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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

7 In re: ) Case No: 17-12101-MKN  
8 ) Chapter 11  
9 **06-009 RANCO COACHELLA** )  
10 **BUSINESS TRUST** )  
11 )  
12 Debtor. )  
13 \_\_\_\_\_)

14 **DEBTOR'S DISCLOSURE STATEMENT**

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1 06-009 RANCO COACHELLA BUSINESS TRUST, Debtor and Debtor-in-Possession  
2 ("Ranco Coachella" or "Debtor") in the above case, provides this Disclosure Statement to its  
3 known creditors for the purpose of voting on the Plan of Reorganization filed on \_\_\_\_\_, 2018.

4 A copy of the Proposed Plan is attached hereto as "Exhibit 1".

5 **I. INTRODUCTION**

6  
7 The Debtor filed its voluntary petition under Chapter 11 of the Bankruptcy Code on April  
8 26, 2017. ("Petition Date"). Pursuant to Sections 1107 and 1108, the Debtor is the Debtor-in-  
9 possession representative of their bankruptcy estate.

10 The Debtor has prepared this Disclosure Statement in connection with the solicitation of  
11 acceptance of its Plan filed on \_\_\_\_\_, 2018. The purpose of this Disclosure Statement is to  
12 provide adequate information of a kind, and in sufficient detail, that would enable a hypothetical  
13 reasonable investor, typical of the holders of claims and equity interests, to make an informed  
14 judgment about the Plan. An acceptance or rejection of the Plan must be in writing and may only  
15 be made by completing the ballot that accompanies the Plan. In order for your vote to be counted,  
16 it must be received no later than 5:00 p.m. (Pacific Daylight Time) on \_\_\_\_\_, 2018, at the  
17 following address:  
18  
19

20 Law Office of Timothy P. Thomas, LLC  
21 1771 E. Flamingo Rd. Suite B-212  
22 Las Vegas, Nevada 89119

23 Unless otherwise defined herein, the terms defined in the Plan shall have the same  
24 meanings when used in the Disclosure Statement. In addition, unless otherwise defined, terms  
25 used in the Disclosure Statement and Plan shall have the same meaning as in the U.S. Bankruptcy  
26 Code or the Bankruptcy Rules.  
27  
28

1 **II. INFORMATION REGARDING THE PLAN AND DISCLOSURE STATEMENT**

2 **A. Overview**

3 The objective of a chapter 11 case is the confirmation of a plan of reorganization by the  
4 Bankruptcy Court. The formulation of a Plan of Reorganization ("Plan") sets for the means of  
5 satisfying claims against the interests of the debtor. The Plan describes in detail, and in language  
6 appropriate for a legal contract the means for satisfying claims. The Plan places claims in separate  
7 classes and describes the treatment of each class, including whether the claims are impaired or  
8 unimpaired. After a Plan has been filed, the holders of such claims that are impaired, as defined  
9 in Section 1124, are permitted to submit a vote to accept or reject the Plan. If confirmed, your  
10 recovery will be limited to the treatment set forth in the terms of the Plan.  
11

12  
13 The Court will consider whether the Plan has satisfied the various requirements of the  
14 Bankruptcy Code, including, but not limited to, whether it is feasible and whether it is in the best  
15 interests of holders of claims and interests. The Bankruptcy Court will also receive a ballot  
16 summary prepared by the Plan proponent concerning the votes for acceptance or rejection of the  
17 Plan by holders of claims and interests entitled to vote.  
18

19 The Court has reserved \_\_\_\_\_, 2018 at \_\_\_\_ p.m., Pacific Daylight Time, for the  
20 hearing on the adequacy of the Disclosure Statement. The hearings may be continued from time  
21 to time without further written notice. Section 1125 sets forth the requirements for a Disclosure  
22 Statement.  
23

24 The Disclosure Statement is submitted in accordance with Section 1125 for the purpose  
25 of soliciting acceptance of the Plan from holders of claims and interests. The purpose of the  
26 Disclosure Statement is to,

- 27 (a) Provide adequate information to enable a hypothetical reasonable investor typical of  
28

1 the holders of claims in the case to make an informed judgment about the Plan;

