

CSD 1152 [4/21/16]

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UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA
 325 West "F" Street, San Diego, California 92101-6991

In Re Alex Kodnegah, Inc.,

Debtor

Bankruptcy No. 16-04846-MM11

**[PROPOSED] CHAPTER 11 COMBINED PLAN OF REORGANIZATION
 AND
 DISCLOSURE STATEMENT [3/9/17]**

INTRODUCTION

This is Debtor's Combined Chapter 11 Plan of Reorganization and Disclosure Statement (the Plan). The Plan describes how each creditor's claim will be treated if the Plan is confirmed.

Although Debtor is a corporation it has chosen to use, both for ease of drafting and completeness as well as for convenience of the Court, the U.S. Trustee and creditors, a standard form generally used for a Chapter 11 disclosure statement and plan proposed by individual Chapter 11 debtors. Debtor has modified such form to be appropriate for use in this case. Consistent with the use of such form in individual debtor cases, Debtor has included herein a certification by its counsel describing all changes to such standard form to the extent required in individual Chapter 11 cases.

Section 1 contains the treatment of administrative claims. Section 2 contains the treatment of priority claims. Section 3 contains the treatment of creditors with secured claims. Section 4 contains the treatment of general unsecured creditors: 100% of their allowed claims paid as described in Section 4 below.

The creditors are divided into classes (as shown in the table below.) Secured creditors are in Class 1 and discussed in Section 3. Each secured creditor has its own subclass. Unsecured creditors are in Class 2 and discussed in Section 4.

Class	Name of Creditor
1A	San Diego County Tax Collector
1B	Milligan/Bridle/Stillwagon
2A	Small Claims

Class	Name of Creditor
2B	General Unsecured Claims

Most creditors (those in impaired classes) are entitled to vote on confirmation of the Plan. Completed ballots must be received by Debtor’s counsel, and objections to confirmation must be filed and served, no later than [DATE]. The Bankruptcy Court will hold a hearing on confirmation of the Plan on [DATE] at [TIME]. If there is any modification to the Plan, the Bankruptcy Court will determine whether it is a material modification and whether a further hearing, re-voting, or change of any deadline is required.

Attached to the Plan are exhibits containing financial information that may help you decide how to vote and whether to object to confirmation. Exhibit 1 includes background information regarding Debtor, the events that led to the filing of the bankruptcy petition, a description of significant events that have occurred during this bankruptcy and a summary of this Chapter 11 Plan. Exhibit 2 contains an analysis of how much creditors would likely receive in a Chapter 7 liquidation. Exhibit 3 contains a summary of Debtor’s post-petition Operating Reports. Exhibit 4 shows Debtor’s projected post-confirmation monthly income and expenses. Exhibit 5 describes how much Debtor is required to pay on the Effective Date of the Plan. Exhibit 6 shows Debtor’s monthly income and expenses related to each investment property.

Whether the Plan is confirmed is subject to complex legal rules that cannot be fully described here. YOU ARE STRONGLY ENCOURAGED TO READ THE PLAN CAREFULLY AND TO CONSULT AN ATTORNEY TO HELP YOU DETERMINE HOW TO VOTE AND WHETHER TO OBJECT TO CONFIRMATION OF THE PLAN.

If the Plan is confirmed, the payments promised in the Plan constitute new contractual obligations that replace the Debtor’s pre-confirmation debts. The Plan payments shall begin on the Effective Date as defined in Section 8(a). Creditors may not seize their collateral or enforce their pre-confirmation debts so long as Debtor performs all obligations under the Plan. If Debtor defaults in performing Plan obligations, any creditor can file a motion to have the case dismissed or converted to a Chapter 7 liquidation, or enforce their non-bankruptcy rights. Debtor will be discharged from all pre-confirmation debts (with certain exceptions) if Debtor makes all Plan payments. Enforcement of the Plan, discharge of the Debtor, and creditors’ remedies, if Debtor defaults, are described in detail in Sections 6 and 7 of the Plan.

SECTION 1: TREATMENT OF ADMINISTRATIVE CLAIMS

1(a) Professional Fees.

No part of the following estimated fees shall be paid by Debtor prior to the Effective Date of this Plan except upon application to and approval of the Court herein. Debtor does not propose to pay these fees on the Effective Date of the Plan and plans to pay such only upon sale or refinance of its real property.

Name and Role of Professional	Estimated Amount
Law Office of Bruce R. Babcock	\$15,000

Estate professionals are not entitled to vote on confirmation of the Plan.

1(b) Post-Confirmation Compensation of Professional Persons.

Compensation for services rendered and for reimbursement of expenses by a professional person after the Effective Date need not be approved by the Bankruptcy Court. Professional persons may invoice the reorganized Debtor (or other responsible third-party) directly, and the reorganized Debtor (or other responsible third-party) may pay any such invoices it does not dispute without further order from the Bankruptcy Court.

1(c) Other Administrative Claims.

Debtor will pay other allowed claims entitled to priority under 11 U.S.C. § 503(b) in full on the Effective Date; except expenses incurred in the ordinary course of Debtor's business or financial affairs, which must be paid when normally due and payable (these creditors are not listed below). Creditors holding administrative claims not listed in the table below must file an administrative claim within 30 days of notice of the Effective Date.

Administrative claimants are not entitled to vote on confirmation of the Plan.

Name of Administrative Creditor	Estimated Amount of Claim
none	

1(d) United States Trustee Fees.

All fees payable to the United States Trustee as of confirmation will be paid on the Effective Date; post-confirmation fees to the United States Trustee will be paid when due.

SECTION 2: TREATMENT OF PRIORITY CLAIMS

2(a) Tax Claims.

The Debtor will pay claims entitled to priority under § 507(a)(8) in full over time at the non-bankruptcy statutory interest rate in equal amortized payments in accordance with § 511. Payments will be made quarterly, due on the first day of the quarter, starting on the first such date after the Effective Date and ending on the last such date that is no more than 5 years after the entry of the order for relief. Payment of priority tax claims in full within 5 years of the petition date and on terms not less favorable than those accorded the most favored non-priority creditor is required by § 1129(a)(9)(C). Accordingly, if Class 2b votes to reject the Plan and is paid in full over time, tax priority claimants will receive an interest rate of 18% and maturity on 5/1/19. In the event Debtor sells or refinances its San Diego real property prior to payment of all such tax claims such claims will be paid in full at the time Debtor, with approval of this Court herein, sells or refinances its San Diego real property. This treatment is at least as favorable as that received by Class 2b.

Priority tax claimants are not entitled to vote on confirmation of the Plan.

