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13 UNITED STATES BANKRUTPCY COURT

14 DISTRICT OF ARIZONA

15 In re

Chapter 11 Proceeding

16 THE SCHOMAC GROUP, INC.,
17 dba Feather River Inn
18 TEDCO, INC.,
19 NSS RV CENTRAL OG LIMITED
20 PARTNERSHIP,
21 SRE INVESTMENTS, L.P.,

Case No. 4:11-bk-22717-EWH
4:11-bk-22720-EWH
4:11-bk-33246-JMM
4:11-bk-33247-EWH
(Joint Administration)

22 Debtors.

23 This Filing Applies to:

24 All Debtors
25 Specified Debtors

26
27 **DEBTORS' FIRST AMENDED JOINT DISCLOSURE**
28 **STATEMENT**
29 **DATED JANUARY, 2012**

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1 **I. INTRODUCTION AND REPRESENTATIONS**

2 **Introduction**

3 The Debtors propose this Chapter 11 Joint Plan (the “Plan” or the “Joint Plan”). The
4 Debtors are:

5 •The Schomac Group, Inc., an Arizona corporation, the Debtor in possession
6 in Chapter 11 case number 4:11-bk-22717 (“**SCHOMAC**”),

7 •TEDCO, Inc., an Arizona corporation, the Debtor in possession in Chapter 11
8 case number 4:11-bk-22720 (“**TEDCO**”),

9 •NSS RV Central OG Limited Partnership, an Arizona limited partnership, the
10 Debtor in possession in Chapter 11 case number 4:11-bk-33246 (“**RV**
CENTRAL”), and

11 •SRE Investments, L.P., an Arizona limited partnership, the Debtor in
12 possession in Chapter 11 case number 4:11-bk-33247 (“**SRE**”).

13 The four entities are collectively referred to as the “Debtors”. The Debtors are disseminating
14 this Joint Disclosure Statement to their creditors for the purpose of soliciting acceptance of
15 the Joint Plan.

16 The Debtors believe this Joint Disclosure Statement contains information that is
17 material, important, and necessary for creditors to arrive at an informed decision in
18 exercising their right to vote for acceptance of the Plan. This Disclosure Statement is being
19 disseminated in conjunction with the Plan jointly proposed by the Debtors.

20 The United States Bankruptcy Court for the District of Arizona (“the Court”) has set
21 a hearing on confirmation of the Plan in the U.S. Bankruptcy Court, 38 N. Scott Ave.,
22 Courtroom #446, Tucson, Arizona. The time and date of the hearing is set forth in the Order
23 which accompanies this Disclosure Statement. Creditors may vote on the Plan by filling out
24 and mailing the accompanying ballot in accordance with the procedure provided on the
25 ballot and the *Order Approving Disclosure Statement and Fixing Time for Filing*
26 *Acceptance or Rejection of Plan, Combined with Notice*, so that it is received at least five

1 (5) business days prior to the date of the hearing. As a creditor, your vote is important. For a
2 class of creditors' claims to accept the Plan, acceptances must be filed by at least 2/3 in
3 amount, and more than 1/2 in number of the allowed claims of each class that actually vote
4 on the Plan. A failure to vote on the Plan does not constitute either an acceptance or
5 rejection of the Plan.

6 **Ballot Procedures**

7 Creditors will receive an electronic or paper copy of this Disclosure Statement, the
8 Plan of Reorganization, an Order setting the hearing on confirmation of the Plan, and a
9 Ballot. The Debtors reserve the right to designate the correct Class, if any creditor submits a
10 Ballot that fails to either identify a Class number or votes a Ballot in an incorrect Class. The
11 Debtors also reserve the right to designate the treatment options afforded any creditor who
12 submits a Ballot and fails to designate any treatment option afforded that Class.

13 **Representations**

14 NO REPRESENTATIONS CONCERNING THESE DEBTORS OR THE PLAN
15 ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE
16 STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS TO OBTAIN YOUR
17 ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD
18 NOT BE RELIED UPON. THE INFORMATION CONTAINED HEREIN HAS NOT
19 BEEN AUDITED. THE DEBTORS ARE UNABLE TO REPRESENT THAT THE
20 INFORMATION HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH THE
21 INFORMATION DISCLOSED IS ACCURATE TO THE BEST OF THE DEBTORS'
22 KNOWLEDGE, INFORMATION AND BELIEF.

23 THE COURT HAS NOT VERIFIED THE ACCURACY OF THE INFORMATION
24 CONTAINED HEREIN, AND THE COURT'S APPROVAL OF THIS DISCLOSURE
25 STATEMENT DOES NOT IMPLY THAT THE COURT ENDORSES OR APPROVES
26 THE PLAN, BUT ONLY THAT IF THE INFORMATION IS ACCURATE, IT IS
SUFFICIENT TO PROVIDE AN ADEQUATE BASIS TO MAKE AN INFORMED
DECISION WHETHER TO ACCEPT OR REJECT THE PLAN.

24 **Defined Terms**

25 Most words or phrases in this Disclosure Statement have their usual and customary
26 meanings. Certain capitalized terms have the same meaning as defined in this Disclosure

1 Statement or the Plan. If not otherwise defined, certain terms in this Disclosure Statement
2 have the meaning provided in the Bankruptcy Code or Bankruptcy Rules.

3 **Source of Information for the Disclosure Statement**

4 This Disclosure Statement was prepared with information provided by
5 representatives of the Debtors.

6 **II. BACKGROUND**

7 THE SCHOMAC GROUP, INC.

8
9 Schomac Corp. and Executive Property Development, the predecessors to
10 SCHOMAC, were organized under the laws of the State of Arizona in February, 1974 as
11 privately held real estate investment, development, financing and management companies
12 headquartered in Tucson, Arizona. SCHOMAC was capitalized with assets accumulated in
13 those entities, and was legally formed in December, 1987. Today, SCHOMAC and TEDCO
14 are in the business of investment, real estate development and real estate management.
15 SCHOMAC's primary business is to act as a holding company for its various subsidiaries,
16 which are actively involved in diverse segments of the real estate industry. SCHOMAC's
17 sole shareholders are two trusts controlled by W. Michael Schoff, who remains active in the
18 Company. His son, Ryan Schoff, is the President and Chief Executive Officer, but holds no
19 ownership interest personally. W. Michael Schoff is the 100% shareholder of TEDCO.

20 Until July 2005, SCHOMAC and its subsidiaries employed more than 500 personnel
21 nationwide and SCHOMAC was one of the largest real estate related employers in Southern
22 Arizona according to the Arizona Daily Star annual ranking of the Top 200 Employers.
23 SCHOMAC previously managed a portfolio of approximately 90 self-storage facilities, 72
24 of which were sponsored and managed by SCHOMAC, with TEDCO being a substantial
25 investor. SCHOMAC also sponsored and managed a portfolio of apartment complexes,
26

1 including the management of roughly 40 apartment complexes, as many as 16 of which
2 were owned by SCHOMAC over time.

3 The extent of these activities was such that SCHOMAC has developed over 4,000
4 apartment units in the Tucson and Las Vegas areas, in addition to 800,000 square feet of
5 retail, office, and medical space including the Cambric Corporate Center and the Tucson
6 Auto Mall. Under the name National Self Storage, SCHOMAC developed 4 million square
7 feet of self storage space in thirteen states across the nation. The combined value of
8 properties SCHOMAC has developed exceeds \$400 million. SCHOMAC has sponsored
9 over 100 syndicated and private limited partnerships and has joint ventured as many
10 properties with both institutions and private individuals.

11 Currently, SCHOMAC has 8 executive, financial and administrative employees,
12 including W. Michael Schoff and Ryan Schoff. The employees perform a variety of critical
13 functions, including the operation of the Debtors' business and performance of many
14 administrative, accounting, supervisory, consultant, management, and other tasks. The
15 employees' skill and knowledge sustain the Debtors' operations and customer relations and
16 are essential to the effective restructuring of the Debtors' business. Without the continued
17 services of the employees, an effective restructuring of the Debtors will not be possible.
18 Replacing these skilled and knowledgeable employees would be impossible. Through
19 businesses it operates or entities it sponsors, it has up to 100 additional employees working
20 in Arizona, California, Georgia and Washington for whom it is ultimately responsible.

21 SCHOMAC is the parent company for several Qualified Subchapter S Subsidiary
22 Corporations ("QSSS"):

23 Schomac Development, Inc. ("SDI"):

24 SDI was formed in December, 1987 to serve as the development arm of SCHOMAC.
25 There are no current development activities, but SDI holds a nominal amount of cash and a
26

1 general partner interest in SRE.

2 Schomac Equities, Inc. (“SEI”):

3 SEI was formed in December, 1987 to serve as the investment arm of SCHOMAC. It
4 continues in that capacity today and holds equity interests in various real estate investment
5 entities.

6 Schomac Financial, Inc. (“SFI”):

7 SFI was formed in December, 1987 to serve as the lending arm of SCHOMAC. It
8 continues in that capacity today holding various receivables from related and outside parties.
9 It also provides liquidity to SCHOMAC and its QSSS’s. In addition, SFI holds direct equity
10 interests in certain real estate investment entities.

11 Schomac Properties, Inc. (“SPI”):

12 SPI was formed in December, 1987 to serve as the direct real estate investment and
13 property management arm of SCHOMAC. It continues in that role today and manages
14 various real estate properties associated with SCHOMAC, its affiliates and related parties. It
15 also holds miscellaneous fixed assets.

16 Schomac Capital Corp. (“SCC”):

17 SCC was initially formed as Schomac Construction Corp. in May, 1985, was
18 renamed Schomac Capital Corp. in April, 1994, and repurposed to serve as the non-real
19 estate investment arm of SCHOMAC. It continues in that capacity today and holds
20 miscellaneous non-core investments.

21 Westside Properties, Inc. (“WPI”):

22 WPI was formed in May, 1988 to serve as the corporate general partner of
23 approximately 20 limited partnerships sponsored by SCHOMAC and its founders. WPI
24

1 remains as the general partner of 1 entity that owns approximately 5 acres in Tucson, AZ.

2
3 TEDCO, INC.

4 TEDCO, Inc. (“TEDCO”) was organized under the laws of the State of Arizona in
5 February, 1991 as a privately held real estate investment company headquartered in Tucson,
6 Arizona. Its primary business is to act as a holding company for its various subsidiaries,
7 which are actively involved in diverse segments of the real estate industry. TEDCO’s sole
8 shareholder is W. Michael Schoff.

9 TEDCO holds 100% of the equity in three subsidiary corporations:

10 Oak Investors, Inc. (“Oak”):

11 Oak was formed in February 1991 to serve as a holding company for various real
12 estate assets and investment activities. It currently holds real property and miscellaneous
13 intercompany, related party and outside party receivables.

14 Elm Tree Investors, Inc. (“Elm”):

15 Elm was formed in June 1991 to serve as a holding company for real estate assets and
16 operating activities. It currently operates a sand pit located on Oak’s real property and owns
17 equipment.

18 Feather River Inn, Inc. (“FRI Inc.”):

19 FRI Inc. was formed by the University of the Pacific, the prior owner of the Feather
20 River Inn, as a holding company for activities relating to the Feather River Inn. It is
21 currently a shell entity with no activity, and was acquired for its name when SCHOMAC
22 acquired the Feather River Inn in June, 2005.
23
24
25
26

1 SRE INVESTMENTS, L.P.

2 SRE Investments, LP (“SRE”) was organized under the laws of the State of Arizona
3 in February, 2006. It owns eleven (11) residential lots of approximately five (5) acres each
4 in a subdivision known as Saguaro Ranch, which is located in the Tortolita Mountains in
5 Marana, Pima County, Arizona.

6 The ownership structure of SRE is 75.921% owned by The Schomac Group, Inc.
7 (“SCHOMAC”) and 24.079% by two trusts controlled by Susan A. Harris. SRE is aware of
8 a bank commissioned appraisal of the property dated January 2012, valuing the 11 lots, in
9 bulk, at \$1,470,000. The Pima County Tax Assessor has valued each lot at \$226,636 for
10 2012 property tax assessment purposes.

11 At the time of the purchase, SRE paid \$5,000,000 in cash raised from its investors,
12 and obtained financing from Bank of Oklahoma (Arizona), N.A. (“BOKF” or “Bank of
13 Oklahoma”) in the amount of \$5,000,000. Both the loan officer and SCHOMAC felt that a
14 50% loan to value was conservative and appropriate. Since that time, SCHOMAC has paid
15 down the loan balance by \$2,047,000.

16 SRE purchased the lots for \$10,000,000 at what was, in hindsight, the height of the
17 housing bubble in the United States, with the intent to develop luxury residences for sale.
18 However, this use has been postponed due to the recessionary environment that has
19 entrenched itself on a global scale since 2008.

20 NSS RV CENTRAL OG LIMITED PARTNERSHIP

21 Beginning in the 1970’s, The Schomac Group, Inc. (“SCHOMAC”) and its former
22 subsidiary, National Self Storage (“NSS”), developed, owned and operated a network of
23 over 100 self storage facilities in thirteen states. In 2005, SCHOMAC sold its company
24 owned portfolio of 72 self storage facilities to U-Store-It Trust, a REIT trading on the
25 NYSE. Due to it being under-development at the time of sale, SCHOMAC retained 100%
26

1 ownership of the storage asset known as RV CENTRAL through its investment subsidiary,
2 NSS RV CENTRAL OG, LP.

3 NSS RV CENTRAL OG, LP was organized under the laws of the State of Arizona in
4 March, 2003. It owns the real estate asset known as RV CENTRAL, a recreational vehicle
5 and self storage facility located at 6260 North Travel Center Drive in Marana, Pima County,
6 Arizona. RV CENTRAL was completed and opened in December, 2006 and is situated on
7 7.03 acres at a cost approximating \$7,930,000. RV CENTRAL obtained a loan from Bank
8 of Oklahoma in the amount of \$6,000,000 and funded the remaining costs through investor
9 capital contributions from SCHOMAC.

10 The facility consists of 9 buildings demised into approximately 300 units totaling
11 124,948 rentable square feet of storage space of which 118,010 sq ft is climate controlled. In
12 addition to storage space, there is a 2,600 sq. ft. repair shop, 3,500 sq. ft. state-of-the-art
13 RV/Truck wash and a 2,288 sq. ft. building that hosts a retail shop, office and onsite
14 residence. The property also offers propane gas and sanitation station services. The property
15 is currently 78% physically occupied.

