

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

IN RE:)	
)	
Hillcrest, Inc.)	Case No. 16-40054-drd11
)	
Debtor.)	

DEBTOR'S OCTOBER 2016 DISCLOSURE STATEMENT

I. INTRODUCTION

This Disclosure Statement is provided to the creditors of Hillcrest, Inc., to enable them to arrive at an informed judgment in exercising their rights under the Debtor's October 2016 Plan of Reorganization (the "Plan"). The definitions of Article I of the Plan shall have the same meaning when used in this Disclosure Statement.

The Plan specifies the classes of Debtor's creditors and interest holders, and the proposed treatment of claims and interests of those parties. A copy of the Plan is included herewith. Pursuant to Section 1125 of the Bankruptcy Code, Debtor is soliciting acceptance of the Plan by the classes which are entitled to vote on the Plan. The purpose of this Disclosure Statement is to provide holders of claims against Debtor with adequate information about the Debtor and the Plan in order to enable holders of such claims to arrive at a reasonable, informed decision in exercising the right to vote for acceptance or rejection of the Plan. If there is any inconsistency between the Plan and this Disclosure Statement, the terms of the Plan will govern, provided, however, that if the Plan is merely ambiguous with respect to a particular provision, then this Disclosure Statement reflects the intent of such ambiguous provision.

THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN AND ALL OTHER EXHIBITS, SHOULD BE READ IN ITS ENTIRETY. THIS DISCLOSURE STATEMENT CONTAINS DISCUSSION OF THE TERMS, CONDITIONS, AND PROVISIONS OF THE PLAN, AND, TO THE DEGREE THAT SUCH DESCRIPTIONS MAY DIFFER FROM, OR CONTRADICT THE TERMS, CONDITIONS, OR PROVISIONS OF THE PLAN; THE PLAN SHALL GOVERN. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED A RECOMMENDATION AS TO THE MERITS OF THE PLAN.

Creditors should analyze the information supplied to determine whether it would be in their best interest to accept the Plan, or to reject it. In making this determination, creditors should take note of the importance of actually voting to accept or reject the Plan, because the Bankruptcy Court authorizes the Debtor to confirm a Chapter 11 Plan of Reorganization if it is accepted by all creditors. If all classes of creditors accept the Plan (by means of a majority vote of the voting members of the class whose claims constitute two-thirds or more in value and more than fifty percent in number of the outstanding total claims of all the voting members of the

class), then the Bankruptcy Court may confirm the Plan on a showing of the Plan's feasibility and that dissenting creditors will receive as much under the Plan as they would have received in straight liquidation. If not all classes of creditors accept the Plan, the Plan may still be confirmed. At least one actually impaired class must, in any case, affirmatively vote to accept the Plan (by majority of the voting creditors whose claims total at least two-thirds in value and more than fifty percent in number of all the claims of the voting class) or else the Bankruptcy Court may not confirm the Plan. The ballots will be tabulated separately. Further, creditors are encouraged to vote because the acceptance or rejection of classes is to be determined on the basis of the voting membership of each class. A failure to vote will not be counted as a rejection of the Plan. HOWEVER, AS THE HOLDER OF A CLAIM OR INTEREST, YOUR VOTE ON THE PLAN IS MOST IMPORTANT.

NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS FUTURE BUSINESS OPERATIONS, THE VALUE OF THE DEBTOR'S PROPERTY, OR THE PLAN, ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ACCORDINGLY, NO REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD BE RELIED UPON IN EXERCISING THE RIGHT TO VOTE OR NOT VOTE ON ACCEPTING THE PLAN, AND ANY SUCH REPRESENTATIONS OR INDUCEMENT SHOULD BE REPORTED TO THE DEBTOR'S COUNSEL. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECTED TO AN AUDIT BUT, RATHER, HAS BEEN OBTAINED FROM RECORDS MAINTAINED BY OR UNDER THE DIRECTION OF THE DEBTOR. WHILE EVERY EFFORT HAS BEEN MADE TO BE AS ACCURATE AS POSSIBLE IN THIS DISCLOSURE STATEMENT, THE RECORDS ARE KEPT BY OR UNDER THE DIRECTION OF THE DEBTOR ARE NOT WARRANTED NOR REPRESENTED TO BE WITHOUT INACCURACY. FURTHERMORE, CERTAIN INFORMATION RELATING TO PROJECTIONS AND VALUES IS NECESSARILY SUBJECTIVE.

