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(SPACE BELOW FOR FILING STAMP ONLY)

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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA, NORTHERN DIVISION

In re	)	BK No. 9:09-bk-14964-RR
)	
THOMAS K. SCHULTHEIS and	)	Chapter 11
TONI L. SCHULTHEIS,)	
)	
Debtors.	)	INITIAL DISCLOSURE STATEMENT
	)	DESCRIBING PROPOSED CHAPTER
	)	11 PLAN
)	
)	Date: To be set
)	Time: To be set
)	Place: 1415 State Street
)	Courtroom 201
)	Santa Barbara, CA

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I.

INTRODUCTION

Thomas K. Schultheis and Toni L. Schultheis (the "Debtors" or the "Proponent") are the debtors in a Chapter 11 bankruptcy case.

On November 25, 2009, the Debtors commenced a bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code ("Code"), 11 U.S.C. § 101 et seq. Chapter 11 allows the Debtors, and under some circumstances, creditors and others parties in interest, to propose a plan of reorganization ("Plan"). The Plan may provide for the Debtors to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. The Debtors are the party proposing the Plan, attached hereto as Exhibit "A." THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.

This is a liquidating plan. In other words, the Proponent seeks to accomplish payments under the Plan by using the proceeds from the sale of its real property. The Effective Date shall mean the sixtieth day after the court enters an order confirming the Plan, unless such sixtieth day is a Saturday, Sunday or Court holiday, in which case the Effective Date shall be the next day that is not a Saturday, Sunday or Court holiday.

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to

1 confirm the Plan.

2 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW**
3 **ABOUT:**

- 4 (1) WHO CAN VOTE OR OBJECT,
5 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your
6 claim will receive if the Plan is confirmed), AND HOW
7 THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD
8 RECEIVE IN LIQUIDATION,
9 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS
10 DURING THE BANKRUPTCY,
11 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER
12 OR NOT TO CONFIRM THE PLAN,
13 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
14 (6) WHETHER THIS PLAN IS FEASIBLE.

15 This Disclosure Statement cannot tell you everything about
16 your rights. You should consider consulting your own lawyer to
17 obtain more specific advice on how this Plan will affect you
18 and what is the best course of action for you.

19 Be sure to read the Plan as well as the Disclosure
20 Statement. If there are any inconsistencies between the Plan
21 and the Disclosure Statement, the Plan provisions will govern.

22 The Code requires a Disclosure Statement to contain
23 "adequate information" concerning the Plan. The Bankruptcy
24 Court ("Court") has approved this document as an adequate
25 Disclosure Statement, containing enough information to enable
26 parties affected by the Plan to make an informed judgment about
27 the Plan. Any party can now solicit votes for or against the
28 Plan.

1 **B. Deadlines for Voting and Objecting; Date of Plan**
2 **Confirmation Hearing**

3 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
4 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE
5 NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER
6 CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR
7 AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

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

9 The hearing where the Court will determine whether or not
10 to confirm the Plan will take place on _____,
11 at _____, in Courtroom 201, 1415 State Street, Santa
12 Barbara, California 93101.

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

14 If you are entitled to vote, it is in your best interest
15 to timely vote on the enclosed ballot and return the ballot in
16 the enclosed envelope to Jonathan Gura, Michaelson, Susi &
17 Michaelson, 7 West Figueroa Street, Second Floor, Santa
18 Barbara, California 93101. Your ballot must be received by
19 _____ or it will not be counted.

20 **3. Deadline for Objecting to the Confirmation of the**
21 **Plan**

22 Objections to the confirmation of the Plan must be filed
23 with the Court and served upon Jonathan Gura, Michaelson, Susi
24 & Michaelson, 7 West Figueroa Street, Second Floor, Santa
25 Barbara, California 93101 by _____.

26 **4. Identity of Person to Contact for More Information**
27 **Regarding the Plan**

28 Any interested party desiring further information about

1 the Plan should contact Jonathan Gura, Michaelson, Susi &
2 Michaelson, 7 West Figueroa Street, Second Floor, Santa
3 Barbara, California 93101.

4 **C. Disclaimer**

5 The financial data relied upon in formulating the Plan is
6 based on the Debtors' books and records and the information
7 contained in this Disclosure Statement is provided by the
8 Debtors. The Plan Proponent represents that everything stated
9 in the Disclosure Statement is true to the Proponent's best
10 knowledge. The Court has not yet determined whether or not the
11 Plan is confirmable and makes no recommendation as to whether
12 or not you should support or oppose the Plan.

13 **II.**

14 **BACKGROUND**

15 **A. Description and History of the Debtors' Business and the**
16 **Debtors' Assets and Liabilities**

17 **1.** The Debtors are individuals primarily in the business
18 of investing in real estate. The Debtors' principal assets are
19 an estate home located at 4455 Via Bendita, Santa Barbara,
20 California (the "House"), a vacant lot next door to the House
21 (the "Lot", and together the "Real Property"), and a limited
22 liability company (the "LLC") which owns and trades securities.
23 The Debtors have scheduled the value of the House at \$25
24 million and the Lot at \$8 million. The debt against the House
25 is approximately \$9.45 million and the debt against the Lot is
26 approximately \$1 million. The House generates nominal rental
27 income (about \$5,000/month), all of which is used to maintain
28 the House, as regularly reported on the Debtors' Monthly

1 Operating Reports filed with the Court. The Debtors will enter
2 and seek court approval of any requisite cash collateral
3 agreement after disputes about the identity and status of the
4 creditor secured on the House are resolved. The value of the
5 securities owned by the LLC, and thus the value of the LLC,
6 changes from day to day.