Name of Creditor	Estimated Amount of Claim	Statutory Interest Rate	Payment Amount	Number of Payments
Franchise Tax Board	2,511.08	4%	300	11

2(b) Unsecured Domestic Support Obligation Claims Entitled to Priority under § 507(a)(1).

Debtor is not liable for any Unsecured Domestic Support Obligations – no such claims exist. **This class is impaired and entitled to vote on confirmation of the Plan.**

Name of Creditor	Estimated Amount of Claim	Interest Rate	Payment Amount	Number of Payments
none				

2(c) Wage and Commission Claims Entitled to Priority under § 507(a)(4).

Debtor is not liable for any Wage or Commission Claims – no such claims exist.

This class is impaired and entitled to vote on confirmation of the Plan.

Name of Creditor	Estimated Amount of Claim	Interest Rate	Payment Amount	Number of Payments
none				

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SECTION 3: TREATMENT OF SECURED CLAIMS

3(a) Property to Be Sold.

Class	Name of Creditor	Collateral	Value of Collateral	Monthly Payment
1A	San Diego County Tax Collector	1229 Hollister St., San Diego, CA, 92154	965,000	0
1A	Milligan/Bridle/Stillwagon	1229 Hollister St., San Diego, CA, 92154	965,000	0

Upon application to and approval of the Court herein Debtor will sell or refinance the above collateral by August 1, 2019, paying secured creditors from the proceeds of such sale or refinance. Any such refinance may result from Debtor, with this Court’s approval, entering into a joint venture regarding the subject San Diego real property. Creditor San Diego County Tax Collector will be paid interest at 18% on the outstanding amount of its claim as may be approved by the Court herein from the 8/5/16 date this bankruptcy proceeding was filed until such claim is paid in full. Creditor Milligan/Bridle/Stillwagon will be paid interest at the rate of 5% per annum from 8/5/16 to 8/4/17, 6% per annum 8/5/17 to 8/4/18 and 7% per annum thereafter on the outstanding amount of its claim as may be approved by the Court herein until such claim is paid in full. At its option Debtor shall either pay such ongoing interest as it accrues or allow such interest to accrue and pay such at the time of any such sale or refinance. The claims of Creditors Milligan//Bridle/Stillwagon and the San Diego County Tax Collector are disputed by Debtor. In the event the Court herein has not resolved either such disputed claim by the time Debtor has filed a motion for the Court herein to approve a sale or refinance Debtor’s San Diego real property Debtor shall provide a treatment plan to cure such claim as part of its motion to sell or refinance.

Debtor will file a motion for approval of any such sale or refinance on 28 days’ notice to lienholders. Unless the Bankruptcy Court orders otherwise, a lienholder whose lien is not in bona fide dispute may credit bid the amount of its lien at the sale. Any deficiency claim is a general unsecured claim treated in Section 4.

Creditors in these classes may not repossess or dispose of their collateral so long as Debtor is not in material default under the Plan (defined in Section 7(c)). **These secured claims are impaired and are entitled to vote on confirmation of the Plan.**

3(b) Deadline for § 1111(b) Election.

Creditors with an allowed secured claim must make an election under 11 U.S.C. § 1111(b) no later than 14 days after service of the notice of final hearing on the proposed Plan and disclosure statement.

SECTION 4: TREATMENT OF GENERAL UNSECURED CLAIMS

4(a) Class 2B. (Other) General Unsecured Claims.

This class includes all known non-priority unsecured creditors, including deficiency claims, and rejection claims, whether scheduled or based on proofs of claim on file excluding those in Class 2A. Allowed claims of general unsecured creditors (not treated as small claims, including allowed claims of creditors whose executory contracts or unexpired leases are being rejected under this Plan) must be paid as follows:

Percent Plan. Creditors will receive **100** percent of their allowed claim immediately after payment of the claims provided for in Paragraph 3(a) above plus 4% interest per annum from the 8/5/16 Petition date forward., . The claim of Creditor Sena Investment, Inc./Griffin Consulting, Inc. is disputed by Debtor. In the event the Court herein has not resolved such dispute by the time Debtor has filed a motion for the Court herein to approve a sale or refinance Debtor’s San Diego real property Debtor shall provide a treatment plan to cure such claim as part of its motion to sell or refinance.

This class is impaired and is entitled to vote on confirmation of the Plan. Debtor has indicated in Section 8(b), below, whether a particular claim is disputed.

SECTION 5: TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5(a) Executory Contracts Assumed.

Debtor assumes the following executory contracts upon the Effective Date of this Plan and will perform all pre-confirmation and post-confirmation obligations thereunder. Post-confirmation obligations, if any, will be paid as they come due. Pre-confirmation arrears, if any, will be paid immediately after payment of the claims provided for in Paragraph 3(a) above.

Name of Counter-Party	Description of Contract	Estimated Total Cure Amount	Cure Installment Amount	Number of Installments
Sena Investment, Inc./Griffin Consulting, Inc.	verbal agreement re real property at 1819 Kearney Blvd., Fresno, CA	none	none	none

SECTION 6: DISCHARGE AND OTHER EFFECTS OF CONFIRMATION

6(a) Vesting of Property.

On the Effective Date, all property of the estate and interests of the Debtor will vest in the reorganized Debtor pursuant to § 1141(b) of the Bankruptcy Code free and clear of all claims and interests except as provided in this Plan, subject to revesting upon conversion to Chapter 7 as provided in Section 7(e) below.

6(b) Plan Creates New Obligations.

Except as provided in Sections 6(d) and 7(d), the obligations to creditors that Debtor undertakes in the confirmed Plan replace those obligations to creditors that existed prior to the Effective Date of the Plan. Debtor's obligations under the confirmed Plan constitute binding contractual promises that, if not satisfied through performance of the Plan, create a basis for an action for breach of contract under California law. To the extent a creditor retains a lien under the Plan, that creditor retains all rights provided by such lien under applicable non-Bankruptcy law.

6(c) Claims Not Affected by Plan.

Upon confirmation of the Plan, and subject to Section 6(c), any creditor whose claims are left unimpaired under the Plan may, notwithstanding Sections 7(a), 7(b), 7(c), and 7(d) below, immediately exercise all of its contractual, legal, and equitable rights, except rights based on default of the type that need not be cured under 11 U.S.C. §§ 1124(2)(A) and (D).

SECTION 7: REMEDIES IF DEBTOR DEFAULTS IN PERFORMING THE PLAN

7(a) Creditor Action Restrained.

The confirmed Plan is binding on every creditor whose claims are provided for in the Plan. Therefore, even though the automatic stay terminates on the Effective Date with respect to secured claims, no creditor may take any action to enforce either the pre-confirmation obligation or the obligation due under the Plan, so long as Debtor is not in material default under the Plan, except as provided in Section 6(d) above.

