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DEBTOR-IN-POSSESSION: TARAZ KOOH, LLC

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

IN RE §  
TARAZ KOOH, LLC, § CASE NO. 10-31814-BJH-11  
DEBTOR. § CHAPTER 11  
§

**FIRST AMENDED DISCLOSURE STATEMENT WITH RESPECT TO  
AMENDED PLAN OF REORGANIZATION OF TARAZ KOOH, LLC**

**[THIS IS NOT A SOLICITATION OF ACCEPTANCE OR  
REJECTION OF THE PLAN. ACCEPTANCES OR  
REJECTIONS MAY NOT BE SOLICITED UNTIL A  
DISCLOSURE STATEMENT HAS BEEN APPROVED BY  
THE COURT. THIS DISCLOSURE STATEMENT IS  
BEING SUBMITTED FOR APPROVAL BUT HAS NOT  
BEEN APPROVED BY THE COURT.]**

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## I. INTRODUCTION

The Debtor, Taraz Kooh, LLC, submits this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against and Interests in the Debtor in connection with (i) the solicitation of acceptances of the First Amended Plan of Reorganization, dated December \_\_, 2010 (as amended, the "Plan"), and (ii) the hearing to consider confirmation of the Plan scheduled for [\_\_\_\_\_] 2011, at [\_\_].m., (the "Confirmation Hearing"). Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

### A. Background

#### 1. In General

The Debtor is the owner of a 294 room hotel property located at 1981 North Central Expressway, Richardson, Texas 75080 (the "Hotel"). The Hotel operates under the DoubleTree flag pursuant to a franchise license agreement between the Debtor as licensee and Doubletree Franchise, LLC, a subsidiary of the Hilton Hotels Corporation, as licensor ("Doubletree License Agreement").

The Debtor acquired the Hotel on February 1, 2008 for a purchase price of \$20 million. The purchase price was financed through a secured loan of \$16,785,000 from Column Financial, Inc. and approximately \$4.5 million in equity capital provided by the Debtor's owners. At the time the Debtor acquired the Hotel, the Hotel was operated under the Radisson flag.

#### 2. Events Leading to Chapter 11 Filing

Since the Debtor's acquisition of the Hotel, the Debtor has endeavored to improve the Hotel's physical plant and operations. As part of that effort, the Debtor commissioned a marketing study of the Hotel and its peer competition in its geographic market. As a result of that study, the Debtor determined in the early fall of 2008, that in order to preserve and improve the value of the Hotel it would be necessary to re-brand the Hotel. Accordingly, the Debtor began the process that ultimately led to entry into the Doubletree License Agreement. To meet the Doubletree standards, the Debtor was required to perform certain property-improvement-plan (or "PIP") work on the Hotel. In order to fund the PIP work, the Debtor obtained loans from its two principal owners. Approximately 1.75 million dollars was loaned to the Debtor by its principal owners on an unsecured basis for the improvement of the property necessary to satisfy the PIP requirements for the Doubletree License Agreement.

The Debtor alleges that the re-flagging process, and the operational benefits that could be derived from it, were delayed substantially by Noteholder's<sup>1</sup> loan servicer, which was very

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<sup>1</sup> "Wells Fargo" or "Noteholder" as used herein shall mean, "Wells Fargo Bank, N.A., as trustee for the registered holders of Credit Suisse First Boston Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2008-C1, acting by and through Midland Loan Services, Inc., as special servicer pursuant to that certain Pooling and Servicing Agreement dated April 1, 2008," the senior-secured lender of the Debtor.

dilatory in considering and responding to the Debtor's request for approval to re-flag the Hotel. The Debtor brought an adversary proceeding against Noteholder and its loan servicers (as detailed herein). Both Noteholder and its loan servicers deny the allegations set forth in the Debtor's complaint.

Unfortunately, just as the extensive updating, renovations and remodeling in connection with the re-flagging process commenced, the downturn in the U.S. economy accelerated and correspondingly, both business and leisure travel suffered precipitous declines. U.S. revpar, a measure of occupancy and room revenue that is considered a barometer of the lodging industry health fell 17% in 2009. In that regard, the Hotel, like virtually every hotel in this market, as well as in other large urban markets in the country, experienced a substantial decrease in occupancy rates and overall revenues.

In July of 2009, the Debtor was no longer able to generate sufficient revenues to pay debt service in connection with the first lien debt. In response to the foregoing business conditions, Debtor's current management decided to restructure the Debtor's business operations.

The Debtor filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") on March 14, 2010 in the United States Bankruptcy Court for the Northern District Of Texas, Dallas Division (the "Court"), Case No. 10-31814 (the "Chapter 11 Case"). The Debtor continues to operate its business and manage its affairs as debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the title 11, United States Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Case.

B. Purpose of this Document

The Bankruptcy Code requires that the party or parties proposing a chapter 11 plan prepare and file with the Court a document called a "disclosure statement." THE DOCUMENT YOU ARE READING IS THAT DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") FOR THE PLAN. THIS DISCLOSURE STATEMENT INCLUDES ALL OF THE EXHIBITS TO THIS DISCLOSURE STATEMENT WHICH ARE INCORPORATED INTO THIS DISCLOSURE STATEMENT.

This Disclosure Statement summarizes the contents of the Plan and describes certain information relating to the Plan and the process the Court follows in determining whether to confirm the Plan. This Disclosure Statement describes the Debtor, its assets, liabilities, and financial performance, and contains a summary and analysis of the Plan.

On \_\_\_\_\_, 2010, after notice and a hearing, the Court signed the Disclosure Statement Order, a copy of which is attached hereto as Exhibit 3, approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

All holders of Claims and Interests should review this Disclosure Statement and the Plan before voting to accept or reject the Plan. If there are any inconsistencies between the Plan and this Disclosure Statement, the Plan provisions will govern.

READ THIS DISCLOSURE STATEMENT CAREFULLY TO LEARN:

- (1) WHO CAN VOTE ON OR OBJECT TO THE PLAN;
- (2) WHAT THE TREATMENT OF YOUR CLAIM OR INTEREST IS (i.e., what your claim or interest will receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM OR INTEREST WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION;
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;
- (4) WHAT THE COURT WILL LOOK AT TO DECIDE WHETHER TO CONFIRM THE PLAN;
- (5) THE EFFECT OF CONFIRMATION; AND
- (6) WHETHER THE PLAN IS FEASIBLE.

THE DISCLOSURE STATEMENT CANNOT ADVISE YOU ABOUT YOUR RIGHTS. YOU SHOULD CONSULT YOUR OWN ATTORNEY TO OBTAIN MORE SPECIFIC ADVICE ON HOW THE PLAN WILL AFFECT YOU AND YOUR BEST COURSE OF ACTION.

THE COURT HAS NOT YET CONFIRMED THE PLAN. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

C.  Holders of Claims or Interests Allowed to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of Allowed Claims or Equity Interests in Classes of Claims or Interests that are impaired and that are in a Class that will receive a distribution under the Plan are entitled to vote to accept or reject a proposed chapter 11 plan. Classes of Claims or Equity Interests in which the holders of Claims or Equity Interests are unimpaired under a chapter 11 plan are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Classes of Claims or Interests that receive no distribution on account of their Claims or Interests are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. A listing of the Classes that are entitled to vote is contained in Section V.A of this Disclosure Statement.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Acceptance of a



plan by a class of interests requires acceptance by at least two-thirds of the number of shares in such class that cast ballots for acceptance or rejection of the plan.

Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class.

D. Deadlines for Voting On and Objecting to The Plan; Date of Plan Confirmation Hearing

1. Time and Place of the Confirmation Hearing. The hearing at which the Court will determine whether or not to confirm the Plan will take place on \_\_\_\_\_, 2011, at \_\_\_\_\_ m. in the Courtroom of the Honorable Barbara J. Houser, Chief United States Bankruptcy Judge for the Northern District of Texas, Dallas Division. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

2. Deadline for Voting For or Against the Plan. If you are entitled to vote, it is in your best interest to vote timely on the enclosed ballot (the “Ballot”) and return the Ballot in the enclosed envelope to:

MCGUIRE, CRADDOCK & STROTHER, P.C.  
2501 N. Harwood  
Suite 1800  
Dallas, Texas 75201  
Attn: Julia M. Appleton

Your ballot must be received by 5:00 p.m., prevailing Central Time, on \_\_\_\_\_, 2011, or it will not be counted. If you are a Holder of a Claim or Interest entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot or if you have any questions concerning the procedure for voting on the Plan, please contact Julia M. Appleton, McGuire, Craddock & Strother, P.C., 2501 N. Harwood, Suite 1800, Dallas, Texas 75201, ((214) 954-6813).

If you hold Claims in more than one Class entitled to vote on the Plan, you will receive separate Ballots that must be used for each separate Class of Claims.

3. Deadline for Objecting to Confirmation of the Plan. Objections to the confirmation of the Plan must be filed with the Court and delivered to (a) Counsel for the Debtor, J. Mark Chevallier, Esq., and James G. Rea, Esq., McGuire, Craddock & Strother, P.C., 2501 N. Harwood, Suite 1800, Dallas, Texas 75201 and (b) Noteholder’s Counsel, David M. Bennett, Thompson & Knight LLP, 1722 Routh St., Suite 1500, Dallas, Texas 75201, on or before \_\_\_\_\_, 2011 at \_\_\_\_\_ p.m. (CST).

4. Administrative Claims Bar Date. As set forth in the Confirmation Hearing Notice, all applications for allowance or payment of Administrative Claims against the Debtor,

except applications for compensation of professionals retained pursuant to sections 327 or 1103 of the Bankruptcy Code for services rendered and for reimbursement of expenses incurred on or after the Petition Date and on or before the date of the Confirmation Hearing, including for substantial contribution under section 503(b)(3)(D) of the Bankruptcy Code, shall be filed not later than ten (10) days after the Effective Date. ANY SUCH CLAIM NOT FILED WITHIN THIS DEADLINE SHALL BE FOREVER BARRED.

5. Identity of Persons to Contact for More Information Regarding the Plan.  
Any Person desiring further information about the Plan should contact Debtor's counsel: J. Mark Chevallier or James G. Rea, McGuire, Craddock & Strother, P.C., 2501 N. Harwood, Suite 1800, Dallas, Texas 75201; Telephone (214) 954-6800; Telecopy (214) 954-6850.

E. Disclaimer.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT IS OR SHALL BE DEEMED TO BE AN ADMISSION OR STATEMENT AGAINST INTEREST BY THE DEBTOR FOR PURPOSES OF ANY PENDING OR FUTURE MATTER OR PROCEEDING.

ALTHOUGH THE ATTORNEYS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTOR HAVE ASSISTED IN THE PREPARATION OF THIS DISCLOSURE STATEMENT BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS PROVIDED BY THE DEBTOR AND OTHERS, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTOR SHALL HAVE NO LIABILITY FOR THE INFORMATION IN THE DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS HOLDING OR TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THE DEBTOR HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING RECOMMENDATION LETTER, REGARDING THE PLAN OR THE SOLICITATION OF ITS ACCEPTANCE.

The financial data relied upon in formulating the Plan is based entirely on the Debtor's books and records. The liquidation analysis, estimates, and other financial information

referenced in this Disclosure Statement and attached hereto as Exhibits have been developed with the assistance of the professional advisors employed by the Debtor. Although these professional advisors assisted in the preparation of this Disclosure Statement, in doing so such professionals relied upon factual information and assumptions regarding financial, business and accounting data provided by the Debtor and third parties, much of which information has not been audited. *The professional advisors of the Debtor have not independently verified such information and, accordingly, make no representations or warranties as to its accuracy.* Moreover, although reasonable efforts have been made to provide accurate information, the Debtor cannot warrant or represent that the information in this Disclosure Statement, including any and all financial information, is without inaccuracy or omissions, or that actual values or distributions will comport with the estimates set forth herein. No entity may rely upon the Plan or the Disclosure Statement or any of the accompanying Exhibits for any purpose other than to determine whether to vote in favor of or against the Plan. The Debtor represents that everything stated in this Disclosure Statement is true to the best of its knowledge.

