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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:)	Case No.: 16-10782-LED
)	
TOP DRAWER LLC,)	Chapter 11
)	
Debtor,)	Hearing Date: July 5, 2016 <u>August 9, 2016</u>
)	Hearing Time: 9:30 a.m.
)	Location: 300 Las Vegas Blvd South, 3rd
)	Floor, Courtroom 3, Las Vegas, Nevada
		Judge: Honorable Judge Laurel E. Davis

AMENDED FIRST SECOND DISCLOSURE STATEMENT
REDLINED

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE UNLESS AND UNTIL A DETERMINATION HAS BEEN MADE BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.

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I. INTRODUCTION

A. The Plan Generally.

This is the ~~Amended First~~ Second Disclosure Statement (the “**Disclosure Statement**”) in the chapter 11 case of TOP DRAWER, LLC (collectively, the “Debtor”). This Disclosure Statement contains information about the Debtor and describes its ~~Amended First~~ Second Plan of Reorganization (the “Plan”) filed by it on ~~June 27, 2016~~ July 11, 2016, as the same may be amended from time to time in accordance with the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”).

YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement shall have the meanings ascribed to them in the Plan. Headings are for convenience of reference and will not affect the meaning or interpretation of the Disclosure Statement.

The Plan sets forth how the Debtor¹ assets and operations will be reorganized and how Claims against the Debtors will be treated if the Plan is confirmed by the Bankruptcy Court and is thereafter consummated. This Disclosure Statement describes certain aspects of the Plan and how it will be implemented if confirmed, the Debtors operations, significant events leading to and occurring during the Chapter 11 Case, and related matters. **FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT AND ALL RELATED EXHIBITS AND SCHEDULES IN THEIR ENTIRETY.**

Attached to this Disclosure Statement are copies of the following documents:

- Exhibit A - Liquidation Analysis
- Exhibit B -- Financial Information
- Exhibit C – Claims Scheduled/Filed and Proposed Distributions

The Plan is filed contemporaneously herewith.

THE DEBTOR BELIEVES THAT THE PLAN COMPLIES WITH ALL PROVISIONS OF THE BANKRUPTCY CODE AND WILL ENABLE THE DEBTOR TO RESTRUCTURE OR OTHERWISE SATISFY ITS DEBT SUCCESSFULLY AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11. THE DEBTOR THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS, THE DEBTORS ESTATE AND ITS

¹ All further references to “debtor” shall include and refer to both of the debtors in a case filed jointly by two individuals, unless any information is noted as specifically applying to only one debtor.

1 CREDITORS.

2 **B. Purpose, Limitations and Structure of this Disclosure Statement.**

3 This Disclosure Statement describes:

- 4
- The Debtor and the significant events during the bankruptcy case;

5

 - How the Plan proposes to treat claims of the type you hold (i.e., what you will receive for your claim if the plan is confirmed);

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 - Who can vote on or object to the Plan;

7

 - What factors the Bankruptcy Court (the “**Court**”) will consider when deciding whether to confirm the Plan;

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 - Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation; and

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 - The effect of confirmation of the Plan.

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13 Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the confirmed Plan itself that will establish and control your rights.

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15 **C. Summary of Classification and Treatment of Claims and Equity Interests Under the Plan.**

16 As described more fully in this Disclosure Statement, the Plan provides for distributions on account of certain Allowed Claims. The Plan distributions will be in various amounts and will take various forms, depending on the classification and treatment of any particular Claim. The following tables summarize the classification and treatment of Claims under the Plan. For a more detailed description of the classification and treatment of Claims under the Plan, please see Section V below.

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20 THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. ANY ESTIMATES OF CLAIMS OR EQUITY INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL AMOUNTS ALLOWED BY THE BANKRUPTCY COURT. AS A RESULT OF THE FOREGOING AND OTHER UNCERTAINTIES WHICH ARE INHERENT IN THE ESTIMATES, THE ESTIMATED RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE ACTUAL RECOVERIES RECEIVED. IN ADDITION, THE ABILITY TO RECEIVE DISTRIBUTIONS UNDER THE PLAN DEPENDS UPON THE ABILITY OF THE PROPONENTS TO OBTAIN CONFIRMATION OF THE PLAN AND MEET THE CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN, AS DISCUSSED IN THIS DISCLOSURE STATEMENT. THE RECOVERIES SET FORTH BELOW ARE PROJECTED RECOVERIES ONLY AND MAY CHANGE BASED UPON CHANGES IN THE AMOUNT OF ALLOWED CLAIMS AS WELL AS OTHER FACTORS RELATED TO THE DEBTOR’S BUSINESS OPERATIONS AND GENERAL ECONOMIC CONDITIONS. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE

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DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST THE DEBTOR.

Summary of Classification and Treatment of Classified Claims

Class	Claim	Allowed Claim/ Total Claim Amount	Projected Recovery Under the Plan	Status	Voting Rights
1	Bank of Nevada-Devise <u>Capital LLC</u> 980 Empire Mesa Way	\$250,000.00	100%	Impaired	Entitled to Vote
2	Celtic Bank Corp/SBA 980 Empire Mesa Way	\$430,000.00/ \$1,099,9832.61	100%	Impaired	Entitled to Vote
3	General Unsecured Claims Estimated	\$110,000.00	.09%	Impaired	Entitled to Vote
4	Equity Interest of Debtor			Impaired	Entitled to Vote

D. Voting on the Plan.

The Disclosure Statement Order will approve certain procedures governing the solicitation of votes on the Plan from holders of Claims against the Debtors, which procedures are described below. Late filed Proof of Claims are not entitled to Vote or a Distribution. Bankr. Rule 3003.

1. Classes Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of claims or interests that are members of a class that (a) is “impaired” within the meaning of section 1124 of the Bankruptcy Code (an “**Impaired Class**”) and (b) is not deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code are entitled to vote to accept or reject a plan of reorganization (each, a “**Voting Class**”). Classes of claims or interests that are not impaired under Bankruptcy Code section 1124 are conclusively presumed to have accepted the plan and are not entitled to vote to accept or reject the plan. Impaired Classes consisting of members that will receive no recovery under the plan are deemed to have rejected the plan under Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the plan.

Under the Plan, the Voting Classes are 1-4. However, to the extent that the Court rules that the General Unsecured Creditors’ class are insiders the voting classes are 1 and 2.

2. Votes Required for Acceptances of the Plan by a Class

Pursuant to the Bankruptcy Code, a class of claims is considered to have accepted a proposed plan of reorganization if the plan is accepted by more than one-half of the class members that actually voted on the plan, holding at least two-thirds in terms of dollar amount of the claims in that class for which a valid ballot was submitted. Thus, for each of the Voting Classes under the Plan, the Class will have accepted the Plan if, of the total number of Class members that vote, more than one-half vote to accept the Plan, and such majority of voters holds at least two-thirds of the total dollar amount of the Claims in that Class for which a Ballot was properly submitted.

3. Tabulation of Votes

A vote to accept or reject the Plan may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not cast in good faith or was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. A Ballot that does not indicate the acceptance or rejection of the Plan or that indicates both acceptance and rejection of the Plan will be disregarded. If the Holder of a Claim does not properly submit its Ballot, or that Holder's vote is disregarded, that holder and that holder's Claim will not be included in deciding whether the requisite number of Class members and amount of Claims voted to accept or reject the Plan.

Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization notwithstanding the rejection of the plan by one or more Impaired Classes of claims or interests. Under that section, a plan may be confirmed if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non accepting class. The Plan contemplates the deemed rejection (under Bankruptcy Code section 1126(g)) of those Classes of Claims and Interests for which there will be no distributions. In addition, certain of the Voting Classes may not vote to accept the Plan. Accordingly, the Proponents will be requesting confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code at the Confirmation Hearing. *For a more detailed description of the requirements for confirmation of a plan that has been rejected by one or more classes, please see Section VI.A.*

4. Voting Instructions

If you are entitled to vote on the Plan, a Ballot is enclosed with this Disclosure Statement. If you are entitled to vote in more than one Class, you will receive separate Ballots for each Claim, which must be used for each separate Class of Claims. Please refer to your Ballot and the Disclosure Statement Order for more specific instructions on voting on the Plan.

The Proponents recommend that you vote in favor of confirmation of the Plan.

If you are a holder of record of a Claim

Please vote and return your Ballot(s) in accordance with the instructions set forth herein and in the instructions accompanying your Ballot(s), to:

Steven L. Yarmy, Esq.
Nevada Bar No. 8733
7464 W Sahara Ave, STE 8
Las Vegas, NV 89117
(702) 586-3513 PHONE
(702) 586-3690 FAX
sly@stevenyarmylaw.com

TO BE COUNTED, YOUR EXECUTED BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED AT THE ADDRESS ABOVE NO LATER THAN 5:00 P.M. (PREVAILING PACIFIC TIME) ON—~~APRIL 13~~, 2016 (THE "VOTING DEADLINE"). ANY BALLOT RECEIVED THAT IS NOT EXECUTED, DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, OR INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE DISREGARDED. DO NOT

1 RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT. FACSIMILE BALLOTS WILL
 2 BE ACCEPTED. BALLOTS THAT ARE SCANNED AND EMAILED TO THE EMAIL ADDRESS
 ABOVE WILL ALSO BE ACCEPTED.

3 **5. Inquiries**

4 If you are a holder of a Claim entitled to vote on the Plan and either did not receive a Ballot,
 5 received a damaged Ballot, or lost your Ballot, or if you have questions about the procedures for
 voting your Claim or about the packet of materials that you received, please contact Steven L. Yarmy,
 6 Esq., 7464 W Sahara Ave, STE 8, Las Vegas, Nevada 89117, Tel: (702) 586-3513, Fax: (702) 586-
 3690, email: sly@stevenyarmylaw.com.

8 If you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to
 those documents, at your own expense unless otherwise specifically required by Bankruptcy Rule
 9 3017(d), please contact the Proponents' counsel at the address set forth above.

10 **E. Confirmation Hearing.**

11 Pursuant to Bankruptcy Code section 1128, the Confirmation Hearing will commence on July
 12 5, 2016, beginning at 9:30 a.m. (prevailing Pacific time), before the Honorable Laurel E. Davis,
 United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Nevada,
 13 Courtroom 3, 300 Las Vegas Blvd South, Las Vegas, Nevada 89101. The Bankruptcy Court has
 directed that objections, if any, to confirmation of the Plan be served and filed so that they are
 14 received on or before ~~April 13~~ _____, 2016 at 5:00 p.m. (prevailing Pacific time). Pursuant
 to Local Rule 3019, the Bankruptcy Court may consider modifications to the Plan at the Confirmation
 15 Hearing. The Confirmation Hearing may be adjourned from time to time without further notice except
 16 for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent
 adjourned Confirmation Hearing. Subsequent to the Confirmation Hearing, the Bankruptcy Court may
 17 issue an Order confirming the Plan (the "Confirmation Order").

18 **F. Overview of Chapter 11 Process**

19 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under
 20 chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of
 itself, its creditors, and its equity interest holders. In addition to permitting rehabilitation of a debtor,
 21 another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and
 similarly situated equity interest holders with respect to the distribution of the debtor(s) assets.

22 The commencement of a chapter 11 case creates an estate that is comprised of all of the legal
 23 and equitable interests of the debtor in property as of the Petition Date. The Bankruptcy Code provides
 24 that a debtor may continue to operate its business and remain in possession of its property as a "debtor
 in possession."

25 The consummation of a plan of reorganization is the principal objective of a chapter 11
 26 reorganization case. A plan of reorganization sets forth the terms for satisfying claims against the
 debtors. Upon confirmation of a plan of reorganization, it is binding on the debtors and any creditor of
 27 the debtor. Subject to certain limited exceptions, the confirmation order discharges the debtors from
 28 any debts that arose prior to the date of confirmation of the plan and substitutes therefore the

obligations specified under the confirmed plan, except for debts that are not dischargeable under § 523 of the Bankruptcy Code.

