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9  
10 IN THE UNITED STATES BANKRUPTCY COURT  
11 FOR THE DISTRICT OF OREGON

12 In re: ) Case Nos. 12-60362-tmr11  
13 ) 12-60353-tmr11  
14 ARTHUR CRITCHELL GALPIN and EAGLE ) (Jointly Administered)  
15 POINT DEVELOPMENTS, LLC, )  
16 Debtors. ) ~~FIRST~~SECOND AMENDED  
17 ) DISCLOSURE STATEMENT  
18 ) REGARDING DEBTORS' ~~FIRST~~SECOND  
19 ) AMENDED JOINT PLAN OF  
20 ) REORGANIZATION DATED  
21 ) SEPTEMBER 18, 2012

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**THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF BANKRUPTCY CODE §1125. IF YOU HAVE REQUESTED AND RECEIVED A COPY OF THE DISCLOSURE STATEMENT IN CONNECTION WITH THE COURT'S HEARING TO CONSIDER APPROVAL OF THE DISCLOSURE STATEMENT, NOTHING CONTAINED HEREIN IS OR WILL BE DEEMED A SOLICITATION OF ACCEPTANCE OF THE JOINT PLAN OF REORGANIZATION.**

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1 Arthur Critchell Galpin (“Galpin”) and Eagle Point Developments, LLC (“EPD”)  
2 submit this ~~First~~Second Amended Disclosure Statement (“Disclosure Statement”) in  
3 connection with the solicitation of acceptances of the Debtors’ ~~First~~Second Amended  
4 Joint Plan of Reorganization dated September 18, 2012 (the “Plan”). A copy of the  
5 Second Amended Plan accompanies this Disclosure Statement.

6 **I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS,**  
7 **AND PLAN SUMMARY**

8 **A. Definitions.**

9 All terms used in this Disclosure Statement that are not defined herein have the  
10 same ~~meaning~~meanings as used in the Plan. In the event of any inconsistency between  
11 the Plan and this Disclosure Statement, the Plan will control.

12 **B. Introduction.**

13 On February 1, 2012, EPD filed a petition under Chapter 11 of the United States  
14 Bankruptcy Code (the “Bankruptcy Code”). On February 2, 2012, Galpin filed ~~his~~a  
15 petition under Chapter 11 of the Bankruptcy Code. EPD and Galpin are referred to  
16 collectively herein as “Debtors”. On March 5, 2012, an order was entered directing the  
17 joint administration and procedural consolidation of the EPD and Galpin cases. Since  
18 the respective Petition Dates, Debtors have remained as debtors-in-possession  
19 pursuant to sections 1107 and 1108 of the Bankruptcy Code.

20 This Disclosure Statement summarizes Debtors’ assets and liabilities and  
21 explains how creditors will be paid under the ~~proposed~~ Plan. The purpose of the  
22 Disclosure Statement is to provide creditors with information about the Plan so they and  
23 other interested parties entitled to vote can make an informed decision to vote for or  
24 against the Plan. This Disclosure Statement is intended only as an aid to supplement  
25

1 the review of the Plan by creditors and other interested parties and is qualified in its  
2 entirety by reference to the Plan.

3 Pursuant to the terms of the Plan, certain classes of Claims are entitled to vote.  
4 If you belong to a Class that is entitled to vote, enclosed with this Disclosure Statement  
5 is a ballot and a pre-addressed envelope for return of the ballot. If you are entitled to  
6 vote but did not receive a ballot or if your ballot is lost or damaged, please contact  
7 Majesta P. Gruetzmacher at Sussman Shank LLP, 1000 SW Broadway, Suite 1400,  
8 Portland, OR 97205-3089, by telephone at (503) 227-1111, by fax at (503) 243-0130 or  
9 by email at [mgruetzmacher@sussmanshank.com](mailto:mgruetzmacher@sussmanshank.com).

10 Debtors believe that confirmation of the Plan is in the best interests of Debtors  
11 and their creditors, and that creditors should vote to accept the Plan. Since the Petition  
12 ~~Date~~Dates, Debtors have continued to operate their businesses in the ordinary course  
13 and have realized increased sales and development opportunities. Galpin's expertise in  
14 commercial and residential development and sales is well-known in Southern Oregon.  
15 Those factors, coupled with continued conservative and responsible management of his  
16 enterprises and continued improvement in the real estate market, have boosted the  
17 reorganization efforts to date and ~~is~~are anticipated to continue.

18 In addition, with respect to EPD, Debtors' have recently obtained an appraisal of  
19 the Eagle Collateral which, although still conservative in Debtors' opinion, establishes  
20 that transfer to US Bank/SAG of the Eagle Collateral will more than fully satisfy all  
21 indebtedness owed to US Bank/SAG and eliminate any basis for allowance of an  
22 unsecured deficiency or guaranty claim against the EPD ~~or~~and Galpin ~~estate~~estates.  
23 Additional adjustments and modifications of loans of secured creditors are proposed in  
24 the Plan and are intended to track market conditions. The Plan also disallows disputed,  
25 contingent and unliquidated Guaranty Claims, except those as to which the Plan

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1 specifically provides the applicable secured creditor with different treatment and such  
2 secured ~~creditors accept~~creditor accepts such treatment by voting in favor of the Plan.  
3 Due to the value of the collateral for all guaranteed loans, Debtors do not believe any  
4 creditor will suffer financial loss as a result of modification of any loan and/or  
5 disallowance of a Guaranty Claim. Galpin and EPD anticipate, and the Plan provides,  
6 for payment in full of all Allowed Claims.

7 You may vote on the Plan by returning the ballot to Sussman Shank LLP,  
8 Attention: Majesta P. Gruetzmacher, at the address shown below prior to the voting  
9 deadline, **which is** \_\_\_\_\_ at 5:00 p.m.

