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5  
6 IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA  
7

8 Case No.: 4:18-bk-01908-BMW  
9 (Chapter 11)

9 *In re:*  
10 Skyline Ridge, LLC, an Arizona limited  
liability company,  
11 Debtor.

12 3400 E Finger Rock Circle  
Tucson AZ 85718,  
13 EIN: 86-xxxx-4126

14 **Debtor's 2nd Amended Plan of Reorganization**  
15 **Dated September 27, 2018**  
16

17 Skyline Ridge, LLC, an Arizona limited liability company, Debtor and Debtor-in-  
18 Possession (hereinafter, the "**Debtor**"), through its undersigned attorney, hereby submit its  
19 Plan of Reorganization pursuant to 11 U.S.C. § 1121 and request confirmation of this Plan of  
20 Reorganization pursuant to 11 U.S.C. § 1129(a) and (b).

21 **ARTICLE 1**

22 **DEFINITIONS**

23 **1.1 "Administrative Claim"** shall mean any costs or expenses of administration of this  
24 case which is entitled to priority pursuant to 11 U.S.C. § 507(a)(1) and allowed under 11

1 U.S.C. § 503(b), including, without limitation, any actual and necessary expenses of  
2 preserving the Debtor's estate, all allowances of compensation or reimbursement of  
3 expenses to the extent allowed by the Bankruptcy Court under § 330 of the Bankruptcy  
4 Code, and any fees or charges assessed against the Debtor's estate under Chapter 123,  
5 Title 28, United States Code;

6 **1.2 "Allowed Claim" or the "Allowed Amount"** of a Claim shall mean or refer to  
7 every Claim or portion thereof, as the case may be: (a)(i) for which a Proof of Claim is filed  
8 within the time fixed by the Bankruptcy Court; or (ii) that has been, or hereafter is listed by  
9 the Debtors, liquidated in an amount and not disputed or contingent, and, in either event;  
10 (b)(i) to which no objection to the allowance thereof has been filed within the period fixed  
11 by the Bankruptcy Court with respect to this Plan, or (ii) as to which the order allowing  
12 such Claim has become final and non-appealable. Unless otherwise specified, an Allowed  
13 Claim shall not include any interest on the principal amount of such Claim maturing or  
14 accruing from and after the Petition Date.

15 **1.3 "Allowed Secured Claim"** shall mean the Allowed Amount of a Claim secured by a  
16 lien, security interest, encumbrance or other charge against any interest in any property of  
17 the estate (as defined in 11 U.S.C. § 541), which lien, security interest, encumbrance or  
18 other charge is valid, perfected and enforceable under applicable law and is not subject to  
19 avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, to the  
20 extent of the value of the interest of the holder of such Claim in such property as  
21 determined in accordance with 11 U.S.C. § 506(a) and (b); or an Allowed Claim for which  
22 the holder asserts a setoff under § 553 of the Code, to the extent of the value (which is  
23 either agreed to by the Debtor pursuant to the Plan, or in the absence of an agreement,  
24 has been determined in accordance with § 506(a) or § 1111(b) of the Code) of the interest

1 of the holder of such Allowed Claim on the Property of the Debtor; or an Allowed Claim that  
2 the Debtor have agreed to treat as an Allowed Secured Claim pursuant to the Plan. That  
3 portion of such Allowed Claim exceeding the value of security held therefore shall be an  
4 Allowed Unsecured Claim unless otherwise modified by this Plan.

5 **1.4 "Allowed Unsecured Claim"** shall mean the Allowed amount of a Claim against  
6 the Debtor for which the claimant holds no security for the repayment thereof, and which is  
7 not an Administrative Claim, Priority Claim, Allowed Secured Claim. This definition may  
8 include claims as listed in the Debtor's Schedules, Section "F", only if (a) such  
9 creditor/claimant has filed a Proof of Claim herein and filed such prior to the Claims Bar  
10 Date; or (b) the debt owed to such creditor is listed in Debtor's Schedule "F" for a specific  
11 amount and listed as undisputed, noncontingent and liquidated. Where applicable, the  
12 amount of the Proof of Claim will determine the amount of such claim.

13 **1.5 "Bankruptcy Court"** shall mean the United States District Court for the District of  
14 Arizona, having jurisdiction over this Case and, to the extent of any reference made  
15 pursuant to 28 U.S.C. § 157, the unit of such District Court constituted pursuant to 28  
16 U.S.C. § 151.

17 **1.6 "Bankruptcy Rules"** shall mean the Federal Rules of Bankruptcy Procedure, as  
18 amended and promulgated under 28 U.S.C. § 2075.

19 **1.7 "Business Day"** shall mean a day of the year except a Saturday, Sunday, or legal  
20 holiday as defined in the Federal Rules of Bankruptcy Procedure Rule 9006.

21 **1.8 "Case"** shall mean: The pending Chapter 11 case of Debtor, Case No. 4:18-bk-  
22 01908-BMW.

23 **1.9 "Claim"** shall mean any right of payment which is:

24 1.9.1. evidenced by a Proof of Claim or Application for Payment or Compensation

1 that was:

- 2 (i) timely filed prior to the Claims Bar Date; or  
3 (ii) deemed filed pursuant to 11 U.S.C. § 1111(a); or  
4 (iii) a Proof of Claim filed after the bar date set by the Court if the Court  
5 enters an Order specifically allowing such claim to be filed after Claims  
6 Bar Date, after notice and opportunity for hearing to the Debtor; or

7 1.9.2. any other right of payment as defined under 11 U.S.C. § 101(5).

8 **1.10** "**Claims Bar Date**" shall mean: October 1, 2018, which is the deadline for  
9 filing of Proofs of Claim all as Ordered by the bankruptcy court.

10 **1.11** "**Class of Claims and Payment**" shall mean: Various classes of Claims are  
11 defined in the Plan. The Plan is intended to deal with all Claims against the Debtor of  
12 whatever character, whether or not contingent or liquidated, and whether or not allowed  
13 by the Court pursuant to § 502(h) of the Code. However, only those Claims allowed  
14 pursuant to § 502(a) of the Code will receive payment under the Plan.

15 **1.12** "**Code**" shall mean: The Bankruptcy Reform Act of 1978, sometimes referred  
16 to as the Bankruptcy Code of 1978, as contained in Title 11 U.S.C., Section 101, *et seq.*,  
17 and all amendments thereto that were enacted by Congress and effective as of the  
18 Petition Date.

19 **1.13** "**Confirmation**" shall mean: Entry by the Court of an Order Confirming the  
20 Plan at or after a hearing held pursuant to § 1128 of the Code, called a Confirmation  
21 Hearing.

22 **1.14** "**Consummation of the Plan**" shall mean: The payment by Debtor of the  
23 first quarterly distribution from the Plan Fund on the Distribution Date as provided for in  
24 the Plan.

1       **1.15**        "Debtor" shall mean Skyline Ridge, LLC, Debtor-in-Possession.

2       **1.16**        "Distribution Date" shall mean: The date coming 30 days after the  
3       Effective Date (and if such date falls on a weekend or holiday, then on the next business  
4       day).

5       **1.17**        "Effective Date" shall mean the first (1st) Business Day following the date  
6       on which the Final Order of Confirmation is entered.