After a chapter 11 plan has been filed, holders of certain claims against and equity interests in a debtor are permitted to vote to accept or reject such plan. Before soliciting acceptances of the proposed plan, however, a debtor is required under section 1125 of the Bankruptcy Code to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan.

The Proponents are submitting this Disclosure Statement to holders of Claims against the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code. This Disclosure Statement sets forth specific information regarding the pre-bankruptcy history of the Debtor, the nature and progress of the Chapter 11 Cases, and the anticipated organizational and capital structure and operations of the Reorganized Debtor after confirmation of the Plan and emergence from chapter 11. This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of confirmation of the Plan, certain risk factors associated with the debt and equity securities that will be issued to holders of certain Classes of Claims, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims entitled to vote must follow in order for their votes to be counted.

II. GENERAL INFORMATION ABOUT THE DEBTOR

A. Description and History of the Debtors Business.

1. Operations

The Debtor's current property portfolio consists of one property and all improvements thereto located at 980 Empire Mesa Way, Las Vegas, Nevada 89015.

The Debtor is a single asset entity that owns one property. The debtor derives all of its revenue from the rental of the building to Autobody Specialist for \$3,900.00 per month. The Debtor's only member is Susan Davila. Prior to the Debtor owning the property it was owned by its only member, Susan Davila. The Debtor's managing member also has a 50% interest in Autobody Specialist.

2. The Debtors Capital Structure

The Debtors is a Nevada LLC, which was formed October 31, 2013. As of the petition date the Debtor's obligations consisted of a first deed of trust in favor of ~~Bank of Nevada~~ Devise Capital LLC, assignee of the Bank of Nevada Note and Deed of Trust. The amount owed is stipulated in an estimated amount of at \$250,000.00; a cross-collateralized second deed of trust was signed by Ms. Davila ~~and as Vice President of~~ Image Makers Automotive Land Holdings LLC in favor of Celtic Bank/ Small Business Administration. Celtic Bank is also secured by the second deed of trust with two first deeds' of trust for property located at 970 and 978 Empire Mesa Way, Henderson, Nevada. The ~~estimated~~ amount of the obligation is ~~\$1,100,000.00~~ \$1,099,832.61. The First deed of trusts on the other two properties are sufficient security for Celtic Bank, ~~and thus, the Debtor as part of this Plan will strip off the cross-collateralized second deed of trust affecting its property.~~

Image Makers Automotive Land Holdings LLC, filed chapter 11 on February 22, 2016, Case No. 16-10761-led. This case involves the other two properties associated with the cross collateralized loan. However, Image Makers does not have any interest in the Debtor. Based upon Image Makers Automotive Holdings, LLC chapter 11 Petition, Susan Davila does have a 33 1/3 interest in Image Makers Automotive Holdings, LLC.

Susan Davila filed for Chapter 7 bankruptcy in the Northern District of California (San Francisco Division) and was subsequently discharged of her co-debtor obligation personally. See Case No. 10-33727 DM 7. There still remains an in rem lien.

Susan Davila makes substantial income as a Mortgage Banker for Supreme Lending. She has other assets she can sell in the event there is a default of Image Makers. She makes sufficient income should she need to make a capital contribution to Image Makers to shore up any shortfalls.

3. Events Leading to the Debtors Bankruptcy

The primary event that lead to the filing of this case was the foreclosure sale of 970 and 978 Empire Mesa Way, but for the cross collateralization the debtor's first mortgage holder is current and because the debtor and its managing member are not on good terms with Image Makers, and because Image Makers was not paying its Debt to Celtic the Debtor had to file for protection because of the cross collateralization.

III. EVENTS DURING THE CHAPTER 11 CASE

A. Commencement of Chapter 11 Case.

On February 23, 2016 (the "Petition Date") the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its businesses and manage its property as Debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. First Day Orders.

On February 26, 2016, [ECF No. 7] the Debtor filed its Application to Employ Steven L. Yarmy as its attorney. That hearing is set for March 29, 2016. An Order was entered on June 14, 2016 at [Doc. No. 79] granting employment.

C. Cash Collateral Orders.

None filed as of this date.

D. Valuation of Properties.

The Debtor's Plan will value its property as of the confirmation date.

E. Other Events.

~~The Debtor will seek conditional approval of the Disclosure Statement pursuant to Local Rule 3017. There is a hearing on July 19, 2016 at 9:30 a.m. on Image Makers and Celtic Bank's Motion to Dismiss.~~

Assuming the Motion to Dismiss is resolved or denied the debtor will have its hearing for approval of this Disclosure Statement on August 9, 2016 at 9:30 a.m.

IV. BAR DATE AND SCHEDULES

1. Schedules and Statements

On February 23, 2016, the Debtors filed their schedules and statements of financial affairs. (collectively, the “*Schedules*”).

2. Bar Date

On February 23, 2016, the Bankruptcy Court set June 22, 2016, as the date by which all creditors (except governmental units) must file proofs of claim asserting claims against the Debtor, and August 22, 2016, as the deadline for governmental units to file proofs of claim asserting claims against the Debtors. These dates are defined as the “Bar Date” in the Plan. See ECF No. 4.

V. THE PLAN

A. Administrative Claims and Priority Tax Claims.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not placed in Classes under the Plan.

1. Administrative Claims

Administrative Claims are costs or expenses of administering the Debtors Chapter 11 case which are allowed under section 507(a)(2) of the Bankruptcy Code. Administrative expenses also include the value of any goods or services sold to the Debtors in the ordinary course of business. The Bankruptcy Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

(A) Professional Fee Claims and US Trustee Fees

All Professional Fee Claims shall be fully and completely satisfied solely from the DIP account funds or pursuant such other terms as the Holder of such claim may agree. Upon receipt by all Professionals of their respective payments from the DIP account any and all Professional Fee Claims are hereby deemed fully satisfied, released, and discharged as to the Debtor and Reorganized Debtor. Notwithstanding anything contrary in the Plan. The outstanding professional fee claim is \$15,000.00, and expenses are estimated to be \$200.00 for postage, which will affect distributions to unsecured creditors.

1. the Debtor shall pay, or cause to be paid, all accrued US Trustee Fees on or before the Effective Date of the Plan; and following the Effective Date, the Reorganized Debtor shall be responsible for timely payment of all US Trustee Fees until such time as the Final Decrees closing this Chapter 11 Case are entered and all US Trustee Fees due are paid in full.

2. the Debtor or Reorganized Debtor (as applicable) shall File with the Bankruptcy Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the Chapter 11 Case remains open in such format as reasonably may be required by the United States Trustee.

2. Priority Tax Claims

Priority Tax Claims of the Internal Revenue Service. The Debtor does not have any priority tax claims known against them. Notwithstanding anything to the contrary in the Plan or in the Order confirming the Plan, a governmental unit shall not be required to file a request for payment of an expense described in Bankruptcy Code § 503(b)(1)(B) or (C) as a condition of its being an allowed administrative expense, and Debtor shall pay in full all such allowed administrative expenses, including any interest thereon, when due.

B. Classification and Treatment of Holders of Claims and Interest.

One of the key concepts under the Bankruptcy Code is that only claims that are “allowed” may receive distributions under a chapter 11 plan. In general, an “allowed” claim or simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court or other court of appropriate jurisdiction determines, that the claim, and the amount thereof, is in fact a valid obligation of the debtor.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divides the different claims against the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together. If a class of claims or interests is “impaired,” the Bankruptcy Code affords certain rights to holders of such claims or interests, including the right to vote on the plan. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders’ acceleration rights, cures all defaults (other than those arising from the debtor’s insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, grants such holder a claim for damages incurred, and does not otherwise alter the holders’ legal, equitable and contractual rights.

The categories of Claims listed below classify Claims for all purposes, including, without limitation, voting, confirmation and distribution pursuant hereto and pursuant to Bankruptcy Code sections 1122 and 1123(a)(1). The Plan deems a Claim to be classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim qualifies within the description of such different Class. A Claim is in a particular Class only to the extent that any such Claim is allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date. If there are no Claims in a particular Class, then such Class of Claims shall not exist for all purposes of the Plan.

1. Claims Against the Debtor

Class 1. Impaired

1 Class 1 consists of the Allowed Secured Claim of Devise Capital in the amount of
 2 \$250,000.00. Devise Capital holds a first position deed of trust against the Property. Beginning June
 3 1, 2016 and continuing on the first day of each subsequent month until the Devise Maturity Date the
 4 Debtor shall make regular payments of interest, at the rate of 12% *per annum*, interest only in the
 5 amount of (\$2,500.00) per month to Devise Capital with a final payment of all principal and accrued
 6 interest to be made to Devise Capital on the Devise Maturity Date. The Debtor shall be permitted to
 7 make pre-payments of principal of this Claim at any time, however, Devise must receive payment of
 8 twelve months of interest (\$30,000.00) on the date of payment in full of its Claim. Payments are due
 9 on the first day of each month and are delinquent after the tenth (10th) day of each month. The Debtor
 10 shall execute a Change in Terms Agreement to the Devise Capital Loan Documents embodying these
 11 payment terms and with additional terms and conditions satisfactory to Devise Capital which are not
 12 inconsistent with the terms of the Plan.

13 Except as modified by the Plan or Devise agrees to a less favorable treatment, on the Effective
 14 Date, the Devise Capital Loan Documents shall remain in full force and effect, save and except that:
 15 (1) all pre-Effective Date defaults under the Loan Documents shall be deemed to be cured and on the
 16 Effective Date, Debtor and/or Reorganized Debtor shall be deemed to be current and in good standing
 17 under the Loan Documents; and (2) on the Effective Date, without any further action by Debtor,
 18 Reorganized Debtor, or Devise Capital, all of the Devise Capital Loan Documents shall be deemed to
 19 have been amended consistent with the Plan and Confirmation Order. Until payment in full of the
 20 Devise Capital Loan, Devise Capital shall retain any and all Liens in and to the Devise Capital
 21 Collateral to the extent provided in the Devise Capital Loan Documents.

22 To the extent any defaults or events of default occurred under the terms and conditions of the
 23 Devise Capital Loan Documents prior to the Effective Date, such matters, except for any breach by the
 24 Debtor of its obligations to Celtic Capital or the entry of an order lifting the automatic stay in favor of
 25 Celtic Capital, shall be waived, released and deemed satisfied and shall not constitute defaults or
 26 events of default under the terms of the Devise Capital Refinanced Loan. For the avoidance of doubt,
 27 Debtor's pre-Effective Date insolvency, inability to pay its debts as they mature, the appointment of a
 28 receiver over the Debtor's Property, and/or the filing of the Chapter 11 Case shall not constitute a
 default or event of default under the Devise Capital Refinanced Loan.

Notwithstanding anything in the Devise Capital Loan Documents to the contrary, the Devise
 Capital Loan Documents are modified to eliminate any provision therein providing that any of the
 following are a default or an event of default under the Loan Documents: the commencement or
 continuation by or against any Guarantor/Indemnitor of a voluntary or involuntary petition for relief
 under the Bankruptcy Code; the request for or the appointment of a receiver over any
 Guarantor/Indemnitor; the insolvency or financial condition of any Guarantor/Indemnitor; the
 discharge of a Guarantor's/Indemnitor's own separate liability under the Loan Documents in any case
 under the Bankruptcy Code; *provided, however*, that should any Guarantor/Indemnitor or trustee in
 such party's bankruptcy case attempt to otherwise modify the terms of the Loan Documents in a
 chapter 11 plan filed in such case, then that shall constitute an event of default under the Loan
 Documents and also under the Debtors' Plan.

Prior to the Maturity Date, Reorganized Debtor or Susan Davila shall have the absolute right to
 act as follows:

(a) Refinance this existing claim provided, however, that the proceeds of such
 refinancing loan are sufficient to pay, and are utilized to pay, all sums due and owing under the

1 Note and the Plan at the time of closing of such refinancing, unless Secured Lender otherwise
2 agrees; or

3 (b) Sell the Real Property free and clear of Secured Lender's Liens; provided, however, that
4 the proceeds of such sale are sufficient at the time of closing of such sale to pay, and are utilized to
5 pay, all sums due and owing under the exiting Note and the Plan, unless Secured Lender otherwise
6 agrees.

