

**Exhibit United States Bankruptcy Court  
Southern District of Alabama**

In re **Calvin Gill Construction Services, LLC**

Debtor(s)

Case No. **17-04724**

Chapter **11**

Small Business Case under Chapter 11

**CALVIN GILL CONSTRUCTION SERVICES, LLC'S DISCLOSURE  
STATEMENT DATED**

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## I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of **Calvin Gill Construction Services, LLC** (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the **Calvin Gill Construction Services, LLC Plan** (the "Plan") filed by **Calvin Gill Construction Services, LLC** on June 4, 2018. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in this Disclosure Statement. General unsecured creditors are classified in Class3b, and will receive a distribution of 100% of their allowed claims, to be distributed as follows.

General unsecured creditors will receive monthly interest-only payments equal to 5% of their claims. They will be paid a balloon payment equal to 100% of their claims on or before the 60<sup>th</sup> month following the effective date of the plan. General unsecured creditors who decide to be treated in the convenience class designated as class III a will receive a one time payment equal to \$1000 as payment in full of their unsecured claim on the 30<sup>th</sup> day following the effective date.

### A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

### B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to [Finally Approve This Disclosure Statement and] Confirm the Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on date to be determined at in Courtroom of U.S. Bankruptcy Judge Jerry C. Oldshue at the **US Bankruptcy Court, Southern District of Alabama, 201 St Louis Street, Mobile, AL 36602. The date will be scheduled by the Court.**

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot or statement of acceptance or rejection of plan by email to : [ryanlegalservices@gmail.com](mailto:ryanlegalservices@gmail.com).

Kevin M Ryan  
Ryan Legal Services, Inc.  
P.O. Box 2161  
209 N. Joachim Street  
Mobile, AL 36652  
251-431-6012  
Fax : 877-499-5130

See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by JULY 15, 2018 or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor counsel, and the US Trustee at the following locations, by JULY 15, 2018.

Debtor Counsel

Kevin M Ryan  
Ryan Legal Services, Inc.  
P.O. Box 2161  
209 N. Joachim Street  
Mobile, AL 36652  
251-431-6012  
Fax : 877-499-5130

EMAIL: [ryanlegalservices@gmail.com](mailto:ryanlegalservices@gmail.com)

US Trustee

**Mark Zimlich**  
U.S. Bankruptcy Administrator  
113 St. Joseph Street, Box 16  
Mobile, AL 36602  
251-441-5436  
Email: [mark\\_zimlich@alsba.uscourts.gov](mailto:mark_zimlich@alsba.uscourts.gov)

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact  
Calvin Gil Sr., 1721 Jarrell Drive  
Mobile, AL 36612-2114

Or

Kevin M Ryan  
Ryan Legal Services, Inc.  
P.O. Box 2161  
209 N. Joachim Street  
Mobile, AL 36652  
251-431-6012  
Fax : 877-499-5130

### C. Disclaimer

*The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. [The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until JULY 15, 2018.*

## II. BACKGROUND

### A. Description and History of the Debtor's Business

The Debtor is a **Limited Liability Company**. Since March 24, 2016, the Debtor has been in the business of purchase rehabilitation and development of single-family homes.

### B. Insiders of the Debtor

Calvin Gil, Sr., Manager and sole member is an insider as defined in §101(31) of the United States Bankruptcy Code (the "Code") Calvin Gil Sr., received \$0 in compensation paid by the Debtor during the two years prior to the commencement of the Debtor's bankruptcy case, and no compensation paid during the pendency of this chapter 11 case.]

### C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the manager in control of the Debtor was Calvin Gil Sr.

The Manager of the Debtor during the Debtor's chapter 11 case has been Calvin Gil Sr:

After the effective date of the order confirming the Plan, the sole managing member of the Debtor, under the Plan the "Post Confirmation Manager"), will be: Calvin Gil Sr the responsibilities and compensation of the Post Confirmation Manager is described in section \_\_ of this Disclosure Statement.

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### D. Events Leading to Chapter 11 Filing

The debtor acquired the property on September 29, 2016 for \$250,000. The debtor made a down payment of \$50,000 and received a \$200,000 first mortgage loan from SW Partners.

Between November 1, 2016 and July 14, 2017, the debtor made eight mortgage payments to ASW along with eight escrow payments for taxes and one insurance payment. The total dollar amount of the payments made in that time. Equal \$83,355.62.

