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7 **UNITED STATES BANKRUPTCY COURT**

8 **SOUTHERN DISTRICT OF CALIFORNIA**

9 In Re:)
10 Nexgen Assets Management, LLC,)
11 Debtor in Possession.)

Case No.: 16-01329-LT11

Chapter 11

**DISCLOSURE STATEMENT IN
SUPPORT OF CHAPTER 11 PLAN
DATED August 22, 2016, OF NEXGEN
ASSETS MANAGEMENT, LLC**

Date

Judge: Honorable Laura S. Taylor

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27 Debtor and Debtor in Possession
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**PART I
INTRODUCTION**

On March 11, 2016, Nexgen Assets Management, LLC, (the “**Debtor**”) filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. The Debtor is a limited liability corporation. Debtor has been in the business of actively owning and renting real property. The Debtor continues to receive income investment real property deriving income from the rents received there from. The Debtor desires to retain the remaining real property necessitated Bankruptcy protection. A summary of the real property is listed below:

<u>Property Address</u>	<u>Classes</u>	<u>Debtor’ Intention</u>
1266 Pleiadas Avenue, Vista, CA 92084		Retain
14530 Garden Road, Poway, CA 92084		Retain
14536 Garden Road, Poway, CA 92064		Retain
14534 Garden Road, Poway, CA 92064		Retain

Chapter 11 allows the Debtor, and under some circumstances, creditors and others parties, to propose a plan of reorganization (“**Plan**”). Debtor is the proponent of the plan dated August 22, 2016. A true copy of the Plan is attached to this Disclosure Statement as Exhibit A.

A. The proposed distributions under the plan are discussed at pages ___ to ___ of this disclosure statement. Administrative convenience claims of unsecured creditors are classified in Class 2A. General unsecured creditors are classified in Class 2B, and will receive a distribution of 5% of their allowed claims over time and without interest.

B. The Purpose of the Disclosure Statement. Pursuant to §1125 of the Code, Debtor has prepared and filed this Disclosure Statement along with the Plan, for the Court’s conditional approval and submission to the holders of claims and interests. However, before an acceptance or rejection of a plan may be solicited, the Court must find that the Disclosure Statement contains

1 “adequate information.”

2 “Adequate Information” is defined in 11. U.S. C. §1125(a)(1) to mean information of a kind,
3 and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the
4 Debtor and the condition of the Debtor’s books and records, that should enable a hypothetical
5 reasonable investor typical of the holders of claims or interests of the relevant class to make an
6 informed judgment about the plan. In re Metrocraft Publishing Serve, Inc., 39 B.R. 567 (Bankr. N.D.
7 Ga. 1984)

9 READ THIS DISCLOSURE STATEMENT CAREFULLY TO FIND OUT;

10 (1) WHO CAN VOTE OR OBJECT,

11 (2) WHAT THE TREATMENT OF YOUR CLAIM IS, (i.e., if your claim is disputed and what
12 your claim will receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO
13 WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,

14 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE
15 BANKRUPTCY,

16 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO
17 CONFIRM THE PLAN,

18 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND

19 (6) WHETHER THIS PLAN IS FEASIBLE

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

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

1
2 **PART II**
3 **CONFIRMATION REQUIREMENTS;**
4 **VOTE REQUIRED FOR APPROVAL OF THE PLAN**

5 PERSONS OR ENTITIES CONCERNED WITH THE CONFIRMATION OF THIS PLAN
6 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
7 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX.

8 The following discussion is intended solely for the purpose of alerting readers about basic
9 confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims.
10 The proponent CANNOT and DOES NOT represent that the discussion contained below is a
11 complete summary of the law on this topic.
12

13 A. Who May Vote or Object

14 1. Who May Object to Confirmation of the Plan

15 Any party in interest may object to the confirmation of the Plan, but as explained below, not
16 everyone is entitled to vote to accept or reject the Plan.
17

18 2. Who May Vote to Accept/Reject the Plan

19 Who may vote: Only impaired creditors are entitled to vote (See §1124). A creditor is
20 entitled to vote on confirmation of the plan unless (i) the creditor's class is unimpaired (presumed to
21 accept the Plan) or is to receive no distribution (presumed to reject the plan); (ii) an objection has
22 been filed to that creditors claim; (iii) that creditor's claim is scheduled by the debtor as contingent,
23 disputed, unliquidated or unknown and the creditor has not filed a proof of claim; or (iv) that claim
24 is unclassified (and thus required by law to be paid in full). A creditor whose claim has either been
25 objected to or has been scheduled by Debtor as contingent, disputed, unliquidated or unknown or
26 who has not filed a proof of claim, and who wishes to vote, must move to have its claim allowed for
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1 voting purposes by filing a motion for such relief in time for that motion to be heard before the
2 hearing on confirmation of the plan. A creditor whose claim has been allowed in part as a secured
3 claim and in part as an unsecured claim is entitled to accept or reject a plan in each capacity by
4 delivering one ballot for the secured part of the claim and another ballot for the unsecured portion of
5 the claim.
6

7 a. What is an Allowed Claim/Interest

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

14 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE IS SEPTEMBER 30, 2016.

15 A creditor or interest holder may have an allowed claim or interest even if a proof of claim or
16 interest was not timely filed. A claim is deemed allowed if (1) it is scheduled in the Debtor'
17 schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party
18 in interest has objected to the claim. An interest is deemed allowed if it is scheduled and no party in
19 interest has objected to the interest.
20

21
22 b. What is an Interest

23 As noted above, an allowed claim or interest only has the right to vote if it is in a class that is
24 impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual
25 rights of the members of that class. For example, a class comprised of general unsecured claims is
26
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1 impaired if the Plan fails to pay the members of that class 100% of what they are owed on the
2 effective date of the Plan.

3 In this case, the Debtor believe that Class 1E, is impaired and that all holders of claims in
4 that class are therefore entitled to vote to accept or reject the Plan. Parties who dispute the Debtor'
5 characterization of their claim or interest as being impaired or unimpaired may file an objection to
6 the Plan contending that the Debtor have incorrectly characterized the class.
7

8 3. Votes Necessary to Confirm the Plan

9 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired
10 class has accepted the Plan without counting the votes of any insiders within that class, or (2) all
11 impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by
12 "cramdown" on non-accepting classes, as discussed later in paragraph 6 of this Section.
13

14 4. Votes Necessary for a Class to Accept the Plan

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

21 5. Treatment of Nonaccepting Classes: Absolute Priority Rule

22 As noted above, even if all impaired classes do not accept the Proposed Plan, the Court may
23 nevertheless confirm the Plan if the nonaccepting classes are treated in the manner required by the
24 Code. The process by which nonaccepting classes are forced to be bound by the terms of a Plan is
25 commonly referred to as "cramdown." The Code allows the Plan to be "crammed down" on
26 nonaccepting classes of claims or interests if it meets all consensual requirements except the voting
27
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1 requirements of §1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and
2 equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C
3 §1129(b) and applicable case law.

4 The Debtor is a California limited liability company. Other general unsecured creditors, to
5 the extent there are any, will be paid 5 cents on the dollar of their allowed claims without interest, in
6 equal quarterly installments over five years. Under §1129(a)(15), if an unsecured creditor objects to
7 confirmation, an individual debtor must either pay the present value of that unsecured claim in full
8 or make distributions under the plan totaling at least the value of the Debtor’s net disposable income
9 over the greater of (a) five years or (b) the period for which the plan provides payments. However,
10 §1129(a)(15) should be read and applied in conjunction with §1123(a)(4) which provides that
11 Chapter 11 plan must provide the same treatment for each claim in the same particular class.
12
13

14 a. Secured Claims: There are three ways to satisfy the fair and equitable standard with respect
15 to a dissenting class of secured claims. The first way is to provide the class members retain their
16 security interests (whether the collateral is kept or is transferred by the Debtor) to the extent of their
17 allowed secured claims and to give each secured creditor in the class deferred cash payments that
18 aggregate to at least the amount of the allowed secured claim and which have a present value equal
19 to the value of the collateral. This method of satisfying the fair and equitable standard may be
20 complicated by the application of 11.U.S.C §1111(b)(2). The meaning of “allowed secured claim” as
21 used in this paragraph will depend whether the secured creditor makes a §1111(b)(2) election to be
22 treated as fully secured despite the fact that the collateral may be worth less than the amount of the
23 claim. However, pursuant to §1123(a)(5) a Plan may modify the rights of holders of secured claims
24 other than a claim secured only by a security interest in real property that is the Debtor’s principal
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1 residence, or of holders its secured claims, or leave unaffected the rights of holders of any class of
2 claim.

3 (1) Section 1111(b) (2) election; The §1111(b)(2) election converts the unsecured deficiency
4 claim into a claim secured by the collateral of the electing creditor. If a creditor so elects, the Debtor
5 must treat the creditor's entire claim as a secured claim and the Plan must provide for the creditor to
6 receive, on account of its claim, payments, either present or deferred, of a principal face amount
7 equal to the amount of the claim and of a present amount equal to the value of the collateral.
8

9 A second alternative for complying with the fair and equitable standard with respect to a
10 class of dissenting secured creditors is for the plan to provide for the realization of the "indubitable
11 equivalent" of their secured claims.
12

13 The third alternative for satisfying the fair and equitable standard is to provide in the Plan for
14 the sale of the collateral free and clear of liens, with the liens to attach to the sale proceeds.

15 b. Unsecured Claims; There are two ways of satisfying the fair and equitable standard with
16 respect to a dissenting class of unsecured claims. The first way is for the plan to be approved for
17 distributions to the dissenting class worth the full amount of their allowed claims. The allowed
18 claims need not be paid in full on the effective date of the plan. If the plan provides for deferred
19 payments, an appropriate interest rate must be used so that the present value of deferred payments
20 equals the full amount of the allowed unsecured claims of the dissenting class.
21

22 The second way to satisfy the fair and equitable test with respect to the dissenting class of
23 unsecured creditors is for the plan to provide that all claims that are junior to the dissenting class do
24 not receive or retain any property on account of their claims or interests. Accordingly, if a dissenting
25 unsecured creditor class is to receive property worth only one-half of its allowed claims, the plan
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1 may still be fair and equitable if all junior classes are to receive or retain nothing and if no senior
2 class is to receive more than 100% of its allowed claims.