7 In addition to the assets listed above, the Debtors also
8 invested as tenants-in-common in deeds of trust managed by
9 Estate Financial, Inc. ("EFI") and invested in EFI's sister
10 company, Estate Financial Mortgage Fund ("EFMF"). EFI and EFMF
11 were alleged Ponzi schemes and are now related Chapter 11
12 debtors in cases now pending before this court, case numbers
13 08-11457-RR and 08-11535-RR, respectively. The Debtors
14 invested a total of approximately \$3 million in EFI and EFMF.

15 In addition, the Debtors have an investment on a
16 development of approximately \$500,000 in an REO with Point
17 Center Financial.

18 In addition, Debtors own an RV Resort lot in Indio,
19 California, valued at \$150,000, miscellaneous personal property
20 valued at approximately \$15,000, ownership of Montana Charter
21 Services, LLC, valued at \$50,000, and an interest in Long Beach
22 Thums Company, oil rights valued at \$20,000.

23 **2.** The only prepetition creditors of the Debtors, other
24 than the secured lenders holding the debts against the House
25 and the Lot, are the Santa Barbara tax collector with a secured
26 claim of \$54,239.58 and Wells Fargo Bank with an unsecured
27 claim of \$598.36.

28

1 **B. Events Leading to Chapter 11 Filing**

2 In February of 2008 the Debtors and their House had met
3 all requirements to obtain a reverse mortgage, which would have
4 retired the existing loan. One of these requirements was a 30%
5 loan to value requirement. With an existing loan balance at
6 the time of approximately \$9 million, Countrywide and IndyMac
7 would had placed a valued of \$27 million on the home. The
8 Debtors had met all requirements for the loan, including the
9 reverse mortgage counseling, with the exception of the
10 borrower's age requirement of age 62 being 60 days short.
11 While waiting for the borrower to reach the qualifying age 62,
12 the financial market crashed leading to Behr Sterns, IndyMac,
13 and Countrywide failing. The House at that time had \$18
14 million in protective equity to support that reverse mortgage
15 requirement.

16 The Debtors e-listed the property for 12 months, beginning
17 in the fall of 2008 at the exact time the first historic market
18 decline occurred. During the first six month period there were
19 three qualified showings, but the uncertainly in the countries
20 financial market prevented offers to come in.

21 In April of 2009 Debtors had a fire and smoke damage
22 totaling over \$750,000 which required them to vacate the
23 property and live in their RV for the remainder of 2009 while
24 restoration was completed. The e-listing was canceled the day
25 of the fire.

26 Due to the worldwide financial crisis and the universal
27 and rampant lender/servicer fraud that became painfully evident
28 in the financial sector along with the inability of the

1 servicer (AHMSI) to produce any proper and evidence of the
2 original note (as required by UCC 3), proper assignments, or
3 the inability to provide proper a chain of title showing all
4 transfers leading to the notes eventual securitization. The
5 present servicer also confirmed in writing that due to the
6 extraordinary amount of equity, they had no interest in
7 modifying the note.

8 In addition to the factors mentioned above, the losses
9 sustained by the Debtors in the EFI and EFMF Ponzi schemes, the
10 Debtors discontinued making debt service payments on the debt
11 secured by the House in November 2008. American Home Mortgage
12 Servicing, Inc. ("AHMSI"), the entity purporting to hold the
13 note and deed of trust on the House, sought to foreclose on the
14 House and noticed a foreclosure sale for November 30, 2009 and
15 doing so with what Debtors believe is an invalid assignment.
16 To stay the foreclosure sale, the Debtors filed for relief
17 under Chapter 11 on November 25, 2009. The Debtors are
18 solvent, with a net worth estimated to be over \$15 million.

19 **C. Significant Events During the Bankruptcy**

20 **1. Bankruptcy Proceedings**

21 This chapter 11 bankruptcy case was filed on November 25,
22 2009 to stay the foreclosure sale of the House. Since the
23 petition date, the significant events in this case have been
24 the approval of the employment of the following professionals:

- 25 • Michaelson, Susi & Michaelson as the Debtors'
26 bankruptcy counsel.
- 27 • James W. Hammock as the Debtors' real estate
28 appraiser.

- 1 • Jenkins, Mulligan & Gabriel as the Debtors' special
2 litigation counsel.

3 Also, the Debtors have maintained the Real Property and
4 are making efforts to sell it with selected high-end agents
5 representing it on their websites as a "pocket listing". As an
6 example, several such brokers have the Real Property featured
7 on their respective websites. The Debtors are also exploring
8 more innovative ways to target market the property by
9 interviewing ad agencies and PR agencies to affect new wave
10 marketing on the internet specifically targeting buyers as
11 opposed to a conventional listing where agents collect listings
12 and wait for buyers to come to them.

13 **2. Other Legal Proceedings**

14 In addition to the proceedings discussed above, the
15 Debtors are currently involved in the following potential legal
16 proceedings:

- 17 • The Debtors are tenant-in-common investors in trust
18 deeds managed by EFI and are investors in EFMF and
19 expect to receive some distribution on account of
20 their investments in each of these entities. The
21 timing and amount of any recovery is highly
22 uncertain.
- 23 • The Debtors through their special litigation counsel,
24 Jenkins, Mulligan & Gabriel, are evaluating potential
25 claims against the Debtors' secured creditor on the
26 Real Property or any portion thereof, and expressly
27 reserve all rights related thereto, including claims
28 with respect to title and all rights under the terms

1 of the note secured by the House as well as all
2 objections related thereto.