In addition to the initial \$200,000 mortgage the ASW loan was structured to provide for construction funding for the debtor to remodel three of the existing homes at the property.

The debtor was accustomed to construction loan funding's that would occur twice monthly and SW partners had agreed to a funding schedule that would allow the debtor to draw construction funds twice a month.

When the debtor sought its bimonthly construction draws SW Partners refused to allow the debtor to draw funds down on a twice monthly basis and slowed the construction loan draws down so that at the most the debtor was able to draw on a ONCE-monthly basis which resulted in a drastic slow-down in the ability of the debtor to rehabilitate the homes on a timely schedule.

The debtor attempted to resolve the situation by Meeting with SW Partners and emailing SW Partners an overview of the problems that SW partners was creating with the construction loan draws and how those problems were impacting the debtor's ability to timely proceed with the rehabilitation of the properties.

Because of the slow construction draw process the debtors managing member, Calvin Gil Sr., covered various costs of construction out of his own pocket while continuing to submit construction loan draw requests that were left unfunded by SW Partners.

A major problem that was created by SW partners not conforming with the bi monthly construction draw schedule and the corresponding slow-down in the going forward construction was an accumulation of interest accruing on the mortgage and the eventual inability of the debtor to pay the monthly mortgage payments because the schedule to complete and rehabilitate the homes was not met and the corresponding revenue resulting from the homes being completed and rented to tenants was not being generated.

The combination of slow construction draw funding, and the accruing interest that depleted the interest reserves that were part of the SW Partners loan, resulted in the homes not being completed, the homes not being rented, and the debtor being unable to service the mortgage debt.

In addition, because of the lack of progress on the construction and the fact that the expected timeframe for the homes to be completed went unmet, potential buyers and renters who had expressed strong interest in renting and or acquiring homes at the subject property soon lost interest as they saw no progress in the completion of the homes and took their business elsewhere.

In the first 10 days of August 2017 the debtor attempted to renegotiate the terms of its mortgage with SW Partners so that SW Partners would increase the loan amount to enable the debtor to complete the rehabilitation. The debtor also sought monies to both reimburse the debtor for costs incurred by the debtor as a direct result of the slow construction draw process, as well as costs incurred through an unforeseen requirement by Alabama power to run underground power to the houses.

On August 10, 2017 the debtor received a foreclosure notice from SW Partners.

The debtor thereafter attempted to reach an agreement whereby SW Partners would not proceed with foreclosure and would abide by the original construction draw schedule and increase the construction loan amount in recognition of the costs that had been incurred by the slow construction process caused by SW Partners refusal to make bimonthly draws.

Those efforts were unsuccessful. As a result, unable to come to an agreement with SW Partners the debtor filed for protection under the Chapter 11 of the federal bankruptcy code on December 16, 2017

**E. Significant Events During the Bankruptcy Case**

Describe significant events during the Debtor's bankruptcy case:

On March 19, 2018, an order of referral to mediation through US bankruptcy Administrators office was signed by the court, for mediation between the debtor and Precious Estates, LLC the debtor and precious estates LLC were unable to come to a mediated settlement P.

Describe any asset sales outside the ordinary course of business, debtor in possession financing, or cash collateral orders. **NONE**

Identify the professionals approved by the court.

**On January 30, 2018 and Order Approving Application to Employ Debtor's Counsel was signed**

Describe any adversary proceedings that have been filed or other significant litigation that has occurred (including contested claim disallowance proceedings), and any other significant legal or administrative proceedings that are pending or have been pending during the case in a forum other than the Court.

**Case # CV-2017-000202.00. The litigation is for breach of contract, conspiring to foreclose on a real estate development, conspiring to force Calvin Gill construction services, LLC out of business, and for punitive damages and mental anguish**

**Plaintiff**

**Calvin Gil Senior, Calvin Gill construction services, LLC, , versus**

**Defendants**

**Bridge capital group, LLC Norman Weinstein, Robert J Schmier, SW partners LLC, registered agent: as W partners LLC, stateside capital group, Inc., Norman Weinstein, Shelley Rindner, Schmier & Fuerring Properties, Inc., Robert J Schmeier,**

Describe any steps taken to improve operations and profitability of the Debtor. Since the commencement of the Chapter 11, the debtor has made substantial improvements to the property and made great progress toward marketing the property. To that end the debtor has completed the model home that will serve as the marketing office for the rental of the existing homes on the property and for the sale of the future homes to be developed. The debtor invested \$3750 to complete the porch on the model home, \$5572 to complete the drywall finishing, and wall texturing \$3750 to paint the interior of the model home and \$4250 to purchase and install the electrical fixtures in the model home.