7 LEGAL DESCRIPTION:

8 PARCEL I:

9 A PORTION OF LOT ONE (1), HILLSIDE BUSINESS PARK (A COMMERCIAL
10 SUBDIVISION), RECORDED IN BOOK 98, PAGE 84 OF PLATS, OFFICIAL RECORDS,
11 CLARK COUNTY, NEVADA RECORDS, SITUATED WITHIN THE EAST HALF (E ½) OF
12 GOVERNMENT LOT FOUR (4), SECTION 2, TOWNSHIP 22 SOUTH, RANGE 62 EAST OF
13 THE M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA, MORE PARTICULARLY
14 DESCRIBED AS FOLLOWS:

15 COMMENCING AT THE NORTHWEST CORNER OF LOT ONE (1) OF SAID
16 HILLSIDE COMMERCIAL BUSINESS PARK;
17 THENCE NORTH 89°11'54" EAST, A DISTANCE OF 201.93 FEET
18 THENCE SOUTH 01°01'23" EAST, A DISTANCE OF 94.83 FEET TO THE POINT
19 OF BEGINNING;
20 THENCE NORTH 88°58'37" EAST, A DISTANCE OF 198.16 FEET;
21 THENCE SOUTH 01°01'23" EAST, A DISTANCE OF 83.00 FEET;
22 THENCE SOUTH 88°58'37" WEST, A DISTANCE OF 198.16 FEET;
23 THENCE NORTH 01°01'23" WEST, A DISTANCE OF 83.00 FEET TO THE POINT
24 OF BEGINNING.

25 ALSO AS SHOWN AS LOT 5 ON RECORD OF SURVEY FILED IN FILE 115,
26 PAGE 1, RECORDED MARCH 19, 2001 IN BOOK 20010319 AS INSTRUMENT
27 NUMBER 00721 OF OFFICIAL RECORDS.

28 NOTE: THE ABOVE METES AND BOUNDS LEGAL DESCRIPTION APPEARED
PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED SEPTEMBER 19,
2001 IN BOOK 20010919 AS INSTRUMENT NUMBER 02091 OF OFFICIAL
RECORDS, CLARK COUNTY, NEVADA.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS, PUBLIC
UTILITIES AND INCIDENTAL PURPOSES AS DESCRIBED IN DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HILLSIDE
BUSINESS PARK, RECORDED MARCH 23, 2001 IN BOOK 20010323, AS
INSTRUMENT NUMBER 00483, OFFICIAL RECORDS, CLARK COUNTY,
NEVADA.

and more commonly known as 980 EMPIRE MESA WAY, HENDERSON, NEVADA

89015

TAX PARCEL NUMBER: 178-02-111-007

Impairment and Voting: Class 1 is impaired. See stipulation at ECF No. 84.

Class 2. Impaired.

Class 2 consists of the Allowed Secured Claim of Celtic Bank in the amount of \$430,000.00. Celtic holds a second position deed of trust on the Property and a first position deed of trust on the Image Makers Property. The primary obligor for the Celtic debt is Image Makers. The Debtor believes the value of the Image Markers Property is substantially greater than the debt owed by Image Makers to Celtic. Upon payment in full of its Allowed Secured Claim, Celtic Bank's deed of trust and lien against the Property shall be extinguished.

The Debtor's managing member shall make capital contributions to make regular equal monthly payments of principal and interest, at the rate of 4.5% *per annum*, in the amount of \$3,289.47 over fifteen years to Celtic commencing ~~on the Celtic Bank Payment Date.~~ Within 30 days of an event of default as defined by the Image Makers Plan. Should the Debtor or its managing member fail to make capital contributions upon an event of default and bring the Image Makers loan current upon an event of default, Celtic shall be entitled to initiate foreclosure proceedings on any of its Collateral in any order it chooses.

Should the Debtor's property be sold at a Trustee's auction by Celtic, the Debtor's managing member shall have a paid in capital claim or contribution claim or her respective share in Image Makers Automotive Land Holdings, LLC to the extent of any loan repayment or capital contribution.

Impairment and Voting: Class 2 is impaired.

Class 3 - General Unsecured Claims.

Class 3 shall consist of Allowed Unsecured Claims not entitled to priority under section 507(a) of the Bankruptcy Code, but are entitled in this case to separate classification in accordance with Section 1122(b) of the Bankruptcy Code.

The Debtor shall pay each holder of an Allowed Unsecured Claim in this Class a *pro rata* distribution from the Equity Contribution on the date which is five business days after the Effective Date.

Should the court determine that these are the claims of insiders, which the debtor does not believe. There will be no class 3 claims.

Impairment and Voting: Class 3 is impaired.

Class 4 – Equity Interest of the Debtor.

1 Upon the Effective Date of the Plan, all the existing equity interests in the Debtor will be
2 cancelled. Susan Davila will make the Equity Contribution on the Effective Date and, in exchange, the
3 Reorganized Debtor will issue New Equity Interests to her.

4 **C. Means for Implementation of the Plan.**

5 **1. Source of Payments**

6 (a) On the Effective Date payments to Creditors' in Classes 1 through 3 shall be funded from the
7 Debtor's rental income and the Equity Contribution.

8 **2. Transfers Under the Plan**

9 The implementation of the Plan will include, among other things, a conveyance, of the Debtor's
10 property to Susan Davila, who is an Equity Interest Holder of the Debtor. The transfer is and/or may be
11 necessary in order to lower the interest rate the debtor is paying. All conveyances to any transferee
12 pursuant to the transactions described in the Plan including, but not limited to, section 4.1 of the Plan, shall
13 be made, and such assets shall vest in the applicable transferee, free and clear of all Liens, Claims, Equity
14 Interests, and any other interests asserted by the Debtor, any creditors of the Debtor, or other Persons
15 (including, without limitation, any Liens, Claims, Equity Interests, or other interests, whether presently
16 known or unknown, in any way relating to or arising from the operations of the Debtors prior to the
Effective Date), in accordance with and as contemplated by, among others, sections 105(a), 363, 1123 and
1129 of the Bankruptcy Code, save and excepting any specific obligations expressly undertaken by such
transferee or its designee in the Plan or in any document to which such transferee is a party and which is
necessary for Consummation of the Plan. No such transferee or any of its subsidiaries, creditors or equity
holders shall be or be deemed to be a successor of any of the Debtors by reason of any theory of law or
equity and shall not have any successor or transferee liability of any kind, nature or character, including
liabilities arising or resulting from or relating to the transactions contemplated hereby.

17 After the Effective Date, such transferee will own the assets conveyed to it and operate its
18 business and manage its affairs free of any restrictions contained in the Bankruptcy Code.

19 **3. New Value & Absolute Priority Rule**

20 The Debtor will provide \$25,000.00 as discussed above.

21 On the Effective Date, Old Equity Interests shall be extinguished, canceled, terminated and of
22 no force and effect. In consideration of the New Capital Contribution, one hundred percent (100%) of
23 the New Equity Interests in the Reorganized Debtor shall be issued to the Susan Davila or a New
24 Holding Company or Trust. Moreover, the Debtor is not the borrower under any of the related loans.
Accordingly, deficiencies will not occur from the Debtor's reorganization and the absolute priority
rule does not apply in this case.

25 **D. Disposition of Assets and Properties.**

26 **1. Reorganized Debtor**

27 On the Effective Date (as more fully set forth in Article 13 of the Plan), without any further
28 action, the Reorganized Debtor or Susan Davila will be vested with all of the Property in Class 1
(except for Property transferred to Secured Lenders pursuant to this Plan), free and clear of all Claims,

Liens and Old Equity Interests (except for Liens provided or authorized pursuant to this Plan). The Debtor may transfer the Real Property to Susan Davila, in order to refinance the property for financing purposes to lower the interest rate and then may transfer the property if the new lender permits.

2. Secured Lenders

On or after the Effective Date (as applicable), and in accordance with the Confirmation Order, each of the Properties transferred to a Secured Lender pursuant to the Plan will be irrevocably and indefeasibly transferred and assigned (and the Estate's title to each of the Properties shall pass) to the applicable Secured Lender, free and clear of all Claims, Liens (other than Senior Liens) and interests of Creditors and interests of all Interest Holders in accordance with the applicable provisions of the Bankruptcy Code. Any Claims and Liens not provided for and/or specifically addressed under the Plan, including, but not limited to, Liens of record for Claims, which are disputed based upon such Claims being reflected in the Debtors books and records as having been paid and satisfied and for which no proof of claim has been filed, shall be deemed satisfied and shall be discharged of record.

E. Comprehensive Settlement and Releases.

As expressly set forth in the Plan, pursuant to Bankruptcy Code section 1123 and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan, including the exculpation and release provisions contained in Article 13 of the Plan, constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a Holder of a Claim or Interest may have with respect to any Claim or Interest against the Debtor, any distribution to be made pursuant to the Plan on account of any such Claim or Interest, and any and all claims or causes of action of any party against the Releasees arising out of the Chapter 11 Case or relating and all transactions relating thereto. The entry of the Confirmation Order constitutes the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Claims, Interests or controversies and the Bankruptcy Court's finding that all such compromises or settlements are in the best interests of (x) the Debtor and its Estate, and any of their respective property, and (y) Claim and Interest Holders, and are fair, equitable and reasonable. Any distributions to be made pursuant to the Plan shall be made on account of and in consideration of this comprehensive settlement, which, upon the Effective Date, the settlement shall be binding on all Persons, including the Debtor and its Estate, all Holders of Claims or Interests (whether or not Allowed), and all Persons entitled to receive any payments or other distributions under the Plan.

F. Provisions for Resolving and Treating Disputed Claims.

If any portion of a Claim is disputed, no payment or distribution provided under the Plan will be made on account of that Claim unless and until, and only to the extent, such Claim becomes Allowed. At the time that a Disputed Claim becomes an Allowed Claim, the holder of that Allowed Claim will be entitled to receive a distribution equal in percentage of recovery to the distribution(s) made to date on previously-allowed Allowed Claims of the same priority without interest.

1. Objections

As of the Effective Date, the Reorganized Debtor will have the right, to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 328, 330, 331 and 503 of the Bankruptcy Code), to make, file and prosecute objections to Claims. The Reorganized Debtor will serve a copy of each objection upon the holder of the Claim

1 to which the objection is made as soon as practicable (unless such Claim was already the subject of a
2 valid objection by the Debtor).

3 **2. Estimation of Claims**

4 The Reorganized Debtor may, at any time, request the Bankruptcy Court to estimate any
5 Claim, pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Reorganized
6 Debtor previously has objected to such Claim, and the Bankruptcy Court will retain jurisdiction to
7 estimate any Claim, at any time, including during litigation concerning any objection to such Claim. In
8 the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount may
9 constitute either the Allowed amount of such Claim or a maximum limitation on the Allowed amount
10 of such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a
11 maximum limitation on the Allowed amount of such Claim, the Reorganized Debtor may elect to
12 pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the
13 aforementioned Claims objection, estimation and resolution procedures are cumulative and not
14 necessarily exclusive of one another.

11 **3. Other Provisions Relating to Disputed Claims**

12 If, on or after the Effective Date, any Disputed Claim (or portion thereof) becomes an Allowed
13 Claim, the Reorganized Debtor or Distribution Agent will, as soon as practicable following the date on
14 which the Disputed Claim becomes an Allowed Claim, except as otherwise provided in the Plan,
15 distribute to the Holder of such Allowed Claim an amount, without any interest thereon, that provides
16 such holder with the same percentage recovery, as of the Effective Date, as Holders of Claims in the
17 class that were Allowed on the Effective Date.

18 To the extent that a Disputed Claim is expunged or reduced, the holder of such Claim will not
19 receive any distribution on account of the portion of such Claim that is disallowed. Any Disputed
20 Claim, for which a proof of claim has not been deemed timely, filed as of the Effective Date, will be
21 disallowed.

