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9 **UNITED STATES BANKRUPTCY COURT**
10 **FOR THE DISTRICT OF NEVADA**

11 In re:) Case No.: 16-15641-MKN
12 EDWARD M. WILKE AND TAFFY M.)
13 WATKINS,) Chapter 11
14 Debtors,) **Hearing Date:** Local Rule 3017
15) **Hearing Time:** Conditional Approval
16) **Location:** 300 Las Vegas Blvd South, 3rd
17) Floor, Courtroom 2, Las Vegas, Nevada
18) **Judge:** Honorable Judge Mike K.
19 Nakagawa

20 **AMENDED FIRST DISCLOSURE STATEMENT**

21 THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED
22 STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA UNDER SECTION 1125(b)
23 OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE
24 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS
25 PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE
26 CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE
27 INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY
28 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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1 **I. INTRODUCTION**

2 **A. The Plan Generally.**

3 This is the Amended First Disclosure Statement (the “**Disclosure Statement**”) in the
4 individual chapter 11 case of EDWARD M. WILKE AND TAFFY M. WATKINS (collectively, the
5 “**Debtor**”). This Disclosure Statement contains information about the Debtors and describes the Plan
6 of Reorganization (the “**Plan**”) filed by them on **November 9, 2016**, in accordance with the United
States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”). A full copy of the Plan
is included with this Disclosure Statement.

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

10 **Unless otherwise defined herein, all capitalized terms contained in this Disclosure**
11 **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.

12 The Plan sets forth how the Debtor¹ assets and operations will be reorganized and how Claims
13 against the Debtors will be treated if the Plan is confirmed by the Bankruptcy Court and is thereafter
14 consummated. This Disclosure Statement describes certain aspects of the Plan and how it will be
15 implemented if confirmed, the Debtors operations, significant events leading to and occurring during
16 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.

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

- 18 • Exhibit A -- Liquidation Analysis
- 19 • Exhibit B -- Financial Information
- 20 • Exhibit C – Claims Filed and Proposed Distributions

21 The Plan is filed contemporaneously herewith.

22
23 **THE DEBTORS BELIEVE THAT THE PLAN COMPLIES WITH ALL PROVISIONS OF THE**
24 **BANKRUPTCY CODE AND WILL ENABLE THE DEBTOR TO RESTRUCTURE OR**
25 **OTHERWISE SATISFY ITS DEBT SUCCESSFULLY AND ACCOMPLISH THE OBJECTIVES**
26 **OF CHAPTER 11. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE**
PLAN IS IN THE BEST INTERESTS OF THE DEBTORS, THE DEBTORS ESTATE AND ITS
CREDITORS.

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

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

2 This Disclosure Statement describes:

- 3
- 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);
 - 6 • Who can vote on or object to the Plan;
 - 7 • What factors the Bankruptcy Court (the “**Court**”) will consider when deciding whether to
 - 8 confirm the Plan;
 - 9 • Why the Debtor believes the Plan is feasible, and how the treatment of your claim under
 - 10 the Plan compares to what you would receive on your claim in liquidation; and
 - 11 • The effect of confirmation of the Plan.

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

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

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

21 THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND
22 TREATMENT OF CLAIMS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE
23 AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. ANY ESTIMATES OF CLAIMS OR
24 EQUITY INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL
25 AMOUNTS ALLOWED BY THE BANKRUPTCY COURT. AS A RESULT OF THE
26 FOREGOING AND OTHER UNCERTAINTIES WHICH ARE INHERENT IN THE ESTIMATES,
27 THE ESTIMATED RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM
28 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
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	Nissan Motor Acceptance 2013 Nissan Altima	\$16,953.00/ \$16,953.00	100%	Impaired	Entitled to Vote
2	Numerica Credit Union 2011 Nissan Juke	\$7,500.00/ \$13,000.00	100%	Impaired	Entitled to Vote
3	General Unsecured Claims Estimated	\$442,778.00	.005%	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 any Distributions. Bankr. Rule 3003. Student Loans' will be addressed in Miscellaneous Provisions of the Plan.

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 Classes 1 - 3.

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

1 Plan will be disregarded. If the Holder of a Claim does not properly submit its Ballot, or that Holder's
2 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.

3 Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization
4 notwithstanding the rejection of the plan by one or more Impaired Classes of claims or interests.
5 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
6 (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.
7 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*
8 *requirements for confirmation of a plan that has been rejected by one or more classes, please see*
Section VI.A.

9 10 **4. Voting Instructions**

11 If you are entitled to vote on the Plan, a Ballot is enclosed with this Disclosure Statement. If
12 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
13 Statement Order for more specific instructions on voting on the Plan.

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

15 ***If you are a holder of record of a Claim***

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

18 Hunter Parker LLC
19 Andrew J. Van Ness, Esq.
1428 S. Jones Blvd
20 Las Vegas, NV 89146
702-686-9297
21 hunterparkerllc@gmail.com

22 TO BE COUNTED, YOUR EXECUTED BALLOT INDICATING ACCEPTANCE OR REJECTION
23 OF THE PLAN MUST BE RECEIVED AT THE ADDRESS ABOVE NO LATER THAN 5:00 P.M.
(PREVAILING PACIFIC TIME) ON [**SEE ORDER CONDITIONALLY APPROVING**], 2016
24 (THE "VOTING DEADLINE"). ANY BALLOT RECEIVED THAT IS NOT EXECUTED, DOES
25 NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, OR INDICATES
26 BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE DISREGARDED. DO NOT
RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT. FACSIMILE BALLOTS WILL
27 BE ACCEPTED. BALLOTS THAT ARE SCANNED AND EMAILED TO THE EMAIL ADDRESS
28 ABOVE WILL ALSO BE ACCEPTED.

5. Inquiries

If you are a holder of a Claim entitled to vote on the Plan and either did not receive a Ballot, 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 Andrew J. Van Ness, Esq., 1428 S Jones Blvd, Las Vegas, Nevada 89146, Tel: (702) 686-9297, email: hunterparkerllc@gmail.com.

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 3017(d), please contact the Proponents' counsel at the address set forth above.

E. Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128, the Combined hearing on the Disclosure Statement and Confirmation Hearing will commence on **See Order Conditionally Approving** (prevailing Pacific time), before the Honorable Mike K Nakagawa, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Nevada, Courtroom 2, 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 received on or before **See Order Conditionally Approving** (prevailing Pacific time). Pursuant to Local Rule 3019, the Bankruptcy Court may consider modifications to the Plan at the Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time without further notice except 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 issue an Order confirming the Plan (the "Confirmation Order").

F. Overview of Chapter 11 Process

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under 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, 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.

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

The consummation of a plan of reorganization is the principal objective of a chapter 11 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 the debtor. Subject to certain limited exceptions, the confirmation order discharges the debtors from 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.

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

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

11 **II. GENERAL INFORMATION ABOUT THE DEBTOR**

12 **A. Description and History of the Debtors Business.**

13 **1. Operations**

14 The Debtors do not own any real property. The reason for filing a chapter 11 is to restructure
15 the payment terms of student loan debt and extend the terms out longer and because they are over the
16 chapter 13 debt limit of unsecured debt.

17 Mr. Wilke moved to Las Vegas in 2013. After attending law school he took the bar exam in
18 Nevada multiple times and did not pass the bar. Since he has not passed the bar he has been employed
19 as a Paralegal. In 2015, Mr. Wilke began employment as a paralegal at Harmon & Wang. He now
20 works as a paralegal for his current employer listed in the Petition. His salary at his present employer
21 is \$37,000.00 per year.

22 In 2013, Taffy Watkins was working at Shari's Family Restaurant as a food server earning
23 26,871 annually in Spokane Washington. She relocated to Las Vegas Nevada April 1, 2014 and began
24 working at McMullan's Irish Pub April 21, 2014 until May 27, 2015.