16 17 **III. ASSET DESCRIPTION AND INDEBTEDNESS**

18 THE SCHOMAC GROUP, INC. ("SCHOMAC")

19 *CubeSmart Units and Other LNV Collateral*

20 SCHOMAC is the beneficial owner of 2,279,473.57 Operating Partnership units
21 ("OP Units") in CubeSmart, L.P. (formerly U-Store-It, LP), convertible into shares of
22 common stock of CubeSmart (formerly U-Store-It Trust) on a 1:1 basis. U-Store-It Trust is
23 in the process of rebranding itself as CubeSmart, and in mid September 2011, also changed
24 its ticker symbol from YSI to CUBE on the NYSE. Similarly, TEDCO is the beneficial
25 owner of an additional 454,009.51 OP Units in CubeSmart, L.P. SCHOMAC and TEDCO
26 received OP Units as part of the sale of its self-storage portfolio to YSI in July 2005. The

1 OP units provide a tax deferred structure for SCHOMAC and TEDCO, where gain on the
2 sale is not realized until the holder elects to convert its units into common shares. While the
3 OP Units are highly liquid and could be liquidated in a very short period, the Debtors have a
4 negative basis in the OP Units because of the way in which they were acquired, and
5 liquidation would result in a significant tax liability for the Debtors. At the consummation of
6 the sale in 2005, the value of the OP units was \$16.75 per share, or approximately
7 \$38,181,000 for SCHOMAC's OP Units and \$7,605,000 for TEDCO's OP Units. The
8 highest per share valuation of the OP units was \$23.61 on February 21, 2007.

9 CubeSmart is a self-administered and self-managed real estate investment trust. The
10 Company provides self-storage solutions across the country. CubeSmart currently owns or
11 manages 473 facilities across the United States, and operates the CubeSmart Network,
12 which consists of approximately 860 additional self-storage facilities. According to the 2011
13 Self Storage Almanac, CubeSmart is one of the top four owners and operators of self-
14 storage facilities in the U.S.

15 The closing stock price of CubeSmart on the filing date was \$9.45, making the value
16 of the SCHOMAC units on the date of filing approximately \$21,500,000, and providing
17 annual cash flow from dividends of \$640,000, paid quarterly. The value of TEDCO's units
18 on the date of filing was approximately \$4,300,000, providing annual cash from dividends
19 of \$127,000, paid quarterly. The OP Units represent a core part of SCHOMAC's and
20 TEDCO's investment portfolios and serve as collateral to the joint obligation owed by
21 SCHOMAC and TEDCO, the Debtors in this proceeding. CubeSmart's stock value as of
22 close on January 24, 2012 was \$11.30; the Company last paid a dividend of 8 cents per
23 share in January 15, 2012.

24 SCHOMAC and TEDCO require the use of cash proceeds from the OP Units
25 distributions to continue operation of their business, including protection, management, and
26 maintenance of other estate assets. Current projections indicate that SCHOMAC and

1 TEDCO will need to utilize the next two quarterly dividends. Then, projections show the
2 dividends can be used to start making interest only payments to LNV, upon Plan
3 confirmation.

4 SCHOMAC and TEDCO generate cash proceeds from quarterly dividends paid by
5 CubeSmart to common shareholders and holders of OP Units in CubeSmart, L.P.
6 CubeSmart paid quarterly dividends of \$0.07 per share on January 5, April 22, July 22,
7 October 21, 2011, and \$0.08 per share on January 15, 2012. The January and April dividend
8 were paid over to LNV as the parties conducted settlement discussions, but SCHOMAC and
9 TEDCO needed the July and October dividends to pay normal and customary operating
10 expenses including wages, maintenance, taxes, management fees, utilities and insurance.

11 On or about April 12, 2006, SCHOMAC entered into a \$25,000,000 revolving line of
12 credit agreement with First National Bank of Arizona pursuant to a Business Loan
13 Agreement of the same date. The Agreement was amended on November 1, 2006, October
14 3, 2007, March 21, 2008, July 7, 2008, and September 25, 2008. First National Bank of
15 Arizona was taken over by the FDIC on or about July 25, 2008, and SCHOMAC's ability to
16 access the unused proceeds of \$7,290,947 from its line of credit was frozen. LNV Corp., a
17 subsidiary of Beal Bank, is now the holder in due course of the note and the beneficiary
18 under the Deed of Trust and security agreements (the "LNV Loan").

19 The LNV Loan is secured by (a) a Deed of Trust encumbering SCHOMAC's interest
20 in five commercial lots in Marana, Arizona, (b) a Deed of Trust encumbering SCHOMAC's
21 interest in an office building located at 6418 E. Tanque Verde, Tucson, Arizona, (c)
22 SCHOMAC's interest in 2,279,473.57 OP Units of CubeSmart, L.P., a Delaware limited
23 liability partnership, along with all proceeds from such shares, and (d) TEDCO's interest in
24 an additional 454,009.51 OP Units of CubeSmart, L.P., along with all proceeds from such
25 shares.

1 SCHOMAC is also the guarantor of certain loan obligations of Debtors, RV
2 CENTRAL and SRE, to Bank of Oklahoma, N.A. in the original principal sums totaling
3 \$11,000,000. These obligations to Bank of Oklahoma are cross-collateralized, and further
4 collateralized by 70 acres of real property owned by SCHOMAC near the intersections of
5 Mission and Irvington Roads in Tucson, Pima County, Arizona.

6 SCHOMAC and TEDCO have accrued substantial unpaid property taxes on their
7 properties, resulting in statutory liens on such properties as more fully set forth in the
8 Debtors' bankruptcy schedules.

9 In addition, SCHOMAC receives rental income from the property located at 6418 E.
10 Tanque Verde Rd., Tucson, Arizona. Use of the rental proceeds is necessary to continue
11 operation of the property, as expenses exceed the rental proceeds at the current time.

12 As a result of loan agreements entered into by the Debtors described above, and
13 specifically the LNV Loan entered into on April 12, 2006, the Debtors granted LNV a
14 security interest in SCHOMAC's interest in the commercial lots located in Marana,
15 Arizona, SCHOMAC's interest in an office building located at 6418 E. Tanque Verde Rd.,
16 Tucson, Arizona, SCHOMAC's interest in 2,279,473.57 OP Units of CubeSmart, L.P., a
17 Delaware limited liability partnership, along with all proceeds from such shares, and
18 TEDCO's interest in an additional 454,009.51 OP Units of CubeSmart, L.P., along with all
19 proceeds from such shares.

20 SCHOMAC's interest in the commercial lots in Marana, Arizona, securing the LNV
21 Loan is valued at approximately \$415,000. SCHOMAC's interest in the office building at
22 6418 E. Tanque Verde Rd., Tucson, Arizona, is valued at approximately \$875,000.

23 SCHOMAC is the direct owner of the following real property, as more particularly
24 identified by the legal descriptions for each property set forth in Exhibits A-1 – A-9 to the
25 Joint Plan of Reorganization.
26

1 *Feather River Inn (“FRI”):*

2 FRI is a historic lodge and development project located at 65899 Highway 70 in
3 Blairsden, CA. The property was acquired in June 2005. FRI consists of 96 acres and is
4 currently being restored and developed to include the historic lodge, chalets, and bungalows
5 providing 101 guest rooms, a golf course, theater, events plaza, day spa, exercise center,
6 swimming pool and tennis court. Once completed, the restored property will resume
7 operations and generate income. 112 condominiums are also being developed as a real estate
8 sales offering.

9 *Feather Nest House aka Blairsden House (“Feather Nest”):*

10 Feather Nest is a single family cabin residence located at 66251 Shaw Road in
11 Blairsden, CA. The property was acquired in September 2005. Its 18 acres are contiguous
12 with the Feather River Inn, and add needed density for the development of that project. The
13 residence consists of 2,721 square feet with a 3-car garage. The last appraisal of the Feather
14 Nest was performed in November 2010 for estate planning purposes, showing a value of
15 \$635,000. The asset is pledged as collateral to a loan with Montecito Bank & Trust.

16 *6418 E. Tanque Verde Road (“Tanque Verde”):*

17 Tanque Verde is a multi-tenant office building located in Tucson, AZ. The asset was
18 acquired in January 2006. The property consists of 9,909 leasable square feet demised into
19 11 separate office spaces. The property occupies a 0.79 acre parcel of land. Parking is
20 adequate with 30 uncovered and 12 covered spaces. The last appraisal of the property was
21 performed in April 2006, showing a value of \$1,400,000. Current occupancy is 63%.
22 Tanque Verde is currently listed for sale at \$1,300,000. The asset is pledged as additional
23 collateral to SCHOMAC’s loan with LNV.

24 *Calpine Ranch (“Calpine”):*

25 Calpine is a working ranch located in Sierra County at 22440 Highway 89, Calpine,
26 CA. It was acquired in October 2005. The property consists of 544 deeded acres spread

1 across three separate parcels. Improvements include a single family residence, 4-car garage,
2 corrals, 60,000 sq. ft. equipment barn, 20 ton grain silo, stables, hay barn and greenhouse.
3 Calpine is currently listed for sale at \$3,950,000.

4 *Santa Lucia Preserve Lot E10 aka Carmel Lot E10 ("E10"):*

5 E10 is a luxury residential ranch parcel located at 6 Rancho San Carlos Road in
6 Carmel, CA. It was acquired in October 2005. The property consists of approximately 26
7 acres and is located within a 20,000 acre preserve designated for 300 total residences. The
8 last appraisal of the property was performed in March 2009, showing a value of \$1,600,000.
9 E10 is currently listed for sale at \$795,000.

10 *Santa Lucia Preserve Lot 185 aka Carmel Lot 185 ("185"):*

11 185 is a luxury residential ranch parcel located at 13 Cantera Run in Carmel, CA. It
12 was acquired in October 2005. The property consists of approximately 19 acres and is
13 located within a 20,000 acre preserve designated for 300 total residences. The last appraisal
14 of the property was performed in March 2009, showing a value of \$2,300,000. 185 is
15 currently listed for sale at \$1,795,000.

16 *Mission & Irvington ("Mission"):*

17 Mission is a multi-zoned parcel located at 4520 & 4775 S. Mission Road in Tucson,
18 AZ. It was acquired in September 1993. The property consists of approximately 70 acres of
19 residential and commercial land. The Debtor has obtained a valuation of the property as of
20 December 2011 in the amount of \$2,146,000. The last appraisal of the property by Bank of
21 Oklahoma was performed in January 2012, showing a value of \$1,340,000. Mission is
22 pledged as collateral to an obligation owed to Bank of Oklahoma on which SCHOMAC also
23 has a corporate guaranty.

24 *Moser Property aka Los Alamos Property ("Moser"):*

25 Moser is a commercially zoned parcel of vacant land located at the cross streets of
26 Bell & Den Roads in Los Alamos, CA in Santa Barbara County. The property was acquired

1 in February 2005. Moser consists of approximately 2.1 acres. No appraisal has been
2 completed and the property is not currently listed for sale.

3 *Orange Grove / I-10 Industrial Partners, LLC*

4 Orange Grove / I-10 Industrial Partners, LLC consists of Lots 4, 8, 9, 11 and 12, as
5 shown on the Final Plat of Orange Grove I-10 Plaza in Marana, Pima County, Arizona.
6 These assets have been pledged as collateral for the LNV obligation.

7 SCHOMAC's other assets consist of cash, notes receivable, prepaid legal fees, fixed
8 assets, and an unused corporate La Paloma Membership. In addition, SCHOMAC holds
9 ownership interests in 17 entities, whose interests are approximated as follows:

10	3L & T, Inc.	1.5%
11	58 Degrees & Holding GP Corp.	33%
12	NSS RV CENTRAL OG LP	100%
13	Nakoma Associates LP	20%
14	NSS Northgate Investors LP	100%
15	La Cholla / Curtis LP	35%
16	SRE Investments, LP	75%
17	SR Holding Corp.	100%
18	Meritage Investors II LP	77%
19	Risk Reward Ventures I LP	77%
20	CubeSmart, L.P.	2%
21	Orange Grove & I-10 Industrial Partners LLC	100%
22	Weststar Development LLC	10%
23	E-Wilson LLC	7%
24	Micromed Cardiovascular Inc.	5%
25	Stratford Clarkston LLC	82%
26	CPC 81	less than 1%

27 *TEDCO, Inc. ("TEDCO")*

28 TEDCO is the direct owner of the following real property, legally described in
29 Exhibits B-1 – B-2 to the Joint Plan of Reorganization:

30 *Ventana Vista Condo #1243 ("1243"):*

31 1243 is a residential condominium located at 5051 N. Sabino Canyon Road in
32 Tucson, AZ. The property was acquired in 2006. The condominium is approximately 1,250
33

1 square feet in size and consists of 2 bedrooms and 2 bathrooms with a den. No appraisal has
2 been completed and the property is not currently listed for sale. It is used for SCHOMAC's
3 and TEDCO's corporate purposes.

4 *Ventana Vista Condo #2211 ("2211"):*

5 2211 is a residential condominium located at 5051 N. Sabino Canyon Road in
6 Tucson, AZ. The property was acquired in 2006. This condominium is approximately 1,000
7 square feet in size and consists of 2 bedrooms and 2 bathrooms. No appraisal has been
8 completed and the property is not currently listed for sale. It is currently being rented for
9 \$800 per month and is managed by an independent property manager.

10 TEDCO's personal property consists of receivables. TEDCO also holds ownership
11 interests in 4 entities, with the approximate interests as follows:

12	Elm Tree Investors, Inc.	100%
13	Feather River Inn, Inc.	100%
14	Oak Investors, Inc.	100%
	CubeSmart, L.P.	0.37%

15 *NSS RV CENTRAL OG Limited Partnership ("RV CENTRAL")*

16 NSS RV CENTRAL OG Limited Partnership's assets consist of real property. The
17 real property owned by RV CENTRAL consists of Lot 16, as shown on Final Plat of Orange
18 Grove I-10 Plaza, recorded in Book 57 of Maps and Plats at Page 68, Pima County, Arizona,
19 and has a cost basis of approximately \$7,930,000. The property was most recently appraised
20 in January 2012 by Bank of Oklahoma at \$3.45 million as is, and \$3.84 million on a
21 stabilized basis. Legal descriptions for the RV CENTRAL Real Property are attached to the
22 Plan as Exhibit C.

23 *SRE INVESTMENTS, L.P. ("SRE")*

24 SRE Investments, L.P.'s assets consist of real property. The real property owned by
25 SRE consists of Lot 52 of Sahuaro Ranch and Lots 3, 4, 5, 7, 14, 16, 18, 19, 21 and 23 of
26

1 Saguaro Ranch South with a combined cost basis of approximately \$10,048,000. The Bank
2 has most recently valued the property at \$1,470,000 in January 2012, with lot values being
3 set at between \$220,000 and \$275,000. Legal descriptions for the SRE Real Property are
4 attached to the Plan as Exhibits D.