10 **Prevailing Pacific Time on \_\_\_\_\_, ~~2012~~2013. Only ballots received by**  
11 **the voting deadline can be counted for purposes of Plan Confirmation.**

12 **II. HISTORY OF DEBTORS AND EVENTS LEADING TO FILING THE PLAN**

13 Galpin began his career as a developer in Southern Oregon in 1984, creating his  
14 first subdivision based in part upon prior experience as a worker building roads in  
15 logging camps in British Columbia, Canada. He continued to acquire and develop  
16 additional property after 1984 with the profits from lot sales. Galpin did not utilize bank  
17 financing for development until the mid-1990's, after a former business partner  
18 encouraged him to do so to expand his business. Galpin gradually grew his business in  
19 real estate and other ventures and by the year 2000 became one of the largest  
20 developers in Southern Oregon.

21 As is ~~typical~~typical in the business of commercial and ~~residential~~residential real  
22 estate development, Galpin usually formed a separate limited liability company for each  
23 development. In many cases, he is the 100% owner of ~~the membership interests in~~  
24 ~~the~~these limited liability ~~company~~companies. In some cases, he owns a percentage of  
25 the membership interests along with other members, and ~~managed~~manages the

1 ~~company~~companies. In other cases, Galpin has retained ownership of development  
2 property in his individual capacity.

3 The types of residential subdivision developments in which he has been involved  
4 through 2011 included a planned community centered on a Robert Trent Jones  
5 designed golf course in Eagle Point, Oregon. Part of that development consists of lots  
6 and land owned by EPD. Other residential developments and subdivisions include  
7 Poppy Village Town Homes, Beebe Wood, Berkeley Hills, Bigham Brown, East  
8 McAndrews Village, Mountain Top Village, Westridge Village, Vista Pointe, Forest  
9 Heights Subdivision, Charter Oaks Subdivision and other lots and land suitable for  
10 similar development. Galpin also has significant ownership interests in entities which  
11 own or manage residential rental properties.

12 Galpin's commercial developments include the Eagle Point Golf Course,  
13 Jackson Creek Shopping Center, Klamath Falls Center, Delta Center, Terry Lane  
14 Center, and the Eagle Point Commercial Center. He also owns an interest in a  
15 company that owns hangars at the Medford Airport, and other commercial and industrial  
16 land.

17 Galpin's other significant business interests include operation of a rock pit and  
18 Johnny Cat, Inc., which is involved in paving roads and implementing other  
19 infrastructure for development, as well as a helicopter company.

20 Although Galpin and his ~~entitles~~entities own some unencumbered property, much  
21 of his business expansion was financed by loans ~~from~~made by Premier West Bank  
22 ("PWB"), Umpqua Bank ("Umpqua"), Evergreen Federal Bank ("Evergreen"),  
23 Washington Federal Savings & Loan Association ("WaFed") and others ~~either~~ to Galpin  
24 or an entity in which he owns a membership interest, and secured by the development  
25

1 properties. US Bank was involved in financing EPD and [US Bank/SAG](#) has a lien on a  
2 substantial portion of the real property owned by EPD.

3 The trouble that struck the banking system and real estate industry beginning in  
4 2007-2008 caused many developers to struggle or fail. Galpin, however, was able to  
5 manage his properties successfully without any payment defaults until early in 2011. At  
6 that time, EPD was unable to renegotiate its loans with US Bank in the original principal  
7 amount of approximately \$8.9 million. In addition, Galpin was involved in a significant  
8 dispute with PWB involving total secured loans in excess of \$37 million.

9 Ultimately, the dispute with PWB caused Galpin to seek Chapter 11 protection  
10 for Jackson Creek Center, L.L.C. ("JCC") on November 3, 2011, to preserve its value to  
11 its creditors and to Galpin as its 100% owner. PWB and Umpqua were secured lenders  
12 in that case. With the cooperation of Umpqua and protection of the bankruptcy  
13 automatic stay, PWB, JCC, Galpin and numerous entities in which Galpin owned  
14 membership interests that were borrowers on various loans made by PWB, were able to  
15 reach a comprehensive settlement that satisfied ~~of~~ the outstanding indebtedness,  
16 without liability for any deficiency to Galpin. The PWB Settlement enabled Galpin to  
17 dismiss the JCC Chapter 11 case with the consent of PWB and Umpqua, and stabilized  
18 Galpin's financial situation with most of his remaining creditors.

19 Concurrently, however, US Bank had declared a default and commenced  
20 foreclosure and collection efforts against EPD and Galpin. Based upon the belief by  
21 Galpin and EPD as to the value of the Eagle Collateral, Galpin anticipated the litigation  
22 would be resolved without deficiency liability or a need for reorganization.  
23 Unfortunately, however, a settlement did not occur. To avoid incurring a deficiency after  
24 a judicial foreclosure sale at which US Bank was expected to submit a bid far below  
25 what Galpin and EPD believed was the market value of the Eagle Collateral, and to

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1 avoid what Galpin and EPD believed would be a significant tax liability ~~because of such~~  
 2 ~~foreclosure sale~~ in the form of cancellation of indebtedness income that would arise as a  
 3 result of the foreclosure sale. Galpin was again forced to seek Chapter 11 bankruptcy  
 4 protection, this time for EPD and himself.

5 Since filing the EPD and Galpin cases the Debtors have remained as debtors-in-  
 6 possession and the cases are being jointly administered and have been procedurally  
 7 consolidated. With the exception of US Bank/SAG, all secured lenders consented to  
 8 Debtors' use of cash collateral without the necessity of a court order. There is also a  
 9 Stipulated Cash Collateral Order in place for US Bank/SAG.

10 Debtors have continued to work towards settlement with US Bank/SAG, but ~~as of~~  
 11 ~~September 18, 2012, a~~ settlement has not been reached. US Bank ~~has~~/SAG  
 12 consented to extension of a plan deadline for EPD on several occasions over the past  
 13 several months to allow the parties further time to negotiate. To facilitate those efforts,  
 14 the parties mutually agreed upon and jointly hired an appraiser to determine the current  
 15 fair market value of the Eagle Collateral. The recent appraisal, the conclusions of which  
 16 US Bank/SAG disputes, ~~showed that~~ shows that US Bank/SAG is oversecured by the  
 17 Eagle Collateral. Accordingly, Debtors' have filed their Disclosure Statement and Plan,  
 18 which ~~provides for a complete resolution~~ contemplate satisfaction of the US Bank ~~claims~~  
 19 ~~with no~~ SAG Secured Claim, and disallowance of a Deficiency ~~to~~ Claim against EPD  
 20 ~~or~~ and Guaranty Claim against Galpin, by transferring the Eagle Collateral to US  
 21 Bank/SAG by deed ~~or settlement~~ as provided in the Plan in complete satisfaction of all  
 22 indebtedness owed to US Bank/SAG. Based upon the appraisal and evaluation of other  
 23 relevant factors, Galpin does not anticipate any tax liability due to cancellation of  
 24 indebtedness income to Galpin or his estate as a result of transfer of the Eagle  
 25

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1 Collateral to US Bank. See further discussion in Section [v/vi of this Disclosure](#)  
2 [Statement](#).

