filing of this Disclosure Statement is estimated at \$11,550,876.98. This number is based on the claims filed as of the date of the filing of the Plan and Disclosure Statement, the claims scheduled by the Debtor and an analysis of available equity in the Debtor's assets. The last day for creditors to file claims was February 8, 2009. The Debtor will make payment to unsecured creditors as outlined more fully herein.

The Debtor's liabilities will be paid according to the priorities of the Bankruptcy Code and the Orders of this Court. The specific amounts and terms of payment will be made according to the treatment of each respective creditor.

The Debtors will also investigate and pursue avoidance actions pursuant to 11 U.S.C. §§ 547 and 548. Any funds collected through such actions will be distributed in accordance with the priorities established by the Bankruptcy Code and Orders of this Court.

THE PLAN OF REORGANIZATION CONTEMPLATES A REORGANIZATION OF THE DEBTOR. IN ACCORDANCE WITH THE PLAN, THE DEBTORS INTEND TO SATISFY CREDITOR CLAIMS WITH INCOME EARNED.

III. HISTORY AND BUSINESS STRUCTURE

The Debtor filed a Chapter 11 Petition on October 13, 2008. The Debtor is a North Carolina limited liability company, the members of which are Marvin Shearin and two family trusts for the benefit of Marvin and Audrey Shearin's children, of which Marvin and Audrey Shearin are the trustees.

The Debtor is engaged in the business of constructing and developing a high-rise

waterfront condominium complex in Indian Beach, North Carolina. Funding for first phase of the project, a 70-unit building located on the sound, was provided by RBC Real Estate Finance, Inc. ("RBC"). Funding delays and the cataclysmic decline in the real estate market hampered the Debtor's ability to complete the project in a timely matter, resulting in the expiration and cancellation of a number of contracts and the filing of a number of lawsuits, as well as in defaults by the Debtor on other debts secured by the Debtor's remaining property. This summer, RBC ceased to fund project construction. The general contractor was threatening a shut-down of construction, and the Debtor's joint sewer contract with an adjacent condominium homeowner's association was in jeopardy. The Debtor had no alternative but to file for the protection of the Bankruptcy Court.

Since the filing of its petition, the Debtor has obtained a commitment from RBC to complete construction of the first phase of the project, received assurances that the general contractor will complete construction of the building, assumed its sewer contract, and moved forward with completion of the project. It is anticipated that the condominium units will be ready for occupancy in time for the start of the summer season.

The Debtor intends to pay its creditors from the sale of the condominium units, and from the sale of its other properties, all as more fully set forth herein.

IV. CLASSIFICATION AND TREATMENT OF CLASSES OF CREDITORS

The Debtor classifies the following classes of claims, indicating whether said class is impaired or unimpaired, and proposes the following treatment:

A. Class 1 - Administrative Costs:

(1) Description of Claims. Class 1 consists of claims for any cost or expense of administration pursuant to Sections 503, 506, and 507 of the Bankruptcy Code.

The following claims of professionals will be paid subject to Court approval:

Stubbs & Perdue, P. A.	Attorney for the Debtor	To be determined by the court
McGladrey & Pullen, LLP	Accountants	To be determined by the court
GreenHawk Partners, LLC	Lender	To be determined by the court

(2) Impairment. This class will be impaired.

(3) Treatment. Administrative costs and expenses approved by the Court shall be paid in cash and in full including accruals to date of payment within ten days from the Effective Date of the Plan.

In the event that funds are not available to pay such costs and expenses within ten (10) days of the Effective Date of the Plan, then each holder of such a claim will receive payments from the

Debtor until paid in full. Such claims remaining unpaid ten days following the Effective Date shall accrue interest at a rate of eight percent (8%) per annum.

B. Class 2 – Ad Valorem Taxes:

(1) Description of Claims. Class 2 consists of claims for taxes owed by the Debtor to any city, county, or other municipality or taxing entity entitled to tax the property of the Debtor based upon the value of the property assessed. The Debtor is aware of the following claim in this Class:

Carteret County Tax Administrator	\$78,335.35
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(2) Impairment. This class will be impaired.

(3) Treatment. The Debtor proposes to pay claims in this class with quarterly payments over a period of five (5) years from the Effective Date. Quarterly payments shall commence on the fifteenth day of the first month following the Effective Date, and shall include annual interest at the rate of nine percent (9%) per annum. For feasibility purposes, the Debtor estimates that quarterly payments will be \$4,907.09.

C. Class 3 – Tax Claims:

(1) Description of Claims. Class 3 consists of claims against the Debtor for income taxes, withholding taxes, unemployment taxes and/or any and all other taxes levied or entitled to be levied against the Debtor by the Internal Revenue Service or the North Carolina Department of Revenue plus interest as allowed by law. The Debtor is aware of the following claims in this class:

none

(2) Impairment. This class will be impaired.

(3) Treatment. The Debtor proposes the following treatment:

Cost and expenses of administration, if any, shall be paid in cash and in full including accruals to date of payment within thirty (30) days from the Effective Date. The Debtor does not anticipate any such claims will be filed.

Unsecured priority tax claims described in Section 507(a)(8) of the Bankruptcy Code, if any, shall be paid in full in quarterly installments over a period not exceeding five (5) years from the Effective Date and payments shall commence on the fifteenth day of the first full month following the Effective Date, with interest at the statutory rate as of the Effective Date, currently five percent (5%) per annum. The Debtor does not anticipate any such claims will be filed.

Secured claimants, if any, shall retain their secured interest in the property of the Debtor. The taxing authority shall retain its lien and secured status as to the underlying secured tax liability, plus accruing interest at the statutory rate, currently five percent (5%) per annum, from the Effective Date. Debtor shall pay these claims over a period not to exceed five (5) years from the Effective

Date beginning on the fifteenth day of the first full month following the Effective Date. The Debtor does not anticipate any such claims will be filed.

Unsecured general tax claims, if any, will be treated as provided below in the section relating to “General Unsecured Claims.” The Debtor does not anticipate any such claims will be filed.