3 **3. Actual and Projected Recovery of Preferential or**
4 **Fraudulent Transfers**

5 The Debtors do not anticipate filing any preference or
6 fraudulent transfer actions in this case.

7 **4. Procedures Implemented to Resolve Financial Problems**

8 This bankruptcy case was filed to stay the foreclosure
9 sale of the House. The Debtors are now preparing for the sale
10 of the Real Property. The value of the combined Real Property
11 is listed on the Debtors' schedules at more than \$30 million,
12 and the debt against the combined Real Property is
13 approximately \$10.5 million, leaving an equity cushion in the
14 Real Property for the estate of approximately \$20 million.
15 Because the House is a unique and extremely high end home,
16 there is a limited buyer pool for the Real Property.
17 Therefore, the Debtors need time to locate the appropriate
18 buyer. Once the Real Property sells, all creditors and
19 administrative expenses will be paid in full.

20 **III.**

21 **SUMMARY OF THE PLAN OF REORGANIZATION**

22 **A. What Creditors and Interest Holders Will Receive Under The**
23 **Proposed Plan**

24 As required by the Bankruptcy Code, the Plan classifies
25 claims and interests in various classes according to their
26 right to priority. The Plan states whether each class of
27 claims or interests is impaired or unimpaired. The Plan
28 provides the treatment each class will receive.

1 **B. Unclassified Claims**

2 Certain types of claims are not placed into voting
3 classes; instead they are unclassified. They are not
4 considered impaired and they do not vote on the Plan because
5 they are automatically entitled to specific treatment provided
6 for them in the Bankruptcy Code. As such, the Proponent has
7 not placed the following claims in a class.

8 **1. Administrative Expenses**

9 Administrative expenses are claims for costs or expenses
10 of administering the Debtor's Chapter 11 case which are allowed
11 under Code section 507(a)(1). The Code requires that all
12 administrative claims be paid on the Effective Date of the
13 Plan, unless a particular claimant agrees to a different
14 treatment.

15 The following chart lists all of the Debtor's § 507(a)(1)
16 administrative claims and their treatment under the Plan:

<u>Name</u>	<u>Amt Owed</u>	<u>Treatment</u>
Michaelson Susi & Michaelson, Bankruptcy Counsel	**	Paid on the later of the Effective Date or Bankruptcy Court Approval
Jenkins, Mulligan & Gabriel, Special Litigation Counsel	**	Paid on the later of the Effective Date or Bankruptcy Court Approval
James W. Hammock, Real Estate Appraiser	**	Paid on the later of the Effective Date or Bankruptcy Court Approval
Clerk's Office Fees	Less than \$500	Paid on the Effective Date
Office of US Trustee	Less than \$500	Paid on the Effective Date
TOTAL	Unknown at this time	

25 ** No present estimate of fees owing at the conclusion of this case. These estimates (and any
26 other updated information) will be included in an amended disclosure statement, with notice to
27 all interested parties, prior to a hearing on the adequacy of a final proposed disclosure
28 statement.

1 **Court Approval of Professional Fees Required:**

2 The Court must rule on all professional fees listed in
3 this chart before the fees will be owed. For all fees except
4 Clerk's Office fees and U.S. Trustee's fees, the professional
5 in question must file and serve a properly noticed fee
6 application and the Court must rule on the application. Only
7 the amount of fees allowed by the Court will be owed and
8 required to be paid under this Plan.

9 As indicated above, the Debtors will need to pay all
10 administrative claims on the Effective Date of the Plan unless
11 the claimant has agreed to be paid later or the Court has not
12 yet ruled on the claim. To make the Effective Date payments,
13 the Debtors will liquidate securities held by the LLC, if and
14 as necessary. The value of the securities is expected to far
15 exceed the amount of the payments to be made on the Effective
16 Date.

17 **2. Priority Tax Claims**

18 Priority tax claims are certain unsecured income,
19 employment and other taxes described by Code Section 507(a)(8).
20 The Code requires that each holder of such a 507(a)(8) priority
21 tax claim receive the present value of such claim in deferred
22 cash payments, over a period not exceeding six years from the
23 date of the assessment of such tax.

24 There are no Section 507(a)(8) priority tax claims in this
25 case.

26 **C. Classified Claims and Interests**

27 **1. Classes of Secured Claims**

28 Secured claims are claims secured by liens on property of

1 the estate. The following chart lists all classes containing
2 Debtor's secured claims and their treatment under this Plan:

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<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
1	Name: American Home Mortgage Servicing Inc. Collateral: the House Collateral Value: \$25,000,000 Priority of Security Interest: First Principal owed: \$9,450,000 Pre-Petition arrearage amount: Disputed Post-Petition arrearage amount: Disputed Total claim amount: Disputed	Yes	Paid in full through escrow upon the sale of the House, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law, pending the outcome of any claim objection or claim as to proof of debt ownership
2	Name: Angelo Pulos Collateral: the Lot Collateral Value: \$8,000,000 Priority of Security Interest: Second Principal owed: \$1,000,000 Pre-Petition arrearage amount: \$0 Post-Petition arrearage amount: \$0 Total claim amount: \$1,000,000	Yes	Paid in full through escrow upon the sale of the Lot, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law, except may not require debt to be paid if pmts are kept current
3	Name: Santa Barbara County Tax Collector Collateral: the Lot Collateral Value: \$8,000,000 Priority of Security Interest: First Principal owed: \$54,239.58 Pre-Petition arrearage amount: \$54,239.58 Post-Petition arrearage amount: \$0 Total claim amount: \$54,239.58	Yes	Paid in full through escrow upon the sale of the House/Lot, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each

1 holder of such a claim receive cash on the Effective Date equal
2 to the allowed amount of such claim. However, a class of
3 unsecured priority claim holders may vote to accept deferred
4 cash payments of a value, as of the Effective Date, equal to
5 the allowed amount of such claims.