The discussion in this Disclosure Statement may contain “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as “may,” “expect,” “anticipate,” “estimate,” or “continue,” or the negative thereof, or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analysis, distribution projections, and other information are estimates only, and the timing and amount of actual distributions to Holders of Claims or Interests may be affected by many factors that cannot be predicted.

F. Plan Overview.

THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED ELSEWHERE IN THIS DISCLOSURE STATEMENT. REFERENCE IS MADE TO, AND THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY, THE MORE DETAILED INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS SUMMARY AND THE PLAN, THE PLAN WILL CONTROL. FOR A MORE DETAILED SUMMARY OF THE PLAN, SEE ARTICLE IV OF THIS DISCLOSURE STATEMENT.

ALL HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO OBJECT TO CONFIRMATION OF THE PLAN AND WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. ALL SUMMARIES CONTAINED IN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, OTHER EXHIBITS HERETO, AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT. THIS DISCLOSURE STATEMENT WILL NOT BE UPDATED AFTER COURT APPROVAL AND, SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND

REPRESENTATIONS CONTAINED HEREIN ARE MATERIALLY ACCURATE; OR (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

1. Plan Summary. The Debtor's Plan is a Chapter 11 Plan of Reorganization. Under the Plan, the Reorganized Debtor will continue in business in a form and manner substantially similar to Debtor's pre-petition business practices.

Under the terms of the Plan, the Claim of Noteholder will be fully satisfied by the modification and ratification of the existing loan documents with Noteholder with the changes noted herein (referred to herein as the issuance of the Modified Wells Fargo Loan.)<sup>2</sup>. The Modified Wells Fargo Loan shall be secured by the collateral which secures the existing promissory note payable to Noteholder, except to the extent that any such property is remitted to or retained by Wells Fargo under the terms of the Plan. In connection with the closing of the Modified Wells Fargo Loan, the Debtor shall obtain a recordable release of the outstanding mechanic's lien in the amount of \$54,275.19. The Reorganized Debtor will timely pay the balance of 2010 Ad Valorem taxes after application of current escrowed funds for such purpose; provided however, the Reorganized Debtor will continue to escrow \$23,083.00 per month through January 2010 for the purpose of payment of Ad Valorem taxes on the property for 2010 by the Reorganized Debtor at such time as those taxes are due and payable under applicable non-bankruptcy law (the "Tax Escrow"). The tax and insurance escrow will continue under the Modified Wells Fargo Loan (the "Tax and Insurance Escrow")<sup>3</sup>. The Reorganized Debtor shall, no later than the Effective Date, establish an escrow account with Noteholder in an amount not less than \$376,000.00 sufficient to satisfy all outstanding items under the Doubletree PIP (the "PIP Escrow"), which PIP Escrow shall be funded as follows: (i) on the Effective Date of the Plan, \$129,874.88 from the existing FF&E Reserve and Seasonality Reserve; (ii) on the Effective Date of the Plan, \$123,062.56 from sources other than cash flow from the Property; and (iii) on May 31, 2011, \$123,062.56 from sources other than cash flow from the Property. No other escrows held by Wells Fargo shall be required other than the PIP Escrow and the Tax and Insurance Escrow. The Reorganized Debtor shall execute an amendment to its existing cash management account to create a lockbox account upon any Event of Default occurring on or after the Effective Date of the Modified Wells Fargo Loan. On the Effective Date of the Plan, the Reorganized Debtor shall assume the current Doubletree Franchise Agreement, and the FF&E Lease with Vendor Capitol Group (which will be cross-defaulted with the Modified Wells Fargo Loan). The Reorganized Debtor shall include in the Plan Supplement the documents necessary to effectuate the Modified Wells Fargo Loan and other collateral documents necessary

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<sup>2</sup> The terms of the Modified Wells Fargo Loan are as follows: Principal Amount \$16,650,000.00; Interest Rate - 5.5% per annum from the Effective Date to February 11, 2012, 6.0% per annum from February 11, 2012 to February 11, 2013, 6.5% per annum from February 11, 2013 to February 11, 2014; The Monthly Payment is Interest Only commencing February 1, 2011; The Maturity Date of the Modified Wells Fargo Note will be three (3) years following the Effective Date of January 31, 2011; and is secured by collateral consisting of a First Lien Deed of Trust and Security Agreement and Assignment of Rents.

<sup>3</sup> Provided, however, upon and monetary Event of Default occurring on or after the effective date of a Plan of Reorganization, the Debtor shall be required to enter into a cash management agreement which will provide for, among other things, an FF&E reserve and a seasonality reserve in addition to the PIP and the Tax and Insurance escrows.

to conform and give full legal effect to the terms, conditions, provisions and purposes of the Plan, specifically including a typical “comfort letter” between Noteholder, the franchisor under the Doubletree Franchise Agreement, and the Reorganized Debtor. The Secured Claims of Chase Bank and Ford Motor Credit will be paid according to the terms of the pre-petition loan and security agreements. In addition, unsecured creditors (other than those holding Insider Claims) will be paid 75% of the allowed amount of their claims, without interest, in eight (8) equal quarterly installments commencing on the first day of the first month following the Effective Date. The Insider Claims of Alireza Morirahimi and Parvin Mosavi will be subordinated to General Unsecured Claims and shall not receive any distributions on account of their Insider Claims from the Reorganized Debtor until all senior claims are paid pursuant to the terms of the Plan. Equity Interest Holders shall retain their membership interests in the Reorganized Debtor, provided, however, no distribution shall be made on account of such interests until all payments are made as provided under the Plan and Noteholder is paid on account of its Claim in full, in cash. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Secured Tax Claims are not classified. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Confirmation Date.

## II. BACKGROUND

### A. Description of the Debtor and the Debtor’s Business.

1. History and General Overview. The Debtor is the owner of a 294 room hotel property located at 1981 North Central Expressway, Richardson, Texas 75080 (the “Hotel”). The Hotel operates under the Doubletree License Agreement.

The Debtor acquired the Hotel on February 1, 2008 for a purchase price of \$20 million. The purchase price was financed through a secured loan of \$16,785,000 from Column Financial, Inc. and approximately \$4.5 million in equity capital provided by the Debtor’s owners. At the time the Debtor acquired the Hotel, the Hotel was operated under the Radisson flag.

Since the Debtor’s acquisition of the Hotel, the Debtor has endeavored to improve the Hotel’s physical plant and operations. As part of that effort, the Debtor commissioned a marketing study of the Hotel and its peer competition in its geographic market. As a result of that study, the Debtor determined in the early fall of 2008, that in order to preserve and improve the value of the Hotel it would be necessary to re-brand the Hotel. Accordingly, the Debtor began the process that ultimately led to entry into the Doubletree License Agreement. To meet the Doubletree standards, the Debtor was required to perform certain PIP work on the Hotel. In order to fund the PIP work, the Debtor obtained loans from its two principal owners. Approximately 1.75 million dollars was loaned to the Debtor by its principal owners on an unsecured basis for the improvement of the property necessary to satisfy the PIP requirements required for the Doubletree License Agreement.

The Debtor alleges that the re-flagging process, and the operational benefits that could be derived from it, were delayed substantially by the Trustee's loan servicer, which was very dilatory in considering and responding to the Debtor's request for approval to re-flag the Hotel. The Debtor brought an adversary proceeding against Noteholder and its loan servicers (as detailed herein). Both Noteholder and its loan servicers deny the allegations set forth in the Debtor's complaint.

Unfortunately, just as the extensive updating, renovations and remodeling in connection with the re-flagging process had commenced, the downturn in the U.S. economy accelerated and correspondingly, both business and leisure travel suffered precipitous declines. U.S. revpar, a measure of occupancy and room revenue that is considered a barometer of the lodging industry health fell 17% in 2009. In that regard, the Hotel, like virtually every hotel in this market, as well as in other large urban markets in the country, experienced a substantial decrease in occupancy rates and overall revenues.

Accordingly, in July of 2009, the Debtor was no longer able to generate sufficient revenues to pay debt service in connection with the first lien debt.

KeyBank, which was the master servicer under the terms of the CMBS indebtedness which was used to acquire the Hotel, eventually turned over servicing on the loan to the special servicer, Midland Loan Services, Inc.

In turn, Midland and the Debtor have engaged in extensive discussions to try to reach terms on a possible work out and restructuring of the Hotel operations. Beginning in January of 2010, Midland initiated a state-court proceeding seeking to have a receiver appointed for the Hotel. The Debtor and Midland continued in negotiations but ultimately were unable to reach an agreement and Midland scheduled its Application for Appointment of Receiver for hearing on March 15, 2010.

Believing that a state-court receivership proceeding is inadequate for the purpose of accomplishing an overall restructuring of the Hotel's capital structure and preserving the business as a going concern, the Debtor determined that its most prudent course of action was to initiate this Chapter 11 proceeding. Accordingly, on March 14, 2010, the Debtor filed this Chapter 11 bankruptcy case.

On May 28, 2010, the Debtor filed its Original Complaint in the Bankruptcy Court (the "Complaint") against Wells Fargo, KeyBank, the master servicer, and Midland, the special servicer (collectively, the "Defendants"), under Adversary Case No. 10-3147 (the "Wells Fargo Adversary"). In its Complaint, the Debtor contends that the Defendants unlawfully delayed and obstructed the Debtor's efforts to rebrand the Hotel as a DoubleTree hotel. Cowles & Thompson, P.C. is representing the Debtor as special litigation counsel in the Wells Fargo Adversary. A copy of the Complaint and any other pleadings in the Wells Fargo Adversary may be obtained by contacting the Debtor's counsel, McGuire, Craddock & Strother, P.C., at 214-954-6813. The Wells Fargo Adversary is currently scheduled for trial docket call on April 5, 2011. The Debtor and Defendants have abated the Wells Fargo Adversary pending the confirmation of a consensual plan of reorganization. The Debtor and Defendants have further

agreed to dismiss the Wells Fargo Adversary with prejudice on the Effective Date and mutually release all claims between the Debtor and Wells Fargo as Trustee, Midland and Keybank.

Subsequent to the Petition Date, Wells Fargo sued Alireza Morirahimi and Parvin Mosavi (together the "Guarantors") of the Wells Fargo Note by initiating Cause No. 10-cv-00702-G, styled Wells Fargo Bank, N.A., v. Alireza Morirahimi, et al. (the "Guarantor Lawsuit"). Wells Fargo has abated the Guarantor Lawsuit pending the confirmation of a consensual plan of reorganization<sup>4</sup>. If the proposed Plan of Reorganization is approved by the Court and certain other duties are carried out by the Debtor, Wells Fargo has further agreed to dismiss the Guarantor Lawsuit on the Effective Date and waive any claim against the Guarantors as a result of the Debtor filing this bankruptcy.

2. Ownership. Debtor is owned by Alireza Morirahimi and Parvin Mosavi (70%) and Oscar and Soria Bakhtiari (30%).

3. Management. Alireza Morirahimi, Vice President of Farvardeen, Inc., Manager of Debtor. Mr. Morirahimi is responsible for overseeing all aspects of the Debtor's operations. No change in management will occur upon the Effective Date of the Plan; provided, however, that in the event of a monetary event of default under the Modified Wells Fargo Loan, the Reorganized Debtor shall engage a third-party management company reasonably acceptable to Noteholder.

B. Financial Overview. The Debtor's primary assets consist of the Hotel property and related FF&E described above, and cash on hand of approximately \$420,000 (encumbered by the liens of Noteholder), not including escrow balances held by Wells Fargo.