19 **G. Treatment of Executory Contracts and Unexpired Leases.**

20 The Bankruptcy Code grants the Reorganized Debtor the power, subject to the approval of the
21 Bankruptcy Court, to assume or reject executory contracts and unexpired leases. If an executory
22 contract or unexpired lease is rejected, the counterparty to such executory contract or unexpired lease
23 may file a claim for damages incurred by reason of the rejection. In the case of rejection of leases of
24 real property, damage claims are subject to certain limitations imposed by the Bankruptcy Code. To
25 assume an executory contract or an unexpired lease, the Reorganized Debtor may be required cure all
26 outstanding defaults (a "Cure Amount") (subject to certain exceptions) and provide "adequate
27 assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code). If there
28 is a dispute regarding (i) the nature or size of any Cure Amount; (ii) the ability of the Reorganized
Debtor or any assignee to provide adequate assurance of future performance under the contract or
lease to be assumed; or (iii) any other matter pertaining to assumption, the Cure Amount will occur
following the entry of a Final Order resolving the dispute and approving the assumption (or
assumption and assignment, as the case may be).

If you object to the assumption of your unexpired lease or executive contract, the proposed
cure of any defaults, or the adequacy of assurance of performance, you must file and serve your

1 objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court
2 sets an earlier time.

3 All executory contracts and unexpired leases that are not expressly assumed will be rejected
4 under the Plan. Consult your advisor or attorney for more specific information about particular
contracts or leases.

5 If you object to the rejection of your contract or lease, you must file and serve your objection
6 to the Plan within the deadline for objecting to the confirmation of the Plan.

7 **H. Effect of Confirmation of the Plan on the Debtor.**

8 **1. Discharge**

9 IN CONJUNCTION WITH BANKRUPTCY CODE SECTION 1141, EXCEPT AS
10 OTHERWISE PROVIDED FOR IN THE PLAN, THE RIGHTS AFFORDED IN THE PLAN AND
11 THE TREATMENT OF ALL CLAIMS AND EQUITY INTERESTS IN THE PLAN SHALL BE IN
12 EXCHANGE FOR AND IN COMPLETE SATISFACTION, DISCHARGE AND RELEASE OF
13 CLAIMS AND EQUITY INTERESTS OF ANY NATURE WHATSOEVER AGAINST THE
14 DEBTOR, AND OF THE ASSETS OR PROPERTIES OF THE ESTATE, INCLUDING ANY
INTEREST ACCRUED ON SUCH CLAIMS FROM AND AFTER THE PETITION DATE AND
ANY PROPERTIES TRANSFERRED TO SECURED LENDERS.

15 CONFIRMATION OF THE PLAN DOES NOT DISCHARGE ANY DEBT PROVIDED
16 FOR IN THE PLAN UNTIL THE DEBTOR PAYS \$10,000.00 TO THE GENERAL UNSECURED
17 CLASS, WHICH SHALL BE WITHIN 12 MONTHS FROM THE EFFECTIVE DATE AND IN
THE AMOUNT OF \$10,000.00.

18 UPON PAYMENT THE DEBTOR SHALL FILE AN AFFIDAVIT CERTIFYING THAT
19 THE DEBTOR HAS MADE THE REQUIRED DISTRIBUTION TO CLASS 3. AND MAY THEN
20 FILE AN EX PARTE MOTION FOR A DISCHARGE.

21 WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS
22 PROVIDED IN THE CONFIRMATION ORDER, CONFIRMATION WILL DISCHARGE THE
23 DEBTOR AND THE REORGANIZED DEBTOR FROM ALL CLAIMS, OR OTHER DEBTS
24 THAT AROSE BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED
25 IN SECTIONS 502(G), 502(H) OR 502(I) OF THE BANKRUPTCY CODE, WHETHER OR NOT:
26 (X) A PROOF OF CLAIM BASED ON SUCH A DEBT HAS BEEN FILED, OR DEEMED TO
27 HAVE BEEN FILED, UNDER BANKRUPTCY CODE SECTIONS 501 OR 1111(A); (Y) A CLAIM
28 BASED ON SUCH DEBT IS ALLOWED UNDER BANKRUPTCY CODE SECTION 502 OF THE
BANKRUPTCY CODE; OR (Z) THE HOLDER OF A CLAIM BASED ON SUCH DEBT HAS
ACCEPTED THE PLAN.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, (I) ON THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR WHICH AROSE BEFORE THE EFFECTIVE DATE SHALL BE SATISFIED, DISCHARGED AND RELEASED IN FULL, (II) ON THE EFFECTIVE DATE, THE RIGHTS AND INTERESTS OF ALL HOLDERS OF OLD EQUITY INTERESTS SHALL BE TERMINATED, CANCELED AND OF NO FORCE AND EFFECT, AND (III) ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE PROPONENTS, THE REORGANIZED DEBTOR, ANY SECURED LENDER THAT IS A TRANSFEREE OF A PROPERTY, OF THEIR SUCCESSORS, OR ANY OF THEIR ASSETS OR PROPERTIES, ANY OTHER OR FURTHER CLAIMS OR EQUITY INTERESTS BASED UPON ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE, AS WELL AS ANY DEBT OF A KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IRRESPECTIVE OF WHETHER (X) A PROOF OF CLAIM BASED ON SUCH A DEBT HAS BEEN FILED, OR DEEMED TO HAVE BEEN FILED, UNDER BANKRUPTCY CODE SECTIONS 501 OR 1111(A), (Y) SUCH CLAIM IS ALLOWED UNDER BANKRUPTCY CODE SECTION 502, OR (Z) THE HOLDER OF THE CLAIM HAS ACCEPTED THE PLAN.

2. Binding Effect of Plan/Injunction

UPON THE EFFECTIVE DATE, BANKRUPTCY CODE SECTION 1141 SHALL BECOME APPLICABLE WITH RESPECT TO THE PLAN AND THE PLAN SHALL BE BINDING ON ALL PARTIES TO THE FULLEST EXTENT PERMITTED BY BANKRUPTCY CODE SECTION 1141(A). IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1141, ALL OF THE DEBTORS PROPERTY SHALL BE VESTED IN THE REORGANIZED DEBTOR FREE AND CLEAR OF ALL CLAIMS, LIENS AND INTERESTS OF CREDITORS AND ALL PROPERTY TRANSFERRED TO SECURED LENDERS PURSUANT TO THE PLAN SHALL BE VESTED IN THE RESPECTIVE SECURED LENDER FREE AND CLEAR OF ALL CLAIMS, LIENS AND INTERESTS OF CREDITORS.

UPON THE EFFECTIVE DATE, ALL PERSONS AND ENTITIES SHALL BE PERMANENTLY ENJOINED BY THE PLAN FROM (I) COMMENCING OR CONTINUING ANY ACTION, EMPLOYING ANY PROCESS, ASSERTING OR UNDERTAKING AN ACT TO COLLECT, RECOVER, OR OFFSET, DIRECTLY OR INDIRECTLY, ANY CLAIM, RIGHTS, CAUSES OF ACTION, LIABILITIES, OR INTERESTS IN OR AGAINST ANY PROPERTY DISTRIBUTED OR TO BE DISTRIBUTED UNDER THE PLAN, OR VESTED IN THE REORGANIZED DEBTOR OR ANY SECURED LENDER, BASED UPON ANY ACT, OMISSION, TRANSACTION, OR OTHER ACTIVITY THAT OCCURRED BEFORE THE EFFECTIVE DATE, (II) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE AGAINST ANY PROPERTY DISTRIBUTED OR TO BE DISTRIBUTED UNDER THE PLAN OTHER THAN AS PERMITTED UNDER THE PLAN, AND (III) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ASSERTING ANY CLAIMS AGAINST THE REORGANIZED DEBTOR, ANY SECURED LENDER THAT IS A TRANSFEREE OF A PROPERTY, OR REORGANIZED DEBTOR PARENT BASED ON SUCCESSOR LIABILITY OR SIMILAR OR RELATED THEORY, EXCEPT TO THE EXTENT A PERSON OR ENTITY HOLDS AN ALLOWED CLAIM UNDER THE PLAN AND IS ENTITLED TO A DISTRIBUTION

AND/OR LIEN UNDER THE PLAN IN ACCORDANCE WITH ITS TERMS, AND TO ENFORCE ITS RIGHTS TO DISTRIBUTION UNDER THE PLAN.

ON AND AFTER THE EFFECTIVE DATE, EACH HOLDER OF ANY CLAIM AGAINST OR INTEREST IN THE DEBTOR IS PERMANENTLY ENJOINED FROM TAKING OR PARTICIPATING IN ANY ACTION THAT WOULD INTERFERE OR OTHERWISE HINDER DEBTOR FROM IMPLEMENTING THE PLAN, THE CONFIRMATION ORDER OR ANY OPERATIVE DOCUMENTS IN ACCORDANCE WITH THE TERMS THEREOF. NOTWITHSTANDING ANY OTHER PROVISION IN THIS PLAN, THIS PLAN DOES NOT EXCHANGE, SATISFY, DISCHARGE OR RELEASE OF ANY DEBT THAT IS NONDISCHARGEABLE UNDER BANKRUPTCY CODE § 523, AND DOES NOT PRECLUDE THE HOLDER OF SUCH DEBT FROM COLLECTING, IN ANY WAY, SUCH NONDISCHARGEABLE DEBT FROM THE DEBTORS, THE REORGANIZED DEBTORS OR ANY THIRD PARTY.

3. Exculpation

None of the Releasees, nor any of their respective Representatives shall have or incur any liability to any Holder of a Claim against the Debtor, or any other party-in-interest, or any of their Representatives, or any of their successors or assigns, for any act, omission, transaction or other occurrence in connection with, relating to, or arising out of the Chapter 11 Case, the pursuit of confirmation of the Plan, or the consummation of the Plan, except and solely to the extent such liability is based on fraud, gross negligence or willful misconduct. The Releasees shall be entitled to reasonably rely upon the advice of counsel with respect to any of their duties and responsibilities under the Plan or in the context of the Chapter 11 Case. No Holder of a Claim against the Debtor, or any other party-in-interest, including their respective Representatives, shall have any right of action against the Releasees or any of their Representatives, for any act, omission, transaction or other occurrence in connection with, relating to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan, except to the extent arising from fraud. Nothing in Section 13.3 of the Plan shall be deemed an exculpation by any Releasor of any Releasee or any of its Representatives for any acts, omissions, transactions, events or other occurrences taking place after the Effective Date or an exculpation by Secured Lenders or any other party in connection with any obligations with respect to the Refinanced Secured Loans or any amounts owed under any Refinanced Secured Loan Documents (if and where applicable).

4. Injunctions

Injunctions Against Releasors. All of the Releasors, along with any of their successors or assigns, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind against the Releasees or any of their respective Representatives in respect of any Released Liabilities, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Releasees or any of their respective Representatives in respect of any Released Liabilities, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Releasees or any of their respective Representatives in respect of any Released Liabilities, or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Releasees or any of their respective Representatives or against the property or interests in property of the Releasees or any of

1 their respective Representatives, in respect of any Released Liabilities; provided, however, that
 2 nothing contained in the Plan shall preclude such Releasors from exercising their rights pursuant to
 3 and consistent with the terms of the Plan and the contracts, instruments, releases and other agreements
 4 contained in the Plan shall be deemed to enjoin any Releasor from taking any action against any
 5 Releasee or any of its Representatives based on the release exceptions contained in Section 13.4 of the
 6 Plan.