5 6 **IV. INCIDENTS WHICH LED TO THE FILING OF CHAPTER 11**

7 SCHOMAC AND TEDCO

8 No single event has caused the Debtors to seek relief under Chapter 11 of the
9 Bankruptcy Code. Rather, the Debtors have experienced several events and circumstances
10 that, when combined with the fact that the Debtors' Lenders have undertaken steps to
11 require repayment of debt over a term that is insufficient and further seeks to encumber
12 other assets to the detriment of SCHOMAC's operations and other creditors, have made
13 reorganization of the Debtors' capital structure through the Chapter 11 process necessary.

14 Perhaps the most significant event has been the decline in the national economy and
15 depression in real estate. As a result, the Debtors' development projects have been delayed,
16 and the Debtors have had to deal with a weak market for their properties and partnership
17 interests held for sale. The Debtors believe there is substantial equity in their properties;
18 they are simply having liquidity issues as a result of the real estate market.

19 SCHOMAC and TEDCO secured a \$25,000,000 credit line with First National Bank
20 of Arizona ("FNBA") in April 2006 for the purposes of working capital and to procure
21 growth initiatives. The obligation was initially secured only by both SCHOMAC and
22 TEDCO's OP Units (2,733,483 total OP Units).

23 At loan origination, CUBE (then YSI) was trading at \$18.00 per share and paying a
24 dividend of \$1.16 per share resulting in approximately \$49,200,000 in collateral value and
25 \$3,170,000 in annual cash flow. This provided a sufficient loan to value ratio and more than
26 adequate liquidity to service the outstanding debt. However, severe economic challenges

1 began in mid-2007 and turned into a financial crisis by mid-2008.

2 From late 2007, and through July 24, 2008, SCHOMAC and FNBA had been
3 working together to extend the loan, with documents set to be signed by late July, 2008.
4 Then, FNBA failed on July 25, 2008 and was taken over by the FDIC. SCHOMAC's ability
5 to draw on the line of credit was instantly frozen, creating an immediate hardship for the
6 Company. SCHOMAC and TEDCO managed to keep the loan payments current through
7 November, 2008, but also were required to make a payment to the FDIC of approximately
8 \$93,000 to extend the loan to December 7, 2008. During this time, SCHOMAC attempted to
9 negotiate directly with the FDIC, but was informed that the FDIC was a liquidator, and
10 would not work to restructure the debt or contemplate a discounted payoff of approximately
11 80% of the outstanding loan balance. Instead, the FDIC conducted several sales of FNBA
12 assets, including SCHOMAC's and TEDCO's performing loan. The loan was purchased by
13 LNV Corp. ("LNV"), an investment subsidiary of Beal Bank in Texas, for approximately
14 \$8,150,000 on January 12, 2009 (approximately 46% of the principal balance).

15 SCHOMAC and TEDCO opened face-to-face dialogue with LNV immediately in
16 February, 2009, beginning workout discussions for either a short term discounted payoff or
17 a full repayment, long-term solution for the obligation. The financial crisis continued at that
18 time, with the stock value reaching its all time low of \$1.34 per share on March 6, 2009. On
19 December 11, 2008, CubeSmart also reduced its annual dividend by over 91% to \$0.10 per
20 share. SCHOMAC's and TEDCO's collateral value and liquidity to service the loan were
21 effectively wiped out. With diminished collateral value and liquidity, and at LNV's
22 invitation, SCHOMAC presented a diverse range of solutions to LNV that combined
23 additional collateral along with joint venture proposals which would have allowed
24 SCHOMAC to repay its indebtedness over time and provide additional investment profits to
25 LNV. Although LNV and its representatives indicated that "everything was on the table", all
26 solutions proposed were summarily rejected.

1 Discussions continued over the next two years, as the stock value recovered rapidly.
2 The principal balance (\$17,709,053 – all of which was borrowed by SCHOMAC) became
3 fully secured again, approximately 8 months after LNV’s purchase, on August 27, 2009. As
4 a result, SCHOMAC and TEDCO presented additional new options of repayment, all of
5 which were rejected.

6 In February, 2011, SCHOMAC had another face-to-face meeting with LNV Corp.
7 Believing that the meeting was productive, and that a basic framework for agreement was
8 possible, SCHOMAC and LNV continued to work toward modifying and restructuring the
9 loan, including SCHOMAC’s and TEDCO’s agreement to allow the YSI distributions to be
10 deposited into a Beal Bank controlled holding account. However, certain loan terms beyond
11 what had been agreed to in the February meeting were added, and these requirements served
12 only to benefit LNV Corp., to the detriment of SCHOMAC’s overall ability to continue as a
13 going concern and deal with its other secured and unsecured creditors. Unable to get these
14 requirements set aside and reach agreement, conversations terminated in August, 2011, and
15 SCHOMAC and TEDCO filed for protection under Chapter 11.

16 SCHOMAC and TEDCO wish to reasonably restructure their debt so as to (1)
17 preserve equity in the CubeSmart OP units and other collateral assets, (2) maintain the
18 potential for additional value gains to enable it to honor obligations to all of its creditors as
19 well as a platform for future growth, and (3) utilize existing cash flow from CubeSmart
20 dividends and asset sales to make the restructured debt service payments and pay creditors.
21 Although it is true that an outright sale of the CubeSmart OP Units would pay off the LNV
22 Corp. obligation, that event would create such a significant tax burden to SCHOMAC and
23 TEDCO and its owner that SCHOMAC’s and TEDCO’s other creditors would be unpaid.

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SRE INVESTMENTS LP

SRE purchased its portfolio of residential lots in Saguaro at the height of housing bubble. As a result of the bubble and the ensuing credit crisis, property values have been vastly reduced, particularly in high end residential real estate. Further complicating matters, the developer of Saguaro Ranch filed for bankruptcy after its lender began foreclosure proceedings on the development and its assets. The developer failed to get its plan approved, and Saguaro Ranch is now currently owned by a subsidiary of the lender, Kennedy Funding. The result has been an even greater decimation of property values inside the development. Of the 11 lots, one is improved with substantial site work completed and a further two lots are close to development ready with working drawings, engineering and near complete design. The cost of these improvements approximates \$604,000 to date. The balance of the lots is largely unimproved with utilities at the property lines.

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NSS RV CENTRAL OG, LP

Having opened in December, 2006, RV CENTRAL's lease-up period coincided with a severe recession, drastically reducing discretionary spending on items such as recreational vehicles. Few assets have been immune to the economic environment that has entrenched itself on a global scale since 2008. This directly resulted in less than expected demand and weakened pricing power for RV CENTRAL. Reduced revenue diminished the property's operating income and ability to service its debt.

The filings for the RV CENTRAL and SRE cases were precipitated by a breakdown in settlement discussions with Bank of Oklahoma, N.A., the holder of the senior, consensual lien on the real properties owned by these two Debtors. The real estate recession in Arizona has impacted the market such that the Lender no longer wishes to operate in that marketplace, while rendering impossible the Debtors' ability to refinance the Bank's debt. Facing a demand for a payoff, the Debtors were forced to seek protection under Chapter 11

1 so as to have the ability to pay the obligations owed the Bank over time.

2 The Debtors wish to pay out the obligation owed to the creditors of RV CENTRAL
3 and SRE in a manner that avoids a liquidation sale of those assets, which could jeopardize
4 the ability of SCHOMAC, the parent company, of continuing in business, paying creditors
5 in full and maintaining the employment of its employees and the employees of its
6 subsidiaries. The Debtors desire to have a full repayment plan of reorganization.

7 RV CENTRAL and SRE intend to restructure their debt so as to (1) preserve equity
8 in the collateral assets, (2) maintain the potential for additional value gains to enable it to
9 honor obligations to all of its creditors as well as provide a platform for future growth, and
10 (3) utilize cash flow from asset sales to make the restructured debt service payments and pay
11 creditors. The Debtors intend a full repayment plan of reorganization.

12
13 **V. EVENTS SINCE THE FILING OF CHAPTER 11**

14 SCHOMAC and TEDCO filed voluntary petitions for relief under Chapter 11 of the
15 Bankruptcy Code on August 9, 2011. The Schedules and Statement of Financial Affairs for
16 SCHOMAC and TEDCO were timely filed on August 11, 2011 and are on file with the
17 Clerk of the U.S. Bankruptcy Court. On August 16, 2011, this Court entered an order jointly
18 administering these bankruptcy cases.

19 SCHOMAC and TEDCO obtained approval for the employment of Mesch, Clark &
20 Rothschild, P.C. to represent it in these proceedings on August 12, 2011.

21 SCHOMAC and TEDCO filed first day motions on August 10, 2011 including:
22 Motion for Joint Administration, Motion for Use of Cash Collateral, Motion to Pay Pre-
23 Petition Wage Claims, Application for Employment of Dennis Winans, CPA Pursuant to 11
24 U.S.C. §§ 105, 327, 330 and 331, and an Expedited Motion for Accelerated Hearing on First
25 Day Motions. The Court held an expedited hearing on these matters on August 12, 2011.
26 The Court granted the relief requested in the Motion for Joint Administration, granted the

1 Application to Employ Dennis Winans, CPA, partially granted the Motion to Pay Pre-
2 Petition Wage Claims, and granted on an interim basis the relief requested in the Motion for
3 Use of Cash Collateral.

4 The Court has approved the appointment of a series of brokers to assist SCHOMAC
5 and TEDCO in the sale of real estate. These brokers include: FarWest R&C Sales &
6 Management, Torr Real Estate Services, Preserve Sales and Marketing, and CB Richard
7 Ellis.

8 The Court has approved SCHOMAC's ability to use the cash collateral (dividends
9 paid by CubeSmart) claimed by LNV Corp. in a series of court orders, having determined
10 that the Lender is adequately protected by the value of its claimed collateral.

11 Bank of Oklahoma initiated litigation against SCHOMAC on November 16, 2011,
12 claiming that the Lender's claimed interest in the Mission and Irvington real property was
13 not being adequately protected. The Debtor has timely controverted the motion for relief
14 from the automatic stay, asserting that it will be able to provide adequate protection for any
15 interest in the property that the Lender is determined to have.

16 On December 6, 2011, RV CENTRAL and SRE filed voluntary petitions for relief
17 under Chapter 11 of the Bankruptcy Code. This Court entered an Order jointly
18 administering these two cases with SCHOMAC and TEDCO.

19 On December 6, 2011, schedules and statements of financial affairs for RV
20 CENTRAL and SRE were filed. RV CENTRAL has received the Court's authorization to
21 use the revenues generated by its operations which Bank of Oklahoma claims as its cash
22 collateral.

23
24 **VI. PRESENT CONDITION AND ANTICIPATED FUTURE OF THE DEBTORS**

25 Since the bankruptcy filing, the Debtors have taken steps to repair various factors that
26 contributed to their bankruptcy filing, including marketing properties to generate revenues

1 to pay interest expenses and debt curtailments as part of the Plan of Reorganization.

2 The share price of CubeSmart, after collapsing in 2009, has rebounded to more than
3 \$11 and as of the close of trading on January 24th, was \$11.30 per share. Quarterly dividends
4 have increased to \$0.08 per share. Furthermore, the metrics of CubeSmart indicate the share
5 price and dividend may further improve and return to higher historical levels, providing
6 further security for creditors and additional quarterly cash flow from dividends to fund the
7 Joint Plan of Reorganization.

8 The Debtors also have commitments from related non-debtor entities to fund Plan
9 payments, to the extent the Debtors' revenues are not sufficient.

10 **VII. EXISTENCE/NON-EXISTENCE OF AVOIDABLE TRANSFERS**

11 The Debtors do not believe that there are avoidable transfers that could be recovered
12 for the benefit of any of the estates, or for funding under the Joint Plan of Reorganization.
13 The Statements of Financial Affairs for the Debtors indicate that the only payments which
14 exceeded \$5,850 made in the ninety (90) days prior to the petition date, were payments
15 made in the normal course of business and made as part of a contemporaneous exchange of
16 value.

17 **VIII. SUMMARY OF THE JOINT PLAN OF REORGANIZATION**

18 The goal of this Plan is to continue the operation of the business entities, including
19 the marketing of properties, which will allow the Debtors to repay creditors. The secured
20 debt needs to be reasonably restructured so payment obligations do not outstrip the income
21 from the projects.

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

2 A claim or interest is placed in a particular class for all purposes, including voting on
3 this Plan, confirmation and receiving distributions pursuant to this Plan, only to the extent
4 that such claim or interest is an Allowed Claim in that class, and such claim has not been
5 paid, released or otherwise settled prior to the Effective Date.

6 Although the following is not a substitute for a careful reading of the Plan, it is a
7 general discussion of the treatment of allowed claims and interests under the Plan. Through
8 the Plan, the Debtors intend to modify the payment terms of secured and unsecured creditors
9 to allow for payment of all allowed prepetition claims in full with interest over a period of
10 years.

11 **IX. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

12 THE SCHOMAC GROUP, INC.

13 **Class 1 – Administrative Claims**

14 Class 1 is comprised of the holders of administrative expense claims against
15 Schomac. Administrative expenses are those that have been incurred since the initiation of
16 the Debtor's bankruptcy case on August 9, 2011. The Bankruptcy Code at §507(a)(1)
17 provides that administrative expenses are entitled to a first priority in payment.
18 Administrative expenses are those set forth in §503 of the Bankruptcy Code and which are

19 estimated to include the following:
20

- 21 1. U.S. Trustee Fees (unknown, believed to be zero).

22 *Any amounts owing will be paid on the Effective Date. Debtor shall be*
23 *responsible for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). The*
24 *Debtor shall file with the Court, and serve on the United States Trustee, a quarterly*
25 *financial report for each quarter (or portion thereof) that the case remains open in a format*
prescribed by the United States Trustee and provided to the Debtor by the United States
Trustee, and shall pay such quarterly fees as due for each quarter post-confirmation that the
case remains open.

- 26 2. Mesch, Clark & Rothschild, P.C. (unpaid attorneys fees for the attorneys for

1 the Entities).

2 *Any amounts owing will be paid on the Effective Date, or as the parties may*
3 *agree.*

4 3. Post-petition operating expenses for the Debtor have been paid as they are
5 incurred in the ordinary course of business.