C. Significant Funded Indebtedness. The Debtor's main liabilities include: (i) \$16,503,721.21 (as of the Petition Date) in principal plus accrued interest and other charges arising under the first lien CMBS loan now held by Wells Fargo; (ii) \$670,000.00 representing the approximate gross balance due under two separate five year lease agreements between the Debtor as lessee and Vendor Capital Group as lessor for furniture and fixtures obtained as part of the upgrades necessary to obtain the Doubletree license; (iii) approximately \$140,000 owed to Doubletree Franchise, LLC under a May 8, 2009 License Agreement; (iv) approximately \$140,000 in general trade accounts payable and (v) approximately \$1,750,000.00 of insider loans to pay for part of the PIP requirements and to acquire an unimproved lot adjacent to the Hotel.

### III. SIGNIFICANT EVENTS DURING THE DEBTOR'S CHAPTER 11 CASE

The Debtor filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code on March 14, 2010 (the "Petition Date"). At that point, all actions and proceedings against the Debtor and all acts to obtain property from the Debtor were stayed under section 362 of the Bankruptcy Code. The Debtor continues to operate its businesses and manage

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<sup>4</sup> Though the Plan is being submitted as consensual, there are several prerequisites under the parties' agreement leading up to confirmation. Therefore, Noteholder, by agreeing to the submission of this Amended Disclosure Statement, Noteholder has expressly reserved its right to object to confirmation of the plan of reorganization.

its properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the bankruptcy case.

A. First-Day Orders. Shortly after the Petition Date, several orders were entered, as is typical in medium to large chapter 11 cases, including authorization of: (i) payment of pre-petition employee compensation, (ii) payment of pre-petition sales and use and hotel occupancy taxes, and (iii) an interim order authorizing the use of cash collateral and granting adequate protection.

B. Advisors to the Debtor. The Debtor retained McGuire, Craddock & Strother, P.C. as its bankruptcy counsel. The Debtor retained Cowles & Thompson, P.C. as its special litigation counsel in the Wells Fargo Adversary.

C. Significant Court Orders. Although the Debtor is authorized to operate its business as debtor-in-possession, it may not engage in transactions outside the ordinary course of business without approval of the Court after notice and opportunity for a hearing as provided for in the Code and Bankruptcy Rules. On and after the Petition Date, the Debtor sought and obtained from the Court certain orders that are of particular importance in the operation of the Debtor's businesses during the pendency of the Chapter 11 Case, including orders:

- authorizing the use of cash collateral;
- authorizing the employment and compensation of professionals utilized by the Debtor in the ordinary course of business;
- authorizing the retention of bankruptcy-related professionals and establishing payment procedures for such professionals;
- authorizing payments to employees of accrued pre-petition wages, salaries and benefits;
- prohibiting utilities from altering, refusing or discontinuing services on account of pre-petition invoices and establishing procedures for determining requests for additional adequate assurance of payment;
- authorizing payment of certain pre-petition sales and use and hotel occupancy taxes;
- authorizing the sale of a .95 acre unimproved tract of land to MobileComm Ventures, LLC for \$225,000; and
- authorizing the use of approximately \$70,000 to fund the construction of a fitness center at the Hotel.

D. Creditor-Related Activities. On March 22, 2010, the Debtor mailed a Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, and Deadlines and Proof of Claim Form to all known and potential creditors of the Debtor.



E. Filing of Schedules and Statements of Financial Affairs. On April 9, 2010, the Debtor filed Schedules and Statements of Financial Affairs with the Court, describing the Debtor's assets, liabilities, and unexpired leases and executory contracts.

F. Claims Process.

1. Claims Bar Date and Proofs of Claim. On March 16, 2010, the Court established the general deadline for filing proofs of claim against the Debtor (the "Bar Date") as July 12, 2010 for prepetition claims not listed on the Debtor's Schedules or that were listed as contingent, unliquidated, or disputed. The Debtor estimates the total of Unsecured Claims, including lease and executory contract rejection claims, will be approximately \$280,000.00. This estimate takes into account claims listed as contingent, unliquidated, or disputed, but each creditor with such a claim must file a proof of claim in order to receive any distribution under the Plan.

2. Claims Objections and Claims Resolution. The Debtor is in the process of preparing objections to certain Claims. Depending on the outcome of these objections, the actual ultimate aggregate amount of Allowed Claims may differ from the above estimate. Accordingly, the amount, if any, of the distribution that will ultimately be received by any particular Holder of a Claim may be affected by the outcome of the Claims resolution process.

3. Preparation of Claims Estimates. The Debtor has engaged in reviewing and analyzing the Claims asserted in this case. As a result of these efforts, substantial progress has been made in (a) reconciling the amount and classification of outstanding Claims and (b) asserting and prosecuting objections to Claims. In addition, the Debtor has, among other things, (i) identified Claims or categories of Claims for future resolution and (ii) identified existing or potential Claims disputes.

Through these various activities, the Debtor has developed estimates of Allowed Claims in each Class established under the Plan. The Debtor has prepared these estimates based primarily on the following: (a) the outcome of Claim reconciliations and Claim objections to date, (b) projections based on anticipated future Claim reconciliations and Claim objections, (c) the comparison of asserted Claims against the Debtor's books and records, (d) the Debtor's experience in reconciling Claims prior to and following the commencement of the Chapter 11 Case, (e) the historical experience of the Debtor's professionals in other chapter 11 cases, (f) an analysis of the litigation risks associated with Disputed Claims, and (g) other legal and factual analyses unique to particular types of Claims.

The Debtor's estimate of Allowed Claims is identified later in this Disclosure Statement and form the basis of projected recoveries for each Class. Notwithstanding the Debtor's substantial efforts in developing its Claims estimates, the preparation of such estimates is inherently uncertain, and accordingly there is no assurance that such estimates will accurately predict the actual amount of Allowed Claims in this case. As a result, the actual amount of Allowed Claims may differ significantly from the Debtor's claims estimates contained herein.

G. Current Management of the Debtor. The Debtor's current management is comprised of Alireza Morihimi, Vice President and Director of Farvardeen, Inc, Manager of the

Debtor. The Debtor anticipates that Alireza Morihimi will continue to act in this role until and after the Effective Date.

#### IV. THE PLAN OF REORGANIZATION

THE DISCUSSION OF THE PLAN SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED PROVISIONS SET FORTH IN THE PLAN AND THE OTHER EXHIBITS AND SCHEDULES TO THIS DISCLOSURE STATEMENT, THE TERMS OF WHICH ARE CONTROLLING. HOLDERS OF CLAIMS OR INTERESTS AND OTHER INTERESTED PARTIES ARE URGED TO READ THE PLAN AND THE EXHIBITS AND SCHEDULES TO THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY SO THAT THEY MAY MAKE AN INFORMED JUDGMENT CONFIRMING THE PLAN.

##### A. Summary of Payments to Creditors and Interest Holders.

Under the terms of the Plan, the Claim of Wells Fargo will be fully satisfied by the issuance of the Modified Wells Fargo Loan. The Modified Wells Fargo Loan shall be secured by the collateral which secures the existing promissory note payable to Noteholder, except to the extent that any such property is remitted to or retained by Wells Fargo under the terms of the Plan. At the closing of the Modified Wells Fargo Loan the Debtor shall obtain a recordable release of the outstanding mechanic's lien. The Reorganized Debtor will timely pay the balance of 2010 Ad Valorem taxes after application of current escrowed funds for such purpose; provided however, the Reorganized Debtor will continue to escrow \$23,083.00 per month for the purpose of payment of Ad Valorem taxes on the property of the Reorganized Debtor at such time as those taxes are due and payable under applicable non-bankruptcy law. The Reorganized Debtor shall, no later than the Effective Date, establish an escrow account with Noteholder in an amount not less than \$376,000.00 sufficient to satisfy all outstanding items under the Doubletree PIP (the "PIP Escrow"), which PIP Escrow shall be funded as follows: (i) on the Effective Date of the Plan, \$129,874.88 from the existing FF&E Reserve and Seasonality Reserve; (ii) on the Effective Date of the Plan, \$123,062.56 from sources other than cash flow from the Property; and (iii) on May 31, 2011, \$123,062.56 from sources other than cash flow from the Property. No other escrows held by Wells Fargo shall be required other than the PIP Escrow and Tax and Insurance Escrow. On or before the Effective Date of the Plan the Reorganized Debtor shall execute an amendment to its existing cash management account to create a lockbox account upon any Event of Default occurring on or after the Effective Date of the Modified Wells Fargo Loan. On the Effective Date of the Plan, the Reorganized Debtor shall assume the current Doubletree Franchise Agreement and the FF&E Lease with Vendor Capitol Group. The Reorganized Debtor shall include in the Plan Supplement the Modified Wells Fargo Loan and other collateral documents necessary to conform and give full legal effect to the terms, conditions, provisions and purposes of the Plan. The Secured Claims of Chase Bank and Ford Motor Credit will be paid according to the terms of the pre-petition loan and security agreements. The pre-petition Secured Claim of Vendor Capitol Group in the amount of \$17,934.00 shall be paid in full, without interest, in four (4) equal quarterly installments commencing on the first day of the first month following the Effective Date of the Plan. In addition, unsecured creditors (other than those holding Insider Claims) will be paid 75% of the allowed amount of their

claims, without interest, in eight (8) equal quarterly installments commencing on the first day of the first month following the Effective Date. The Insider Claims of Alireza Morirahimi and Parvin Mosavi will be subordinated to General Unsecured Claims and shall not receive any distributions on account of their Insider Claims from the Reorganized Debtor until all senior claims are paid pursuant to the terms of the Plan. Equity Interest Holders shall retain their membership interests in the Reorganized Debtor; provided, however, that no distribution shall be made on account of such interests until all payments are made as provided in the Plan and Noteholder is paid on account of its Claim in full, in cash. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Secured Tax Claims are not classified. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Confirmation Date.

1. Information in Exhibits to the Plan. All of the information set forth in this Disclosure Statement and the Exhibits to the Plan is subject to the Disclaimer set forth in Article I.E herein.

The information summarized in Exhibits to the Plan (the "Summary Exhibits") is based on financial data from the Debtor's books and records. The Summary Exhibits reference the assets and liabilities indicated in the Debtor's balance sheet as of November, 2010. The amounts shown for unsecured claims in the Summary Exhibits are based upon the Debtor's estimates of such claims. The Summary Exhibits include cash and cash equivalents representing Cash on hand as of November, 2010.

Included in the Summary Exhibits is the Debtor's Projected Liquidation Value Analysis, which estimates the recovery for unsecured creditors should the Estate be liquidated.

2. Distributions. The chart below sets forth the estimated distributions to holders of Claims and Interests in the event that the Plan becomes effective:

ALTHOUGH THE DEBTOR BELIEVES THAT THE ESTIMATED PERCENTAGE RECOVERIES ARE REASONABLE AND WITHIN THE RANGE OF ASSUMED RECOVERY USED IN PREPARATION OF THE PLAN, THERE IS NO ASSURANCE THAT THE ACTUAL AMOUNTS OF ALLOWED CLAIMS IN EACH CLASS WILL NOT MATERIALLY EXCEED THE ESTIMATED AGGREGATE AMOUNTS SHOWN IN THE TABLE BELOW. The actual recoveries under the Plan by a Creditor will be dependent upon a variety of factors including, but not limited to, whether, and in what amount, contingent claims against the Debtor become non-contingent and fixed and whether, and to what extent, Disputed Claims are resolved in favor of the Debtor.

Accordingly, no representation can be or is being made with respect to whether the estimated percentage recoveries shown in the table below will be realized by the holder of an Allowed Claim in any particular Class.