7       **1.18**        "Estate Assets" shall mean all of the property in the bankruptcy estate on  
8       the Petition Date as defined by 11 U.S.C. § 541(a), and all property of the kind specified  
9       in section 541 that the Debtor acquires after the commencement of the case but before  
10      the case is closed, dismissed, or converted to a case under chapter 7, whichever occurs  
11      first; and all earnings from services performed by the Debtor after the commencement of  
12      the case but before the case is closed, dismissed, or converted to a case under chapter  
13      7, whichever occurs first.

14      **1.19**        "Exit Financing" shall mean funds borrowed by the Debtor, or funds  
15      generated from sale of assets, to be utilized for the purpose of paying off all of the  
16      Secured Claims that have not been paid in full as of the Effective Date. Debtor is in  
17      negotiation with five different parties regarding Exit Financing. When a contract, or  
18      contracts, are fully negotiated they will be signed subject to bankruptcy court approval,  
19      and Debtor will file the appropriate motions to approve one or more postpetition lenders  
20      who will provide funding to pay off all claims at the time of the Distribution Date, or as  
21      close as possible to full payment.

1       **1.20**        **"Final Order"** shall mean: An Order of the Bankruptcy Court which has  
2 become conclusive of all matters adjudicated thereby and in full force and effect, and  
3 either:

4               (i) the time for appeal of which has expired, and there has been no timely  
5               filed motion to seek review or certiorari or rehearing;

6               OR

7               (ii) any appeal that has been filed has been finally resolved or dismissed.

8       **1.21 "Insider"** shall have the meaning ascribed in § 101(31) of the Code.

9       **1.22 "Net Litigation Proceeds"** shall mean the sum of funds received by the Debtor  
10 from any lawsuit brought by the Debtor for a cause of action that accrued as of the  
11 Effective Date, computed as follows:

12           1.22.1. The total sum collected shall first be distributed to pay the amount of  
13           attorneys fees and costs incurred by the Debtor in such litigation, as approved  
14           by the Court if applicable, and the remaining balance is hereinafter referred to  
15           as the "**Gross Litigation Proceeds**";

16           1.22.2. From the Gross Litigation Proceeds:

17           1.22.2.1. 50% of that sum that shall be retained by the Debtor and such 50%  
18           shall not be paid over to the Plan Fund nor included as a part of the Plan  
19           Fund; those funds will be utilized to pay for capital expenditures of the  
20           business operated by the Debtor;

21           1.22.2.1.1. Unless a final decree has been entered in this case prior to  
22           Debtor's receipt of any litigation proceeds, Debtor shall file reports  
23           with the Court detailing how such funds were utilized, filed within 60  
24           days of receipt of such litigation proceeds;

1 1.22.2.2. 50% of that sum (hereinafter, the "**Net Litigation Proceeds**") shall  
2 be paid into the Plan Fund, to fund immediate payments as required for  
3 each class of Claims for which payments are due under the Confirmed  
4 Plan, to be distributed first to pay any unpaid administrative expenses  
5 incurred in the course of the case.

6 **1.23 "Order Confirming Plan"** shall mean: The Final Order of the Court determining  
7 that the Plan meets the requirements of Chapter 11 of the Code and is entitled to  
8 Confirmation. The date the Order Confirming Plan is entered on the Court Clerk's docket  
9 is the Confirmation Date.

10 **1.24 "Petition Date"** shall mean March 1, 2018, the date that the Debtor filed its  
11 petition for relief commencing this bankruptcy case, as originally filed under Chapter 11.

12 **1.25 "Plan"** shall mean this Plan filed on behalf of the Debtor and any and all  
13 modifications, supplements, or amendments thereof.

14 **1.26 "Plan Fund"** shall mean a fund of money to be created from all of the following:

15 1.26.1. cash on hand at the Effective Date, less reserves and payments  
16 required on the Effective Date), plus

17 1.26.2. the Net Litigation Proceeds as defined above in § 1.22; plus

18 1.26.3. Net Operating Income from operations by the Debtor following the  
19 Effective Date up until the Distribution Date; plus

20 1.26.4. monthly payments in the amount<sup>1</sup> necessary to make all payments  
21 set forth in Exhibit "**1**" to the Plan.

22  
23 \_\_\_\_\_  
24 <sup>1</sup> The actual amount of the Plan Fund payment shall be the amount as necessary to fund all of the payments due under the Plan. Since the actual date of Confirmation is not known as of the filing of this Plan, a specific number cannot be set forth here.

1 The Debtor shall pay all of the foregoing amounts into the Plan Fund. Then, for each  
2 month from and after the Distribution Date, Debtor shall pay a payment in each  
3 successive month thereafter in the amount necessary to make all payments set forth in  
4 Exhibit "1" to the Plan, and continue until the sum of all payments paid into the Plan  
5 Fund by the Debtor is equal to the sum of payments to be made to Allowed Claims in  
6 Classes 1 through 15. Except as provided above in § 1.22, the Plan Fund shall, until the  
7 Completion of the Plan, be distributed in monthly distributions as set forth in Exhibit "1"  
8 to the holders of Allowed Claims in Classes 1 through 15, inclusive, until such claims are  
9 paid in full in the amounts provided for in this Plan.

10 As and when there are Net Litigation Proceeds received in the Plan Fund, a lump  
11 sum distribution will be paid by the Debtor as follows:

- 12 (a) First, in the amount sufficient to pay off the Class 1 claims, if any, up to the  
13 total of all Allowed Class 1 Claims;
- 14 (b) then from the remaining balance of the Net Litigation proceeds, to Class 2  
15 and Class 3 Claims, paid pro rata, until all such claims are paid in full;
- 16 (c) Then, from the remainder, in the amount sufficient to pay off the Class 4  
17 claims, up to the total of all Allowed Class 4 Claims;
- 18 (d) Thereafter, to be distributed as the Debtor determines is the best manner to  
19 comply with the provisions of the Confirmed Plan.

20 The Plan Fund shall be deemed fully funded, and payments into the Plan Fund shall  
21 cease, when the last payment required under Exhibit "1" to the Plan has been paid  
22 in full.

23 **1.27 "Plan Term"** shall mean the period of time in which all payments to all creditors  
24 shall be disbursed. The Plan Term shall run six (6) years from the Effective Date, when



1 the last payment to any creditor will have been paid in full. Exhibit "1" to the Plan  
2 estimates that the Plan will be confirmed by December 2018, which, in turn would  
3 require payments to commence under the Plan in January, 2019. If confirmation is  
4 delayed, then:

5 1.27.1. The Effective Date will be delayed,

6 1.27.2. Payments will commence in the month after the Effective Date

7 1.27.3. The monthly payment amounts to the secured claims and the priority tax  
8 claims (although no such claims are known to exist) will have to be  
9 increased pro rata so that the total amount of the secured or priority claim  
10 is paid with interest, as applicable, during such shorter period;

11 1.27.4. The final form of Exhibit "1" will be attached to the Order Confirming Plan  
12 (the "OCP"), and it shall be consistent herewith unless a specific creditor  
13 and the Debtor file a stipulation for a treatment different from the Plan, in  
14 which case the OCP shall be consistent with a stipulation with such  
15 creditor.

16 **1.28 "Projected Disposable Income"** shall mean:

17 1.28.1. the Net Income received by the Debtor as of the Effective Date from the  
18 operation of its businesses or from other sources of income in the future,  
19 less

20 1.28.2. the amounts reasonably necessary for the maintenance and continued  
21 operations of the Debtor and all of Debtor's businesses.