CREDITORS ARE ENCOURAGED TO CONSULT WITH THEIR FINANCIAL ADVISORS, ATTORNEYS, AND OTHER CREDITORS IN ORDER TO OBTAIN A MORE COMPLETE UNDERSTANDING OF THE FINANCIAL AND LEGAL IMPLICATIONS OF THE DISCLOSURE STATEMENT AND THE PLAN. CREDITORS AND PARTIES IN INTEREST SHOULD CONSULT THEIR OWN COUNSEL AND TAX ADVISORS REGARDING THE INCOME TAX CONSEQUENCES OF CONFIRMATION OF THE PLAN AS IT RELATES TO THEM. THE DEBTOR MAKES NO REPRESENTATION REGARDING THE EFFECT OF CONFIRMATION OF THE PLAN ON HOLDERS OF CLAIMS AND INTERESTS.

The Court may set a hearing on the sufficiency of the Disclosure Statement and confirmation of the Plan, and will mail notice of this hearing to all creditors. At the hearing, the Court will determine whether the Disclosure Statement provides adequate information, whether the Plan has been accepted by the requisite number of classes of creditors and will rule on whether the Plan complies with the confirmation requirements of 11 U.S.C. §1129.

II. ORGANIZATION AND HISTORY OF THE DEBTOR

Hillcrest, Inc. (“Hillcrest”) is a Missouri corporation in good standing. The company was incorporated in 1996. Randall L. Robb is the President and Secretary of the Debtor, which are the only offices filled. His is sole control of the Debtor. Randall L. Robb has received no compensation from the Debtor in the last 2 years. Hillcrest first owned the Hillcrest Mobile Home Park in Liberty, Missouri. The mobile home park was sold and the proceeds use to purchase the strip center located at 6801-6833 North Oak Trafficway, Gladstone, Missouri 64118 which debtor currently owns and operates.

The events leading up to the filing of Chapter 11: Debtor was making on-going payments on the second mortgage with lump sum payments towards the principal. Last summer when Debtor put the CCSB Financial Corp. stock on the market, Bond Purchase LLC blocked the sale by refusing to provide a payoff amount for months. Then Bond Purchase LLC retroactively applied default interest rate for over three (3) years on the real estate loan even though notices were given to Debtor that the interest rate had remained the at the non-default rate. Moreover, Debtor paid the monthly statement amounts as requested by Bond Purchase until October 2015. Debtor missed the annual payment due July 2015 on the loan against the stock. Thereafter Bond Purchase LLC attempted to sell the stocks on the courthouse steps. On December 14, 2015, Debtor, Randall L. Robb, Thistle Hill Development, Inc. and Crest Construction II, Inc. filed a lawsuit in the Circuit Court of Clay County Missouri to stop the sale of the stocks. When the Judge allowed the sale to move forward, Debtor filed this case. The case in Clay County is still pending.

HISTORICAL FIGURES

The following chart provides income and expense figures for the operation of the strip center. These figures are cash flows only and may vary slightly once the final tax returns are completed by the accountant as they do not include payments to principal, tax credits or depreciation.

<u>YEAR</u>	<u>GROSS INCOME</u>	<u>EXPENSES</u>	<u>NET PROFIT/LOSS</u>
2013	\$ 105,874	\$ 68,636	\$ 37,238
2014	\$ 80,097	\$ 65,880	\$ 14,217
2015	\$ 83,254	\$ 60,626	\$ 22,628
2016 (YTD)	\$ 47,535	\$ 52,902	\$ (4,820)

III. THE CONFIRMATION PROCESS

Approval of the Plan requires that it be confirmed by the Court. Confirmation can be achieved in one of two ways - either (i) all classes of Claims or Interests entitled to vote have accepted the Plan by the requisite majorities, or (ii) the Court determines that the Plan is fair and equitable with respect to those Classes that have rejected the Plan, and that confirmation will be in the best interests of creditors.

A. Classification of Claims and Eligibility to Vote. For voting purposes, all Claims and Interests will be grouped into Classes where members of each such Class will hold substantially similar Claims or Interests. All persons with an impaired Claim are eligible to vote provided that they are determined to have an Allowed Claim or Interest. A Class is "impaired" if, under the Plan, its legal, equitable or contractual rights are in any way modified other than by curing defaults or payment in full on the Effective Date. Claims that are not impaired are presumed to have accepted the Plan and may not vote.