25 In 2014, during the month of transitioning form McMullan's to Planet Dailies, Taffy Watkins
26 worked briefly with Cops Security, Marksman security, Turnkey Event Production, and Top Self
27 Labor Services. She began working at Planet Dailies in July of 2014 where she is currently employed
28 and most of her 21,426 income came from.

In 2015, Taffy Watkins earned 25,452 from Planet Dailies predominantly with sporadic
employment with Scott Ramsey Production Group.

Presently, Taffy Watkins is currently employed with Planet Dailies. She is also studying to be
a Sommelier in hopes of obtaining better employment.

1 **2. The Debtors Capital Structure**

2 The Debtors are individuals. As of the Petition Date, the Debtors balance sheet was highly
3 leveraged due to a lot of unsecured debt.

4 **3. Events Leading to the Debtors Bankruptcy**

5 Prior to the Petition Date, the debtors have not earned enough money to cover their current
6 obligations due to high credit card debt and student loans that need to be restructured.

7 **III. EVENTS DURING THE CHAPTER 11 CASE**

8 **A. Commencement of Chapter 11 Case.**

9 On October 19, 2016 (the “*Petition Date*”) the Debtors filed a voluntary petition for relief
10 under chapter 11 of the Bankruptcy Code. The Debtors continues to operate its businesses and manage
its properties as Debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

11 **B. First Day Orders.**

12 On November 8, 2016, [Doc. No. 12] the Debtors filed their Application to Employ Andrew J.
13 Van Ness, Esq. of the firm Hunter Parker, LLC. The hearing is scheduled for December 14, 2016 at
9:30 AM.

14 **C. Budget and Cash Collateral Orders.**

15 On November 8, 2016, [Doc. No. 13] the Debtors filed a Motion for Order Approving
16 Payment of Ordinary Monthly Living Expenses. The hearing is scheduled for December 14, 2016 at
17 9:30 AM.

18 **D. Valuation of Collateral.**

19 On November 8, 2016, [Doc. No. 14] the Debtors filed a Motion to Value Collateral on their
20 2011 Nissan Juke. The hearing is scheduled for December 14, 2016 at 9:30 AM.

21 **E. Other Events.**

22 **IV. BAR DATE AND SCHEDULES**

23 **1. Schedules and Statements**

24 On October 19, 2016, the Debtors filed their schedules and statements of financial affairs.
25 (collectively, the “*Schedules*”). The Debtors may make amendments from time to time.

26 **2. Bar Date**

27 On October 19, 2016, the Bankruptcy Court set February 15, 2017, as the date by which all
28 creditors (except governmental units) must file proofs of claim asserting claims against the Debtors,
and April 17, 2017, as the deadline for governmental units to file proofs of claim asserting claims
against the Debtor. These dates are defined as the “Bar Date” in the Plan. *See* Doc. No. 7. The Court

1 set deadlines of January 17, 2017 to object to the Debtors Discharge, no objections have been filed to
2 date.

3 **V. THE PLAN**

4 **A. Administrative Claims and Priority Tax Claims.**

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

7 **1. Administrative Claims**

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

13 **(A) Professional Fee Claims and US Trustee Fees**

14 All Professional Fee Claims shall be fully and completely satisfied solely from the DIP
15 account funds or pursuant such other terms as the Holder of such claim may agree. Upon receipt by all
16 Professionals of their respective payments from the DIP account any and all Professional Fee Claims
17 are hereby deemed fully satisfied, released, and discharged as to the Debtor and Reorganized Debtor.
18 Notwithstanding anything contrary in the Plan. The outstanding professional fee claim is fixed
19 \$10,000.00, which is subject to Court approval and may affect distributions to unsecured creditors.

- 20 1. the Debtor shall pay, or cause to be paid, all accrued US Trustee Fees on or before the
21 Effective Date of the Plan; and following the Effective Date, the Reorganized Debtor
22 shall be responsible for timely payment of all US Trustee Fees until such time as the
23 Final Decrees closing this Chapter 11 Case are entered and all US Trustee Fees due are
24 paid in full.
- 25 2. the Debtor or Reorganized Debtor (as applicable) shall File with the Bankruptcy Court
26 and serve on the United States Trustee a quarterly financial report for each quarter (or
27 portion thereof) that the Chapter 11 Case remains open in such format as reasonably
28 may be required by the United States Trustee.

29 **2. Priority Tax Claims**

30 **Priority Tax Claims.** The Debtors do have a priority tax claim known against them. This claim
31 is to the Internal Revenue Service; the amount of the priority is unknown.

32 Notwithstanding anything to the contrary in the Plan or in the Order confirming the Plan, a
33 governmental unit shall not be required to file a request for payment of an expense described in
34 Bankruptcy Code § 503(b)(1)(B) or (C) as a condition of its being an allowed administrative expense,
35 and Debtor shall pay in full all such allowed administrative expenses, including any interest thereon,
36 when due.

1
2 **B. Classification and Treatment of Holders of Claims and Interest.**

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

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

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

27 **1. Claims Against the Debtor**

28 **Class 1. Impaired.**

This Class 1 claim consist of a Secured Claim in favor of Nissan Motor Acceptance
Corporation against the Debtors’ 2013 Nissan Altima, Vin#1N4AL3APX0N528863, which is secured
PMSI.

(a) On the Effective Date, the Loan Documents shall remain in full force and effect, save and
except that: (i) without any further action by Debtor, Reorganized Debtor, or Secured Lender, all of
the Loan Documents shall be deemed to have been amended as follows; which will be effective on the
Effective Date and will generally incorporate the terms of the Secured Note as modified as follows:

(b) *Principal Balance.* The principal balance of the Class 1 claim shall be the Allowed amount
of the claim, which was on October 24, 2016, \$16,094.26, and filed in the Claims register as Claim 1.
This claim will be reduced dollar for dollar for all post-petition payments made, which shall be
applied as adequate protection payments until confirmation.

(c) *Lien.* From and after the Confirmation Date, the Holder of the Class 1 Claim shall retain its

1 Lien in the Collateral consistent with the applicable Loan Documents until the Class 1 claim is repaid
2 in full.

3 (d) *Post-Effective Date Interest Rate.* Interest shall accrue on the Class 1 Holders Claim at an
4 interest rate of 5.00% per annum based upon a five (5) year amortization period.

5 (e) *Monthly Payments.*

6 (i) Commencing on the first day of the month after the entry of the order
7 confirming the Plan, but no later than the 15th of that month the debtors shall
8 make monthly principal and interest payments in the amount of \$292.00 over
9 the Note Term for the total Modified Unpaid Principal Balance of \$15,448.26
10 amortized over 5 years, when all such outstanding amounts under the secured
11 claim are to be paid in full. The Modified Unpaid Principal Balance is based
12 upon two post-petition payments made of \$323.00 each.

13 (ii) All **adequate protection payments** made until the entry of the order
14 confirming the debtors Plan shall be subtracted dollar for dollar against the
15 Modified Unpaid Principal Balance. See *In re Weinstein*, 227 B.R. 284 (B.A.P.
16 9th Cir., 1998).

17 (f) *Maturity Date.* The unpaid balance of the Class 1 claim shall be due and payable 60 months
18 after the entry of the confirmation order, which would be the first of the following month after entry of
19 the Order.

20 (g) *Prepayment.* There shall be no penalty for prepayment for all or part of the Class 1 claim
21 prior to the Maturity Date.