7(b) Obligations to Each Class Separate.

Debtor's obligations under the Plan are separate with respect to each class of creditors. Default in performance of an obligation due to members of one class shall not by itself constitute a default with respect to members of other classes. For purposes of this Section 7, the holders of all administrative claims shall be considered to be a single class, the holders of all priority claims shall be considered to be a single class, and each non-debtor party to an assumed executory contract or lease shall be considered to be a separate class.

7(c) Material Default Defined.

If Debtor fails to make any payment, or to perform any other obligation required under the Plan, for more than 14 days after the time specified in the Plan for such payment or other performance, any member of a class affected by the default, party-in-interest, or United States Trustee may file and serve upon Debtor and Debtor's attorney (if any) a written notice of Debtor's default and request for entry of an order declaring default. If Debtor fails within 14 days after the date of service of the notice of default either: (i) to cure the default; (ii) to

file and serve a motion for an extension of time to cure the default; or (iii) to file and serve a motion for a determination that no default occurred, then Debtor is in Material Default under the Plan to all the members of the affected class. If Debtor is in Material Default under the Plan, the complaining creditor may then submit its order declaring Material Default. The provisions of this paragraph do not preclude the United States Trustee from otherwise seeking an order to dismiss or convert the case for cause. This paragraph shall apply to the benchmarks described in Paragraph 8(i) below except that Debtor shall also, within such 14 day period, be allowed to file and serve a motion seeking a determination that any failure to meet any benchmark deadline was not a material breach, was not Debtor's fault and should be excused and/or that such benchmark should either be excused or Debtor granted additional time to meet such benchmark.

7(d) Remedies Upon Material Default.

Upon Material Default, any member of a class affected by the default: (i) may file and serve a motion to dismiss the case or to convert the case to Chapter 7; or (ii) without further order of the Bankruptcy Court, and may pursue its lawful remedies to enforce and collect Debtor's obligations under the Plan.

7(e) Effect of Conversion to Chapter 7.

If the case is at any time converted to one under Chapter 7, property of the Debtor shall vest in the Chapter 7 bankruptcy estate to the same extent provided for in 11 U.S.C. § 348(f) upon the conversion of a case from Chapter 13 to Chapter 7.

7(f) Retention of Jurisdiction.

The Bankruptcy Court retains jurisdiction over proceedings concerning: (i) whether Debtor is in Material Default of any Plan obligation; (ii) whether the time for performing any Plan obligation should be extended or modified; (iii) adversary proceedings and contested matters pending as of the Effective Date or specifically contemplated in this Plan to be filed in this Court (see Section 8(f)); (iv) whether the case should be dismissed or converted to one under Chapter 7; (v) any objections to claims; (vi) compromises of controversies under Fed. R. Bankr. Proc. 9019; (vii) compensation of professionals; and (viii) other questions regarding the interpretation and enforcement of the Plan.

SECTION 8: GENERAL PROVISIONS

8(a) Effective Date of Plan.

The Effective Date of the Plan is the fifteenth day following the date of the entry of the order of confirmation. If a notice of appeal has been filed, Debtor may waive the finality requirement and put the Plan into effect, unless the order confirming the Plan has been stayed. If a stay of the confirmation order has been issued, the Effective Date will be the first day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

8(b) Disputed Claim Reserve.

Debtor disputes the following claims:

Class	Name of Creditor	Amount According to Creditor	Amount According to Debtor
2B	Sena Investment, Inc./Griffith Consulting, Inc.	\$70,350.00	\$1.00
1A	Milligan/Bridle/Stillwagon	332,051.24	313,381.25
1B	San Diego County Tax Collector	4,427.28	2,800.00

In the event the Court herein has not resolved Debtor’s dispute regarding the claim of any of the above three creditors by the time Debtor has filed a motion for the Court herein to approve a sale or refinance Debtor’s San Diego real property Debtor shall provide a treatment plan to cure such claim as part of its motion to sell or refinance.

8(c) Cramdown.

Pursuant to 11 U.S.C. § 1129(b), Debtor reserves the right to seek confirmation of the Plan despite its rejection by one or more classes of creditors. Debtor’s ability to “cramdown” this Plan over the objections of creditors is limited, however, by the “Absolute Priority Rule.” The Absolute Priority Rule provides, in essence, that junior claimants, including Debtor, are barred from taking anything under the Plan unless senior claimants are paid in full. Debtor provides new value to support the Plan, or creditors accept the Plan. In the present case, Debtor does retain property and proposes to pay 100% of creditors’ claims).]

8(d) Severability.

If any provision in the Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

8(e) Governing Law.

Except to the extent a federal rule of decision or procedure applies, the laws of the State of California govern the Plan.

8(f) Lawsuits and Other Claims for Relief.

Debtor believes that causes of action for fraudulent transfers, voidable preferences, or other claims for relief exist against the following parties:

Party	Insider Y/N	Creditor Y/N	Nature of Claim
Sena Investment, Inc./Griffith Consulting, Inc.	N	Y	Debtor claims an interest in real property located at 1819 Kearney Blvd., Fresno, CA 92706 and in any proceeds from the sale or rental of such property and also seeks \$90,000 in damages against such creditor for alleged breach of fiduciary duty, breach of duty to procure and/or provide insurance and low-interest financing and alleged misrepresentation to Debtor

Without limiting the foregoing, Debtor retains all causes of action that they have against any party, whether arising pre- or post-petition, and all such causes of action vests in the reorganized Debtor on the Effective Date. The nondisclosure of unknown causes of action is not a settlement, compromise, waiver or release of such cause of action, and does not judicially estop the Debtor from asserting any such cause of action as a claim or defense. Confirmation of the Plan does not constitute a settlement, compromise, waiver, or release of any cause of action unless the Plan or Confirmation Order specifically and unambiguously so provide.

8(g) Notices.

Any notice to the Debtor must be in writing, and will be deemed to have been given three days after the date sent by first-class mail, postage prepaid and addressed as follows:

Alex, Kodnegah, Inc.
1340 Reynolds Ave. #116-625
Irvine, CA 92614[ADDRESS]

Alex Kodnegah, Inc.
c/o Bruce R. Babcock, Esq.
4808 Santa Monica Ave.
San Diego, CA 92107

8(h) Post-Confirmation United States Trustee Fees.

Following confirmation, Debtor must continue to pay quarterly fees to the United States Trustee to the extent, and in the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor is required to make these payments, Debtor must file with the Bankruptcy Court quarterly reports in the form specified by the United States Trustee for that purpose.