6 *To the extent they have not been paid or provided to be paid in the ordinary*
7 *course of business, they will be paid on the Effective Date of the Plan.*

8 This class does not vote.

9 **Class 2 – Bank of Oklahoma, NA**

10 Class 2 is comprised of the secured claim of Bank of Oklahoma, NA. now known as
11 BOKF, N.A., arising out of SCHOMAC's guarantees of obligations of RV CENTRAL and
12 SRE. The Bank's guaranty claim is secured by a lien on SCHOMAC's real property at
13 Mission/Irvington, consisting of 70.87 acres of commercial real property, as well as by
14 property pledged by the Borrowers, RV CENTRAL and SRE. One of the loans, between the
15 Bank and SRE, was made in the original principal amount of \$5,000,000 (the "SRE Loan").
16 That financing was evidenced by that certain Promissory Note dated March 30, 2006 as
17 thereafter amended, modified, or restated from time to time. The payment and performance
18 obligations of SRE Loan are evidenced and secured by, among other documents and
19 agreements, that certain Deed of Trust, Assignment of Revenues and Security Agreement
20 between the Bank and SRE, which was filed in the office of the Pima County, Arizona
21 Recorder on March 30, 2006 at Docket 12772, page 4644 (the "SRE Deed of Trust").
22 Concurrently with the execution of SRE Loan, Debtor executed and delivered to the Bank
23 that certain Unconditional Guaranty of Payment and Performance, dated March 30, 2006
24 (the "SRE Guaranty"), whereby Debtor, in its capacity as guarantor, guaranteed to the Bank
25 prompt payment and performance of SRE Loan.

26 Another loan, between the Bank and RV CENTRAL, was made in the original

1 amount of \$6,000,000 (“RV CENTRAL Loan”). That financing was evidenced by that
2 certain promissory Note dated May 15, 2006 (as thereafter amended, modified, or restated
3 from time to time. Concurrently with the execution of the RV CENTRAL Loan Documents,
4 Debtor executed and delivered to the Bank that certain Unconditional Guaranty of Payment
5 and Performance dated May 15, 2006 (the “RV CENTRAL Guaranty”), whereby Debtor, in
6 its capacity as guarantor, guaranteed to the Bank prompt payment and performance of RV
7 CENTRAL Loan.

8 *1. The contingent, guarantee claim of BOK against SCHOMAC will be allowed*
9 *in the amount of \$0, as the obligation owed by RV CENTRAL and SRE will be satisfied in*
10 *full by these primary obligors as detailed at Class 22 for RV CENTRAL and Class 29 for*
11 *SRE.*

12 *2. SCHOMAC will be modified to guarantee the obligations of RV CENTRAL*
13 *and SRE as restructured by the Plan.*

14 *3. The Bank will retain its interest in the Mission Irvington property to the same*
15 *extent, validity and priority as the Bank’s pre-petition lien.*

16 *4. To the extent required and as is within its capacity, SCHOMAC will*
17 *implement the treatment of the BOK claims provided for in the treatment of Classes 22 and*
18 *29.*

19 This Class is impaired.

20 **Class 3 – CitiCapital Commercial Corp.**

21 Class 3 is comprised of the secured claim of CitiCapital Commercial Corp. against
22 and guaranteed by SCHOMAC, secured by a lien on Skid-steer equipment utilized for the
23 Feather River Inn property.

24 *1. The Allowed Claim of CitiCapital Commercial Corp. will be allowed in the*
25 *amount of the unpaid principal balance and will capitalize arrearages into a new loan*
26 *balance.*

2. The Allowed Claim will continue to be secured by a lien on the same
equipment and to the same nature, extent and priority as such loan is currently secured.

3. The Allowed Claim will accrue interest at the non-default contract.

1 4. *The loan will continue to be amortized over the remaining payment term, with*
2 *the existing payment amount provided by the loan documents.*

3 5. *All sums owed CitiCapital Commercial Corp. will be paid in full, on or before*
4 *the original loan maturity date.*

5 This Class is impaired.

6 **Class 4 – LNV Corp.**

7 Class 4 is comprised of the secured claim of LNV Corp. against both SCHOMAC
8 and TEDCO (as set forth at Class 18) in the scheduled amount of \$17,709,053 and is
9 secured by SCHOMAC's interest in CubeSmart, L.P., TEDCO's interest in CubeSmart,
10 L.P., SCHOMAC's real property located at 6418 E. Tanque Verde, Tucson, Pima County,
11 Arizona, and SCHOMAC's real property located at Orange Grove & I-10.

12 *LNV will have its claim treated under Option A unless LNV elects to be treated*
13 *according to Option B, by so signifying on its ballot.*

14 **Option A:**

- 15 a. *The Allowed Claim will continue to be secured by a lien on the same*
16 *real property and by the same security interests in the Debtor's*
17 *interests in CubeSmart, L.P. to the same nature, extent and priority as*
18 *such loan was secured pre-petition.*
- 19 b. *The Allowed Claim will be fixed and accrue interest from the Effective*
20 *Date at the non-default rate of 3.75% provided in the documents or at*
21 *such rate determined by the Court as being a market rate.*
- 22 c. *The Debtor will make quarterly interest-only payments, paid in*
23 *arrears, for the first thirty-six months following the Effective Date.*
- 24 d. *Thereafter, LNV Corp. will be paid equal quarterly principal and*
25 *interest payments based upon a 25-year amortization.*
- 26 e. *All sums owed LNV Corp. will be paid in full, on or before the tenth*
anniversary of the Effective Date. There will be no pre-payment penalty
or premium.

- 1 f. *Debtors shall have the option of obtaining a release of shares from the*
2 *security interest of LNV by reducing the principal amount owed by*
3 *\$9.15 per share or unit, so long as the remaining obligation owed LNV*
4 *is not more than 80% of the value of share/unit collateral of LNV. This*
5 *option may be done in increments of not less than \$1 million and may*
6 *occur once per annum by the Debtors providing notice and payment to*
7 *LNV and LNV having 10 days to release its lien thereon.*
- 8 g. *The Debtor shall have the unconditional right to convert OP Units to*
9 *shares of common stock.*
- 10 h. *On the Effective Date, LNV's claim will be deemed current with all*
11 *defaults cured. The payments set forth in this Plan will fully satisfy the*
12 *LNV claim.*

13 **Option B:**

- 14 a. *SCHOMAC and TEDCO will pay LNV the sum of \$11,000,000 within*
15 *sixty (60) days of the Effective Date, in full satisfaction of all amounts*
16 *due to LNV.*
- 17 b. *Upon such payment, Beal Bank, LNV Corp., and CLMG Corporation*
18 *(and their officers and affiliates) will deem all claims against*
19 *SCHOMAC, TEDCO, and their officers and affiliates fully satisfied,*
20 *and will execute an appropriate release of such claims.*
- 21 c. *Upon such payment, LNV will release any and all liens it has against*
22 *the collateral provided by SCHOMAC and/or TEDCO.*

23 This Class is impaired.

24 **Class 5 – Montecito Bank & Trust**

25 Class 5 is comprised of the secured claim of Montecito Bank & Trust in the
26 scheduled amount of \$600,000. This claim is secured by a lien on the Blairsdon House,
27 Plumas County, California.

28 1. *The claim of Montecito Bank & Trust will be allowed in an amount*
29 *determined by the Court.*

30 2. *The Allowed Claim will continue to be secured by a lien on the same real*
31 *property and to the same nature, extent and priority as such loan is currently secured.*

1 3. *The Allowed Claim will accrue interest at the non-default contract rate,*
2 *calculated from the Effective Date of the Plan.*

3 4. *On or before the six month anniversary of the Effective Date, the loan will be*
4 *brought current by paying all accrued non-default interest and principal, and from that*
5 *point forward Debtor will resume payments pursuant to the parties' contract.*

6 5. *All sums owed Montecito Bank & Trust will be paid in full, on or before the*
7 *original loan maturity.*

8 This Class is impaired.

9 **Class 6 – Pape Material Handling, Inc.**

10 Class 6 is comprised of the secured claim of Pape Material Handling, Inc. against and
11 guaranteed by SCHOMAC, secured by a lien on equipment utilized for the Feather River
12 Inn property.

13 1. *The Allowed Claim of Pape Material Handling, Inc. will be allowed in the*
14 *amount of the unpaid principal balance and will capitalize arrearages, plus any interest*
15 *thereon calculated at the non-default, contract rate, into a new loan balance.*

16 2. *The Allowed Claim will continue to be secured by a lien in the same*
17 *equipment and to the same nature, extent and priority as such loan was secured pre-*
18 *petition.*

19 3. *The Allowed Claim will accrue interest at the non-default contract rate.*

20 4. *The loan will be amortized over the remaining payment term, with the existing*
21 *payment amount provided by the loan documents.*

22 5. *All sums owed Pape Material Handling will be paid in full, on or before the*
23 *original loan maturity date.*

24 This Class is impaired.

25 **Class 7 – Monterey County Tax Collector**

26 Class 7 is comprised of the claims of the Monterey County Tax Collector which has
statutory liens on the following real property of Schomac:

1 •Santa Lucia Preserve, Lot E10 – scheduled amount of claim is \$70,312.80.

2 •Santa Lucia Preserve, Lot 185 – scheduled amount of claim is \$80,945.22.

3 *On the Effective Date, the Monterey County Tax Collector’s claim will be allowed in*
4 *the principal amount of the tax due, with interest at the statutory rate and without penalties.*
5 *The Allowed Claim will accrue interest post-confirmation at the applicable statutory rate.*
6 *After the Effective Date, the Allowed Claim will be paid in equal payments of principal and*
7 *interest, made bi-annually over a period ending five years from the initial due date of the*
8 *oldest unpaid tax on the property.*

9 This Class is impaired.

10 **Class 8 – Pima County Treasurer**

11 Class 8 is comprised of the claims of the Pima County Treasurer which has statutory
12 liens on the following real property of Schomac and TEDCO:

13 •Mission / Irvington, Tucson, AZ – scheduled amount of claim is \$103,637.05.

14 •Orange Grove & I-10 – scheduled amount of claim is \$43,790.89.

15 •6418 E. Tanque Verde Rd., Tucson, AZ – scheduled amount of claim is \$74,672.16.

16 *On the Effective Date, the Pima County Treasurer’s claim will be allowed in the*
17 *principal amount of the tax due, with interest at the statutory rate and without penalties. The*
18 *Allowed Claim will accrue interest post-confirmation at the applicable statutory rate. The*
19 *After the Effective Date, the Allowed Claim will be paid in equal payments of principal and*
20 *interest, made bi-annually over a period ending five years from the initial due date of the*
21 *oldest unpaid tax on the property.*

22 This Class is impaired.

23 **Class 9 – Plumas County Tax Collector**

24 Class 9 is comprised of the claims of the Plumas County Tax Collector which has
25 statutory liens on the following real property of Schomac:

26 •Blairsdon House, Plumas County, State of California – scheduled amount of claim is
\$21,465.28.

•Feather River Inn – scheduled amount of claim is \$81,831.58.

On the Effective Date, the Plumas County Tax Collector’s claim will be allowed in

1 *the principal amount of the tax due, with interest at the statutory rate and without penalties.*
2 *The Allowed Claim will accrue interest post-confirmation at the applicable statutory rate.*
3 *The Allowed Claim will be paid in equal payments of principal and interest, made bi-*
4 *annually over a period ending five years from the initial due date of the oldest unpaid tax*
5 *on the property.*

6 This Class is impaired.

7 **Class 10 – Santa Barbara County Tax Collector**

8 Class 10 is comprised of the claim of Santa Barbara County Tax Collector which has
9 a statutory lien on real property of Schomac commonly known as Bell/Den Roads, Los
10 Alamos, California, in the scheduled amount of \$25,877.06.

11 *On the Effective Date, the Santa Barbara County Tax Collector’s claim will be*
12 *allowed in the principal amount of the tax due, with interest at the statutory rate and*
13 *without penalties. The Allowed Claim will accrue interest post-confirmation at the*
14 *applicable statutory rate. The Allowed Claim will be paid in equal payments of principal*
15 *and interest, made bi-annually over a period ending five years from the initial due date of*
16 *the oldest unpaid tax on the property.*

17 This Class is impaired.

18 **Class 11 – Sierra County Tax Collector**

19 Class 11 is comprised of the claim of Sierra County Tax Collector which has a
20 statutory lien on real property of Schomac known as Calpine Ranch, Sierra County,
21 California, in the scheduled amount of \$106,165.31.

22 *On the Effective Date, the Sierra County Tax Collector’s claim will be allowed in the*
23 *principal amount of the tax due, with interest at the statutory rate and without penalties. The*
24 *Allowed Claim will accrue interest post-confirmation at the applicable statutory rate. The*
25 *Allowed Claim will be paid in equal payments of principal and interest, made bi-annually*
26 *over a period ending five years from the initial due date of the oldest unpaid tax on the*
27 *property.*

28 This Class is impaired.

29 **Class 12 – Priority Tax Claims**

30 Class 12 is comprised of the allowed unsecured priority tax claims for transactional

1 privilege taxes and sales tax.

2 *Priority Tax Claims will be allowed in the principal amount of the claim plus interest*
3 *through the Filing Date, at the statutory rate. The allowed claim shall not include any*
4 *penalties.*

5 *Holders of allowed priority tax claims will receive payments of principal, plus*
6 *interest calculated at the rate, bi-annually over a period ending five years from the date the*
7 *unpaid taxes were initially due.*

8 This Class is impaired.

9 **Class 13 – Priority Wage and Benefit Claims**

10 Class 13 is comprised of the allowed unsecured priority claims for paid time-off
11 benefits of SCHOMAC’s employees.

12 *Class 13 Creditors owed paid time-off benefits may not use prepetition PTO benefits*
13 *until six (6) months after the Effective Date. Thereafter, they may enjoy PTO benefits as*
14 *originally provided.*

15 This Class is impaired.

16 **Class 14 – The Sorenson Group Guaranty Claim**

17 Class 14 is consists of the claim of The Sorenson Group (“Sorenson”) for which
18 SCHOMAC has guaranteed payment.

19 *The Sorenson Group claim will be allowed in the amount of \$2,350,000, representing*
20 *the amount its claim exceeds the value of its security with NSS Northgate Investors, L.P.,*
21 *when the principal obligor services the Sorenson claim at 4% per annum.*

22 1. *The unsecured claim will accrue interest at 2% per annum.*

23 2. *In the first thirty-six months following the Effective Date, SCHOMAC will*
24 *make interest-only payments quarterly, paid in arrears.*

25 3. *Then, in years 4 – 10, SCHOMAC will make quarterly principal and interest*
26 *payments, calculated on a 25-year amortization, paid in arrears.*

4. *All sums due Sorenson will be paid on or before the 10th anniversary of the*
Effective Date.