3 The Debtor contends that there is not a violation of the Absolute Priority Rule since
4 distribution under the plan is not less than the projected disposable income of the Debtor to be
5 received during the 5-year period beginning on the date that the first payment is due under the plan.
6 (The unsecured Creditors, to the extent there are any will receive 5 cents on the dollar on their
7 claims. As a result, Debtor may seek a finding that the Absolute Priority Rule will not be at issue in
8 this Plan.) In the event a secured creditor objects to Plan confirmation based upon 11 U.S.C.
9 §1129(b)(2)(B) [the "Absolute Priority Rule"], the Debtor retains the right to make a new value
10 contribution, subject to allowing exclusivity to expire or allowing an auction for the right to control
11 the objecting secured creditor's collateral.
12
13

14 6. Request for Confirmation Despite Nonacceptance by Impaired Class(es)

15 The Debtor's Plan, pursuant to Section 1123(b) of the Bankruptcy Code, provides for the
16 revaluation of the Debtor's real properties in accordance with each property's current market value
17 immediately prior to final confirmation of the Plan. If you are a secured creditor, your secured claim
18 may be reduced in accordance with Section 506(a) of the Bankruptcy Code, as of the effective date
19 of the Plan. If you disagree with the revaluation or the appraised amounts, you should object to the
20 Plan.
21

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24 **PART III**
 DESCRIPTION OF THE PLAN

25 A. **What Creditors and Interest Holders will Receive Under the Proposed Plan**
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As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

B. Unclassified Claims

Certain types of claims are not placed into voting classes. They are unclassified. They are not considered impaired and can't vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the proponent has not placed the following claims in a class:

1. Administrative Expenses

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

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

Name	Amount Owed	Treatment
McMillan Law Group, APC	\$27,650.00	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	\$0	Paid in full on effective date.
Office of the U. S. Trustee	\$650.00	Paid in full on effective date.
TOTAL	\$28,300.00	

1 The secured claim of the San Diego California Taxing Authority for fiscal tax year 2015-
2 2016 will be paid timely and in the normal course of business with all applicable costs, fees, charges
3 and interest pursuant to 11 USC Sections 506(b) and 511. A failure by the Debtor to make a
4 payment to San Diego California Taxing Authority pursuant to the terms of the Plan shall be an
5 Event of Default. If the Debtor fails to cure an Event of Default as to tax payments within ten (10)
6 days after service of written notice of default, then it may enforce the entire amount of its claim, plus
7 all penalties and interest accrued under state law, against the Debtor in accordance with applicable
8 state law remedies.
9

10 2. Court Approval of Fees Required:

11 The Court must rule on all fees by the McMillan Law Group, APC before the fees will be
12 owed. The professionals in question must file and serve a properly noticed fee application and the
13 Court must rule on the application. Only the amount of fees allowed by the Court will be owed and
14 required to be paid under this Plan.
15

16 As indicated above, the Debtor will need to pay \$28,300.00 worth of administrative claims
17 on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not
18 yet ruled on the claim. Debtor will have \$11,350.00 on hand on the Effective Date of the Plan.
19 Counsel for Debtor will accept payment terms on attorney fees and costs to be paid within two years
20 of the effective date. The source of this cash will be from rents collected from Debtor's real
21 property.
22

23 3. Priority Tax Claims

24 Priority tax claims include certain unsecured income, employment and other taxes described
25 by code §507(a)(8). Debtor believe there are no Unsecured Priority Tax Claims, Classified Claims
26 and Interests. Debtor is current on Post-Petition Taxes.
27
28

1. Classes of Secured Claims

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

CLASS #1A	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
Allstar Financial Service, Inc.		N	N	To be treated as wholly secured in the amount of \$780,000.00. Paid outside Plan
Collateral Description	1266 Pleiades Avenue, Vista, CA 92084			Regular monthly payment \$6,175.00
Collateral Value	\$1,300,000.00			Begin Date: On Effective Date.
Priority of Security	First Deed of Trust			End Date: December 2018
Principal	\$780,000			Interest Rate 9.5% Fixed
Pre-Petition Arrearage				
Post-Petition Arrearage Amount	\$0			
Total Claim Amount (Claim No. 11 filed 3/12/13)	\$780,000.00			

Debtor intends to retain this property. This property is currently subject to litigation with the Second Lien Holder, identified as Class 1E. Any deficiency claim is a general unsecured claim treated in Section 2. The Creditor in this class shall retain their interest in the collateral. Debtor will pay the entire amount contractually due by making all post-confirmation regular monthly payments, with interest in 120 equal monthly payments due on the fifth day of the month, starting on the effective date on the above secured claims. To the extent arrears are determined to be other than as shown above, appropriate adjustments will be made in the number of payments. The Creditor in this

1 class shall retain its interest in the collateral until paid in full.

2 The Creditor in this class shall retain their interest in the collateral until Debtor make all
3 payments on the allowed secured claim specified in the Plan.

4 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor are
5 not in material default under the Plan. **This secured claim is not impaired and is not entitled to**
6 **vote on the confirmation of the Plan.**
7

CLASS #1B	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
Secured Claim of The Loan Company of San Diego		N	N	To be treated as wholly secured in the amount of \$505,298.00. Paid outside Plan.
Collateral Description	14530 Garden Road, Poway, CA 92064			Regular monthly payment \$3,565.99
Collateral Value	\$			Begin Date: On Effective Date.
Priority of Security	First Deed of Trust			End Date: 2018
Principal	\$505,298.00			Interest Rate 7.5% Fixed
Pre-Petition Arrearage	\$0.00			
Post-Petition Arrearage Amount	\$0			
Total Claim Amount	\$505,298.00			

23
24 Debtor will pay the entire amount contractually due by making all post-confirmation
25 regular monthly payments, with interest in 120 equal monthly payments due on the fifth day of the
26 month, starting on the effective date on the above secured claims. To the extent arrears are
27 determined to be other than as shown above, appropriate adjustments will be made in the number of
28

1 payments. The Creditor in this class shall retain its interest in the collateral until paid in full.

2 The Creditor in this class shall retain their interest in the collateral until Debtor make all
3 payments on the allowed secured claim specified in the Plan.

4 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor are
5 not in material default under the Plan. **This secured claim is not impaired and is not entitled to**
6 **vote on the confirmation of the Plan.**

8 CLASS #1C	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
9 Secured Claim of 10 The Loan 11 Company of San 12 Diego		N	N	To be treated as wholly secured in the amount of \$505,298.00, Paid Outside of Plan
13 Collateral Description	14536 Garden Road, Poway, CA 92064			Regular monthly payment \$3,566.00
14 Collateral Value	\$			Begin Date: On Effective Date.
15 Priority of Security	First Deed of Trust			End Date: 2018
16 Principal Owed	\$505,298.00			Interest Rate 7.5% Fixed
17 Pre-Petition Arrearage Amount	\$0.00			
18 Post-Petition Arrearage Amount	\$0			
19 Total Claim 20 Amount	\$505,298.00			

21
22 Debtor will pay the entire amount contractually due by making all post-confirmation regular
23 monthly payments, and by paying all pre-confirmation arrears (including attorneys fees and late
24 charges) with inters in 120 equal monthly payments due on the fifth day of the month, starting on the
25 effective date on the above secured claims. The Creditor in this class shall retain its interest in the
26 collateral until paid in full.
27
28

The Creditor in this class shall retain their interest in the collateral until Debtor make all payments on the allowed secured claim specified in the Plan.

The Creditor in this class may not repossess or dispose of its collateral so long as Debtor are not in material default under the Plan. **This secured claim is not impaired and is not entitled to vote on the confirmation of the Plan.**

CLASS #1D	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
Secured Claim of Zenith Trustee Services		N	N	To be treated as secured in the amount of \$580,000.00,paid outside Plan
Collateral Description	14534 Garden Road, Poway, CA 92064			
Collateral Value	\$			\$4,350.00 monthly
Priority of Security	First Deed of Trust			
Principal Owed	\$580,000			Balloon (Y/N) Y
Pre-Petition Arrearage Amount	\$0.00			None Effective Date
Post-Petition Arrearage Amount	\$0			Interest Rate 9%
Total Claim Amount	580,000.00			

Debtor will pay the entire amount contractually due by making all post-confirmation regular monthly payments, and by paying all pre-confirmation arrears (including attorneys fees and late charges) with inters in 120 equal monthly payments due on the fifth day of the month, starting on the effective date on the above secured claims. The Creditor in this class shall retain its interest in the collateral until paid in full.

The Creditor in this class shall retain their interest in the collateral until Debtor make all payments

1 on the allowed secured claim specified in the Plan.

2 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor are
 3 not in material default under the Plan. **This secured claim is not impaired and is not entitled to**
 4 **vote on the confirmation of the Plan.**

7 CLASS #1E	DESCRIPTION	INSIDER (Y/N)	IMPAIRED (Y/N)	TREATMENT
8 Secured Claim of Jean and Yanique Lacombe		N	Y	
10 Collateral Description	1266 Pleiades Avenue, Vista, CA 92084			Excluded
12 Collateral Value	\$1,300,000.00			
14 Priority of Security	Second Deed of Trust			
15 Principal Owed	\$541,000.00			
16 Pre-Petition Arrearage Amount				
17 Post-Petition Arrearage Amount	\$0			
18 Total Claim Amount	\$541,000			

19 This claim is currently subject to arbitration in San Diego Superior Court. The interest
 20 payments detailed above are to be made outside the Plan, by other parties pursuant to order of this
 21 Court. **This secured claim is impaired and is entitled to vote on the confirmation of the Plan.**

23 2. Class of General Unsecured Claims

24 Class 2A. Administrative Convenience Claims.

25 This class includes any creditor whose allowed claim is One Thousand dollars [\$1,000.00] or
 26 less, and any creditor in Class 2B whose allowed claim is larger than One Thousand dollars
 27 [\$1,000.00] but agrees to reduce its claim to One Thousand dollars [\$1,000.00]. Each creditor will
 28

1 receive on the Effective Date of the Plan a single payment equal to lesser of 5% of its allowed claim.