22 **1.29 "Property of the Debtor"** shall mean: The Debtor's furniture, fixtures, inventory  
23 and equipment; the Debtor's real property, cash or cash equivalents in banks or other  
24 institutions; all receivables, claims, and causes of action; all other personal property of

1 the Debtors, wheresoever located; or any other property of the estate of the Debtor as  
2 defined by § 541 of the Code.

3 **1.30 "Pro Rata"** shall mean: The proportion that the amount of a Claim against the  
4 Debtor in a particular class bears to the aggregate amount of all Claims (including  
5 undetermined Claims until disallowed) in such class.

6 **1.31 "Rules"** shall mean: the Bankruptcy Rules, as amended and supplemented by local  
7 bankruptcy rules adopted by the Court.

8 **1.32 "Secured Claims"** shall mean: Any Claims secured by Property of the Debtor  
9 under a duly perfected security interest or lien, to the extent of and up to the value of  
10 that creditor's collateral or security, as determined in accordance with § 506 of the Code.

11 **1.33 "Secured Creditors"** shall mean: All Creditors that hold a lien, security interest or  
12 other encumbrance which has been properly perfected as required by law with respect to  
13 Property of the Debtors, and who has not at the time of hearing on the confirmation of  
14 the Plan sold all of its collateral.

15 **1.34 "Unsecured Claimants"** shall mean: those persons, corporations, partnerships, or  
16 other entities, which prior to the Petition Date, extended credit, lent money, furnished  
17 goods on open account, placed goods, product or inventory on consignment, "leased"  
18 equipment or software to the Debtor under a lease that is in fact a secured transaction  
19 and for which the creditor did not perfect their security interest in collateral, hold an  
20 Allowed Claim against the Debtor for a tort or breach of contract---including but not  
21 limited to

- 22 (a) the claims alleged by the adverse parties in the adversary matters filed against  
23 the Debtor in Adversary No. 4:16-ap-00512-SHG, *Trudy A. Nowak, Chapter 7*  
24 *Trustee, v Skyline Ridge, LLC, Defendant,*

1 (b) any debt that is the subject of the state court litigation in Pima County Superior  
2 Court Case No. C2017-3398, *Skyline Ridge, LLC, v Earth's Healing, Inc., an*  
3 *Arizona corporation; and Victoria Puchi-Saavedra* ; ; and

4 (c) creditors whose claim exceeds the value of their collateral as provided under §  
5 506 of the Code.

## 6 ARTICLE 2

### 7 CLASSIFICATION OF CLAIMS

8 The Allowed Claims of the creditors of the estate shall be classified as follows:

9 **2.1 Class 1 Claims:** The Claims classified, as Class 1 Claims (if any) shall be  
10 every Allowed Unsecured Claim that is entitled to Administrative Priority under Section  
11 507(a)(2) and § Section 503(b) of the Bankruptcy Code. Administrative Priority Claims shall  
12 be paid in compliance with the provisions of the Code. In general, and without limitation  
13 upon the actual provisions of the Code, the Code provides that Administrative Priority Claims  
14 shall be paid in full on or before the date of confirmation of the plan unless the holder of  
15 such a claim agrees to a different treatment. Any claim that arose postpetition and is  
16 unpaid as of the date of confirmation could possibly qualify as an Administrative Priority  
17 Claim, but a creditor that ostensibly holds such a claim will not be paid unless they obtain  
18 an order from the Court allowing their claim and finding that it meets the requirements  
19 therefore. No payment will be made by the Debtor to a Class 1 Claim at the time of  
20 confirmation except to a party that holds an Allowed Administrative Priority Claim.

21 **2.2 Class 2 Claims:** The claim classified as the Class Two Claims shall be Real  
22 Property Tax Claims that have accrued prepetition, which will be paid in full 90 days from  
23 the Effective Date.

24 **2.3 Class 3 Claims:** The claim classified as the Class Three Claim shall be the

1 Allowed Claim held by the Pima County Treasurer for real property taxes that accrued  
2 prepetition, on land that was owned by Skyline Ridge, LLC as of the Petition Date, and for  
3 real property taxes that accrued prepetition on land that was owned by Hidden Valley 80,  
4 LLC as of the Petition Date.

5 **2.4 Class 4 Claims:** The claims classified as Class Four Claims shall be the  
6 Allowed Secured Claim held by The Northern Trust Company, dba "Northern Trust Bank",  
7 which are secured claims secured by Debtor's Real Property, Hidden Valley's Real Property,  
8 and by the personal property held by Debtor.

9 **2.5 Class 5 Claims:** The claim classified as the Class Five Claim shall be the  
10 Allowed Secured Claim held by Fotinos Properties, LLC, secured by the Turnberry Note and  
11 the Turnberry Deed of Trust.

12 **2.6 Class 6 Claims:** The claim classified as the Class Six claim shall be the  
13 Allowed Secured Claim held by Fotinos Properties that is secured by a parcel of real  
14 property, approximately 9.2 acres, located near Oracle & Hardy Roads, in Oro Valley,  
15 Arizona (no address has been assigned), and generally known as Pima Co. Tax # 225-13-  
16 003B and also secured by an additional adjacent property of approximately 3.7 acres, (no  
17 address assigned) and generally known as Pima Co. Tax # 225-15-1450 The Class Six  
18 claim shall be the Allowed Secured Claim; hereinafter, Pima Co. Tax # 225-13-003B  
19 (Approx. 9.2 acres) Pima Co. Tax # 225-15-1450 (Approx. 3.72 acres) are collectively  
20 referred to as the "**Fotinos Collateral**".

21 **2.7 Class 7 Claims:** The Claims classified as Class Seven Claims shall be the  
22 Allowed Secured Claim held a group of eight creditors (hereinafter, the Debtor shall refer to  
23 these creditors as the "**8 Rallis Creditors**") who collectively loaned funds to the Debtor in  
24 the original principal sum of approximately \$485,000, now reduced by the sale proceeds of

1 the sale of 145-151 West Ventura , with all such creditors identified in the Exhibit attached  
2 hereto as Exhibit "4" .

3       **2.8    Class 8 Claims:** The Claims classified as Class Eight Claims are held by the  
4 La Mirada @ La Reserve HOA (hereinafter, "**La Mirada** "), with all applicable prepetition  
5 interest, but not including penalties. The Class 8 Claim is secured by a parcel of property  
6 owned by the Debtor, 10181 N Alder Spring Drive Tucson AZ 85718 (Pima County Tax #  
7 220-12-0180. (Debtor previously sold the property at 10085 N. Alder Spring Drive, and  
8 Class 8 received a payment out of escrow.)

9       **2.9    Class 9 Claims:** The Claims classified as Class Nine Claims shall be a  
10 judgment held by France Terrace Homeowners Association (hereinafter, "**FTHOA**") that may  
11 or may not be secured by two parcels of the Debtor's real property: 140 E Pastime Road  
12 Tucson, AZ 85705 (Pima County Tax # 106-02-4750), and 144 E Pastime Road Tucson, AZ  
13 85705 (Pima County Tax # 106-02-4760). Both of these Pastime properties are listed for  
14 sale, and it is anticipated a sale will close prior to confirmation.