In addition to the above referenced expenditures Calvin Gil Sr., at no cost to the debtor, provided the work crews and the heavy equipment to clear the trees and thick underbrush from 40 lots on the property, as well as to demolish and remove a condemned single-family home on the property. In addition, Calvin Gil Sr., and his work crews removed all

of the trees and underbrush cleared from the 40 lots, upgraded the landscaping, mowed all of the lawns on the property and provided new signage for the advertising of the homes currently for rent and for the homes in the future to be built and sold on the property.

As it relates to the 40 lots on the properties whose trees and thick underbrush have been cleared by Calvin Gil Sr., those lots are now buildable lots and available to be sold to developers or for the debtor to build for- sale single family homes.

Attached hereto as “Exhibit H” and incorporated herein by reference are photographs of the improvements that have been made to the property as well as the clearing of the trees and the underbrush, demolition of the single-family home, upgrading of the landscaping and lawn mowing, and general work in progress referenced above. CV-2017-000202.00.

Describe other events as appropriate.]

On December 27, 2017 a Motion for Relief from Stay was Filed by David A. Boyett III on behalf of Precious Estates, LLC.

This disclosure statement and the attached plan are part of substantial opposition to the motion for relief from stay

On December 28, 2017 a Motion to Prohibit Use of Cash Collateral was Filed by David A. Boyett III on behalf of Precious Estates, LLC

On March 19, 2018 an Order of Referral to Mediation through U.S. Bankruptcy Administrators Office was signed with the mediation to be completed by 5/18/2018.

The debtor determined on May 9, 2018 that the mediation did not result in an acceptable resolution between the debtor and precious Estates, LLC at which time the debtor commenced the formulation of this disclosure statement and the accompanying plan.

#### **F. Projected Recovery of Avoidable Transfers**

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

#### **G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

#### **H. Current and Historical Financial Conditions**

The identity and fair market value of the estate's assets are listed in Exhibit B. In accordance with the August 22, 2016 appraisal of the debtor's property, by the Dinkins Appraisal Group, the debtor believes that the fair market value of the estate's assets are approximately \$911,000 as-is.

The Debtor's most recent financial statements [if any] issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit D.++ [A summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.++

### III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

#### A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

#### B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

##### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	N/A	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	N/A	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	<b>\$9,642.00 per interim application of Debtor's Attorney</b>	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	<b>\$750</b>	Paid in full on the effective date of the Plan
Other administrative expenses	<b>\$1,000</b>	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	<b>\$1,000</b>	Paid in full on the effective date of the Plan
<b>TOTAL</b>	<b>\$12,392.00</b>	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The debtor has no § 507(a)(8) priority tax claims

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
	0		= = = = = =\$
			= = = = = =\$

C. *Classes of Claims and Equity Interests*

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will [be classified as a general unsecured claim].

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

<u>Class #</u>	<u>Description</u>	<u>Insider? (Yes or No)</u>	<u>Impairment</u>	<u>Treatment</u>

Class #	Description	Insider? (Yes or No)	Impairment	Treatment
1	<p><i>Secure claim of:</i> Precious Estates, LLC =</p> <p>Collateral Description = <b>a first mortgage lien on the property that makes up precious Estates, 62 single family homes and 51 lots located in Prichard Alabama.</b></p> <p>Allowed Secured Amount = <b><u>\$360,000</u></b> the amount of this claim is disputed</p> <p>Priority of lien = <b>1st</b></p> <p>Principal owed = \$360,000</p> <p>Pre-pet. arrearage = (included in \$360,000)</p> <p>Total claim = \$360,000</p>		impaired	<p>Monthly payment = <b>\$3,600 and reduces as principal reduction payments are made</b></p> <p>Pmts Begin 8/15/18</p> <p>Pmts End On or before 8/14/23</p> <p>Principal Reduction pmts <b>Vary throughout the term of the plan, see comments section below</b></p> <p>Interest rate % = <b>12% interest</b></p> <p>Treatment of Lien only = Lien is retained and in full force and effect.</p> <p>Additional payment required to cure defaults = <b>0</b></p>

Comments:

Class 1 consists of the Allowed Claim of Precious Estates, LLC or the holder of the Precious Estates, LLC Note. The Class 1 Claimant shall be treated as follows under the Plan.