2 The creditors in this class may not take any collection action against Debtor so long as
 3 Debtor is not in material default under the Plan. Claimants in this class are impaired and are entitled
 4 to vote on confirmation of the Plan, unless their claims are paid in full with interest on the Effective
 5 Date of the Plan.
 6

7 Class 2B. General Unsecured Claims

8 General unsecured claims are unsecured claims not entitled to priority under Code §507(a).

9 The following chart identifies the Plan’s treatment of the class containing all of Debtor’s general
 10 unsecured claims.
 11

CLASS #2B General Unsecured Claim	Claim Amount	IMPAIRED (Y/N)	TREATMENT Payment Interval Quarterly
DESCRIPTION			

22

23 Total \$unknown

24 Class 2A. Administrative Convenience Claims \$-0-

25 Class 2B. General Unsecured Claims \$unknown

26 Total Amount of Allowed Unsecured Claims \$unknown

27

28 Estimated Payment
\$unknown

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Amount/Quarterly
Balloon (Y/N) N
Begin Date: Two weeks after
Plan Confirmation
End Date: August 1, 2018
Total payout \$unknown
Total Payout 5%

3. Classes of Interest Holders

The Debtor is a California limited liability corporation. Leslie Wang is the interest holder. Leslie Wang will retain ownership interest subject to the terms of the plan.

D. Other Provisions of the Plan

1. Effective Date of the Plan

The Effective Date of the Plan is 14 days following the date of entry of the order confirming the Plan unless a stay of the confirmation order is in effect, in which case the Effective Date will be the first business day after the date on which the stay of the confirmation order has been lifted, provided that the confirmation order has not been vacated. Debtor expects the Effective Date of the Plan to be in October of 2016.

2. Executory Contracts and Unexpired Leases

a. Assumptions

The Debtor's income is derived from rental of real property owned by the Debtor. On the Effective Date, the Debtor assumes the executory contracts and unexpired leases of the Bankruptcy Estate. And shall perform all obligations there under, both pre-confirmation and post-confirmation.

On the Effective Date the Debtor shall pay any pre-confirmation arrearages, unless the parties agree otherwise or the court finds that a proposed payment schedule provides timely cure and adequate assurance of future performance. Post-confirmation obligations will be paid as they come

1 due.

2 b. Rejections

3 There is no Executory Contract with the Debtor that is rejected. If any exists, a proof of claim
4 for any damages resulting from such rejection shall be filed within thirty (30) days after the Effective
5 Date of the Plan. Such claim shall be deemed allowed unless, within thirty (30) days of service of a
6 copy of the proof of claim upon the Reorganized Debtor and its counsel, and objection is filed. The
7 objection shall be determined by the Court as a contested matter under Federal Rule of Bankruptcy
8 Procedure 9014. Any such Claim, if allowed, shall be added to Class 2B and treated as provided in
9 Section 5.04 of the Plan.
10

11 Debtor is not aware of any other unexpired leases or executory contracts. If any should be
12 found to exist, the Reorganized Debtor reserves the right to assume or reject it. Any such assumption
13 or rejection shall be in accordance with the provisions of Section 365 of the Bankruptcy Code and
14 Federal Rule of Bankruptcy Procedure 6006. A proof of claim for damages resulting from a rejection
15 shall be filed within thirty (30) days after entry of an order of the Court approving the rejection.
16 Such claim shall be allowed unless, within thirty days of service of a copy of the proof of claim upon
17 the Reorganized Debtor and its counsel, an objection is filed. Each objection shall be determined by
18 the Court as a contested matter under Federal Rule of Bankruptcy Procedure 9014. Any such claim,
19 if allowed, shall be added to Class 2B and treated as provided in Section 5.04 of the Plan.
20

21
22 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING
23 FROM THE REJECTION OF A LEASE OR CONTRACT SHALL BE THIRTY (30) DAYS
24 AFTER THE EFFECTIVE DATE OF THE PLAN. Any claim based on the rejection of contract or
25 lease will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.
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27 **PART IV**
28 **MEANS OF EFFECTUATING THE PLAN**

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A. Funding for the Plan.

Real property will not be sold to fund the Plan. The Plan will be funded from operations from future rental income. The Plan proposes to pay \$3,375.00 each quarterly (i.e. \$1,125.00 each month). As Debtor's financial projections demonstrate, Debtor will have an average gross income of \$9,193.00. Current/Post petition Income and Expenses, which have been prepared as of August 22, 2016, and are attached hereto as Exhibit B.

B. Disbursing Agent.

The Debtor shall act as the Disbursing Agent for the purpose of making all distributions provided for under the Plan.

**PART V
CASH REQUIREMENTS**

On the Effective Date of the Plan, Debtor will need approximately \$650.00 to pay administrative expenses.

**PART VI
ADMINISTRATIVE EXPENSES**

Administrative expenses are defined in §507(a)(1) of the Code. They include the Debtor's post-petition operating expenses, which are unpaid on the Effective Date of the Plan. These post-petition expenses will be assumed and paid by the reorganized Debtor. Administrative expenses also include the Court approved fees and costs of professional persons. Counsel for the Debtor will accept payment terms on attorneys fees and costs to be paid within two years of the effective date.

Other than ordinary course of business expenses, Debtor believes that Administrative Claims consist of the professional fees of Debtor's Professionals. Under the plan, unless otherwise agreed to by the parties, each holder of an Allowed Administrative Claim will receive Cash equal to the unpaid portion of such Allowed Administrative Claim on the later of (i) the Effective Date, and (ii) the date

1 on which such Claim becomes an Allowed Administrative Claim; provided, however, that
2 Administrative Claims that represent liabilities incurred by Debtor in the ordinary course of its
3 business during the Bankruptcy Case will be paid in the ordinary course of its business and in
4 accordance with any terms and conditions of any agreements relating thereto.
5

6 **PART VII**
7 **LEGAL PROCEEDINGS**

8 Other than detailed above with respect to Claim 1E, no proceedings to avoid liens are
9 pending or anticipated, except the Parties in interest may file objections to disputed claims thirty (30)
10 days after confirmation.

11 //

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14
15 **PART VIII**
16 **DESCRIPTION OF THE DEBTOR**

17 A. Description and History of the Debtor’s Business.

18 The Debtor is a California limited liability corporation. The Debtor holds real property and
19 leases those properties to commercial tenants. Those commercial tenants operate retirement homes.

20 B. Principals/Affiliates of Debtor’s Business.

21 During the two years prior to the date on which the bankruptcy petition was filed, Leslie
22 Wang has been the only officer, director, manager or other persons in control of the Debtor.
23

24 **PART IX**
25 **REASONS FOR FINANCIAL DIFFICULTIES AND CORRECTIONS OF THOSE**
26 **FACTORS**

27 A. Reasons for Financial Difficulties

28 The asset of the Debtor located at 1266 Pleiades Drive, Vista, CA 92084 became the subject

1 of litigation in January of 2016. The Debtor is not involved in that litigation as it was not party to the
 2 underlying contracts which are in dispute.

3 B. Reason for the Chapter 11 Filing

4 The bankruptcy Petition was filed to stop the Trustee sale of 1266 Pleiades Drive, Vista, CA
 5 92084 to protect the financial interest of the Debtor.
 6

7 **PART X**
 8 **ASSETS AND VALUATION**

9 Debtors' assets are listed below. Debtor is awaiting an order to employ a certified appraiser
 10 who will support the values of the real property shown. Each appraisal will be filed with the
 11 Court as part of Debtor' motions to value.

12 Real Property

13 A. 1266 Pleides Avenue, Vista, CA 92084

14 Description of Property: The property is used for the commercial operation of a retirement home.
 15

Rental Income	Mortgage	Insurance	Property Taxes	Other Expenses	Net Income
\$8,000.00 Month	\$6,175.00 1 st – Allstar Financial Service, Inc	Included	Included	\$1,825.00	(\$0.00)
	2 nd -Jean and Yanique Lacombe				

Collateral Value	Liens	Balloon Payment	Occupied	Rents Current	Taxes Delinquent
\$1,300,000	\$780,000.00	Yes	Yes	Yes	No
	\$541,000.00				

25 B. 14530 Garden Road, Poway, CA 92064

26 Description of Property: The property is used for the commercial operation of a retirement home.
 27
 28

Rental Income	Mortgage	Insurance	Property Taxes	Other Expenses	Net Income
\$6,150.00 Month	\$3,659.99 1 st – The Loan Company of San Diego	\$0	\$0	\$1,385.00	(\$1,400.00)

Value	Liens	Balloon Payment	Occupied	Rents Current	Taxes Delinquent
\$700,000.00	\$505,298.00	Yes	Yes	Yes	No

C. 14536 Garden Road, Poway, CA 92064

Description of Property: The property is used for the commercial operation of a retirement home.

Rental Income	Mortgage	Insurance	Property Taxes	Other Expenses	Net Income
\$6,350.00 Month	\$3,566.00 1 st -Loan Company of San Diego	Included	Included	\$1,385.00	(\$1,400.00)

Collateral Value	Liens	Balloon Payment	Occupied	Rents Current	Taxes Delinquent
\$7,000,000.00	\$505,298.00	Yes	Yes	Yes	No

D. 14534 Garden Road, Carlsbad, CA 92064

Description of Property: The property is used for the commercial operation of a retirement home.

Rental Income	Mortgage	Insurance	Property Taxes	Other Expenses	Net Income
\$6,150.00 Month	\$4,350.00 1 st – Zenith Trustee Services	\$0	\$0	\$1,100.00	(\$700.00)

Value	Liens	Balloon Payment	Occupied	Rents Current	Taxes Delinquent
\$600,000.00	\$580,000.00	Yes	Yes	Yes	No

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Total Pre-Petition Net Monthly Income of All Real Property is: (\$1,262.73)

<u>Property Address</u>	<u>Value</u>
1266 Pleiades Avenue, Vista, CA 92084	\$1,300,000.00
14530 Garden Road, Poway, CA 92064	\$700,000.00
14534 Garden Road, Poway, CA 92064	\$600,000.00
14536 Garden Road, Poway, CA 92064	\$700,000.00

Total Value of Real Property: \$3,300,000.00.

The values shown are will be supported by the appraisals by a certified appraiser who has not yet been employed by Debtor.

**PART XI
LIABILITIES**

Debtor' secured liabilities are listed below:

<u>Property Address</u>	<u>Liabilities</u>
1266 Pleiadas Ave. Vista, CA 92084	\$780,000.00
	\$541,000.00
14530 Garden Road, Poway, CA 92064	\$505,298.00
14534 Garden Road, Poway, CA 92064	\$580,000.00
14536 Garden Road, Poway, CA 92064	\$505,298.00
Total	\$2,911,596.00

Debtor's
unsecured

liabilities are listed below:

Class #2A. Administrative Convenience Claims.