8(i) Benchmarks

1. Debtor shall cause its real property to be listed for sale on the San Diego Loopnet commercial property site and otherwise market such property for sale within 21 days after confirmation of its proposed Plan. Such property will remain on the market until Debtor accepts an offer conditioned on this Court's approval, such contract is approved by the Court herein and escrow is closed. If Debtor elects to retain a real estate Broker Debtor shall apply to the Court for approval thereof.

2. Debtor shall present an accepted offer subject to this Court's approval for Court approval prior to 8/1/19.

3. Starting 6 months after confirmation of its proposed Plan Debtor shall every six months file a Declaration from either Debtor's President or its counsel advising the Court and all interested persons regarding any purchase offers it has received for its real property and the status of such offer as accepted, rejected or still in negotiation.

8(j) Debtor's real property is a nearly one-acre parcel which from time to time has had vagrants enter it and trash deposited on it. In November, 2016, Debtor expended approximately \$2,000 to remove trash and partially fence such property. Debtor is currently in the process of fencing the entire perimeter of the property, cleaning up any trash there now and working with the City of San Diego and its police department to keep any unauthorized persons from entering such property and to prevent any future trash from being left there.

DATED: 3/9/17

/s/ Alex Kodnegah
Debtor Alex Kodnegah, Inc.,
by Alex Kodnegah, Debtor's President

DATED: 3/9/17

/s/ Bruce Babcock
Bruce R. Babcock, Esq.
Attorney for Debtor

Attorney Certification

I, Bruce R. Babcock, am legal counsel for the Debtor in the above-captioned case and hereby certify the following: (i) the foregoing plan is a true and correct copy of the Individual Chapter 11 Combined Plan and Disclosure Statement promulgated by the Southern District of California, (the "Standard-Form Plan"); and (ii) except as specified below, there have been no alterations or modifications to any provision of the Standard-Form Plan.

The following provisions of the Standard-Form Plan have been altered or otherwise modified.

1. In document title deleted "individual" from "(Proposed) Individual Chapter 11 Combined Plan...."
2. In Introduction added a 2nd paragraph describing Debtor's use of this standard form
3. In Introduction 3rd paragraph describes the treatment of general unsecured creditors by reference to Section 4.
4. In Section 1 deleted the 2nd paragraph of 1(a) as inapplicable
5. In Section 1 modified paragraph 1(a) re payment of attorney fees
6. In Section 2 modified paragraph 2(a) re for payment of tax claims at sale/refinance of real property.
7. In Section 2 modified paragraph 2(b) to show no domestic support obligations
8. In Section 2 modified paragraph 2(c) to show no wage or commission obligations
9. In Section 3 paragraphs 3(a) to 3(g) were deleted as inapplicable.
10. In Section 3 paragraph 3(h) was renamed 3(a) and modified to show how creditors will be paid upon sale or refinance of Debtor's real property
11. In Section 3 paragraph 3(i) was renamed 3(b)
12. In Section 4 paragraph 4(a) was modified regarding "Percent Plan" to show when unsecured creditors will be paid and the paragraph labeled "pot plan" was deleted as inapplicable
13. In Section 5 paragraph 5(a) was modified when payments due under any executor contract will be paid, assuming there are any such payments due.
14. In Section 5 paragraph 5(b) was deleted as inapplicable
15. In Section 6 paragraph 6(a) was removed and remaining paragraphs renumbered.
16. Deleted Paragraph 4(a) pertaining to claimants with claims under \$1,000 or with certain types of claims and willing to reduce such claim to \$1,000 as there are no such creditors in this case and such provision is not applicable or required. Paragraph 4(b) was then renumbered as 4(a).
17. In Section 7 modified paragraph 7(c) re material default as to benchmark
18. In Section 8, Paragraph 8(b) modified language regarding Disputed Claim Reserve
19. In Section 8 added Paragraph 8(i) regarding benchmarks

20. In Section 8 added Paragraph 8(j) regarding fencing and clean-up of the Debtor's real property.

21. In Section 1 modified Paragraph 1(b) regarding payment of post-confirmation compensation.

I declare, under the penalty of perjury, that the foregoing is true and correct. Executed this 7th day of March 2017.

/s/ Bruce R. Babcock
Attorney for Debtor

Exhibit 1 - Events that Led to Bankruptcy, Significant Events that Have Occurred During the Bankruptcy, and Summary of Plan.

BACKGROUND INFORMATION ABOUT DEBTOR

Debtor is a California corporation formed in March, 2013, as an incorporation of a long-standing family business doing construction and providing construction related services. Debtor is owned 10% by Alex Kodnegah, 30% by Behrouze Khodnegah, 30% by Dadash Khodnegah, 25% by Syrous Khodnegah and 5% by Adriana Cantoran. Alex Kodnegah is the President & Secretary. Dadash Khodnegah is the CEO. Adriana Cantoran is the Treasurer. The corporate Directors are Alex Kodnegah, Behrouz Khodnegah, and Dadash Khodnegah.

EVENTS THAT LED TO THE BANKRUPTCY

Debtor purchased its real property at 1229 Hollister Ave., San Diego, CA, 92154 in March, 2013. Such property is 39,204 sq. ft. of vacant infill land zoned R-1 multi-family allowing one unit per 3,000 sq. ft.. Such property has electric, water and gas to the property and a sewer line and manhole on the property. In October, 2014, Debtor borrowed \$270,000 from The Milligan Family Trust dated 3/15/96, John J. Bridle, trustee of the John J. Bridle Trust dated 9/18/07 and Robert B. Stillwagon, referred to herein as Creditor Milligan/Bridle/Stillwagon. In or about March, 2016 such loan was modified to increase the loan amount to \$290,903 and to provide for payment in full of such loan on or before 7/1/16. Debtor was no able to pay such loan prior to 7/1/16 and such secured Creditor advised Debtor of its intention to begin foreclosure proceedings, triggering the 8/5/16 filing of this bankruptcy proceeding in order to protect Debtor's equity in such real property. Debtor believes that at the time of the 8/5/16 filing of this proceeding such real property was worth at least \$965,000. Such valuation is partially based on the opinion of Alex Kodnegah based on his familiarity with this property and with the sale prices of comparable properties. Such value is supported by (1) a 2014 MAI appraisal by Marshall McIntyre, SR/MAI, showing a value of \$900,000, (2) a 2016 BPO by Al Apuzzo at Lee & Associates showing a value of \$1,034,600 and (3) a 2014 MVI valuation by the 1st TD lender's servicer showing a value of \$900,000. A copy of portions of such 2014 appraisal is attached hereto as Exhibit 7. A copy of such 2016 BPO is attached hereto as Exhibit 8. A copy of such 2014 MVI valuation by the 1st TD lender's servicer is attached hereto as Exhibit 9. The Proof of Claim filed by Creditor Milligan/Brindle/Stillwagon in this proceeding on or about 10/11/16 reflects such Creditor's position that as of such 8/5/16 filing date that value of such real property was \$750,000.