22 (h) *Refinancing and Sale Options.* Prior to the Maturity Date, Reorganized Debtor shall have
23 the absolute right to act as follows:

24 (i) Refinance; provided, however, that the proceeds of such refinancing loan are
25 sufficient to pay the amount of the Modified Allowed claim in paragraph (b) above, and are
26 utilized to pay, all sums due and owing under the Class 1 claim at the time of closing of such
27 refinancing minus any payments made, unless Secured Lender otherwise agrees; or

28 (ii) Sell the Property free and clear of Secured Lender's Liens; provided, however, that
the proceeds of such sale are sufficient at the time of closing of such sale to pay, and are
utilized to pay, all sums due and owing under the Class 1 claim in paragraph (b) minus any
payments made, unless Secured Lender otherwise agrees.

(i) *Default.* On the Effective Date, the Loan Documents shall remain in full force and effect as
related to Default terms under the Note. Payments are due on the first (1st) day of each month and are
delinquent after the fifteenth (15th) day of each month.

(j) *Unsecured Portion of the Claim:* Any amount of a Class 1 claim that is deemed to be
unsecured in accordance with paragraph (b) above shall be afforded the treatment set forth in Class 3
below. Class 1 shall have an unsecured claim of \$0.00.

1 Any Adequate Protection payments paid by the Debtor towards the Class 1 Claim will reduce
2 the allowed amount of the claim dollar for dollar against the Principal amount of the stipulated value
3 in paragraph (b) above. See *In re Weinstein*, 227 B.R. 284 (B.A.P. 9th Cir., 1998).

4 ***Impairment and Voting:*** Class 1 is impaired. Holders of the Class 1 claim are entitled to vote to
5 accept or reject this Plan.

6 **Class 2. Impaired.**

7 This Class 2 claim consist of a Secured Claim in favor of *Numerica Credit Union* against the
8 Debtors Vehicle a 2011 Nissan Juke, VIN#JN8AF5MV2BT006328, which is secured by a motor
9 vehicle lien.

10 (a) On the Effective Date, the Loan Documents shall remain in full force and effect, save and
11 except that: (i) without any further action by Debtor, Reorganized Debtor, or Secured Lender, all of
12 the Loan Documents shall be deemed to have been amended as follows; which will be effective on the
13 Effective Date and will generally incorporate the terms of the Secured Note as modified as follows:

14 (b) *Principal Balance.* The principal balance of the Class 2 claim shall be the Allowed amount
15 of the claim, which is \$7,300.00.

16 (c) *Lien.* From and after the Confirmation Date, the Holder of the Class 2 Claim shall retain its
17 Lien in the Collateral consistent with the applicable Loan Documents until the Class 2 claim is repaid
18 in full.

19 (d) *Post-Effective Date Interest Rate.* Interest shall accrue on the Class 2 Holders Claim at an
20 interest rate of 5.00% per annum based upon a five (5) year amortization period.

21 (e) *Monthly Payments.*

22 (i) Commencing on the first day of the month after the entry of the order
23 confirming the Plan, but no later than the 15th of that month the debtors shall
24 make monthly principal and interest payments in the amount of \$138.00 over
25 the Note Term for the total Modified Unpaid Principal Balance of \$7,300.00
26 amortized over 5 years, when all such outstanding amounts under the secured
27 claim are to be paid in full.

28 (ii) All **adequate protection payments** made until the entry of the order
confirming the debtors Plan shall be subtracted dollar for dollar against the
Modified Unpaid Principal Balance. See *In re Weinstein*, 227 B.R. 284 (B.A.P.
9th Cir., 1998).

(f) *Maturity Date.* The unpaid balance of the Class 2 claim shall be due and payable 60 months
after the entry of the confirmation order, which would be the first day of the following month after
entry of the Order.

(g) *Prepayment.* There shall be no penalty for prepayment for all or part of the Class 2 claim
prior to the Maturity Date.

1
2 (h) *Refinancing and Sale Options.* Prior to the Maturity Date, Reorganized Debtor shall have
the absolute right to act as follows:

3 (i) Refinance; provided, however, that the proceeds of such refinancing loan are
4 sufficient to pay the amount of the Modified Allowed claim in paragraph (b) above, and are
5 utilized to pay, all sums due and owing under the Class 2 claim at the time of closing of such
refinancing minus any payments made, unless Secured Lender otherwise agrees; or

6 (ii) Sell the Property free and clear of Secured Lender's Liens; provided, however, that
7 the proceeds of such sale are sufficient at the time of closing of such sale to pay, and are
8 utilized to pay, all sums due and owing under the Class 2 claim in paragraph (b) minus any
payments made, unless Secured Lender otherwise agrees.

9 (i) *Default.* On the Effective Date, the Loan Documents shall remain in full force and effect as
10 related to Default terms under the Note. Payments are due on the first (1st) day of each month and are
delinquent after the fifteenth (15th) day of each month.

11 (j) *Unsecured Portion of the Claim:* Any amount of a Class 2 claim that is deemed to be
12 unsecured in accordance with paragraph (b) above shall be afforded the treatment set forth in Class 3
13 below. Class 2 shall have an unsecured claim of \$5,373.69.

14 Any Adequate Protection payments paid by the Debtor towards the Class 2 Claim will reduce
15 the allowed amount of the claim dollar for dollar against the Principal amount of the stipulated value
in paragraph (b) above. See *In re Weinstein*, 227 B.R. 284 (B.A.P. 9th Cir., 1998).

16 ***Impairment and Voting:*** Class 2 is unimpaired. Holders of the Class 2 claim are not entitled to vote to
17 accept or reject this Plan.

18 Class 1 & 2 Secured creditors or its servicers and or agents shall within 60 days provide the
19 Debtors with an updated monthly account statement reflecting the correct balance, payment and any
20 further upcoming payment due dates consistent with the Plan following entry of the Confirmation
Order. The Debtors may take any actions under § 524(a) or (i) or bankruptcy Rule 9020 for failure to
do so.

21 **Class 3 - General Unsecured Claims.**

22 Class 3 Claims consist of the General Unsecured Claims against the Debtors.

23 *Treatment:* Holders of Class 3 General Unsecured Claims on the Effective Date shall, in full
24 satisfaction, settlement, release and exchange for such Allowed General Unsecured Claims, shall
25 receive quarterly pro rata disbursements of the Debtors' Disposable Monthly Income, during the Plan
26 Term. All portions of allowed Class 3 unsecured claims that remain unpaid and after all quarterly plan
27 payments required under this Plan (the "Plan Term"), will cease 60 months after the Effective Date
and shall be forever discharged and rendered non-collectable against the Debtors. The Debtors'
28 Disposable Monthly Income available under the plan is \$200.00 per month. The Debtors Quarterly
Plan Payment under the Plan shall be \$600.00 and for a period of twenty (20) quarters. However, if
the debtor has any unpaid priority administrative claims and professional fee claims outstanding there

1 will be a very limited distribution to Class 3 general unsecured creditors' claims until all
2 administrative and professional fee claims are paid. The Plan does not discharge, render non-
3 collectible, satisfy, settle, release or exchange any debts that are non-dischargeable under Bankruptcy
Code § 523.

4 Administrative Professional Fee Claims total \$10,000.00, which means Class 3 will only
5 receive a distribution of \$2,000.00 in their pro rata share.

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

7 **1. Source of Payments**

8 (a) On the Effective Date payments to Creditors' in Classes 1 through 3 shall be funded from
9 the Debtors' combined personal income.