Class	Description of Class	Impaired	Treatment of Claims	Proponent's Estimate of Amount of Allowed Claims and Estimated Percentage Recovery
Class 1	Secured Claim of Wells Fargo, as trustee for the registered holders of Credit Suisse First Boston Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2008-C1, the owner and holder of the February 1, 2008, Promissory Note executed by Debtor in the original principal amount of \$16,785,000.00 (the "Note"), and that certain Deed of Trust, Security Agreement and Financing Statement dated February 1, 2008, and filed of record in the Official Public Records of Dallas County, Texas, Document No. 20080035758 (the "Deed of Trust"), and an Assignment of Leases and Rents dated February 1, 2008 (the "Assignment of Rents")	Yes	The Secured Claim of Wells Fargo will be fully satisfied by the issuance of the Modified Wells Fargo Loan. The Modified Wells Fargo Loan shall be secured by the collateral which secures the existing promissory note payable to Noteholder, except to the extent that any such property is remitted to or retained by Wells Fargo under the terms of the Plan. The Reorganized Debtor will timely pay the balance of 2010 Ad Valorem taxes after application of current escrowed funds for such purpose; provided however, the Reorganized Debtor will continue to escrow \$23,083.00 per month for the purpose of payment of 2010 Ad Valorem taxes on the property of the Reorganized Debtor at such time as those taxes are due and payable under applicable non-bankruptcy law. The Reorganized Debtor shall, no later than the Effective Date, establish the PIP Escrow in an amount not less than \$376,000.00 sufficient to satisfy all outstanding items under the Doubletree PIP, which PIP Escrow shall be funded as follows: (i) on the Effective Date of the Plan, \$129,874.88 from the existing FF&E Reserve and Seasonality Reserve; (ii) on the Effective Date of the Plan, \$123,062.56 from sources other than cash flow from the Property; and (iii) on May 31, 2011, \$123,062.56 from sources other than cash flow from the Property. No other escrows held by Wells Fargo shall be required.	\$16,650,000.00. 100%
Class 2	Secured Claims of Chase Bank and Ford Motor Credit	No	Paid according to the terms of the pre-petition loan and security agreements with Chase Bank and Ford Motor Credit. Chase Bank and Ford Motor Credit shall retain their vehicle liens.	\$20,483.57 (Chase Bank) 100% \$21,691.24 (Ford Motor Credit) 100%
Class 3	General Unsecured Claims	Yes	Unsecured creditors (other than those holding Insider Claims) will be paid 75% of the allowed amount of their claims, without interest, in eight (8)	\$130,000.00 75%

Class	Description of Class	Impaired	Treatment of Claims	Proponent's Estimate of Amount of Allowed Claims and Estimated Percentage Recovery
			equal quarterly installments commencing on the first day of the first month following the Effective Date.	
Class 4	Insider Claims of Alireza Morirahimi and Parvin Mosavi	Yes	Subordinated to Claims of General Unsecured Creditors.	\$1,750,000 0%
Class 5	Equity Interests	No	Retained.	\$0 0%

B. Overview of the Requirements for a Plan Under the Bankruptcy Code. Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall designate classes of a debtor's claims and interests. A plan divides the claims and interests into classes and sets forth the treatment offered each class. Section 101(5) of the Bankruptcy Code defines "claim" as:

[any] right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.

Section 1122 of the Bankruptcy Code requires that each class of claims and interests contain only claims and interests which are substantially similar to each other. The Debtor believes that they have classified all Claims and Interests in compliance with the provisions of Section 1122. The Classes in the Plan take into account the differing nature and, with respect to certain categories of Classes, priority under the Bankruptcy Code of the various Claims and Interests. It is possible, although not likely, however, that the Court may find that a different classification is required for the Plan to be confirmed. In such event, it is the present intent of the Debtor, to the extent permitted by the Court and applicable law, to modify the classifications in the Plan as required by the Court and to use any acceptances received for the purpose of obtaining approval of the Class or Classes of which the accepting holder is a member.

C. Treatment of Unclassified Claims. The Bankruptcy Code provides that certain types of claims need not be classified as part of a plan. The proposed treatment of such unclassified claims under the Plan is as follows:

1. Administrative Claims. Administrative Claims consist of any Claim constituting a cost or expense of administration of the Chapter 11 Case asserted under

Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses after the Petition Date of operating the business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business or for the acquisition or lease of property or the procurement or rendition of services, any costs and expenses of the Debtor for the management, maintenance, preservation, sale or other disposition of any assets, the administration and implementation of the Plan, the administration, prosecution or defense of Claims of or against the Debtor and distributions under the Plan, any Claims for compensation and reimbursement of expenses arising during the period from and after the Petition Date and prior to the Confirmation Date or otherwise in accordance with the provisions of the Plan, and any fees or charges assessed against the Estate of the Debtor under Section 1930, Chapter 123, Title 28, United States Code. Any Administrative Claim that is not an ordinary course of business expense of Professional Fee Claim must be filed by the Administrative Claim Bar Date.

Pursuant to the Plan, except to the extent that an Allowed Administrative Claim has been paid by the Debtor before the Effective Date or the holder of such Claim agrees to a different treatment, each holder of an Allowed Administrative Claim against Debtor will be paid in full in Cash by the Estate on the later of the (i) Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or within ten (10) days thereafter. All Professionals or other Persons requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b), 506 and 1103 of the Bankruptcy Code for services rendered on or before the Effective Date (including, without limitation, any compensation requested by any professional or any other Person for making a substantial contribution in the Case) shall file and serve on the Debtor and the United States Trustee an application for final allowance of compensation and reimbursement of expenses not later than 45 days following the Effective Date.

2. Secured Tax Claims.

(a) Allowed Secured Claims of the Tax Authorities (those governmental entities which hold liens against real or personal property of the Debtor to secure taxes owed by the Debtor for 2010 and subsequent tax years) shall be paid in the ordinary course of business without the need for any secured taxing entity to file a claim or request for payment with the bankruptcy court.

(b) Notwithstanding anything in the Plan, and Exhibits or Supplements thereto, or the Confirmation Order, the Tax Authorities shall retain their respective tax liens against the applicable property or properties until all taxes are paid in full.

D. Treatment of Classified Claims.

1. *Class 1: Secured Claim of Wells Fargo*

The Class 1 Secured Claim of Wells Fargo shall be fully satisfied and discharged as follows:

(1) The Class 1 Secured Claim, shall be satisfied by the issuance of the Modified Wells Fargo Loan with the beginning principal balance of \$16,650,000.00. The Modified Wells Fargo Loan shall be secured by the collateral which secures the existing promissory note payable to Noteholder, except to the extent that any such property is remitted to or retained by Wells Fargo under the terms of the Plan.

(2) At the closing of the Modified Wells Fargo Loan the Debtor shall obtain a recordable release of the outstanding mechanic's lien.

(3) The Reorganized Debtor will timely pay the balance of 2010 Ad Valorem taxes after application of current escrowed funds for such purpose; provided however, the Reorganized Debtor will continue to escrow \$23,083.00 per month in the Tax Escrow for the purpose of payment of Ad Valorem taxes on the property of the Reorganized Debtor at such time as those taxes are due and payable under applicable non-bankruptcy law.

(4) The Reorganized Debtor shall, by not later than the Effective Date, establish the PIP Escrow with Noteholder in an amount not less than \$376,000.00 sufficient to satisfy all outstanding items under the Doubletree PIP, which PIP Escrow shall be funded as follows: (i) on the Effective Date of the Plan, \$129,874.88 from the existing FF&E Reserve and Seasonality Reserve; (ii) on the Effective Date of the Plan, \$123,062.56 from sources other than cash flow from the Property; and (iii) on May 31, 2011, \$123,062.56 from sources other than cash flow from the Property. No other escrows besides the Tax Escrow and the PIP Escrow held by Wells Fargo shall be required.

(5) On or before the Effective Date of the Plan, the Reorganized Debtor shall execute an amendment to its existing cash management account to create a lockbox account upon any monetary Event of Default occurring on or after the Effective Date of the Modified Wells Fargo Loan.

(6) The Reorganized Debtor shall include in the Plan Supplement the Modified Wells Fargo Loan and other collateral documents necessary to conform and give full legal effect to the terms, conditions, provisions and purposes of the Plan.

2. *Class 2: Secured Claims of Chase Bank and Ford Motor Credit.*

Class 2 is unimpaired. This Class consists of the Secured Claims of Chase Bank and Ford Motor Credit, which claims are secured by a 2009 Nissan van and 2009 Ford van, respectively. The Class 2 Secured Claims of Chase Bank and Ford Motor Credit will be paid according to the terms of the pre-petition loan and security agreements. Chase Bank and Ford Motor Credit shall retain their vehicle liens.

3. *Class 3: General Unsecured Claims*

Class 3 is impaired. Each holder of an Allowed Class 3 General Unsecured Claim shall receive, in full satisfaction, release and discharge of and in exchange for such Class 3 General Unsecured Claims, 75% of the allowed amount of their claims, without interest, in eight (8) equal quarterly installments commencing on the Effective Date. The Debtor

estimates that the total amount of Class 3 Claims will be approximately \$130,000 and the distribution to holders of such claims will total approximately \$97,500.00.

4. *Class 4: Insider Claims*

Class 4 is impaired. Class 4 consists of the Claims of Alireza Morirahimi and Parvin Mosavi which arise from personal loans made to the Debtor totaling approximately \$1.75 million. Class 4 Claims shall receive no payments or distribution from the Reorganized Debtor until all senior claims are paid pursuant to the terms of the Plan. Under section 1126(g) of the Bankruptcy Code, Class 4 is deemed to reject the Plan, and the votes of such Claimholders will not be solicited.

5. *Class 5: Equity Interests*

Class 5 is unimpaired. Class 5 Equity Interest Holders shall retain their membership interests in the Reorganized Debtor; provided, however, that no distribution shall be made on account of such interests until all payments are made as provided by the Plan.

E. Miscellaneous Provisions.

1. Modification. The Debtor may propose amendments to or modifications of the Plan as permitted by section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date.

2. Corporate Action. All matters and actions provided for under the Plan involving the corporate structure of the Debtor or corporate action to be taken by or required of the Debtor shall be deemed to have occurred and be effective as provided herein, and shall be deemed to be authorized and approved in all respects without any requirement for further action by the members or manager of the Debtor.

3. Temporary Injunction. Upon Confirmation of the Plan, all creditors of Debtor having an Allowed Claim shall be temporarily enjoined, pursuant to Section 105 of the Code, from proceeding against any officer, director, shareholder, employee, or other responsible person of Debtor, individually, including, but not limited to, Alireza Morirahimi and Parvin Mosavi, for the collection of all or any portion of their Allowed Claim, said injunction to remain in effect only for so long as the Debtor complies with the terms of the Plan. Any violation of the Plan that remains uncured for thirty (30) days after receipt by the Debtor of written notice from any party affected by such violation, shall automatically and without order of the Court result in the dissolution of the injunction granted hereunder as to said affected party.

4. Settlement of the Wells Fargo Adversary and Guarantor Lawsuit. The Plan is deemed to be a motion pursuant to Sections 363 and 1123 of the Bankruptcy Code and Fed. R. Bankr. P. 9019 to authorize a settlement as set forth herein between the Debtor, Wells Fargo and the parties to both the Guarantor Lawsuit and the Wells Fargo Adversary. The Confirmation Order shall include approval of the settlement of the Secured Claim of Wells Fargo, the Wells Fargo Adversary and the Guarantor Lawsuit. Upon the Effective Date, Noteholder shall file a notice of dismissal, without prejudice, of the Guarantor Lawsuit. Also



upon the Effective Date, the Debtor shall dismiss the Wells Fargo Adversary with prejudice and release all claims against the defendants in that proceeding.