6 There are no Section 507(a)(3), (a)(4), (a)(5), (a)(6),
7 and (a)(7) priority unsecured claims in this case.

8 **3. Class of General Unsecured Claims**

9 General unsecured claims are unsecured claims not entitled
10 to priority under Code Section 507(a). The following chart
11 identifies this Plan's treatment of the class containing all of
12 the Debtors' general unsecured claims:

<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
4	Wells Fargo Bank; claim for \$598.36	No	Paid in full on the Effective Date

16 **4. Class(es) of Interest Holders**

17 Interest holders are the parties who hold ownership
18 interest (i.e., equity interest) in the Debtor. If the Debtor
19 is a corporation, entities holding preferred or common stock in
20 the Debtor are interest holders. If the Debtor is a
21 partnership, the interest holders include both general and
22 limited partners. If the Debtor is an individual, the Debtor
23 is the interest holder. Because the Debtors are individuals,
24 the Debtors are the interest holders.

<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
5	The Debtors	No	N/A

1 **D. Means of Effectuating the Plan**

2 **1. Funding for the Plan**

3 On the Effective Date, all administrative claims and
4 general unsecured claims will be paid in full (the "Effective
5 Date Payments"). To make the Effective Date Payments, the
6 Debtors will liquidate Securities held by the LLC, if and as
7 necessary. The value of the Securities, which was \$640,000 as
8 of the petition date, is expected to far exceed the Effective
9 Date Payments. The only other creditors in this case are the
10 creditors holding claims secured by the Real Property.

11 The Debtors are now preparing for the sale of the Real
12 Property. The value of the Real Property is listed on the
13 Debtors' schedules at more than \$30 million, and the debt
14 against the Real Property is approximately \$10.5 million,
15 leaving an equity cushion in the Real Property for the estate
16 of approximately \$20 million. The secured creditors will be
17 paid in full through escrow upon the sale of the Real Property,
18 which shall take place no later than December 31, 2015. If
19 escrow has not closed and the secured creditors have not
20 otherwise been paid in full on or before December 31, 2015, the
21 secured creditors may proceed with foreclosure actions against
22 their collateral to the extent permitted under state law.

23 **2. Disbursing Agent**

24 The Debtors shall act as the disbursing agent for the
25 purpose of making all distributions provided for under the
26 Plan. The Disbursing Agent shall serve without bond and shall
27 receive no compensation for distribution services rendered and
28 expenses incurred pursuant to the Plan.

1 **E. Risk Factors**

2 The following is intended as a non-exclusive summary of
3 certain risks associated with the Plan. Each Creditor is
4 encouraged to supplement this summary with its own analysis and
5 evaluation of the Plan and the Disclosure Statement as a whole.
6 Each Creditor should consult with such persons' advisors.

7 This Plan relies on the successful marketing and sale of
8 the Real Property at a sale price sufficient to pay the secured
9 creditors in full. In the current, uncertain real estate
10 market, there is always the risk that such a sale will not be
11 achieved. The Debtors make no warranty that the results
12 described herein will be achieved or exceeded, although, for
13 the reasons stated herein, the Debtors reasonably believe that
14 this will be the case.

15 **F. Other Provisions of the Plan**

16 **1. Executory Contracts and Unexpired Leases**

17 There are no unexpired leases and executory contracts to
18 be assumed in connection with the Plan.

19 **2. Changes in Rates Subject to Regulatory Commission**
20 **Approval**

21 These Debtors are not subject to governmental regulatory
22 commission approval of its rates.

23 **3. Retention of Jurisdiction.**

24 The Court will retain jurisdiction to the extent provided
25 by law.

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1 **G. Tax Consequences of Plan**

2 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN
3 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN
4 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS.

5 **IV.**

6 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

7 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS
8 PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
9 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The
10 following discussion is intended solely for the purpose of
11 alerting readers about basic confirmation issues, which they
12 may wish to consider, as well as certain deadlines for filing
13 claims. The proponent CANNOT and DOES NOT represent that the
14 discussion contained below is a complete summary of the law on
15 this topic.

16 Many requirements must be met before the Court can confirm
17 a Plan. Some of the requirements include that the Plan must be
18 proposed in good faith, acceptance of the Plan, whether the
19 Plan pays creditors at least as much as creditors would receive
20 in a Chapter 7 liquidation, and whether the Plan is feasible.
21 These requirements are not the only requirements for
22 confirmation.

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

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

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

28

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

2 A creditor or interest holder has a right to vote for or
3 against the Plan if that creditor or interest holder has a
4 claim which is both (1) allowed or allowed for voting purposes
5 and (2) classified in an impaired class.

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

7 As noted above, a creditor or interest holder must first
8 have an allowed claim or interest to have the right to vote.
9 Generally, any proof of claim or interest will be allowed,
10 unless a party in interest brings a motion objecting to the
11 claim. When an objection to a claim or interest is filed, the
12 creditor or interest holder holding the claim or interest
13 cannot vote unless the Court, after notice and hearing, either
14 overrules the objection or allows the claim or interest for
15 voting purposes.