3 Debtors have otherwise continued to operate their businesses in the ordinary  
4 course and the improvement in the real estate market has boosted their reorganization  
5 efforts. Galpin's experience and expertise in commercial and residential development,  
6 the reduction of indebtedness and financial risk that resulted from the PWB Settlement  
7 prior to commencement of the Case, and further market restructuring of certain secured  
8 obligations as provided in the Plan will support a successful reorganization. Galpin and  
9 EPD anticipate, and the Plan provides, for payment in full to all of their creditors.

10 **A. Limited Representations.**

11 This Disclosure Statement is submitted in accordance with Bankruptcy Code §  
12 1125 for the purpose of soliciting acceptances of the Plan from holders of certain  
13 Claims. The Court has approved this Disclosure Statement as containing information of  
14 a kind, and in sufficient detail, that is adequate to enable you to make an informed  
15 judgment whether to vote to accept or reject the Plan.

16  
17 THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS  
18 DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN WHICH  
19 ACCOMPANIES THIS DISCLOSURE STATEMENT, SHOULD BE READ  
20 COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE PLAN  
21 IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL  
SUMMARIES AND OTHER STATEMENTS REGARDING THE PLAN  
ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH  
IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

22 NO REPRESENTATIONS OR ASSURANCES CONCERNING THE  
23 DEBTORS, INCLUDING, WITHOUT LIMITATION, THE VALUE OF  
24 THEIR ASSETS, ARE AUTHORIZED BY THE PROPONENTS OTHER  
25 THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THIS IS A  
SOLICITATION BY THE DEBTORS ONLY AND IT IS NOT A  
SOLICITATION BY THE DEBTORS' ATTORNEYS OR ANY OTHER  
PROFESSIONALS EMPLOYED BY THE DEBTORS. THE

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1 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTORS  
2 AND NOT OF THE DEBTORS' ATTORNEYS OR ANY OTHER  
3 PROFESSIONAL.

4 UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS  
5 DISCLOSURE STATEMENT DESCRIBING THE DEBTORS' FINANCIAL  
6 CONDITION HAVE NOT BEEN SUBJECTED TO AN INDEPENDENT  
7 AUDIT, BUT PREPARED FROM INFORMATION COMPILED BY THE  
8 DEBTORS FROM RECORDS MAINTAINED IN THE ORDINARY  
9 COURSE OF THEIR OPERATIONS. REASONABLE EFFORTS HAVE  
10 BEEN MADE TO ACCURATELY PREPARE ALL FINANCIAL  
11 INFORMATION WHICH MAY BE CONTAINED IN THIS DISCLOSURE  
12 STATEMENT FROM THE INFORMATION AVAILABLE TO THE  
13 DEBTORS. HOWEVER, AS TO ALL SUCH FINANCIAL INFORMATION,  
14 THE PROPONENTS ARE UNABLE TO WARRANT OR REPRESENT  
15 THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ERROR.

16 THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT  
17 BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE TO  
18 CREDITORS. CREDITORS SHOULD CONSULT THEIR OWN LEGAL  
19 COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS  
20 ABOUT TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON  
21 CREDITORS.

22 **B. Voting.**

23 Under the Bankruptcy Code, only holders of Claims and equity interests in  
24 "impaired" Classes and whose Claims or interests have been allowed (or have been  
25 temporarily allowed by the Bankruptcy Court pursuant to an order), are entitled to vote  
26 on the Plan. The specific treatment of each class under the Plan is set forth in the Plan  
and is summarized in this Disclosure Statement. In general, a Claim is "allowed," as  
that term is used in the Bankruptcy Code; if (i) the Claim is listed in the applicable  
Debtor's schedules of liabilities filed with the Bankruptcy Court as not disputed,  
contingent, or unliquidated; (ii) a proof of Claim has been timely filed with the  
Bankruptcy Court by the holder of the Claim, and no objection to the Claim has been  
filed; or (iii) the Bankruptcy Court has entered an order allowing the Claim. If a Claim is

1 not allowed, but the holder thereof wishes to vote on the Plan, the holder must timely file  
2 a motion with the Bankruptcy Court requesting that the Claim be temporarily allowed.

3 For a class of Claims to vote to accept the Plan, votes representing at least two-  
4 thirds in amount and more than one-half in number of the Claims voting in that class  
5 must be cast in favor of acceptance of the Plan.

6 Section 1129(b) of the Bankruptcy Code provides that, if the Plan is rejected by  
7 one or more impaired classes of Claims, the Plan nevertheless may be confirmed by the  
8 Court if: (i) the Court determines that the Plan does not discriminate unfairly and is fair  
9 and equitable with respect to the rejecting class(es) of Claims that are impaired under  
10 the Plan; and (ii) at least one class of impaired Claims has voted to accept the Plan.

11  
12 A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE HOLDERS OF  
13 CLAIMS WHO ARE ENTITLED TO VOTE IS IMPORTANT. THE  
14 DEBTORS RECOMMEND THAT THE HOLDERS OF ALLOWED CLAIMS  
15 VOTE IN FAVOR OF THE PLAN.

16 IN ORDER FOR A VOTE TO BE COUNTED, A BALLOT MUST BE  
17 PROPERLY FILLED OUT AND ACTUALLY RECEIVED ON OR BEFORE  
18 5:00 P.M. PREVAILING PACIFIC TIME ON \_\_\_\_\_  
19 2012, 2013, BY DEBTORS' ATTORNEYS AS SET FORTH IN THE  
20 BALLOT.

21 Debtors believe that confirmation of the Plan is in the best interests of the  
22 holders of Claims and urge you to vote to accept the Plan.