D. Class 4 – RBC Real Estate Finance (“RBC”):

(1) Description of Debts.

a. Pre-Petition Loans:

1. The “Acquisition Loan”. The Debtor is indebted to RBC pursuant to a note in the original principal amount of \$2,400,000.00 and a note in the original principal amount of \$600,000.00. Those notes are secured by a deed of trust on the 11.54 acre tract located on the sound in Indian Beach, North Carolina (the “Nautical Club Property”). RBC has filed claim #2 in the amount of \$1,360,942.00 with respect to these debts.

2. The “Construction Loan”. The Debtor is indebted to RBC pursuant to a note in the original principal amount of \$12,400,000.00, a note in the original principal amount of \$10,900,000.00 and a note in the original principal amount of \$6,000,000.00. Those notes are secured by a deed of trust on the Nautical Club Property. RBC has filed claim #3 in the amount of \$27,006,533.00 with respect to these debts.

b. Post-Petition DIP Financing. The Debtor anticipates that it will be indebted to RBC pursuant to a note in the amount of \$8,000,000 attributable to post-petition financing to fund completion of construction of the Nautical Club project and certain of the Debtor’s operating expenses. A hearing on any objections to the joint motion of the Debtor and RBC is scheduled for hearing on February 17, 2009. This loan will be secured by a first priority deed of trust on the Nautical Club property, and a junior deed of trust on the Debtor’s remaining real property. This loan will bear interest at a variable rate of LIBOR plus 6% per annum and has an 18-month maturity.

(2) Impairment. This class will be impaired.

(3) Treatment. The Debtor proposes to treat these claims as fully secured. With respect to the Post-Petition DIP Financing, the deed of trust on the Nautical Club Property will have first priority, and the deeds of trust on the Debtor’s remaining property will have the priority accorded to them under North Carolina law. With respect to the Pre-Petition Loans, RBC shall retain its liens with the priority thereof as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, except with respect to the senior priority of the Post-Petition DIP Financing deed of trust. Payments to RBC on all RBC claims shall be made only from the sales of condominium units and the excess acreage located on the Nautical Club Property, and/or from net proceeds of sales of the Debtor’s other real property after payment of prior liens, if any. Payments shall be applied first to the Post-Petition DIP Financing claim, and then to the Pre-Petition Loan claims. If the Debtor has not paid the claim arising from the Post-Petition DIP Financing by the maturity date,

RBC shall have the right to exercise any and all remedies available to it upon default. If the Debtor has paid the Post-Petition DIP Financing by the maturity date, the Debtor shall have a period not to exceed thirty-six (36) months from the Effective Date (the “Sellout Period”) in which to pay the claims arising from the Pre-Petition Loans. RBC will release the condominium units upon receipt of the release prices set forth in the Post-Petition DIP Financing loan documents. Interest will accrue with respect to the Post-Petition DIP Financing at the contract rate. With respect to the Pre-Petition Loans, interest shall accrue at a rate equal to the one month LIBOR, as it fluctuates from time to time, plus 3.5. During the Sellout Period, the Debtor shall keep the property taxes current, and keep the property insured with the creditor named as a loss-payee in an amount sufficient to cover the obligations secured by the property. If the Debtor has not paid the claims arising from the Pre-Petition Loans or liquidated the collateral securing the claims within thirty-six (36) months after the Effective Date, the Debtor shall, at its option, either (1) surrender such property to the creditor, or (2) amortize the remaining principal balance of the debt in equal monthly payments at a fixed rate of interest of 4.25% per annum over a period of twenty (20) years, plus the accrued and unpaid interest over said time period.

E. Class 5 – East Carolina Bank (“ECB”)

(1) Description of Debt. The Debtor is indebted to ECB pursuant to a note in the original principal amount of \$4,252,416.51 secured by a first priority deed of trust on oceanfront property located in Indian Beach, North Carolina formerly known as the “Squatters Campsite Property” consisting of approximately 4.37 acres (the “Oceanfront Parcel of the Oceanside Site.”) ECB has filed secured claim #4 in the amount of \$4,377,709.37, and claim #5 in the amount of \$8,043.45 for attorney fees.

(2) Impairment. This class will be impaired.

(3) Treatment. These claims shall be treated as a secured obligations of the Debtor in an amount equal to the lesser of: (1) the value of the property which secures the debts; or (2) (a) all outstanding principal and interest due on the petition date; plus (b) any interest, costs and expenses which may be approved by the Court pursuant to Section 506(b). The creditor shall retain its liens with the priority thereof, as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, until the secured claims are paid. The Debtor shall have a period not to exceed six (6) months from the Effective Date in which to sell the collateral securing the claims or otherwise pay ECB in full. During this time period, the Debtor shall pay to the creditor the net proceeds of all sales, but will make no other payments to the creditor, and interest shall continue to accrue at a rate equal to the one month LIBOR, as it fluctuates from time to time, plus 3.5%. During this time period, the Debtor shall keep the property taxes current. If the Debtor has not paid the claims or liquidated the collateral securing the claims within six (6) months after the Effective Date, ECB shall be entitled to foreclose on the property. In the event of a deficiency claim, the claim shall be treated as a general unsecured claim as set forth below.

F. Class 6 – Southern Bank & Trust Company (“Southern”):

(1) Description of Debt. Marvin Shearin and wife, Audrey Shearin are indebted to Southern pursuant to a note in the original principal amount of \$500,000.00 which is secured by a

deed of trust given by the Debtor on .896 acres of property located at 1455 Salter Path Road in Indian Beach, North Carolina (the "Roadside Parcel of the Oceanfront Site"). Southern Bank only advanced \$250,000.00. These funds were used by the Debtor to pay infrastructure for the entire Oceanside Site. Southern has filed secured claim #9 in the amount of \$257,497.36. The debt secured by this property is also secured by certain property owned by Marvin Shearin and wife, Audrey Shearin located in Halifax County, North Carolina.

(2) Impairment. This class will be impaired.