Class 1 is impaired under the Plan. Within five (5) business days after the Confirmation Date Precious Estates, LLC and the Reorganized Debtor shall execute the Precious Estates, LLC Restructured Note and the Amended Precious Estates, LLC Security Documents which shall amend the Precious Estates, LLC Note and the Precious Estates, LLC Security Documents, respectively, to implement and reflect the terms of the Plan.

The Precious Estates, LLC Restructured Note. The Precious Estates, LLC

Restructured Note and Amended Precious Estates, LLC Security Documents shall be in the same form as the Precious Estates, LLC Note and Precious Estates, LLC Security Documents. In the event there is any provision of the Precious Estates, LLC Restructured Note which is inconsistent with the terms of the Plan, the terms of the Plan shall control.

The Amended Precious Estates, LLC Security Documents shall secure a lien on the Precious Estates, LLC Note Collateral with the same priority and validity that existed prior to the Debtor's alleged pre-petition default(s). The Amended Precious Estates, LLC Security Documents shall secure repayment of the Precious Estates, LLC Restructured Note. Any event of default that may have existed pre-petition with respect to the Precious Estates, LLC Note and/or the Precious Estates, LLC Security Documents shall be deemed cured and any notice of default which may have been recorded pre or post-petition with respect to the Precious Estates, LLC Note and the Precious Estates, LLC Security Documents shall be deemed null and void and of no further force or effect, and Precious Estates, LLC or the holder of the Precious Estates, LLC Note shall execute any documents or instruments necessary to reflect the same, including the execution and recordation of a release of notice of default.

Payments on the Precious Estates, LLC Restructured Note shall be made in monthly installments of interest only calculated a fixed interest rate of twelve percent (12%) for the full 60 months of the plan. The 12% interest rate is the current contract interest rate on the Precious Estates, LLC Note. Interest shall begin to accrue on the Precious Estates, LLC Restructured Note as of the Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day of the first (1st) full month following the Effective Date and shall be in an amount equal to a percentage of a full monthly installment payment derived from the number of days remaining in the month in which the Effective Date occurs (the numerator) divided by the number of days in the month in which the Effective Date occurs (the denominator). Thereafter, payments shall be due on the fifteenth (15th) day of each and every month. On or before the sixtieth (60th) month after the Effective Date at the entire outstanding balance of the Precious Estates, LLC Restructured Note shall be all due and payable.

The class one claimant's claim may partially paid down or fully paid off prior to the 60<sup>th</sup> month after the effective date of the plan. The Precious Estates, LLC Restructured Note shall have release provisions that will partially release the class one claimant's claim mortgage on each individual lot in exchange for payment of \$4,000 per lot.

The debtor has attached as exhibit G1 and G2 financial projections which contemplate construction financing initially of \$16,000 to rehab for homes and make them available as rentals. The initial \$16,000 will be funded through money that is in the debtor in possession account on the effective date and will result in the four homes being ready for occupancy within 60 days of the effective date at which time the gross income from rentals will increase from the current \$3019 per month to a projected \$4619 per month.

Exhibits G1 and G2 also contemplate construction financing to rehab phases of five homes which will be marketed as for-sale single family homes. Each five-phase rehab construction loan is projected to require \$395,000 for five homes equaling \$79,000 per home. The \$79,000 per home budget includes a \$4,000 release payment made to Precious Estates LLC, who in turn will release their mortgage lien on each lot that they are paid \$4,000 on so that the construction lender will have a first mortgage on each lot where a home is being rehabbed.

Exhibit G1 contemplates the first five home rehab commencing in March 2019, with the sales as a result of that five-home rehab taking place in September and October 2019, with an average sale price of \$120,000 per home, and a cost of sales of 5% of the sales price. Assuming the sale of five homes in September and October 2019 the debtor projects that a principal reduction payment will be made to precious estates LLC in an amount of \$20,000 in March 2019 for the release of five lots, and principal reduction payments in an estimated amount of \$50,000 in September 2019 and \$75,000 in October 2019, as a result of the sales proceeds from the five homes.