SIGNIFICANT EVENTS THAT HAVE OCCURRED DURING THE BANKRUPTCY

Debtor has timely filed all required Schedules and amendments thereto. Debtor's meeting of creditors was held and concluded. Debtor has timely filed 3 monthly operating reports. Debtor, with the Court's approval, set a Claims Bar Date of 11/18/16. Debtor has recently amended its Schedules herein to reflect the six (6) Proofs of Claim which have been filed. Such Proofs of Claim are listed below - the first five (5) of which Debtor expected and the sixth (6th) being totally unexpected by Debtor and completely and adamantly disputed by Debtor:

1. POC by the IRS for \$400 for corporate tax for 2013-2016 – this is a priority claim. In early 2017 the IRS filed an amended claim showing 0 due so such claim is not reflected in the attached Exhibits.
2. POC by the California Franchise Tax Board for \$3,805.98 for corporate taxes – this is a priority claim for \$2,511.08 and a non-priority general unsecured claim for \$1,294.90.

3. POC by the San Diego County Tax Collector for real property taxes of \$4,427.28 secured by Debtor's above-referenced real property. Debtor believes such amount may be somewhat too high and has disputed such but expects such dispute to be easily resolved within the next 30 days.

4. 2nd Amended POC by Milligan/Bridle/Stillwagon for \$332,051.24 for 1st TD secured by Debtor's above-referenced real property. Debtor believes such claim is approximately \$20,000 too high and has disputed such claim.

5. POC by Blackstone Engineers for \$1,500 – general unsecured

6. POC by Sena Investment, Inc./Griffith Consulting, Inc. for \$70,350 – general unsecured based on an alleged verbal agreement. Debtor is outraged by this claim and believes it was made solely because Debtor's schedules reflect an interest in certain real property in Fresno, California, now held in the name of such Creditor and in any sale or rental proceeds of such property. Debtor believes it owes nothing to this Creditor and seeks \$90,000 in damages against such Creditor for alleged breach of fiduciary duty, breach of duty to procure and/or provide insurance and low-interest financing and alleged misrepresentation to Debtor.

SUMMARY OF PLAN

Debtor proposes to pay secured Creditor San Diego County Tax Collector its entire claim as may be allowed by the Court herein on or before 8/1/19 or upon sale or refinancing of Debtor's San Diego real property, whichever occurs earlier. Any such sale or refinancing shall be upon application to and approval of the Court herein. Any such refinance may result from Debtor, with this Court's approval, entering into a joint venture regarding the subject San Diego real property. Debtor proposes to pay secured creditor Milligan/Bridle/Stillwagon its entire claim as allowed by the court herein at the same time as it pays creditor San Diego County Tax Collector. Debtor proposes to pay the \$3,508.98 claim of Creditor California Franchise Tax Board and the \$400 claim of the IRS immediately after its payment to Creditor Milligan/Bridle/Stillwagon. Debtor proposes to pay the \$1,500 unsecured claim of Creditor Blackstone Engineering, the \$1,294.90 unsecured small claim of the Franchise Tax Board and any Court-approved claim of disputed Creditor Sena Investment, Inc./Griffith Consulting, Inc. immediately after its payment to Creditors California Franchise Tax Board and IRS. Except as otherwise provided herein all payments proposed hereunder are anticipated to be made prior to or in conjunction with any sale or refinancing of Debtor's San Diego real property as may be approved by the Court herein. All claims paid shall include applicable interest as provided herein.

During the Plan period Debtor intends to do whatever it can to further increase the value of its San Diego real property, including taking steps to obtain the rights to file construction plans and commence construction thereon.

If not done prior to confirmation of its proposed Plan, during the Plan period Debtor also intends to object to the claim of Creditor(s) Sena Investment, Inc./Griffith Consulting, Inc. and to recover all sums owed Debtor by such Creditor(s) and likewise intends to object to the Claims of Creditors Milligan/Bridle/Stillwagon and the San Diego County Tax Collector unless Debtor's disputes of the claims of such creditors can be resolved without any such objection being filed. .

Exhibit 2 – Liquidation Analysis: What Creditors Would Receive if the Case Were Converted to a Chapter 7.

Real Property #1: [Insert Address]

Fair Market Value	Liens	Cost of Sale	Resulting Tax	Amount of Exemption	Net Proceeds
965,000	1st TD of 332,051.24 to Milligan/Bridle /Stillwagon	67,550 at 7% for brokerage, escrow, title and related costs	120,000	0	440,791.48
	2nd 4,427.28 to the San Diego County Tax Collector				
	3rd				

Exhibit 2 (continued) – Liquidation Analysis: What Creditors Would Receive if the Case Were Converted to a Chapter 7.

Personal Property:

Description	Liquidation Value	Secured Claim	Amount of Exemption	Net Proceeds
Cash	1,500	0	0	1,500
Automobile #1	0	0	0	0
Automobile #2	0	0	0	0
Household Furnishings	0	0	0	0
Jewelry	0	0	0	0
Equipment	0			
Stocks / Investments	0			
Accounts receivable				
claim against Sena Investment, Inc./Griffin Consulting, Inc.	90,000	0	0	90,000
TOTAL	91,000	0	0	91,000

Summary:

Net Proceeds of Real Property and Personal Property	531,791.48
Recovery from Preferences / Fraudulent Conveyances [ADD]	0
Chapter 7 Trustee Fees [SUBTRACT]	32,000
Chapter 7 Trustee’s Professionals [SUBTRACT]	5,000
Other Chapter 7 Liabilities [SUBTRACT]	0
Unpaid Chapter 11 Liabilities [SUBTRACT]	15,000

Priority Claims	[SUBTRACT]	2,911.08
NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS		476,880.40

Estimated Amount of Unsecured Claims (includes disputed amounts)	56,514.90
Percent Distribution to Unsecured Creditors Under Proposed Plan	100%
Percent Distribution to Unsecured Creditors Under Liquidation Analysis	100%

Exhibit 3 – Summary of Monthly Operating Reports (“MOR”).

Month	MOR ECF#	Receipts	Distributions	Net
1 August, 2016	38	5,246.49	5,453.85	(207.36)
2 Sept., 2016	50	4,055.46	2,839.54	1,215.92
3 Oct., 2016	56	5,378.32	4,165.61	1,212.71
4 Nov., 2016	67	4,649.32	7,381.08	(2,731.76)
5 Dec., 2016	77	3,632.58	3,941.26	(308.68)
6 Jan., 2017	90	3,335.84	3,552.53	(216.69)
7		\$	\$	\$
8		\$	\$	\$
9		\$	\$	\$
10		\$	\$	\$
11		\$	\$	\$
12		\$	\$	\$
TOTAL		<u>26,298.01</u>	<u>27,333.87</u>	<u>(1,035.86)</u>
Average:		4,,383.00	4,555.64	(172.64)

Exhibit 4 – Projected Post-Confirmation Monthly Income & Expenses.