16 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE IS
17 JUNE 30, 2010. A creditor or interest holder may have an
18 allowed claim or interest even if a proof of claim or interest
19 is not timely filed. A claim is deemed allowed if (1) it is
20 scheduled on the Debtors' schedules and such claim is not
21 scheduled as disputed, contingent, or unliquidated, and (2) no
22 party in interest has objected to the claim. An interest is
23 deemed allowed if it is scheduled and no party in interest has
24 objected to the interest.

25 **b. What Is an Impaired Claim/Interest**

26 As noted above, an allowed claim or interest only has the
27 right to vote if it is in a class that is impaired under the
28 Plan. A class is impaired if the Plan alters the legal,

1 equitable, or contractual rights of the members of that class.
2 For example, a class comprised of general unsecured claims is
3 impaired if the Plan fails to pay the members of that class
4 100% of what they are owed.

5 In this case, the Proponent believes that classes 1, 2,
6 and 3 are impaired and that holders of claims in each of these
7 classes are therefore entitled to vote to accept or reject the
8 Plan. The Proponent believes that classes 4 and 5 are
9 unimpaired and that holders of claims in each of these classes
10 therefore do not have the right to vote to accept or reject the
11 Plan. Parties who dispute the Proponent's characterization of
12 their claim or interest as being impaired or unimpaired may
13 file an objection to the Plan contending that the Proponent has
14 incorrectly characterized the class.

15 **3. Who is Not Entitled to Vote**

16 The following four types of claims are not entitled to
17 vote: (1) claims that have been disallowed; (2) claims in
18 unimpaired classes; (3) claims entitled to priority pursuant to
19 Code sections 507(a)(1), (a)(2), and (a)(8); and (4) claims in
20 classes that do not receive or retain any value under the Plan.
21 Claims in unimpaired classes are not entitled to vote because
22 such classes are deemed to have accepted the Plan. Claims
23 entitled to priority pursuant to Code sections 507(a)(1),
24 (a)(2), and (a)(8) are not entitled to vote because such claims
25 are not placed in classes and they are required to receive
26 certain treatment specified by the Code. Claims in classes
27 that do not receive or retain any value under the Plan do not
28 vote because such classes are deemed to have rejected the Plan.

1 EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY
2 STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

3 **4. Who Can Vote in More Than One Class**

4 A creditor whose claim has been allowed in part as a
5 secured claim and in part as an unsecured claim is entitled to
6 accept or reject a Plan in both capacities by casting one
7 ballot for the secured part of the claim and another ballot for
8 the unsecured claim.

9 **5. Votes Necessary to Confirm the Plan**

10 If impaired classes exist, the Court cannot confirm the
11 Plan unless (1) at least one impaired class has accepted the
12 Plan without counting the votes of any insiders within that
13 class, and (2) all impaired classes have voted to accept the
14 Plan, unless the Plan is eligible to be confirmed by "cramdown"
15 on non-accepting classes.

16 **6. Votes Necessary for a Class to Accept the Plan**

17 A class of claims is considered to have accepted the Plan
18 when more than one-half (1/2) in number and at least two-thirds
19 (2/3) in dollar amount of the claims which actually voted,
20 voted in favor of the Plan. A class of interests is considered
21 to have accepted the Plan when at least two-thirds (2/3) in
22 amount of the interest-holders of such class which actually
23 voted, voted to accept the Plan.

24 **7. Treatment of Nonaccepting Classes**

25 As noted above, even if all impaired classes do not accept
26 the proposed Plan, the Court may nonetheless confirm the Plan
27 if the nonaccepting classes are treated in the manner required
28 by the Code. The process by which nonaccepting classes are

1 forced to be bound by the terms of the Plan is commonly
2 referred to as "cramdown." The Code allows the Plan to be
3 "crammed down" on nonaccepting classes of claims or interests
4 if it meets all consensual requirements except the voting
5 requirements of 1129(a)(8) and if the Plan does not
6 "discriminate unfairly" and is "fair and equitable" toward each
7 impaired class that has not voted to accept the Plan as
8 referred to in 11 U.S.C. § 1129(b) and applicable case law.

9 **B. Liquidation Analysis**

10 Another confirmation requirement is the "Best Interest
11 Test", which requires a liquidation analysis. Under the Best
12 Interest Test, if a claimant or interest holder is in an
13 impaired class and that claimant or interest holder does not
14 vote to accept the Plan, then that claimant or interest holder
15 must receive or retain under the Plan property of a value not
16 less than the amount that such holder would receive or retain
17 if the Debtor were liquidated under Chapter 7 of the Bankruptcy
18 Code.

19 In a Chapter 7 case, the Debtor's assets are usually sold
20 by a Chapter 7 trustee. Secured creditors are paid first from
21 the sales proceeds of properties on which the secured creditor
22 has a lien. Administrative claims are paid next. Next,
23 unsecured creditors are paid from any remaining sales proceeds,
24 according to their rights to priority. Unsecured creditors
25 with the same priority share in proportion to the amount of
26 their allowed claim in relationship to the amount of total
27 allowed unsecured claims. Finally, interest holders receive the
28 balance that remains after all creditors are paid, if any.

1 For the Court to be able to confirm this Plan, the Court
2 must find that all creditors and interest holders who do not
3 accept the Plan will receive at least as much under the Plan as
4 such holders would receive under a Chapter 7 liquidation. The
5 Plan Proponent maintains that this requirement is met here
6 because this is a liquidating plan of a surplus estate and all
7 creditors will be paid in full.