23 **III. THE DEBTORS' ASSETS AND LIABILITIES**

24 The estimated fair market value of EPD's assets and its estimated liabilities are  
25 listed on the Schedules filed in the EPD Case.

26 The estimated fair market value of Galpin's assets and his estimated liabilities  
are listed on the Schedules filed in the Galpin Case.

1 The Plan projects payment of 100% of all claims of creditors in Chapter 11, so it  
2 meets the best interests of creditors test.

3 With respect to Galpin's estate, in the event of a Chapter 7 liquidation, unsecured  
4 creditors would receive only a minimal distribution on their claims, possibly under 5%.  
5 Galpin currently holds unencumbered, non-exempt real property (excluding property  
6 taxes) of an approximate value of \$~~1,050,000~~,1,050,000.00, liquid personal property  
7 (i.e. property tax refund) of \$~~114,000~~114,000.00, and operating cash in the amount of  
8 \$~~985,248~~985,248.00 for total liquid or saleable assets of \$~~2,150,248~~2,149,248.00. It is  
9 anticipated a Chapter 7 Trustee would surrender encumbered property to the applicable  
10 secured creditor. After accounting for the Trustee's commission (approximately  
11 \$~~83,000~~83,000.00), costs of sale (approximately \$~~200,000~~200,000.00) and other  
12 administrative costs and professional fees (~~approximately \$50,000~~in excess of  
13 \$250,000.00 (both in Chapter 11 and Chapter 7)), the net proceeds available for  
14 distribution to unsecured creditors would be less than approximately  
15 \$~~1,817,248~~1,666,248.00. However, all or some of the existing contingent and  
16 unliquidated guaranty claims against Galpin held by creditors with liens on property that  
17 is not property of the estate would likely be liquidated in a Chapter 7 in the millions of  
18 dollars and become allowed unsecured claims, diluting any recovery to non-guaranty  
19 unsecured creditors. These creditors would share *Pro Rata*, and could preclude  
20 meaningful recovery to unsecured creditors in a Chapter 7, as opposed to their recovery  
21 under the Plan.

22 With respect to EPD's estate, EPD holds proceeds from sales of unencumbered  
23 real property in the amount of \$221,361.02. It also holds unencumbered real property  
24 valued at approximately \$500,000. Saleable personal property assets are valued at  
25 approximately \$48,000, for a total of \$769,361.02. It is anticipated a Chapter 7 Trustee

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1 would surrender the Eagle Collateral to US Bank/SAG in complete satisfaction of its  
 2 claims, and disallow any deficiency. After accounting for the Trustee's commission  
 3 (approximately \$38,468.05), costs of sale (approximately \$50,000) and other ~~Chapter 7~~  
 4 administrative costs and professional fees ~~(approximately \$15,000~~in excess of  
 5 \$150,000 (both in Chapter 7 and Chapter 11)), the net proceeds available for distribution  
 6 ~~would be approximately \$665,892.97. However, EPD has outstanding Chapter 11~~  
 7 ~~professional fees of approximately \$87,000 that are unpaid, which would be paid before~~  
 8 ~~any distribution to unsecured creditors. Accordingly, the amount to be distributed to~~  
 9 ~~unsecured creditors of EPD is likely to be approximately \$578,892.97 in Chapter 7,~~  
 10 ~~which is anticipated to pay 100% of their claims.~~in Chapter 7 would be less than  
 11 approximately \$530,892.97. However, because the costs of liquidation in Chapter 7 are  
 12 higher than administering the same assets under the Plan, the distribution to equity  
 13 interests that inure to the benefit of the Galpin estate (Galpin is the 100% owner of  
 14 EPD), would be reduced in Chapter 7. The overall recovery in a Chapter 7 liquidation of  
 15 EPD would be less than the anticipated recovery under the Plan.

#### 16 **IV. GENERAL DESCRIPTION OF THE PLAN**

17 The following general description of the Plan is for informational purposes only  
 18 and does not contain all provisions of the Plan. Creditors should not rely on this  
 19 description for voting purposes but should read the Plan in its entirety. All summaries  
 20 contained in this Disclosure Statement regarding the Plan do not purport to be  
 21 complete.

22 THE PLAN IS CONTROLLING IN THE EVENT OF ANY  
 23 INCONSISTENCY BETWEEN THE CONTENTS OF THE PLAN AND  
 24 THIS DISCLOSURE STATEMENT.

#### 25 **A. Introduction.**

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1 The following sections of the Disclosure Statement generally describe the  
 2 classification and treatment of Claims and Interests. Debtors reserve the right to modify  
 3 the Plan in accordance with section 1127 of the Bankruptcy Code, both prior to and  
 4 after the Effective Date.

5 **B. Classification and Treatment of Claims.**

6 **1. Administrative and Priority Claims.** The Plan provides for payment in  
 7 full of all Allowed Administrative Expense Claims on or as soon as reasonable  
 8 practicable after the Effective Date, recognizing that certain assets may have to be sold  
 9 or liquidated over time to pay such Claims. The Plan also provides for payment in full of  
 10 all priority tax claims (excluding *ad valorem* real property tax claims which are classified  
 11 in Class 22) by making regular installment payments for a period up to February 1,  
 12 2017.

13 **2. Classes of Claims.** The Plan then establishes 27 classes of Claims and  
 14 Interests and sets out the Debtors' proposed treatment of each Class. The treatment of  
 15 each class of Claims and Interests is described in the Plan. Classes 1-3, 6-18, and 20-  
 16 26 are impaired and are entitled to vote. Classes 4, 5 and 19 are unimpaired and are  
 17 deemed to have accepted the Plan.

18 **a) EPD Secured Claims.** Class 1 includes the [Secured, Deficiency](#)  
 19 [and Guaranty](#) Claims of US Bank ~~and~~/ SAG against EPD and Galpin, [as applicable](#).  
 20 These Claims will be ~~deemed~~ satisfied in full by, at US Bank/SAG's option, Debtors  
 21 ~~either~~ deeding the Eagle Collateral to US Bank and/or SAG; [either pursuant to the Plan](#)  
 22 or by the parties' execution of the Settlement Agreement attached as Exhibit A to the  
 23 Plan ~~and related documentation~~. Class 2 (EPD HOA Secured Claim) will retain its lien  
 24 on Eagle Collateral after the deed of the property to US Bank/SAG as described above,  
 25 but will not receive a distribution under the Plan. Likewise, with respect to all real

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1 property assets covered by the Plan, the Class 22 Property Tax secured creditors shall  
2 retain their liens on such property with the same priority as such liens had on the  
3 Petition ~~Date~~Dates.