2 (b) Set forth information regarding the history of the Debtor, the filing of the Chapter 11  
3 Petition and the Plan;

4 (c) Advise Creditors of the proposed resolution of their Claims; and

5 (d) Assist the Bankruptcy court in making an informed decision regarding whether the  
6 Plan complies with the requirements of the Bankruptcy Code.  
7

8 No post-petition solicitation of votes on the Plan may be made except pursuant to this  
9 Disclosure Statement and no person has been authorized to utilize any information concerning  
10 the Debtor other than the information contained in this Disclosure Statement for purposes of  
11 solicitation.  
12

13 **B. ADMONITIONS**

14 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS DISCLOSURE**  
15 **STATEMENT AND THE EXHIBITS TO THIS DISCLOSURE STATEMENT,**  
16 **TOGETHER WITH THE PLAN WHICH IS ATTACHED HERETO AS EXHIBIT 1,**  
17 **SHOULD BE READ IN THEIR ENTIRETY. FOR THE CONVENIENCE OF**  
18 **CREDITORS, THE PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT,**  
19 **BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN**  
20 **ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.**  
21

22 **INTERESTED PARTIES MAY ALSO OBTAIN FURTHER INFORMATION**  
23 **FROM THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF**  
24 **NEVADA, INCLUDING ACCESS TO THE DOCKET FOR THIS CASE, AT THE**  
25 **COURT'S WEBSITE: [WWW.NVB.USCOURTS.GOV](http://WWW.NVB.USCOURTS.GOV).**  
26

27 **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY**  
28

1 COURT DOES NOT MEAN THAT THE BANKRUPTCY COURT RECOMMENDS  
2 ACCEPTANCE OR REJECTION OF THE PLAN.

3 THE STATEMENTS AND INFORMATION CONCERNING THE DEBTOR SET  
4 FORTH IN THIS DISCLOSURE STATEMENT CONSTITUTE THE ONLY  
5 STATEMENTS OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE  
6 BEEN APPROVED BY THE BANKRUPTCY COURT FOR THE PURPOSE OF  
7 SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN. THE STATEMENTS  
8 AND INFORMATION ABOUT THE DEBTOR AND THE FINANCIAL INFORMATION  
9 OF DEBTOR INCLUDING ALL FINANCIAL PROJECTIONS AND INFORMATION  
10 REGARDING CLAIMS CONTAINED IN THE DISCLOSURES STATEMENT HAVE  
11 BEEN PREPARED FROM DOCUMENTS AND INFORMATION OBTAINED FROM  
12 THE DEBTOR. CERTAIN ESTIMATES, ASUMPTIONS AND PROJECTIONS MAY  
13 BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THERE CAN  
14 BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS  
15 CONTAINED IN THIS DISCLOSURE STATEMENT WILL BE REALIZED AND  
16 ACTUAL RESULTS MAY BE MATERIALLY DIFFERENT FROM THOSE SHOWN.  
17 DEBTOR IS UNABLE TO AND DOES NOT WARRANT OR REPRESENT THAT THE  
18 INFORMATION CONTAINED IN THIS DISCLOSURES STATEMENT IS WITHOUT  
19 ERROR.  
20  
21  
22

23 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE  
24 MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS ANOTHER  
25 TIME IS SPECIFIED. NEITHER THE DELIVERY OF THIS DISCLOSURE  
26 STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNNECTION WITH  
27  
28

1 THE PLAN SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION  
2 THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH IN THE  
3 DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE  
4 STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS  
5 DISCLOSURE STATEMENT WERE COMPILED.