Income	Debtor	Spouse
1. Current monthly gross income	3,800	
2. Estimated monthly overtime	0	
3. SUBTOTAL	3,800	
4a. Payroll taxes and social security	0	
4b. Insurance	0	
4c. Union dues	0	
4d. Other (Specify):	0	
5. SUBTOTAL OF PAYROLL DEDUCTIONS	0	
6. TOTAL NET MONTHLY TAKE HOME PAY	0	
7. Regular income from operation of business or profession	0	
8. Income from real property	0	
9. Interest and dividends	0	
10. Alimony, maintenance or support payments	0	
11. Social security or government assistance (Specify):	0	
12. Pension or retirement income	0	
13. Other monthly income (Specify):	0	
14. SUBTOTAL OF LINES 7 THROUGH 13	0	
15. TOTAL MONTHLY INCOME (Add line 6 and line 14)	0	
A. TOTAL COMBINED MONTHLY INCOME	3,800	

Exhibit 4 (continued) – Projected Post-Confirmation Monthly Income & Expenses.

Expenses	Amount
1. Rent or home mortgage (include lot rented for mobile home)	0
1a. Are real estate taxes included? Yes [] No []	0
1b. Is property insurance included? Yes [] No []	0
2a. Utilities: Electricity and heating fuel	0
2b. Utilities: Water and sewer	0
2c. Utilities: Telephone	0
2d. Utilities: Other	0

Expenses	Amount
3. Home maintenance (repairs and upkeep)	0
4. Food	0
5. Clothing	0
6. Laundry and dry cleaning	0
7. Medical and dental expenses	0
8. Transportation	0
9. Recreation, clubs, entertainment, newspapers, magazine, etc.	0
10. Charitable contributions	0
11a. Insurance: Homeowner's or renter's	0
11b. Insurance: Life	0
11c. Insurance: Health	0
11d. Insurance: Auto	0
11e. Insurance: real property	75
12. Taxes: corporate income taxes	200
13a. Installment payments: Auto (Do not list payments included in Plan)	0
13b. Installment payments: Other (Do not list payments included in Plan)	0
14. Alimony, maintenance, and support paid to others	0
15. Payments for support of dependents not living at your home	0
16. Independent contractor expenses	600
17. Real property taxes	125
18. Maintenance of San Diego real property	450
19. Telephone	125
20. Travel	200
21. materials & auto expenses	950
22. U.S. Trustee quarterly fees	109
B. TOTAL MONTHLY EXPENSES	2,834

C. Disposable Income (Line A - Line B)	966
--	-----

Exhibit 4 (continued) – Projected Post-Confirmation Monthly Income & Expenses.

Plan Payments Plan Payments Not Included in Calculating Disposable Income	Amount
Administrative Claims	0

Priority Claims	300
General Unsecured Creditors	0
[OTHER PLAN PAYMENTS - DESCRIBE]	0
D. Total Plan Payments	300
E. Plan Feasibility (Line C - Line D) (Not feasible if less than zero)	666

Exhibit 5 - Effective Date Feasibility.

Can the Debtor Make the Effective Date Payments?

	Amount	Amount
A. Projected Total Cash on Hand on Effective Date	-	1,500
Payments Required on Effective Date	-	-
Administrative Expense Claims	0	-
Priority Claims	0	-
Small Claims (Class 3(a))	0	-
U.S. Trustee Fees (none, being paid as ongoing quarterly expense)	0	-
Other	0	-
B. Total Payments on Effective Date		0
C. Net Cash on Effective Date (Line A - Line B) (Not feasible if less than zero)	-	1,500

Exhibit 6 - Investment Property Analysis.

Properties with Positive Monthly Cash Flow:

Real Property #1 Income: [INSERT ADDRESS]

Rental Income ¹	Mortgage	Insurance	Property Taxes	Other Expenses ²	Net Income
none	1st				
	2nd				
	3rd				

A. Total Positive Cash Flow	
-----------------------------	--

Properties with Negative Monthly Cash Flow:

Real Property #3 Income: 1229 Hollister St., San Diego, CA

Rental Income	Mortgage	Insurance	Property Taxes	Other Expenses	Net Income
0	1st N/A	75	125	450 (maintenance)	(600)
	2nd				
	3rd				

B. Total Negative Cash Flow	(600)
-----------------------------	-------

¹ Adjusted for projected vacancy rate.

² "Other Expenses" may include maintenance, HOA dues, property management fees, and legal costs.

SUMMARY APPRAISAL REPORT

**.9 ACRES
UN-IMPROVED AND FULLY ENTITLED
MULTI-FAMILY RESIDENTIAL LAND
ASSESSOR PARCEL NUMBERS
APN 634-020-04-00**

**LOCATED IN
THE CITY OF SAN DIEGO, CA**

**PREPARED FOR:
CAPITAL CONSULTANTS**

**EFFECTIVE DATE OF APPRAISAL
SEPTEMBER 2, 2014**

**APPRAISED BY
MARSHALL L. MCINTYRE, SRA / MAI
41470 PRIMROSE LANE
HEMET, CALIFORNIA 92544
EMAIL: MARSHALL7491@ROADRUNNER.COM**

EXHIBIT 7



MARSHALL L. McINTYRE, MAI

Real Estate Appraiser
41470 Primrose Lane
Hemet, CA 92544

951-318-5899

Email: Marshall7491@roadrunner.com

September 2, 2014

CAPITAL CONSULTANTS
Capital Consultants.com

Re: Appraisals of Un-improved but Fully Entitled for 20 Condo Units
Land within City of San Diego
San Diego County APN 634-020-04-00

Dear Ladies and Gentlemen:

Pursuant to your request and per our agreement, I herewith submit to you a Statement of Valuation Data report concerning the market value of the above property as of September 2, 2014. The subject property is located within the City of San Diego, CA.

This appraisal includes a value based on the definition of market value as contained in this report and is consistent with USPAP requirements and are typical for lenders.

I have completed a value for the land "As Is" as of the stated date. This site is fully entitled to build 13 unit RM 1-1. Please refer to parcel information that follows. The land is entitled by its zoning. No tentative map is needed under this zoning in order to develop the site for apartments. The "RM1 -1" zoning fully entitles the land. The land is zoned for a 13 unit apartment development.