1 Any amounts owing will be paid on the Effective Date. Debtor shall be
2 responsible for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). The
3 Debtor shall file with the Court, and serve on the United States Trustee, a quarterly
4 financial report for each quarter (or portion thereof) that the case remains open in a format
prescribed by the United States Trustee and provided to the Debtor by the United States
Trustee, and shall pay such quarterly fees as due for each quarter post-confirmation that the
case remains open.

5 2. Mesch, Clark & Rothschild, P.C. (unpaid attorneys fees for the attorneys for
6 the Entities).

7 Any amounts owing will be paid on the Effective Date, or as the parties may
8 agree.

9 3. Post-petition operating expenses for the Debtor have been paid as they are
10 incurred in the ordinary course of business.

11 To the extent they have not been paid or provided to be paid in the ordinary
12 course of business, they will be paid on the Effective Date of the Plan.

13 This class does not vote.

14 **Class 18 – LNV Corp.**

15 Class 18 is comprised of the secured claim of LNV Corp. against both SCHOMAC
16 and TEDCO (as set forth at Class 4) in the scheduled amount of \$17,709,053 and is secured
17 by a security interest in SCHOMAC's interest in CubeSmart, L.P., TEDCO's interest in
18 CubeSmart, L.P., SCHOMAC's real property located at 6418 E. Tanque Verde, Tucson,
19 Pima County, Arizona, and SCHOMAC's real property located at Orange Grove & I-10.

20 LNV will have its claim paid according to Option A, unless it elects to accept
21 payment under Option B, by so indicating on its ballot.

22 **Option A:**

- 23 a. The Allowed Claim will continue to be secured by a lien on the same
24 real property and by the same security interests in the Debtor's
25 interests in CubeSmart, L.P., and to the same nature, extent and
26 priority as such loan was secured pre-petition.
- b. The Allowed Claim will accrue interest from the Effective Date and be
fixed at the non-default contract rate of 3.75%, or at a rate determined

1 *by the Court as being a market rate.*

- 2 c. *The Debtor will make quarterly interest-only payments, paid in*
3 *arrears, for the first thirty-six months following the Effective Date.*
- 4 d. *Thereafter, LNV Corp., will be paid equal quarterly principal and*
5 *interest payments, paid in arrears, based upon a 25-year amortization.*
- 6 e. *All sums owed LNV Corp. will be paid in full, on or before the tenth*
7 *anniversary of the Effective Date. There will be no pre-payment penalty*
8 *or premium.*
- 9 f. *Debtors shall have the option of obtaining a release of shares from the*
10 *security interest of LNV by reducing the principal amount owed by*
11 *\$9.15 per share or unit, so long as the remaining obligation owed LNV*
12 *is not more than 80% of the value of share/unit collateral of LNV. This*
13 *option may be done in increments of not less than \$1 million and may*
14 *occur once per annum by the Debtors providing notice and payment to*
15 *LNV and LNV having 10 days to release its lien thereon.*
- 16 g. *The Debtor shall have the unconditional right to convert OP Units to*
17 *shares of common stock.*
- 18 h. *On the Effective Date, LNV's claim will be deemed current with all*
19 *defaults cured. The payments set forth in this Plan will fully satisfy the*
20 *LNV claim, once all such payments are made.*

21 **Option B:**

- 22 a. *SCHOMAC and TEDCO will pay LNV the sum of \$11,000,000 within*
23 *sixty (60) days of execution of a settlement agreement, in full*
24 *satisfaction of all amounts due to LNV.*
- 25 b. *Upon such payment, Beal Bank, LNV Corp., and CLMG Corporation*
26 *(and their officers and affiliates) will deem all claims against*
SCHOMAC, TEDCO, and their officers and affiliates fully satisfied,
and will execute an appropriate release of such claims
- c. *Upon such payment, LNV will release any and all liens it has against*
the collateral of SCHOMAC and/or TEDCO.

This Class is impaired.

Class 19 - Pima County Treasurer

Class 19 is comprised of the claims of the Pima County Treasurer which has statutory
liens on the following real property of TEDCO:

1 •Unit 1243 of Ventana Vista Condominiums.

2 •Unit 2211 of Ventana Vista Condominiums.

3 *On the Effective Date, the Pima County Treasurer's claim will be allowed in the*
4 *principal amount of the tax due, with interest at the statutory rate and without penalties. The*
5 *Allowed Claim will accrue interest post-confirmation at the applicable statutory rate. The*
6 *Allowed Claim will be payable in equal payments of principal and interest, made bi-*
7 *annually over a period ending five years from the initial due date of the oldest unpaid tax on*
8 *the property.*

9 This Class is impaired.

10 **Class 20 – General Unsecured Creditors**

11 Class 20 is comprised of the allowed general unsecured claims against TEDCO.

12 *General unsecured creditors will be paid an initial distribution equal to 10% of each*
13 *Allowed Claim on the Effective Date when such claim is allowed. Beginning on the*
14 *Effective Date, all unpaid amounts of Allowed Claims will accrue interest at a rate of 2%*
15 *per annum, until paid in full. Beginning on the second anniversary of the Effective Date,*
16 *each claimant will receive an annual distribution, equal to at least 10% of the Allowed*
17 *Claim, plus accrued interest, until paid in full. All unsecured claims will be paid in full with*
18 *interest as herein provided not later than the fifth anniversary of the Effective Date.*

19 This Class is impaired.

20 **Class 21 – Equity Interests**

21 Class 21 consists of the interests of TEDCO's equity holders.

22 *The prepetition equity holders will continue their ownership of the Debtors post-*
23 *confirmation, and management of the Debtors will remain the same.*

24 This Class is not impaired.

25 NSS RV CENTRAL OG LIMITED PARTNERSHIP

26 **Class 22 – Administrative Claims**

Class 22 is comprised of the holders of administrative expense claims against NSS
RV CENTRAL. Administrative expenses are those that have been incurred since the
initiation of the Debtor's bankruptcy case on August 9, 2011. The Bankruptcy Code at

1 §507(a)(1) provides that administrative expenses are entitled to a first priority in payment.
2 Administrative expenses are those set forth in §503 of the Bankruptcy Code and which are
3 estimated to include the following:

4 1. U.S. Trustee Fees (unknown, believed to be zero).

5 *Any amounts owing will be paid on the Effective Date. Debtor shall be*
6 *responsible for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). The*
7 *Debtor shall file with the Court, and serve on the United States Trustee, a quarterly*
8 *financial report for each quarter (or portion thereof) that the case remains open in a format*
prescribed by the United States Trustee and provided to the Debtor by the United States
Trustee, and shall pay such quarterly fees as due for each quarter post-confirmation that the
case remains open.

9 2. Mesch, Clark & Rothschild, P.C. (unpaid attorneys fees for the attorneys for
10 the Entities).

11 *Any amounts owing will be paid on the Effective Date, or as the parties may*
12 *agree.*

13 3. Post-petition operating expenses for the Debtor have been paid as they are
14 incurred in the ordinary course of business.

15 *To the extent they have not been paid or provided to be paid in the ordinary*
16 *course of business, they will be paid on the Effective Date of the Plan.*

17 This class does not vote.

18 **Class 23 – Bank of Oklahoma, N.A.**

19 Class 23 is comprised of the BOKF secured claim, which will be allowed in the
20 amount of \$4,341,100. This represents the value of the RV CENTRAL collateral (\$3.45
21 million) and a portion of the value of the Mission/Irvington Property (\$1,340,000), the value
22 of which has been proportionately split between RV CENTRAL (66.5%) and SRE (33.5%)
23 based upon the full amount of the claims owed by each of the two obligors as of the Petition
24 Date (RV CENTRAL: \$5,860,000; and SRE: \$2,953,318). Values of the collateral parcels
25 are based upon the Bank's appraisals dated January 2012.
26

1 The balance of the claim shall be calculated as the difference between the secured
2 claim and the amount of the claim as of the Petition date, with interest having accrued
3 through the Petition Date at the non-default, contract rate, absent any late fees or other
4 penalties, and fees and costs in an amount that the parties have stipulated to or the Court has
5 allowed as being reasonable and necessary. This under-secured portion of the claim shall be
6 a Class 27 claim, and treated as provided in that Class below.

7 The Bank's allowed, secured claim against RV CENTRAL shall be treated according
8 to Option A, unless the Bank selects either Option B or Option C, by so designating on its
9 ballot.

10 **Option A:**

- 11 a. *The allowed Claim will be fixed at and accrue interest at the non-*
12 *Default contract rate of 4% per annum, calculated from the Effective*
13 *Date of the Plan.*
- 14 b. *The Allowed Claim will continue to be secured by a lien on the same*
15 *real property, and to the same nature, extent and priority as such loan*
16 *is currently secured.*
- 17 c. *Following the Effective Date, BOKF will be paid quarterly 4% interest-*
18 *only payments, paid in arrears, for the first thirty-six months.*
- 19 d. *Thereafter, BOKF will be paid equal quarterly principal and interest*
20 *payments, paid in arrears, based upon a 25-year amortization. There*
21 *will be no pre-payment penalty or premium permitted.*
- 22 e. *All sums owed BOKF will be paid in full, on or before the tenth*
23 *anniversary of the Effective Date.*
- 24 f. *On the Effective Date, BOKF's claim will be deemed current with all*
25 *defaults cured. The payments set forth in this Plan will fully satisfy the*
26 *BOKF claim.*

23 **Option B:**

- 24 a. *For the full resolution of BOKF's secured and under-secured claims*
25 *against RV CENTRAL, SRE and the guarantee of this debt by*
26 *SCHOMAC, BOKF will be paid \$2,500,000 on the Effective Date.*

- 1 b. *The Mission/Irvington real property will be deeded back to BOKF, free*
2 *of any and all liens.*
- 3 c. *SRE's real property will be released on the Effective Date free of any*
4 *lien of BOKF.*
- 5 d. *A remaining debt of \$2,500,000 will be owed by RV CENTRAL which*
6 *will accrue interest at the fixed rate of 4% per annum. The Bank will*
7 *receive quarterly interest-only payments, paid in arrears, for years 1 –*
8 *3, and quarterly principal and interest payments based on a 25-year*
9 *amortization, paid in arrears, in years 4-10. All sum due shall be paid*
10 *on the 10th anniversary of the Effective Date.*
- 11 e. *All other and remaining debt will be deemed satisfied.*

12 **Option C:**

13 *SCHOMAC will pay BOKF \$5,500,000 on the Effective Date in complete*
14 *satisfaction of all obligations of SRE and RV CENTRAL, and the guarantee*
15 *claims of SCHOMAC, resulting in a release of the Bank's liens on*
16 *Mission/Irvington, SRE lots and the RV CENTRAL property.*

17 This Class is impaired.

18 **Class 24 – Perry Bassett**

19 Class 24 is comprised of the secured claim of Perry Bassett in the scheduled amount
20 of \$5,000. This claim is secured by a lien on all of RV CENTRAL's furniture, fixtures,
21 equipment, and inventory.

- 22 1. *The claim of Perry Bassett will be allowed in the amount of \$5,000.*
- 23 2. *The Allowed Claim will continue to be secured by a lien on the same personal*
24 *property, and to the same nature, extent and priority as such loan is currently secured.*
- 25 3. *The Allowed Claim will accrue interest at the rate of 10% per annum,*
26 *calculated from the Effective Date of the Plan.*
4. *Following the Effective Date, Secured Creditor, will be paid monthly interest*
 only payments, paid in arrears, calculated based on the non-default contract rate, for thirty-
 six months following the Effective Date, at which time all sums owed will be paid.

 This Class is impaired.

1 **Class 25 – Pima County Treasurer**

2 Class 25 is comprised of the claims of the Pima County Treasurer which has a
3 statutory lien on RV CENTRAL's real property.

4 *On the Effective Date, the Pima County Treasurer's claim will be allowed in the*
5 *principal amount of the tax due, with interest at the statutory rate and without penalties. The*
6 *Allowed Claim will accrue interest post-confirmation at the applicable statutory rate. The*
7 *Allowed Claim will be payable in equal payments of principal and interest, made bi-*
8 *annually over a period ending five years from the initial due date of the oldest unpaid tax on*
9 *the property.*

10 This Class is impaired.

11 **Class 26 – Priority Unsecured Claim Owed the City, County and/or State for Sales Tax**

12 Class 26 is comprised of the allowed unsecured priority tax claims for transactional
13 privilege taxes and sales tax.

14 *Priority Tax Claims will be allowed in the principal amount of the claim plus interest*
15 *at the statutory rate. The allowed claim shall not include any penalties. Holders of allowed*
16 *priority tax claims will receive payments of principal, plus interest calculated at 5% per*
17 *annum, bi-annually over a period ending five years from the Effective Date.*

18 This Class is impaired.

19 **Class 27 – The Under-secured claim of Bank of Oklahoma**

20 Class 27 is comprised of the under-secured claim of BOKF. It will be allowed in the
21 amount on \$1,882,900.

22 *The Class 27 claim will be treated as follows:*

- 23 1. *It will accrue interest at the rate of 2% per annum.*
- 24 2. *It will be secured by a lien with the same priority, validity and scope that it*
25 *enjoyed pre-petition.*
- 26 3. *Following the Effective Date, the Bank will be paid quarterly interest-only*
payments, paid in arrears, for the first 36 months following the Effective Date.
4. *Thereafter, the Bank will be paid equal, quarterly, principal and interest*
payments based upon a 25 year amortization.

1 5. *The balance of this obligation will be paid in full on or before the tenth*
2 *anniversary of the Effective Date.*

3 This Class is impaired.

4 **Class 28 – General Unsecured Creditors**

5 Class 28 is comprised of the allowed general unsecured claims against RV
6 CENTRAL.

7 *General unsecured creditors will be paid an initial distribution equal to 10% of each*
8 *Allowed Claim on the Effective Date or when the claim is allowed. Beginning on the*
9 *Effective Date, all unpaid amounts of Allowed Claims will accrue interest at the rate of 2%*
10 *per annum, until paid in full. Beginning on the second anniversary of the Effective Date,*
11 *each claimant will receive an annual distribution, equal to at least 10% of the Allowed*
Claim, plus accrued interest, until paid in full. All unsecured claims will be paid in full with
interest as herein provided not later than the fifth anniversary of the Effective Date.