F. Assumption or Rejection of Executory Contracts and Unexpired Leases.

1. Assumption. Except as otherwise provided herein, any and all leases or executory contracts not previously rejected by the Debtor, unless specifically rejected pursuant to order of the Court, shall be deemed assumed by such Debtor on the Confirmation Date, and all leases or executory contracts so assumed shall remain unaffected by the Plan. A list of the assumed leases and executory contracts is attached hereto as **Plan Exhibit A**. The necessary cure amount will be paid in full, without interest, in four (4) equal quarterly installments commencing on the first day of the first month following the Effective Date. All Claims arising from rejection of leases or executory contracts pursuant to the Plan must be filed within thirty (30) days after the Confirmation Date, and all other Claims arising from rejection must be filed on or prior to such date. Any holder of a Claim arising from rejection of any lease or executory contract shall have, to the extent such Claim becomes an Allowed Claim, the rights of a holder of a Class 3 General Unsecured Claim. Any Claim arising from rejection of a lease or executory contract shall be conclusively deemed to be an Allowed Claim unless prior to one hundred twenty (120) days after the Confirmation Date either an objection to such Claim has been filed (including objections based on Section 502(d) of the Bankruptcy Code) or a notice from the Debtor has been sent to the holder of such Claim evidencing an intention to object to such Claim.

G. Objections to Claims and Causes of Action. After the Effective Date, Debtor will have the sole authority to object to Claims and pursue Litigation Claims.

H. Payment of Fees Under 28 U.S.C. §1930. Any fees due under 28 U.S.C. §1930 after the Effective Date shall be paid from the Debtor's Estate.

V. CONFIRMATION REQUIREMENTS AND PROCEDURES

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11, including, among other things, that (a) the Plan has properly classified Claims and Interests, (b) the Plan complies with applicable provisions of the Bankruptcy Code, (c) the Debtor has complied with applicable provisions of the Bankruptcy Code, (d) the Debtor has proposed the Plan in good faith and not by any means forbidden by law, (e) disclosure of "adequate information" as required by Section 1125 of the Bankruptcy Code has been made, (f) the Plan has been accepted by the requisite votes of all classes of creditors (except to the extent that "cramdown" is available under Section 1129(b) of the Bankruptcy Code), (g) the Plan is in the "best interests" of all holders of Claims or Interests in an Impaired Class, and (h) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Consummation Date.

A. Who May Vote or Object. In accordance with Sections 1126 and 1129 of the Bankruptcy Code, the Claims and Interests in Classes 1 and 3 of the Plan are impaired, and the holders of Claims and Interests in these Classes as of the date of the entry of the Order approving

the Disclosure Statement (the "Voting Record Date") are entitled to vote to accept or reject the Plan.

B. Vote Required for Class Acceptance. As to the classes of claims and interests entitled to vote on a plan, the Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in amount, and more than one-half in number, of the claims of that class that actually cast ballots for acceptance or rejection of the plan determined without including any acceptance of the plan by an insider. The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the allowed interests held by holders of such interests that actually cast ballots for acceptance or rejection of the plan. The Bankruptcy Code does not require that each claim or interest holder vote in favor of a plan of reorganization in order for the Court to confirm the plan. At a minimum, however, the plan must be accepted by the required number of holders of claims and interests in a class actually voting.

HOLDERS OF CLAIMS OR INTERESTS WHO FAIL TO VOTE WILL NOT BE COUNTED AS EITHER ACCEPTING OR REJECTING THE PLAN. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN 5:00 P.M. (CST), ON [ \_\_\_\_\_,] 2011.

C. The Confirmation Hearing; Requirements for Confirmation. The Bankruptcy Code requires the Court, after notice, to hold a Confirmation Hearing. The Confirmation Hearing in respect of the Plan has been scheduled for \_\_\_\_\_, 2011, at \_\_\_\_\_ a.m. before the Honorable Barbara J. Houser, Chief United States Bankruptcy Judge for the Northern District of Texas, Dallas Division, at the United States Bankruptcy Court, 1100 Commerce Street, 14<sup>th</sup> Floor, Dallas, Texas. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any party in interest may object to confirmation. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim against or the Interest in the Debtor held by the objector. Any such objection must be filed with the Court and served so that it is received by the Clerk of the Court at 1100 Commerce Street, Room 1254, Dallas, Texas 75242 and the following persons on or before \_\_\_\_\_, 2011, at 5:00 p.m., prevailing Central time:

McGuire, Craddock & Strother, P.C.  
2501 N. Harwood  
Suite 1800  
Dallas, Texas 75201  
Attn: J. Mark Chevallier, Esq.

United States Trustee  
1100 Commerce Street, Room 976  
Dallas, Texas 75242  
Attn: Nancy Resnick, Esq.

Thompson & Knight LLP

1722 Routh Street, Suite 1500  
Dallas, Texas 75201  
Attn: David M. Bennett, Esq.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

Even if all classes of claims and interests were to accept a plan, the Court must make certain findings set forth in section 1129 of the Bankruptcy Code before confirming a plan. At the Confirmation Hearing, the Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (a) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such class, (b) feasible and (c) in the “best interests” of creditors and stockholders that are impaired under the plan. Section 1129 of the Bankruptcy Code requires, among other things, that a plan be in the “best interests” of creditors, which generally requires that the value of the consideration to be distributed to the creditors under a plan may not be less than creditors would receive if the debtor were liquidated under a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. A plan must also be “feasible,” which requires there is a reasonable probability that the debtor will be able to perform the obligations imposed by the plan, and that the debtor will be able to continue operations without the need for further financial reorganization. Section 1129 of the Bankruptcy Code additionally requires, among other things, that a plan comply with the applicable provisions of the Bankruptcy Code and other applicable law, that the Plan be proposed in good faith, and that at least one impaired class of creditors has voted to accept the plan. The Debtor believes that the Plan will satisfy all the applicable requirements of section 1129 of the Bankruptcy Code.

1. Unfair Discrimination and Fair and Equitable Tests. To obtain non-consensual confirmation of the Plan, it must be demonstrated to the Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cramdown” tests for secured creditors, unsecured creditors, and equity holders, as follows:

- (a) Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) of this subparagraph.
- (b) Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains, under the plan, property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

- (c) Equity Interests. Either (i) each holder of an equity interest will receive or retain, under the plan, property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the non-accepting class will not receive or retain any property under the plan.

If the Plan is not accepted by all impaired Classes of Claims and Equity Interests, the Debtor reserves the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtor believes that the Plan may be confirmed pursuant to the above-described “cramdown” provisions, over the dissent of certain Classes of Claims and Interests, in view of the treatment proposed for such Classes. The Debtor believes that the treatment under the Plan of the holders of Claims and Interests in Classes 1 and 3 satisfies the “fair and equitable” test. In addition, the Debtor does not believe that the Plan unfairly discriminates against any dissenting Class because all dissenting Classes of equal rank are treated equally under the Plan.

2. Best Interests Test. With respect to each impaired Class of Claims and Interests, confirmation of the plan requires that each holder of a Claim or Interest against the Debtor either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The Debtor believes that Unsecured Creditors will receive more under the Plan than in a Chapter 7 liquidation. In fact, the Debtor believes that only Secured Creditors would be satisfied and that Unsecured Creditors would receive almost nothing in liquidation. The Debtor has attached hereto as **Exhibit 2** the Liquidation Analysis of Debtor (the “Liquidation Analysis”), which is an estimated calculation of recovery for all classes of creditors in the event the Estate were liquidated. To prepare the Liquidation Analysis, the Debtor relied on several points. First, all of Debtor’s real and personal property is encumbered by liens. In addition, liquidating the Debtor’s Estate pursuant to chapter 7 would require the appointment of a Chapter 7 trustee. The appointment of a chapter 7 trustee, as well as any professionals retained by the Chapter 7 trustee, would increase the operating costs associated with the liquidation of the Debtor’s Estate. Further, a Chapter 7 trustee would not have the benefit of the historical knowledge of the Debtor to resolve the Disputed Claims efficiently. Therefore, the Debtor believes that a Chapter 7 trustee, on average, would settle Disputed Claims for higher amounts than would the Debtor. The Debtor also believes that distributions would occur in a shorter time period pursuant to the Plan than if the Debtor’s Estate was liquidated pursuant to a Chapter 7 liquidation. A conversion to chapter 7 would take time. In addition, the Chapter 7 trustee, once appointed, and any professionals hired by the Chapter 7 trustee, would need to gain familiarity with the Debtor and its creditors, thus delaying the initial distribution to creditors.

3. Feasibility. Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successors to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The financial projections attached in **Exhibit 1** attached hereto demonstrate that Debtor will operate on a positive cash flow basis and

will be able to fund distributions under the Plan. Accordingly, the Debtor believes that the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

D. Risks Associated with the Plan.

HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE) PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. This information, however, should not be regarded as the only risk involved in connection with the Plan and its implementation. There is risk that the amount of Allowed Claims in the various Classes may be higher than estimated. In addition, in the event that market conditions change, Debtor may not meet its financial projections. If total Allowed Claims sufficiently exceed the Debtor's estimates, holders of Claims could receive less than the estimates herein.

VI. EFFECT OF CONFIRMATION OF PLAN

A. General Authority. During the period from the Confirmation Date and up to but not including the Effective Date, the Court shall retain custody and jurisdiction of the Debtor, its property and its operations in accordance with the provisions of the Bankruptcy Code.

B. Compromise and Settlement of Certain Class of Controversies. From and after the Confirmation Date, all controversies pending before any court other than the Court shall constitute a class of controversies under Rule 9019(b) of the Bankruptcy Rules, and the Reorganized Debtor may compromise or settle any controversy in such class without further approval by the Court.

C. Revesting of Assets. On the Effective Date, all property of the Debtor's Estate will revert in Reorganized Debtor.

D. Discharge. In accordance with section 1141 of the Bankruptcy Code, confirmation of the Plan will discharge the Debtor from any Claim.

E. Term of Existing Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall continue permanently, to the extent permitted by applicable law, as to the Debtor and Reorganized Debtor. The stay of any act provided by section 362 of the Bankruptcy Code shall also apply to the property of the Reorganized Debtor.

F. Exculpation of Debtor's Members, Manager and Others. As of the Effective Date, neither the Debtor, Reorganized Debtor, nor the Debtor's members, manager, employees, advisors, professionals or agents so serving as of the Petition Date or thereafter (the "Exculpated Parties") shall have or incur any liability to any holder of a claim or interest, for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case of Debtor, the

pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan except for with respect to any such Exculpated Party:

1. Any indebtedness of such Exculpated Party to the Debtor for money borrowed by such Exculpated Party;
2. Any setoff or counterclaim the Debtor may have or assert against such Exculpated Party;
3. The uncollected amount of any claim made by the Debtor (whether in a filed pleading, by letter or otherwise) prior to the Effective Date against such Exculpated Party; or
4. Any claims arising from the fraud, gross negligence or willful misconduct of such Exculpated Party.

G. Preservation of Rights of Action. Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Reorganized Debtor shall retain the sole and exclusive authority to enforce any claims, rights and causes of action that the Debtor or its Estate may hold against any entity.

H. Additional Injunction. Except as provided herein, as of the Effective Date, all persons are permanently enjoined from commencing or continuing in any manner, any action or proceeding, whether directly, derivatively, on account of or respecting any claim, debt, right or cause of action of the Debtor, of which the Debtor retains sole and exclusive authority to pursue in accordance with the Plan or which has been released by the Debtor in accordance with the Plan.

I. Exception as to Noteholder. Nothing in the Plan or any Order confirming the Plan shall prevent Noteholder from acting under the Cash Management Order should an Event of Default Occur.