This class includes any creditor whose allowed claim is \$1,000.00 or less, and any creditor in Class 2(b) whose allowed claim is larger than \$1,000.00 but agrees to reduce its claim to \$1,000.00. Each creditor will receive on the Effective Date of the Plan a single payment equal to lesser of 9% of its allowed claim or \$1,000.00.

Creditors in this class may not take any collection action against Debtor so long as Debtor is not in material default under the Plan. **Claimants in this class are impaired and are entitled to**

1 vote on confirmation of the Plan, unless their claims are paid in full with interest on the
 2 Effective Date of the Plan.

3 Class #2B. General Unsecured Claim.

4 CLASS #2B 5 General Unsecured Claim 6 DESCRIPTION	Claim Amount
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15 Total Amount of Unsecured Liabilities: \$Currently unknown

16 **PART XII**
 17 **HISTORICAL AND CURRENT FINANCIAL INFORMATION**

18 The Debtor receives an average employment net income of \$9,193.00 per month. This
 19 income is expected to be received throughout the life of the plan.

20 Debtor has filed monthly operating reports with the court, which show a profit each month.
 21 The monthly net income is \$26,850.00 that the Debtor receives from rental income. The following is
 22 a chart of historical pre-confirmation and post confirmation income.
 23

24 **PRE-PETITION**

25 Property Address	Monthly Income	Mortgage	Expenses	Net Income
26 1266 Pleiades Drive	\$8,000.00	\$6,175.00	\$1,825.00	\$0.00
27 14530 Garden Road, 28 Poway, CA 92064	\$6,350.00	\$3565.99	\$1,385.00	\$1,400.00

14534 Garden Road, Poway, CA	\$6,150.00	\$4,350	\$1,100.00	\$700.00
14536 Garden Road, Poway, CA 92064	\$6,350.00	\$3,566.00	\$1,385.00	\$1,400.00

POST-CONFIRMATION

When Confirmed the estate will show continue to show a profit:

XIII

Property Address	Monthly Income	Mortgage	Expenses	Net Income
1266 Pleiades Avenue, Vista, CA 92084	\$8,000.00	\$6,175.00	\$1,825.00	\$0.00
14530 Garden Road, Poway, CA 92064	\$6,350.00	\$3,565.00	\$1,385.00	\$1,400.00
14534 Garden Road, Poway, CA 92064	\$6,150.00	\$4,350.00	\$1,100.00	\$700.00
14536 Garden Road, Poway, CA 92064	\$6,350.00	\$3,566.00	\$1,385.00	\$1,400.00

LIQUIDATION ANALYSIS

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 the 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, a Chapter 7 Trustee usually sells the Debtor’s assets. 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 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

holder should receive under a chapter 7 Liquidation. The Plan Proponent maintains that this requirement is met here for the following reason – The unsecured creditors would receive no distribution if all the assets were liquidated. All the real property has secured liens that, after costs of sale are incorporated, exceed the value of the real property.

Below is a demonstration, in balance sheet format, that all creditors and interests will receive at least as much under that Plan as such creditor or interest holder would receive under Chapter 7 liquidation.

ASSETS VALUED AT LIQUIDATION VALUE

CURRENT ASSETS

a. Cash on hand \$000.00
 b. Accounts receivable \$-0-
 c. Inventories \$-0-

TOTAL CURRENT ASSETS \$000.00

FIXED ASSETS

d. Furniture and Furnishings \$000.00
 e. Machinery & Equipment \$000.00
 f. Automobiles \$000.00

g. Building and Land

Property Address	Values	Liabilities
1266 Pleiades Avenue, Vista, CA 92084	\$1,300,000.00	\$1,321,000.00
14530 Garden Road, Poway, CA 92064	\$700,000.00	\$505,298.00
14534 Garden Road, Poway, CA 92064	\$600,000.00	\$580,000.00
14536 Garden Road, Poway, CA 92064	\$700,000.00	\$505,298.00
Total	\$3,300,000.00	\$2,911,596.00

TOTAL FIXED ASSETS \$3,300,000.00

OTHER ASSETS

h. Customer List \$-0-
 i. Stocks, bonds, financial assets \$-0-
 j. Lawsuits or other claims against

1	Third parties	\$-0-
2	k. Other intangibles (e.g. avoiding powers)	\$-0-
3	TOTAL OTHER ASSETS	<u>\$000.00</u>
4	TOTAL CURRENT ASSETS:	\$000.00
5	TOTAL FIXED ASSETS	\$3,300,000.00
6	TOTAL OTHER ASSETS:	\$32,500.00
7	TOTAL ASSETS AT LIQUIDATION VALUE:	<u>\$1,072,315.98</u>
8	Less;	
9	Secured creditor's recovery ¹	\$2,911,596.00
10	Less:	
11	Chapter 7 Trustee Fees and expenses	
12	[25% of \$5,000 = \$1,250.00	
13	10% of \$50,000= \$5,000.00	
14	5% of \$1,000,000 = \$50,000.00	
15	3% of Remainder above \$1,000,000.00= \$57,347.88]	\$113,597.88
16	Less:	
17	Costs of Sale:	
18	8%	\$264,000.00
19	Less:	
20	Chapter 11 administrative expenses	\$650.00
21	Less:	
22	Priority Claims, excluding administrative expense claims	\$0
23	Less:	
24	Debtor's claimed exemptions	\$-0-
25	(1) Balance for unsecured claims	\$-0-
26	(2) Total amount of unsecured claims	\$unknown
27	PERCENT OF THEIR CLAIMS WHICH UNSECURED CREDITOR WOULD RECEIVE OR RETAIN IN A CHAPER 7 LIQUIDATION ² : ZERO (0%)	
28	PERCENT OF THEIR CLAIMS, WHICH UNSECURED CREDITORS, WILL RECEIVE OR RETAIN UNDER THIS PLAN: 5%	\$unknown

**PART XIV
FEASIBILITY**

Another requirement for confirmation involves the feasibility of the plan, which means that

¹ NOTE: The deficiency portion of a secured recourse claim must be added to the total amount of unsecured claims.

² Note: if this percentage is greater that the amount to be paid to the unsecured creditors on a "present value basis" under the Plan, the Plan is not confirmable unless proponent obtains acceptance by every creditor in an impaired class.

1 confirmation of the Plan is not likely to be followed by liquidation, or the need for further financial
 2 reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation
 3 or reorganization is proposed in the Plan.

4 There are at least two important aspects of a feasibility analysis. The first aspect considers
 5 whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the
 6 claims and expenses which are entitled to be paid on such date. The Proponent maintains that this
 7 aspect of feasibility is satisfied as illustrated here:
 8

9 Effective Date Feasibility

10 Can the Debtor Make the Effective Day Payments?

	Amount	Amount
A. Projected Total Cash on Hand on Effective Date		\$12,000.00
Payments on Effective Date		
Unclassified Claims	\$0	
Administrative Expense Claims	\$0	
Priority Claims	\$0	
U.S. Trustee Fees	\$650.00	
B. Total Payments on Effective Date		\$650.00
C. Net Cash on Effective Date (Line A - Line B) (Not feasible if less than zero)		\$11,350.00

20 The sources of the cash Debtor will have on hand by the Effective Date, as shown above are:

\$12,000.00	Cash in DIP Account currently
+\$26,850.00	Additional cash DIP will accumulate from Net earnings between now and Effective Date.
+ -0-	Borrowing
+ -0-	Capital Contributions
+ -0-	Other

\$38,850.00	Total
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The second aspect of feasibility considers whether the Proponent will have enough cash over the life of the Plan to make the required Plan payments.

FINANCIAL STATEMENTS

Monthly Income and Expenses

Income	Amount
1. Current monthly gross wages, salary, and commissions	\$0
2. Estimated monthly overtime	N/A
3. SUBTOTAL	\$000.00
4a. Payroll taxes and social security	\$000.00
4b. Insurance	N/A
4c. Union dues	N/A
4d. Other (Specify):	N/A
5. SUBTOTAL OF PAYROLL DEDUCTIONS	\$-----
6. TOTAL NET MONTHLY TAKE HOME PAY	\$000.00
7. Regular income from operation of business or profession	N/A
8. Income from real property	
Total Rental Income	\$26,858=9.00
9. Interest and dividends	N/A
10. Alimony, maintenance or support payments	N/A
11. Social security or government assistance (Specify):	N/A
12. Pension or retirement income	N/A
13. Other monthly income (Specify):	N/A
14. SUBTOTAL OF LINES 7 THROUGH 13	\$26,850.00
A. TOTAL MONTHLY INCOME (Add line 6 and line 14)	\$26,850.00

Expenses	Amount
1. Rent or home mortgage (include lot rented for mobile home)	See 21-23
1a. Are real estate taxes included? Yes ___ No ___	\$000.00
1b. Is property insurance included? Yes ___ No ___	\$000.00
2a. Utilities: Electricity and heating fuel	\$000.00
2b. Utilities: Water and sewer	\$000.00
2c. Utilities: Telephone	\$000.00
2d. Utilities: Other	\$000.00
3. Home maintenance (repairs and upkeep)	\$000.00
4. Food	\$000.00
5. Clothing	\$000.00
6. Laundry and dry cleaning	\$-0-

1	7. Medical and dental expenses	\$-0-
2	8. Transportation	\$000.00
3	9. Recreation, clubs and entertainment, newspapers, magazine, etc.	\$000.00
4	10. Charitable contributions	\$000.00
5	11a. Insurance: Homeowner's or renter's	
6	11b. Insurance: Life	
7	11c. Insurance: Health	\$0.00
8	11d. Insurance: Auto	\$000.00
9	11e. Insurance: Other	
10	12. Taxes: (not deducted from wages or included in home mortgage)	N/A
11	13a. Installment payments: Auto (Do not list payments included in plan)	N/A
12	13b. Installment payments: Other (Do not list payments included in plan)	N/A
13	13c. Installment payments: Other (Do not list payments included in plan)	N/A
14	14. Alimony, maintenance, and support paid to others	N/A
15	15. Payments for support of dependents not living at your home	N/A
16	16. Regular expenses from operation of rental properties	
17	17. 1266 Pleiades Avenue, Vista, CA	\$6,175.00
18	18. 14530 Garden Road, Poway, CA	\$3565.99
19	19. 14534 Garden Road, Poway, CA	\$4,350.00
20	20. 14536 Garden Road, Poway, CA	\$3566.00
21	B. TOTAL MONTHLY EXPENSES	\$17,656.99