8 **C. Feasibility**

9 Another requirement for confirmation involves the
10 feasibility of the Plan, which means that confirmation of the
11 Plan is not likely to be followed by the liquidation, or the
12 need for further financial reorganization, of the Debtor or any
13 successor to the Debtor under the Plan, unless such liquidation
14 or reorganization is proposed in the Plan.

15 There are at least two important aspects of a feasibility
16 analysis. The first aspect considers whether the Debtor will
17 have enough cash on hand on the Effective Date of the Plan to
18 pay all the claims and expenses which are entitled to be paid
19 on such date. The second aspect considers whether the
20 Proponent will have enough cash over the life of the Plan to
21 make the required Plan payments. Because all creditors will be
22 paid in full on the Effective Date, both aspects of the
23 feasibility test are satisfied.

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V.

EFFECT OF CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon the payment in full of the proposed payments under the Plan, the Debtors shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of Plan

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Proponent of the Plan may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, Plan Proponent shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the

1 same entities.

2 **E. Quarterly Fees**

3 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to
4 date of confirmation shall be paid to the United States Trustee
5 on or before the effective date of the plan. Quarterly fees
6 accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall
7 be paid to the United States Trustee in accordance with 28
8 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of
9 an order of dismissal or conversion to chapter 7.

10 **F. Post-Confirmation Conversion/Dismissal**

11 A creditor or party in interest may bring a motion to
12 convert or dismiss the case under § 1112(b), after the Plan is
13 confirmed, if there is a default in performing the Plan. If
14 the Court orders, the case converted to Chapter 7 after the
15 Plan is confirmed, then all property that had been property of
16 the Chapter 11 estate, and that has not been disbursed pursuant
17 to the Plan, will revert in the Chapter 7, estate. The
18 automatic stay will be reimposed upon the revested property,
19 but only to the extent that relief from stay was not previously
20 authorized by the Court during this case.

21 The order confirming the Plan may also be revoked under
22 very limited circumstances. The Court may revoke the order if
23 the order of confirmation was procured by fraud and if the
24 party in interest brings an adversary proceeding to revoke
25 confirmation within 180 days after the entry of the order of
26 confirmation.

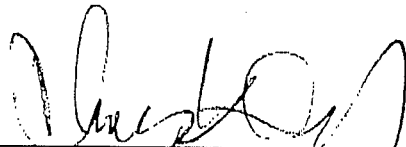
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1 **G. Final Decree**

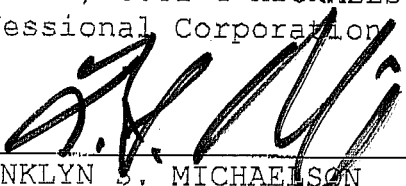
2 Once the estate has been fully administered as referred to
3 in Bankruptcy Rule 3022, the Plan Proponent, or other party as
4 the Court shall designate in the Plan Confirmation Order, shall
5 file a motion with the Court to obtain a final decree to close
6 the case.

7 DATED: June 1, 2010.

8 
9 _____
10 THOMAS K. SCHULTHEIS, Debtor

11 
12 _____
13 TONI L. SCHULTHEIS, Debtor

14 MICHAELSON, SUSI & MICHAELSON
15 A Professional Corporation

16 By: 
17 FRANKLYN S. MICHAELSON
18 Attorneys for Debtors and
19 Debtors-in-Possession
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MICHAELSON, SUSI & MICHAELSON
A Professional Corporation
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Jonathan G. Gura, Bar No. 214240

(SPACE BELOW FOR FILING STAMP ONLY)

Attorneys for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, NORTHERN DIVISION

In re	)	BK No. 9:09-bk-14964-RR
)	
THOMAS K. SCHULTHEIS and	)	Chapter 11
TONI L. SCHULTHEIS,)	
)	
Debtors.	)	DEBTORS' PROPOSED CHAPTER 11
	)	PLAN
	)	<u>Confirmation Hearing</u>
)	
)	Date: To be set
)	Time: To be set
)	Place: 1415 State Street
)	Courtroom 201
)	Santa Barbara, CA
)	

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I.

INTRODUCTION

Thomas K. Schultheis and Toni L. Schultheis (the "Debtors or the "Proponents") are the debtors in a Chapter 11 bankruptcy case. On November 25, 2009, the Debtors commenced a bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code ("Bankruptcy Code"), 11 U.S.C. § 101 et seq. This document is the Chapter 11 Plan ("Plan") proposed by the Debtors. Sent to you along with this document is the Disclosure Statement which has been approved by the Court, and which is provided to help you understand the Plan.

This is a staged liquidating plan. The Proponents will accomplish payments under the Plan by using the proceeds from the sale of its real property. The Effective Date shall mean the sixtieth day after the court enters an order confirming the Plan, unless such sixtieth day is a Saturday, Sunday or Court holiday, in which case the Effective Date shall be the next day that is not a Saturday, Sunday or Court holiday.

The Plan uses some capitalized terms which are defined in the Disclosure Statement and you should refer there for the meaning of the term.

II.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Overview

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each class of claims or

1 interests is impaired or unimpaired. The Plan provides the
2 treatment each class will receive under the Plan.

3 **B. Unclassified Claims**

4 Certain types of claims are not placed into voting
5 classes; instead they are unclassified. They are not
6 considered impaired and they do not vote on the Plan because
7 they are automatically entitled to specific treatment provided
8 for them in the Bankruptcy Code. As such, the Proponents have
9 not placed the following claims in a class. The treatment of
10 these claims is provided below.