(3) Treatment. This claim shall be treated as a secured obligation of the Debtor in an amount equal to the lesser of: (1) the value of the property which secures the debt; or (2) (a) all outstanding principal and interest due on the petition date; plus (b) any interest, costs and expenses which may be approved by the Court pursuant to Section 506(b). The creditor shall retain its liens with the priority thereof, as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, until the secured claim is paid. The Debtor shall have a period not to exceed six (6) months from the Effective Date in which to sell the collateral securing the claim, or otherwise pay the claim in full. During this time period, the Debtor shall pay to the creditor the net proceeds of any sales, but will make no other payments to the creditor. Marvin and Audrey Shearin will continue to make interest payments to the creditor under the governing loan documents and consistent with current practice. During this time period, the Debtor shall keep the property taxes current. If the Debtor has not paid the claim or liquidated the collateral securing the claim within six (6) months after the Effective Date, the Debtor shall, at its option, either (1) surrender such property to the creditor, or (2) amortize the remaining principal balance of the debt in equal monthly payments at a fixed rate of interest of 4.25% per annum over a period of twenty (20) years, plus the accrued and unpaid interest over said time period. In the event of a deficiency claim, the claim shall be treated as a general unsecured claim as set forth below. The creditor shall retain all rights and remedies with respect to the primary obligors.

G. Class 7 – Wachovia Bank ("Wachovia"):

(1) Description of Debt. On or about April 12, 2007, the Debtor entered into a promissory note with Wachovia in the original principal amount of \$1,000,000.00. These funds were used by the Debtor to acquire two parcels located at 1530 and 1540 Salter Path Road comprising 1.54 acres which were formerly the site of a Dairy Queen restaurant (the "DQ Site"). The note is secured by a first priority deed of trust on the DQ Site.

(2) Impairment. This class will be impaired.

(3) Treatment. This claim shall be treated as a secured obligation of the Debtor in an amount equal to the lesser of: (1) the value of the property which secures the debt; or (2) (a) all outstanding principal and interest due on the petition date; plus (b) any interest, costs and expenses which may be approved by the Court pursuant to Section 506(b). The creditor shall retain its liens with the priority thereof, as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, until the secured claim is paid. The Debtor shall have a period not to exceed six (6) months from the Effective Date in which to sell the collateral securing the claim. During this time period, the Debtor shall pay to the creditor net proceeds of any sales up to the amount of its

claim, but will make no other payments to the creditor, and interest shall accrue at a rate equal to the creditor's prime rate, as it fluctuates from time to time, plus 1.0 %. During this time period, the Debtor shall keep the property taxes current. If the Debtor has not paid the claim or liquidated the collateral securing the claims within six (6) months after the Effective Date, the Debtor shall, at its option, either (1) surrender such property to the creditor or (2) amortize the remaining principal balance of the debt in equal monthly payments at a fixed rate of interest of 4.25% per annum over a period of twenty (20) years, plus the accrued and unpaid interest over said time period. In the event of a deficiency claim, the claim shall be treated as a general unsecured claim as set forth below.

H. Class 8 – Samer Hamad:

(1) Description of Debt. On or about April 12, 2007, the Debtor entered into a purchase money promissory note with Samer and Sumer Hamad, husband and wife, in the original principal amount of \$118,477.75. These funds represent a portion of the purchase price paid to Mr. and Mrs. Hamad for the DQ Site, and the note is secured by a second deed of trust on the DQ Site. The Hamads filed claim number 37 in the amount of \$134,543.88.

(2) Impairment. This class will be impaired.

(3) Treatment. This claim shall be treated as a secured obligation of the Debtor in an amount equal to the lesser of: (1) the value of the property which secures the debt; or (2) (a) all outstanding principal and interest due on the petition date; plus (b) any interest, costs and expenses which may be approved by the Court pursuant to Section 506(b). The creditor shall retain its liens with the priority thereof, as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, until the secured claim is paid. The Debtor shall have a period not to exceed six (6) months from the Effective Date in which to sell the collateral securing the claim. During this time period, the Debtor shall pay to the creditor the net proceeds of any sales after Wachovia Bank has been paid in full, but will make no other payments to the creditor, and interest shall accrue at a rate equal to the Wachovia Bank prime rate, as it fluctuates from time to time, plus 1.0 %. During this time period, the Debtor shall keep the property taxes current. If the Debtor has not paid the claim or liquidated the collateral securing the claims within six (6) months after the Effective Date, then (1) if the Debtor has surrendered the property to Wachovia in payment of its claim, the claim of this creditor shall be extinguished, or (2) if the Debtor is making amortizing payments to Wachovia, the Debtor shall amortize the remaining principal balance owed on the debt in equal monthly payments at a fixed rate of interest of 4.25% per annum over a period of twenty (20) years, plus the accrued and unpaid interest over said time period. In the event of a deficiency, this creditor shall not be entitled to any additional amounts because this is a purchase money loan.

I. Class 9 – John Hamad:

(1) Description of Debt. On or about March 13, 2007, the Debtor entered into a purchase money promissory note with John Hamad in the original principal amount of \$1,160,854.00. These funds represent a portion of the purchase price paid to Mr. Hamad the Oceanside Site, and the note is secured by a second deed of trust on the Oceanfront Parcel of the Oceanside Site. Mr. Hamad filed claim number 36 in the amount of \$1,292,710.62.

(2) Impairment. This class will be impaired.

(3) Treatment. This claim shall be treated as a secured obligation of the Debtor in an amount equal to the lesser of: (1) the value of the property which secures the debt; or (2) (a) all outstanding principal and interest due on the petition date; plus (b) any interest, costs and expenses which may be approved by the Court pursuant to Section 506(b). The creditor shall retain its liens with the priority thereof, as existed on the Petition Date pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code, until the secured claim is paid. The Debtor shall have a period not to exceed six (6) months from the Effective Date in which to sell the collateral securing the claim. During this time period, the Debtor shall pay to the creditor the net proceeds of any sales after ECB has been paid in full, but will make no other payments to the creditor, and interest shall accrue at a rate equal to the Wachovia Bank prime rate, as it fluctuates from time to time, plus 1.0 %. During this time period, the Debtor shall keep the property taxes current. If the Debtor has not paid the claim or liquidated the collateral securing the claims within six (6) months after the Effective Date, then (1) if the Debtor has surrendered the property to ECB in payment of its claim, the claim of this creditor shall be extinguished, or (2) if the Debtor is making amortizing payments to ECB, the Debtor shall amortize the remaining principal balance owed on the debt in equal monthly payments at a fixed rate of interest of 4.25% per annum over a period of twenty (20) years, plus the accrued and unpaid interest over said time period. In the event of a deficiency, this creditor shall not be entitled to any additional amounts because this is a purchase money loan.