10 (b) Payments to Class 3 creditors required under the Plan will be funded by the Debtors
11 Disposable Monthly Income. These monthly or quarterly Distributions or the Plan Payment during the
12 Plan Term will be \$200.00 per month. Debtors shall make monthly distributions to Class 3 claims, in
13 accordance with the terms of this Plan, during the entire Plan Term. Commencing on the first day of
14 the first month following the Effective Date of the Plan, Debtors shall continue to make monthly plan
15 payments to the Class 3 General Unsecured Creditors, until the completion of the Plan Term, which is
16 on or about January 1, 2021. It is estimated that this will require the Debtors to pay a maximum
17 combined total of (\$200.00 x 60 months = \$12,000.00) to Class 3 General Unsecured Creditors.
18 However, because the debtors have unpaid priority administrative claims there will be a very limited
19 distribution to Class 3 general unsecured creditors' claims until all professional fees are paid. This
20 monthly plan payment is not expected to increase throughout the plan term. Furthermore, the Debtor
21 may pay off the total Plan Payment due to general unsecured creditors of \$2,000.00 at any time after
22 confirmation minus any plan payments tendered, which the debtor may then apply for a discharge.
23 Administrative Professional Fee Claims total \$2,000. The Debtors will be their own distribution agent.

19 **2. Transfers Under the Plan**

20 The Debtors do not expect to transfer any property under the Plan.

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

22 Because the Debtors do not have any equity interest in assets other than exempt assets, the
23 Debtors believe that the absolute priority rule and new value exception do not apply.

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

25 **1. Reorganized Debtor**

26 On the Effective Date (as more fully set forth in Article 13 of the Plan), without any further
27 action, the Reorganized Debtors will be vested with all of the Personal Property in Classes 1 thru 2
28 (except for Properties transferred to Secured Lenders pursuant to this Plan), free and clear of all
Claims and Liens (except for Liens provided or authorized pursuant to this Plan).

1 **2. Secured Lenders**

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

11 **E. Comprehensive Settlement and Releases.**

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

28 **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
to which the objection is made as soon as practicable (unless such Claim was already the subject of a
valid objection by the Debtor).

1 **2. Estimation of Claims**

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

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

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

16 To the extent that a Disputed Claim is expunged or reduced, the holder of such Claim will not
17 receive any distribution on account of the portion of such Claim that is disallowed. Any Disputed
18 Claim, for which a proof of claim has not been deemed timely, or any claim that was disputed and no
19 proof of claim was filed as of the Effective Date, will be disallowed in its entirety.

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

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

26 If you object to the assumption of your unexpired lease or executive contract, the proposed
27 cure of any defaults, or the adequacy of assurance of performance, you must file and serve your
28 objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court
sets an earlier time.

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

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

5 **THE DEBTORS WILL REJECT THE LEASE OF LGA ASSOCIATES II, LLC THEIR**
6 **CURRENT LANDLORD AND WILL VACATE THE PROPERTY NO LATER THAN**
7 **DECEMBER 31, 2016.**

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

9 **1. Discharge**

10 CONFIRMATION OF THE PLAN DOES NOT DISCHARGE ANY DEBT PROVIDED
11 FOR IN THE PLAN UNTIL THE COURT GRANTS A DISCHARGE WHICH SHALL BE ON
12 COMPLETION OF ALL PAYMENTS UNDER THE PLAN TERM, WHICH SHALL BE UPON
13 THE PAYMENT OF \$2,000.00 TO THE GENERAL UNSECURED CLASS, OR AS OTHERWISE
14 PROVIDED IN SECTION 1141(D)(5)(A) AND (B) OF THE BANKRUPTCY CODE. THE
DEBTOR SHALL BE ELGIBLE FOR A DISCHARGE UNDER 1141(D)(5)(B)(I) UPON THE
PAYMENT OF \$2,000.00 TO THE UNSECURED CREDITORS CLASS 3 CLAIMS.

15 THE DEBTORS WILL NOT BE DISCHARGED FROM ANY DEBT EXCEPTED FROM
16 DISCHARGE UNDER SECTION 523 OF THE BANKRUPTCY CODE, EXCEPT AS PROVIDED
17 IN RULE 4007(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. HOWEVER,
18 THE DEBTORS SHALL BE DISCHARGED FROM ANY DEBT INCLUDING STUDENT LOAN
CREDITORS THAT FAILED TO FILE A PROOF OF CLAIM ON A SCHEDULED DEBT THAT
WAS SCHEDULED AS DISPUTED.

19 **2. Binding Effect of Plan/Injunction**

20 UPON THE EFFECTIVE DATE, BANKRUPTCY CODE SECTION 1141 SHALL
21 BECOME APPLICABLE WITH RESPECT TO THE PLAN AND THE PLAN SHALL BE
22 BINDING ON ALL PARTIES TO THE FULLEST EXTENT PERMITTED BY BANKRUPTCY
23 CODE SECTION 1141(A). IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1141,
24 ALL OF THE DEBTORS PROPERTY SHALL BE VESTED IN THE REORGANIZED DEBTOR
25 FREE AND CLEAR OF ALL CLAIMS, LIENS AND INTERESTS OF CREDITORS, EXCEPT
26 THOSE CREDITOR(S) CLAIMS DESCRIBED IN SECTION 4.1 OF THIS PLAN. 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.

27 **UPON THE EFFECTIVE DATE, ALL PERSONS AND ENTITIES SHALL BE**
28 **PERMANENTLY ENJOINED BY THE PLAN FROM (I) COMMENCING OR CONTINUING**
ANY ACTION, EMPLOYING ANY PROCESS, ASSERTING OR UNDERTAKING AN ACT TO

1 COLLECT, RECOVER, OR OFFSET, DIRECTLY OR INDIRECTLY, ANY CLAIM, RIGHTS,
2 CAUSES OF ACTION, LIABILITIES, OR INTERESTS IN OR AGAINST ANY PROPERTY
3 DISTRIBUTED OR TO BE DISTRIBUTED UNDER THE PLAN, OR VESTED IN THE
4 REORGANIZED DEBTOR OR ANY SECURED LENDER, BASED UPON ANY ACT,
5 OMISSION, TRANSACTION, OR OTHER ACTIVITY THAT OCCURRED BEFORE THE
6 EFFECTIVE DATE, (II) CREATING, PERFECTING OR ENFORCING ANY LIEN OR
7 ENCUMBRANCE AGAINST ANY PROPERTY DISTRIBUTED OR TO BE DISTRIBUTED
8 UNDER THE PLAN OTHER THAN AS PERMITTED UNDER THE PLAN, AND (III) WITHOUT
9 LIMITING THE GENERALITY OF THE FOREGOING, ASSERTING ANY CLAIMS AGAINST
10 THE REORGANIZED DEBTOR, ANY SECURED LENDER THAT IS A TRANSFEREE OF A
11 PROPERTY, OR REORGANIZED DEBTOR PARENT BASED ON SUCCESSOR LIABILITY OR
12 SIMILAR OR RELATED THEORY, EXCEPT TO THE EXTENT A PERSON OR ENTITY
13 HOLDS AN ALLOWED CLAIM UNDER THE PLAN AND IS ENTITLED TO A DISTRIBUTION
14 AND/OR LIEN UNDER THE PLAN IN ACCORDANCE WITH ITS TERMS, AND TO ENFORCE
15 ITS RIGHTS TO DISTRIBUTION UNDER THE PLAN.

16 ON AND AFTER THE EFFECTIVE DATE, EACH HOLDER OF ANY CLAIM AGAINST
17 OR INTEREST IN THE DEBTOR IS PERMANENTLY ENJOINED FROM TAKING OR
18 PARTICIPATING IN ANY ACTION THAT WOULD INTERFERE OR OTHERWISE HINDER
19 DEBTOR FROM IMPLEMENTING THE PLAN, THE CONFIRMATION ORDER OR ANY
20 OPERATIVE DOCUMENTS IN ACCORDANCE WITH THE TERMS THEREOF.
21 NOTWITHSTANDING ANY OTHER PROVISION IN THIS PLAN, THIS PLAN DOES NOT
22 EXCHANGE, SATISFY, DISCHARGE OR RELEASE OF ANY DEBT THAT IS
23 NONDISCHARGEABLE UNDER BANKRUPTCY CODE § 523, AND DOES NOT PRECLUDE
24 THE HOLDER OF SUCH DEBT FROM COLLECTING, IN ANY WAY, SUCH
25 NONDISCHARGEABLE DEBT FROM THE DEBTORS, THE REORGANIZED DEBTORS OR
26 ANY THIRD PARTY. ADDITIONALLY, ANY STUDENT LOAN LENDER THAT FAILED TO
27 TIMELY FILE A PROOF OF CLAIM, THAT WAS SCHEDULED AND DISPUTED SHALL BE
28 FOREVER BARRED FROM COLLECTING AGAINST THE DEBTORS.