22	C. Disposable Income (Line A - Line B)	\$9,139.00
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23	Plan Payments	Amount
24	Plan Payments Not Included in Calculating Disposable Income	
25	Administrative Claims-Trustee Fees	\$216.67
26	Priority Claims	NONE
27	General Unsecured Creditors	\$unknown
28	[OTHER PLAN PAYMENTS - DESCRIBE]	
29	D. Total Plan Payments	\$216.67

30	E. Plan Feasibility (Line C - Line D) (Not feasible if less than zero)	\$8,922.33
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31 The Proponent has provided financial information, which include both historical and
 32 projected financial statements. YOU ARE ADVISED TO CONSULT WITH YOUR
 33 ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING
 34

1 TO THESE FINANCIAL STATEMENTS.

2 In summary, the Plan proposes to pay \$650.01 each quarter (\$216.67 each month). As
3 Debtor's financial projections demonstrate, Debtor will have an average cash flow, after paying
4 operating expenses and post-confirmation taxes, of \$9,139.00 each month for the life of the Plan.
5 The final Plan payment is expected to be paid on August 1, 2018. The Plan Proponent contends that
6 Debtor's financial projections are feasible. As shown by Debtor's historical financial statements,
7 Debtor's average monthly cash flow, after paying operating expenses and post-confirmation taxes, in
8 the three years preceding the filing of this bankruptcy case is sufficient to make the plan payment.
9 Furthermore, Debtor procedures to decrease costs and increase income which will increase its
10 productivity.
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13 **PART XV**
14 **FINANCIAL PROJECTIONS**

15 The income for each real property stated in the Disclosure Statement based upon the current
16 and actual, rents received which depicts operations following the Effective Date for sixty (60)
17 months. The financial projections are made utilizing the historical information as reflected in the
18 operating reports filed with the Court. The assumptions made in formulating the projections, such as
19 expected rents received and gross and net profit levels are based on the loan modifications received
20 by the secured lenders in the rental properties and consistent rental occupancy.
21

22 **PART XVI**
23 **MARKETING EFFORTS**

24 None of the real property was marketed since each of the real properties was over
25 encumbered and a sale would not realize any proceeds to the Estate.

26 **PART XVII**
27 **POST-PETITION EVENTS**

28 The major events, which affected the case were:

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- A. Employment of the McMillan Law Group, APC as Attorney for Debtor;
- B. The Filing of an omnibus motion.
- C. The Filing of a Motion for Relief from Stay.

**PART XVIII
MANAGEMENT COMPENSATION**

The managers and officers will receive no compensation during the life of the Plan.

**PART XIX
INSIDER AND AFFILIATE CLAIMS**

The only insider is Leslie Wang who will pay herself the sum of \$0.00 per month during the life of the Plan.

**PART XX
UNITED STATES TRUSTEE SYSTEM FUND FEES**

A fee is required by the provisions of the Title 28 United States Code §1930 (a)(6), to be paid quarterly to the United States Trustee by a debtor in a Chapter 11 case. The amount of fee is based on the Debtor's disbursements for the preceding quarter. The Debtor's obligation to pay the fee continues after plan confirmation and until the Chapter 11 case is fully administered and closed. On the effective Date of the Plan, the Debtor shall be current with all quarterly fees due as of that date. Any delinquent fees will be paid in full. Quarterly fees will be paid every calendar quarter thereafter as a first priority under the Plan until the case is closed.

The fee for the quarter ending with the Effective Date of the Plan will be paid on the Effective Date of the Plan. Thereafter, quarterly fees will be paid until the case is closed. As stated in Section XIV of the plan, Debtor expects the case to be closed when payments to the creditor have commenced (about 30 days after the effective Date of the Plan), or after claim objection, if any, have been resolved.

PART XXI

TAX ANALYSIS

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues this Plan may present to the Debtor. The Proponent CANNOT and DOES 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 in any action.

A. Tax Impact on the Debtor

Scope and Limitations. Under the Internal Revenue Code of 1986, as amended (the “Tax Code”), there may be significant federal and state income tax issues for the Reorganized Debtor arising under the Plan described in this Disclosure Statement. It is not practical to present a detailed explanation of all of the possible federal income tax ramifications of the Plan. The following is only a summary discussion of certain of the significant consequences, which may affect claimants. This summary is based upon laws, regulations, rulings, and decisions now in effect and proposed regulations, all of which are subject to change (possibly with retroactive effect) by legislation administrative action, or judicial decision.

Under present law, there is uncertainty surrounding below. For such reason or otherwise, the tax consequences of certain aspects of transactions involving the Debtor or the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. Further, this summary does not discuss all aspects of the Tax Code or of federal, state or local taxation that may be relevant to a particular claimant. The federal income tax consequences to any particular claimant

1 may be affected by special considerations not discussed below, the transactions contemplated in the
2 Plan may have significant state and local tax consequences, which are not discussed herein. Neither
3 a ruling from the Internal Revenue Service (the “IRS”) nor an opinion of counsel has been requested
4 with respect to the federal income tax consequences of the Plan.
5

6 ACCORDINGLY, ALL CLAIMANTS ARE URGED TO CONSULT THEIR TAX
7 ADVISORS CONCERNING THE FEDERAL, STATE AND LOCAL-TAX-CONSEQUENCES OF
8 THE PLAN ON THEIR CLAIM(S), NEITHER THE DEBTOR, NOR IT’S COUNSEL MAKES
9 ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF
10 CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CLAIMANT. THE
11 DEBTOR AND ITS COUNSEL IS NOT RENDERING ANY FORM OF LEGAL OPINION AS
12 TO ANY TAX CONSEQUENCES.
13

14 **PART XXII**
15 **RISKS TO CREDITORS UNDER THE PLAN**

16 Creditors will be paid under the Plan from future earnings. The proposed Plan has the
17 following risks which may impede the Debtor’s ability to perform under the Plan or that would
18 otherwise cause the Debtor to fail to meet the Plan’s requirements.

19 A. Risks of Future Rental Income

20 No assurances can be given as to the future rental income. No assurances can be given as to
21 when, if ever, there will be vacancies in the rental units that result in the proceeds under the Plan.
22 The pursuit of delinquent rents and/or evictions is time consuming and may incur costs of litigation.
23

24 B. Liquidation of Claims

25 As of the date hereof, there is no claim that is pending liquidation. There can be no
26 assurance that any future liquidation outcome will be favorable to the estate. As a result, assets may
27 be diminished by litigating such claims, thereby reducing such funds available for distribution to
28

1 the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property
2 of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan will revert in the
3 Chapter 7 estate. The automatic stay will be reimposed upon the revested property, but only to the
4 extent that relief from stay was not previously authorized by the Court during this case.
5

6
7 B. Revocation of the Order Confirming the Plan.

8 The order confirming the Plan may also be revoked under very limited circumstances. The
9 Court may revoke the order if the order of confirmation was procured by fraud and if a party in
10 interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of the
11 order of confirmation.
12

13 **PART XXIV**
14 **EFFECT OF CONFIRMATION OF PLAN**

15 A. Discharge

16 This Plan provides that upon payment in full of proposed plan payments to the creditors,
17 Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan
18 to the extent specified in 11. U.S.C. § 1141. However, the discharge will not discharge any liability
19 imposed by the Plan. Debtor will not be discharged from any debt excepted from discharge under
20 §523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.
21

22 B. Revesting of Property in the Debtor

23 Except as provided in Section elsewhere in the Plan, the confirmation of the Plan reverts all
24 of the property of the estate in the Debtor.

25 C. Modification of the Plan

26 The Proponent of the Plan may modify the Plan at any time before confirmation. However,
27 the Court may require a new disclosure statement and/or revoting on the Plan.
28

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

4 D. Post-Confirmation Quarterly Reports

5 Plan Proponent shall file ongoing quarterly reports with the Court in compliance with United
6 States Trustee reporting requirements and guidelines. The quarterly reports shall be served on the
7 United States Trustee, the twenty largest unsecured creditors, and those parties who have requested
8 special notice.
9

10 E. Final Decree

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

15 F. Retained Bankruptcy Court Jurisdiction

16 The jurisdiction of the Court shall continue after the Effective Date of the Plan, whether or
17 not the case is closed with respect to the following:
18

- 19 1. Determination of the allowability of disputed claims, together with the claims of
20 Debtor for affirmative relief;
- 21 2. Assumption or rejection of unexpired leases and executory contracts, and
22 determination of disputed claims arising out of rejections;
- 23 3. Determination of any tax liability under Bankruptcy Code §505;
- 24 4. Determination of requests for payment of claims entitled to priority under Bankruptcy
25 Code §507(a)(1);
- 26 5. Resolution of any disputes regarding interpretation of the Plan; and
27
28

6. Implementation or modification of the provisions of the Plan and entry of orders in aid of consummation of the Plan, including without limitation appropriate orders to protect the Reorganized Debtor from creditors' actions.

**PART XXV
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 conditionally approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. Court conditional approval of the Disclosure Statement does not warrant the accuracy in the information contained therein, rather, that the requirements of 11 U.S.C. §1125 have been met.

Dated: August 22, 2016

/s/ Leslie Wang
Leslie Wang, Managing Member of Debtor/Plan Proponent

//
//
//
//

Submitted by:

McMillan Law Group, APC

/s/ Julian McMillan
Julian McMillan
Attorney for Debtor/Plan Proponent,
Nexgen Assets Management, LLC

EXHIBIT A

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8 Attorney for Debtor in Possession,
9 Nexgen Assets Management, LLC

10 **UNITED STATES BANKRUPTCY COURT**
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12 In Re:	}	Case No.: 16-01329-LT11
13 Nexgen Assets Management, LLC,	}	Chapter 11
14 Debtor in Possession.	}	NEXGEN ASSETS MANAGEMENT, 15 LLC'S PLAN OF REORGANIZATION, 16 DATED AUGUST 22, 2016
	}	Judge: Honorable Laura S. Taylor

17 Nexgen Assets Management, LLC, Debtor in Possession in this Chapter 11 case ("Debtor"),
18 proposes the following Plan of Reorganization Dated August 22, 2016:

19 **ARTICLE I**
20 **SUMMARY**

21 This Plan of Reorganization (the "Plan") under Chapter 11 of the Bankruptcy Code (the
22 "Code") proposes to pay creditors of Nexgen Assets Management, LLC (the "**Debtor**") from the
23 personal services income and from cash flow from operations. This Plan provides for 2 classes of
24 secured claims. The plan provides for the payment of secured claims. Any secured creditor who
25 accepts the collateral securing the claim accepts the collateral in full satisfaction of creditor's claim.