J. Retention of Jurisdiction.

The Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for the following purposes:

1. to resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;
2. to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments,

- releases, indentures and other agreements or documents created in connection with the Plan;
3. to determine any and all adversary proceedings, applications and contested matters with respect to the Debtor.
  4. to ensure that distributions to holders of Allowed Claims and Allowed Interests are accomplished as provided herein;
  5. to hear and determine any timely objections to Administrative Claims or to proofs of claim and equity interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of the secured or unsecured status of any Claim, in whole or in part;
  6. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;
  7. to issue such orders in aid of execution of the Plan, to the extent authorized by Section 1142 of the Code;
  8. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;
  9. to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;
  10. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the extent of any entity's obligations incurred in connection with or released under the Plan;
  11. to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation or enforcement of the Plan, except as otherwise provided herein;
  12. to determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;
  13. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

14. to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code; and
15. to enter a final decree closing the Chapter 11 Case.

K. Alternatives To Confirmation of the Plan. The Debtor believes that the Plan affords holders of Claims, as a whole, the potential for the greatest feasible realization from the Debtor's assets, and, therefore, is in the best interest of such holders. The Debtor has considered alternatives to the Plan such as a Chapter 7 liquidation. In the opinion of the Debtor, such alternatives would not afford holders of Claims or Interests a return greater than may be achieved under the Plan.

If no plan can be confirmed, the Debtor's Chapter 11 case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. The Debtor believes that a liquidation under Chapter 7 would result in little or no distribution to holders of General Unsecured Claims. This determination is based, in part, upon a consideration of the effects that Chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Allowed Claims and Interests, including (i) the erosion in value of assets in Chapter 7 cases in the context of the expeditious liquidation required under Chapter 7; (ii) the diminution of liquidation proceeds as a result of the departure of employees whose services would be required in connection with the liquidation and in order effectively to handle the Claims objection process; and (iii) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable on a priority basis to a Chapter 7 trustee and professional advisors to such trustee.

## VII. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. General. A summary description of certain federal income tax consequences of the Plan is provided below. The description of tax consequences below is for informational purposes only and is subject to significant uncertainties. Only the principal consequences of the Plan for the Debtor and for the Holders of Claims or Interests who are entitled to vote to confirm or reject the Plan are described below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan, and no tax opinion is given by this Disclosure Statement. No rulings or determinations of the Internal Revenue Service ("IRS") or any other tax authorities have been obtained or sought with respect to the Plan, and the description below is not binding upon the IRS or such other authorities.

The following discussion of federal income tax consequences is based on the Internal Revenue Code (the "Code"), regulations promulgated and proposed thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS as in effect on the date hereof. Legislative, judicial or administrative changes or interpretations enacted or promulgated in the future could alter the analyses and conclusions set forth below. Any such changes or interpretations may be retroactive and could significantly affect the federal income tax consequences discussed below.



*This discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal tax consequences of the Plan to special classes of taxpayers (such as foreign entities, nonresident alien individuals, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, broker/dealers and tax-exempt organizations). Furthermore, estate and gift tax issues are not addressed herein.*

*No representations are made regarding the particular tax consequences of the Plan to any Holder of a Claim or Interest. Each Holder of a Claim or Interest is strongly urged to consult its own tax advisor regarding the federal, state, local and foreign tax consequences of the transactions described herein and in the Plan.*

**B. Federal Income Tax Consequences to the Debtor.**

1. Regular Federal Income Tax. Federal income taxes, like many other taxes, are priority claims. Accordingly, such claims must be satisfied before most other claims may be paid. With the possible exception of alternative minimum tax, the Debtor does not believe that any federal income taxes have accrued with respect to taxable years ending after the Petition Date because the Debtor has not had positive taxable income for those periods.

Generally, the discharge of a debt obligation by debtor for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) gives rise to cancellation of debt ("COD") income, which must be included in a debtor's income. The Debtor should be able to utilize a special tax provision which excludes from income debts discharged in a Chapter 11 case. If debts are discharged in a Chapter 11 case, however, certain tax attributes otherwise available must be reduced, in most cases by the principal amount of the indebtedness forgiven. Tax attributes subject to reduction include net operating losses ("NOLs") and NOL carryforwards. If the Debtor has COD income as a result of the Plan, the Debtor's NOLs would first be available to offset any gains recognized on the liquidation of the Debtor's assets. Accordingly, it is not expected that the Debtor will owe regular federal income tax with respect to taxable years ending after the Petition Date. If, however, the IRS were to prevail in assessing federal income tax for any of these years, payments of such taxes would reduce the amounts otherwise available for distribution under the Plan. Any remaining NOLs would then be reduced as a result of the excluded COD income to the extent of such COD income.

2. Alternative Minimum Tax. A corporation or a consolidated group of corporations may incur alternative minimum tax liability even where NOL carryovers and other tax attributes are sufficient to eliminate its taxable income as computed under the regular corporate income tax. It is possible that the Debtor will be liable for the alternative minimum tax.

**C. Federal Income Tax Consequences to Holders of Claims.** Holders of Claims or Interests should generally recognize gain (or loss) to the extent the amount realized under the Plan in respect of their Claims exceeds (or is exceeded by) their respective tax bases in their Claims or Interests. The amount realized for this purpose will generally equal the amount of cash received under the Plan in respect of their respective Claims or Interests.

The tax treatment of Holders of Claims or Interests and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan will depend upon, among other things, (i) the manner in which a holder acquired a Claim or Interest; (ii) the length of time a Claim or Interest has been held; (iii) whether the Claim or Interest was acquired at a discount; (iv) whether the Holder has taken a bad debt deduction in the current or prior years; (v) whether the Holder has previously included accrued but unpaid interest with respect to a Claim or Interest; (vi) the method of tax accounting of a Holder, and (vii) whether a Claim or Interest is an installment obligation for federal income tax purposes. Therefore, HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS FOR INFORMATION THAT MAY BE RELEVANT TO THEIR PARTICULAR SITUATION AND CIRCUMSTANCES AND THE PARTICULAR TAX CONSEQUENCE TO SUCH HOLDERS AS A RESULT THEREOF.

D. Information Reporting and Backup Withholding. Certain payments, including the payments of Claims or Interests pursuant to the Plan, are generally subject to information reporting by the payor (the Debtor or Reorganized Debtor) to the IRS. Moreover, such reportable payments are subject to backup withholding under certain circumstances. Under the Code's backup withholding rules, a Holder of a Claim or Interest may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

E. Importance of Obtaining Professional Tax Assistance.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

## VIII. CONCLUSION AND RECOMMENDATION

The Debtor believes that confirmation and implementation of the Plan is preferable to other alternatives because it will result in the greatest recovery to holders of Claims against the Debtor. Other alternatives would involve significant delay, uncertainty, and substantial administrative costs.

Consequently, the Debtor urges all holders of Claims entitled to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots] so that they are received on or before 5:00 p.m., prevailing Central Standard Time, on \_\_\_\_\_, 2011.

**[Signature Page Follows - Remainder of Page Intentionally Left Blank]**

Dated: December 21, 2010

Respectfully submitted,

TARAZ KOOH, LLC, a Texas limited liability  
company

By: Farvardeen, Inc., a Texas corporation,  
Its Sole Manager

/s/ Alireza Morirahimi (12/21/2010)

Alireza Morirahimi

Its: Vice President

COUNSEL:

By: /s/ J. Mark Chevallier (12/21/2010)

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Counsel to the Debtor and Debtor-in-  
Possession



Property: DoubleTree@Richardson

	2011		2012		2012		2012		2012		2012		2012		2012		12 months	
	NOV	DEC	JAN	FEB	MARCH	APR	MAY	JUNE	JULY	AUG	SEPT	TOTAL	79.4%	19.8%	0.1%	0.7%	100.0%	
# OF ROOMS	8820	9114	9114	9114	8232	9114	8820	9114	8820	9114	9114	8820	8820	9114	9114	8820	8820	107310
OCCUPIED ROOMS	4750	3900	3900	4750	4820	4690	5050	5650	4960	4920	5200	5210	5210	4920	5200	5210	5210	59500
ADR	\$ 86	\$ 82	\$ 87	\$ 87	\$ 90	\$ 87	\$ 93	\$ 93	\$ 90	\$ 89	\$ 88	\$ 91	\$ 89	\$ 89	\$ 88	\$ 91	\$ 89	\$ 89
occupancy	62%	54%	43%	52%	59%	51%	57%	62%	56%	54%	57%	59%	59%	57%	57%	59%	59%	55%
REVPAR	\$ 46.49	\$ 35.11	\$ 44.99	\$ 52.84	\$ 44.99	\$ 53.29	\$ 57.60	\$ 50.45	\$ 48.28	\$ 49.92	\$ 53.85	\$ 49.58	\$ 49.58	\$ 53.85	\$ 49.92	\$ 53.85	\$ 49.58	\$ 49.58