Exhibit G1 then projects a \$395,000 rehab construction loan in March 2020 for five homes, a release price paid to Precious Estates, LLC of \$20,000 in March 2020, and sales of five homes in September and

October 2020 , with final principle reduction payments of \$95,000 paid to Precious Estates LLC in September 2020 and \$100,000 in October 2020 as payment in full of their remaining loan balance.

Exhibit G-2 is a more conservative projection that contemplates the first five home rehab commencing in March 2020, with the sales as a result of that five-home rehab taking place in September and October 2020, with an average sales price of \$120,000 per home and a cost of sales of 5% of the sales price. Under the Exhibit G-2 more conservative projection with the sale of five homes in September and October 2020 the debtor projects that a principal reduction payment will be made to Precious Estates LLC in an amount of \$20,000 in March 2020 for the release of five lots and principal reduction payments in an estimated amount of \$50,000 in September 2020 and \$75,000 in October 2020 as a result of the sales proceeds from the five homes.

Exhibit G2 then projects a \$395,000 rehab construction loan in March 2021 for 5 homes, a release price paid to precious estates LLC of \$20,000 in March 2021, and sales of five homes in September and October 2021 with final principle reduction payments of \$95,000 paid to precious estates LLC in September 2021 and \$100,000 in October 2021 as payment in full of their remaining loan balance.

Principal reduction payments made to precious Estates, LLC under the plan may vary significantly from the payments outlined in exhibits G1 and G2 and any variance of principal reduction payments will not be an event of default under the plan as the Precious Estates LLC note is all due and payable on or before the 60<sup>th</sup> month following the Effective Date

Upon payment in full of the Precious Estates, LLC Restructured Note, the lien evidenced by the Amended Precious Estates, LLC Security Documents shall be deemed satisfied and shall be deemed canceled. In the event that the Reorganized Debtor defaults in its obligation to pay each payment due and payable under the Precious Estates, LLC Restructured Note and the Amended Precious Estates, LLC Security Documents, the holder of the Precious Estates, LLC Restructured Note shall be entitled accelerate the entire unpaid indebtedness and/or exercise such other remedies as provided under the guarantee, the Precious Estates, LLC Restructured Note and the Amended

Precious Estates, LLC Security Documents or under applicable Alabama law. The Reorganized Debtor shall be entitled to cure and reinstate any such default under applicable Alabama law.

Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the Class 1 claim to seek recovery on its claim as against any party other than the Reorganized Debtor.

## 2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

**Not Applicable: The debtor has no classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code**

## 3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. [Insert description of §1122(b) convenience class if applicable.]

The following chart identifies the Plan's proposed treatment of Class[es] \_\_ through \_\_, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
<b>3a</b>	<b>[1122(b) Convenience Class]</b> At the time of writing of the disclosure statement the number of creditors accepting their payment as a member of Class 3a is unknown	Creditors in this class are impaired	Creditors in this class may choose to reduce the amount of their claim to \$1000 and to accept a one-time cash payment of \$1,000 for their claim as payment in full 30 days after the effective date
<b>3b</b>	General Unsecured Class creditors' claims in the general unsecured class 3b total \$11,500	Creditors in this class are impaired	Monthly payment = \$63 Pmts Begin = 8/15/18 Pmts End = 8/14/23 [Balloon pmt] = \$15,000 Interest rate % = 5% From 8/15/18 – 8/14/23 Estimated percent of claim paid = 100%

#### 4. *Class[es] of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class[es] of equity interest holders: [There may be more than one class of equity interests in, for example, a partnership case, or a case where the prepetition debtor had issued multiple classes of stock.]

Class #	Description	Impairment	Treatment
4	Equity interest holders Calvin Gil Sr.	unimpaired]	The Debtor's principal, Calvin Gil Sr., will retain his interest in the Debtor

#### **D. Means of Implementing the Plan**

##### 1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

**Private Construction Financing and new value contributions by Calvin Gil Sr.**

[Describe the source of funds for payments under the Plan.]