15       **2.10   Class 10 Claims:** The Claims classified as Class Ten Claims shall be a  
16 judgment held by Cobblestone Homeowners Association (hereinafter, "**Cobblestone HOA**")  
17 that is secured by a parcel of the Debtor's real property at 7431 N Cobblestone Road Tucson  
18 AZ 85718 (Pima Co Tax Parcel # 220-25-0610). The Cobblestone Property is under contract  
19 for sale, and a motion to approve that sale will be set for hearing forthwith. It is anticipated  
20 that this sale will close prior to confirmation.

21       **2.11   Class 11 Claims:** The Claims classified as Class Eleven Claims shall be any  
22 Allowed Claim for damages under 11 USC § 365, pertaining to the rejection of a unexpired  
23 lease or rejection of an executory contract.

24       **2.12   Class 12 Claims:** The Claims classified as Class Twelve shall consist of

1 every Allowed Unsecured Claim held by any party that is not an Insider and whose Allowed  
2 Unsecured Claim is for a total amount of \$1,000.00 or less, where that claim would  
3 otherwise be classified under Class 16. Creditors with a Class 14 Claim of \$1,000.00 or less  
4 will receive a ballot for voting whether to accept or reject the Plan. If such a creditor votes  
5 to accept the Plan, they may also elect to be treated as a Class Fifteen creditor.

6 **2.13 Class 13 Claims:** Class Thirteen shall consist of the general unsecured  
7 claim, if and when it is an Allowed Claim, held by two defendant parties in a lawsuit initiated  
8 by the Debtor in state court to collect on a debt, where those two defendants have alleged  
9 claims against the debtor and against Mr. Ahmad Zarifi.

10 **2.14 Class 14 Claims:** Class Fourteen shall consist of the general unsecured  
11 claim held by parties that are NOT INSIDERS as defined in 11 USC 101 (31), including but  
12 not limited to:

13 **2.14.1** the general unsecured claim, held by two defendant parties in a lawsuit  
14 initiated by the Debtor in state court to collect on a debt, where those two  
15 defendants have alleged counterclaims against the debtor and against Mr.  
16 Ahmad Zarifi. As of the Petition Date, that claim was still hotly disputed by  
17 the Debtor, and any claim by such creditor will either have to be litigated or  
18 settled---any settlement reached prior to the Effective Date would require the  
19 approval of the judge having jurisdiction over *Skyline Ridge v Earth's Healing,*  
20 *Vicki Puchi Saavedra, et al* Pima County Superior Court Case No. C20173398;

21 **2.14.2** The general unsecured claim asserted by the Chapter 7 Trustee Trudy  
22 Nowak, in her capacity as trustee and not in her individual capacity, for the  
23 Chapter 7 bankruptcy estate of *In re RL Ventures, LLC*, Chap 7 Case # 4:16-  
24 ap-00512-SHG (Trudy Nowak, Trustee); and







1 Claim is 16.0% interest per annum, and such interest shall accrue on the New  
2 Principal Balance post-confirmation until the entire claim has been paid in full;

3 **4.1.3** If there are Exit Financing funds available then those funds shall be  
4 used to pay off Allowed Class Two Claims in the manner that is set forth in Exhibit  
5 "5" to this Plan.

6 **4.1.4** Debtor shall pay a monthly payment on the Class Two Claim  
7 beginning 30 days after the Effective Date. The amount of such payment shall be in  
8 an amount sufficient to amortize at 16.0% interest per annum the entire Class 2  
9 claim in equal monthly payments beginning 30 days from the Effective Date and  
10 payable in an amount that will amortize the entire Class 2 Claim over five (5) years  
11 from the Effective Date. Also, since the Debtor is actively selling properties, and  
12 each sale will result in retirement of that respective property's tax debt, the amount  
13 on Exhibit "1" for all Class 2 Claims shall be the sum of tax debts on properties that  
14 have not been sold as of the Confirmation Date.

15 **4.1.5** Notwithstanding any provision in state law that may be to the  
16 contrary, to the Pima County Treasurer and any assignee thereof, including any  
17 party who purchased a Certificate of Purchase from Pima County and took a partial  
18 assignment of the County's rights under state law to initiate a judicial foreclosure to  
19 collect upon the tax debt represented by the Certificate of Purchase, neither the  
20 holder of a Certificate of Purchase nor Pima County, nor any assignee of any of  
21 them, shall have a right to pursue a judicial foreclosure on the Tax Certificate so  
22 long as the Debtor is in compliance with the terms of the Plan, as may be modified  
23 by any Order Confirming Plan.

24 **4.1.6** Upon Confirmation of the Plan, any alleged default that occurred prior

1 to the Confirmation of the Plan shall be deemed cured by Confirmation of the Plan,  
2 and as of the Effective Date the Pima County Treasurer shall be barred from  
3 asserting any default occurred prior to the Effective Date.

4 **4.2** Class 2 Claims are impaired pursuant to this Plan

5 **ARTICLE 5**

6 **TREATMENT OF CLASS 3 CLAIM**

7 **(Secured Claim--Real Property Tax Claims)**

8 **5.1** Class Three consists of Claims owed by Hidden Valley 80, LLC, an affiliated  
9 debtor in Chapter 11 proceedings 4:18-bk-01910-BMW, held and or serviced by the Pima  
10 County Treasurer, for real property taxes to Pima County, c/o the Treasurer as of the  
11 Petition Date (the "**Hidden Valley RP Tax Claim**" or the "**Class Three Claim**"), in the  
12 approximate sum of \$17,785.27 as of the Petition Date, and the final allowed amount will be  
13 as reflected on Pima County Proofs of Claim, which have not yet been filed, as and when  
14 they are Allowed Secured Claims. The Hidden Valley RP Tax Claim will be an Allowed  
15 Secured Claim in the bankruptcy of this Debtor, and the Hidden Valley RP Tax Claim shall be  
16 treated as follows pursuant to this Plan:

17 **5.1.1** As of the Effective Date, all interest, costs, prepetition attorneys  
18 fees, and the principal balance of the Hidden Valley RP Tax Claim on the Effective  
19 Date, shall all be combined into what will be the total sum due to Pima County as of  
20 the Effective Date ("**The New Hidden Valley Principal Balance**").

21 **5.1.1.1** In the event that the Treasurer files an application to approve any  
22 of its postpetition attorneys fees and costs, and those are allowed by the  
23 bankruptcy court, then the amount of any allowed claim for postpetition  
24 attorneys fees and costs will become part of be added onto The New

1 Hidden Valley Principal Balance;

2 **5.1.2** As of the Petition Date, the statutory interest rate on the RP Tax  
3 Claim is 16.0% interest per annum, and such interest shall accrue on the New  
4 Principal Hidden Valley Balance post-confirmation until the entire claim has been paid  
5 in full;

6 **5.1.3** On the Effective Date, Debtor shall pay off the New Hidden Valley  
7 Principal Balance.

8 **5.1.4** Notwithstanding any provision in state law that may be to the  
9 contrary, the Pima County Treasurer and any assignee thereof, including any party  
10 who purchased a Certificate of Purchase from Pima County and took a partial  
11 assignment of the County's rights under state law to initiate a judicial foreclosure to  
12 collect upon the tax debt represented by the Certificate of Purchase, neither the  
13 holder of a Certificate of Purchase nor Pima County, nor any assignee of any of them,  
14 shall have a right to pursue a judicial foreclosure on the Tax Certificate so long as the  
15 Debtor is in compliance with the terms of the Plan, as may be modified by any Order  
16 Confirming Plan.