7 *Injunction Protecting Exculpation of Releasees and Debtors.* All Holders of Claims against the
 8 Debtor and any other parties-in-interest, along with any of their Representatives and any of their
 9 successors or assigns are permanently enjoined, from and after the Effective Date, from (i)
 10 commencing or continuing in any manner any action or other proceeding of any kind against
 11 Releasees or any of their respective Representatives in respect of any potential liability for which
 12 exculpation is granted pursuant to Section 11.3 of the Plan, (ii) enforcing, attaching, collecting or
 13 recovering by any manner or means of any judgment, award, decree or order against Releasees or any
 14 of their respective Representatives in respect of any potential liability for which exculpation is granted
 15 pursuant to Section 11.3 of the Plan, (iii) creating, perfecting, or enforcing any encumbrance of any
 16 kind against Releasees or any of their respective Representatives in respect of any potential liability
 17 for which exculpation is granted pursuant to Section 13.3 of the Plan, or (iv) asserting any right of
 18 setoff, subrogation or recoupment of any kind against any Releasee or any of their respective
 19 Representatives or against the property or interests in property any Releasee or any of their respective
 20 Representatives, in respect of any potential liability for which exculpation is granted pursuant to
 21 Section 13.3 of the Plan; provided, however, that nothing contained in the Plan shall preclude any
 22 Holder or other party-in-interest from exercising its rights pursuant to and consistent with the terms
 23 hereof and the contracts, instruments, releases and other agreements and documents delivered under or
 24 in connection with the Plan.

25 *Injunction Against Interference With the Plan.* Upon the Effective Date, all Holders of Claims
 26 against the Debtor and their respective Representatives and any of their successors or assigns shall be
 27 enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

28 **5. Adequate Protection Liens; Cash Collateral Orders**

As of the Effective Date, any replacement Liens granted as adequate protection pursuant to the
 terms of any Cash Collateral Orders shall be deemed to be terminated, discharged, eliminated and of
 no further force and effect, if any.

As of the Effective Date, the Debtors obligations under all Cash Collateral Orders shall be
 deemed to be fully satisfied, released, discharged and terminated, and such Cash Collateral Orders
 shall be of no further force and effect, if any.

6. Termination of Debt Instruments & Notices of Default and Trustee's Sale

On the Effective Date, all instruments evidencing indebtedness of the Debtor held by Holders
 of Claims that are Impaired by this Plan or have been paid in full pursuant thereto shall be deemed
 canceled or modified consistent with this Plan against the Debtor. And all Notices of Breach &
 Election to Sell and Notices of Trustee's Sale shall be canceled and/or rescinded against any of the
 Debtor's properties treated under the Plan. Recording of the Confirmation Order shall serve as a
 rescission of any such notice.

7. Judgments Void

Any judgment obtained before or after the Effective Date in any court other than the Bankruptcy Court shall be null and void as a determination of liability of the Debtor and/or the Reorganized Debtor with respect to any debt treated by the Plan.

8. Revesting of Assets in Reorganized Debtor

Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, but retroactive to the Confirmation Date, without any further action, the Reorganized Debtor, will be vested with all of the property of the Estate, wherever situated, free and clear of all Claims, Liens (except for Liens provided or authorized pursuant to the Plan and Permitted Encumbrances in Section 4.1 of the Plan); provided, however, that the Properties to be transferred to Secured Lenders pursuant to the terms of the Plan shall be transferred to the applicable Secured Lender by the Reorganized Debtors. Without limiting the generality of the foregoing, on and after the Effective Date, the Reorganized Debtors shall be vested with all of the property of the Estate, wherever situated, free and clear of any Claims based on any form of successor liability or similar or related theory of liability. On and after the Effective Date, (i) the Reorganized Debtor shall be free of any restrictions imposed by the Bankruptcy Code or Bankruptcy Court, may operate its business and may use, acquire or dispose of its assets (including the Properties) free of any restrictions imposed by the Bankruptcy Code and the Bankruptcy Rules and without supervision or approval by the Bankruptcy Court, other than the obligations set forth in the Plan, or the Confirmation Order. Without limiting the generality of the foregoing and except as otherwise expressly provided herein or in the Confirmation Order, any Causes of Action, will be preserved and retained solely for the Reorganized Debtors commencement, prosecution, use and benefit.

9. Preservation of Causes of Action

Pursuant to Bankruptcy Code section 1123(b), the Debtor as Reorganized Debtor shall retain and reserve the right to enforce all rights to commence and pursue Causes of Action (which includes, among other things, avoidance actions commenced, or that may be commenced, before or after the Effective Date, pursuant to Bankruptcy Code sections 544, 545, 547, 548, 550 or 551) whether arising prior to or after the Petition Dates, and whether pending as of or Filed after the Effective Date, in any court or other tribunal. Unless a Cause of Action is expressly waived, relinquished, released, compromised or settled in the Plan, or any Final Order, the Debtor on behalf of themselves and as the Reorganized Debtor expressly reserve all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to any Causes of Action upon Confirmation or the Effective Date. No entity may rely on the absence of a specific reference in the Plan, or the Disclosure Statement to any Cause of Action against them as an indication that the Debtor, or the Reorganized Debtor, will not pursue any and all available Causes of Action against them. The Debtor and the Reorganized Debtor, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

10. Maintenance of Administrative Claim Status Post Discharge

Notwithstanding any discharge granted to the Debtor, Allowed Administrative Claims shall maintain their administrative priority status under Bankruptcy Code section 507(a)(2) until paid in full.

11. No Limitation on Effect of Confirmation

Nothing contained in the Plan or the Disclosure Statement will limit, waive or restrict in any way the effect of Confirmation as set forth in Bankruptcy Code section 1141. Confirmation will bind the Debtor, all Creditors and other parties in interest to the provisions of the Plan, whether or not the Claim of such Creditor Holder is Impaired under the Plan and whether or not such Creditor Holder has accepted the Plan and whether or not a proof of Claim has been filed or deemed to have been filed under Bankruptcy Code sections 501 or 1111(a), or such is allowed under Bankruptcy Code section 502.

I. Plan Provisions Concerning Plan Distributions.

1. Distributions on Account of Claims Allowed as of the Effective Date

Distributions under the Plan on account of Claims Allowed on or before the Effective Date shall be made on the Effective Date, or on the first date thereafter as is reasonably practicable.

2. Distributions on Account of Claims Allowed After the Effective Date

Distributions to Holders of Disputed Claims. Except as otherwise provided in the Plan and except as otherwise agreed by the relevant parties: (i) no partial payments and no partial Distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order, and (ii) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any Distribution on the Allowed Claim unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Claims have been Allowed.

3. Manner of Payment Under the Plan

Distributions of Cash to be made by the Distribution Agent pursuant to the Plan must be made, at the discretion of the Distribution Agent, by check drawn on the Distribution Agent's bank account or by wire transfer from a domestic bank. Any other provision of the Plan to the contrary notwithstanding, no payments of cents will be made. Whenever any payment of cents would otherwise be called for, the actual payment may reflect a rounding of such fraction to the nearest whole dollar (up or down).

4. Unclaimed Property

Any security, money, or other property remaining unclaimed at the expiration of the time allowed in a case under chapter 9, 11, or 12 of this title for the presentation of a security or the performance of any other act as a condition to participation in the distribution under any plan confirmed under section 943 (b), 1129, 1173, or 1225 of this title, as the case may be, becomes the property of the debtor or of the entity acquiring the assets of the debtor under the plan, as the case may

1 be.

2 **5. Delivery of Distributions**

3 *Record Date for Distributions.* On the Distribution Record Date, the Claims Register shall be
4 closed and any Person responsible for making Distributions shall be authorized and entitled to
5 recognize only those record Holders listed on the Claims Register as of the close of business on the
6 Distribution Record Date. Notwithstanding the foregoing, if a Claim is transferred twenty or fewer
7 days before the Distribution Record Date, the Distribution Agent shall make Distributions to the
transferee only to the extent practical and in any event only if the relevant transfer form contains an
unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

8 *Distribution Agent.* The Distribution Agent shall make all Distributions required under the
9 Plan. The Distribution Agent in this case will be Steven L. Yarmy, Esq., 7464 W Sahara Ave, STE 8,
Las Vegas, Nevada 89117. Ph: 702-586-3513.

10 *Delivery of Distributions in General.* Except as otherwise provided in the Plan, and
11 notwithstanding any authority to the contrary, Distributions to all Holders of Allowed Claims shall be
12 made to Holders of record as of the Distribution Record Date by the Distribution Agent: (a) in
13 accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy
14 Rule 7004; (b) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other
15 representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is
16 Filed or if Debtor has been notified in writing of a change of address); (c) at the addresses set forth in
17 any written notices of address changes delivered to the Debtor after the date of any related Proof of
18 Claim; (d) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the
19 Distribution Agent has not received a written notice of a change of address; or (e) on any counsel that
20 has appeared in the Chapter 11 Case on the Holder's behalf. Except as otherwise provided in the Plan,
Distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment,
attachment, or like legal process, so that each Holder of an Allowed Claim shall have and receive the
benefit of the Distributions in the manner set forth in the Plan. Absent willful misconduct or gross
negligence, Debtors, the Debtor, the Reorganized Debtor, or any Secured Lender that is a transferee of
a Property, and Distribution Agent, as applicable, shall not incur any liability on account of any
Distributions made under the Plan.

21 *Returned Distributions.* In the case of Distributions to the Holders of Allowed Claims that are
22 returned to the Distribution Agent due to an incorrect or incomplete address, the Distribution Agent
23 shall retain any such returned Distribution in a segregated account established by the Distribution
24 Agent to keep track of any returned Distributions. Unless the Holder of the Allowed Claim relating to
25 any such returned Distribution contacts the Distribution Agent (or its designee) within three (3)
26 months from the date on which such Distribution was returned and provides the Distribution Agent (or
its designee) with acceptable proof of identity and an accurate address, such Holder shall forfeit all
rights thereto, and to any and all future Distributions or rights under the Plan. In such event, the Claim
for which such Distributions was issued shall be treated as a Disallowed Claim and the Distribution on
account of such Disallowed Claim shall promptly be distributed Reorganized Debtor.

27 *Disputed Distributions.* In the event of any dispute between or among Holders of Claims as to
28 the right to any Holder of a Claim to receive or retain any Distribution to be made to such Holder
under the Plan, the Distribution Agent, in lieu of making such Distribution to such Holder, may make

1 it instead into an escrow account for payment as ordered by the Bankruptcy Court or as the interested
 2 parties to such dispute may otherwise agree among themselves. Any such Holder who fails to raise
 3 such dispute by filing an appropriate request for relief with the Bankruptcy Court prior to the issuance
 4 of such disputed Distribution by the Distribution Agent shall be deemed to have forever waived any
 right to dispute such Distribution or to enjoin, impair or otherwise restrict the use of any such
 Distribution.

5 *Setoffs.* The Distribution Agent may, but shall not be required to, set-off against any
 6 Distributions to be made pursuant to the Plan to a Holder of an Allowed Claim, Claims of any nature
 7 whatsoever that Debtor may have, or may have had, against such Holder that have not been previously
 8 released, but neither the failure to do so, nor the allowance of any Claim held by such Holder shall
 constitute a waiver or release by the Distribution Agent of any such Claim Debtor may have, or may
 have had, against such Holder.

9 *Withholding Taxes.* The Distribution Agent shall be entitled to deduct any applicable federal or
 10 state withholding taxes from any payments made with respect to Allowed Claims, as appropriate, and
 shall otherwise comply with Bankruptcy Code section 346.

11 *Allocation of Distributions.* Distributions on account of Allowed Claims shall, for tax
 12 purposes, be treated as allocated first to principal, and thereafter to interest only to the extent that the
 13 entire principal amount has been recovered, if applicable.

14 **J. Procedures for Resolving Disputed Claims.**

15 **1. Objection to and Resolution of Claims**

16 Except as to applications for allowance of compensation and reimbursement of expenses under
 17 Bankruptcy Code sections 330, 331 and/or 503, the Reorganized Debtor shall, on and after the
 18 Effective Date, have the exclusive right to make and file objections to Claims ("Disputed Claims").
 19 On and after the Effective Date, the Reorganized Debtor shall have the authority to compromise,
 20 settle, otherwise resolve or withdraw any objections to any Claims and compromise, settle or
 21 otherwise resolve Disputed Claims without approval of the Bankruptcy Court. Unless otherwise
 22 ordered by the Bankruptcy Court, the Debtor and, on and after the Effective Date, the Reorganized
 23 Debtor, shall file all objections to Claims that are the subject of proofs of Claim or requests for
 payment filed with the Bankruptcy Court (other than applications for allowances of compensation and
 reimbursement of expenses with respect to Professional Fee Claims) and serve such objections upon
 the Holder of the Claim as to which the objection is made as soon as is practicable, but in no event
 later than one (1) year after the Effective Date or such later date as may be approved by the
 Bankruptcy Court.