J. Class 10 – Centurion:

(1) Description of Class. This class consists of the general contractor for the construction of the Nautical Club project. Centurion filed claim number 41 in the amount of \$3,581,241.02

(2) Impairment. This class will be impaired.

(3) Treatment. It is anticipated that Centurion will receive \$830,000.00 towards payment of its claims from RBC's Post-Petition DIP Financing. The remainder of Centurion's claim shall be treated as a general unsecured claim as set forth below.

K. 11 - General Unsecured Claims:

(1) Description of Class. This class consists of all allowed, undisputed, non-contingent unsecured claims listed in the Debtor's petition or as otherwise approved by the Court.

(2) Impairment. This class will be impaired.

(3) Treatment. The total of general unsecured claims and deficiency claims is \$11,550,876.98 as of the date of the filing of this Plan. The Debtor proposes to pay the unsecured creditors five percent (5%) of the net proceeds, after the payment of closing costs and RBC's release prices, from the sale of Nautical Club condominium units, up to a maximum of \$100,000.00. All such payments shall be distributed pro rata to allowed creditors within this Class.

The Debtor may investigate and pursue avoidance actions pursuant to 11 U.S.C. §§ 547 and 548. Any funds collected through such actions will be distributed in accordance with the priorities established by the Bankruptcy Code and Orders of this Court.

V. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Except as specified herein, all contracts which exist between the Debtor and any individual or entity, whether such contract be in writing or oral, which have not heretofore been rejected or heretofore been approved by Orders of the Court are hereby specifically rejected; provided, however, that this provision is not intended to reject and does not reject any agreement for the renewal or the extension of any loan or funds, presently binding and in effect between the Debtor and any secured creditor. The Debtor hereby assumes all leases currently in effect, in which the Debtor is the lessor.

Summer Winds Wastewater Agreement. The Debtor owns two parcels between the Atlantic Ocean and Salter Path Road (1455 and 1475 Salter Path Road) comprising a total of 4.996 acres (the "Oceanside Site"). The Nautical Club Project does not yet have access to a wastewater treatment facility. Summer Winds is an existing, unrelated 211-unit condominium development located directly across Salter Path Road from the Nautical Club Site. On or about July 15, 2008, the Debtor and Summer Winds entered into an Agreement with respect to the joint development of a wastewater treatment facility to serve the Summer Winds condominiums and the Nautical Club Project. The Agreement was modified by an Addendum#1 dated August 8, 2008. The Agreement calls for the joint wastewater treatment plant and primary effluent disposal area to be located on the Summer Winds site, and for repair areas for effluent disposal to be located on the Oceanside, DQ and Nautical Club Sites. The Debtor has assumed this Agreement.

VI. MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN

- A. The Debtor proposes to make payments under the plan from the sale of its property.
- B. Distributions under the Plan shall be made on the Distribution Date; provided however, that Court approved professionals may be paid as such fees and expenses are approved by the Court. Any distribution required to be made hereunder on a day other than a business day shall be made on the next succeeding business day.
- C. De Minimis Distributions. No distribution of less than fifty dollars (\$50.00) shall be required to be made to any holder of an allowed unsecured claim. Instead, the Debtor shall have the option of retaining such funds to be distributed at the time of the final distribution in accordance with the Plan.
- D. Unclaimed Property. If any distribution remains unclaimed for a period of 90 days after it has been delivered, or attempted to be delivered, such unclaimed property shall be forfeited by such holder of the claim and the Disbursing Agent shall not attempt to make any further distribution of such holder of the claim. Undistributed property shall be returned to the Debtor for distribution in accordance with the Plan.

E. The Debtor will execute and deliver all documentation to the Bankruptcy Court and to all parties in interest who are entitled to receive the same as required by the terms of this Plan and the Bankruptcy Code.

F. The Debtor shall take such other action as necessary to satisfy the other terms and requirements of this Plan and the Bankruptcy Code.

G. Except as expressly stated in the Plan, or allowed by a Final Order of the Bankruptcy Court, no interest, penalty, or late charge shall be allowed on any claim subsequent to the Petition Date, unless otherwise required by the Code. No attorney's fees or expenses shall be paid with respect to any claim except as specified herein or as allowed by a Final Order of the Court.

H. Confirmation of this plan shall constitute a finding that the Debtor does not waive, release, or discharge, but rather retain and reserve any and all pre-petition claims and any and all post-petition claims that it could or might assert against any party or entity arising under or otherwise related to any state or federal statute, state or federal common law, and any and all violations arising out of rights or claims provided for by Title 11 of the United States Code, by the Federal Rules of Bankruptcy Procedure, or by the Local Rules of this Court, including all rights to assert and pursue any and all avoidance actions, preference actions, and any other actions pursuant to 11 U.S.C. §§545, 546, 547, 548, 550, except to the extent such avoidance actions, preference actions, or other actions were assigned to a creditor(s) as part of the Debtor's Plan. Further, the Debtor retains all rights to assert and pursue all claims under 11 U.S.C. §542, including without limitation actions to seek turnover of estate assets, actions to recover accounts receivable, and/or actions to invalidate setoffs.

I. Administrative claims unpaid on the Effective Date will be paid from funds on hand or as the parties otherwise agree.

J. All objections to claims, fee applications, and adversary proceedings will be filed with the Court within 60 days of the Effective Date; provided however, that the Debtor retains the right to object or otherwise pursue any claims against secured creditors relating to the payoff and/or satisfaction of their secured claims.

VII. DISCLAIMER

All parties are advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan or before voting on any other matter as provided for herein.

Statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan itself, the Disclosure Statement, and all exhibits annexed thereto. The statements contained in this Disclosure Statement are made only as of the date hereof. No assurances exist that the statements contained herein will be correct any time hereafter.

The information contained in this Disclosure Statement is included herein for purposes of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to

determine how to vote on the Plan. No representations concerning the Debtor are authorized by the Debtor other than as set forth in this Disclosure Statement. Any other representations or inducements made to solicit your acceptance that are not contained in this Disclosure Statement should not be relied upon by you in arriving at your decision to accept or reject the Plan.

With respect to adversary proceedings, contested matters, other actions or threatened actions, this Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver; rather, this Disclosure Statement shall constitute statements made in connection with settlement negotiations.