17 **5.1.5** Upon Confirmation of the Plan, any alleged default that occurred  
18 prior to the Confirmation of the Plan shall be deemed cured by Confirmation of the  
19 Plan, and as of the Effective Date the Pima County Treasurer shall be barred from  
20 asserting any default occurred prior to the Effective Date.

21 **5.2** The Class 3 Claim is impaired pursuant to the Plan.

22 **ARTICLE 6**

23 **TREATMENT OF CLASS 4 CLAIM**

24 **(Secured Claim held by NTB)**

1 Class 4 consists of an Allowed Secured Claim held by The Northern Trust Company,  
2 *dba* Northern Trust Bank (hereinafter, "NTB") in the amount of \$1,378,625<sup>2</sup> as stated on  
3 their proof of claim filed September 17, 2018. That sum shall be reduced by the sale of any  
4 of the property owned by Debtor and subject to NTB's Deed of Trust, and further reduced  
5 by any other payments made to NTB by the Debtor prior to the Effective Date. For the  
6 purposes of this Plan, the secured claim owed to NTB as of today is estimated to be  
7 approximately \$1,380,000.00; notwithstanding such estimate used herein, the actual  
8 amount of the claim owed to NTB shall be \$1,378,625 plus any postpetition interest allowed  
9 by the Court, less the payments made to NTB by the Debtor prior to the Effective Date, plus  
10 allowed attorneys fees and costs if any incurred by NTB postpetition and prior to  
11 Confirmation, all as secured by a duly recorded deed of trust on Debtor's real property. The  
12 NTB Claim will be an Allowed Secured Claim, and the NTB claim shall be treated as follows  
13 pursuant to this Plan:

14 **6.1.** As of the Effective Date, all interest, costs, prepetition attorneys fees, and  
15 the principal balance of the NTB claim on the Effective Date, shall all be combined into what  
16 will be the total sum due to NTB as of the Effective Date ("**The NTB Balance**").

17 **6.2.** Between now and the Confirmation Date, Debtor intends to sell off enough of  
18 the NTB collateral that will result in debt reduction of the NTB debt down to a five figure  
19 balance, or perhaps paid in full, by the Confirmation Date. See below @ paragraphs 6.6 to  
20 6.10.

21 **6.3.** In the event that there is a remaining balance on the Confirmation Date, the  
22 entire NTB New Principal Balance will be paid in full on the Effective Date.

23 \_\_\_\_\_  
24 <sup>2</sup> Debtor reserves the right to object to this sum. NTB has not supplied a  
breakdown of the amount of pre- and post-petition attorneys' fees, which  
Debtor would like to review. There might be other bases for objection.

1           **6.4.** The plan of reorganization by the affiliated Debtor, Hidden Valley 80, LLC  
2 (hereinafter, "**HV80**"), Case No. 4:18-bk-01910, will require the transfer of all right title and  
3 interest in three separate parcels of real property owned by HV80 to this Debtor, with NTB's  
4 deeds of trust on two of those properties (the other is not encumbered by any NTB lien) to  
5 attach to those two properties in exactly the same manner as when such properties were  
6 titled in the name of HV80. In addition, the HV 80 Plan provides that the due on sale clause  
7 in NTB's deed of trust on two of HV80's properties shall not apply at the time of the transfer  
8 to Debtor (at confirmation, unless otherwise stipulated prior thereto).

9           **6.5.** In the event that NTB files an application to approve any of its postpetition  
10 attorney's fees and costs, and those are allowed by the bankruptcy court, then the amount  
11 of any allowed claim for postpetition attorney's fees and costs will be added onto The New  
12 Principal Balance.

13           **6.6.** As of the Petition Date, the interest rate on the NTB claim is hereby modified  
14 to **6.5%** interest per annum, simple interest, and such **6.5%** interest per annum shall  
15 accrue on the New Principal Balance post-confirmation until the entire claim has been paid  
16 in full.

17           **6.7.** Debtor intends to actively market the ten parcels of real property set forth  
18 below in the table. To do such, Debtor must be able to hire professionals to market and sell  
19 the properties, and real estate professionals are reluctant to accept listing agreements when  
20 the work to get to a sale will go uncompensated if a lender refuses (as did NTB in relation  
21 to the Debtor on numerous occasions) to release the subject property from its deed of trust.  
22 The table below shows the ten parcels of real property that are part of the collateral  
23 securing the NTB Note and Deed of Trust:  
24

RELEASE PRICES			
	Property Address (All in Tucson)	VALUE <sup>3</sup>	Sale Status
Vacant Lot	10085 N. Alder Spring Drive	\$110,000	SOLD
Vacant Lot	10181 N. Alder Spring Drive	\$110,000	Listed
Vacant Lot	TBD N. Sundown Drive	265,000	In escrow
Vacant Lot	XXX N. Sundown Drive (Tax Parcel No. 109-11-356A)	\$180,000	Escrow opened 09/24/2018
Townhouse	140 E. Pastime Road	\$70,000	Listed
Townhouse	144 E. Pastime Rd	\$70,000	Listed
S F R	3946 N. Tyndall Avenue	\$75,000	Listed
Vacant Lot	8347 E. Surrey Trail	\$120,000	Listed
S F R	7431 N Cobblestone	\$650,000	In escrow
Vacant Lot	5172 Calle Brillante	\$90,000	Escrow opened 09/24/2018
Vacant Lot	6585 N Calle de la Lluvia	\$158,000	To be Listed Forthwith
Vacant Lot	6513 N Calle de la Lluvia	<u>\$154,000</u>	To be Listed Forthwith
	Sum of Values for NTB Collateral	\$1,972,500	

6.8. Notwithstanding any provision that may be to the contrary in the NTB Loan Agreement, the NTB Note, and the NTB Deed of Trust, and any amendments thereto, when the Debtor sells any one of the above properties for an amount shown in the table above NTB shall accept payment of the Net Sale Proceeds and apply such Net Sale Proceeds received by NTB toward the Class 4 Claim.

6.9. In addition, if the Debtor accepts an offer from a prospective purchaser that is less than the amount set forth in the table above such that the net to NTB from available sale proceeds paid from escrow is less than the amount set forth in table above, "NTB

<sup>3</sup> The values in this table at lines 11 - 18 are the Debtor's belief as to the actual values of the property. These numbers are substantially different from the appraised values listed by NTB in their Motion for Relief from Stay.

1 **Release Prices**”), NTB shall (a) deliver to the title company closing the transaction a duly  
2 executed release of its claim against any one of the eight properties, as quid pro quo for  
3 (b) acceptance of a tender of payment equal to the amount set forth on the table on page  
4 22, if the Debtor adds in sufficient funds to the net sale proceeds such that the sum that  
5 will be paid to NTB equals the NTB Release Prices .

6 **6.10.** Since the case was filed, the Debtor has hired Long Realty as broker, Sue Hill  
7 as Agent, to market all of the “vacant lot” properties—both on Alder Spring Drive, the third  
8 and fourth properties listed above as “Sundown”, and Surrey Trail. One of the Alder Spring  
9 properties already sold, one of the Sundowns is in escrow and set for hearing on October 3,  
10 2018 and the other Sundown property is the subject of a verbal agreement (with execution  
11 of a written contract and escrow opening by next week). Cobblestone has a contract for  
12 sale, has opened escrow, and will be set for a hearing. There is a verbal agreement  
13 regarding the sale of Calle Brillante---but no written contract.