24 **2. Payments**

25 Payments and Distributions to each Holder of a Disputed Claim that ultimately becomes an
 26 Allowed Claim shall be made in accordance with the provision of the Plan with respect to the Class of
 27 Creditors to which the respective Holder of an Allowed Claim belongs. Without limiting the
 28 generality of the foregoing, the Debtor shall not be required to object to any Claim irrespective of
 whether such Claim is Allowed or Disputed, whether in whole or in part.

3. Contingent Claims

Until such time as a contingent Claim or a contingent portion of an Allowed Claim becomes fixed or absolute or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to Distributions under the Plan. The Holder of a contingent Claim will only be entitled to a Distribution under the Plan when and if such contingent Claim becomes an Allowed Claim.

4. Estimation of Claims

The Debtor, prior to the Effective Date, and the Reorganized Debtor, after the Effective Date, shall be permitted, at any time, to request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section Bankruptcy Code 502(c), regardless of whether the Debtor previously had objected to such Claim or whether the Bankruptcy Court had ruled on such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during any litigation concerning any objection to such Claim, including during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If such estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtor may elect to pursue any supplemental proceedings to object to the allowance of such Claim.

5. Reserve for Disputed Claims

On and after the Effective Date, the Distribution Agent shall hold in segregated reserve accounts (the "Reserve"), Cash in an aggregate amount sufficient to make Distributions to each Holder of a Disputed Claim at the time distributions are made pursuant to the Plan in the amount that such Holder would have been entitled to receive if such Claim had been an Allowed Claim on the Effective Date. Nothing contained herein shall be deemed to entitle the Holder of a Disputed Claim to post-Petition Date interest on such Claim. Any funds remaining in the Reserve after all Distributions on account of Allowed Claims have been made shall be promptly distributed to Reorganized Debtor.

K. Summary of Other Provisions of the Plan

The following subsections summarize certain other significant provisions of the Plan. The Plan should be referred to for the complete text of these and other provisions.

1. Management

Following the Effective Date, the Reorganized Debtor will be SUSAN DAVILA.

2. Modification of Plan

11 U.S.C. § 1127 –

- (a) The proponent of a plan may modify such plan at any time before confirmation, but may not modify such plan so that such plan as modified fails to meet the requirements of sections 1122 and 1123 of this title. After the proponent of a plan files a modification of such plan with the court, the plan as modified becomes the plan.

- (b) The proponent of a plan or the reorganized debtor may modify such plan at any time after confirmation of such plan and before substantial consummation of such plan, but may not modify such plan so that such plan as modified fails to meet the requirements of sections 1122 and 1123 of this title. Such plan as modified under this subsection becomes the plan only if circumstances warrant such modification and the court, after notice and a hearing, confirms such plan as modified, under section 1129 of this title.
- (c) The proponent of a modification shall comply with section 1125 of this title with respect to the plan as modified.
- (d) Any holder of a claim or interest that has accepted or rejected a plan is deemed to have accepted or rejected, as the case may be, such plan as modified, unless, within the time fixed by the court, such holder changes such holder's previous acceptance or rejection.
- (e) If the debtor is an individual, the plan may be modified at any time after confirmation of the plan but before the completion of payments under the plan, whether or not the plan has been substantially consummated, upon request of the debtor, the trustee, the United States trustee, or the holder of an allowed unsecured claim, to—
- (1) increase or reduce the amount of payments on claims of a particular class provided for by the plan;
 - (2) extend or reduce the time period for such payments; or
 - (3) alter the amount of the distribution to a creditor whose claim is provided for by the plan to the extent necessary to take account of any payment of such claim made other than under the plan.
- (f)
- (1) Sections 1121 through 1128 and the requirements of section 1129 apply to any modification under subsection (e).

The plan, as modified, shall become the plan only after there has been disclosure under section 1125 as the court may direct, notice and a hearing, and such modification is approved.

3. Withdrawal or Revocation of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation of the Plan or the Effective Date does not ultimately occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests by or against the Debtor or any Person or

Entity; (b) prejudice in any manner the rights of the Debtor or any other Person or Entity in any further proceedings involving the Debtor; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by the Debtor, the Debtors, or any other Person or Entity.

4. Exemption from Certain Transfer Taxes and Further Transitions

Pursuant to Bankruptcy Code section 1146(a), the issuance or exchange of any security, or the making or delivery of any instrument of transfer under, in furtherance, or in connection with the Plan, including, but not limited to, any deeds, bills of sale, assignments or other instruments of transfer (including those with respect to the Properties), shall not be subject to any stamp tax, real estate transfer tax or similar tax.

5. Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power, at the request of Debtors and subject to the consent of any party adversely affected thereby, to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, Impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the consent of Debtors and any other Person or Entity affected by such provision; and (c) non-severable and mutually dependent.

6. Cancellation of Old Equity Interest

On the Effective Date, all notes, stock, instruments, certificates, agreements and other documents evidencing the Old Equity Interests shall be extinguished, terminated, canceled, and the obligations of the Debtor and the rights of the Holders thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person.

7. New Equity Interest

On the Effective Date, the Reorganized Debtor shall issue the New Equity Interests to the Debtor's current equity interest holders pursuant to the terms set forth in the Plan. The New Equity Interests shall represent all of the Equity Interests in the Reorganized Debtor as of the Effective Date. The New Equity Interests to be issued to the Debtor's current equity interest holders without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code.

8. Securities Registration Exemption and Registration Rights Agreement

The New Equity Interests to be issued pursuant to the Plan will be issued without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code.

9. Attorney's Fees

In the event any party is required to enforce the terms of the Plan or any other act required or contemplated by the Plan, the prevailing party in any motion or action to enforce shall be entitled to recover reasonable attorneys' fees, as well as court costs and expenses, incurred in connection with such motion or legal action.

~~10. Stripping of Liens~~

~~The Plan shall constitute a motion pursuant to section 506 of the Bankruptcy Code, and Bankruptcy Rules 3012 and 9014. Except as expressly provided in Classes 1 through 2, all other secured claims and their related liens against the Debtor's property shall be stripped, including but not limited to junior mortgages, non-superpriority portions of HOA liens, utility liens and all other liens against the Debtor's property. Therefore, the order confirming the Plan will constitute the Court's finding and determination that the stripping of liens as set forth herein is: (i) in the best interests of the Debtor, its estate and parties-in-interest, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved pursuant to section 506(a) of the Bankruptcy Code and Bankruptcy Rules 3012 and 9014.~~

VI. CONFIRMATION AND CONSUMMATION PROCEDURES

A. Confirmation of the Plan

1. Bankruptcy Code Section 1129(a)

In order to meet the requirements for confirmation, the Plan (among other things) must: (i) be accepted by all Impaired Classes of Claims, or if rejected by an Impaired Class, not "discriminate unfairly" and be "fair and equitable" as to such class; (ii) be "feasible," and (iii) be in the "best interests" of holders of Claims in Impaired Classes.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of chapter 11 of the Bankruptcy Code. Specifically, in addition to other applicable requirements, the Proponents believe that the Plan satisfies or will satisfy the following requirements of section 1129 of the Bankruptcy Code:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by the Reorganized Debtor by a person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made before the confirmation of the Plan is reasonable; or (ii) is subject to the approval of the

1 Bankruptcy Court as reasonable, if such payment is to be fixed after confirmation of
2 the Plan.

- 3 • The Proponents have disclosed the identity and affiliations of any individual proposed
4 to serve, after confirmation of the Plan, as managers of the Reorganized Debtors, and
5 the appointment to, or continuance in, such office of such individual is consistent with
6 the interests of creditors and with public policy.
- 7 • The Proponents have disclosed the identity of any insider that will be employed or
8 retained as or by the Reorganized Debtor and the nature of any compensation for such
9 insider.
- 10 • Each holder of an impaired Claim or Interest either has accepted the Plan or will
11 receive or retain under the Plan, on account of such holder's Claim or Interest, property
12 of a value as of the Effective Date that is not less than the amount such holder would
13 receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of
14 the Bankruptcy Code.
- 15 • The starting point in determining whether the Plan meets the "best interests" test is a
16 determination of the amount of proceeds that would be generated from the liquidation
17 of the Debtor's assets in the context of a chapter 7 liquidation (such amount, the
18 "**Liquidation Proceeds**"). The Liquidation Proceeds must then be reduced by the costs
19 of such liquidation, including costs incurred during the Chapter 11 Case and allowed
20 under chapter 7 of the Bankruptcy Code (such as professionals' fees and expenses, a
21 chapter 7 trustee's fees, and the fees and expenses of professionals retained by the
22 chapter 7 trustee). The potential chapter 7 liquidation distribution in respect of each
23 Class must be reduced further by costs imposed by the delay caused by conversion to
24 chapter 7. In addition, inefficiencies in the claims resolution process in a chapter 7
25 would negatively impact the recoveries of creditors. The net present value of a
26 hypothetical chapter 7 liquidation distribution in respect of an impaired claim is then
27 compared to the recovery provided by the Plan for such impaired claim.
- 28 • Based on the Proponents' liquidation analysis set forth as Exhibit A hereto (the
"**Liquidation Analysis**"), the Proponents believe that each Class of Creditors and
Interest Holders will receive under the Plan a recovery at least equal in value to the
recovery such Impaired Class would receive pursuant to a liquidation of the Debtor
under chapter 7 of the Bankruptcy Code.
- Except to the extent the Plan meets the requirements of section 1129(b) of the
Bankruptcy Code, each Class of Claims either has accepted the Plan or is not an
Impaired Class under the Plan.
- Except to the extent that the holder of a particular Claim has agreed to a different

treatment of such Claim, the Plan provides that Administrative Claims, Priority Tax Claims and Priority Claims will be paid in full or otherwise treated in accordance with Bankruptcy Code section 1129(a)(9) as required by the Bankruptcy Code.

- At least one Impaired Class has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Impaired Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtor. This requirement is commonly referred to as the “feasibility test.”
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the U.S. Trustee will be paid as of the Effective Date.

2. Bankruptcy Code Section 1129(b)

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a chapter 11 plan of reorganization even if not all impaired classes have accepted the plan; provided that such plan has been accepted by at least one impaired class. The Proponents seek to confirm the Plan notwithstanding its rejection by any of the Impaired Classes. In order to obtain such nonconsensual confirmation (or “cramdown”) of the Plan, the Proponents must demonstrate to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each Impaired Class that voted to reject the Plan (each such Impaired Class, a “*Non-Accepting Class*”).

(a) Fair and Equitable Test

The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable,” and includes the general requirement that no class receive more than 100% of the amount of the allowed claims in such class. The “fair and equitable” test sets different standards for secured creditors, unsecured creditors, and equity holders, as follows:

(i) Secured Creditors

With respect to Non-Accepting Classes of Secured Claims, the “fair and equitable” test requires that (i) each impaired secured creditor retains the liens securing its allowed secured claim and receives on account of that claim deferred cash payments having a present value equal to the amount of its allowed secured claim; (ii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) above; or (iii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim.

The Debtor believes that the “fair and equitable” test is satisfied with respect to the Secured Lenders holding Impaired Secured Claims. The Plan provides that such Secured Lenders will, depending on the Secured Lender, either retain its liens securing its Allowed Secured Claim and receive on account of that claim deferred cash payments having a present value equal to the amount of its allowed secured claim, or will receive title to the property that secured such Secured Lender’s Claim.