This Disclosure Statement shall not be admissible in any non-bankruptcy proceeding involving the Debtor or any other party. Furthermore, this Disclosure Statement shall not be construed to be conclusive advice on the legal effects, including, but not limited to the tax effects, of the Debtor's Plan of Reorganization. You should consult your legal or tax advisor on any questions or concerns regarding the tax or other legal consequences of the Plan.

The information contained herein is not the subject of a certified audit and formal appraisals. The Debtor's records are dependent upon internal accounting methods. As a result, valuations and liabilities are estimated. Although substantial efforts have been made to be complete and accurate, the Debtor is unable to warrant or represent the full and complete accuracy of the information contained herein.

VIII. PAYMENTS UNDER PLAN ARE IN FULL AND FINAL SATISFACTION OF DEBT

Except as otherwise provided in Section 1141 of the Bankruptcy Code, or the Plan, the payments and distributions made pursuant to the Plan will be in full and final satisfaction, settlement, release, and discharge, as against the Debtor, of any and all claims against, and interests in, the Debtor, as defined in the Bankruptcy Code, including, without limitation, any Claim or Equity Interest accrued or incurred on or before the Confirmation Date, whether or not (i) a proof of claim or interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) such Claim or Equity Interest is allowed under Section 501 of the Bankruptcy Code, or (iii) the holder of such Claim or Equity Interest has accepted the Plan.

IX. POTENTIAL MATERIAL FEDERAL TAX CONSEQUENCES

The Debtor is a North Carolina limited liability company which is treated as a partnership for federal and state income tax purposes. As a result, all items of income, gain, loss, deduction and credit pass through to the members of the Debtor in proportion to their membership interests in the Debtor.

It is possible that, under the Plan, some debts will be extinguished for less than face amount. This would generate cancellation of indebtedness ("COD") income equal to the difference between the amount paid and the amount owed. COD income generally is excludable from taxable income if it occurs in the context of a Chapter 11 bankruptcy. However, in the context of an entity treated as a

partnership for tax purposes, the determination of excludability is made at the partner level. Therefore, to the extent debts are extinguished, the COD will generate income to the Debtor which will be passed through to the members in proportion to their interests. This income can be excluded from income by a member who is in Chapter 11 or is insolvent, in which case, the excluding member must reduce other tax attributes, such as basis in depreciable property, net operating losses, etc., in an amount equal to the excluded COD income. In addition, because some of the cancelled debt may constitute “qualified real property business indebtedness”, a member may elect to exclude that portion of its or his COD income in exchange for a reduction in basis in other depreciable property. In either event, the COD income passed through to the members will increase their bases in their membership interests, as well as their capital account balances.

Some debts may be satisfied under the Plan by a sale of the property securing the debt. In such event, because the Debtor is a dealer in real property, the Debtor will recognize ordinary income or loss on the sale in an amount equal to the difference between the amount realized on the sale and the Debtor’s cost of goods sold in the property. This gain or loss will be passed through to the members in proportion with their ownership interests, and will produce commensurate increases or decreases in their bases in their interests in the Debtor.

Some debts may be satisfied by a surrender of the property to the secured lender. In such event, the Debtor will recognize cancellation of indebtedness income in an amount equal to the difference between the face amount of the debt and the fair market value of the property surrendered, and will recognize ordinary income or loss in an amount equal to the difference between the fair market value of the surrendered property and the Debtor’s cost of goods sold in such property. The cancellation of indebtedness income so recognized will be excluded and subject to the tax attribute reduction rules discussed above. Any gain or loss will be passed through to the members in proportion with their ownership interests, and will produce commensurate increases or decreases in their bases in their interests in the Debtor.

Payments to be made under the Plan will produce the following income tax effects:

- Administrative expenses paid by the Debtor will be deductible by the Debtor, and these ordinary deductions should be passed through to the Members.

- Payment of the principal portion of secured claims generally will not be deductible by the Debtor, as it has already been included in the basis of the assets securing the debt or applied towards payment of previously deducted expenses.

- Payment of interest attributable to secured claims will be deductible by the Debtor, to the extent such deductions have not already been accrued.

- Payment of unsecured claims will be deductible by the Debtor to the extent (i) the payment thereof would produce a deduction outside of Chapter 11, and (ii) a deduction for the subject payment has not already been accrued.

- The Debtor will recognize income or loss on the sale of any assets sold in an amount equal to the difference between its amount realized on each sale and its adjusted basis or cost of goods sold

in the subject asset(s) immediately prior to the transfer. The amount realized will include the amount of any nonrecourse indebtedness which is eliminated as a result of the sale. This income or loss will be ordinary in character, because the debtor is a dealer in real property, and its assets constitute inventory for income tax purposes.

All income recognized by the Debtor will be passed through to its members in proportion to their membership interests, and will increase their capital account balances with respect thereto. Similarly, all deductions will be passed through to the members debtor on a pro rata basis, and will reduce the members' bases in their membership interests and, therefore, their capital account balances. At this time, it is not possible to determine the amount of COD income, other income and deductible expenses which will be incurred prior to completion of the Plan.

The Debtor is a North Carolina limited liability company. Because North Carolina income tax law follows federal income tax law, the issues discussed above generally applies equally to the Debtor and the members for state income tax purposes.

For federal income tax purposes, loan creditors who receive principal payments under the Plan generally will recognize capital gain or loss in an amount equal to the difference between the amount of the principal payments and their bases in their claim. (A creditor may have a basis in its claim which is different from the face amount of the indebtedness as a result of charge-offs, or because it acquired its claim for something other than the face amount from the original lender.) Any interest payments received by creditors under the Plan should generate ordinary income to such creditors, to the extent such amounts have not already been accrued.

A loan creditor whose debt is significantly modified will be treated as having received a new debt instrument in exchange for the old one. This will be treated as a sale or exchange of the old debt for a new instrument with a value determined under IRS rules. This may result in the recognition of capital gain or loss by the creditor in an amount equal to the difference between the value of the new instrument and the creditor's basis in the claim.

Trade creditors of the Debtor who receive payments under the Plan will recognize federal taxable income in a manner consistent with their methods of accounting for receipts of this nature.

Expenses incurred by creditors in connection with the Plan, such as legal, accounting and administrative costs, should be deductible by the creditors in accordance with their methods of accounting.