##### 2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
<b>Calvin Gil Sr.</b>		<b>Yes</b>	<b>Manager, Sole Member</b>	5% of net sales price on sale of rehab homes

#### **E. Risk Factors**

The proposed Plan has the following risks:

**Because of the numerous risks and inherent uncertainties that may affect the operations of the Reorganized Debtor, the actual results of the Reorganized Debtor may be different from those projected, and such differences may be material and may adversely affect the Reorganized Debtor and its operations. The proposed Plan has the following risks which could adversely impact the Debtor's ability to make Plan payments: (1) There is a possibility of default, i.e., possibility of inability to pay Plan payments, (2) The financial projections provided by the Debtor may not be realized, (3) The business environment and real estate sale market may decline from its present level, (4) Competition with the Debtor in the real estate market may increase, (5) The legal environment in terms of laws and regulations could change and have a negative impact upon the Debtor, (6) The Reorganized Debtor could be sued and the costs and expenses of litigation could impact the Debtor's financial circumstances.**

## **F. Executory Contracts and Unexpired Leases**

The Plan, in Exhibit 5.1, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

**The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract has not yet been determined Is ++\_\_.** Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.]

## **G. Tax Consequences of Plan**

***Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/or Advisors.***

The following are the anticipated tax consequences of the Plan:

The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtors.

The Debtors CANNOT and DO NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action on Debtors' tax liability. The following are the tax consequences which the Plan will have on the Debtors' tax liability:

DUE TO THE UNSETTLED AND COMPLEX NATURE OF SOME OF THE TAX ISSUES, AS WELL AS THE POSSIBILITY THAT DEVELOPMENTS SUBSEQUENT TO THE DATE HEREOF COULD AFFECT THE TAX CONSEQUENCES OF THE PLAN, THE FOLLOWING DISCUSSION SHOULD NOT BE REGARDED AS DEFINITIVE OR AS COVERING ALL POSSIBLE TAX CONSEQUENCES. ADDITIONALLY, THIS SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR CREDITOR OR HOLDER OF AN EQUITY INTEREST IN LIGHT OF ITS INDIVIDUAL CIRCUMSTANCES OR TO CERTAIN CREDITORS AND HOLDERS OF EQUITY INTERESTS SUBJECT TO SPECIAL TREATMENT UNDER THE FEDERAL INCOME TAX LAWS (FOR EXAMPLE, LIFE INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS, FOREIGN CORPORATIONS AND INDIVIDUALS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES).

THIS SUMMARY DOES NOT DISCUSS ANY ASPECT OF STATE, LOCAL OR

FOREIGN TAXATION. HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE, LOCAL, AND FOREIGN) TO THEM OF THE PLAN.

This summary is based upon the laws, regulations, rulings, and decisions in effect on the date hereof and upon certain proposed and temporary regulations, all of which are subject to

change (possibly with retroactive effect) by legislation, administrative action or judicial decision.

Moreover, due to a lack of definitive judicial or administrative authority and interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. No rulings have been or are expected to be requested from the IRS or any state tax agency concerning any of the tax matters described herein. There can be no assurance that the IRS or any state tax agency will not challenge the positions taken by the Debtors with respect to any of the issues addressed herein or that a court of competent jurisdiction would not sustain such a challenge.

The amount of tax liabilities, if any, will be affected by any deductions the Debtors will be entitled to during the year. Thus, at this time, the Debtors cannot estimate the amount of tax liabilities that will be incurred.

#### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

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

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1 and 2 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that class 3 is unimpaired and that the holder of the claim in this class, therefore, does not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case has not been set as of the date of this Disclosure Statement***

***[If applicable - The deadline for filing objections to claims is ( N/A)***

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

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

The holders of the following five types of claims and equity interests are *not* entitled to vote:

holders of claims and equity interests that have been disallowed by an order of the Court;

holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

holders of claims or equity interests in unimpaired classes;

holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

holders of claims or equity interests in classes that do not receive or retain any value under the Plan;

administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].***

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

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

## **B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2.].

### *1. Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

### *2. Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

## **C. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

## **D. Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

### *1. Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

### *2. Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$++\_\_\_. The final Plan payment is expected to be paid on or before August 14, 2022.

[Summarize the numerical projections, and highlight any assumptions that are not in accord with past experience. Explain why such assumptions should now be made.]

The debtor presently has 8 of the 62 single family homes rented generating a monthly gross revenue of \$3,019 per month. The debtor's financial projections assume an effective date of August 15, 2018. There are four single family homes that require approximately \$1,500 per home to make them habitable. The debtor projects that there will be approximately \$15,000 in the debtor in possession account on the effective date out of which the debtor intends to utilize \$6,000 to repair the four homes and then rent each home for \$400 per month which will add \$1,600 to the monthly gross income for a total of \$4,619 per month in monthly gross income as a result of the 12 houses being rented. The debtor projects it will take approximately 60 days to rehab the four homes and that the four homes will be rented on or before October 15, 2018.