6  
7 THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY  
8 PURPOSE OTHER THAN TO ASSIST THE COURT IN DETERMINING WHETHER  
9 THE PLAN COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY  
10 CODE, AND THE DISCLOSURE STATEMENT MAY ALSO BE RELIED UPON FOR  
11 THE PURPOSE OF DETERMINING WHETHER TO VOTE IN FAVOR OF OR  
12 AGAINST THE PLAN. NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT  
13 CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY  
14 NOR IS IT CONCLUSIVE EVIDENCE OF TAX OR OTHER LEGAL EFFECTS OF THE  
15 REORGANIZATION OF THE DEBTOR ON HOLDERS OF CLAIMS OR HOLDERS  
16 OF INTERESTS.  
17

18  
19 AT THE CONFIRMATION HEARING, THE BANKRUPTCY COURT WILL  
20 CONSIDER WHETHER THE PLAN SATISFIES THE VARIOUS REQUIREMENTS OF  
21 THE BANKRUPTCY CODE. THE BANKRUPTCY COURT WILL ALSO RECEIVE  
22 BALLOT SUMMARIES WHICH WILL PRESENT A TALLY OF THE VOTES OF  
23 CLASSES ACCEPTING OR REJECTING THE PLANS AS CAST BY THOSE  
24 ENTITLED TO VOTE. ONCE CONFIRMED, THE PLANS WILL BE TREATED  
25 ESSENTIALLY AS CONTRACTS BINDING ALL CREDITORS AND OTHER  
26 PARTIES-IN-INTEREST IN THE CHAPTER 11 CASES.  
27  
28



1 **C. Ballots and Voting**

2 Only creditors whose claims have been allowed for the purposes of voting and are  
3 “impaired” by the plan are entitled to vote on the Plan. According to the designation of Classes  
4 of claims set forth under the Plan, holders of claims in all Classes are “impaired” by the Plan and  
5 are entitled to vote on the plan, and the holders of those claims shall receive a ballot and be  
6 permitted to vote to accept or reject the Plan.  
7

8 Creditors are entitled to vote on confirmation on the Plan unless, (i) their class is  
9 unimpaired or is to receive no distribution; (ii) an objection has been filed to the creditor's claim;  
10 (iii) the creditor's claim is scheduled by Debtor as contingent, disputed, unliquidated or unknown  
11 and the creditor has not filed a proof of claim; or (iv) the claim is unclassified. A creditor whose  
12 claim has been either objected to or has been scheduled by Debtor as contingent, disputed,  
13 unliquidated or unknown or the creditor has not filed a proof of claim and who wishes to vote,  
14 must move to have its claim allowed for voting purposes by filing a motion for such relief in time  
15 for that motion to be heard before the hearing on confirmation of the Plan. A creditor whose  
16 claim has been allowed in part as secured and in part as an unsecured claim is entitled to accept  
17 or reject a Plan in each capacity by casting one ballot for the secured portion of the claim and  
18 another ballot for the unsecured portion of its claim.  
19  
20

21 A creditor is entitled to vote on the Debtor’s plan of reorganization only if the creditor  
22 holds a valid claim with regard to the Debtor. Creditors will be issued separate ballots for each  
23 class and for each specific claim which they hold that is entitled to a vote. Ballots returned for  
24 invalid claims will be disregarded.  
25

26 ///

1           **D. Confirmation and Objections**

2           1. Adequacy of the Plan

3           In order to be confirmed, the Plan must meet the requirements listed in Section 1129(a) or  
4 (b) of the Bankruptcy Code. Those requirements include (1) the Plan must be proposed in good  
5 faith; (ii) at least one impaired class of claims must accept the Plan, without counting votes of  
6 insiders; (iii) the Plan must distribute to each creditor and equity interest holder at least as much  
7 as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the  
8 creditor or equity interest holder votes to accept the Plan; and (iv) the Plan must be feasible,  
9 meaning that there is a reasonable probability that under the terms of the Plan, the debtor will be  
10 able to meet its obligations without need for further financial reorganization or protection from  
11 the Bankruptcy Court. These requirements are not the only requirements listed in Section 1129,  
12 and they are not the only requirements for confirmation.  
13

14           2. Objections and Voting Requirements.

15           Section 1128(b) provides that a party in interest may object to confirmation of a plan. Any  
16 objections to the adequacy of the Disclosure Statement or to confirmation of the Plan must be in  
17 writing and specify in detail the name and address of the objector. Any Plan confirmation  
18 objection must be filed with the Bankruptcy court and served on counsel for the Debtor, Timothy  
19 P. Thomas, Esq. at the address indicated on the front page of this Disclosure Statement.  
20

21           At least one allowed and impaired class of claims must vote to accept the Plan without  
22 counting votes of insiders or all impaired classes must vote to accept the Plan, unless the Plan is  
23 eligible to be confirmed by “cram down” on non-accepting classes, as discussed below.  
24

25           A class accepts the Plan if both of the following occur: (A) the holders of more than one-  
26 half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan; and (B)  
27  
28

1 the holders of at least two-thirds (2/3) of the dollar amount of the allowed claims in the class, who  
2 vote, casts their votes to accept the Plan.