14 **6.11.** The sales listed in this paragraph should yield net sale proceeds paid to  
15 Skyline, which will be paid to NTB at close of each escrow, of approximately the following  
16 sum.

	Property Address (All in Tucson)	VALUE	Sale Status
Vacant Lot	TBD N. Sundown Drive	\$265,000	In escrow
Vacant Lot	5301 N. Sundown Drive	\$140,000	In escrow
SFR	7431 N Cobblestone	\$650,000	In escrow
Vacant Lot	5172 Calle Brillante	<u>108,000</u>	In escrow
	Sum of Sale Procceds to be received by NTB	\$1,163,000	

23 Assuming *arguendo* that no other sale were to occur, and no other source of financing  
24 materializes, just on the basis of the sales above, NTB will have its debt reduced down the

1 vicinity of \$215,000. If the funds in the DIP account are transferred to NTB on the Effective  
2 Date, the sum owed to NTB will be in the vicinity of \$75,000.00.

3 Of course, Debtor will continue to aggressively market the NTB collateral, and  
4 anticipates those sales to have NTB paid in full before the Effective Date.

5 **6.12.** Notwithstanding any provision in the NTB Loan Agreement, the NTB Note,  
6 and Deed of Trust, and any amendments thereto however they have allegedly been  
7 effected, that may be to the contrary, the fact that Debtor filed for bankruptcy, or the fact  
8 that the Debtor listed the above listed creditor in their Schedules, Plan, or other court  
9 documents, shall not, in and of themselves, be grounds for a declaration of default by this  
10 Secured Creditor.

11 **6.12.** Upon Confirmation of the Plan, any alleged default that occurred prior to the  
12 Confirmation of the Plan shall be deemed cured by Confirmation of the Plan, and as of the  
13 Effective Date NTB shall be barred from asserting any default occurred prior to the Effective  
14 Date.

15 **6.12.** As long as Debtor remains in compliance with all of its obligations to NTB  
16 under this Plan, as modified by any change effected by the Order Confirming Plan, then NTB  
17 shall not pursue any rights to foreclose upon its collateral under the NTB Note and Deed of  
18 Trust, and Security Agreement.

19 **6.12.** The Class 4 claim is impaired pursuant to the Plan.

## 20 **ARTICLE 7**

### 21 **TREATMENT OF CLASS 5 CLAIM**

#### 22 **(Fotinos Turnberry Secured Claim)**

23 Class 5 consists of a Claim held by Fotinos Properties, LLC, secured by a Promissory  
24 Note and Deed of Trust on property located on Turnberry in Tucson Arizona. The Fotinos



1 Turnberry Claim will be an Allowed Secured Claim, and that Claim shall be treated as follows  
2 pursuant to this Plan:

3 **7.1** As of the Effective Date, all interest, costs, prepetition attorneys fees, and  
4 the principal balance of the of the Fotinos Turnberry Claim on the Effective Date, shall all be  
5 combined into what will be the total sum due to on the Fotinos Turnberry Claim as of the  
6 Effective Date, and the sum of all such principal, interest, costs, and attorneys fees shall be  
7 \$120,000 as of the Effective Date ("**The New Principal Balance**").

8 **7.2** One half (50%) of the New Principal Balance will be paid to the Class 5  
9 Creditor on the Effective Date.

10 **7.3** The remaining balance (50%) will be paid off on or before six months from  
11 the Effective Date. Interest payments will be made on the remaining balance on a six per  
12 cent per annum rate, paid monthly

13 **7.4** In the event that Fotinos Properties files an application to approve any of its  
14 postpetition attorneys fees and costs, and those are allowed by the bankruptcy court, then  
15 the amount of any allowed claim for postpetition attorneys fees and costs will become part  
16 of be added onto The New Principal Balance.

17 **7.5** As of the Petition Date, the interest rate on the Fotinos Turnberry Claim is set  
18 at zero percent (0%) per annum. Mr. Fotinos asked the Debtor to take the property off of  
19 his hands because he was incurring annual fines from the applicable homeowners  
20 association for failing to develop the subject property, hence the zero percent (0%) interest  
21 rate. The interest rate shall remain zero percent (0%) per annum.

22 **7.6** Notwithstanding any provision in the Fotinos Turnberry Note and Fotinos  
23 Turnberry Deed of Trust that may be to the contrary, the fact that Debtor filed for  
24 bankruptcy, or the fact that the Debtor listed the above listed creditor in their Schedules,

1 Plan, or other court documents, shall not, in and of themselves, be grounds for a  
2 declaration of default by this Secured Creditor.

3 **7.7** Upon Confirmation of the Plan, any alleged default that occurred prior to the  
4 Confirmation of the Plan shall be deemed cured by Confirmation of the Plan, and as of the  
5 Effective Date Fotinos Properties shall be barred from asserting any default occurred prior to  
6 the Effective Date.

7 **7.8** The Class 5 claim is impaired pursuant to the Plan.

## 8 **ARTICLE 8**

### 9 **TREATMENT OF CLASS 6 CLAIM**

#### 10 **(Contested Secured Claim held by Fotinos Properties, LLC)**

11 At the time of submission of this Plan, there is no proof of claim on file as to the  
12 Class 6 Claim, and it is listed as Disputed in the Schedules. If a Proof of Claim is filed that  
13 states that the amount due on the Class 6 Claim is more than \$323,000 as of the Petition  
14 Date, Debtor will object to such claim. Class 6 consists of a Disputed Claim held by Fotinos  
15 Properties, LLC, secured by a Promissory Note and a duly recorded Deed of Trust on  
16 property located near Oracle & Hardy Road in Tucson Arizona. It is not disputed that there  
17 was a loan of \$300,000, and then a subsequent payment by Debtor of \$50,000. And, there  
18 is no controversy that Fotinos has a perfected secured claim in this bankruptcy case.

19 **8.1** If this Plan is confirmed, as of the Effective Date, all interest, costs, attorneys  
20 fees, and the principal balance of the Fotinos Contested Claim on the Effective Date, shall all  
21 be combined into what will be the total sum due to Fotinos Properties as of the Effective  
22 Date ("**The New Fotinos Principal Balance**").

23 **8.2** If Class Six votes for the Plan, Fotinos shall have an Allowed Secured Claim  
24 and the balance due on such debt as of the Effective Date shall be \$550,000.





1           **9.1** As of the Effective Date, all interest, costs, prepetition attorneys fees, and  
2 the principal balance of the of the Rallis Claim on the Effective Date, shall all be combined  
3 into what will be the total sum due to on the Rallis Claim as of the Effective Date ("**The**  
4 **New Principal Balance**").

5           **9.2** In the event that The 8 Rallis Creditors file an application to approve any of  
6 its/their postpetition attorneys fees and costs, and those are allowed by the bankruptcy  
7 court, then the amount of any allowed claim for postpetition attorneys fees and costs will  
8 become part of and shall be added onto The New Principal Balance.

9           **9.3** One half (50%) of the New Principal Balance will be paid to the Class 7  
10 Creditor on the Effective Date.