B. Confirmation by Acceptance. A Plan will be confirmed if it is accepted by all Classes entitled to vote. A Class will have accepted the Plan if votes representing at least two thirds of amount and one half in number of the Allowed Claims voting in that Class have voted to accept the Plan. If any creditor, in an otherwise accepting Class, have voted against the Plan, the Court must determine that each holder of a Claim or Interest in that Class will receive property, as of the Effective Date, having a value that is not less than what such holder would receive if the Debtor was liquidated under Chapter 7 on that date.

C. Confirmation Without Acceptance by All Classes. If the Plan is not accepted by all impaired Classes, the Court may nonetheless confirm the Plan if (i) at least one impaired Class has accepted the Plan, without counting votes by insiders, and (ii) the Court finds that the Plan does not discriminate unfairly, and is fair and equitable with respect to each impaired Class that has rejected the Plan.

D. Balloting. This Disclosure Statement will be mailed to all creditors and equity holders along with the Plan, a ballot and an order containing instructions, setting certain deadlines, and setting a hearing on confirmation. Only those ballots timely filed will be counted.

E. Confirmation. At the hearing on confirmation the Court will determine whether the requisite number of votes have been received for confirmation under the acceptance method or, if the Plan is not accepted by all Classes, then whether the Plan should be confirmed under the non-acceptance method. The Debtor reserves the right to seek confirmation under the nonacceptance method if less than all Classes vote to accept the Plan. The effect of confirmation generally is to discharge the debtor from any and all liabilities that arose prior to confirmation, except as provided in the Plan.

IV. SUMMARY OF THE OCTOBER 2016 PLAN

A. Classification and Treatment of Claims. The claims of creditors are classified and treated as follows:

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. CREDITORS AND HOLDERS OF INTERESTS ARE URGED TO READ THE ENTIRE PLAN, A FILE-STAMPED COPY OF WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A, AND TO CONSULT WITH COUNSEL TO FULLY UNDERSTAND THE PLAN.

V. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The following is a designation of the classes of claims and interests under this Plan. Administrative claims and priority tax claims of the kinds specified in §§ 507(a)(2), 507(a)(8) and 507(b) of the Bankruptcy Code, respectively, have not been classified and are excluded from the following classes in accordance with § 1123(a)(1) of the Bankruptcy Code. A claim or interest is classified in a particular class only to the extent that the claim or interest qualifies within the description of that class and is classified in a different class to the extent that any remainder of the claim or interest qualifies within the description of such different class. A claim or interest is in a particular class only to the extent that the claim or interest is an allowed Claim or Allowed Interest in that class and has not been paid, released or otherwise satisfied before the Effective Date.

A. Secured Claims.

1. Class 1: Secured claim of Clay County Savings Bank. Class 1 is impaired under this Plan.
2. Class 2: Secured claim of Bond Purchase LLC. Class 2 is impaired under this Plan.

B. Allowed Unsecured Non-Priority Claims (unsecured claims).

1. Class 3: Allowed Unsecured, Non-Priority Claims (general unsecured claims). Class 3 is impaired under this Plan.

C. Interests and Claims Relating To Interests.

1. Class 4: Interests of Debtor. Class 4 is unimpaired under this Plan.

VI. TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

A. Treatment of Unclassified Claims.

1. Administrative Claims.
 - a. General. Subject to the bar date provisions herein, each holder of an Allowed Administrative Claim of the kind specified in Section 507(a)(2) or Section 507(b) of the Bankruptcy Code shall receive, on account of and in full satisfaction of such Allowed Administrative Claim, cash equal to the amount of such Allowed Administrative Claim, unless the holder agrees to less favorable treatment of such claim. Such Allowed Administrative Claim for administrative expenses and costs shall be paid by the Reorganized Debtor. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930(a) which have not theretofore been paid shall be paid on the Effective Date unless otherwise agreed to by the holder

of the Allowed Administrative Expense Claim. Payment on an Allowed Administrative Claim will not be made until such payment would have become due in the ordinary course of the Debtor's business or under the terms of the claim in the absence of this Reorganization Case.