12 This Class is impaired.

13 **Class 29 – Equity Interests**

14 Class 29 consists of the interests of RV CENTRAL's equity holders.

15 *The prepetition equity holders will continue their ownership of the Debtors post-*
16 *confirmation, and management of the Debtors will remain the same.*

17 This Class is not impaired.

18 SRE INVESTMENTS, L.P.

19
20 **Class 30 – Administrative Claims**

21 Class 30 is comprised of the holders of administrative expense claims against SRE.
22 Administrative expenses are those that have been incurred since the initiation of the
23 Debtor's bankruptcy case on August 9, 2011. The Bankruptcy Code at §507(a)(1) provides
24 that administrative expenses are entitled to a first priority in payment. Administrative
25 expenses are those set forth in §503 of the Bankruptcy Code and which are estimated to
26 include the following:

1 1. U.S. Trustee Fees (unknown, believed to be zero).

2 *Any amounts owing will be paid on the Effective Date. Debtor shall be*
3 *responsible for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). The*
4 *Debtor shall file with the Court, and serve on the United States Trustee, a quarterly*
5 *financial report for each quarter (or portion thereof) that the case remains open in a format*
6 *prescribed by the United States Trustee and provided to the Debtor by the United States*
7 *Trustee, and shall pay such quarterly fees as due for each quarter post-confirmation that the*
8 *case remains open.*

9 2. Mesch, Clark & Rothschild, P.C. (allowed and unpaid attorneys fees).

10 *Any amounts owing will be paid on the Effective Date, or as the parties may*
11 *agree.*

12 3. Post-petition operating expenses for the Debtor have been paid as they are
13 incurred in the ordinary course of business.

14 *To the extent they have not been paid or provided to be paid in the ordinary*
15 *course of business, they will be paid on the Effective Date of the Plan.*

16 This class does not vote.

17 **Class 31 – Bank of Oklahoma, N.A.**

18 Class 31 is comprised of the BOKF secured claim, which will be allowed in the
19 amount of \$1,918,900. The Bank’s claim is secured by a lien on SRE’s real property (valued
20 by the Bank in January, 2012 at \$1,470,000) and the Mission/Irvington property of
21 SCHOMAC (valued by the Bank in January, 2012 at \$1,340,000). The amount of the
22 allowed secured claim is based upon the value of the SRE property and 33.5% of the value
23 of SCHOMAC’s Mission/Irvington property. The value of the Mission Property has been
24 proportionately divided between the SRE claim and the RV CENTRAL claim, based upon
25 the amounts of the Bank’s claims against these two obligors on the Petition Date.

26 The balance of the Bank’s claim against SRE, the under-secured portion, shall be
allowed as a Class 34 claim and satisfied as provided in that Class’ treatment provided
below.

1 The Bank's allowed, secured claim against SRE shall be treated as provided in
2 Option A, unless the Bank selects Option B or Option C by so indicating on its ballot.

3 **Option A:**

- 4 a. *The Allowed Claim will accrue interest and be fixed at the non-default*
5 *contract rate of 4%, calculated from the Effective Date of the Plan.*
- 6 b. *The Allowed Secured Claim will continue to be secured by a lien on the*
7 *same real property of the same nature, extent and priority as such loan*
8 *is currently secured.*
- 9 c. *Following the Effective Date, the Bank will be paid quarterly 4%*
10 *interest-only payments, paid in arrears, for the first 36 months.*
- 11 d. *Thereafter, BOKF will be paid in arrears by equal quarterly principal*
12 *and interest payments based upon a 25-year amortization. There will*
13 *be no pre-payment penalty or premium permitted.*
- 14 e. *All sums owed BOKF will be paid in full, on or before the tenth*
15 *anniversary of the Effective Date.*
- 16 f. *On the Effective Date, BOKF's claim will be deemed current with all*
17 *defaults cured. The payments set forth in this Plan will fully satisfy the*
18 *BOKF claim.*
- 19 g. *Any SRE lots which collateralize this obligation may be released from*
20 *the BOKF lien by a \$300,000 payment of principal.*

21 **Option B:**

- 22 a. *For the full resolution of BOKF's secured and under-secured claims*
23 *against SRE, RV CENTRAL, and the guarantee of this debt by*
24 *SCHOMAC, BOKF will be paid \$2,500,000 on the Effective Date.*
- 25 b. *The Mission/Irvington real property will be deeded back to BOKF, free*
26 *of any and all liens.*
- c. *SRE's real property will be released on the Effective Date free of any*
lien of BOKF.
- d. *A remaining debt of \$2,500,000 will be owed the Bank by RV*
CENTRAL which will accrue interest at the fixed rate of 4% per
annum. The Bank will receive debt service of: quarterly interest-only
payments, paid in arrears, for years 1 – 3, and quarterly principal and

1 *interest payments-based on a 25-year amortization, paid in arrears, in*
2 *years 4 – 10. All sums due shall be paid on the 10th anniversary of the*
3 *Effective Date.*

4 *e. All other and remaining debt will be deemed satisfied.*

5 **Option C:**

6 *SCHOMAC will pay BOKF \$5,500,000 on the Effective Date in complete*
7 *satisfaction of all obligations of SRE and RV CENTRAL, and the guarantee*
8 *claims of SCHOMAC, resulting in a release of the Bank's liens on*
9 *Mission/Irvington, SRE lots and the RV CENTRAL property.*

10 This Class is impaired.

11 **Class 32 – Pima County Treasurer**

12 Class 32 is comprised of the claims of the Pima County Treasurer which has a
13 statutory lien on SRE's real property.

14 *On the Effective Date, the Pima County Treasurer's claim will be allowed in the*
15 *principal amount of the tax due, with interest at the statutory rate and without penalties. The*
16 *Allowed Claim will accrue interest post-confirmation at the applicable statutory rate. The*
17 *Allowed Claim will be payable in equal payments of principal and interest, made bi-*
18 *annually over a period ending five years from the initial due date of the oldest unpaid tax on*
19 *the property.*

20 This Class is impaired.

21 **Class 33 – Perry Bassett**

22 Class 33 is comprised of the secured claim of Perry Bassett in the scheduled amount
23 of \$5,000. This claim is secured by a lien on all of SRE's engineering and construction
24 drawings and designs, studies, building plans and permits.

25 1. *The claim of Perry Bassett will be allowed in the amount of \$5,000.*

26 2. *The Allowed Claim will continue to be secured by a lien on the same personal*
 property, and to the same nature, extent and priority as such loan is currently secured.

 3. *The Allowed Claim will accrue interest at the rate of 10% per annum,*
 calculated from the Effective Date of the Plan.

1 4. *Following the Effective Date, Secured Creditor, will be paid monthly interest*
2 *only payments, paid in arrears, calculated based on the non-default contract rate, for thirty-*
3 *six months following the Effective Date, at which time all sums due will be paid.*

4 This Class is impaired.

5 **Class 34 – The Under-secured Claim of Bank of Oklahoma**

6 Class 34 is comprised of the under-secured claim of BOKF. It will be allowed in the
7 amount of \$1,517,100.

8 *The Class 34 claim will be treated as follows:*

9 1. *It will accrue interest at the rate of 2% per annum.*

10 2. *It will continue to be secured by its pre-petition lien of the same priority,*
11 *validity and scope that it enjoyed pre-petition.*

12 3. *Following the Effective Date, the Bank will be paid quarterly, interest-only*
13 *payments, made in arrears, for the first 36 months.*

14 4. *In the 37th month following the Effective Date and continuing through the*
15 *repayment term, the Bank will be paid equal, quarterly, interest-only payments based upon*
16 *a 25 year amortization.*

17 This class is impaired.

18 **Class 35 – General Unsecured Creditors**

19 Class 35 is comprised of the allowed general unsecured claims against SRE.

20 *General unsecured creditors will be paid an initial distribution equal to 10% of each*
21 *Allowed Claim on the Effective Date or when allowed. Beginning on the Effective Date, all*
22 *unpaid amounts of Allowed Claims will accrue interest at the rate of 2% per annum, until*
23 *paid in full. Beginning on the second anniversary of the Effective Date, each claimant will*
24 *receive an annual distribution, equal to at least 10% of the Allowed Claim, plus accrued*
25 *interest, until paid in full. All unsecured claims will be paid in full with interest as herein*
26 *provided not later than the fifth anniversary of the Effective Date.*

 This Class is impaired.

1 **Class 36 – Equity Interests**

2 Class 36 consists of the interests of SRE’s equity holders.

3 *The prepetition equity holders will continue their ownership of the Debtor post-*
4 *confirmation, and management of the Debtor will remain the same.*

5 This Class is not impaired.

6 **X. MEANS FOR FUNDING THE PLAN**

7 The Plan will be funded by future operations of the Debtor businesses, including the
8 sale of properties, as well as by the dividend income from the Debtors’ OP Units in
9 CubeSmart. The Debtors also have commitments from related non-debtor entities and the
10 individual equity-holder of the Debtors to fund plan payments, to the extent the Debtors’
11 revenues are not sufficient. With a reasonable restructure of the secured indebtedness, the
12 Debtors will be able to repay all creditors, in full, over the term of the Plan. Attached are
13 exhibits, which reflect the Sources and Uses of Funds and how creditors are paid during the
14 Plan term.

15 *Exhibit A: Sources and Uses of Cash for SCHOMAC and TEDCO for Year 1.*

16 *Exhibit B: Sources and Uses for SCHOMAC and TEDCO for Years 2-10.*

17 *Exhibit C: Sources and Uses for RV Central for Year 1.*

18 *Exhibit D: Sources and Uses for RV Central for Years 2-10.*

19 *Exhibit E: Sources and Uses for SRE for Year 1.*

20 *Exhibit F: Sources and uses for SRE for Years 2-10.*

21
22 **XI. POST-CONFIRMATION MANAGEMENT**

23 The existing management for the Debtors will remain in place. W. Michael Schoff,
24 the existing equity-holder will continue in place, bringing his extensive and successful
25 experience to the reorganized Debtors. His historical knowledge of the businesses is
26 invaluable going forward. Ryan Schoff will continue as the President and Chief Executive

1 Officer for SCHOMAC, as well as continuing to serve as the Vice President for TEDCO,
2 and as the responsible and authorized agent for RV CENTRAL and SRE. Dennis Winans,
3 CPA, is the former President of SCHOMAC and TEDCO and has served as a part of the
4 senior management team for the Debtors. He has served as the Financial Advisors for the
5 Debtors after being appointed as such by the Court, and will continue to be available to the
6 Debtors on a consulting basis after plan confirmation.

7 8 **XII. TAX CONSEQUENCES**

9 These Debtors have not obtained a tax opinion and do not express any opinion as to
10 the tax consequences to the creditors or equity security holders. Interested parties are
11 encouraged to obtain their own professional counsel to determine the tax consequences of
12 the Plan.

13 BECAUSE THE DEBTORS EXPRESS NO TAX ADVICE, IN NO EVENT WILL
14 THESE DEBTORS OR THEIR PROFESSIONAL ADVISORS BE LIABLE FOR
15 ANY TAX CONSEQUENCES OF THE PLAN. CREDITORS MUST LOOK
16 SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE
17 TAX CONSEQUENCES OF THIS PLAN.

18 19 **XIII. LIQUIDATION ANALYSIS**

20 Pursuant to 11 U.S.C. §1129(a)(7), the Plan must provide that creditors not accepting
21 the Plan will receive at least as much under the Plan as they would receive in a liquidation
22 of the Debtors under Chapter 7 of the Bankruptcy Code. The Debtors believe that the full
23 repayment of creditors under the Plan will greatly exceed the recoveries which creditors
24 would receive in Chapter 7 liquidation of the estates. Any liquidation would be undertaken
25 in future circumstances that cannot presently be predicted. Accordingly, the actual
26 liquidation proceeds could vary if the Debtors' assets were liquidated.

In addition to the principal assumptions set forth above, significant areas of
uncertainty exist in the event of liquidation. Some of these uncertainties, which could have a

1 material effect upon the payment of creditors' claims, are summarized below:

- 2 • Liquidation assumes that the Debtors would liquidate their holdings in order to
3 satisfy its creditors only from the proceeds of liquidation. There is a risk that
4 recoveries could be affected by market conditions in liquidation.
- 5 • It is not possible to predict with any certainty the increase in liabilities that would
6 occur in liquidation of any contingent and/or unliquidated claims which could
7 arise in the event of the discontinuance of the Debtors' operations. One of the
8 primary reasons for the filing of the SCHOMAC and TEDCO cases was that the
9 liquidation of CubeSmart stock carries with it a very sizable tax liability. A
10 liquidation in the context of a Chapter 7 case, would result in such a huge liability
11 that there would be little left of the equity for satisfaction of unsecured claims.
- 12 • A significant component of SCHOMAC's wealth is in sponsored projects that it
13 operates and manages. Liquidation of these projects, rather than maintaining them
14 as going-concerns would results in a substantial destruction of value.
15 SCHOMAC's assets are being used to fund payment of under-secured creditors,
16 priority, unsecured and tax creditors in the other 3 cases. Coupled with the
17 inefficiencies of a liquidation of real property, there is a substantial likelihood that
18 there would be insufficient assets to fund payment to creditors in all cases, if
19 SCHOMAC's sponsored projects were simply liquidated.
- 20 • In these cases, many of the assets are real property. The liquidation of real estate
21 is complicated because the market is difficult, and there is little, if any credit, for
22 the financing of the purchase of real estate assets.
- 23 • A liquidation would require the quick sale of real estate assets, many of which are
24 still in the development stage. If maintained, as proposed by the Plan, these
25 properties will enjoy the recovery currently underway in the marketplace, being
26 fostered by corrective government policy. Like most real estate development in
the United States, the Debtors' activities require the additional time suggested by
the Plan.
- SCHOMAC has many investments in which it is a minority interest holder in
entities which are closely held, and managed by others. Trying to market such
fractional units in private ventures would undoubtedly result in paltry returns on
investments which have considerable value if not prematurely liquidated.
- SCHOMAC has 8 employees and its subsidiaries employ upwards of 100
individuals at any given time. The liquidation of these businesses could result in
significant additional claims being raised against a Chapter 7 estate, arising out of
wage and benefit liabilities which would become due and non-contingent upon
the closure of businesses.
- The dismemberment of these companies as required in a liquidation would direct

1 proceeds first to satisfy secured claims. This will jeopardize the return to
2 unsecured creditors, trade, priority and tax creditors, as well as those holding
unsecured deficiency claims.