26 This Plan provides for the payment of administrative and priority claims. All creditors and
27 equity security holders should refer to Articles III through VI of this Plan for information regarding
28

1 the precise treatment of their claim. A disclosure statement that provides more detailed information
2 regarding this Plan and the rights of creditors and equity security holders has been circulated with
3 this Plan. Your rights may be affected. You should read these papers carefully and discuss them
4 with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)
5

6 **ARTICLE II**
CLASSIFICATION OF CLAIMS AND INTERESTS

7 2.01 Class 1. **Secured Claims**

8 Class 1A

9
10 This class is comprised of the Secured Claim of Allstar Financial Service, Inc (The “**First**
11 **Secured Claim**”) which is asserted as a secured claim against the property located at **1266 Pleidas**
12 **Avenue, Vista, CA 92084**, reflected by a First deed of trust in the approximate amount of
13 \$780,000.00.

14 Class 1B

15
16 This class is comprised of the Secured Claim of The Loan Company of San Diego (The
17 “**Second Secured Claim**”) which is asserted as a secured claim against the property located at
18 **14530 Garden Road, Poway, CA 92064**, reflected by a First deed of trust in the approximate
19 amount of \$505,298.00.

20 Class 1C

21
22 This class is comprised of the Secured Claim of The Loan Company of San Diego (The
23 “**First Secured Claim**”) which is asserted as a secured claim against the property located at **14536**
24 **Garden Road, Poway, CA 92064**, reflected by a First deed of trust in the approximate amount of
25 \$505,298.00.

26 Class 1D

27
28 This class is comprised of the Secured Claim of Zenith Trustee Services (The “**Second**”

1 Secured Claim”) which is asserted as a secured claim against the property located at **14534 Garden**
 2 **Road, Poway, CA 92064**, reflected by a First deed of trust in the approximate amount of
 3 \$121,792.16.

4 Class 1E

5 This class is comprised of the Secured Claim of Jean and Yanique Lacombe. (The “Lcombe
 6 Secured Claim”) which is asserted as a secured claim against the property located at **1266 Pleidas**
 7 **Avenue, Vista, CA 92084**, reflected by a deed of trust in the approximate amount of \$541,000.00.

9 2.02 Class 2. **General Unsecured Creditors**

10 **Class 2A. Administrative Convenience Claims.**

11 This class includes any creditor whose allowed claim is One Thousand dollars [\$1,000.00] or
 12 less, and any creditor in Class 2B whose allowed claim is larger than One Thousand dollars
 13 [\$1,000.00] but agrees to reduce its claim to One Thousand dollars [\$1,000.00]. Each creditor will
 14 receive on the Effective Date of the Plan a single payment equal to lesser of 9% of its allowed claim.
 15

16 Creditors in this class may not take any collection action against Debtor so long as Debtor is
 17 not in material default under the Plan. **Claimants in this class are impaired and are entitled to**
 18 **vote on confirmation of the Plan, unless their claims are paid in full with interest on the**
 19 **Effective Date of the Plan.**

20 This class is comprised of all unsecured claim holders against Debtor including the above
 21 classes whose under secured portion of their claims are not secured by any assets of the Debtor. The
 22 following is a list of allowed general Unsecured Claims that currently exist in the plan.
 23

CLASS #2B General Unsecured Claim DESCRIPTION	Claim Amount	IMPAIRED (Y/N)	TREATMENT Payment Interval Quarterly

2.03 Class 3. The interests of the individual Debtor in property of the estate.

**ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEE'S FEES, AND PRIORITY TAX CLAIMS**

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

The secured claim of the San Diego California Taxing Authority for fiscal tax year 2016-2017 will be paid timely and in the normal course of business with all applicable costs, fees, charges and interest pursuant to 11 USC Sections 506(b) and 511. A failure by the Debtor to make a payment to San Diego California Taxing Authority pursuant to the terms of the Plan shall be an Event of Default. If the Debtor fails to cure an Event of Default as to tax payments within ten (10) days after service of written notice of default, then it may enforce the entire amount of its claim, plus all penalties and interest accrued under state law, against the Debtor in accordance with applicable state law remedies.

1 3.03 Priority Tax Claims. Debtor asserts that there are no unsecured priority claims.

2 3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6)
3 (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to
4 another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this
5 Plan will be paid on the effective date.
6

7 **ARTICLE IV**
8 **TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

9 4.01 Impairment of Claims:

10 The claim of Class 1E is impaired under the Plan. The claims of all other classes are
11 unimpaired under the plan. All impaired classes are entitled to vote as set forth below:

12 Claims and interests shall be treated as follows under this Plan:

13 4.02 Administrative Claims:

14 To the best of its knowledge, the Debtor is current with administrative creditors except with
15 respect to the Debtor's attorneys. Unpaid legal and professional fees owed to the McMillan Law
16 Group, APC are estimated to be approximately \$27,650.00 as of the Effective Date of the Plan.
17 Counsel for Debtor will accept payment terms on attorneys fees and costs to be paid within two
18 years of the effective date.
19

20 4.03 Class 1A

21 The claim of Allstar Financial, Service, Inc. to the extent allowed as a secured claim under
22 §506 of the Code. The claim is not impaired. The legal, equitable and contractual rights to which
23 such claim entitles the holder of such claim are not altered. The Debtor intends to continue to
24 operate the business located at 1266 Pleidas Avenue, Vista, CA 92084, which is the collateral for the
25 subject claim.
26

27 **This secured claim is not impaired and is not entitled to vote on confirmation of the**
28

1 **Plan.**

2 Class 1B

3 The claim of The Loan Company of San Diego, to the extent allowed as a secured claim
4 under §506 of the Code. The claim is not impaired. The legal, equitable and contractual rights to
5 which such claim entitles the holder of such claim are not altered. Debtor intends to sell the real
6 property located at 14530 Garden Road, Poway, CA 92064. The secured claim will be satisfied in
7 full through sale of the collateral. Any deficiency claim is a general unsecured claim treated in
8 Section 2B. The Creditor in this class shall retain their interest in the collateral. **This secured claim**
9 **is not impaired and is not entitled to vote on confirmation of the Plan.**

11 Class 1C

12 This class is comprised of the Secured Claim of Loan Company of San Diego (The “First
13 Secured Claim”) which is asserted as a secured claim against the property located at **14536 Garden**
14 **Road, Poway, CA 92064**, reflected by a First deed of trust in the approximate amount of
15 \$505,298.00.00.

16 Debtor will pay the entire amount contractually due by making all post-confirmation regular
17 monthly payments of \$3,566.00, due on the 10th day of the month, starting on the effective date on
18 the above secured claims. The Creditor in this class shall retain its interest in the collateral until paid
19 in full

20 The Creditor in this class shall retain their interest in the collateral until Debtor makes all
21 payments on the allowed secured claim specified in the Plan.

22 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor is
23 not in material default under the Plan. **This secured claim is not impaired and is not entitled to**
24 **vote on the confirmation of the Plan.**

1 Class 1D

2 This class is comprised of the Secured Claim of Zenith Trust Services (The “Second Secured
3 Claim”) which is asserted as a secured claim against the property located at **14534 Garden Road,**
4 **Poway, CA 92064**, reflected by a First deed of trust in the approximate amount of \$580,000.00.

5
6 Debtor will pay the entire amount contractually due by making all post-confirmation regular
7 monthly payments of \$4,350.00, due on the 10th day of the month, starting on the effective date on
8 the above secured claims. The Creditor in this class shall retain its interest in the collateral until paid
9 in full

10 The Creditor in this class shall retain their interest in the collateral until Debtor makes all payments
11 on the allowed secured claim specified in the Plan.
12

13 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor is
14 not in material default under the Plan. **This secured claim is not impaired and is not entitled to**
15 **vote on the confirmation of the Plan.**

16 Class 1E

17 This class is comprised of the Secured Claim of Jean and Yanique Lacombe. (The “Lacombe
18 Secured Claim”) which is asserted as a secured claim against the property located at **1266 Pleidas**
19 **Avenue, Vista, CA 92084**, reflected by a Second deed of trust in the approximate amount of
20 \$541,000.00.
21

22 This claim is disputed and currently subject to an arbitration proceeding. Debtor contends
23 that the value of the collateral is less than the amount of the claim. Interest payments on this Claim
24 are being paid by a separate entity. The value of the Claim will be determined in the arbitration
25 subject to offset in the event that the Lacombe are unsuccessful in their defense of the Superior
26 Court case.
27
28

1 Payments of \$1,677.00.00 will be due before the fifth day of the month, starting the first
2 month after the effective date. These payments will be made by Wealthplus Management, Inc..

3 The Creditor in this class may not repossess or dispose of its collateral so long as Debtor is
4 not in material default under the Plan. **This secured claim is impaired and is entitled to vote on**
5 **the confirmation of the Plan.**

6
7 Class 2 General Unsecured Claims

8 **Class 2A. Administrative Convenience Claims.**

9 This class includes any creditor whose allowed claim is One Thousand dollars [\$1,000.00] or
10 less, and any creditor in Class 2B whose allowed claim is larger than One Thousand dollars
11 [\$1,000.00] but agrees to reduce its claim to One Thousand dollars [\$1,000.00]. Each creditor will
12 receive on the Effective Date of the Plan a single payment equal to lesser of 9% of its allowed claim.
13

14 Creditors in this class may not take any collection action against Debtor so long as Debtor is
15 not in material default under the Plan. **Claimants in this class are impaired and are entitled to**
16 **vote on confirmation of the Plan, unless their claims are paid in full with interest on the**
17 **Effective Date of the Plan.**

18
19 **Class 2B. General Unsecured Claims**

20 The Plan provides for holders of Allowed General Unsecured Claims. There will be pro rata
21 Cash payments to Unsecured Creditors. The pro rata shall be 5% percent, paid at the rate of
22 _____ each quarter. Generally, payments on the Allowed General Unsecured Claims
23 shall be made on a quarterly basis after the Effective Date if the Debtor is current with Secured
24 Creditors. The Allowed General unsecured Claims that are not paid in full from distributions within
25 the Plan shall be discharged (subject to Debtor's motion pursuant to 11 USC Section 1141) at the
26 expiration of sixty (60) months form the Effective Date ("Discharge Date"). The Debtor reserves the
27
28

1	Jean and Yanique Lacombe		retained. Claim is in dispute and subject to arbitration
2			
3			
4			
5			
6			
7			

8 **ARTICLE V**
ALLOWANCE AND DISALLOWANCE OF CLAIMS

9 5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed
10 and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another
11 party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor have
12 scheduled such claim as disputed, contingent, or unliquidated.
13

14 5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account
15 of a disputed claim unless such claim is allowed.
16

17 5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to
18 settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the
19 Federal Rules of Bankruptcy Procedure.
20

21 **ARTICLE VI**
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

22 6.01 Assumed Executory Contracts and Unexpired Leases.
23 (a) The Debtor assumes the following executory contracts and/or unexpired leases effective
24 upon the date of the entry of the order confirming this Plan, or other applicable date:
25
26
27
28

<u>Name of Other Parties to Lease or Contract</u>	<u>Description of Contract or Lease</u>
All tenants of Debtor located at: A.) 1266 Pleiades Avenue, Vista, CA 92084 B.) 14530 Garden Road, Poway, CA 92064 C.) 14536 Garden Road, Poway, CA 92064 D.) 14534 Garden Road, Poway, CA 92064	Commercial Lease Commercial Lease Commercial Lease Commercial Lease

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than twenty (20) days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

7.01 Reorganized Debtor. On the Effective Date of the Plan, Nexgen Assets Management, LLC shall become the Reorganized Debtor, and shall continue to operate its business. Debtor will have approximately \$38,850.00 on effective date to pay administrative claims and allowed unsecured claims.