11 **1. Administrative Expenses**

12 Administrative expenses are claims for costs or expenses
13 of administering the Debtor's Chapter 11 case which are allowed
14 under Code Section 507(a)(1). The Code requires that all
15 administrative claims be paid on the Effective Date of the
16 Plan, unless a particular claimant agrees to a different
17 treatment.

18 The following chart lists all of the Debtor's § 507(a)(1)
19 administrative claims and their treatment under this Plan.

20

<u>Name</u>	<u>Amt Owed</u>	<u>Treatment</u>
21 Michaelson Susi & Michaelson, 22 Bankruptcy Counsel	**	Paid on the later of the Effective Date or Bankruptcy Court Approval or per agreement
23 Jenkins, Mulligan & Gabriel, 24 Special Litigation Counsel	**	Paid on the later of the Effective Date or Bankruptcy Court Approval or per agreement
25 James W. Hammock, Real Estate 26 Appraiser	**	Paid on the later of the Effective Date or Bankruptcy Court Approval or per agreement
27 Clerk's Office Fees	Less than \$500	Paid on the Effective Date

28 ** No present estimate of fees owing at the conclusion of this case. Accurate estimates (and any other updated information) will be stated, with notice to all interested parties, prior to

1 a hearing on the adequacy of a final proposed disclosure statement preceding voting on the
Plan.

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Court Approval of Professional Fees Required:

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The Court must approve all professional fees. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under this Plan.

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2. Priority Tax Claims

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Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires that each holder of such a 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period not exceeding six years from the date of the assessment of such tax.

18

C. Classified Claims and Interests

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1. Classes of Secured Claims

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Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan:

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<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
1	Name: American Home Mortgage Servicing Inc. Collateral: the House Collateral Value: \$25,000,000 Priority of Security Interest: First Principal owed: \$9,450,000 Pre-Petition arrearage amount: Disputed Post-Petition arrearage amount: Disputed Total claim amount: Disputed	Yes	Paid in full through escrow upon the sale of the House, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law, pending the outcome of any claim objection or claim as to proof of debt ownership.
2	Name: Angelo Pulos Collateral: the Lot Collateral Value: \$8,000,000 Priority of Security Interest: Second Principal owed: \$1,000,000 Pre-Petition arrearage amount: \$0 Post-Petition arrearage amount: \$0 Total claim amount: \$1,000,000	Yes	Paid in full through escrow upon the sale of the Lot, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law, except may not require debt to be paid if payments are kept current.
3	Name: Santa Barbara County Tax Collector Collateral: the Lot Collateral Value: \$8,000,000 Priority of Security Interest: First Principal owed: \$54,239.58 Pre-Petition arrearage amount: \$54,239.58 Post-Petition arrearage amount: \$0 Total claim amount: \$54,239.58	Yes	Paid in full through escrow upon the sale of the House/Lot, which shall take place no later than December 31, 2015. If escrow has not closed and the secured creditor has not otherwise been paid in full on or before December 31, 2015, the secured creditor may proceed with a foreclosure action against the collateral to the extent permitted under state law.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each

1 holder of such a claim receive cash on the Effective Date equal
2 to the allowed amount of such claim. However, a class of
3 unsecured priority claim holders may vote to accept deferred
4 cash payments of a value, as of the Effective Date, equal to
5 the allowed amount of such claims.

6 There are no unsecured priority claims in this case.

7 **3. Class of General Unsecured Claims**

8 General unsecured claims are unsecured claims not entitled
9 to priority under Code Section 507(a). The following chart
10 identifies this Plan's treatment of the class containing all of
11 Debtor's general unsecured claims:
12

<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
4	Wells Fargo Bank; claim for \$598.36	No	Paid in full on the Effective Date

16 **4. Class(es) of Interest Holders**

17 Interest holders are the parties who hold ownership
18 interest (i.e., equity interest) in the Debtor. If the Debtor
19 is a corporation, entities holding preferred or common stock in
20 the Debtor are interest holders. If the Debtor is a
21 partnership, the interest holders include both general and
22 limited partners. If the Debtor is an individual, the Debtor
23 is the interest holder. Because the Debtors are individuals,
24 the Debtors are the interest holders.

<u>Class #</u>	<u>Description</u>	<u>Impaired</u>	<u>Treatment</u>
5	The Debtors	No	N/A

1 **D. Means of Performing the Plan**

2 **1. Funding for the Plan**

3 On the Effective Date, all administrative claims and
4 general unsecured claims will be paid in full (the "Effective
5 Date Payments") unless agreed otherwise. To make the Effective
6 Date Payments, the Debtors will liquidate securities held by
7 the LLC, or otherwise acquire cash, as necessary. The value of
8 the securities, which was \$640,000 as of the petition date, is
9 expected to far exceed the Effective Date Payments. The only
10 other creditors in this case are the creditors holding claims
11 secured by the Real Property with the exception of the one
12 nonpriority unsecured creditor.

13 The Debtors are now preparing for the sale of the Real
14 Property. The value of the Real Property is listed on the
15 Debtors' schedules at more than \$30 million, and the debt
16 against the Real Property is approximately \$10.5 million,
17 leaving an equity cushion in the Real Property for the estate
18 of approximately \$20 million. The secured creditors will be
19 paid in full through escrow upon the sale of the Real Property,
20 which shall take place no later than December 31, 2015. If
21 escrow has not closed and the secured creditors have not
22 otherwise been paid in full on or before December 31, 2015, the
23 secured creditors may proceed with foreclosure actions against
24 their collateral to the extent permitted under state law.