To the extent creditors are subject to North Carolina income tax, their treatment for state tax purposes will generally follow the federal treatment discussed above. The income tax treatment of creditors in states other than North Carolina is beyond the scope of this disclosure statement.

CIRCULAR 230 NOTICE: To comply with requirements imposed by the United States Treasury Department and/or IRS, any information regarding any U.S. federal tax matters contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, as advice for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

A formal and thorough written tax opinion would first be required for any tax advice contained in this communication to be used to avoid tax related penalties. Please consult your own tax professional.

X. PROVISIONS FOR VOTING ON A PLAN

A. Creditors Allowed to Vote and Deadline. Creditors holding allowed claims are entitled to vote to accept or reject the Debtor's Plan of Reorganization. The Court has fixed a date by which ballots upon the proposed Plan must be filed with counsel for the Debtor as an agent of the Court. Even though a creditor may not choose to vote, or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each class of creditors and/or is confirmed by the Court. Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a claim or interest for voting purposes does not necessarily mean that the claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any claim to which an objection has been or will be made will be allowed for distribution only after determination by the Court. Such determination of allowed status may be made before or after the Plan is confirmed.

B. Voting Provisions. In order for the Plan to be accepted by the class of creditors holding general unsecured claims, creditors that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in the total number of allowed claims of creditors voting on the Plan must accept the Plan. Under certain limited circumstances more fully described in 11 U.S.C. Section 1129(b), the Court may confirm the Plan by a "cramdown" notwithstanding the rejection thereof by more than one-third (1/3) in amount or one-half (1/2) in number of the creditors voting on the Plan. The Debtor intends to seek confirmation under 11 U.S.C. Section 1129(b) in the event any class of creditors rejects the Plan.

C. Representations Limited. No representation concerning the Debtor, particularly regarding future business operations or the value of the Debtor's assets, has been authorized by the Debtor except as set forth in this statement. You should not rely on any other representations or inducements offered to you to secure your acceptance or decide how to vote on the Plan. Any person making representations or inducements concerning acceptance or rejection of the Plan should be reported to counsel for the Debtor.

While every effort has been made to provide the most accurate information available, the Debtor is unable to warrant or represent that all information is without inaccuracy. No known inaccuracies are set forth herein. Further, much of the information contained herein consists of projections of future performance. While every effort has been made to ensure that the assumptions are valid and that the projections are as accurate as can be made under the circumstances, the Debtor has not undertaken to certify or warrant the absolute accuracy of the projections.

No formal appraisals have been undertaken of the Debtor's property for the purpose of preparing this Disclosure Statement. The property values which were assigned and summarized below are the Debtor-in-Possession's best estimate of the values of the property as of the time of the filing of this Disclosure Statement. However, the Debtor has sought the opinions of persons experienced in valuing property in arriving at its estimates of values. These values may differ from

values placed on the property at the time of the filing of the petition for relief and the subsequent schedules.

XI. ACCEPTANCE AND CONFIRMATION

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The confirmation hearing will be scheduled at a time and place to be determined by the Bankruptcy Court. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the confirmation hearing.

At the confirmation hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include determinations by the Bankruptcy Court that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan is in the "best interests" of all Creditors; (iii) the Plan is feasible; (iv) the Plan has been accepted by the requisite number and amount of Creditors in each Class entitled to vote on the Plan, or that the Plan may be confirmed without such acceptances; (v) the Plan and its proponent comply with various technical requirements of the Bankruptcy Code; (vi) the Debtor has proposed the Plan in good faith; (vii) any payments made or promised in connection with the Plan are subject to the approval of the Bankruptcy Court as reasonable; and (viii) the Plan provides specified recoveries for certain priority claims. The Debtor believes that all of these conditions have been or will be met prior to the Confirmation hearing.

A. **Classification of Claims.** The Bankruptcy Code requires that a plan place each creditor's claim in a class with "substantially similar" claims. The Debtor believes that the Plan's classification of claims complies with the requirements of the Bankruptcy Code and applicable case law.

B. **The Best Interests Test.** Notwithstanding acceptance of the Plan in accordance with Section 1126 of the Bankruptcy Code, the Bankruptcy Court must find, whether or not any party in interest objects to Confirmation, that the Plan is in the best interests of the Creditors. Bankruptcy courts have generally defined "best interests" as the Bankruptcy Code's requirement that, under any plan of reorganization, each member of an impaired class of creditors must receive or retain, on account of its claim, property of a value, as of the effective date of the plan, that is not less than the amount such creditor would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan is in the best interests of all Creditors.

To determine what the Creditors would receive if the Debtor were liquidated under chapter 7, the dollar amount that would be generated from the liquidation of the Debtor's assets in a chapter 7 liquidation case needs to be considered. The amount that would be available for the satisfaction of Claims would consist of the Debtor's interest in the net proceeds resulting from the disposition of the Estate's assets, augmented by the Debtor's interest in the cash on hand. The Estate's interest would be further reduced by the amount of any Secured Claims, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may result from the termination of the Debtor's business. These calculations are set forth in a liquidation analysis attached to this Disclosure Statement.

The costs of liquidation under chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a chapter 7 trustee, as well as those which might be payable to attorneys, financial advisors, appraisers, accountants and other professionals that such a trustee may engage to assist in the liquidation.

After satisfying Administrative Claims arising in the course of the chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time the Case was pending under chapter 11, including compensation for the Debtor, attorneys, financial advisors, appraisers, accountants and other professionals retained by the Debtor.

For the reasons discussed above, the Debtor has concluded that the Plan provides Creditors with a recovery that has a present value at least equal to the present value of the distribution that such Person would receive if the Estate were liquidated under chapter 7 of the Bankruptcy Code.

BECAUSE THE LIQUIDATION ANALYSIS AND ANY PROJECTIONS WHICH MAY BE PROVIDED BY THE DEBTOR ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES THAT ARE BEYOND THE DEBTOR'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE LIQUIDATION VALUES WOULD, IN FACT, BE REALIZED IN THE EVENT OF A LIQUIDATION UNDER CHAPTER 7 OR THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY BE HIGHER OR LOWER THAN THOSE SHOWN IN THE EXHIBITS, POSSIBLY BY MATERIAL AMOUNTS.