	OCT	NOV	DEC	JAN	FEB	MARCH	APR	MAY	JUNE	JULY	AUG	SEPT	TOTAL	
<b>DEPARTMENTAL REVENUE</b>														
ROOMS	\$ 525,000	\$ 410,000	\$ 320,000	\$ 410,000	\$ 435,000	\$ 410,000	\$ 470,000	\$ 515,000	\$ 445,000	\$ 440,000	\$ 455,000	\$ 475,000	\$ 5,320,000	79.4%
FOOD AND BEVERAGE	\$ 120,000	\$ 115,000	\$ 122,000	\$ 98,000	\$ 110,000	\$ 112,000	\$ 118,000	\$ 122,000	\$ 105,000	\$ 101,000	\$ 93,000	\$ 109,000	\$ 1,325,000	19.8%
TELEPHONE	\$ 700	\$ 650	\$ 450	\$ 550	\$ 675	\$ 600	\$ 650	\$ 700	\$ 675	\$ 700	\$ 750	\$ 740	\$ 7,840	0.1%
OTHER	\$ 3,650	\$ 3,300	\$ 3,100	\$ 3,550	\$ 4,200	\$ 3,800	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,300	\$ 4,300	\$ 4,200	\$ 46,700	0.7%
<b>TOTAL DEPARTMENTAL REVENUE</b>	\$ 649,350	\$ 528,950	\$ 445,550	\$ 512,100	\$ 549,875	\$ 526,400	\$ 592,750	\$ 651,800	\$ 554,775	\$ 546,000	\$ 553,050	\$ 588,940	\$ 6,699,540	100.0%
<b>DEPARTMENTAL EXPENSES</b>														
ROOMS EXPENSES	\$ 112,875	\$ 81,000	\$ 69,000	\$ 79,500	\$ 89,175	\$ 84,050	\$ 96,350	\$ 107,625	\$ 91,225	\$ 90,200	\$ 93,275	\$ 97,375	\$ 1,091,650	20.5%
FOOD AND BEVERAGE	\$ 103,800	\$ 98,000	\$ 106,000	\$ 85,000	\$ 96,800	\$ 98,560	\$ 103,840	\$ 107,360	\$ 92,400	\$ 88,880	\$ 81,840	\$ 95,920	\$ 1,158,400	87.4%
TELEPHONE	\$ 875	\$ 875	\$ 1,350	\$ 1,050	\$ 1,450	\$ 1,100	\$ 1,200	\$ 1,100	\$ 1,200	\$ 1,600	\$ 1,500	\$ 1,200	\$ 14,500	184.9%
<b>TOTAL DEPARTMENTAL EXP.</b>	\$ 217,550	\$ 179,875	\$ 176,350	\$ 187,425	\$ 197,425	\$ 183,710	\$ 201,390	\$ 216,085	\$ 184,825	\$ 180,680	\$ 176,615	\$ 194,495	\$ 2,254,550	33.8%
<b>GROSS PROFIT</b>	\$ 431,800	\$ 349,075	\$ 269,200	\$ 324,675	\$ 352,450	\$ 342,690	\$ 391,360	\$ 435,715	\$ 369,950	\$ 365,320	\$ 376,435	\$ 394,445	\$ 4,434,990	66.2%
<b>GENERAL AND UNAPPLIED EXP.</b>														
GENERAL AND ADMIN.	\$ 26,300	\$ 23,000	\$ 18,000	\$ 24,000	\$ 24,500	\$ 23,000	\$ 25,000	\$ 25,500	\$ 22,300	\$ 24,500	\$ 25,200	\$ 24,300	\$ 285,600	4.3%
ADVERTISING AND PROMO SALES	\$ 27,500	\$ 26,000	\$ 26,500	\$ 28,000	\$ 28,000	\$ 27,000	\$ 27,600	\$ 31,000	\$ 26,500	\$ 27,600	\$ 24,600	\$ 25,000	\$ 325,300	4.9%
REPAIRS AND MAINT.	\$ 26,500	\$ 23,500	\$ 21,700	\$ 23,000	\$ 25,000	\$ 24,000	\$ 23,400	\$ 24,300	\$ 25,500	\$ 26,000	\$ 26,400	\$ 23,400	\$ 292,700	4.4%
UTILITIES	\$ 54,000	\$ 50,000	\$ 49,000	\$ 48,000	\$ 48,500	\$ 47,000	\$ 49,000	\$ 51,000	\$ 55,000	\$ 57,000	\$ 57,000	\$ 53,000	\$ 618,500	9.2%
<b>TOTAL GENERAL &amp; UNAPPLIED EXP.</b>	\$ 134,300	\$ 122,500	\$ 115,200	\$ 125,000	\$ 126,000	\$ 121,000	\$ 125,000	\$ 131,800	\$ 129,300	\$ 135,100	\$ 133,200	\$ 125,700	\$ 1,522,100	22.7%
<b>HOUSE PROFIT</b>	\$ 297,500	\$ 226,575	\$ 154,000	\$ 223,550	\$ 236,450	\$ 221,690	\$ 266,360	\$ 303,915	\$ 240,650	\$ 230,220	\$ 243,235	\$ 268,745	\$ 2,912,890	43.5%
<b>OTHER OPERATING COSTS:</b>														
MANAGEMENT FEES	\$ 16,234	\$ 13,224	\$ 11,139	\$ 12,803	\$ 13,747	\$ 13,160	\$ 14,819	\$ 16,295	\$ 13,869	\$ 13,650	\$ 13,826	\$ 14,724	\$ 167,489	2.5%
INSURANCE	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 52,800	0.8%
PROPERTY & OTHER TAXES	\$ 22,000	\$ 22,000	\$ 22,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 291,000	4.3%
FRANCHISE ASSESSMENTS	\$ 77,350	\$ 67,000	\$ 58,900	\$ 67,000	\$ 69,250	\$ 67,000	\$ 72,400	\$ 77,350	\$ 70,150	\$ 69,700	\$ 71,050	\$ 72,850	\$ 840,000	12.5%
<b>TOTAL OTHER OPERATING COSTS</b>	\$ 119,984	\$ 106,624	\$ 96,439	\$ 109,203	\$ 112,397	\$ 109,560	\$ 116,619	\$ 123,045	\$ 113,419	\$ 112,750	\$ 114,276	\$ 116,974	\$ 1,351,289	20.2%
<b>NET OPERATING INCOME</b>	\$ 177,516	\$ 119,951	\$ 57,561	\$ 114,348	\$ 124,053	\$ 112,130	\$ 149,741	\$ 180,870	\$ 127,231	\$ 117,470	\$ 128,959	\$ 151,772	\$ 1,561,602	27.7%
<b>F&amp;E LEASE</b>	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 143,484	2.1%
<b>S.S. -6% On 16650000</b>	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 76,313	\$ 971,250	14.5%
<b>NET CASH FLOW</b>	\$ 89,247	\$ 31,682	\$ (30,708)	\$ 26,078	\$ 28,846	\$ 16,923	\$ 54,534	\$ 85,663	\$ 32,024	\$ 22,263	\$ 33,752	\$ 56,565	\$ 446,868	0.0%
<b>BALANCE OF \$130K @ 75% TO BE PAID IN YEAR 2</b>													\$ 48,750	0.0%
<b>replacement of chairs and ottoman</b>													\$ 138,000	6.7%
<b>Paint the exterior of the hotel</b>													\$ 105,000	
<b>Net Cash</b>													\$ 145,118	

Property : DoubleTree@Richardson

	2012	2012	2012	2012	2012	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	12 months	
	OCT	NOV	DEC	JAN	FEB	MARCH	APR	MAY	JUNE	JULY	AUG	SEPT	TOTAL					
# OF ROOMS	9114	8820	9114	9114	9114	8232	9114	8820	9114	8820	9114	9114	8820	9114	9114	8820	107310	
OCCUPIED ROOMS	5650	4750	3900	4720	4820	4690	5050	5650	4920	5210	5210	5210	59500				59500	
ADR	\$ 97	\$ 96	\$ 87	\$ 94	\$ 94	\$ 99	\$ 94	\$ 96	\$ 97	\$ 97	\$ 95	\$ 95	\$ 101	\$ 95	\$ 95	\$ 101	\$ 96	
occupancy	62%	54%	43%	52%	52%	59%	51%	57%	62%	62%	54%	54%	59%	57%	54%	59%	55%	
REVPAR	\$ 60.35	\$ 51.59	\$ 37.31	\$ 48.83	\$ 48.83	\$ 57.70	\$ 48.28	\$ 54.99	\$ 60.35	\$ 54.42	\$ 51.02	\$ 54.31	\$ 59.52	\$ 54.31	\$ 54.31	\$ 59.52	\$ 53.16	
<b>DEPARTMENTAL REVENUE</b>																		
ROOMS	\$ 550,000	\$ 455,000	\$ 340,000	\$ 445,000	\$ 475,000	\$ 440,000	\$ 485,000	\$ 550,000	\$ 480,000	\$ 465,000	\$ 495,000	\$ 495,000	\$ 525,000	\$ 465,000	\$ 495,000	\$ 495,000	\$ 5,705,000	79.9%
FOOD AND BEVERAGE	\$ 120,000	\$ 125,000	\$ 122,000	\$ 118,000	\$ 122,000	\$ 118,000	\$ 122,000	\$ 126,000	\$ 110,000	\$ 109,000	\$ 98,000	\$ 98,000	\$ 115,000	\$ 109,000	\$ 98,000	\$ 115,000	\$ 1,378,000	19.3%
TELEPHONE	\$ 700	\$ 650	\$ 450	\$ 550	\$ 675	\$ 600	\$ 650	\$ 700	\$ 675	\$ 700	\$ 750	\$ 750	\$ 740	\$ 700	\$ 750	\$ 740	\$ 7,840	0.1%
OTHER	\$ 3,650	\$ 3,300	\$ 3,100	\$ 3,550	\$ 4,200	\$ 3,800	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,300	\$ 4,300	\$ 4,200	\$ 4,300	\$ 4,300	\$ 4,200	\$ 46,700	0.7%
<b>TOTAL DEPARTMENTAL REVENUE</b>	\$ 674,350	\$ 583,950	\$ 465,550	\$ 547,100	\$ 594,875	\$ 562,400	\$ 611,750	\$ 680,800	\$ 594,775	\$ 579,000	\$ 598,050	\$ 644,940	\$ 644,940	\$ 598,050	\$ 598,050	\$ 644,940	\$ 7,137,540	100.0%
<b>DEPARTMENTAL EXPENSES</b>																		
ROOMS EXPENSES	\$ 118,250	\$ 97,825	\$ 73,100	\$ 95,675	\$ 102,125	\$ 94,600	\$ 104,275	\$ 118,250	\$ 103,200	\$ 99,975	\$ 106,425	\$ 112,875	\$ 112,875	\$ 106,425	\$ 106,425	\$ 112,875	\$ 1,226,575	21.5%
FOOD AND BEVERAGE	\$ 103,800	\$ 108,125	\$ 105,530	\$ 84,770	\$ 99,475	\$ 102,070	\$ 105,530	\$ 108,990	\$ 95,150	\$ 94,285	\$ 84,770	\$ 99,475	\$ 99,475	\$ 84,770	\$ 84,770	\$ 99,475	\$ 1,191,970	86.5%
TELEPHONE	\$ 875	\$ 875	\$ 875	\$ 1,350	\$ 1,050	\$ 1,450	\$ 1,200	\$ 1,100	\$ 1,200	\$ 1,600	\$ 1,500	\$ 1,200	\$ 1,200	\$ 1,600	\$ 1,500	\$ 1,200	\$ 14,500	184.9%
<b>TOTAL DEPARTMENTAL EXP.</b>	\$ 222,925	\$ 206,825	\$ 179,980	\$ 181,495	\$ 203,050	\$ 197,770	\$ 211,005	\$ 228,340	\$ 199,550	\$ 195,860	\$ 192,995	\$ 213,550	\$ 213,550	\$ 195,860	\$ 192,995	\$ 213,550	\$ 2,433,045	34.1%
<b>GROSS PROFIT</b>	\$ 451,425	\$ 377,125	\$ 285,570	\$ 365,605	\$ 391,825	\$ 364,630	\$ 400,745	\$ 452,450	\$ 395,225	\$ 383,140	\$ 405,355	\$ 431,390	\$ 431,390	\$ 383,140	\$ 405,355	\$ 431,390	\$ 4,704,495	65.9%
<b>GENERAL AND UNAPPLIED EXP.</b>																		
GENERAL AND ADMIN.	\$ 26,300	\$ 23,000	\$ 18,000	\$ 24,000	\$ 24,000	\$ 23,000	\$ 25,000	\$ 25,000	\$ 22,300	\$ 24,500	\$ 25,200	\$ 24,300	\$ 24,300	\$ 25,200	\$ 25,200	\$ 24,300	\$ 285,600	4.0%
ADVERTISING AND PROMO SALES	\$ 27,500	\$ 26,000	\$ 26,500	\$ 28,000	\$ 28,000	\$ 27,000	\$ 27,600	\$ 31,000	\$ 26,500	\$ 27,600	\$ 24,600	\$ 25,000	\$ 25,000	\$ 24,600	\$ 24,600	\$ 25,000	\$ 325,300	4.6%
REPAIRS AND MAINT.	\$ 26,500	\$ 23,500	\$ 21,700	\$ 23,000	\$ 25,000	\$ 24,000	\$ 24,300	\$ 25,500	\$ 24,300	\$ 25,500	\$ 26,000	\$ 23,400	\$ 23,400	\$ 26,000	\$ 26,000	\$ 23,400	\$ 292,700	4.1%
UTILITIES	\$ 54,000	\$ 50,000	\$ 49,000	\$ 48,000	\$ 48,500	\$ 47,000	\$ 49,000	\$ 51,000	\$ 55,000	\$ 57,000	\$ 57,000	\$ 53,000	\$ 53,000	\$ 57,000	\$ 57,000	\$ 53,000	\$ 618,500	8.7%
<b>TOTAL GENERAL &amp; UNAPPLIED EXP.</b>	\$ 134,300	\$ 122,500	\$ 115,200	\$ 123,000	\$ 126,500	\$ 121,000	\$ 125,000	\$ 131,800	\$ 129,300	\$ 135,100	\$ 133,200	\$ 125,700	\$ 125,700	\$ 133,200	\$ 133,200	\$ 125,700	\$ 1,522,100	21.3%
<b>HOUSE PROFIT</b>	\$ 317,125	\$ 254,625	\$ 170,370	\$ 242,605	\$ 265,825	\$ 243,630	\$ 275,745	\$ 320,650	\$ 265,925	\$ 248,040	\$ 272,155	\$ 305,690	\$ 305,690	\$ 248,040	\$ 272,155	\$ 305,690	\$ 3,182,395	44.6%
<b>OTHER OPERATING COSTS:</b>																		
MANAGEMENT FEES	\$ 16,859	\$ 14,599	\$ 11,639	\$ 13,678	\$ 14,872	\$ 14,060	\$ 15,294	\$ 17,020	\$ 14,869	\$ 14,475	\$ 14,951	\$ 16,124	\$ 16,124	\$ 14,475	\$ 14,951	\$ 16,124	\$ 178,439	2.5%
INSURANCE	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 52,800	0.7%
PROPERTY & OTHER TAXES	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 318,000	4.5%
FRANCHISE ASSESSMENTS	\$ 84,600	\$ 76,050	\$ 65,700	\$ 75,150	\$ 77,850	\$ 74,700	\$ 78,750	\$ 84,600	\$ 78,300	\$ 76,950	\$ 79,650	\$ 82,350	\$ 82,350	\$ 79,650	\$ 79,650	\$ 82,350	\$ 934,650	13.1%
<b>TOTAL OTHER OPERATING COSTS</b>	\$ 127,859	\$ 117,049	\$ 103,739	\$ 121,228	\$ 125,122	\$ 121,160	\$ 126,444	\$ 134,020	\$ 125,569	\$ 123,825	\$ 127,001	\$ 130,874	\$ 130,874	\$ 123,825	\$ 127,001	\$ 130,874	\$ 1,483,889	20.8%
<b>NET OPERATING INCOME</b>	\$ 189,266	\$ 137,576	\$ 66,631	\$ 121,378	\$ 140,703	\$ 122,470	\$ 149,301	\$ 186,640	\$ 140,356	\$ 124,215	\$ 145,154	\$ 174,817	\$ 174,817	\$ 124,215	\$ 145,154	\$ 174,817	\$ 1,698,507	28.3%
FF&E LEASE	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 143,484	2.0%
FF&E RESERVE 4%	\$ 26,974	\$ 23,358	\$ 18,622	\$ 21,884	\$ 23,795	\$ 22,496	\$ 24,470	\$ 27,232	\$ 23,791	\$ 23,160	\$ 23,922	\$ 25,798	\$ 25,798	\$ 23,160	\$ 23,922	\$ 25,798	\$ 285,502	4.0%
6-.5% int on 16650000	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 83,250	\$ 1,054,500	14.8%
<b>NET CASH FLOW</b>	\$ 67,085	\$ 19,011	\$ (47,198)	\$ 4,287	\$ 14,764	\$ (2,171)	\$ 22,687	\$ 57,264	\$ 14,420	\$ (1,090)	\$ 19,087	\$ 46,874	\$ 46,874	\$ 14,420	\$ (1,090)	\$ 19,087	\$ 215,021	3.0%
Repairing of drapes and shears	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 47,600	\$
Replacing of rooms air handlers	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 162,000	\$
<b>Net Cash</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 5,421	\$