3 3. Cramdown of Non-Accepting Classes.

4 Even in the event that one or more impaired classes rejects the Plan, the Court may  
5 nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by  
6 §1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a “cram  
7 down” plan. The Code allows the Plan to bind non-accepting classes of claims if it meets all  
8 requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the  
9 Code, and it does not “discriminate unfairly” and is “fair and equitable” toward each impaired  
10 class that has not voted to accept the Plan.  
11

12 Confirmation of a reorganization plan without full acceptance of all impaired classes is  
13 referred to as a “cramdown.” If a “cramdown” is granted, the claimholder can elect under 1111(b)  
14 of the Code to either be deemed secured in the entire amount of their claim or to accept the  
15 cramdown and receive distributions for the unsecured portion of their claim to be shared pro-rata  
16 with other creditors.  
17

18 With regard to the Plan, the Bankruptcy Court will (a) determine whether the Plan has  
19 been accepted by the requisite majorities of each Voting Class; (b) determine all objections to the  
20 Plan and to Confirmation of the Plan; (c) determine whether the Plan meets the requirements for  
21 Confirmation of the Plan; (d) determine whether the Plan meets the requirements of the  
22 Bankruptcy Code and has been proposed in good faith; and (e) confirm or refuse to confirm the  
23 Plan.  
24

25 A separate notice will be served with this Disclosure Statement and the Plan which reflects  
26 the dates and deadlines set forth above.  
27  
28

1 **III. REPRESENTATIONS**

2 Unless otherwise specifically noted, the financial information in this Disclosure Statement  
3 has not been subject to audit. Instead, this Disclosure Statement was prepared from information  
4 compiled from records maintained in the ordinary course of the Debtor business. Debtor has  
5 attempted to be accurate in the preparation of this Disclosure Statement.  
6

7 Other than stated herein, the Debtor has not authorized any representations or assurances  
8 concerning Debtor or its business operations or the value of their assets. Therefore, in deciding  
9 to accept or reject the Plan, you should not rely on any information relating to the Debtor or the  
10 Plan other than that contained in the Disclosure Statement or in the Plan itself.  
11

12 **IV. BACKGROUND AND EVENTS LEADING TO THE CHAPTER 11 FILING**

13 **A. The Debtor and Its Business**

14 The Debtor is a holding company for several parties who acquired an interest in one real estate  
15 parcel that served as collateral to secure an investment that was ultimately foreclosed upon.  
16 Debtor is in the business of managing and marketing the real property for sale.  
17

18 **B. Events Leading to the Chapter 11 Filing.**

19 In 2006, Windemere Capital, LLC made the 06-009 Ranco Coachella Loan, in the amount of  
20 \$12,935.00.00 to Desert Highland Associates, LLC. The loan was secured by a Note and a Deed  
21 of Trust on property located in City of Ranco Coachella, Riverside County, State of California.  
22 The interests in the Note and Deed of Trust were assigned to various investors by way of previously  
23 recorded assignments.  
24

25 Debtor holds a 61.73% interest in one parcels of real property located in Riverside County,  
26 California more specifically described by APN Nos.763-360-013-1. (the "Property"). All  
27  
28

1 owners of the Property, including Debtor, plan to market and sell the property to satisfy property  
2 taxes owed to the Riverside County Treasurer-Tax Collector.