C. **Feasibility of the Plan.** Section 1129(a)(11) of the Bankruptcy Code requires a judicial determination that confirmation of the Plan will not likely be followed by liquidation or the need for further financial reorganization of the Debtor or any other successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Debtor believes that the Debtor will be able to meet its obligations under the Plan.

D. **Confirmation.** The Plan may be confirmed if the holders of impaired Classes of Claims accept the Plan. Classes of Claims that are not impaired are deemed to have accepted the Plan. A Class is impaired if the legal, equitable, or contractual rights attaching to the Claims or interests of that Class are modified other than by curing defaults and reinstating maturities or by full payment in cash.

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of allowed claims in that class. This calculation includes only those holders of claims who actually vote to accept or reject the Plan. Votes on the Plan are being solicited only from holders of Allowed Claims in impaired Classes who are expected to receive distributions.

In the event that an impaired Class does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of Section 1129(a)

of the Bankruptcy Code are satisfied, and (ii) as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such non-accepting Class. **THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND STRONGLY RECOMMENDS THAT ALL PARTIES ENTITLED TO VOTE CAST THEIR BALLOTS IN FAVOR OF ACCEPTING THE PLAN.** Nevertheless, the Debtor has requested that the Bankruptcy Court confirm the Plan over the rejection of any non-accepting Class in the event all other elements of Section 1129(a) of the Bankruptcy Code are satisfied.

A plan “does not discriminate unfairly” if the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class, and no class receives payments in excess of that which it is legally entitled to receive. The Debtor believes that, under the Plan, all holders of impaired Claims are treated in a manner that is consistent with the treatment of other holders of Claims with which any of their legal rights are intertwined. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims.

The condition that a plan be “fair and equitable” generally requires that an impaired class that has not accepted the plan must receive certain specified recoveries, as set forth in Section 1129(b)(2) of the Bankruptcy Code. The Debtor believes that the Plan meets the thresholds specified in this section of the Bankruptcy Code.

XII. EFFECT OF CONFIRMATION

A. Except as otherwise provided in the Plan, the confirmation of the Plan vests all of the property of the estate in the Debtor.

B. Injunction. As of the Confirmation Date, except as otherwise provided in the Plan or the Confirmation Order, all persons that have held, currently hold, or may hold a claim, equity interest, or other debt or liability that is treated pursuant to the terms of the Plan or that is otherwise enjoined pursuant to Section 1141 of the Code, are enjoined from taking any of the following actions on account of any such claims, equity interests, debtors or liabilities, other than actions brought to enforce obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a setoff or right of recoupment of any kind against any debt, liability, or obligation; (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation order. Notwithstanding the foregoing,

XIII. RECOMMENDATION AND CONCLUSION

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST RECOVERY TO CREDITORS AND IS IN THE BEST INTEREST OF CREDITORS, THEREFORE, THE DEBTOR RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

XIV. OTHER SOURCES OF INFORMATION AVAILABLE
TO CREDITORS AND PARTIES IN INTEREST

Additional motions, affidavits, orders or other documentation which might be of interest to any holder of a claim against the Debtor in this proceeding are shown on the docket sheet maintained by the Clerk's office. Copies of the docket sheet and actual items can be obtained from the office of the Clerk of the Bankruptcy Court:

Stephanie Edmondson, Clerk
U.S. Bankruptcy Court
1760-A Parkwood Boulevard
Wilson, NC 27893
(252) 237-0248

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Respectfully submitted, this the 11th day of February, 2009.

s/Trawick H. Stubbs, Jr.
TRAWICK H. STUBBS, JR.
N.C. State Bar #4221
/s Amy M. Faber
AMY M. FABER
N.C. State Bar #26031
STUBBS & PERDUE, P.A.
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New Bern, NC 28563-1654
(252) 633-2700
Attorneys for Debtor

SHEARIN FAMILY INVESTMENTS, LLC

s/James Marvin Shearin II
JAMES MARVIN SHEARIN, II
Member-Manager

SHEARIN FAMILY INVESTMENTS, LLC
CASE NO. 08-07082-8-JRL
EXHIBIT A

ASSETS

Description	Value of Asset
Real Property	
4.1 acres oceanfront located at 1475 Salter Path Rd, Indian Beach	\$ 6,294,162.00
1.54 acres located at 1530 and 1540 Salter Path Rd, Indian Beach	\$ 1,614,294.00
11.54 acres on sound located at 1550 Salter Path Rd, Indian Beach	\$ 38,000,000.00
.896 acres located at 1455 Salter Path Rd, Indian Beach	\$ 1,205,838.00
Total Real Property	\$ 47,114,294.00
Personal Property	
DIP bank account	\$ 7,004.54
Accounts Receivable	\$ -
Total Personal Property	\$ 7,004.54
Total	\$ 47,121,298.54

* Value of the Murphy-Brown Contract is based on the present value of the non-contingent payments under the Contract using an interest rate of 5% per annum over the 20 months remaining term.