Credit Reporting of Pre-Petition Debt. Experian, Transunion, and Equifax shall block all pre-
petition debts from being reported on the Debtors credit report within 30 days upon receiving a copy
of the Confirmation Order.

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

1 occurrence in connection with, relating to, or arising out of, the Chapter 11 Case, the pursuit of
2 confirmation of the Plan, the consummation of the Plan or the administration of the Plan, except to the
3 extent arising from fraud. Nothing in Section 13.3 of the Plan shall be deemed an exculpation by any
4 Releasor of any Releasee or any of its Representatives for any acts, omissions, transactions, events or
5 other occurrences taking place after the Effective Date or an exculpation by Secured Lenders or any
6 other party in connection with any obligations with respect to the Refinanced Secured Loans or any
7 amounts owed under any Refinanced Secured Loan Documents (if and where applicable).

6 **4. Injunctions**

7 *Injunctions Against Releasors.* All of the Releasors, along with any of their successors or
8 assigns, are permanently enjoined, from and after the Effective Date, from (i) commencing or
9 continuing in any manner any action or other proceeding of any kind against the Releasees or any of
10 their respective Representatives in respect of any Released Liabilities, (ii) enforcing, attaching,
11 collecting or recovering by any manner or means of any judgment, award, decree or order against the
12 Releasees or any of their respective Representatives in respect of any Released Liabilities, (iii)
13 creating, perfecting, or enforcing any encumbrance of any kind against the Releasees or any of their
14 respective Representatives in respect of any Released Liabilities, or (iv) asserting any right of setoff,
15 subrogation or recoupment of any kind against any obligation due from the Releasees or any of their
16 respective Representatives or against the property or interests in property of the Releasees or any of
17 their respective Representatives, in respect of any Released Liabilities; provided, however, that
18 nothing contained in the Plan shall preclude such Releasors from exercising their rights pursuant to
19 and consistent with the terms of the Plan and the contracts, instruments, releases and other agreements
20 and documents delivered under or in connection with the Plan; provided, further, that nothing
21 contained in the Plan shall be deemed to enjoin any Releasor from taking any action against any
22 Releasee or any of its Representatives based on the release exceptions contained in Section 13.4 of the
23 Plan.

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

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

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

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

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

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

12 On the Effective Date, all instruments evidencing indebtedness of the Debtor held by Holders
13 of Claims that are Impaired by this Plan or have been paid in full pursuant thereto shall be deemed
14 canceled or modified consistent with this Plan against the Debtor.

15 **7. Judgments Void**

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

19 **8. Revesting of Assets in Reorganized Debtor**

20 Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the
21 Effective Date, but retroactive to the Confirmation Date, without any further action, the Reorganized
22 Debtor, the Debtor's Holding Company, or Trust will be vested with all of the property of the Estate,
23 wherever situated, free and clear of all Claims, Liens (except for Liens provided or authorized
24 pursuant to the Plan and Permitted Encumbrances in Section 4.1 of the Plan); provided, however, that
25 the Properties to be transferred to Secured Lenders pursuant to the terms of the Plan shall be
26 transferred to the applicable Secured Lender by the Reorganized Debtors. Without limiting the
27 generality of the foregoing, on and after the Effective Date, the Reorganized Debtors shall be vested
28 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

1 and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the
2 Claims have been Allowed.

3 **3. Manner of Payment Under the Plan**

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

8 **4. Unclaimed Property**

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

13 **5. Delivery of Distributions**

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

19 *Distribution Agent.* The Distribution Agent will be the Debtors.

20 *Delivery of Distributions in General.* Except as otherwise provided in the Plan, and
21 notwithstanding any authority to the contrary, Distributions to all Holders of Allowed Claims shall be
22 made to Holders of record as of the Distribution Record Date by the Distribution Agent: (a) in
23 accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy
24 Rule 7004; (b) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other
25 representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is
26 Filed or if Debtor has been notified in writing of a change of address); (c) at the addresses set forth in
27 any written notices of address changes delivered to the Debtor after the date of any related Proof of
28 Claim; (d) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the
Distribution Agent has not received a written notice of a change of address; or (e) on any counsel that
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

1 a Property, and Distribution Agent, as applicable, shall not incur any liability on account of any
2 Distributions made under the Plan.

3 *Returned Distributions.* In the case of Distributions to the Holders of Allowed Claims that are
4 returned to the Distribution Agent due to an incorrect or incomplete address or any other reason, the
5 Distribution Agent shall retain any such returned Distribution in a segregated account established by
6 the Distribution Agent to keep track of any returned Distributions. Unless the Holder of the Allowed
7 Claim relating to any such returned Distribution contacts the Distribution Agent (or its designee)
8 within ninety (90) days from the date on which such Distribution was returned and provides the
9 Distribution Agent (or its designee) with acceptable proof of identity and an accurate address, such
10 Holder shall forfeit all rights thereto, and to any and all future Distributions or rights under the Plan. In
11 such event, the Claim for which such Distributions was issued shall be treated as a Disallowed Claim
12 and the Distribution on account of such Disallowed Claim shall promptly be distributed to the
13 Reorganized Debtors.

14 *Disputed Distributions.* In the event of any dispute between or among Holders of Claims as to
15 the right to any Holder of a Claim to receive or retain any Distribution to be made to such Holder
16 under the Plan, the Distribution Agent, in lieu of making such Distribution to such Holder, may make
17 it instead into an escrow account for payment as ordered by the Bankruptcy Court or as the interested
18 parties to such dispute may otherwise agree among themselves. Any such Holder who fails to raise
19 such dispute by filing an appropriate request for relief with the Bankruptcy Court prior to the issuance
20 of such disputed Distribution by the Distribution Agent shall be deemed to have forever waived any
21 right to dispute such Distribution or to enjoin, impair or otherwise restrict the use of any such
22 Distribution.

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

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

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

J. Procedures for Resolving Disputed Claims.

1. Objection to and Resolution of Claims

Except as to applications for allowance of compensation and reimbursement of expenses under
Bankruptcy Code sections 330, 331 and/or 503, the Reorganized Debtor shall, on and after the
Effective Date, have the exclusive right to make and file objections to Claims (“Disputed Claims”).
On and after the Effective Date, the Reorganized Debtor shall have the authority to compromise,
settle, otherwise resolve or withdraw any objections to any Claims and compromise, settle or

1 otherwise resolve Disputed Claims without approval of the Bankruptcy Court. Unless otherwise
2 ordered by the Bankruptcy Court, the Debtor and, on and after the Effective Date, the Reorganized
3 Debtor, shall file all objections to Claims that are the subject of proofs of Claim or requests for
4 payment filed with the Bankruptcy Court (other than applications for allowances of compensation and
5 reimbursement of expenses with respect to Professional Fee Claims) and serve such objections upon
6 the Holder of the Claim as to which the objection is made as soon as is practicable, but in no event
7 later than one (1) year after the Effective Date or such later date as may be approved by the
8 Bankruptcy Court.