3 The loan went into default in 2007. The investors completed foreclosure of the subject  
4 Deed of Trust in 2012. The Debtor entity was formed in 2010, with the majority of investors in  
5 the original loan agreeing to become principal equity holders of the Debtor. The remaining  
6 investors continue to hold their individual interests as tenants-in-common but are parties to the  
7 original investment agreement.  
8

9 The Property is estimated to be valued at \$3.5 million, with Debtor's percentage of interest  
10 in the Property valued at approximately \$2,213,000.00. If a sale could be completed for an  
11 amount near to the estimation and appraised value of the Property, the estate would realize  
12 sufficient funds to meet 100% of the creditor claims, including the property tax claim of  
13 \$1,691,830.02.  
14

15 The principles interests in the Debtor are proportional to their interest in the underlying loan.  
16 The Property is currently producing annual income of \$48,000.00 from Desert Mist Farms, LLC.  
17 The Debtor has no current employees and no other ongoing liabilities.  
18

19 Mesa Asset Management ("Mesa") was subsequently retained as trustee of the Debtor entity  
20 to manage the liquidation of the real property. Mesa does not hold an equity position in the  
21 Debtor. The Property is subject to unpaid property taxes. The taxes are less than the fair market  
22 value of the real property. The taxing authority had noticed a tax sale which would have  
23 transferred the Property for less than the invested amounts of the owners and for less than market  
24 value of the property. In order to avoid the tax sale and maximize the recovery of value from the  
25 Property, the Debtor filed this Chapter 11 reorganization Bankruptcy.  
26

27 The Debtor currently is pursuing marketing of the Property to solicit offers to purchase  
28

1 both parcels of real property

2 **C. Debtor's Strategy for Reorganization**

3 The Debtor plans to satisfy current tax obligations through the marketing and sale of the  
4 Property. Mesa Asset Management will be retained to manage the Debtor, in consideration for a  
5 management fee, calculated and receive a management fee of (\$750.00/mo; \$9,000/yr). Based  
6 upon the comparable sales and marketing of the surrounding communities and properties, the  
7 Property is estimated to be valued at \$3,500,000. Debtor's 61.73% percentage of interest in the  
8 Property valued at approximately \$2,313,000. In an effort to complete a sale, the investor owners  
9 are willing to accept a loss on their original investment in the secured loan.  
10

11 The Debtor will bring any proposed sale of the Property before the Bankruptcy Court to  
12 approve the sale under 11 U.S.C. §363(f) which authorizes a court to complete the sale of property  
13 interests of non-debtor parties. These efforts to conduct a sale of the Property are to be done in  
14 order to protect and recover the maximum recovery for the investors while satisfying the taxing  
15 authority in full.  
16

17 Debtor estimates that the purchase price of the current sale of the Property will provide  
18 sufficient income to satisfy the outstanding creditor's claims entirely. All proceeds will be  
19 allocated to pay priority and secured tax debts upon the sale of the property. Debtor intends to  
20 liquidate all remaining assets and terminate operations under the supervision of the U.S.  
21 Bankruptcy Court. Subsequent to payment in full of all administrative and unsecured creditor  
22 claims, remaining sales proceeds will be distributed to the investors as a return of investment.  
23  
24

25  
26 **V. DESCRIPTION OF THE DEBTOR'S ASSETS AND LIABILITIES**

27 **A. Debtor's Assets**

1           Real Property

2           Debtor holds the real property, which consisted of one (1) parcels, consisting of 80 acres. The  
3 Property has a collective market value of approximately \$3,500,000 with the estate holding  
4 61.73%, or approximately \$2,213,000.00 in value.

5           Debtor has no outstanding account receivables, equipment or tangible assets.

6           **B. Principal Liabilities of the Debtors**

7           The primary creditor of the Debtor is the Riverside County Treasurer, which holds a  
8 secured claim in the amount of \$1,691,830.02 for property taxes secured by the Property, plus  
9 continued post-petition accrued taxes and interest. The pre-petition tax arrears were scheduled at  
10 approximately \$1,552,469.44.  
11

12           There is a priority claim filed by the Internal Revenue Service for \$400. The general  
13 unsecured claims amounts consist of a claim with the Coachella Valley Water District, accrued  
14 management fees and advances made by the investing beneficiaries of the Debtor to satisfy  
15 administrative and operating costs, and the accrued management fees of Mesa. See note #2<sup>1</sup>  
16

17           **VI. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

18           As of January 26, 2018, the Bankruptcy Court's docket contained 36 entries on the case.  
19 Below is a summary of material applications, motions and all adversary proceedings filed to date.  
20

21           **A. Filing of Bankruptcy and Retention of Counsel**

22  
23  
24           \_\_\_\_\_  
25           2 Mesa has \$0.00 in costs (pre & post), Mesa has \$0.00 in  
26 management fees which are owed. The investors have \$45,980.28 in  
27 cost to be reimbursed to those who made contributions. Both  
28 amounts carry interest.