"As Is" Value
\$900,000
NINE HUNDRED THOUSAND DOLLARS

Please call if you have any questions regarding this appraisal.

Respectfully submitted,

Marshall L. McIntyre, MAI
AG 008358
08/18/2015

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated.
- 2) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- 3) Responsible ownership and competent property management are assumed.
- 4) The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 5) All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 6) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- 7) It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
- 8) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
- 9) It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organizations have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- 10) It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following general limiting conditions:

- 1) The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.



April 19, 2016

Mr. Alex Kodnegah
Alex Kodnegah Inc.
2967 Michelson Drive, #G625
Irvine, CA 92612

Re: **Broker Opinion of Value**
1229 Hollister Street
San Diego, CA 92154

Dear Mr. Kodnegah:

Thank you for the opportunity to provide you with our Broker Opinion of Value on the above referenced 39,204 square foot land parcel with San Diego County APN#634-020-04-00. It is our understanding that the project is designed for a 13 unit, 3 story, attached residential project with slab on grade parking and stick frame construction. Unit sizes in the project will average 1,630 square feet. The project has been named Nestor Creek Homes and was submitted for initial review at the City of San Diego in January 2008. Although the project technically lies in the Nestor area of San Diego, its immediate proximity to Imperial Beach provides an excellent opportunity for a builder/developer to capitalize on higher sale revenues indicative of the Coastal Imperial Beach market.

SINGLE FAMILY ATTACHED - DEVELOPMENT ANALYSIS

The most appropriate method to value the subject property is by constructing a land residual analysis. Builders and developers will use this method to determine what they can pay for the land. A land residual analysis considers all revenues for the project from the sale of the

Lee & Associates – North San Diego County, A Member of the Lee & Associates Group of Companies
1900 Wright Place, Suite 200, Carlsbad, CA 92008 | Office: 760.929.9700 Fax: 760.929.9977

EXHIBIT 8

homes, less all building costs, improvement costs, fees and entitlement costs. In addition, a land residual accounts for profit margin and development risk. Whatever is left over is approximately what a builder will pay for the land. Since the property is unentitled, we must make several assumptions.

Existing Resale Attached Homes

First we must review a Comparative Market Analysis for existing resale units built in the area since 2000 and sold in the last 12 months.

Num	MLS #	Status	Style	FIAdd	ZipArea	Beds	TotB	COEDate	LotsFApx	EstSF	DOM LP	\$/EstSF	SP	\$/EstSF	
1	150049445	SOLD	ATT	1050 Georgia St C	IMPERIAL BEACH (91932)	2	1	12/2/2015		742	3	\$210,000	\$210,000	\$283.02	\$283,02
2	150036276	SOLD	ATT	575 7TH STREET 205	IMPERIAL BEACH (91932)	3	1	8/10/2015		950	9	\$249,000	\$255,000	\$262.11	\$268,11
3	150036052	SOLD	ATT	1331 Holly Ave B	IMPERIAL BEACH (91932)	3	3	10/9/2015		1,502	58	\$425,000	\$400,000	\$282.96	\$266,96
4	150036056	SOLD	ATT	1331 Holly Ave C	IMPERIAL BEACH (91932)	3	3	10/9/2015		1,502	60	\$425,000	\$400,000	\$282.96	\$266,96
5	150036065	SOLD	ATT	1331 Holly Ave D	IMPERIAL BEACH (91932)	3	3	10/9/2015		1,502	58	\$435,000	\$400,000	\$289.61	\$266,61
6	150036046	SOLD	ATT	1331 Holly Ave A	IMPERIAL BEACH (91932)	3	3	10/9/2015		1,502	58	\$435,000	\$400,000	\$289.61	\$266,61
7	150051072	SOLD	ATT	806 12th	IMPERIAL BEACH (91932)	3	3	12/18/2015		1,641	18	\$449,000	\$435,000	\$273.61	\$265,61
8	150056952	SOLD	ATT	135 Ebony Avenue	IMPERIAL BEACH (91932)	3	3	12/30/2015		1,776	42	\$500,000	\$475,000	\$281.53	\$267,45
9	150018822	SOLD	ATT	257 Elder Ave	IMPERIAL BEACH (91932)	3	3	6/30/2015		1,861	49	\$620,000	\$610,000	\$333.15	\$327,78
Avg						2	2			1442	39	\$416,444	\$398,333	\$286.51	\$275,22
Min						2	1			742	3	\$210,000	\$210,000	\$262.11	\$265,08

Max			3	3			1861	60	\$620,000	\$333.15	\$610,000	\$327.78					
Med			3	3			1502	49	\$435,000	\$282.96	\$400,000	\$266.31					

The average size of these units was 1,442 square feet and they sold for an average of \$275.22/square foot. The average sale price for this size unit at this dollar per square foot pricing would be approximately \$396,900.

New Attached Home Construction

Next we must review the new home projects under construction that are comparable to the subject property.

Project	Builder	City	Open Date	Type	Min. Unit Size sq ft	Max. Unit Size sq ft	Min. Price	Max. Price	Min. Price/sq ft	Max. Price/sq ft	Total Units Planned	Total Units Sold	Total Units Remaining	Average Sales Rate	3 Month Sales Rate
Aviare	Sunrise Company	Chula Vista	7/26/2014	Attached	1098	1928	\$300,900	\$416,900	\$216.23	\$274.04	144	91	53	4.63	4.23
Bahia Vista Townhomes	Pathfinder Partners	Chula Vista	6/9/2015	Attached	1636	1788	\$399,900	\$419,900	\$234.84	\$244.44	21	18	3	1.87	2.07
Palermo at Lake Pointe	Lennar	Chula Vista	2/21/2015	Attached	1062	1652	\$321,990	\$412,990	\$249.99	\$303.19	136	80	56	6.32	5.64
Siena at Lake Pointe	Lennar	Chula Vista	2/21/2015	Attached	1323	1437	\$362,990	\$374,990	\$260.95	\$274.37	85	64	21	4.84	2.6
Tosara	Pacific Coast Communities	Chula Vista	8/23/2014	Attached	1635	2366	\$374,900	\$426,900	\$180.43	\$229.30	89	66	23	3.53	6.37
Esperanza at Vista Del Sur	Cornerstone Communities	San Diego	4/25/2015	Attached	1548	1830	\$332,990	\$374,990	\$204.91	\$215.11	60	28	32	2.59	2.62
Maravilla at Vista Del Sur	Cornerstone Communities	San Diego	4/25/2015	Attached	1334	1686	\$317,990	\$380,990	\$225.97	\$238.37	129	52	77	4.82	5.23

If we look at the above matrix, all the projects are topping out at a range of \$375,000 to \$427,000 per unit with price per square foot ranging from \$180 to \$303 and most averaging between \$230 and \$240/SF.