6 **2. Payments**

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

11 **3. Contingent Claims**

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

15 **4. Estimation of Claims**

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

23 **5. Reserve for Disputed Claims**

24 On and after the Effective Date, the Distribution Agent shall hold in segregated reserve
25 accounts (the "Reserve"), Cash in an aggregate amount sufficient to make Distributions to each
26 Holder of a Disputed Claim at the time distributions are made pursuant to the Plan in the amount that
27 such Holder would have been entitled to receive if such Claim had been an Allowed Claim on the
28 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.

1 **K. Summary of Other Provisions of the Plan**

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

4 **1. Management**

5 Following the Effective Date, the Reorganized Debtors will be EDWARD M. WILKE AND
6 TAFFY M. WATKINS.

7 **2. Modification of Plan**

8 11 U.S.C. § 1127 –

- 9 (a) The proponent of a plan may modify such plan at any time before confirmation, but may not
10 modify such plan so that such plan as modified fails to meet the requirements of sections 1122
11 and 1123 of this title. After the proponent of a plan files a modification of such plan with the
12 court, the plan as modified becomes the plan.
- 13 (b) The proponent of a plan or the reorganized debtor may modify such plan at any time after
14 confirmation of such plan and before substantial consummation of such plan, but may not
15 modify such plan so that such plan as modified fails to meet the requirements of sections 1122
16 and 1123 of this title. Such plan as modified under this subsection becomes the plan only if
17 circumstances warrant such modification and the court, after notice and a hearing, confirms
18 such plan as modified, under section 1129 of this title.
- 19 (c) The proponent of a modification shall comply with section 1125 of this title with respect to the
20 plan as modified.
- 21 (d) Any holder of a claim or interest that has accepted or rejected a plan is deemed to have
22 accepted or rejected, as the case may be, such plan as modified, unless, within the time fixed
23 by the court, such holder changes such holder's previous acceptance or rejection.
- 24 (e) If the debtor is an individual, the plan may be modified at any time after confirmation of the
25 plan but before the completion of payments under the plan, whether or not the plan has been
26 substantially consummated, upon request of the debtor, the trustee, the United States trustee, or
27 the holder of an allowed unsecured claim, to—
- 28 (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.

1 (f)

2 (1) Sections 1121 through 1128 and the requirements of section 1129 apply to any modification
3 under subsection (e).

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

6 **3. Withdrawal or Revocation of Plan**

7 The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date
8 and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if
9 Confirmation of the Plan or the Effective Date does not ultimately occur, then: (1) the Plan shall be
10 null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the
11 fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of
12 executory contracts or unexpired leases effected by the Plan, and any document or agreement executed
13 pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a)
14 constitute a waiver or release of any Claims or Interests by or against the Debtor or any Person or
15 Entity; (b) prejudice in any manner the rights of the Debtor or any other Person or Entity in any
16 further proceedings involving the Debtor; or (c) constitute an admission, acknowledgment, offer, or
17 undertaking of any sort by the Debtor, the Debtors, or any other Person or Entity.

14 **4. Exemption from Certain Transfer Taxes and Further Transitions**

15 Pursuant to Bankruptcy Code section 1146(a), the issuance or exchange of any security, or the
16 making or delivery of any instrument of transfer under, in furtherance, or in connection with the Plan,
17 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.

18 **5. Severability**

19 If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to
20 be invalid, void, or unenforceable, the Bankruptcy Court shall have the power, at the request of
21 Debtors and subject to the consent of any party adversely affected thereby, to alter and interpret such
22 term or provision to make it valid or enforceable to the maximum extent practicable, consistent with
23 the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term
24 or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding,
25 alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full
26 force and effect and will in no way be affected, Impaired, or invalidated by such holding, alteration, or
27 interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that
28 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.

1 **VI. CONFIRMATION AND CONSUMMATION PROCEDURES**

2 **A. Confirmation of the Plan**

3 **1. Bankruptcy Code Section 1129(a)**

4 In order to meet the requirements for confirmation, the Plan (among other things) must: (i) be
5 accepted by all Impaired Classes of Claims, or if rejected by an Impaired Class, not “discriminate
6 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.

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

- 10 • The Plan complies with the applicable provisions of the Bankruptcy Code.
- 11 • The Proponents have complied with the applicable provisions of the Bankruptcy Code.
- 12 • The Plan has been proposed in good faith and not by any means forbidden by law.
- 13 • Any payment made or promised by the Reorganized Debtor by a person acquiring
14 property under the Plan for services or for costs and expenses in, or in connection with,
15 the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11
16 Case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made
17 before the confirmation of the Plan is reasonable; or (ii) is subject to the approval of the
18 Bankruptcy Court as reasonable, if such payment is to be fixed after confirmation of
the Plan.
- 19 • The Proponents have disclosed the identity and affiliations of any individual proposed
20 to serve, after confirmation of the Plan, as managers of the Reorganized Debtors, and
the appointment to, or continuance in, such office of such individual is consistent with
21 the interests of creditors and with public policy.
- 22 • The Proponents have disclosed the identity of any insider that will be employed or
23 retained as or by the Reorganized Debtor and the nature of any compensation for such
insider.
- 24 • Each holder of an impaired Claim or Interest either has accepted the Plan or will
25 receive or retain under the Plan, on account of such holder’s Claim or Interest, property
26 of a value as of the Effective Date that is not less than the amount such holder would
27 receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of
28 the Bankruptcy Code.

- 1 • The starting point in determining whether the Plan meets the “best interests” test is a
2 determination of the amount of proceeds that would be generated from the liquidation
3 of the Debtor’s assets in the context of a chapter 7 liquidation (such amount, the
4 “*Liquidation Proceeds*”). The Liquidation Proceeds must then be reduced by the costs
5 of such liquidation, including costs incurred during the Chapter 11 Case and allowed
6 under chapter 7 of the Bankruptcy Code (such as professionals’ fees and expenses, a
7 chapter 7 trustee’s fees, and the fees and expenses of professionals retained by the
8 chapter 7 trustee). The potential chapter 7 liquidation distribution in respect of each
9 Class must be reduced further by costs imposed by the delay caused by conversion to
10 chapter 7. In addition, inefficiencies in the claims resolution process in a chapter 7
11 would negatively impact the recoveries of creditors. The net present value of a
12 hypothetical chapter 7 liquidation distribution in respect of an impaired claim is then
13 compared to the recovery provided by the Plan for such impaired claim.
- 14 • Based on the Proponents’ liquidation analysis set forth as Exhibit A hereto (the
15 “*Liquidation Analysis*”), the Proponents believe that each Class of Creditors and
16 Interest Holders will receive under the Plan a recovery at least equal in value to the
17 recovery such Impaired Class would receive pursuant to a liquidation of the Debtor
18 under chapter 7 of the Bankruptcy Code.
- 19 • Except to the extent the Plan meets the requirements of section 1129(b) of the
20 Bankruptcy Code, each Class of Claims either has accepted the Plan or is not an
21 Impaired Class under the Plan.
- 22 • Except to the extent that the holder of a particular Claim has agreed to a different
23 treatment of such Claim, the Plan provides that Administrative Claims, Priority Tax
24 Claims and Priority Claims will be paid in full or otherwise treated in accordance with
25 Bankruptcy Code section 1129(a)(9) as required by the Bankruptcy Code.
- 26 • At least one Impaired Class has accepted the Plan, determined without including any
27 acceptance of the Plan by any insider holding a Claim in such Impaired Class.
- 28 • 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

1 notwithstanding its rejection by any of the Impaired Classes. In order to obtain such nonconsensual
2 confirmation (or “cramdown”) of the Plan, the Proponents must demonstrate to the Bankruptcy Court
3 that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each Impaired
4 Class that voted to reject the Plan (each such Impaired Class, a “*Non-Accepting Class*”).