- 3 • Taxing authorities are to be paid in cash under the Plan. If the businesses are
4 liquidated the authorities will need to be paid from collateral or look to other
5 creditors to pay these amounts in order to protect their collateral. Such
inefficiency will delay payment and result in larger amounts of statutory interest
6 accruing.
- 7 • Liquidation of real estate companies and operating business entities would
8 undoubtedly require the services of attorneys, accountants, real estate
professionals, in addition to a trustee. The resulting administrative expenses will
diminish the funds available for payment of creditors.
- 9 • The demise of a real estate development and investment firm operating since
10 1974 and currently involved in over 50 investments or businesses, would be a
tremendous loss for the Tucson economy and community.

11 The foregoing analysis summarizes the threat to the creditors resulting from a
12 liquidation of the Debtors' assets in a Chapter 7 liquidation- as compared to their payment
13 in full as proposed under the Plan. In summary, while some secured creditors would be paid
14 in full, certain under-secured claims would likely not receive full recovery. Taxing
15 authorities would be paid in full, but this would result in the diminution of funds available
16 for payment to unsecured claims. Increased administrative costs, coupled with new claims
17 created by the liquidation of holdings and operating businesses, would result in little if any
18 payment to the unsecured classes of creditors in these four estates. Equity, which on its
19 books shows value of tens of millions of dollars, would lose everything.

20 A comparison of the liquidation alternative to reorganization shows that all benefit
21 from reorganization; in a liquidation, no one receives any greater benefit, while most suffer
22 great loss.

23 Based on the foregoing analysis, the Debtors believe that the Plan provides a better
24 return to creditors than they could otherwise receive under Chapter 7 or Chapter 11
25 liquidations. Accordingly, the proposed Plan satisfies "best interests of creditors" test,
26 meaning that creditors receive more if the Debtors reorganize than if assets liquidated.

1
2 **XIV. RISK ANALYSIS**

3 The projections detailed in the Plan and Exhibits are the Debtors' best and most
4 realistic projections of future performance. Based upon these projections, the payments
5 contemplated by the Plan will be made. Inherent in this Chapter 11 Plan are standard
6 business risks. In addition to the risk faced by most businesses, the business conducted by
7 the Debtors is impacted by many other contingencies, including the following factors: the
8 lack of available credit in today's economy both locally and nationally; the rising cost of
9 living; inflation; changes in economic growth in Arizona and California; changes to the
10 projected growth in Arizona's and California's populations; and, increased competition
11 from other self-storage facility providers. Despite these risks, the Debtors' Plan is workable
12 and economically sound. The Plan will pay creditors with more than they would receive if
13 the Debtors' Plan was not confirmed, and these bankruptcy estates were liquidated instead.

14 **XV. CONFIRMATION IN SPITE OF REJECTION OF PLAN**

15 The Court will be asked to confirm the Plan as to any class of claims or interest that
16 does not accept the Plan. To do so, the Court must find that the Plan is (1) fair and equitable
17 to each class of claims or interests that is impaired and has not accepted the Plan, and that
18 classification of claims is not discriminatory; and (2) that each claim or interest holder
19 receives, under the Plan, property of a value as of the Effective Date, that is not less than
20 what would be received or retained if the property was liquidated under Chapter 7 of the
21 Code.

22 The second requirement is satisfied as demonstrated by the Liquidation Analysis set
23 forth above. The first requirement is satisfied with respect to any class that might not accept
24 the Plan, because the classification has not been designed in a discriminatory manner.
25
26

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

7 If a class of unsecured claims does not accept the Plan, the fair and equitable rule
8 requires that each claimant be paid the allowed amount of the claim plus interest at a market
9 rate; otherwise, no junior class of creditors can receive or retain any property under the Plan.
10 The Plan proposes full payment to all classes of creditors over time with interest. As a
11 result, the Plan complies with the absolute priority rule and permits current equity to retain
12 its ownership of the Debtors.

13 14 **XVI. REJECTION/ASSUMPTION OF LEASES AND EXECUTORY CONTRACTS**

15 Except as specified previously, all contracts which existed on the filing date of the
16 Chapter 11 Petition, between the Debtors and any individual or entity, whether such
17 contracts be written or oral, which have not heretofore been rejected or accepted by the
18 Debtors, will be the subject of future court order as to assumption or rejection as the Debtors
19 will retain the right to assume or reject through substantial consummation of the Plan.

20 With regard to any executory contracts or unexpired lease not addressed, the Court
21 shall retain jurisdiction and the Debtors shall retain the ability to assume or reject upon
22 realization of the existence of the contract or lease.

23 24 **XVII. EFFECT OF CONFIRMATION**

25 Except for the continuing liens, claims, rights and interests of the secured creditors
26 against the Debtor, its estate, and the property as described in the Plan and as permitted in

1 the confirmation order, confirmation of a reorganization acts as a discharge, effective on the
2 Effective Date, of any and all debts of the Debtors that arose any time before confirmation,
3 including, but not limited to, all principal and all interest accrued thereon, pursuant to
4 §1141(d)(1) of the Bankruptcy Code. Such a discharge shall be effective as to each claim,
5 regardless of whether a proof of claim thereof was filed, whether the claim is an allowed
6 claim or whether the holder thereof votes to accept the Plan.

7
8 **XVIII. REVESTING**

9 Except as provided for in the Plan or confirmation order, on the Effective Date, these
10 Debtors shall be vested with any remaining property or assets from their estates, free and
11 clear of all claims, liens, charges, and other interests of creditors arising prior to the filing
12 date, except as provided by this Plan of Reorganization.

13 **XIX. RETENTION OF JURISDICTION**

14 Notwithstanding confirmation or the Effective Date having occurred, the Court shall
15 retain and have full jurisdiction as is allowed under Title 28 of the United States Code, the
16 Bankruptcy Code, or other applicable law to enforce the provisions, purposes, and intent of
17 the Plan, including, without limitation, any proceedings which relate to:

18 A. Determination of the allowability, classification, or priority of claims and
19 interests;

20 B. Construing, implementing, enforcing, executing, or consummating the Plan,
21 the confirmation order, any other order of the Court, any document attached as an exhibit to
22 the Plan or contemplated by the Plan, or any other matter referred to in the Plan;

23 C. Determination of all matters that are pending before the Court in the Chapter
24 11 cases prior to the Effective Date or that may arise after the Effective Date;

1 D. Determination of any and all applications for allowance or requests for
2 payment of administrative claims, including, without limitation, requests for allowance and
3 payment of compensation and expense reimbursement of professional persons;

4 E. Determination of motions for the rejection, assumption, or assignment of
5 executory contracts or unexpired leases, and determination of the allowance of any claims
6 resulting from the rejection of executory contracts and unexpired leases.

7 F. Determination of all applications, motions, adversary proceedings, contested
8 matters, and any other litigated matters instituted prior to the closing of the Chapter 11
9 Cases;

10 G. Modification of the Plan pursuant to the Bankruptcy Code and Rules, remedy
11 of any defect or omission in the Plan or confirmation order, reconciliation of any
12 inconsistency within the Plan and the loan documents, so as to carry out the intent and
13 purpose of the loan documents;

14 H. Issuance of injunctions or taking such other actions or making such other
15 orders as may be necessary or appropriate to restrain interference with the Debtors by any
16 party with the Plan or its execution or implementation by any person.

17 I. Issuance of such orders in aid of consummation of the Plan and the
18 confirmation order, notwithstanding any otherwise applicable non-bankruptcy law, with
19 respect to any person, to the full extent authorized by the Bankruptcy Code;

20 J. Any determination necessary or appropriate under §505 of the Bankruptcy
21 Code or any other determination relating to priority tax claims, taxes, tax refunds, tax
22 attributes, and tax benefits affecting the Debtors, their estates, or the Property through the
23 end of the fiscal year in which the Effective Date occurs;

24 K. Entry of a final decree closing these Chapter 11 cases; and

25 L. Determination of such other matters, and for such other purposes, as may be
26 provided in the confirmation order.

1 **XX. MODIFICATION OF PLAN**

2 The Plan may be corrected or modified, prior or subsequent to Confirmation, or prior
3 to consummation, after notice to interested parties and by Court order as provided by law.

4
5 **XXI. RECOMMENDATION**

6 The Debtors recommend that the Plan be approved as it is in the best interests of
7 these Estates and their creditors.

8 **DATED:** January 27, 2012.

9 THE SCHOMAC GROUP, INC.
10 TEDCO, INC.
11 NSS RV CENTRAL OG LIMITED
12 PARTNERSHIP
13 SRE INVESTMENTS, L.P.

14 By /s/Ryan M. Schoff,
15 Ryan M. Schoff, President

16 345836

EXHIBIT A

THE SCHOMAC GROUP, INC. and TEDCO, INC. CONSOLIDATED

Projected Sources and Uses of Income - Year 1

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Total
SOURCES:													
CubeSmart distributions - SGI	182,381	-	-	182,381	-	-	182,381	-	-	182,381	-	-	729,522
CubeSmart distributions - Tedco	36,321	-	-	36,321	-	-	36,321	-	-	36,321	-	-	145,283
Condo rentals - Tedco	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Rental income - 6418 E. Tanque Verde	5,339	5,339	5,339	5,339	5,339	5,339	5,339	5,339	5,339	5,339	5,339	5,339	64,070
Related party advances / net proceeds from asset sales	140,124	167,875	288,427	(139,540)	52,025	399,165	(167,266)	78,225	310,204	(94,861)	49,860	390,599	1,470,418
Total Sources	364,964	1,697,014	294,567	85,301	58,165	405,304	57,515	85,064	316,343	129,980	55,940	396,738	2,418,894
USES:													
Operating Expenses:													
Salary and burden	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	53,700	698,800
Administrative costs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Computer and IT	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
Independent contractor services	9,000	9,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	43,000
Office supplies and expenses	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Telephones and utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Insurance	1,000	4,000	2,600	2,000	2,000	2,000	2,000	1,200	1,200	1,200	2,000	1,200	21,800
Operating and condo expenses - Tedco	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	16,360
Rental expenses and prop. taxes - 6418 E. Tanque Verde	5,326	5,326	5,326	5,326	5,326	5,326	5,326	5,326	5,326	5,326	5,326	5,326	63,912
Contingencies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total Operating Expenses	77,139	80,139	71,639	71,639	71,639	71,639	71,639	70,839	71,639	70,839	71,639	70,839	924,072
Other investment and other entity sources / (uses)	15,905	(85,145)	(13,320)	16,869	17,205	(10,095)	17,855	(11,624)	(10,281)	(56,540)	18,300	(8,795)	(109,669)
Net Cash Flow Before Creditor Claims	303,750	3,730	209,608	3,730	3,730	323,570	3,730	2,600	208,422	2,600	2,600	317,103	1,385,153
Creditor Claims:													
Class 1 - Administrative Claims of SGI	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(10,800)
Class 2 - BONF, H.A. (deficiency)	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 3 - Citicapital Commercial Corp.	-	-	(187,500)	-	-	(187,500)	-	-	(187,500)	-	-	(187,500)	(750,000)
Class 4 - LNV Corp.	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)	(20,400)
Class 5 - Montecito Bank & Trust	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(1,130)	(13,560)
Class 6 - Pape Material Handling, Inc.	-	-	(28,739)	-	-	(28,739)	-	-	-	-	-	(27,378)	(56,117)
Class 7 - Monterey County Tax Collector	-	-	(39,978)	-	-	(39,978)	-	-	-	-	-	(38,201)	(78,179)
Class 8 - Pima County Treasurer	-	-	(19,626)	-	-	(19,626)	-	-	-	-	-	(18,697)	(38,323)
Class 9 - Pumas County Tax Collector	-	-	(4,917)	-	-	(4,917)	-	-	-	-	-	(4,684)	(9,600)
Class 10 - Santa Barbara County Tax Collector	-	-	(20,171)	-	-	(20,171)	-	-	-	-	-	(19,216)	(39,387)
Class 11 - Sierra County Tax Collector	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 12 - Priority Tax Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 13 - Priority Wage and Benefit Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 14 - Guaranty Claims	-	-	(11,750)	-	-	(11,750)	-	-	(11,750)	-	-	(11,750)	(47,000)
Class 15 - General Unsecured Creditors	-	-	(6,000)	-	-	(5,975)	-	-	(5,950)	-	-	(5,925)	(23,850)
Class 17 - Administrative Claims - Tedco	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 18 - LNV Corp. - Tedco	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 19 - Pima County Treasurer - Tedco	-	-	(558)	-	-	(558)	-	-	-	-	-	(533)	(1,091)
Class 20 - General Unsecured Creditors - Tedco	-	-	(625)	-	-	(625)	-	-	(622)	-	-	(620)	(2,492)
Total Payments to Creditor Claims	(3,730)	(3,730)	(209,608)	(3,730)	(3,730)	(323,570)	(3,730)	(2,600)	(208,422)	(2,600)	(2,600)	(317,103)	(1,085,153)
Increase / (decrease) in working capital after creditor claims	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,000,000
Beginning cash balance	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,000,000
Ending cash balance	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,000,000