The projections listed in exhibit B reflect an increase in the gross rental income to \$4,619 per month in October 2018. In accordance with the projections in exhibit B, Calvin Gil Senior will contribute the necessary new value, which he estimates to between \$4,000 and \$5,000 per month, in order to make all of the required payments to the creditors under the plan and all of the operating expenses detailed in the projections. Calvin Gil Sr will contribute up to a total of \$7,000 per month in new value under the plan should there be unexpected and or extraordinary expenses that arise under the plan that are not contemplated in the projections.

The plan contemplates that the debtor will obtain a construction loan of \$790,000 to build homes in phases of five homes per phase commencing in either March of 2019 or March of 2020, with additional five home phases commencing each March thereafter. The debtor estimates that after payment of 5% cost of sales/real estate commissions, the debtor estimates the net sales proceeds resultant from the sale of the rehab homes will result in payment in full of all creditors under the plan.

***You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.***

## **V. EFFECT OF CONFIRMATION OF PLAN**

### **A. DISCHARGE OF DEBTOR**

he effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

**B. Modification of Plan**

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

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

**C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

**VI. OTHER PLAN PROVISIONS**

NONE

/s/ Calvin Gill, Sr.,

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**Calvin Gill Construction Services, LLC**  
[Calvin Gil Sr.]

/s/ Kevin M. Ryan

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**Kevin M. Ryan 1856-U26F Ryan Legal Services, Inc.**  
[Kevin M.Ryan]

## **EXHIBITS**

**EXHIBIT E**  
**LIQUIDATION ANALYSIS**

Under the provisions of § 1129 (a)(7) of the Code as amended, a plan of reorganization may be confirmed if, inter alia the holders of impaired claims accept the Plan or will receive under the Plan "property of a value... that is not less than the amount such holder would receive or retain if the Debtor were liquidated under Chapter 7

Another confirmation requirement is the "Best Interest Test", which requires a liquidation analysis.

Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claim in relationship to the amount of total allowed unsecured claims. Finally, interest holders receive the balance that remains after all creditors are paid, if any. For the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Debtor maintains that this requirement is met here for the following reasons: The Debtor's primary assets are the Calvin Gil Construction Services, LLC Properties. The Calvin Gil Construction Services, LLC Properties are encumbered by a mortgage in favor of the Class 1 Claimant. The balance of the note securing the Calvin Gil Construction Services, LLC Properties as of the filing of this plan are approximately \$360,000.

Based upon the Debtor's estimate, the liquidated value of the Calvin Gil Construction Services, LLC Properties is approximately \$300,000 which Debtor estimated is approximately 33% of the cumulative Property Values.

Based upon the Assuming that in a Chapter 7 proceeding, the liquidation value could be obtained, and further assuming that there would be normal costs of sale and other costs of administration attendant to the Chapter 7 proceeding, there would not be sufficient proceeds generated by a sale of the Calvin Gil Construction Services, LLC Properties to pay all of the secured creditors. The conclusion that necessarily follows is that the secured creditor of the estate would receive substantially less than one hundred percent (100%) of their claim(s) and that the unsecured Creditors of the Debtor's Estate would not receive any

distribution were this Chapter 11 proceeding converted to one under Chapter 7 of the Code. The plan, which provides for a one hundred percent (100%) distribution to both secured and unsecured Creditors, clearly provides a greater return to both the Secured and the Unsecured Creditors than that which would be achieved in a Chapter 7. Consequently, the Debtor believe that the Plan, as proposed, provides to Secured and Unsecured Creditors more than they would receive were the Debtor's Case converted to one under chapter 7 of the Code. The Plan proposes to pay general unsecured creditors approximately 100% of their total claims while a liquidation of the Debtor's estate would result in a 0% dividend. In a Chapter 7 case, a trustee is appointed and entitled to compensation from the Bankruptcy estate in an amount not to exceed 25% on the first \$5,000 of moneys disbursed, 10% on any amount over \$5,000 but less than \$50,000, 5% on any amount over \$50,000 but not in excess of \$1 million and 3% on all amounts over \$1 million. In this case, the trustee's compensation is estimated to equal \$62,500 based upon a liquidated value of the Calvin Gil Construction Services, LLC Properties of \$12,272,238 which is equal to 70% of the Cumulative Property values of Calvin Gil Construction Services, LLC Properties. Through the Plan however, no trustee's compensation will be incurred.