11           **9.4** The remaining balance (50%) will be paid off on or before six months from  
12 the Effective Date. Interest payments will be made on the remaining balance on a six per  
13 cent per annum rate, paid monthly.

14           **9.5** Notwithstanding any provision in the Rallis Claim, Rallis Claim, or the Rallis  
15 Deed of Trust that may be to the contrary, the fact that Debtor filed for bankruptcy, or the  
16 fact that the Debtor listed the above listed creditor in their Schedules, Plan, or other court  
17 documents, shall not, in and of themselves, be grounds for a declaration of default by this  
18 Secured Creditor.

19           **9.6** Upon Confirmation of the Plan, any alleged default that occurred prior to the  
20 Confirmation of the Plan shall be deemed cured by Confirmation of the Plan, and as of the  
21 Effective Date The 8 Rallis Creditors shall be barred from asserting any default occurred  
22 prior to the Effective Date.

23           **9.7** The Class 7 claims are impaired pursuant to this Plan.  
24

1 **ARTICLE 10**

2 **TREATMENT OF CLASS 8 CLAIMS**

3 **(Secured Claim held by La Mirada HOA)**

4 Class 8 Claims are held by the La Mirada Homeowners Association, with all  
5 applicable prepetition interest, but not including penalties. The Class 8 Claim is secured by  
6 a parcel of property owned by the Debtor, and 10181 N Alder Spring Drive Tucson AZ 85718  
7 (Pima County Tax # 220-12-0180. Class 8 Claims shall be treated as follows pursuant to  
8 this Plan:

9 **10.1** As of the Effective Date, all interest, costs, prepetition attorneys fees, and  
10 the principal balance of the of La Mirada\_HOA claim on the Effective Date,  
11 shall all be combined into what will be the total sum due to Rancho Vistoso  
12 HOA as of the Effective Date, in the approximate amount of \$6,500 ("The  
13 New Principal Balance").

14 **10.2** This amount will be paid in full from the sale of 10181 N. Alder Spring Drive.

15 **10.3** . If the property has not sold by the Effective date and the balance still  
16 exists, 50% of the total balance will be paid on the effective date. The  
17 remaining balance will be paid off on or before 6 months after the Effective  
18 date. Interest payments will be made on the remaining balance at a 6% per  
19 annum rate paid monthly.

20 **10.4** In the event that La Mirada HOA files an application to approve any of its  
21 postpetition attorneys fees and costs, and those are allowed by the  
22 bankruptcy court, then the amount of any allowed claim for postpetition  
23 attorneys fees and costs will become part of be added onto The New  
24 Principal Balance.



1 the bankruptcy court, then the amount of any allowed claim for postpetition  
2 attorneys fees and costs will become part of be added onto The New Principal  
3 Balance.

4 **11.2.** If either property sells, the entire remaining balance due to the Class 9 claim  
5 for that particular property shall be paid in full.

6 **11.3.** If either property has not sold by the Effective Date and the balance  
7 still exists, 50% of the total balance will be paid on the Effective Date. The  
8 remaining balance will be paid off on or before 6 months after the Effective  
9 Date. Interest payments will be made on the remaining balance at a 6% Per  
10 Annum Rate, paid monthly.

11 **11.4.** Notwithstanding any provision in the Pastime HOA Note and other documents  
12 that may be to the contrary, the fact that Debtor filed for bankruptcy, or the fact  
13 that the Debtor listed the above listed creditor in their Schedules, Plan, or other  
14 court documents, shall not, in and of themselves, be grounds for a declaration of  
15 default by this Secured Creditor.

16 **11.5.** Upon Confirmation of the Plan, any alleged default that occurred prior to the  
17 Confirmation of the Plan shall be deemed cured by Confirmation of the Plan, and as  
18 of the Effective Date France Terrace HOA shall be barred from asserting any default  
19 occurred prior to the Effective Date.

20 **11.6.** Class 9 Claims are impaired pursuant to this Plan

21 **ARTICLE 12**

22 **TREATMENT OF CLASS 10 CLAIMS**

23 **(Secured Claim held by Cobblestone HOA)**

24 The Claims classified as Class Ten Claims shall be every Allowed Secured Claim held



1 by the Cobblestone Homeowners Association ("**Cobblestone HOA**"). The Class 10 Claim is  
2 secured by a parcel of property owned by the Debtor, Pima County Tax # 220-25-0610  
3 (7431 N Cobblestone, Tucson AZ); that property is under contract to sell, a motion has been  
4 filed, and it is anticipated that the Cobblestone property will sell prior to confirmation,  
5 resulting in payment in full to Cobblestone HOA. In the event that such sale has not yet  
6 closed as of the Confirmation Date, Class 10 Claims shall be treated as follows pursuant to  
7 this Plan:

8 **12.1** As of the Effective Date, all interest, costs, prepetition attorneys fees, and  
9 the principal balance of the of Cobblestone HOA claim on the Effective Date,  
10 shall all be combined into what will be the total sum due to Pastime as of the  
11 Effective Date ("**The New Principal Balance**"). In the event that  
12 Cobblestone files an application to approve any of its postpetition attorneys  
13 fees and costs, and those are allowed by the bankruptcy court, then the  
14 amount of any allowed claim for postpetition attorneys fees and costs will  
15 become part of be added onto The New Principal Balance.

16 **12.2** This property is in escrow and is expected to close escrow before the  
17 Effective Date, and this claim would then be paid in full out of escrow.

18 **12.3** In the event that there is a remaining balance due on the Effective Date,  
19 then one half of the New Principal Balance will be paid to the Class 10  
20 Creditor on the Effective Date.

21 **12.4** The remaining balance will be paid off on or before six months from the  
22 Effective Date. Interest payments will be made on the remaining balance on  
23 a six per cent per annum rate, paid monthly.

24 **12.5** Notwithstanding any provision in the Cobblestone HOA Note and other

1 documents that may be to the contrary, the fact that Debtor filed for  
2 bankruptcy, or the fact that the Debtor listed the above listed creditor in their  
3 Schedules, Plan, or other court documents, shall not, in and of themselves,  
4 be grounds for a declaration of default by this Secured Creditor.

5 **12.6** Upon Confirmation of the Plan, any alleged default that occurred prior to the  
6 Confirmation of the Plan shall be deemed cured by Confirmation of the Plan,  
7 and as of the Effective Date Cobblestone HOA shall be barred from asserting  
8 any default occurred prior to the Effective Date.

9 **12.2** The Class 10 claim(s) are impaired pursuant to this Plan.

### 10 **ARTICLE 13**

#### 11 **TREATMENT OF CLASS 11 CLAIMS**

#### 12 **(Claims For Executory Contract Rejection)**

13 The Claims classified as Class Twelve Claims shall be every Allowed Claim for  
14 damages under 11 USC § 365, pertaining to the rejection of a unexpired lease or rejection  
15 of an executory contract. Such claims shall be treated as follows pursuant to this Plan:

16 **13.1** The Class 12 claim(s) will be paid in full, without interest, on the date that is  
17 90 days from the Effective Date.

18 **13.2** The Class 12 claim(s) are impaired pursuant to this Plan.