Repairing of drapes and shears

Replacing of rooms air handlers

Net Cash

Property: DoubleTree Richardson

	2013	2013	2013	2014	2014	2014	2014	6 months
# OF ROOMS	9114	8820	9114	9114	8132	9114	9114	53508
OCCUPIED ROOMS	5950	5120	3750	4520	4750	4680	4680	28680
AIRK	\$ 106	\$ 104	\$ 95	\$ 105	\$ 109	\$ 99	\$ 99	\$ 104
occupancy	64%	58%	41%	50%	58%	51%	51%	54%
REVPAR	\$ 68.03	\$ 60.66	\$ 38.95	\$ 52.12	\$ 63.17	\$ 51.03	\$ 51.03	\$ 55.51

	OCT	NOV	DEC	JAN	FEB	MARCH	TOTAL	
<b>DEPARTMENTAL REVENUE</b>								
ROOMS	\$ 620,000	\$ 535,000	\$ 355,000	\$ 475,000	\$ 520,000	\$ 465,000	\$ 2,970,000	26.4%
FOOD AND BEVERAGE	\$ 125,000	\$ 123,000	\$ 135,000	\$ 99,000	\$ 105,000	\$ 111,000	\$ 698,000	18.9%
TELEPHONE	\$ 700	\$ 650	\$ 450	\$ 550	\$ 675	\$ 600	\$ 3,625	0.1%
OTHER	\$ 3,500	\$ 3,300	\$ 3,100	\$ 3,550	\$ 4,200	\$ 3,800	\$ 21,450	0.6%
<b>TOTAL DEPARTMENTAL REVENUE</b>	\$ 749,200	\$ 661,950	\$ 493,550	\$ 578,100	\$ 629,875	\$ 580,400	\$ 3,693,075	18.0%
<b>DEPARTMENTAL EXPENSES</b>								
ROOMS EXPENSES	\$ 130,200	\$ 112,350	\$ 74,550	\$ 99,750	\$ 109,200	\$ 97,650	\$ 623,700	21.0%
FOOD AND BEVERAGE	\$ 108,750	\$ 107,010	\$ 117,450	\$ 86,130	\$ 91,350	\$ 96,570	\$ 607,260	17.0%
TELEPHONE	\$ 875	\$ 875	\$ 1,350	\$ 1,050	\$ 1,450	\$ 1,100	\$ 6,700	184.8%
OTHER	\$ 239,825	\$ 229,235	\$ 193,350	\$ 186,930	\$ 202,000	\$ 195,230	\$ 1,237,560	33.5%
<b>TOTAL DEPARTMENTAL EXP.</b>	\$ 509,675	\$ 441,715	\$ 300,200	\$ 391,170	\$ 427,875	\$ 385,900	\$ 2,455,415	66.5%
GENERAL AND UNAPPLIED EXP.								
GENERAL AND ADMIN.	\$ 28,844	\$ 25,485	\$ 19,002	\$ 22,257	\$ 24,250	\$ 22,845	\$ 142,183	3.9%
ADVERTISING AND PROMO SALES	\$ 32,865	\$ 29,126	\$ 21,716	\$ 25,436	\$ 27,715	\$ 25,538	\$ 162,495	4.4%
REPAIRS AND MAINT.	\$ 30,717	\$ 27,140	\$ 20,236	\$ 23,702	\$ 25,875	\$ 23,796	\$ 151,416	4.1%
UTILITIES	\$ 59,856	\$ 52,956	\$ 39,484	\$ 46,248	\$ 50,390	\$ 46,432	\$ 295,446	8.0%
<b>TOTAL GENERAL &amp; UNAPPLIED EXP.</b>	\$ 152,462	\$ 134,707	\$ 100,437	\$ 117,643	\$ 128,160	\$ 118,111	\$ 751,541	20.4%
<b>HOUSE PROFIT</b>	\$ 356,913	\$ 307,008	\$ 199,763	\$ 278,277	\$ 299,698	\$ 266,969	\$ 1,703,874	46.1%
OTHER OPERATING COSTS:								
MANAGEMENT FEES	\$ 18,730	\$ 16,549	\$ 12,339	\$ 14,653	\$ 15,747	\$ 14,510	\$ 92,327	2.5%
INSURANCE	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 26,400	0.7%
PROPERTY & OTHER TAXES	\$ 28,000	\$ 28,000	\$ 28,000	\$ 33,500	\$ 33,500	\$ 33,500	\$ 184,500	5.0%
FRANCHISE ASSESSMENTS	\$ 90,800	\$ 83,250	\$ 67,050	\$ 77,850	\$ 81,900	\$ 76,950	\$ 477,900	12.9%
<b>TOTAL OTHER OPERATING COSTS</b>	\$ 142,030	\$ 132,199	\$ 111,789	\$ 130,203	\$ 135,547	\$ 129,360	\$ 781,127	21.2%
<b>NET OPERATING INCOME</b>	\$ 214,883	\$ 174,809	\$ 87,974	\$ 143,324	\$ 164,149	\$ 137,609	\$ 922,747	30.0%
FF&E LEASE	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 11,957	\$ 71,742	1.9%
FF&E Reserve@4%	\$ 24,800	\$ 21,400	\$ 14,200	\$ 19,000	\$ 20,800	\$ 18,600	\$ 118,800	3.2%
6-6.5 int on 16650000	\$ 90,188	\$ 90,188	\$ 90,188	\$ 90,188	\$ 90,188	\$ 90,188	\$ 541,125	14.7%
<b>NET CASH FLOW</b>	\$ 87,938	\$ 51,265	\$ (28,371)	\$ 22,180	\$ 41,204	\$ 16,864	\$ 191,080	5.2%



**TARAZ KOOH, LLC**  
**Case No. 10-31814-BJH-11**  
**Chapter 7 Liquidation Analysis**

**Chapter 7 Liquidation**

**ASSETS**

Cash (encumbered by liens of Wells Fargo)	\$	-
Hotel	\$	14,000,000.00 *
2009 Nissan Van		<20,483.57 *
2009 Ford Van		<21,591.24 *
<b>TO TAL ASSETS</b> (*Foreclosure/Liquidation Value after costs of sale)		<u>\$ 13,957,925.19</u>

**Estimated  
Claims**

**Secured Claims**

Wells Fargo Bank, N.A. re: Hotel	\$	16,503,721.21
Chase Bank re: 2009 Nissan Van	\$	20,483.57
Ford Motor Credit re: 2009 Ford Van	\$	21,691.24
<b>Total Secured Claims</b>		<u>\$ 16,545,896.02</u>

**Administrative and Priority Claims**

Professional fees through Effective Date, unfunded (estimate)	\$	50,000.00
Other administrative expense/tax items through Effective Date		10,000.00
<b>Total Administrative and Priority Claims</b>		<u>\$ 60,000.00</u>

**Unsecured Claims**

Trade and other miscellaneous claims	\$	280,000.00
Insider Claims		1,750,000.00
<b>Total General Unsecured Claims</b>		<u>\$ 2,030,000.00</u>

**Proceeds available to Unsatisfied General Unsecured Claims**

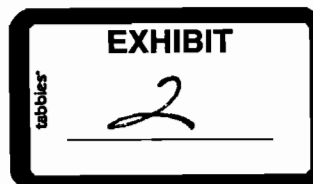
amount \$0.00

**Proceeds available to Equity Interests**

amount \$0.00

**Proceeds available to Unsatisfied administrative claims  
and priority claims**

amount \$0.00



*In re Taraz Kooh, LLC*

**ASSUMED LEASES AND EXECUTORY CONTRACTS**

**Doubletree License.** The Debtor seeks to assume its License Agreement with Doubletree Franchise, LLC (“Doubletree”) dated May 8, 2009 (the “License Agreement”). The amount necessary to cure the License Agreement is \$142,237.51 (the “Doubletree Cure Amount”). The Doubletree Cure Amount will be paid in full, without interest, in four (4) equal quarterly installments commencing on the first day of the first month following the Effective Date.

**Vendor Capital Group Lease.** The Debtor seeks to assume its sixty month (60) Equipment Lease Agreement with Vendor Capital Group (“Vendor Capital”) dated March 30, 2009 (the “Equipment Lease Agreement”). The amount necessary to cure the Equipment Lease Agreement is \$17,934.00 (the “Vendor Capital Cure Amount”). The Vendor Capital Cure Amount will be paid in full, without interest, in four (4) equal quarterly installments commencing on the first day of the first month following the Effective Date.

**Farvardeen, Inc. Management Agreement.** The Debtor seeks to assume its Hotel Management Agreement with Farvardeen, Inc. (“Farvardeen”). The amount necessary to cure the Farvardeen Management Agreement is \$0.

**Trane U.S. Inc.** The Debtor seeks to assume its maintenance contract with Trane U.S. Inc. (“Trane”) dated February 19, 2010. The amount necessary to cure the Trane contract is \$1,422.08.

**Travelclick.** The Debtor seeks to assume its twelve (12) month advertising contract with Travelclick (“Travelclick”) dated February 2010. The amount necessary to cure the Travelclick Agreement is \$0.

**United Elevator Company.** The Debtor seeks to assume its five (5) year maintenance contract with United Elevator Company (“United Elevator”). The amount necessary to cure the United Elevator contract is \$956.95.

**PLAN EXHIBIT A**