Below is a demonstration, in balance sheet format, that all creditors and interest holders will receive at least as much under the Plan as such creditor or interest holder would receive under a Chapter 7 liquidation. (See Exhibit 16D for a detailed liquidation analysis listing each Secured Creditors cumulative loan amounts, the unsecured creditors cumulative balances, and the taxing authorities cumulative balances as well as the property values related to each bank loan. Exhibits 3D through 15 D contain a detailed liquidation value of each individual property owned by Calvin Gil Construction Services, LLC designated by Bank, Loan Number and Property Address. This information is provided by the Debtor.)

#### **ASSETS VALUED AT LIQUIDATION VALUES**

ASSETS AT LIQUIDATION VALUE	LIQUIDATION VALUE	DEBTOR'S BASIS FOR LIQUIDATION VALUE
Cash on hand	16,000	Not applicable

ASSETS AT LIQUIDATION VALUE	LIQUIDATION VALUE	DEBTOR'S BASIS FOR LIQUIDATION VALUE
Calvin Gil Construction Services, LLCReal Property  Personal Property (None)	\$300,000	The liquidation value is based on a 70% reduction of the approximated fair market value of the Calvin Gil Construction Services, LLC Property.
Recovery From Avoidance Actions	\$.00	The Debtor does not anticipate that there will be any Avoidance Actions filed.
<b>Total Assets At Liquidation Value</b>  Less Real Property Taxes (\$330,000)  <b>Total Cash Available for Payment to Creditors</b>	\$316,000   \$316,000	
<b>LESS LIABILITIES IN CHAPTER 7 CASE</b>		
Less: Chapter 7 trustee's fees and expenses	\$62,500	
Less: Secured Creditor Recovery 1	\$251,500 (after payment of administrative expenses and trustee fees)	
Less: Chapter 11 administrative expenses  <b>Misc Legal</b>  Clerk of Court Fees 1,000  UST Fees \$1,000	  \$1,000  1,000 (est)  \$1,000 (est)	

ASSETS AT LIQUIDATION VALUE	LIQUIDATION VALUE	DEBTOR'S BASIS FOR LIQUIDATION VALUE
Less: Priority Claims	\$0	
<b>Balance for unsecured Claims</b>	<b>\$0</b>	
Balance for Under-secured Claims	\$0	
<b>Total amount of Unsecured Claims</b>  (There may be potential undersecured claims that are yet to be determined)	<b>\$11,500</b>	
<b>% OF THEIR CLAIMS WHICH UNSECURED CREDITORS -WOULD RECEIVE OR RETAIN IN A CHAPTER 7 LIQUIDATION:</b>	<b>0.00%</b>	
<b>% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE OR RETAIN UNDER THIS PLAN: 100% 3</b>	<b>100%</b>	

Below is a demonstration, in tabular format, that all Creditors and interest holders will receive at least as much under the Plan as such Creditor or holder would receive under a Chapter 7 liquidation.

<u>CLAIMS AND CLASSES</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims	100.00%	Estimated funds available for Administrative Claims would be \$0 (Chapter 7 Administrative Fees and Costs are estimated at \$394,417 and Chapter 11 Administrative Fees and Costs are estimated at \$30,875)
Secured Classes 1 Precious Estates LLC	100.00%	69.86%
Class 2 Priority Unsecured Claims	Not Applicable	Not Applicable
Class 3 a and 3 b unsecured claims	100%	0%
Class 4– Interest Holders	To receive pro-rata distribution of remaining Net Sale Proceeds after payment of all Allowed Administrative Claims, all Allowed Secured Claims, all Allowed Priority Claims and all Allowed Unsecured Claims	00%

## EXHIBIT F

Estimated Cash Debtor will have on hand	
by Effective Date from DIP account	\$16,000
Cash from New Value contribution Calvin Gil Sr.	\$10,000
<b>Total Cash:</b>	<b>\$26,000</b>
<b>To Pay:</b> Administrative claims	\$1,000
<b>To Pay:</b> Statutory costs & charges	2,000.00
Balance after paying these amounts.....	\$23,000