- b. Bar Date For Administrative Claims. All applications for final compensation of professionals for Administrative Claims incurred on or before the Effective Date unless such compensation has already been approved by prior Order of the Bankruptcy Court (including, without limitation, any compensation requested by any professional or any other entity for making a substantial contribution in the Reorganization Case) shall be Filed no later than 60 days after the Effective Date, unless such date is extended by the Bankruptcy Court on notice to the Reorganized Debtor and other interested parties. All other requests for payment of Administrative Claims incurred before the Effective Date under Sections 507(a)(2) or 507(b) of the Bankruptcy Code (except only for claims for trade debt incurred in the ordinary course of business and claims under 28 U.S.C. § 1930) shall be Filed no later than 30 days after the Effective Date, unless such date is extended by the Bankruptcy Court on notice to the Reorganized Debtor and other interested parties. Any Administrative Claims that are not Filed within the applicable deadlines set forth herein shall be forever barred, and any holders of administrative claims who are required to File a request for payment of such claims and who do not File such requests by the applicable bar dates referenced herein shall be forever barred from asserting such claims against the Debtor, the Reorganized Debtor, or any of their respective property. Any professional fees or reimbursement of expenses incurred subsequent to the Effective Date by the Reorganized Debtor may be paid by such Reorganized Debtor without application to the Bankruptcy Court. Any dispute regarding the payment of such post Effective Date professional fees and expenses which relate to the Reorganization Case or this Plan shall be determined by the Bankruptcy Court.

2. Treatment of Priority Tax Claims. The Debtor does not believe that any priority tax claims exist against it. However, in the event any priority tax claim does exist against the Debtor then, except as otherwise agreed to by the Reorganized Debtor and the applicable taxing agency, each holder of an allowed priority claim for taxes of the kind specified in Bankruptcy Code § 507(a)(8) shall receive deferred cash payments over a period not exceeding five (5) years from the Petition Date, in an aggregate amount equal to the amount of such Allowed Claim, plus interest from the Effective Date on the unpaid portion of such Allowed Claim (without

penalty of any kind) at the rate prescribed below. The payment of the amount of each Allowed Claim shall be made in equal monthly installments with the first installment due on the latest of: (i) the Effective Date, (ii) 30 calendar days after the date on which an order allowing such claim becomes a Final Order, and (iii) such other time or times as may be agreed by the holder of such claim and the Reorganized Debtor. Each installment shall include simple interest on the unpaid portion of such Allowed Claim, without penalty of any kind at six percent (6%) interest per annum, or such other rate agreed to by the parties or determined by the Bankruptcy Court; provided, however, that the Reorganized Debtor reserve the right to pay any priority tax claim, or any remaining balance of such claim, in full, at any time on or after the Effective Date, without premium or penalty. All payments on account of priority tax claims shall be made by the Reorganized Debtor.

B. Treatment of Secured Claims.

1. Class 1 (Secured Claim of Clay County Savings Bank). Class 1 is impaired under this Plan. The claim of Clay County Savings Bank shall be deemed an Allowed Secured Claim and will be treated as follows:
 - a. Clay County Savings Bank's claim will be for the principal amount of \$503,578.16 plus all interest, expenses and fees incurred by the Bank which are permitted under the applicable loan documents (including, but not necessarily limited to, legal fees and costs and appraisal fees). The monthly payment will be \$4,000 for principal and interest plus \$1,965 escrow for taxes and insurance beginning June 1, 2016. Payments shall be due on the 20th of each month thereafter. The interest rate was 6%, but will be reduced to 5.5%. The maturity date will be extended to December 31, 2018 (from December 31, 2016).
 - b. On or before the December 31, 2018 maturity date, Debtor shall payoff all indebtedness owed to Clay County Savings Bank through either (a) a refinancing of the loan with another financial institution or (b) liquidation of the Real Property.
 - c. Other than the change of the monthly payment, interest rate and maturity date as noted above, Clay County Savings Bank's loan documents with the Debtor (including, but not limited to, the promissory note and deed of trust) will not be modified in any other way and they shall continue to maintain their full force and effect (including the existence of the cross-collateralization provisions).

2. Class 2 (Secured Claim of Bond Purchase LLC). Class 2 is impaired under this Plan. Bond Purchase LLC's ("*Bond Purchase*") secured claim will be treated as follows.

a. The Debtor disputes both the amount of Bond Purchase's claim as well as the portion of Bond Purchase's claim which is secured and has filed an objection to Bond Purchase's proof of claim challenging both the claim amount and its secured status (*see* Doc. No. 150). Debtor has also asserted an adversary proceeding against Bond Purchase in the Bankruptcy Court for the Western District of Missouri (Adv. No. 16-04055) seeking recovery of alleged damages which is on hold due to pending state court action in Clay County District Court (15CY-CV09793).