EXHIBIT B

THE SCHOMAC GROUP, INC. and TEDCO, INC. CONSOLIDATED
Ten Year Projected Sources and Uses of Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
SOURCES:										
CubeSmart distributions - SGI	729,522	820,713	911,503	1,003,093	1,094,283	1,185,474	1,276,664	1,367,854	1,459,045	1,550,235
CubeSmart distributions - Tedco	145,283	163,444	181,604	199,764	217,925	236,085	254,246	272,406	290,566	308,727
Condo rentals - Tedco	9,600	9,600	10,000	10,200	10,400	10,600	10,800	11,000	11,200	11,400
Rental income - 6418 E. Tanque Verde	64,070	66,160	72,372	78,066	84,897	91,581	107,544	111,791	113,747	115,738
Related party advances / net proceeds from asset sales	1,470,018	1,021,302	891,913	1,365,762	1,249,177	992,352	873,335	754,255	642,554	531,325
Total Sources	2,418,894	2,083,418	2,068,292	2,676,866	2,656,682	2,518,133	2,517,588	2,517,447	2,517,112	2,517,426
USES:										
Operating Expenses:										
Salary and burden	698,000	711,960	726,199	740,723	755,538	770,648	786,061	801,783	817,818	834,175
Administrative costs	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,068	14,341
Computer and IT	15,000	15,300	15,600	15,918	16,236	16,561	16,892	17,230	17,575	17,926
Independent contractor services	43,000	43,660	44,737	45,632	46,545	47,475	48,425	49,393	50,381	51,389
Office supplies and utilities	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853
Telephone and utilities	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,068	14,341
Insurance	21,800	22,236	22,681	23,134	23,597	24,069	24,550	25,041	25,542	26,053
Operating and condo expenses - Tedco	16,360	16,580	16,800	17,020	17,240	17,460	17,680	17,900	18,120	18,340
Rental expenses and prop. taxes - 6418 E. Tanque Verde	63,912	64,492	65,077	65,816	66,715	67,778	68,860	69,961	71,082	72,222
Contingencies	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,068	14,341
Total Operating Expenses	924,072	941,748	959,767	978,284	997,311	1,016,862	1,036,796	1,057,122	1,077,848	1,098,981
Other investment and other entity sources / (uses)	(109,669)	(92,127)	(85,048)	(140,249)	(122,584)	(103,128)	(83,090)	(63,065)	(42,446)	(22,069)
Net Cash Flow Before Creditor Claims	1,385,153	1,049,543	1,023,477	1,558,353	1,536,788	1,398,143	1,397,701	1,397,260	1,396,818	1,396,376
Creditor Claims:										
Class 1 - Administrative Claims of SGI	-	-	-	-	-	-	-	-	-	-
Class 2 - BOKF, N.A. (deficiency)	-	-	-	-	-	-	-	-	-	-
Class 3 - CitCapital Commercial Corp.	(10,800)	(4,500)	-	-	-	-	-	-	-	-
Class 4 - LNV Corp.	(750,000)	(750,000)	(750,000)	(1,233,915)	(1,233,915)	(1,233,915)	(1,233,915)	(1,233,915)	(1,233,915)	(1,233,915)
Class 5 - Montecito Bank & Trust	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)	(20,400)
Class 6 - Pape Material Handling, Inc.	(7,910)	-	-	-	-	-	-	-	-	-
Class 7 - Monterey County Tax Collector	(56,117)	(50,671)	(45,226)	(39,781)	(34,336)	-	-	-	-	-
Class 8 - Pima County Treasurer	(78,179)	(71,072)	(63,965)	(56,858)	(49,750)	-	-	-	-	-
Class 9 - Pumas County Tax Collector	(38,223)	(34,604)	(30,886)	(27,167)	(23,448)	-	-	-	-	-
Class 10 - Santa Barbara County Tax Collector	(9,600)	(8,669)	(7,737)	(6,805)	(5,874)	-	-	-	-	-
Class 11 - Sierra County Tax Collector	(39,387)	(35,565)	(31,743)	(27,921)	(24,100)	-	-	-	-	-
Class 12 - Priority Tax Claims	-	-	-	-	-	-	-	-	-	-
Class 13 - Priority Wage and Benefit Claims	-	-	-	-	-	-	-	-	-	-
Class 14 - Guaranty Claims	(47,000)	(47,000)	(47,000)	(119,527)	(119,527)	(119,527)	(119,527)	(119,527)	(119,527)	(119,527)
Class 15 - General Unsecured Creditors	(23,850)	(23,600)	(23,200)	(22,800)	(22,400)	(22,000)	(21,600)	(21,200)	(20,800)	(20,400)
Class 17 - Administrative Claims - Tedco	-	-	-	-	-	-	-	-	-	-
Class 18 - LNV Corp. - Tedco	(1,091)	(992)	(893)	(794)	(694)	-	-	-	-	-
Class 19 - Pima County Treasurer - Tedco	(2,495)	(2,469)	(2,427)	(2,385)	(2,343)	(2,301)	(2,260)	(2,218)	(2,176)	(2,134)
Class 20 - General Unsecured Creditors - Tedco	(1,085,153)	(1,049,543)	(1,023,477)	(1,558,353)	(1,536,788)	(1,398,143)	(1,397,701)	(1,397,260)	(1,396,818)	(1,396,376)
Total Payments to Creditor Claims	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Increase / (decrease) in working capital after creditor claims	-	-	-	-	-	-	-	-	-	-
Beginning cash balance	360,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Ending cash balance	360,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

EXHIBIT C

NSS RV Central OG, LP
6260 N. Travel Center Drive, Marana, Arizona 85743

Projected Sources and Uses of Income - Year 1

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Total
Income													
Rental revenue	45,000	45,225	45,451	45,678	45,678	45,678	45,678	45,678	45,907	46,136	46,367	46,599	549,075
Credits / rent adjustments	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(15,000)
Bad debt	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(3,000)
Effective Rental Income	43,500	43,725	43,951	44,178	44,178	44,178	44,178	44,178	44,407	44,636	44,867	45,099	531,075
Truck wash lease income	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Retail sales, net	1,645	1,145	645	645	645	645	645	645	645	645	1,145	1,145	10,240
Administrative and other fees	258	258	258	258	258	258	258	258	258	258	258	258	3,095
Credit card discounts	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(12,000)
Total other income	2,403	1,903	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,903	1,903	19,336
Total Income	45,903	45,628	45,354	45,581	45,581	45,581	45,581	45,581	45,810	46,039	46,770	47,002	550,411
Operating Expenses													
Payroll and benefits	6,952	6,952	10,172	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	89,854
Other personnel	155	305	305	155	155	235	155	205	255	155	155	255	2,510
Advertising	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	15,545
Utilities	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
Repairs and maintenance	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,590	2,590	33,580
Administrative costs	910	840	845	845	845	845	845	920	845	845	950	845	10,520
Management fees	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Real estate taxes	9,383	9,383	9,383	9,383	9,383	9,383	9,383	9,383	9,383	9,383	9,383	9,383	112,596
Insurance	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	23,460
Replacement reserves	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
Total Operating Expenses	32,790	32,970	36,055	32,725	32,725	32,825	32,725	32,725	32,825	32,725	32,580	32,575	399,665
Net Operating Income (After Reserves)	13,113	12,658	9,299	12,856	12,856	12,756	12,856	12,856	12,985	13,314	14,190	14,427	150,745
Cash on hand - DIP	-	-	19,741	-	-	75,712	-	-	18,051	-	-	-	69,506
Working Capital Advances - Third Party	-	-	24,333	(12,774)	(12,814)	25,588	(12,814)	(9,479)	22,293	(13,272)	(14,148)	27,420	-
Working Capital Reserve	(11,717)	(12,616)	-	-	-	-	-	-	-	-	-	-	-
Class 22 - Administrative Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 23 - Secured Claim of BOKF, N.A.	-	-	(43,411)	-	-	(43,411)	-	-	(43,411)	-	-	(43,411)	(173,644)
Debt Service - 1st Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 24 - Perry Bassett	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(500)
Class 25 - Pima County Treasurer	-	-	-	-	-	(60,725)	-	-	-	-	-	-	(118,751)
Class 26 - Priority Tax Claims	(1,354)	-	-	-	-	-	-	-	-	-	-	-	(1,354)
Class 27 - Under-secured Claim of BOKF, N.A.	-	-	(9,415)	-	-	(9,415)	-	-	(9,415)	-	-	(9,415)	(37,658)
Class 28 - General Unsecured Creditors	-	-	(465)	-	-	(463)	-	-	(461)	-	-	(460)	(1,850)
Net Cash Flow	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)	0

Prepared by Dennis L. Wirans 1/26/2012

EXHIBIT D

NSS RV Central OG, LP
 6260 N. Travel Center Drive, Marana, Arizona 85743
 10 Year Projected Sources and Uses of Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assumptions										
Annual Income Increase	0.00%	0.00%	1.00%	1.25%	1.50%	1.75%	1.75%	1.75%	1.75%	1.75%
Annual Expense Increase	0.00%	1.00%	1.00%	1.25%	1.50%	1.75%	1.75%	1.75%	1.75%	1.75%
Physical occupancy	80.00%	81.00%	82.00%	83.00%	84.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Income										
Rental revenue	549,075	555,938	568,430	582,554	598,416	616,137	626,970	637,891	649,054	660,412
Credits / rent adjustments	(15,000)	(15,188)	(15,229)	(15,915)	(16,348)	(16,892)	(17,127)	(17,426)	(17,791)	(18,042)
Bad debt	(3,000)	(3,038)	(3,105)	(3,183)	(3,270)	(3,366)	(3,425)	(3,485)	(3,546)	(3,608)
Effective Rental Income	531,075	537,713	549,795	563,456	578,799	595,939	606,368	616,979	627,776	638,762
Truck wash lease income	18,000	18,000	18,180	18,407	18,583	19,010	19,343	19,682	20,026	20,376
Retail sales, net	10,240	10,240	10,342	10,472	10,529	10,815	11,004	11,197	11,393	11,592
Administrative and other fees	3,056	3,056	3,127	3,166	3,214	3,270	3,327	3,385	3,444	3,505
Credit card discounts	(12,000)	(12,000)	(12,120)	(12,272)	(12,456)	(12,674)	(12,855)	(13,121)	(13,351)	(13,584)
Total Income	550,411	557,049	569,325	583,230	598,869	616,360	627,146	638,121	649,289	660,651
Operating Expenses										
Payroll and benefits	89,854	90,753	91,650	92,805	94,198	95,846	97,524	99,230	100,967	102,734
Other personnel	2,510	2,535	2,560	2,592	2,631	2,677	2,724	2,772	2,820	2,870
Advertising	15,545	15,700	15,857	16,056	16,297	16,582	16,872	17,167	17,468	17,773
Utilities	50,400	50,904	51,413	52,056	52,837	53,761	54,702	55,659	56,633	57,624
Repairs and maintenance	33,580	33,916	34,255	34,683	35,203	35,819	36,446	37,084	37,733	38,393
Administrative costs	10,520	10,731	10,931	11,129	11,326	11,522	11,718	11,914	12,110	12,306
Management fees	30,000	30,300	30,603	30,986	31,450	32,001	32,561	33,131	33,710	34,300
Real estate taxes	112,595	113,722	114,859	116,295	118,039	120,105	122,207	124,345	126,522	128,736
Insurance	21,460	23,695	23,932	24,231	24,594	25,025	25,462	25,908	26,361	26,823
Replacement reserves	31,200	31,512	31,827	32,225	32,708	33,281	33,863	34,456	35,059	35,672
Total Operating Expenses	399,665	403,662	407,698	412,794	418,986	426,319	433,775	441,370	449,094	456,954
Net Operating Income (After Reserves)	150,746	153,388	161,626	170,435	179,882	190,041	193,367	196,751	200,194	203,698
Cash on hand - DIP										
Working Capital Advances - Third Party	183,010	168,200	154,134	288,433	268,160	182,401	179,044	175,629	172,155	168,621
Class 22 - Administrative Claims										
Class 23 - Secured Claim of BOKF, N.A.										
Debt Service - 1st Mortgage	(173,644)	(173,644)	(173,644)	(274,957)	(274,957)	(274,957)	(274,957)	(274,957)	(274,957)	(274,957)
Class 24 - Perry Bassett	(500)	(500)	(5,500)							
Class 25 - Pima County Treasurer	(116,751)	(107,955)	(97,160)	(86,364)	(75,569)					
Class 26 - Priority Tax Claims	(1,354)									
Class 27 - Under-secured Claim of BOKF, N.A.	(37,658)	(37,658)	(37,658)	(95,769)	(95,769)	(95,769)	(95,769)	(95,769)	(95,769)	(95,769)
Class 28 - General Unsecured Creditors	(1,850)	(1,850)	(1,799)	(1,768)	(1,737)	(1,706)	(1,675)	(1,644)	(1,613)	(1,582)
Net Cash Flow	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

EXHIBIT E

SRE INVESTMENTS LP

Marana, Arizona

Projected Sources and Uses of Income - Year 1

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Total
<u>Development and Operating Expenses</u>													
Property taxes	-	28,825	-	-	-	-	-	28,825	-	-	-	-	57,650
Association dues	8,250	-	-	8,250	-	-	8,250	-	-	8,250	-	-	33,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Total Operating Expenses</u>	8,250	28,825	-	8,250	-	-	8,250	28,825	-	8,250	-	-	90,650
<u>Net cash flow before creditor claims</u>	(8,250)	(28,825)	-	(8,250)	-	-	(8,250)	(28,825)	-	(8,250)	-	-	(90,650)
Working Capital Advances - Third Party	8,292	28,867	27,850	8,292	42	160,175	8,292	28,867	27,842	8,292	42	154,285	461,135
Class 30 - Administrative Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 31 - Secured Claim of BOKF, N.A.	-	-	(19,189)	-	-	(19,189)	-	-	(19,189)	-	-	(19,189)	(76,756)
Debt Service - 1st Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 32 - Pima County Treasurer	-	-	-	-	-	(132,329)	-	-	-	-	-	(126,447)	(258,776)
Class 33 - PERRY Bassett	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(500)
Class 34 - Under-secured Claim of BOKF, N.A.	-	-	(7,586)	-	-	(7,586)	-	-	(7,586)	-	-	(7,586)	(30,342)
Class 35 - General Unsecured Creditors	-	-	(1,034)	-	-	(1,030)	-	-	(1,026)	-	-	(1,021)	(4,111)
<u>Net Cash Flow</u>	(0)	0	0	(0)	(0)	(0)	(0)	0	-	(0)	-	(0)	(0)

EXHIBIT F

SRE INVESTMENTS LP

Marana, Arizona

10 Year Projected Sources and Uses of Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Development and Operating Expenses</u>										
Property taxes	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897
Association dues	33,000	33,660	34,333	35,020	35,720	36,435	37,163	37,907	38,665	39,438
Other	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	90,650	92,463	94,312	96,199	98,122	100,085	102,087	104,128	106,211	108,335
Net cash flow before creditor claims	(90,650)	(92,463)	(94,312)	(96,199)	(98,122)	(100,085)	(102,087)	(104,128)	(106,211)	(108,335)
Working Capital Advances - Third Party	461,135	439,380	422,635	487,037	368,866	302,585	304,517	306,490	308,504	310,559
Class 30 - Administrative Claims	-	-	-	-	-	-	-	-	-	-
Class 31 - Secured Claim of BOKF, N.A.:										
Debt Service - 1st Mortgage	(76,756)	(76,756)	(76,756)	(121,544)	(121,544)	(121,544)	(121,544)	(121,544)	(121,544)	(121,544)
Class 32 - Pima County Treasurer	(258,776)	(235,251)	(211,726)	(188,201)	(66,175)	-	-	-	-	-
Class 33 - Perry Bassett	(500)	(500)	(5,500)	-	-	-	-	-	-	-
Class 34 - Under-secured Claim of BOKF, N.A.	(30,342)	(30,342)	(30,342)	(77,164)	(77,164)	(77,164)	(77,164)	(77,164)	(77,164)	(77,164)
Class 35 - General Unsecured Creditors	(4,111)	(4,068)	(3,999)	(3,930)	(3,861)	(3,792)	(3,723)	(3,654)	(3,585)	(3,516)
Net Cash Flow	(0)	(0)	(0)	0	0	-	(0)	(0)	(0)	0