25 **2. Disbursing Agent**

26 The Debtors shall act as the disbursing agent for the
27 purpose of making all distributions provided for under the
28 Plan. The Disbursing Agent shall serve without bond and shall

1 receive no compensation for distribution services rendered and
2 expenses incurred pursuant to the Plan.

3 **III.**

4 **TREATMENT OF MISCELLANEOUS ITEMS**

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

6 There are no executor contracts or unexpired leases in
7 this case.

8 **B. Changes in Rates Subject to Regulatory Commission Approval**

9 These Debtors are not subject to governmental regulatory
10 commission approval of its rates.

11 **C. Retention of Jurisdiction.**

12 The Court will retain jurisdiction to the extent provided
13 by law.

14 **IV.**

15 **EFFECT OF CONFIRMATION OF PLAN**

16 **A. Discharge**

17 This Plan provides that upon the payment in full of the
18 proposed payments under the Plan, the Debtors shall be
19 discharged of liability for payment of debts incurred before
20 confirmation of the Plan, to the extent specified in 11 U.S.C.S
21 1141. However, the discharge will not discharge any liability
22 imposed by the Plan.

23 **B. Revesting of Property in the Debtor**

24 Except as provided in the Plan, the confirmation of the
25 Plan revests all of the property of the estate in the Debtor.

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1 **C. Modification of Plan**

2 The Proponent of the Plan may modify the Plan at any time
3 before confirmation. However, the Court may require a new
4 disclosure statement and/or revoting on the Plan.

5 The Proponent of the Plan may also seek to modify the Plan
6 at any time after confirmation only if (1) the Plan has not
7 been substantially consummated and (2) the Court authorizes the
8 proposed modifications after notice and a hearing.

9 **D. Post-Confirmation Status Report**

10 Within 120 days of the entry of the order confirming the
11 Plan, Plan Proponent shall file a status report with the Court
12 explaining what progress has been made toward consummation of
13 the confirmed Plan. The status report shall be served on the
14 United States Trustee, the twenty largest unsecured creditors,
15 and those parties who have requested special notice. Further
16 status reports shall be filed every 120 days and served on the
17 same entities.

18 **E. Quarterly Fees**

19 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to
20 date of confirmation shall be paid to the United States Trustee
21 on or before the effective date of the plan. Quarterly fees
22 accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall
23 be paid to the United States Trustee in accordance with 28
24 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of
25 an order of dismissal or conversion to chapter 7.

26 **F. Post-Confirmation Conversion/Dismissal**

27 A creditor or party in interest may bring a motion to
28 convert or dismiss the case under § 1112(b), after the Plan is

1 confirmed, if there is a default in performing the Plan. If
2 the Court orders the case converted to Chapter 7 after the Plan
3 is confirmed, then all property that had been property of the
4 Chapter 11 estate, and that has not been disbursed pursuant to
5 the Plan, will revert in the Chapter 7 estate, and the
6 automatic stay will be reimposed upon the revested property
7 only to the extent that relief from stay was not previously
8 granted by the Court during this case.

9 **G. Final Decree**

10 Once the estate has been fully administered as referred to
11 in Bankruptcy Rule 3022, the Plan Proponent, or other party as
12 the Court shall designate in the Plan Confirmation Order, shall
13 file a motion with the Court to obtain a final decree to close
14 the case.

15 DATED: June 1, 2010.

16
17 By _____
THOMAS K. SCHULTHEIS, Debtor

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19 By _____
TONI L. SCHULTHEIS, Debtor

20
21 MICHAELSON, SUSI & MICHAELSON,
22 A Professional Corporation,

23 By _____
24 FRANKLYN MICHAELSON, Attorneys for
25 Debtors and Debtors-in-Possession
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In re: THOMAS K. SCHULTHEIS AND TONI L. SCHULTHEIS, Debtor(s).	CHAPTER 11 CASE NUMBER 9:09-BK-14964-RR
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 7 West Figueroa Street, Second Floor, Santa Barbara, California 93101.

The foregoing document described INITIAL DISCLOSURE STATEMENT DESCRIBING PROPOSED CHAPTER 11 PLAN will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On June 1, 2010, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):

On June 1, 2010, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on June 1, 2010, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

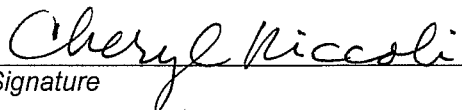
Via Personal Delivery
The Honorable Robin Riblet
U.S. Bankruptcy Court
1415 State Street
Santa Barbara, CA 93101

Service information continued on attached page

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

June 1, 2010
Date

Cheryl Niccoli
Type Name


Signature

SERVICE LIST

Thomas K. Schultheis & Toni L. Schultheis
Chapter 11 Case No.: 9:09-bk-14964-RR

SERVED ELECTRONICALLY	SERVED BY U.S. MAIL
<p>Brian D Fittipaldi brian.fittipaldi@usdoj.gov</p> <p>Jonathan Gura jon@msmlaw.com, cheryl@msmlaw.com</p> <p>Franklyn S Michaelson kim@msmlaw.com</p> <p>United States Trustee (ND) ustpreion16.nd.ecf@usdoj.gov</p>	<p><u>Request for Special Notice</u></p> <p>American Home Mortgage Servicing, Inc. 1525 S. Beltline Road, Suite 100N Coppell, Texas 75019</p> <p><u>Manual Notice List (CM/ECF)</u></p> <p>LaSalle Bank as Trust for Zuni Mortgage Loan c/o Lawrence J Buckley P.O. Box 82909 Dallas, TX 82909</p>