C. Adequate protection payments prior to claim resolution.

Hillcrest shall make on a monthly basis \$600 adequate protection payments at a 4% annual rate to Bond Purchase beginning on the 20th calendar day of the month following the Effective Date. For illustration purposes only, if the Effective Date is the 10th day of the calendar month then the first adequate protection payment to Bond Purchase would be due 10 days later on the 20th calendar day of that month. If the Effective Date is on the 25th day of the month, then the first adequate protection payment to Bond Purchase would be due on the 20th calendar day of the following month. Hillcrest shall continue making the monthly adequate protection payments to Bond Purchase until all outstanding litigation is fully and finally resolved.

D. Mandatory mediation.

Within forty-five (45) days following the Effective Date, Hillcrest and Bond Purchase shall participate in mandatory but non-binding mediation to see if all outstanding disputes between those two entities may be amicably resolved. To the extent that a resolution is reached (whether before, during or after mediation), Hillcrest shall submit to this Court a motion pursuant to Rule 9019 seeking approval of such resolution.

E. Treatment of Class 2 claim following successful mediation or resolution of all litigation pending between Bond Purchase and Hillcrest.

To the extent that all or a portion of Bond Purchase's claim is deemed to be secured, then the secured portion of such claim shall be deemed to be a lien on the Real Property which is second and subordinate in priority to the lien of Clay County Savings Bank. Hillcrest shall make monthly payments to Bond Purchase for the secured portion of its claim at the annual rate of 4% on the 20th calendar day of each. Similar to the lien of Clay County Savings Bank, the maturity date for the secured portion of the Bond Purchase claim shall be December 31, 2018. On or before the December 31, 2018 maturity date, Hillcrest shall payoff the secured claim amount owed to Bond Purchase through either (a) a refinancing of the loan with another financial institution or (b) liquidation of the Real Property. To the extent that Hillcrest obtains a final,

non-appealable judgment, order or other similar judicial award finding that Bond Purchase is liable to Hillcrest for certain monies owed, then pursuant to 11 U.S.C. §§ 553 and 558 and in lieu of making payments to Bond Purchase under this Plan, Hillcrest may off-set any amounts it owes Bond Purchase with any final claims it may have against Bond Purchase.

1. Class 3 (Allowed Unsecured Non-Priority Claim). Class 3 is impaired under this Plan. The Debtor currently believes that, other than the claim of Bond Purchase, there are no other general unsecured claims against the Debtor's estate. However, to the extent that Debtor determines that there are potential general unsecured claims against it, then Debtor shall have sixty (60) days after confirmation of the Plan within which to object to any Claim filed in the case. Debtor shall have an additional thirty (30) days to object to any claim filed pursuant to the recovery of any avoidable transfer action. Any Claim not objected to within such periods shall be deemed accepted.

Following entry of an order by the Bankruptcy Court allowing an unsecured non-priority claim (including any order of the Bankruptcy Court determining that all or a portion of the Bond Purchase claim is an Allowed Unsecured Non-Priority Claim), then, beginning on the 20th calendar day following entry of a final and non-appealable order of the Bankruptcy Court fixing the amount of the Allowed Unsecured Non-Priority Claim, Hillcrest shall begin monthly payments on such claim. Specifically, Hillcrest shall repay in full each such Allowed Unsecured Non-Priority Claim in 72 equal monthly payments at 0% interest. To the extent that Hillcrest obtains a final, non-appealable judgment, order or other similar judicial award finding that Bond Purchase is liable to Hillcrest for certain monies owed, then pursuant to 11 U.S.C. §§ 553 and 558 and in lieu of making payments to Bond Purchase under this Plan, Hillcrest may off-set any amounts it owes Bond Purchase with any final claims it may have against Bond Purchase.

2. Class 4 (Interests in Debtor). Class 4 is unimpaired under this Plan. Class 4 will be treated as follows: Randall L. Robb (the 100% shareholder of Hillcrest) will retain all of his shares in Hillcrest.

F. Means for Execution and Implementation of the Plan.

The Debtor shall continue in possession of the Real Property located at 6801-33 North Oak Trafficway, Gladstone, Missouri 64118 and shall continue the operation of its business. Payments and distributions under the Plan will be funded by the rent on the Real Property. .

Debtor has provided projected financial information in the attached Exhibit A. Since the Debtor has no employees, the overhead is basically only the insurance, utilities of water and trash disposal, maintenance, interest and taxes.