7.02 Distributions on Effective Date of the Plan. On the Effective Date of the Plan, the Reorganized Debtor shall pay the following Claims in full:

1. Unpaid United States Trustee fees calculated to the Effective Date of the Plan; and
2. Administrative Claims.

7.03 Distributions Within Thirty (30) Days After the Effective Date of the Plan. (Administrative Convenience Claims). On or before (thirty) 30 days after the Effective Date of the Plan, the Reorganized Debtor shall pay all Administrative Convenience Unsecured Claims in full, in

1 cash. Administrative Convenience claims are claims \$1,000.00 or less, or which are reduced by
2 creditors to \$1,000.00.

3 **7.04 Insiders Employed by Reorganized Debtor.** After the Effective Date of the Plan the
4 officers and directors of the Reorganized Debtor, and its compensation, will be as follows:

Insider	Position	Compensation
Nexgen Assets Management, LLC	Debtor	\$0.00 per month

8 **7.05 Further Financial Reorganization.** Prior to substantial consummation of the Plan, to
9 the extent the Reorganized Debtor finds it (i) desirable to do so to accelerate performance of the
10 Plan, or (ii) necessary to do so, it may seek a modification of the Plan which may provide for further
11 reorganization.
12

13 **7.06 Enforcement of Claims.** After the Effective Date of the Plan, the Reorganized Debtor
14 shall retain and enforce claims belonging to the Estate. Such claims include, without limitation,
15 claims based on the avoiding powers contained in 11 U.S.C. §§544, 545 and 547 – 553, inclusive.

16 **7.07 Grace Period.** Except as otherwise specifically provided in this Plan, actions required
17 to be taken by the Reorganized Debtor shall be accomplished as quickly as practicable after the
18 Effective Date of the Plan. Any payment or act required to be made or done under this Plan shall be
19 made or done no later than thirty (30) days after the date such payment is required to be made.
20

21 **7.08 Retained Bankruptcy Court Jurisdiction.** The jurisdiction of the Court shall continue
22 after the Effective Date of the Plan, whether or not the case is closed, with respect to the following:

23 **7.08.1** Determination of the allowability of deficiency claims, disputed claims, together with
24 the claims of Debtor for affirmative relief;
25

26 **7.08.2** Assumption or rejection of unexpired leases and executory contracts, and
27 determination of disputed claims arising out of rejections;
28

1 **7.08.3** Determination of any tax liability under §505 of the Bankruptcy Code;

2 **7.08.4** Determinations of requests for payment of claims entitled to priority under §507(1)(1)
3 of the Bankruptcy Code;

4 **7.08.5** Resolution of any disputes regarding interpretation of the Plan;

5 **7.08.6** Implementation or modification of the provisions of the Plan and entry of orders in aid
6 of consummation of the Plan, including without limitation appropriate orders to protect the
7 Reorganized Debtor from creditors' actions and to enforce the injunction referred to in Section 7.10
8 of this Plan; and
9

10 **7.08.7** Adjudication of any claims for relief by the Reorganized Debtor based on transactions
11 or events which arose before or after the date of the petition or the Effective Date of the Plan,
12 including without limitation, claims for relief on behalf of the Estate based on avoiding powers in
13 §§544, 545 and 547 -553, inclusive, of the Code.
14

15 **Section 7.9 Effects of Confirmation of the Plan.** Confirmation of the Plan:

16 **Sub-Section 7.9.1** Binds the Reorganized Debtor, any creditor, and any person or entity
17 acquiring property under the Plan, to the Plan's provisions;
18

19 **Sub-Section 7.9.2** Vests all of the property of the Estate in the Reorganized Debtor free and
20 clear of all claims and interest of creditors, except as otherwise provided in the Plan;

21 **Sub-Section 7.9.3** Discharges the Reorganized Debtor from any debt that arose before
22 confirmation of the Plan except as provided in the Plan;

23 **Sub-Section 7.9.4** Voids any judgment at any time obtained, to the extent that such judgment
24 is a determination of the personal liability of Nexgen Assets Management, LLC with respect to a
25 debt discharged; and
26
27
28

1 **Sub-Section 7.9.5** Operates as an injunction against the commencement or continuation of
2 an action, the employment of process, or an act to collect, recover or offset any such debt as a
3 personal liability of Nexgen Assets Management, LLC.

4 **7.10 Injunctions Against Action to Enforce Pre-Plan Confirmation Debts.** The order
5 confirming the Plan shall include a provision that enjoins all parties in interest: (i) from taking any
6 action to recover property from the Reorganized Debtor on account of a debt that arose before
7 confirmation of the Plan; and (ii) against the commencement or continuation of an action, the
8 employment of process, or an act, to collect, recover or offset any such debt that arose before
9 confirmation of the Plan.
10

11 **7.11 Retiree Benefits.** Debtor was not obligated, prior to the Petition Date, to pay retiree
12 benefits, as that term is defined in §1114 of the Bankruptcy Code, and undertakes no obligation to
13 do so after the Effective Date of the Plan.
14

15 **7.12 Choice of Law; Venue.** To the extent not inconsistent with United States Bankruptcy
16 Law, the laws of the State of California shall apply with respect to the interpretation and
17 enforcement of the Plan. Any action to interpret or enforce the Plan, and of its provisions or any
18 instrument executed pursuant to provisions of the Plan, may be brought either in the United States
19 Bankruptcy Court, Southern District of California or in the Superior Court, San Diego County.
20

21 **7.13 Special Notice.** The Reorganized Debtor shall compile and maintain, and make
22 available to interest parties, a Special Notice list. The List shall contain the names and address of all
23 parties in interest who after the Effective Date of the Plan, ask, in writing, to be added to the List.
24 The Order Confirming the Plan shall contain a provision advising all parties in interest of their
25 opportunity to request special notice of actions proposed to be taken. A copy of the Order shall be
26 served by first class mail on all parties in interest. No notice of any motion, application or action
27
28

1 proposed to be taken after the Effective date of the Plan need be given to any party not on the
2 Special Notice List.

3 **7.14 Debtor's option to seek Plan Confirmation under 11 U.S.C. Section 1129(b)(2).** If
4 necessary, the Debtor may seek confirmation of this Plan pursuant to §1129(b)(1) of the Bankruptcy
5 Code.
6

7 **7.15 DEFAULT PROVISIONS**

8 The following are Events of Default under the Plan:

9 Notwithstanding any contrary provision in the Plan, the Disclosure Statement, any pleading
10 or other document filed in this case, or any other document, contract or agreement, and except as
11 provided for, should the Debtor fail in any material respect to timely perform its duties and
12 commitments under the Plan, including, but not limited to, making the payments to holders of claims
13 called for in the Plan, or failure to maintain taxes and insurance, any party interest adversely affected
14 by such failure may give the Debtor notice, in writing, of such failure to perform (a "Notice of
15 Default"). If such default is not cured within fourteen days, the adversely affected party may file a
16 motion with the Court to determine what relief may be appropriate because of such default,
17 including but not limited to the entry of an order to timely perform under the Plan, dismissal of the
18 case, or conversion of the case to one under Chapter 7; provided, however that if a final decree
19 closing this case has been entered by the Court, the adversely affected party may seek relief in state
20 court.
21
22

23 **A. Post-Confirmation Conversion/Dismissal**

24 A Creditor or party in interest may bring a motion to convert or dismiss the case under §1112(b),
25 after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders the case
26 converted to Chapter 7 after the Plan is confirmed, than all property that had been property of the
27
28

1 Chapter 11 estate, and that has not been disbursed pursuant to the Plan will revert in the Chapter 7
2 estate. The automatic stay will be reimposed upon the reverted property, but only to the extent that
3 relief from stay was not previously authorized by the Court during this case.

4 B. Revocation of the Order Confirming the Plan.

5
6 The order confirming the Plan may also be revoked under very limited circumstances. The Court
7 may revoke the order if the order of confirmation was procured by fraud and if a party in interest
8 brings an adversary proceeding to revoke confirmation with 180 days after the entry of the order of
9 confirmation.

10
11 **ARTICLE VIII**
GENERAL PROVISIONS

12 8.01 Definitions and Rules of Construction. The definitions and rules of construction set
13 forth in §§101 and 102 of the Code shall apply when terms defined or construed in the Code are
14 used in this Plan, and they are supplemented by the following definitions:

15
16 8.02 Effective Date of Plan. The effective date of this Plan is the eleventh business day
17 following the date of the entry of the order of confirmation. But if a stay of the confirmation order is
18 in effect on that date, the effective date will be the first business day after that date on which no stay
19 of the confirmation order is in effect, provided that the confirmation order has not been vacated.

20
21 8.03 Severability. If any provision in this Plan is determined to be unenforceable, the
22 determination will in no way limit or affect the enforceability and operative effect of any other
23 provision of this Plan.

24 8.04 Binding Effect. The rights and obligations of any entity named or referred to in this
25 Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

26
27 8.05 Captions. The headings contained in this Plan are for convenience of reference only
28 and do not affect the meaning or interpretation of this Plan.