4 **b) Property Tax Claims.** As to EPD or any other situation in which  
5 the property is being transferred or surrendered to the senior lienholder, the holder of  
6 the Property Tax Claim will not be entitled to receive a distribution under the Plan or  
7 proceed with collection against Reorganized Debtors, but its rights will otherwise remain  
8 unaltered. To the extent Debtors' interest in the property is being retained, the Claims  
9 will be paid in full with interest at the statutory rate as provided in the Plan.

10 **c) Galpin Secured Claims and Guaranty Claims.** Debtors' Plan  
11 provides for certain restructuring and modification of some existing loans between  
12 Debtors or borrower and the applicable secured lender in Classes 3, 6, 7, 8, 9, 10, 11,  
13 18, 20 and 21, which adjust the loan terms to market conditions ~~and,~~ but otherwise  
14 ~~enable~~provide for Debtors to pay such obligations in full, as modified. Certain of the  
15 modifications pertain to secured obligations of entities that are not Debtors herein, but  
16 as to which Galpin has issued a guarantee. Contingent upon confirmation of the Plan  
17 and each such affected creditors' vote in favor of the modifications as provided in the  
18 Plan, Galpin's guarantees shall remain in effect to the extent provided in the Plan. To  
19 the extent such an affected creditor objects to the Plan or fails to timely return a ballot  
20 accepting the treatment and modifications of the loan documents as proposed in the  
21 Plan, the guarantee shall be disallowed under the Plan along with other Guaranty  
22 Claims that are not specifically provided for. To the extent the Plan provides for  
23 disallowance of such a Guaranty Claim, Debtors believe this is reasonable because all  
24 such creditors retain their liens on their collateral, which Debtors believe is sufficient to  
25

1 fully secure such creditors' claims, and creditors also retain their rights against any non-  
2 Debtor borrower.

3 d) **Claims Settled after the Petition Date.** The Classes 12-17  
4 Claims of Evergreen have been resolved via a court approved settlement prior to  
5 submission of the Plan. The Plan contemplates performance of the Evergreen  
6 Settlement and disallowance of any other claims of Evergreen, including, without  
7 limitation, any Unsecured or Guaranty Claims.

8 e) **General Unsecured Claims** The Plan further provides for  
9 payment in full of all allowed general unsecured claims in Classes 25 and 26, over  
10 time, with interest as provided in the Plan.

11 f) **Equity Interests.** Class 27 consists of Galpin's equity interest in  
12 EPD, which shall be retained by Galpin; however, no cash distributions on account of  
13 EPD assets will be made to creditors of the Galpin estate until Class 25 EPD Unsecured  
14 Creditors are paid in full.

15 **C. Executory Contracts, Unexpired Leases and Rejection Claims.**

16 Except as specifically provided for in the Plan, all pre-petition executory contracts  
17 and unexpired leases not previously assumed and assigned or rejected by Final Order  
18 shall be deemed rejected by the Debtors on the Effective Date. Those executory  
19 contracts and leases listed on Exhibit B to the Plan will be assumed upon the Effective  
20 Date. Any party to a rejected executory contract or unexpired lease shall be entitled to  
21 file a proof of claim as a result of the rejection. All proofs of claim with respect to Claims  
22 arising from the rejection of executory contracts or unexpired leases must be filed with  
23 the Bankruptcy Court within thirty (30) days after the Effective Date, or entry of an order  
24 of the Bankruptcy Court approving rejection of a specific executory contract or  
25

1 unexpired lease, whichever is later. Failure to file such a proof of claim within the time  
2 provided shall forever bar assertion of such a Claim.

3 **V. TAX CONSEQUENCES**

4 THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF  
5 THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY,  
6 ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX  
7 ADVISORS WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, AND LOCAL  
8 TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO SUCH HOLDER.  
9 NEITHER THE ~~PROPONENT~~PROPONENTS NOR ~~ITS~~THEIR COUNSEL MAKE ANY  
10 REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF  
11 CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY DEBTOR OR  
12 ANY CREDITOR.

13 Under the Internal Revenue Code of 1986, as amended, there may be significant  
14 federal income tax issues arising under the Plan described in this Disclosure Statement  
15 that affect creditors in the case. It is not practicable to present a detailed explanation of  
16 every possible federal and state income tax ramification of the Plan.

17 The transfer of the Eagle Collateral to US Bank/SAG in complete satisfaction of  
18 all indebtedness of EPD, as Borrower, and Galpin, as Guarantor, to US Bank/SAG is a  
19 taxable event that will occur shortly after confirmation of the Plan upon signing and  
20 delivery of the deed. However, the Debtors do not anticipate the transfer to US  
21 Bank/SAG will result in any tax liability to either EPD or Galpin because they believe the  
22 Court will determine, based upon evidence submitted at an evidentiary hearing (the  
23 "Claim/Valuation Hearing") on allowance of US Bank's Claims and the value of the  
24 Eagle Collateral, which will take place before ~~or at~~ the hearing on confirmation of the  
25 Plan, that the value of the Eagle Collateral exceeds the total indebtedness of EPD to US

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1 Bank/[SAG](#) at the time the transfer is set to take place under the Plan. Moreover, EPD  
2 and Galpin believe the transfer will have a positive effect on feasibility and performance  
3 of the Plan because it will enable Galpin to preserve favorable tax attributes to minimize  
4 any potential future tax liability in the event of a post-confirmation sale or transfer of  
5 assets, which is not currently contemplated under the Plan, but which may occur [in the](#)  
6 [future](#) in the event it is in the best interests of creditors and the Reorganized Debtors.