G. Executory Contracts and Unexpired Leases.

1. On the Effective Date, the following executory contracts or unexpired leases (as same may be amended, updated or revised) shall be assumed by the Debtor (i.e. the "Assumed Contracts"):

World Liquors	\$3,000.00/month
Music in Vac	\$ 894.50/month
Jenny's Craft	\$ 660.00/month
A-1 Tattoo	\$1,000.00/month
Vaughn Insurance	\$ 550.00/month
Vapor Room	\$1,200.00/month (Two-year lease)
Restaurant	\$ 500.00/month ¹
Timberland	\$ 1,500.00/month

Any executory contracts or unexpired leases to which the Debtor is a party which are not set forth above shall be deemed rejected by the Debtor as of the Effective Date unless an executory contract or unexpired lease is assumed prior to the Effective Date by Order of the Bankruptcy Court after application and notice pursuant to 11 U.S.C. § 365.

VII. CONSEQUENCES OF DENIAL OF CONFIRMATION

If the Debtor's Plan or any amended Plan is not confirmed, the case may be converted to a case under Chapter 7 or it may be dismissed. If converted, a trustee would be appointed to liquidate the Debtor's assets and distribute the proceeds to creditors. The Trustee would either sell the Real Property or abandon the same. From the sale (either by the trustee or by foreclosure), Bond Purchase may not be paid in full considering the cost of sale including Trustee fees, attorney fees, commercial realtor fees and closing costs.

VIII. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. The implementation of the Plan by the Debtor and participation thereunder by holders of Claims and Interests may have certain tax consequences. These consequences, of course, will depend on each Holder's individual circumstances and, accordingly, the Debtor cannot begin to suggest potential tax effects predicated upon multiple hypothetical sets of circumstances. **YOU ARE THEREFORE URGED TO CONSULT YOUR OWN TAX ADVISOR AS TO THE POSSIBLE TAX CONSEQUENCES OF YOUR PARTICIPATION IN THE PLAN INCLUDING WHETHER ANY PAYMENTS UNDER THE PLAN WILL BE TREATED AS BUSINESS INCOME OR CAPITAL GAINS.**

IX. LIQUIDATION ANALYSIS

The Debtor's assets and debts should be reviewed as follows:

¹ The rent for this tenant is set to be \$500 for 6 months starting Oct 1, 2016. It will then increase to \$1,000 per month for the next six months. It will then be increased to \$2,500 for the next two years.

ASSET	CURRENT VALUE	SECURED DEBT	AVAILABLE FOR LIQUIDATION
Retail Strip Center	\$ 950,000.00*	\$ 757,425.91	\$ 192,842.84
Stock**	\$ 53,300.00	\$ 757,425.91	\$ 0
Bank account	\$ 1,262.44	\$ 0	\$ 0
Accounts receivables	\$ 2,889.90***	\$ 0	\$ 0

*The strip center was originally valued in the schedules at \$1,200,000 however the appraiser retained by Clay County Savings valued the property at \$925,000 – 975,000 which debtor believes is more accurate.

** Conclusion of sale of stock pending

*** Uncollectable

TOTAL EQUITY AVAILABLE FOR LIQUIDATION: \$192,842.84

X. CONCLUSION

After taking into account all facts, it is the opinion of Debtor that acceptance of the Plan is the only viable alternative available to creditors, is in the best interests of all creditors and parties in interest, and will provide creditors with the maximum recovery in the minimum amount of time while enabling the Debtor to continue its operations. Each voting creditor is urged to accept the Plan by executing the enclosed Ballot and returning it to the address indicated thereon.

HILLCREST, INC.

Date: October 18, 2016

/s/ Randall L. Robb
Randall L. Robb, President

By: /s/ Susan Bratcher
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ATTORNEYS FOR DEBTOR

EXHIBIT A
PROJECTIONS OF CASH FLOW AND EARNINGS FOR POST-CONFIRMATION PERIOD

	2016	2017	2018
Anticipated Income	\$ 89,000.00	\$ 117,000.00	\$ 132,000.00
Expenses: Taxes	\$ (14,800.00)	\$ (15,100.00)	\$ (15,400.00)
Insurance	\$ (9,300.00)	\$ (9,400.00)	\$ (9,500.00)
Interest	\$ (29,000.00)	\$ (27,000.00)	\$ (26,000.00)
Repairs	\$ (3,000.00)	\$ (3,000.00)	\$ (4,000.00)
Utilities	\$ (3,600.00)	\$ (3,700.00)	\$ (4,800.00)
Claims (principal): Class 1	\$ (24,000.00)	\$ (48,000.00)	\$ (48,000.00)
Class 2	\$ (3,600.00)	\$ (7,200.00)	\$ (7,200.00)
Net earnings/loses	\$ 1,700.00	\$ 3,600.00	\$ 11,100.00