One additional item to note is the absorption of all the project units. Most projects are selling at an extremely fast pace with absorption of 3 or more per month, although the Esperanza and Bahia Vista projects are not selling nearly as well. Overall, this is a good sign for the Hollister project.

Land Residual

Revenue

Based on the assumptions above, we will perform a land residual on a 13 unit attached residential project. For the sake of this analysis we will utilize an average unit size of 1,630 square feet with revenue expectations of approximately \$245/SF. Although there is not a lot of competition for new product in the area and this area is closer to the beach than most comparables, stacked flat product is not nearly as well received in the market as other attached product is. That said a builder may be able to push pricing, but for the sake of this analysis, I will use a more conservative revenue figure. This would equate to approximately \$399,350 per unit in revenue.

Finished Lot Ratio

We then must apply a finished lot ratio in order to determine the value of the finished, improved lot. This ratio factors in construction financing, insurance, sales and other miscellaneous costs as well as anticipated absorption of the homes. Finished lot ratios in the area are approximately 35% currently. This means that the value of the finished lot price per unit is approximately 35% of the value of the attached home to be sold. If you were to use a 35% finished lot ratio, we would be at \$139,773 per finished unit or \$1,817,049 total for the 13 units.

Expenses

Next, we must subtract site improvement costs, development impact fees, entitlement costs, associated risk and time in order to arrive at an "As-Is" land residual value. Without improvement costs or detailed project information, it is difficult to determine an exact expense, but for the sake of analysis and based on other similar size sites in San Diego County, we can make a quick assumption that grading and site work to finish the site would be approximately \$260,000 (\$20,000 per door) and impact fees would total \$339,924 (\$26,148 per door), per the Impact Fee Schedule below:

<p>Nestor Area - San Diego Estimated Development Fees</p>
--

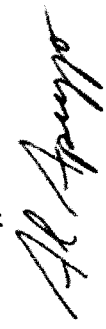
Per Average 1,630 SF Unit

<i>Item</i>	<i>Amount / Unit</i>
School Fees - South Bay Union Elementary (\$1.53/SF) - Effective June 2016	\$ 2,494
School Fees - Sweetwater Union High School (\$1.88/SF)	\$ 3,064
Development Impact Fees (DIF - includes Park, Road, Library & Fire)	\$12,700
Regional Transportation Congestion Improvement Program (RTCIP)	\$ 2,153
Water Capacity Charge (.8 EDU per dwelling unit based on net acreage)	\$ 2,438
Sewer Capacity Charge (.8 EDU per dwelling unit based on net acreage)	\$ 3,299
TOTAL PER UNIT WITH SCHOOL FEES	\$26,148

If we then subtract the \$46,148 per unit in improvement costs and impact fees from the finished lot value of \$139,773, the land residual for single family attached home product at the Entitlement approval stage would be approximately \$93,625 per unit or \$1,217,125 total. Since the property is unentitled, we would need to attribute a discount from the Entitlement value to account for entitlement cost, associated risk and time, typically a 15% reduction. Therefore, after subtracting this cost we believe the site value would be \$79,581 per as-is unit or approximately \$1,034,600 in total.

If we were to list the project for sale, we would recommend a listing price of \$1,095,000.

Sincerely,



Al Apuzzo,
Principal

Lee & Associates – Commercial Real Estate Services



Mortgage Vintage, Inc. Loan Term Sheet
Prepared for: Mr. Alex Kodnegah

October 2, 2014

Mr. Alex Kodnegah
Alex Kodnegah, Inc.
24 Sunset Cove
Newport Coast, CA
92657

RE: \$270,000 1st Trust Deed for 1229 Hollister Ave., San Diego CA 92154

This letter confirms Mortgage Vintage, Inc.'s, approval to facilitate a 1st Trust Deed on the above captioned property. Mortgage Vintage, Inc. will facilitate the funding of a new loan subject to the following terms and loan conditions:

Borrower:	Alex Kodnegah, Inc. (Personal Guarantee Required)
Property Type:	Vacant Land
Loan Type:	Business Purpose Investment Cash-Out Refinance
Appraised Valuation:	\$900,000
Loan Amount:	\$270,000
LTV on Valuation:	30.00%
Lien Position:	1st Trust Deed
Borrower Interest Rate:	13.50%
Loan Term:	Interest Only, due in 2 years (Balloon)
Borrower Monthly Payment:	\$3,037.50
Guaranteed Interest:	180 days
Prepaid Interest	6 Months
Estimated Closing Date:	October 10, 2014
Occupancy:	Non-Owner Occupied Investment Property
Expiration:	This Term Sheet expires at 5:00pm, Thursday, Oct. 2, 2014

EXHIBIT 9

Net Proceeds Calculation:

1st Trust Deed Loan Amount	\$270,000.00
Lender Points (3.0)	\$8,100.00
Lender Valuation and Underwriting Fees	\$1,595.00
Lender Inspection	\$495.00
Prepaid Interest (6 months)	\$18,225.00
Estimated Net Proceeds from New Loan (not including Title & Escrow)	\$241,585.00

Loan Conditions:

1. Receipt and review of Escrow Instructions, Purchase Agreement, Preliminary Title Report and issuance of Lenders Title Insurance Policy with Lender in 1st position
2. Subject to satisfactory Credit Report, Entitlement Documents, Personal Guaranty required
3. Subject to receipt of loan purpose declaration letter, Certificate of Occupancy, Hand Written Loan Purpose Letter
4. Satisfactory lender valuation, property inspection and borrower meeting
5. Subject to Hazard Insurance issuance with Lender as Loss Payee
6. Receipt of signed 1003 Loan Application, Business P&L and ability to pay income documentation
7. Subject to additional conditions and final investor approval

The borrower's signature below authorizes Lender to pull a Credit Report for this Loan Application. This letter is an approval to lend based on satisfaction of the loan conditions listed above. For Mortgage Vintage, Inc. to proceed with this loan, please sign and return this letter to acknowledge agreement to the above terms. Please fax a signed copy to (949) 315-3674 or via scan/email to sandy@mortgagevintage.com.

Within 3 business days from receipt of the borrower signed Term Sheet, Lender will attempt to secure funds and provide the commitment to lend. Lender will, at that time, fully execute this Term Sheet. Thank you for the opportunity to assist with your financing needs.

Best Regards,

Accepted:

Sandy MacDougall

Mortgage Vintage, Inc., DRE Broker License #01870605 Borrower: Mr. Alex Kodnegah Date

Cell: 949-632-6145, Office: 949-675-4935, Fax: 949-315-3674

sandy@mortgagevintage.com, CA DRE: 010007035, NMLS ID: 322248