SHEARIN FAMILY INVESTMENTS, LLC
CASE NO. 08-07082-8-JRL
EXHIBIT B

LIABILITIES

<u>Class</u>	<u>Claim #</u>	<u>Amount of Claim</u>	
<u>Class 1: Administrative Claims</u>			
Stubbs & Perdue, P.A.		To Be Determined by the Court	
McGladrey & Pullen, LLP		To Be Determined by the Court	
GreenHawk Partners, LLC		To Be Determined by the Court	
<u>Class 2: Ad Valorem Taxes</u>			
Carteret County Tax Collector	1	\$ 78,335.35	
<u>Class 3: Tax Claims</u>			
no claims in this class			
<u>Class 4: RBC Real Estate Finance</u>			
	3	\$ 27,006,533.00	
	2	\$ 1,360,942.00	
		\$ 8,000,000.00	
Total RBC		\$ 36,367,475.00	
<u>Class 5: East Carolina Bank</u>			
	4,5	\$ 4,385,752.82	
<u>Class 6: Southern Bank & Trust Company</u>			
	9	\$ 257,497.36	
<u>Class 7: Wachovia Bank</u>			
	39	\$ 984,028.77	
<u>Class 8: Samer and Sumer Hamad</u>			
	37	\$ 134,543.88	
<u>Class 9: John Hamad</u>			
	36	\$ 1,292,710.62	
<u>Class 10: Centurion Construction</u>			
	14, 41	\$ 3,581,241.02	\$ 830,000.00 Paid from DIP Loan; Remainder in Class 11
<u>Class 11: General Unsecured Claims</u>			
Dr. Gary Ackerman	31	\$ 35,100.00	
AD Works		\$ 16,641.26	
Horace and Doris Aycock	33	\$ 25,000.00	
BAC, LLC	17	\$ 565,000.00	
Bartlett Engineering	7	\$ 27,376.03	
Big Sky Design, Inc.	10	\$ 30,334.94	
James & Connie Bond		\$ 500,000.00	
Brightdoor Systems	30	\$ 4,776.72	
Cagle & Locke	20	\$ 500,000.00	
Carteret Craven Electric Cooperative	48	\$ 43,630.50	
Cedar Point Containers		\$ 167.89	
Centurion Construction		\$ 2,751,241.02	After payment of \$830,000 from DIP Loan
Circumference Design Grp	12	\$ 10,370.88	
Gabriel Corchiani		\$ 28,250.00	
Allen & Peggy Cornelius	13	\$ 58,552.00	
Dreamland Partners, LLC		\$ 80,685.79	
Kevin & Karen Driscoll	43	\$ 42,837.50	
Eastern Petroleum		\$ 2,035,000.00	
Eastern Petroleum		\$ 425,000.00	
ECS Carolinas		\$ 2,684.55	
EDA PA Architects	25, 52	\$ 70,949.15	
Gene Edwards	50	\$ 31,035.00	
Lawrence W. Edwards	15	\$ 500,000.00	
T. Stewart Gibson	8, 32	\$ 459,062.50	
Greenville R&R Prop.		\$ 500,000.00	
John Hamad	35	\$ 100,000.00	
Mike Hedgepeth	16	\$ 500,000.00	
T. Spencer Hill	40	\$ 26,250.00	
Hurricane Investments	11	\$ 28,500.00	
Indian Beach Wilmington	23	\$ 325,000.00	
Investment Club, LLC		\$ 30,137.00	
John Butler Sales, Inc.	49	\$ 77,325.00	
Darrell & Patricia Johnson		\$ 29,276.12	
Sally & James King	18	\$ 80,613.09	

SHEARIN FAMILY INVESTMENTS, LLC
CASE NO. 08-07082-8-JRL
EXHIBIT B

Robert LaBarbera	46	\$	40,788.37
Robert & Laura LaBarbera, Guardians	45	\$	39,344.52
Donald & Janet Lamb		\$	30,725.24
James Lamb		\$	29,250.60
Lappas & Havener PA		\$	22,744.78
Mashburn Appraisal Group		\$	800.00
Robert Morgan/Robert Parrott		\$	375,000.00
Robert Morgan/Robert Parrott		\$	450,000.00
Robert Morgan/Robert Parrott		\$	450,000.00
Naut US, LLC	51	\$	68,468.10
Newbanks, Inc.		\$	900.00
Douglas & Roxanne Parsons	21	\$	375,000.00
Pinkertonsouth, Inc.	44	\$	9,550.00
Ply-Bond/Tillman	24	\$	61,093.76
Bradley Pressley		\$	32,500.00
Michael Quinto	34	\$	41,692.04
Hugh Shearin	27	\$	92,583.32
SJM Properties	28	\$	300,000.00
Berkley & Susan Skinner	22	\$	300,000.00
Steve Broughton Rental		\$	450,000.00
Duanne & Susan Swenk	47	\$	59,000.00
T. Stewart Gibson PLLC		\$	12,452.39
TayMay, LLC	6	\$	115,000.00
TCS Properties, LLC		\$	22,500.00
Richard Tecco, Jr.	19	\$	76,602.94
James W. Thompson III	29	\$	125,000.00
James W. Thompson III	26	\$	13,825.00
Uptown Properties		\$	550,000.00
Vision Painting	42	\$	150,000.00
John Woodhouse	38	\$	66,500.00
Total Unsecured		\$	11,550,876.98
Total Liabilities		\$	58,632,461.80

SHEARIN FAMILY INVESTMENTS, LLC
CASE NO. 08-07082-8-JRL
EXHIBIT C

ASSETS	LIENHOLDER	AMOUNT OF LIEN	MARKET VALUE	EQUITY
Real Property				
4.1 acres oceanfront located at 1475 Salter Path Rd, Indian Beach	John Hamad ECB	\$ 1,128,762.02 \$ 4,304,588.32	\$ 6,294,162.00	\$ 860,811.66
1.54 acres located at 1530 and 1540 Salter Path Rd, Indian Beach	Wachovia Samer Hamad	\$ 984,028.77 \$ 134,543.88	\$ 1,614,294.00	\$ 495,721.35
11.54 acres on sound located at 1550 Salter Path Rd, Indian Beach	RBC	\$ 36,367,475.00	\$ 38,000,000.00	\$ 1,632,525.00
.896 acres located at 1455 Salter Path Rd, Indian Beach	Southern Bank	\$ 257,497.36	\$ 1,205,838.00	\$ 948,340.64
Total Real Property			\$ 47,114,294.00	\$ 3,937,398.65
Personal Property				
DIP bank account		\$ -	\$ 7,004.54	\$ 7,004.54
Accounts Receivable				
Total Personal Property		\$ -	\$ 7,004.54	\$ 7,004.54
Less				
<u>Chapter 7 Auctioner Fees Real Property</u>				
10% of first \$25,000.00				\$ 2,500.00
4% of balance				\$ 1,883,571.76
<u>Trustee's Commission</u>				
25% of first \$5,000				\$ 1,250.00
10% of next \$5,000 to \$50,000				\$ 4,500.00
3% of balance				\$ 1,411,928.82
<u>Chapter 7 Auctioner Fees for Personal Property</u>				
20% of first \$20,000			\$ -	
10% of next \$50,000			\$ -	
4% of balance			\$ -	
<u>Trustee's Commission</u>				
25% of first \$5,000			\$ -	
10% of next \$5,000 to \$50,000			\$ -	
3% of balance			\$ -	
Chapter 11 Administrative Claims (est.)			\$ 200,000.00	
Priority Claims			\$ 78,335.35	
Available for Unsecured Creditors			\$ -	