7 EPD is 100% member-owned by Galpin, so it is a disregarded entity for federal  
8 and state income tax purposes, and not liable for [income](#) tax. Galpin is treated as the  
9 taxpayer for income tax purposes with respect to EPD. Galpin's income tax basis in the  
10 Eagle Collateral is approximately \$9,300,000.00. The total indebtedness Galpin and  
11 EPD believe is due to US Bank/[SAG](#) is approximately \$8,900,000.00. Thus, upon  
12 transfer of the Eagle Collateral to US Bank/[SAG](#) in complete satisfaction of the  
13 indebtedness owed to US Bank, there would be no [taxable](#) gain [realized](#) because  
14 Galpin's income tax basis is higher than the benefit Galpin will realize by the transfer  
15 [\(i.e. satisfaction in full of the indebtedness owed to US Bank/SAG\)](#). In addition, Galpin  
16 anticipates, based upon the appraisal recently obtained jointly by Galpin, EPD and US  
17 Bank/[SAG](#), and other evidence to be presented at the Claim/Valuation Hearing, that the  
18 value of the Eagle Collateral at the time of the transfer to US Bank/[SAG](#) under the Plan  
19 will be not less than \$9,900,000.00. Accordingly, there would not only not be a [taxable](#)  
20 gain realized by Galpin, there is no anticipated income from cancellation of any  
21 indebtedness by US Bank/[SAG](#) because the evidence ~~would~~[will](#) establish the transfer is  
22 being made in complete satisfaction of all indebtedness of EPD, as Borrower, and  
23 Galpin, as Guarantor, to US Bank/[SAG](#). US Bank/[SAG](#)'s ~~deficiency and guaranty~~  
24 ~~claims~~[Deficiency and Guaranty Claims](#) against EPD and Galpin, respectively, will be  
25 disallowed, and the ~~secured claim~~[Secured Claim](#) will be allowed and satisfied in full by  
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1 the transfer to US Bank/SAG of the Eagle Collateral. Galpin intends to request that the  
2 Court make findings of fact regarding the valuation of the Eagle Collateral and include  
3 such findings in the Order ~~Confirming~~confirming the Plan, ~~which will be~~ binding upon all  
4 persons and entities, including US Bank/SAG, and will seek a provision in the Order  
5 prohibiting anyone from taking actions contrary to the Court's Order. This will  
6 ~~prevent~~protect the Debtors in the event US Bank ~~from issuing~~SAG attempts to issue an  
7 IRS Form 1099 showing cancellation of indebtedness income to Galpin, ~~as it~~contrary to  
8 the Court's findings and Order with respect to the Claim/Valuation Hearing and/or the  
9 Order confirming the Plan, as US Bank/SAG might otherwise do if permitted to liquidate  
10 the Eagle Collateral (at an amount which is less than the indebtedness owed to US  
11 Bank/SAG and less than its value at confirmation) at some future point in a foreclosure  
12 proceeding or other disposition taking place after the transfer of the Eagle Collateral to  
13 US Bank/SAG contemplated by the Plan. US Bank/SAG has indicated that, "Although it  
14 recognizes that a conclusion of valuation by the Court must be considered in completing  
15 any form, US Bank/SAG disputes that the Court has the authority to issue orders  
16 compelling US Bank to fill out a tax form in any particular way based on the transfer of  
17 the Eagle Collateral to US Bank/SAG." From Debtors' standpoint, Debtors reserve their  
18 rights in the event of such action by US Bank/SAG. Debtors dispute there would be any  
19 factual or legal basis for US Bank/SAG to issue IRS Form 1099 indicating cancellation  
20 of indebtedness income in the event the Court finds at the Claim/Valuation Hearing that  
21 a transfer of the Eagle Collateral under the Plan will fully satisfy all indebtedness to US  
22 Bank/SAG based upon the value of the Eagle Collateral.

23 There is a risk US Bank/SAG will provide other evidence at the Claim/Valuation  
24 Hearing that is currently unknown to Galpin, in support of a lower valuation of the Eagle  
25 Collateral. If such evidence results in a valuation of the Eagle Collateral that is lower

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1 than the total indebtedness to US Bank, then US Bank/SAG would be able to seek  
 2 recovery ~~under the Plan~~ on its unsecured deficiency claims against EPD, as Borrower,  
 3 and Galpin, as Guarantor. This may also result in EPD (and therefore Galpin)  
 4 recognizing cancellation of indebtedness income or the loss of favorable tax attributes  
 5 as a result of the application of ~~an~~ the bankruptcy exception to cancellation of  
 6 indebtedness income under the Internal Revenue Code. Galpin believes this is unlikely,  
 7 given the recent evidence that US Bank is substantially oversecured by the Eagle  
 8 Collateral. However, if this occurs, then Galpin and EPD would need to determine: (a)  
 9 whether to revise the Plan projections to provide for payment of ~~these claims~~ the US  
 10 Bank/SAG Deficiency and Guaranty Claims to the extent they are ~~allowed~~ Allowed; (b)  
 11 surrender the Eagle Collateral in a settlement with US Bank/SAG that results in no  
 12 distribution on US Bank/SAG's unsecured ~~claims~~ Deficiency and Guaranty Claims  
 13 against EPD and Galpin; or (c) withdraw the Plan and further modify ~~the Plan~~ it prior to  
 14 confirmation. Under scenario (a), there would be no cancellation of indebtedness  
 15 income because the claims would be paid under the Plan and the taxable event would  
 16 still occur upon the transfer after confirmation; however, there would be a greater  
 17 burden on the ~~reorganized debtors~~ Reorganized Debtors due to the increased amount of  
 18 the unsecured claims required to be paid under the Plan. In scenario (b), there could be  
 19 potential tax liability from cancellation of indebtedness income, or the bankruptcy  
 20 exception would apply, decreasing Galpin's favorable tax attributes, but the amount  
 21 would be known after the Claim/Valuation Hearing, without subjecting the ~~reorganized~~  
 22 ~~debtors~~ Reorganized Debtors to the risks of US Bank/SAG's later decisions regarding  
 23 disposition of the Eagle Collateral after it is transferred to US Bank. ~~—~~ SAG. US  
 24 Bank/SAG indicates: "US Bank again disputes that the Court has the authority to issue  
 25 orders compelling US Bank to fill out a tax form in any particular way based on the

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1 [transfer of the Eagle Collateral to US Bank/SAG.](#)” There is no evidence to suggest what  
 2 the amount of [any such putative](#) cancellation of indebtedness income might be, but  
 3 Galpin believes it will be very limited, and he has net operating losses which may be  
 4 used to offset it, unless ~~an~~[the bankruptcy](#) exception applies, in which case net operating  
 5 losses do not offset income. In that case, there would be no [taxable](#) income, but net  
 6 operating losses would be reduced as part of the [bankruptcy](#) exception. If required to  
 7 use such losses, there will be an adverse effect on feasibility in the event of profitable  
 8 sales of assets in the future, to the extent that Galpin's net operating losses must be  
 9 utilized to [either](#) offset tax liability arising from cancellation of ~~any remaining~~  
 10 indebtedness ~~to US Bank~~[income or to benefit from application of the bankruptcy](#)  
 11 [exception](#).