1 **ARTICLE IX**
2 **DISCHARGE**

3 9.01 Discharge. Confirmation of this Plan does not discharge any debt provided for in this
4 Plan until the court grants a discharge on completion of all payments under this Plan, or as otherwise
5 provided in §1141(d)(5) of the Code. The Debtor will not be discharged from any debt excepted
6 from discharge under §523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of
7 Bankruptcy Procedure.
8

9 **ARTICLE X**
10 **MISCELLANEOUS PROVISIONS**

11 10.1 Completion of Plan: This Plan shall be deemed completed upon the Reorganized Debtor
12 making all distributions from the Plan Distribution Account and other payments required under the
13 Plan as provided above. Notwithstanding the foregoing, the Plan will be deemed completed eight-
14 four (84) months after the Effective Date.

15 10.2 Substantial Consummation: As of the Effective Date, upon the execution and delivery
16 of the Plan Documents and commencement of distributions under the Plan, the Debtor may seek an
17 order from the Bankruptcy Court determining that the Plan has been substantially consummated
18 pursuant to section 1101 of the Bankruptcy Code.
19

20 10.3 Amendments:

21 10.3.1 Plan Modifications: This Plan may be amended, modified, or supplemented by the
22 Reorganized Debtor in the manner provided for by section 1127 of the Bankruptcy Code or as
23 otherwise permitted by law, without additional disclosure pursuant to section 1125 of the
24 Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the
25 Confirmation Date, so long as such action does not materially and adversely affect the treatment of
26 holders of Claims pursuant to this Plan, the Reorganized Debtor may institute proceedings in the
27
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1 Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the
2 Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to
3 carry out the purposes and effects of this Plan.

4 10.3.2 Other Amendments: Prior to the Effective Date, the Debtor may make appropriate
5 technical adjustments and modifications to this Plan without further order or approval of the
6 Bankruptcy Court; provided, however, that such technical adjustments and modifications do not
7 adversely affect in a material way the treatment of holders of Claims.
8

9 10.4 Revocation or Withdrawal of this Plan: The Debtor reserve the right to revoke or
10 withdraw this Plan prior to the Effective Date. If the Debtor takes such action, this Plan shall be
11 deemed null and void.
12

13 10.5 Cramdown: In the event a Class votes against this Plan, and this Plan is not withdrawn
14 as provided above, the Debtor reserves the right to seek a “cramdown” of this Plan pursuant to
15 section 1129(b) of the Bankruptcy Code. To the extent any Class is deemed to reject this Plan by
16 virtue of the treatment provided to such Class, this Plan shall be “crammed down” on the claimants
17 within such Class pursuant to section 1129(b) of the Bankruptcy Code.
18

19 10.6 Confirmation Order: The Confirmation Order shall, and is hereby deemed to, ratify all
20 transactions effected by the Debtor during the period commencing on the Petition Date and ending
21 on the Confirmation Date except for any acts constituting willful misconduct, gross negligence,
22 recklessness or fraud.
23

24 10.7 Severability: If, prior to the entry of the Confirmation Order, any term or provision of
25 this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy
26 Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision
27 to make it valid or enforceable to the maximum extent practicable, consistent with the original
28

1 purpose of the term or provision held to be invalid, void, or unenforceable, and such term or
2 provision shall then be applicable as altered or interpreted. Notwithstanding any such holding,
3 alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full
4 force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration,
5 or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide
6 that each term and provision of this Plan, as it may have been altered or interpreted in accordance
7 with the foregoing is valid and enforceable pursuant to its terms.
8

9 10.8 Governing Law: Except to the extent that the Bankruptcy Code or other federal law is
10 applicable, or to the extent a Plan Document provides otherwise, the rights, duties, and obligations
11 arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in
12 accordance with, the laws of the State of California, without giving effect to the principles of conflict
13 of laws thereof.
14

15 10.9 Section 1125(e) of the Bankruptcy Code: The Debtor has, and upon confirmation of this
16 Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with
17 the applicable provisions of the Bankruptcy Code, and the Debtor (and each of its respective
18 affiliates, agents, directors, officers, employees, advisors and attorneys) has participated in good
19 faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance,
20 sale and purchase of the securities offered and sold under this Plan, and therefore is not, and on
21 account of such offer, issuance, sale, solicitation and/or purchase will not be, liable at any time for
22 the violation of any applicable law, rule, or regulation governing the solicitation of acceptance or
23 rejections of this Plan or offer, issuance, sale or purchase of the securities offered and sold under this
24 Plan.
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1 10.10 Expedited Determination: The Reorganized Debtor is hereby authorized to file a
2 request for expedited determination under section 502(b) of the Bankruptcy Code for all tax returns
3 filed with respect to the Debtor, or the Reorganized Debtor, as the case may be.

4 10.11 Time Bar to Payments: The Debtor shall stop payment on any distribution check that
5 has not cleared through the Distribution Account within ninety (90) days of the date of issuance
6 thereof. Requests for re-issuance of any such checks shall be made directly to the Debtor by the
7 holder of the Allowed Claim with respect to which such check was issued. Any claim in respect of
8 such voided check shall be made within one hundred and eighty (180) days after the date of the
9 issuance of such voided check. If no claim is made as provided herein, all Claims in respect of
10 voided checks shall be discharged and forever barred. The amount represented by such unclaimed
11 checks, and those undeliverable, after commercially reasonable diligence, shall be distributed pro-
12 rata to the remaining holders of Allowed Claims, pursuant to the terms of this Plan. Distributions to
13 holders of Allowed Claims shall be made to their last known address, which shall be presumed to be
14 as set forth on the proof of claim filed by such Claimant, or if no proof of claim was filed, on the
15 Schedules filed by the Debtor as may have been amended from time to time, unless a Claimant shall
16 have supplied a new or corrected address in writing to the Debtor within two weeks prior to a
17 Distribution to permit the Debtor to revise its records accordingly.

18 10.12 Fractional Distributions: Notwithstanding anything to the contrary contained in the
19 Plan, no Cash payments of fraction of cents shall be made. Fractional cents shall be rounded to the
20 nearest whole cent.

21 10.13 Time: In computing any period of time prescribed or allowed by this Plan, unless
22 otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy
23 Rule 9006 shall apply.
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1 10.14 Waiver of Bankruptcy Rule 7062: The Confirmation Order shall include: (i) a finding
2 that Bankruptcy Rule 7062 shall not apply to the Confirmation Order; and (ii) authorization for the
3 Debtor to consummate the Plan immediately after entry of the Confirmation Order.

4 10.15 Compliance with Tax Requirements: In connection with the Plan, the Debtor and the
5 Reorganized Debtor, as applicable, shall comply with all withholding and reporting requirements
6 imposed by federal, state, local and foreign taxing authorities and any distributions under the Plan,
7 shall be subject to such withholding and withholding requirements. Notwithstanding the foregoing,
8 each holder of an Allowed Claim that is to receive a distribution under the Plan shall have the sole
9 and exclusive responsibility for the satisfaction and payment of any tax obligations, on account of
10 any distributions. The Debtor has the right, but not the obligation, to not make a distribution until
11 such holder has made arrangements satisfactory to the Debtor for the payment of any tax
12 obligations.

13 10.16 Notices: All notices, requests and demands to or upon the Debtor and the Reorganized
14 Debtor, to be effective shall be in writing (including facsimile transmission) and, unless otherwise
15 provided herein, shall be deemed to have been duly given or made only when actually delivered or,
16 in the case of notice by facsimile transmission, when received and telephonically confirmed,
17 addressed as follows:
18

19 If to Debtor:

20 Nexgen Assets Management, LLC
21 1266 Pleidas Drive
22 Vista, CA 92084

23 And

24 Julian McMillan, Esq.
25 McMillan Law Group, APC
26 San Diego, CA 92106
27 San Diego, California 92106
28

1 Telephone Number (858) 499-8954
2 Fax Number (619) 241-8291

3 10.17 Exhibits: All exhibits and schedules to this Plan, including the Plan Supplement if any,
4 are incorporated by reference into this Plan and are made a part hereof as if more fully set forth
5 herein.

6 10.18 Binding Effect: The provisions of this Plan (including the Exhibits and schedules to,
7 and all documents and agreements executed pursuant to or in connection with this Plan) and the
8 Confirmation Order shall be binding on (i) Debtor, (ii) all orders of Claims against the Debtor,
9 whether or not impaired under the Plan and whether or not such holders have accepted or rejected
10 the Plan, (iii) each Person or entity receiving, retaining or otherwise acquiring property pursuant to
11 the terms of the Plan, (iv any non-Debtor part to an executory contract or unexpired lease with the
12 Debtor, (v) and any Person or entity making an appearance in this Reorganization Case, and (vi)
13 each of the foregoings' respective heirs, successors, assigns, executors, administrators, officers,
14 directors and agents.
15

16
17 10.19 Business Records: The Debtor's business records shall be maintained at Debtors
18 present business location.

19 10.20 Means for Execution of Plan Reorganization: The Payment to be made under the Plan
20 will be funded from the revenues of the rental properties that shall be utilized to make the required
21 distributions to creditors for a period not to exceed sixty (60) months from the Effective Date of the
22 Plan. After the Effective Date of the Plan, the business shall be run by the Debtor. The Debtor shall
23 be entitled to retain all earnings of the Debtor received after the Effective Date of the Plan subject
24 only to the payment requirements of the Plan.
25

26 10.21 Compliance with Post-Confirmation Reporting and U.S. Trustee's Fees;
27
28

1 On the Effective Date of the Plan, Debtor shall be impressed with the duty to comply with the
2 post-confirmation requirements and U.S. Trustee fees set forth in 28 U.S.C. Section 1930(a)(b).

3
4 **ARTICLE XI**
CONCLUDING STATEMENTS BY DEBTOR

5 Since the filing for bankruptcy, Debtor has worked diligently to protect and preserve the
6 assets of the estate and the collective rights of its creditors and to promulgate a Plan of
7 Reorganization for repayment of claims to all of her creditors. Debtor has prepared this Plan in an
8 attempt to treat all creditors in a fair and equitable fashion as provided for by the provisions of the
9 United States Bankruptcy Code.
10

11 In summary, Debtor believes that acceptance of this Plan will be in the best interest of
12 Debtor's reorganization and payment of all of their creditor's claims to the greatest extent possible.
13

14 By: /s/ Leslie Wang
15 Leslie Wang, CEO of Debtor, The Plan Proponent

16 By: /s/ Julian McMillan
17 Julian McMillan, Attorney for the Plan Proponent
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