4 **(a) Fair and Equitable Test**

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

8 **(i) Secured Creditors**

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

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

18 **(ii) Unsecured Creditors**

19 With respect to Non-Accepting Classes of Unsecured Claims, the “fair and equitable”
20 test requires that (i) each impaired unsecured creditor receives or retains under the Plan
21 property of a value equal to the amount of its allowed claim; or (ii) the holders of any
22 claims that are junior to the Non-Accepting Class will not receive any property under
23 the Plan. (This provision is often referred to as the “absolute priority” rule.) This is an
24 individual case. Thus, the Debtors will only make distributions to unsecured creditors
25 of no less than their disposable income for a period of 5 years, or until \$2,000.00 is
26 paid to the general unsecured creditor class, which is defined as the Plan Term and
27 shall be discharged upon completion of their plan payments defined under the Plan
28 Term.

26 The Debtors believe that the fair and equitable test is satisfied with respect to the
27 general unsecured class, the only class of unsecured creditors, as the Plan strictly
28 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.

1 **(b) No Unfair Discrimination**

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

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

9 **B. Conditions to Effective Date**

10 **1. Conditions to Occurrence of Effective Date**

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

- 13 (a) The Confirmation Order shall be entered by the Bankruptcy Court and shall have become
14 a Final Order;
- 15 (b) The required amount of Confirmation Funds have been paid and turned over to the
16 Distribution Agent for Distribution in accordance with this Plan;
- 17 (c) The Confirmation Order authorizes the assumption and assignment of all Assumed
18 Contracts or Rejection of Contracts;
- 19 (d) To the extent Confirmation Funds are insufficient to satisfy the Allowed Administrative
20 Claims and Allowed Priority Claims (other than Professional Fee claims, if any) in full, the
21 Reorganized Debtor has assumed or will pay the remaining amounts unless otherwise
22 agreed by the Holder of such Allowed Administrative and Allowed Priority Claims Claim,
23 which are to be paid solely from the DIP Account;
- 24 (e) All Properties that this Plan requires to be transferred to Secured Lenders have been
25 transferred to the applicable Secured Lender by the Reorganized Debtor, if applicable;
- 26 (f) All conditions precedent to the closing of any Refinanced Secured Loan Documents have
27 been satisfied or waived in accordance with the terms hereof; and
- 28 (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.

1 **2. Effect of Failure of Conditions Precedent**

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

7 **VII. FINANCIAL INFORMATION**

8 **A. Reorganized Debtor.**

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

15 **VIII. RISK FACTORS**

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

20 **A. General.**

21 **1. Information Presented is Based on the Debtors Books and Records, and is Unaudited**

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

26 **2. Projections and Other Forward Looking Statements Are Not Assured, And Actual
27 Results Will Vary**

28 Certain information in this Disclosure Statement is, by nature, forward looking, and contains

1 estimates and assumptions which might ultimately prove to be incorrect, and projections which may
2 differ materially from actual future results. There are uncertainties associated with all assumptions,
3 projections and estimates, and they should not be considered assurances or guarantees of the amount
4 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.

5 **3. Certain Tax Implications of the Plan**

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

10 **B. Certain Bankruptcy Considerations**

11 **1. Risk of Non-Conformation of the Plan**

12 In order for the Reorganized Debtor to implement the Plan, the Debtors, like any other chapter
13 11 plan Debtors, must obtain approval of the Plan from their creditors and confirmation of the Plan
14 through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process
15 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.

16 The Debtors may not receive the requisite acceptances to confirm the Plan. If the requisite
17 acceptances of the Plan are received, the Debtors will seek confirmation of the Plan by the Bankruptcy
18 Court. If the requisite acceptances are not received, the Debtors will nevertheless seek confirmation of
19 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).

20 Even if the requisite acceptances of the Plan are received, or the Debtors are able to seek a
21 “cramdown” confirmation, the Bankruptcy Court may not confirm the Plan as proposed. A holder of a
22 Claim in a Non-Accepting Class could challenge the balloting procedures and results as not being in
23 compliance with the Bankruptcy Code. Even if the Bankruptcy Court determined that the balloting
24 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.

25 The Bankruptcy Court may determine that the Plan does not satisfy one or more of these
26 applicable requirements, in which case the Plan could not be confirmed by the Bankruptcy Court. If
27 the Plan is not confirmed by the Bankruptcy Court, it is unclear whether the Debtor would be able to
28 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.

1 **2. Risk of Non-Occurrence of Effective Date**

2 Although the Proponents anticipate that the Effective Date will occur soon after the
3 Confirmation Date, there can be no assurance as to such timing. If each of the conditions precedent are
4 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.

5 **3. Risk that Claims Will Be Higher Than Estimated**

6 The projected distributions and recoveries set forth in this Disclosure Statement and the
7 Liquidation Analysis are based on the Proponents' initial estimate of Allowed Claims, without having
8 undertaken a substantive review of all filed Claims. The Plan allows for the establishment of reserves
9 (the "*Reserve*") for the purposes of satisfying the Disputed Claims, as necessary or appropriate. The
10 Proponents and the Reorganized Debtor reserve the right to seek estimation of such Disputed Claims
11 pursuant to section 502(c) of the Bankruptcy Code. The actual amount at which such Disputed Claims
12 are ultimately allowed may differ from the estimates. Holders of Disputed Claims are entitled to
13 receive distributions under the Plan upon allowance of such Claims solely from the Reserve. If
14 insufficient Plan consideration is available for distribution from the Reserve at the time of allowance
15 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.

16 **C. Risks Related to the Reorganized Debtors Significant Indebtedness.**

17 **1. Continuing Leverage and Ability to Service Debt**

18 Although the consummation of the Plan will significantly reduce the debt service obligations
19 of the Debtors, the Debtors will remain significantly leveraged. The Debtors believe that, following
20 consummation of the Plan, they will be able to meet their anticipated future operating expenses,
21 capital expenditures and debt service obligations. However, the ability of the Debtors to meet its debt
22 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.

23 The Financial Projections for the Debtors attached as Exhibit B reflect the data that the
24 Debtors provided and which is represented by their Monthly Operating Reports filed in this Chapter
25 11 Case. The projections rely upon the success of the Debtors business strategy and assumes revenue
26 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.

1 **D. Business Risks**

2 **1. Risks Related to the Chapter 11**

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

- 5 • The Debtors maintain stable employment.
- 6 • The Chapter 11 Case will cause the Debtor to incur substantial costs for professional
7 fees and other expenses associated with the bankruptcy.
- 8 • Transactions by the Debtor outside the ordinary course of business are subject to the
9 prior approval of the Bankruptcy Court.
- 10 • Transactions by the Debtors that are in the ordinary course of the business are not
11 subject to approval by the court.

12 **2. Factors Affecting the Economy May Harm the Debtors Operating Results**

13 During periods of economic contraction such as the current period, the Debtors revenues may
14 decrease while some of its costs remain fixed or even increase, resulting in decreased earnings.
15 Furthermore, other uncertainties, including national and global economic conditions, other global
16 events, or terrorist attacks or disasters in or around Nevada could have a significant adverse effect on
17 the Reorganized Debtors business, financial condition and results of operations.

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

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

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

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

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

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

1 **A. Liquidation Under Chapter 7**

2 If the Plan or any other chapter 11 plan for the Debtor cannot be confirmed under section
3 1129(a) or (b) of the Bankruptcy Code, the Chapter 11 Case may be converted to cases under chapter
4 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate any
5 remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy
6 Code. In that event, all creditors most likely would receive distributions of a lesser value on account of
7 their Allowed Claims and would have to wait a longer period of time to receive such distributions than
8 they would under the Plan.