12 **VI. ACCEPTANCE AND CONFIRMATION**

13 **A. Voting Procedures.**

14 1. Generally.

15 Under the Bankruptcy Code, creditors holding impaired Claims have an  
 16 opportunity to vote on the Plan prior to its ~~Confirmation~~[confirmation](#). The Plan is  
 17 deemed to be approved by creditors if each class of Claims impaired under the Plan  
 18 votes to approve the Plan by a majority in number and two-thirds in amount of the  
 19 Claims in that class which vote on the Plan. The Bankruptcy Court must also make  
 20 certain findings to permit ~~Confirmation~~[confirmation](#) of the Plan. The Bankruptcy Court  
 21 can confirm the Plan even if some classes do not accept it, so long as at least one  
 22 impaired class votes in favor of the Plan and the Bankruptcy Court finds that the Plan  
 23 does not discriminate unfairly and provides fair and equitable treatment to the class or  
 24 classes rejecting it. Debtors will request that the Bankruptcy Court approve such a  
 25 “cram down” confirmation if necessary.

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1 Ballots will be sent to the known holders of impaired Claims whether or not  
2 such Claims are disputed, unliquidated or contingent. However, only the holders of  
3 Allowed Claims (or Claims that have been temporarily Allowed or have been estimated  
4 by the Bankruptcy Court) in one or more impaired classes are entitled to vote on the  
5 Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and  
6 until the Bankruptcy Court rules on the objection and enters an order allowing the Claim.  
7 The holder of a Disputed Claim is not entitled to vote on the Plan unless the holder of  
8 such Claim requests that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018,  
9 temporarily allow the Claim in an appropriate amount solely for the purpose of enabling  
10 the holder of such Disputed Claim to vote on the Plan, and the Bankruptcy Court does  
11 so.

12

13 2. Incomplete Ballots.

14 Ballots which are signed, dated, and timely received, but on which a vote  
15 to accept or reject the Plan has not been indicated, will be counted as a vote to accept  
16 the Plan.

17 3. Submission Of Ballots.

18 The form of ballot for each of the classes entitled to vote on the Plan will  
19 be sent to all creditors along with a copy of the Court approved Disclosure Statement  
20 and a copy of the Plan. Creditors should read the Disclosure Statement, Plan, and  
21 ballot carefully. If any Creditor has any questions concerning voting procedures, it may  
22 contact Debtors' attorneys at:

23

SUSSMAN SHANK LLP  
Attn: Majesta P. Gruetzmacher  
1000 SW Broadway, Suite 1400  
Portland, OR 97205  
Telephone: 503-227-1111

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Facsimile: 503-248-0130

Ballot(s) or withdrawals/revocations must be returned to Sussman Shank LLP by **5:00 p.m. Prevailing Pacific Time** on \_\_\_\_\_, **2013. Only ballots received by the voting deadline can be counted for purposes of Plan Confirmation.**

**B. Confirmation Hearing and Plan Objection Deadline**

The Bankruptcy Court will hold a hearing on Confirmation of the Plan commencing on \_\_\_\_\_, 2013 at \_\_\_\_\_.m. Prevailing Pacific Time, in the United States Bankruptcy Court, Courtroom \_\_, \_\_\_\_\_, Oregon \_\_\_\_\_. All objections, if any, to the confirmation of the Plan must be in writing; must state with specificity the grounds for any such objections; and must be filed with the Bankruptcy Court and served upon counsel for Debtors at the following address on or before \_\_\_\_\_, 2013:

SUSSMAN SHANK LLP  
Attn: Susan S. Ford  
1000 SW Broadway, Suite 1400  
Portland, OR 97205

**C. Best Interests Of Creditors.**

In the event any creditor objects to confirmation of the Plan, section 1129(a)(7) of the Bankruptcy Code requires that the Plan provide such creditor with as much as it would receive if the Debtors' assets were liquidated in a case under Chapter 7. In Chapter 7, creditors are entitled to receive no more than the allowed amount of their Claims. The Plan is anticipated to pay all Allowed Claims in full. Therefore, ~~therefore~~ the Debtors believe the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code is satisfied. With respect to EPD, the payment of creditors in Chapter 7 would be less than under Chapter 11. Although a recent appraisal of the fair market

1 value of the Eagle Collateral establishes it more than sufficient to satisfy the Claim of  
2 US Bank/SAG, further delay and the cost of conversion and liquidation costs would  
3 likely reduce the ultimate return to creditors of EPD. Because Galpin is the 100% owner  
4 of the equity in EPD, such a scenario would also be less favorable to Galpin's creditors  
5 as well.

6 With respect to Galpin's estate, creditors will fare far worse in a Chapter 7  
7 liquidation than in Chapter 11 under the proposed Plan. Galpin would no longer be able  
8 to develop and sell his properties, and realize added value from such development and  
9 sales over time to maximize payments to creditors. Under the Plan, it is anticipated  
10 creditors will be paid in full over a period not longer than five years. If Galpin's assets  
11 were liquidated, large unsecured deficiency ~~Claims~~claims would severely dilute the  
12 ~~dividend~~distributions that will otherwise be available to Galpin's unsecured creditors.  
13 Moreover, such a scenario would destabilize lending relationships with secured lenders  
14 and Galpin's other companies, resulting in potentially widespread default and  
15 foreclosure activity, need for reorganization of those entities, and potentially huge  
16 deficiency claims against Galpin's estate that would seriously undermine Galpin's ability  
17 to pay creditors in full as the Plan proposes.