(ii) Unsecured Creditors

With respect to Non-Accepting Classes of Unsecured Claims, the “fair and equitable” test requires that (i) each impaired unsecured creditor receives or retains under the Plan property of a value equal to the amount of its allowed claim; or (ii) the holders of any claims that are junior to the Non Accepting Class will not receive any property under the Plan. (This provision is often referred to as the “absolute priority” rule.)

The Debtor believes that the fair and equitable test is satisfied with respect to Class 3, the only class of unsecured creditors, as the Plan strictly adheres to the absolute priority rule as nowhere does the Plan provide for distributions to the holders of any Claims or Interests that are junior to any Non-Accepting Class of Claims or Interests of the Debtor.

(iii) Old Equity Interest

The “fair and equitable” test requires that (i) each holder of an Old Equity Interest will receive or retain under the Plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled, or the value of the interest; or (ii) the holder of an interest that is junior to the Non Accepting Class will not receive or retain any property under the Plan. Class 4 is deemed to have accepted the Plan. However, as no class junior to Class 4 will receive any recovery, the “fair and equitable test” is satisfied with respect to the Holders of the Old Equity Interests.

(b) No Unfair Discrimination

A plan does not “discriminate unfairly” with respect to a Non Accepting Class if the value of the cash and/or securities to be distributed to the Class is equal to, or otherwise fair when compared to, the value of the distributions to other Classes whose legal rights are the same as those of the Non Accepting Class. There is no disparity in such rights in the Plan; the Plan therefore does not discriminate unfairly.

The Debtor will establish at the Confirmation Hearing that each of these requirements has been satisfied under the Plan.

B. Conditions to Effective Date

1. Conditions to Occurrence of Effective Date

Each of the following are conditions to be met on or before the Effective Date, which conditions must be satisfied or waived in writing by the Proponents:

(a) The Confirmation Order shall be entered by the Bankruptcy Court and shall have become a Final Order;

(b) The required amount of Confirmation Funds have been paid and turned over to the

Distribution Agent for Distribution in accordance with this Plan, which in this case will be \$25,000.00;

(c) The Confirmation Order authorizes the assumption and assignment of all Assumed Contracts;

(d) To the extent Confirmation Funds are insufficient to satisfy the Allowed Administrative Claims and Allowed Priority Claims (other than Professional Fee claims, if any) in full, the Reorganized Debtor has assumed or will pay the remaining amounts unless otherwise agreed by the Holder of such Allowed Administrative and Allowed Priority Claims Claim, which are to be paid solely from the DIP Account;

(e) All Properties that this Plan requires to be transferred to Secured Lenders have been transferred to the applicable Secured Lender by the Reorganized Debtor;

(f) All conditions precedent to the closing of any Refinanced Secured Loan Documents have been satisfied or waived in accordance with the terms hereof; and

(g) Any outstanding US Trustee Fees shall have been paid in full.

Any condition precedent for the occurrence of the Effective Date set forth in Section 10.1 of the Plan may be waived by the Proponents in their sole discretion, without notice, leave, or order of the Bankruptcy Court or any other formal action.

2. Effect of Failure of Conditions Precedent

In the event that the Effective Date does not occur: (i) the Confirmation Order shall be vacated without further order of the Bankruptcy Court; (ii) no distributions under the Plan shall be made, (iii) the Debtors and all holders of Claims shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; and (iv) the Debtors obligations with respect to Claims shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims by or against the Debtors or any other Person or will prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtor.

VII. FINANCIAL INFORMATION

A. Reorganized Debtor.

Exhibit B to this Disclosure Statement contain certain financial projections (collectively, the “*Financial Projections*”) for the Debtors. The projections are based upon the rental property income and personal income of the Debtors provided for under the Plan and are subject to the assumptions and limitations contained in Exhibit B, as well as any business, operational, strategic or financial decisions that the Debtors may make with respect to the operations of the Debtors in the future. Subject to those limitations and assumptions and to the Risk Factors set forth in this Disclosure Statement, the Debtors believe that Exhibit B demonstrates that the Debtors have a reasonable prospect of success in their

1 future operations post-Consummation of the Plan.

2 **VIII. RISK FACTORS**

3 PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS
4 AGAINST THE DEBTOR SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET
5 FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS
6 DISCLOSURE STATEMENT, THE DOCUMENTS DELIVERED TOGETHER WITH THIS
7 DISCLOSURE STATEMENT, AND THE PLAN SUPPLEMENT. THE RISK FACTORS SET
FORTH BELOW SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS
INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

8 **A. General.**

9 **1. The Proponents Have No Duty to Update**

10 The statements in this Disclosure Statement are made by the Proponents as of the date hereof,
11 unless otherwise specified herein. The delivery of this Disclosure Statement after that date does not
12 imply that there has been no change in the information set forth herein since that date. The Proponents
have no duty to update this Disclosure Statement unless ordered to do so by the Bankruptcy Court.

13 **2. Information Presented is Based on the Debtors Books and Records, and is Unaudited**

14 While the Debtors have endeavored to present information fairly in this Disclosure Statement,
15 there is no assurance that the Debtors books and records upon which this Disclosure Statement is
16 based are complete and accurate. The financial information contained herein has been produced based
17 upon the Debtors books and records as they are maintained in the ordinary course of business and in
accordance with the Debtors ordinary and customary accounting practices. The financial information
contained herein, however, has not been audited.

18 **3. Projections and Other Forward Looking Statements Are Not Assured, And Actual** 19 **Results Will Vary**

20 Certain information in this Disclosure Statement is, by nature, forward looking, and contains
21 estimates and assumptions which might ultimately prove to be incorrect, and projections which may
22 differ materially from actual future results. There are uncertainties associated with all assumptions,
23 projections and estimates, and they should not be considered assurances or guarantees of the amount
of funds that will be distributed or the amount of Claims in the various Classes that will be allowed.
The allowed amount of Claims in each Class, as well as Administrative Claims, could be significantly
more than projected, which in turn, could cause the value of Distributions to be reduced substantially.

24 **4. Certain Tax Implications of the Plan**

25 Holders of Allowed Claims should carefully review Section X herein, "Material United States
26 Federal Income Tax Considerations," to determine how the tax implications of the Plan and the
27 Chapter 11 Case may affect Holders of Allowed Claims and the Debtors. The contents of this
Disclosure Statement should not be construed as legal, business or tax advice. Each holder of an
28 Allowed Claim should consult his, her or its own legal counsel and accountant as to legal, tax and
other matters concerning its Claim.

5. This Disclosure Statement Was Not Approved by the SEC

This Disclosure Statement has not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement or the exhibits contained herein, and any representation to the contrary is unlawful.

B. Certain Bankruptcy Considerations

1. Risk of Non-Conformation of the Plan

In order for the Reorganized Debtor to implement the Plan, the Debtors, like any other chapter 11 plan Debtors, must obtain approval of the Plan from their creditors and confirmation of the Plan through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process requires the Debtors to: (a) meet certain statutory requirements with respect to the adequacy of this Disclosure Statement; (b) solicit and obtain creditor acceptances of the Plan; and (c) fulfill other statutory conditions with respect to the confirmation of the Plan.

The Debtors may not receive the requisite acceptances to confirm the Plan. If the requisite acceptances of the Plan are received, the Debtors will seek confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances are not received, the Debtors will nevertheless seek confirmation of the Plan pursuant to the “cramdown” provisions of the Bankruptcy Code as long as at least one Impaired Class has accepted the Plan (determined without including the acceptance of any “insider” in such Impaired Class).

Even if the requisite acceptances of the Plan are received, or the Debtors are able to seek a “cramdown” confirmation, the Bankruptcy Court may not confirm the Plan as proposed. A holder of a Claim in a Non-Accepting Class could challenge the balloting procedures and results as not being in compliance with the Bankruptcy Code. Even if the Bankruptcy Court determined that the balloting procedures and results were appropriate, the Bankruptcy Court could decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. See Section VI.A above for a discussion of these requirements.

The Bankruptcy Court may determine that the Plan does not satisfy one or more of these applicable requirements, in which case the Plan could not be confirmed by the Bankruptcy Court. If the Plan is not confirmed by the Bankruptcy Court, it is unclear whether the Debtor would be able to reorganize its business and what, if any, distributions holders of Claims ultimately would receive with respect to their Claims. In addition, there can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm, and consummate an alternative plan of reorganization with respect to the Chapter 11 Case that is acceptable to the Bankruptcy Court and the holders of Claims.

2. Risk of Non-Occurrence of Effective Date

Although the Proponents anticipate that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. If each of the conditions precedent are not satisfied or duly waived, the Confirmation Order will be vacated without further order of the Bankruptcy Court, in which event the Plan would be deemed null and void.

3. Risk that Claims Will Be Higher Than Estimated

The projected distributions and recoveries set forth in this Disclosure Statement and the Liquidation Analysis are based on the Proponents' initial estimate of Allowed Claims, without having undertaken a substantive review of all filed Claims. The Plan allows for the establishment of reserves (the "Reserve") for the purposes of satisfying the Disputed Claims, as necessary or appropriate. The Proponents and the Reorganized Debtor reserve the right to seek estimation of such Disputed Claims pursuant to section 502(c) of the Bankruptcy Code. The actual amount at which such Disputed Claims are ultimately allowed may differ from the estimates. Holders of Disputed Claims are entitled to receive distributions under the Plan upon allowance of such Claims solely from the Reserve. If insufficient Plan consideration is available for distribution from the Reserve at the time of allowance of a Disputed Claim, the distributions on account of such Allowed Claim will be limited to such available amounts and the holder of such Allowed Claim will have no recourse against the Debtor for any deficiency that may arise. The Proponents project that the Claims asserted against the Debtor will be resolved in and reduced to an amount that approximates their estimates. There can be no assurance, however, that the Proponents' estimates will prove accurate. If claims are ultimately allowed in amounts higher than estimated, for example, distributions and recoveries on account of claims may be lower than estimated.

C. Risks Related to the Reorganized Debtors Significant Indebtedness.

1. Continuing Leverage and Ability to Service Debt

Although the consummation of the Plan will significantly reduce the debt service obligations of the Debtors, the Debtors will remain significantly leveraged. The Debtors believe that, following consummation of the Plan, they will be able to meet their anticipated future operating expenses, capital expenditures and debt service obligations. However, the ability of the Debtors to meet its debt service obligations will depend on a number of factors, including future market performance of their rental properties. These factors will be affected by general economic, financial, competitive, business and other factors beyond the control of the Debtors.

The Financial Projections for the Debtors attached as Exhibit B reflect the data that the Debtors provided and which is represented by their Monthly Operating Reports filed in this Chapter 11 Case. The projections rely upon the success of the Debtors business strategy and assumes revenue sources will be stable over the course of the Plan Term. However, there can be no assurance that such strategy will be successful. Although the Debtors believe that the financial projections are achievable if all assumptions are met, and that those assumptions are reasonable, there can be no assurance that the results set forth in such financial projections will be obtained.

D. Business Risks

1. Risks Related to the Chapter 11

During the Chapter 11 Case, the Debtors operations are subject to the risks and uncertainties associated with bankruptcy, but not limited to, the following:

- The Chapter 11 Case may adversely affect the Debtors business prospects and/or the Debtors ability to operate during the reorganization.

- The Chapter 11 Case and attendant difficulties of operating the Debtors Properties while attempting to reorganize the business in bankruptcy may make it more difficult to maintain and promote the Debtors Properties and attract customers to, and lessees of, the Debtors Properties.
- The Chapter 11 Case may cause the Debtors vendors and service providers to require stricter terms and conditions.
- The Chapter 11 Case will cause the Debtor to incur substantial costs for professional fees and other expenses associated with the bankruptcy.
- The Chapter 11 Case will prevent the Debtor from continuing to grow its business through acquisitions and may restrict the Debtor's ability to pursue other business strategies. Among other things, the Bankruptcy Code limits the Debtor's ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell or otherwise dispose of all or substantially all of the Debtor's assets or grant liens. These restrictions may place the Debtor at a competitive disadvantage.
- The Chapter 11 Case may adversely affect the Debtors ability to maintain, expand, develop and remodel its properties.
- Transactions by the Debtor outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court.
- Transactions by the Debtors that are in the ordinary course of the business are not subject to approval by the court.