9 **B. Alternative Plans of Reorganization**

10 If the Plan is not confirmed, the Debtors, or any other party in interest, may attempt to
11 formulate an alternative chapter 11 plan, which might provide for the liquidation of the Debtors
12 remaining assets other than as provided by the Plan. Any attempt to formulate an alternative chapter
13 11 plan would necessarily delay creditors' receipt of distributions and, due to the incurrence of
14 additional administrative expenses during such period of delay, may provide for smaller distributions
15 to holders of Allowed Claims than are currently provided for under the Plan. Accordingly, the Debtors
16 believe that the Plan will enable all creditors to realize the greatest possible recovery on their
17 respective Claims with the least delay.

18 **XI. CONCLUSION AND RECOMMENDATION**

19 The Debtors believe that confirmation and implementation of the Plan is preferable to any of
20 the alternatives described above because it will provide the greatest recoveries to holders of Claim.
21 Other alternatives would involve significant delay, uncertainty and substantial additional
22 administrative costs. The Debtors urge holders of impaired Claims entitled to vote on the Plan to
23 accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received
24 no later than 5:00 p.m., prevailing Pacific time, on **SEE CONDITIONAL ORDER APPROVING**.

25 We the Debtors in the above captioned case declare under penalty of perjury that the foregoing
26 is true and correct to the best of our knowledge.

27 Dated: November 9, 2016

28 /s/ Edward M. Wilke
Edward M. Wilke

/s/ Taffy M. Watkins
Taffy M. Watkins

/s/ Andrew J. Van Ness
Andrew J. Van Ness - Attorney for Debtor

EXHIBITS

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Exhibit A - Liquidation Analysis

Exhibit B - Financial Projections

Exhibit C – Claims and Proposed Claims Distributions

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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**Liquidation Summary**

Description	Total Amount	Real Property	Personal Prpty
Total Property Value	29,725.00	0.00	29,725.00
Less:			
Schedule D. Secured Claims	23,911.00	0.00	23,911.00
Schedule C. Exemptions	5,676.00	0.00	5,676.00
Costs of Sale	5,945.00	0.00	5,945.00
	-----	-----	-----
Interest in Nonexempt Property	0.00	0.00	-5,807.00
Less:			
Estimated Chapter 7 Admin Expenses	34.50		
Schedule E. Priority Claims	0.00		

Available to General Unsecured	-5,841.50		
Total General Unsecured	418,867.00		
Percent Distribution	0.00%		
Details:			
Unsecured from Schedule D	6,042.00	0.00	6,042.00
Unsecured from Schedule E	0.00		
Unsecured from Schedule F	412,825.00		
Property Cost of Sales:			
Personal Property 20% of \$29,725.00	5,945.00		
Total Cost of Sales	5,945.00		

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.

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

<u>INCOME AND EXPENSES:</u>	<u>CURRENT</u>
<u>Monthly Income:</u>	
Combined Gross Monthly Income:	\$ 4,200.00
<u>Total Current Income:</u>	<u>\$ 4,200.00</u>
<u>Monthly Investment Property Expenses:</u>	<u>\$ -</u>
<u>Total Average Personal Expenses:</u>	<u>\$ 4,000.00</u>
<u>Monthly Disposable Income:</u>	<u>\$ 200.00</u>
<u>Quarterly Disposable Income Available for Distribution for Plan Term:</u>	<u>\$ 600.00</u>

Average Personal Expenses

<u>Average Personal Expenses:</u>				
1	Rent			\$ 803.00
2	Primary Utilities			
		a. Electricity and Heat		\$ 200.00
		b. Water and sewer, trash		\$ 33.00
		c. Telephone, Cell, Internet, Cable		\$ 380.00
		d. Other - Gas/Propane		
		e. Other -		
		f.		
		g.		
3	Home Maintenance			
4	Food			\$ 800.00
5	Childcare and Childrens education			
6	Clothing, Laundry and Dry Cleaning			\$ 54.00
7	Personal Care Products			\$ 61.00
8	Medical and Dental Expenses			\$ 100.00
9	Transportation (not including car pmts)			\$ 500.00
10	Recreation			\$ 200.00
11	Charitable Contributions			
	Insurance:			
		a. Life		
		b. Health		
		c. Auto		\$ 300.00
		d. Other		
		e.		
12	Priority Taxes			
		a. Taxes - State		
		b. Taxes - IRS		
13	Installment Payments			
		a Nissan Car 1		\$ 292.00
		b Nissan Car 2		\$ 138.00
		c		
14	Alimony, maintenance, support			\$ -
15	Support of additional dependants			\$ -
16				
17	Other			
	Other			
	Other			
	Other			
	Other	Vehicle Registration		\$ 139.00
	Other			
	<u>Total Personal Expenses:</u>			<u>\$ 4,000.00</u>

EXHIBIT C - CLAIMS SCHEDULED AND/OR FILED

<u>Proof of Claim No./ Scheduled Claim</u>	<u>Creditor</u>	<u>Claim Amount</u>	<u>Secured</u>	<u>Unsecured</u>
1	Nissan Motor Acceptance	\$ 16,094.26	\$ 15,448.26	\$ -
2	Numerica Credit Union	\$ 12,673.69	\$ 7,300.00	\$ 5,373.69
3	Dell Financial Services LLC	\$ 3,277.55		\$ 3,277.55
4	SYNCHRONY BANK	\$ 1,372.84		\$ 1,372.84
5	SYNCHRONY BANK	\$ 3,786.63		\$ 3,786.63
6	Capital One Bank	\$ 438.47		\$ 438.47
7	ACCESS GROUP, INC.	\$ 5,246.27		\$ 5,246.27
Scheduled Claims Disputed				
	ACS/JPMorgan Chase	\$ 59,271.00		\$ 59,271.00
	ACS/JPMorgan Chase	\$ 87,763.00		\$ 87,763.00
	AES/GOAL Structured SOL	\$ 74,591.00		\$ 74,591.00
	Allied Collection Services	\$ 125,000.00		\$ 125,000.00
	Bank of America NA	\$ 6,600.00		\$ 6,600.00
	Bank of America NA	\$ 4,800.00		\$ 4,800.00
	Barclays Bank Delaware	\$ 3,400.00		\$ 3,400.00
	Bonded Adjustment Company	\$ 1,367.00		\$ 1,367.00
	Capital One Bank	\$ 5,048.00		\$ 5,048.00
	Capital One Bank	\$ 2,800.00		\$ 2,800.00
	Chase/Bank One Card Serv	\$ 574.00		\$ 574.00
	Chase/Bank One Card Serv	\$ 1,615.00		\$ 1,615.00
	Collection Bureau-Walla	\$ 300.00		\$ 300.00
	Comenity Bank/VCTRSSEC	\$ 371.00		\$ 371.00
	Credit First NA	\$ 524.00		\$ 524.00
	Credit First NA	\$ 1,460.00		\$ 1,460.00
	Credit One Bank	\$ 624.00		\$ 624.00
	Dell Financial Services LLC	\$ 1,519.00		\$ 1,519.00
	DSNB/MACYS	\$ 279.00		\$ 279.00
	KOHL'S Dept Store	\$ 311.00		\$ 311.00
	Midland Funding LLC	\$ 814.00		\$ 814.00
	Navient	\$ 155.00		\$ 155.00
	Navient	\$ 14,642.00		\$ 14,642.00
	Navient	\$ 4,745.00		\$ 4,745.00
	SYNCB	\$ 2,160.00		\$ 2,160.00
	SYNCB/Discount Tire	\$ 658.00		\$ 658.00
	SYNCB/Wal MART	\$ 1,303.00		\$ 1,303.00
	Totals:	\$ 445,583.71	\$ 22,748.26	\$ 422,189.45
	Disposable Monthly			
	Income \$200.00	[\$200.00 x 3 months] = quarterly pmt.	\$600.00	
	Total Distribution Amount [\$200 x 60 months]:		\$ 12,000.00	
	Minus Administrative Claims		\$ 10,000.00	
	Total Amount for Distribution to Allowed Unsecured Claims:		\$ 2,000.00	