18 **D. Feasibility.**

19 The Bankruptcy Code requires, as a condition to  
20 ~~Confirmation~~confirmation, that the Bankruptcy Court find that liquidation of the  
21 Reorganized Debtors or the need for future reorganization is not likely to follow after  
22 ~~Confirmation~~confirmation. For the purpose of determining whether the Plan meets this  
23 requirement, the Debtors have prepared projections attached to this Disclosure  
24 Statement as Exhibits A and B, respectively, which show that the development and  
25 sales of property in the ordinary course of Galpin's business as provided in the Plan,

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1 and projected income from other sources, including the sale and development of other  
2 property in the ordinary course of Galpin's business as provided in the Plan, will be  
3 sufficient to make all payments required of the Debtors under the Plan over a 5-year  
4 period, without the need for further reorganization of Debtors.

5 Prior to the Petition ~~Date~~Dates, EPD and Galpin had experienced severely  
6 depressed sales activity due to the economic crisis that began in 2007-08, which  
7 resulted in depressed prices and large inventories of unsold property. However, since  
8 the Petition ~~Date~~Dates, the real estate market has been changing dramatically. During  
9 the past year, the ~~Medford, Oregon area has~~lot sales in the Candlewood subdivision  
10 owned by EPD experienced an increase in residential lot prices of approximately sixty  
11 percent (60%), and Debtors anticipate prices will continue to increase as excess lot  
12 inventories are depleted and the market strengthens. Since the Spring of 2012, EPD  
13 and Galpin have sold eight (8) properties and collected payments on notes receivable  
14 that have provided cash to pay operating expenses and begin a building program. EPD  
15 ~~has~~ had the opportunity to sell ~~many~~ more properties (~~offers~~recent interest from serious  
16 buyers for in excess of 90 units) but its lender refused to release any of ~~the~~ its collateral  
17 to permit ~~these~~ sales to occur even where proceeds would be remitted to the lender.  
18 That position has significantly inhibited EPD's sales and building program to date. After  
19 confirmation, however, EPD will transfer the Eagle Collateral in complete satisfaction of  
20 all indebtedness to its lender, US Bank/SAG. Debtors' building program with respect to  
21 EPD assets other than the Eagle Collateral and certain of Galpin's other real property  
22 will allow the Reorganized Debtors to compete in the housing market in addition to the  
23 contractor lot market. As Debtors implement their building program, they will reinvest a  
24 portion of the profits to expand the program to meet the additional demand while they  
25 make payments to creditors, which in turn, is anticipated to generate additional

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1 profitable sales to facilitate performance of the Plan. Debtors have and will continue to  
 2 closely monitor both the commercial and residential markets, including foreclosure and  
 3 short sale activity, so that they are able to offer land for sale, buildings for rent or sale,  
 4 and new homes that will effectively compete in the market place to generate future  
 5 profits.

6 **E. Confirmation Over Dissenting Class.**

7 In the event any impaired class of Claims does not accept the Plan, the  
 8 Bankruptcy Court may nevertheless confirm the Plan at Debtors' request if all other  
 9 requirements under Section 1129(a) of the Bankruptcy Code, except for section  
 10 1129(a)(8), are satisfied, and if, as to each impaired class which has not accepted the  
 11 Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and  
 12 is "fair and equitable" with respect to such non-accepting class.

13 **F. Discharge.**

14 Pursuant to 11 USC §1141(d)(5), with respect to Galpin, confirmation of the Plan  
 15 will not discharge any debt of Galpin on account of any Allowed Claim provided for in  
 16 the Plan until the Court grants a discharge to Galpin upon his completion of all  
 17 payments under the Plan. However, after confirmation, upon his completion of all  
 18 payments to holders of Allowed ~~Unsecured Claims~~unsecured claims and the transfers  
 19 contemplated at ~~closing~~Closing on or before the Effective Date, Galpin may reopen the  
 20 case and, subject to notice and hearing, seek entry of discharge pursuant to  
 21 subsections (A) or (B) of §1141(d)(5), except that the holders of Guaranty Claims who  
 22 timely vote to accept the Plan and holders of Allowed Secured Claims against Galpin in  
 23 the following classes of claims ~~who voted to accept the Plan~~ shall retain their ~~allowed~~  
 24 ~~claims as to Galpin and guarantees given by~~rights against Galpin, as the case may be,  
 25 until such claims are fully paid: Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, 18, 19, 20, and 21.

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1 G. Exculpation And Limitation of Liability.

2 None of the Released Parties will have or incur any liability to, or be subject  
3 to any right of action by, any holder of a Claim, any other party in interest, or any  
4 of their respective agents, employees, representatives, financial advisors,  
5 attorneys, or affiliates, or any of their successors or assigns, for any act or  
6 omission in connection with, relating to, or arising out of the Case, including the  
7 exercise of their respective business judgment and the performance of their  
8 respective fiduciary obligations, the pursuit of confirmation of the Plan, or the  
9 administration of the Plan, except liability for their willful misconduct, negligence,  
10 or breach of fiduciary duty, and in all respects, such parties will be entitled to  
11 reasonably rely upon the advice of counsel with respect to their duties and  
12 responsibilities under the Plan or in the context of the Case.

13 VIII. CONCLUSION.

14 Debtors believe that ~~Confirmation~~confirmation of the Plan is in the best interests  
15 of Debtors and their creditors. Accordingly, Debtors ask that creditors entitled to vote  
16 do so in favor of the Plan on the enclosed ballot and timely return the ballot as  
17 described above.

18 DATED: December ~~18~~19th, 2012.

19 DEBTORS:

20 /s/ Arthur Critchell Galpin

21 \_\_\_\_\_  
Arthur Critchell Galpin

22 EAGLE POINT DEVELOPMENTS, LLC

23 /s/ Arthur Critchell Galpin

24 By: \_\_\_\_\_

25 - Arthur Critchell Galpin, Member

1 SUSSMAN SHANK LLP

2 /s/ Susan S. Ford

3 Susan S. Ford, OSB # 942203  
4 Attorneys for Arthur Critchell Galpin and  
Eagle Point Developments, LLC

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