### 19 **ARTICLE 14**

#### 20 **TREATMENT OF CLASS 12 CLAIMS**

#### 21 **Administrative Convenience Claims**

22 **14.1.** The Claims classified as Class Twelve Claims shall be any and all claims:

23 14.1.1. held by any NON-insider creditor with an Allowed GUC,

24 14.1.2. the total of which is not in excess of \$1,000.00,

1 14.1.3. whose claim would otherwise be classified under Class 14.

2 All Class 13 Claim(s) will be Allowed Secured Claim(s), and the Class 13 Claim(s)  
3 shall be treated as follows pursuant to this Plan:

4 **14.2.** Non-Insider GUCS with a Class 14 Claim of \$1,000.00 or less will receive a  
5 ballot for voting whether to accept or reject the Plan. If such a creditor votes to  
6 accept the Plan, they may also elect to be treated as a Class 12 creditor.

7 **14.3.** Based upon the Proofs of Claim filed by the creditors whose claim is for  
8 \$1,000.00 or less and entitled to be treated in Class 12, the amount owed to such  
9 creditors within Class 12 is approximately \$5,000.

10 **14.4.** Class 12 Allowed Claims shall be paid **75%** of the total amount of their  
11 claim, as listed on their ballot, paid in cash on the Effective Date. Creditors who  
12 elect to receive Class 12 treatment will not receive distributions otherwise payable  
13 to Class 14 claim holders.

14 **14.5.** No interest shall accrue on any Class 12 Claim.

15 **14.6.** If there are funds available from Exit Financing then those funds shall be  
16 used to pay off Allowed Class 12 Claims in the manner that is set forth in Exhibit "5"  
17 to this Plan.

18 **14.7.** On the Effective Date, Debtor shall pay a single payment to each and every  
19 Class 12 Claim equal to 75% of the amount of their Class 12 Claim as payment in  
20 full

21 **14.8.** The Class 12 claim(s) are impaired pursuant to this Plan.

22 **ARTICLE 15**

23 **TREATMENT OF CLASS 13 CLAIMS**

24 **(General Unsecured Claims Held by Non-Insiders)**

1 **(RL Ventures' Claims)**

2 Class 13 shall consist of any and all claims held by the bankruptcy estate of *In re RL*  
3 *Ventures, LLC*, an Arizona limited liability company that is in a Chapter 7 proceeding, Case  
4 No. 16-ap-00512-SHG (Trudy Nowak, Trustee). Every Class 13 Claim, as and when it is an  
5 Allowed claim, shall be treated as follows pursuant to this Plan:

6 **15.1** As of the date of submission of this Plan of Reorganization, there is an adversary  
7 case pending against the Debtor for collection of payments received by the Debtor in  
8 a commercial transaction that the plaintiff maintains created an insider relationship  
9 under 11 USC 101 (31). All issues in that adversary case are as of this date still  
10 unresolved. Debtor anticipates settling with the Class 13 creditor and if such  
11 settlement is reached and then if it is approved by both the Judge in the RL  
12 Ventures case and also approved by this Court, will be paid according to the terms of  
13 the then operable settlement agreement.

14 **15.2** Unless a settlement is reached, the ostensible claim held by the Class 13 creditor,  
15 if and when it is an Allowed Claim, will be paid in full as a Class 14 claim. If there  
16 are funds available from Exit Financing then those funds shall be used to pay off  
17 Allowed Class Fourteen Claims in the manner that is set forth in Exhibit "5" to this  
18 Plan.

19 **15.3** Without admitting that Debtor owes a penny on the Class 14 Claim, Debtor  
20 acknowledges that there is wisdom in resolution of claims. Therefore, subject to  
21 court approval in this case and in the case of *In re RL Ventures*, Debtor will settle  
22 the Class 14 Claim by payment in full on the Effective Date of \$25,0000, which shall  
23 constitute the total sum due on the Class 13 Claim. If the settlement is not  
24 approved by Judge Gan as of the Effective Date, then payment will be made within

1 three business days of the date that the settlement is approved in the case of *In re*  
2 *RL Ventures*.

3 **15.4** Debtor will cooperate with Ms. Nowak in her capacity as the Chapter 7 Trustee for  
4 the bankruptcy estate, and jointly file the appropriate pleadings to obtain court  
5 approval by Judge Gan in the case of *In re RL Ventures*, Chap 7 Case # 4:16-ap-  
6 00512-SHG.

7 **ARTICLE 16**

8 **TREATMENT OF CLASS 14 CLAIMS**

9 **(General Unsecured Claims Held by Non-Insiders)**

10 Class 14 shall consist of any and all claims held and or serviced by any NON-insider  
11 creditor with a total Allowed Claim that is a general unsecured claim. All Class 14 Claim(s)  
12 will be Allowed Secured Claim(s), and the Class 14 Claim(s) shall be treated as follows  
13 pursuant to this Plan:

14 **16.1** Debtor estimates that the total of all Class 14 Allowed Claims (only Non-  
15 Insiders) is approximately \$46,000.

16 **16.2** All claims of security interests in the Debtor's personal property or any of  
17 Debtor's real property shall be avoided unless specifically allowed as set forth in the Plan.

18 **16.3** Allowed Class 14 Claims will not receive any payments under the Plan until all  
19 of the payments have been paid in full to pay off all of the Allowed Claims in classes One  
20 through Thirteen. That process should complete within approximately one year after the  
21 Effective Date.

22 **16.4** After all of the payments have been paid in full to the claims in Classes One  
23 through Fourteen, Debtor will make the payments to the Class 14 Claims. The total  
24 necessary to pay all Allowed Claims shall be paid over 36 monthly payments equal to 1/36

1 of the total amount of Allowed Secured Claims in Class 14.

2 **16.5** The Class 14 claim(s) are impaired pursuant to this Plan.

3 **ARTICLE 17**

4 **TREATMENT OF CLASS 15 CLAIMS**

5 **(Insider GUCs)**

6 Every Class 15 Claim, as and when it is an Allowed claim, shall be treated as follows  
7 pursuant to this Plan:

8 **17.1** All claims of security interests in the Debtor's personal property or any of  
9 Debtor's real property shall be avoided unless specifically allowed as set forth in the Plan.

10 **17.2** No payment shall be made on Class 15 Claims unless all claims in classes  
11 Classes One through Fifteen have been paid in full.

12 **17.3** All Class 15 Allowed Claims will be paid in full no later than the five year  
13 anniversary of the Effective Date.

14 **17.4** Any amount that remains due on an Allowed Class 15 Claim, on the principal  
15 or for interest that is unpaid as of the completion of the Plan will not be discharged.

16 **17.5** The Class 16 claim(s) are impaired pursuant to this Plan.

17 **ARTICLE 18**

18 **(Owner's Equity)**

19 Class Sixteen consists of all the Equity Ownership of Debtor held by Ahmad N. Zarifi,  
20 a married man in his sole and separate right. Class 16 shall be treated as follows pursuant  
21 to this Plan:

22 Class 16 will receive nothing under this Plan and shall receive no benefits from  
23 ownership of the Debtor until each payment required to be paid to the Class 1-15 Claims  
24 that is required to be paid into the Plan Fund, has been fully funded and fully distributed as

1 required under the Plan.

2  
3 Respectfully submitted this 27<sup>th</sup> day of  
September 2018.

Filed by:

4 /s/ Ahmad N. Zarifi, Plan Proponent,

/s/ Michael Baldwin, AZ State Bar # 012625  
Michael Baldwin, Attorney for Debtor

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