2. Tenants May be Unable to Meet Rent Terms

The Debtors results of operation will depend on their ability to continue to lease their properties on economically favorable terms. Further, tenants' ability to pay minimum rents and expense recovery charges depends on their ability to achieve a certain level of sales. Therefore, substantially all of the Debtors income will be derived from rentals of real property and personal income. Thus, the cash available for debt service or operations would be adversely affected if a number of tenants are unable to meet their obligations.

3. Tenant Bankruptcies May Have Material Effect on the Properties

The bankruptcy of a tenant of one or more of the Properties may have a material adverse effect on the Properties affected and the income produced by these properties. In the event of such a bankruptcy, there can be no assurances that the Debtors could enter into new leases with tenants on the same or better terms. Consequently, it is important the Debtors be allowed to establish a sufficient Rental Reserve or Contingency Account for these unforeseen matters.

4. Factors Affecting the Economy May Harm the Debtor's Operating Results

During periods of economic contraction such as the current period, the Debtors revenues may

1 decrease while some of its costs remain fixed or even increase, resulting in decreased earnings.
 2 Furthermore, other uncertainties, including national and global economic conditions, other global
 3 events, or terrorist attacks or disasters in or around Nevada could have a significant adverse effect on
 the Reorganized Debtors business, financial condition and results of operations.

4 **5. The Debtor Depends on Key Markets and May Not Be Able to Continue to Attract a** 5 **Sufficient Number of Tenants to Make the Debtors Operations Profitable**

6 The Debtor's operating strategies relies on the vitality of the region in where its properties are
 7 located. There can be no assurance that the Debtor will be able to successfully adapt to the current
 economic downturn or any further economic slowdown.

8 **IX. MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

9 **Creditors Concerned with How the Plan May Affect Their Tax Liability Should Consult**
 10 **with their own Accountants, Attorneys, and/or Advisors.**

11 The Debtors do not anticipate any adverse tax consequences to their estate from the Plan. To
 12 the extent the Debtors receives any debt forgiveness income related to this Chapter 11 case, such
 income would not be taxable under Section 108(a)(1) of the Internal Revenue Code, 26 U.S.C. §§ 1, *et*
 13 *seq.*

14 *The foregoing summary has been provided for informational purposes only. All holders of*
 15 *Claims receiving a distribution under the Plan are urged to consult their tax advisors concerning the*
federal, state, local and foreign tax consequences applicable under the Plan.

16 **X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

17 If the Plan is not confirmed and consummated, the Debtors alternatives include (i) liquidation
 18 of the Debtors under chapter 7 of the Bankruptcy Code and (ii) the preparation and presentation of an
 alternative plan or plans of reorganization.

19 **A. Liquidation Under Chapter 7**

20 If the Plan or any other chapter 11 plan for the Debtor cannot be confirmed under section
 21 1129(a) or (b) of the Bankruptcy Code, the Chapter 11 Case may be converted to cases under chapter
 22 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate any
 23 remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy
 Code. In that event, all creditors most likely would receive distributions of a lesser value on account of
 24 their Allowed Claims and would have to wait a longer period of time to receive such distributions than
 they would under the Plan.

25 **B. Alternative Plans of Reorganization**

26 If the Plan is not confirmed, the Debtors, or any other party in interest, may attempt to
 27 formulate an alternative chapter 11 plan, which might provide for the liquidation of the Debtors
 remaining assets other than as provided by the Plan. Any attempt to formulate an alternative chapter
 28 11 plan would necessarily delay creditors' receipt of distributions and, due to the incurrence of
 additional administrative expenses during such period of delay, may provide for smaller distributions

1 to holders of Allowed Claims than are currently provided for under the Plan, Accordingly, the Debtors
2 believe that the Plan will enable all creditors to realize the greatest possible recovery on their
3 respective Claims with the least delay.

4 **XI. CONCLUSION AND RECOMMENDATION**

5 The Debtor believes that confirmation and implementation of the Plan is preferable to any of the
6 alternatives described above because it will provide the greatest recoveries to holders of Claim. Other
7 alternatives would involve significant delay, uncertainty and substantial additional administrative costs.
8 The Debtor urges holders of impaired Claims entitled to vote on the Plan to accept the Plan and to
9 evidence such acceptance by returning their Ballots so that they will be received no later than 5:00 p.m.,
10 prevailing Pacific time, on ~~April 13~~ July 11, 2016, 2016.

11 Dated: ~~June 27, 2016~~ July 11, 2016

12 /s/ Susan Davila

13 TOP DRAWER, LLC

14 ITS MANAGING MEMBER

15 /s/ Steven L. Yarmy

16 Steven L. Yarmy - Attorney for Debtor

EXHIBITS

Exhibit A - Liquidation Analysis

Exhibit B - Financial Projections

Exhibit C – Claims and Proposed Claims Distributions

EXHIBIT A

LIQUIDATION ANALYSIS²

A. OVERVIEW

A chapter 11 plan cannot be confirmed unless the bankruptcy court determines that the plan is in the “best interests” of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The “best interests” test requires a bankruptcy court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. The property in question here would have a liquidated value equal to its appraised value, less foreclosure costs and fees.

B. UNDERLYING ASSUMPTIONS AND DISCLAIMER

This liquidation analysis (the “**Liquidation Analysis**”) was prepared in connection with the filing of the Debtor’s Disclosure Statement and Plan.

The Debtor has prepared this Liquidation Analysis based on a hypothetical liquidation under chapter 7 of the Bankruptcy Code. The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtor’s assets in a Chapter 7 case is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtor, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtor and his legal advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual Chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual Chapter 7 liquidation.

It is assumed, among other things, that the hypothetical liquidation under Chapter 7 would commence under the direction of a court-appointed trustee and would continue for a period of time, during which time all of the Debtor’s major assets would be sold or surrendered to his respective lien holders, and the cash proceeds, if any, net of liquidation related costs, would then be distributed to creditors in accordance with relevant law.

THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTOR’S ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION. THIS ANALYSIS ASSUMES

² All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Disclosure Statement. To the extent that a definition of a term in the text of this Exhibit C to the Disclosure Statement and the definition of such term in the Disclosure Statement is inconsistent, the definition included in the Disclosure Statement shall control.

1 “LIQUIDATION VALUES” BASED ON APPRAISALS, WHERE AVAILABLE, AND THE
2 DEBTOR’S BUSINESS JUDGEMENT, WHERE APPRAISALS ARE NOT AVAILABLE.

3 THE UNDERLYING FINANCIAL INFORMATION IN THE LIQUIDATION ANALYSIS
4 WAS NOT COMPILED OR EXAMINED BY ANY INDEPENDENT ACCOUNTANTS. NEITHER
5 THE DEBTOR NOR HIS ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT
6 THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND
7 ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS
8 COULD VARY MATERIALLY.

9 THIS ANALYSIS ASSUMES “LIQUIDATION VALUES” BASED ON APPRAISALS, WHERE
10 AVAILABLE AND WHEN APPLICABLE, AND THE DEBTOR’S BUSINESS JUDGMENT,
11 WHERE APPRAISALS ARE NOT AVAILABLE.

12 **C. SUMMARY NOTES TO THIS LIQUIDATION ANALYSIS**

13 The Liquidation Analysis should be read in conjunction with the following notes and
14 assumptions:

- 15 1. Dependence on Unaudited Financial Statements. This Liquidation Analysis contains estimates
16 that are still under review and it remains subject to further legal and accounting analysis.
- 17 2. Preference or Fraudulent Transfers. No recovery or related litigation costs attributed to any
18 potential avoidance actions under the Bankruptcy Code, including potential reference or
19 fraudulent transfer actions are assumed within this analysis due to, among other issues,
20 anticipated disputes about these matters.
- 21 3. Duration of the Liquidation Process. The Debtor has assumed that the liquidation would
22 involve very little operations. Thus, this Liquidation Analysis assumes the liquidation would
23 be completed within twelve (12) months. In an actual liquidation the wind down process and
24 time period(s) could vary thereby impacting recoveries. For example, the potential for priority,
25 contingent and other claims, litigation, rejection costs and the final determination of allowed
26 claims could substantially impact both the timing and amount of the distribution of the asset
27 proceeds to the creditors. Accordingly, there can be no assurance that the values reflected in
28 this Liquidation Analysis would be realized if the Debtor was, in fact, to undergo such
liquidation.

D. SUMMARY OF LIQUIDATION ANALYSIS

Chapter 7 Liquidation Costs: Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by a Chapter 7 trustee, including, but not limited to, expenses affiliated with selling the Debtor's assets, will be entitled to payment in full prior to any distribution to Chapter 11 administrative and other priority claims. As the Debtor is an individual and does not operate a business, it is anticipated that any potential creditors' recoveries would be extinguished by the secured claims of the Debtor's first lien holders, leaving no recovery for unsecured creditors.

LIST OF DEBTOR'S COMMERCIAL PROPERTY

LIEN AMOUNT AND EQUITY AND OTHER CROSS COLLATERIZATION:

980 EMPIRE MESA WAY

HENDERSON, NV 89105

Current Value:	\$680,000.00
Secured Claims: First	(\$250,000.00)
2nd Cross-Collateral	<u>(\$430,000.00)</u>
	\$0.00

Celtic Bank is over secured with its cross collateralized second on this property.

970 & 980 EMPIRE MESA WAY

HENDERSON, NV 89015

Current Value:	\$1,400,000.00
Secured Claims First – Cross-Collateral	<u>(\$1,099,832.61)</u>
Equity:	\$300,167.39

Celtic Bank is adequately secured with its first deeds of trust on 970 and 978 Empire Mesa Way.

Should Celtic Bank foreclose on Image Makers property Celtic would be able to satisfy its claim.

Should Celtic Bank foreclose on the Debtor's property, it may only partially satisfy its Claim.

EXHIBIT B

Dependence on Assumptions. The Cash Flow Analysis is based on a number of estimates and assumptions that, although developed and considered reasonable by the Debtors advisors, are inherently subject to significant economic, business and competitive uncertainties and contingencies beyond the control of the Debtors. The Cash Flow Analysis is also based on the Debtors best judgment of how likely it is that they will be able to retain the same level of income throughout the life of their Plan and not have their workload and income reduced. Accordingly, there can be no assurance that the cash flow estimates reflected in this Cash Flow Analysis would be realized if the Debtors are unable to maintain their current income and actual results could vary materially and adversely from those contained herein.

DEBTORS FINANCIAL PROJECTIONS

Income & Expenses:

Monthly Income:

Current Gross Rental Income	\$3,900.00
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Total Current Income	\$3,900.00
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Monthly Investment property expense	(\$3,000.00)
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Net Operating Profit \$	\$900.00
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Property Income & Expense Analysis

First DOT – Devise Capital, LLC	\$2,500.00
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Property Taxes	\$ 400.00
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Property Insurance	<u>\$ 100.00</u>
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Total Expenses:	<u>\$3,500000.00</u>
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LUMP SUM PAYMENT FOR SATISFACTION OF ALL UNSECURED CLAIMS IN THEIR PRO
RATE SHARE:

\$10,000.00

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PROPOSED CLAIMS DISTRIBUTIONS

<u>Pro Rata Distribution % of Allowed Unsecured Claims:</u>				
<u>Proof of Claim No.</u>	<u>Creditor</u>	<u>Unsecured Claim Amount</u>	<u>Percentage</u>	<u>Total Amount</u>
1	Celtic Bank		0.00%	\$ -
2	Devise Capital LLC		0.00%	\$ -
3	Image Makers		0.00%	\$ -
	Octavio Padilla	\$ 60,000.00	54.55%	\$ 5,454.55
	Teresa Navaro	\$ 50,000.00	45.45%	\$ 4,545.45
			0.00%	\$ -
<u>Totals:</u>		<u>\$ 110,000.00</u>	<u>100.000%</u>	<u>\$ 10,000.00</u>