1 On April 26, 2017, Debtor filed its Chapter 11 Bankruptcy Petition through the Law Office  
 2 of Timothy P. Thomas, LLC as Debtor's counsel. The Debtor had previously filed a voluntary  
 3 petition under Chapter 11 in the District of Nevada on April 22, 2013, that was subsequently  
 4 dismissed without confirming a plan of reorganization.

5 On June 1, 2017, the Debtor completed the Section 341 Meeting of Creditors.

6  
 7 On August 30, 2017, the Court entered an Order approving the Debtor's Motion to Employ  
 8 the Law Office of Timothy P. Thomas, LLC.

9 Debtor will be seeking Court approval at the sales on the Property pursuant to 11 U.S.C.  
 10 363(f), allowing sale of the Debtors interests and those of the tenants-in-common, that will fund  
 11 the plan.

## 12 VII. OVERVIEW OF PLAN

### 13 A. General Summary

14  
 15 The following is a general summary of the Plan for the Debtor, which is qualified in its  
 16 entirety by reference to the provisions of the related specific Plan of Reorganization. Pursuant to  
 17 Section 1123(a)(1), Administrative Claims and U.S. Trustee Claims are not impaired and therefore  
 18 not designated as Classes. The summary of Classes, whether or not they are impaired and entitled  
 19 to vote is set forth below:  
 20

21 06-019 Vacaville 22 III Business Trust 23 <u>Class</u>	<u>Creditor</u>	<u>Property</u>	<u>Claims</u>	<u>Payment</u>
24 Class 1	Riverside County	\$3,750,000	\$1,691,830.02	100% from 25 Sale
26 Class 2	Priority 27 Unsecured	N/A	\$400	100%
28 Class 3	General Unsecured	N/A	\$49,671.64	100% Paid from sale
Class 4	Equity Holders	N/A	N/A	Pro rata subordinated
Admin.	Professionals	N/A	\$5,000	Pay in full



US Trustee	Us Trustee fees	N/A	N/A	Pay in full

The Debtor intends to retain Mesa to manage the marketing and liquidation of the real property. Upon sale, the proceeds will be designated to pay all creditors 100% at the close of escrow, in entirety. Per the Operating Agreement, Mesa will receive a management fee equal to \$750/mo or \$9,000/yr after payment of Class 1 - 3 claims. After the payment of all Class claims, the remaining proceeds of sale will be distributed under the Operating Agreement of the Business Trust to the equity holders of the Debtor pursuant to their interests and the Debtor entity will terminate business operations. It is anticipated that the sale of all of Debtor's assets and satisfaction of all claims will be completed within five (5) years of confirmation.

#### **B. Classes of Claims**

The following classes are set forth in the Plan, with the proposed treatment under the Plan provisions. Specific provisions for treatment are set forth in Articles I and II of the Debtor's Plan of Reorganization.

##### **1. Class 1 Allowed Secured Property Tax Claims secured by Debtor's Real Property.**

Class 1 claims consist of claims secured by the Debtor's Property. Secured tax claims include tax claims for secured property taxes as described in 11 USC §506(b) of the Bankruptcy Code. The debtor intends to market and sell the property parcels as set forth above, or alternatively, to market them for sale within 60 months of the Effective Date.

The prepetition secured claim of the Riverside County Treasurer of approximately \$1,552,469.44 will be paid in full with all applicable costs, fees, charges and interest pursuant to 11 USC Sections 506(b) and 511 upon the sale of the Property, pursuant to the order of the

1 Court approving the sale. Debtor will pay all property taxes with the proceeds of the first land  
2 sale, to the extent possible in order to lessen the amount of the tax claim.

3 If after five (5) years the Property has not been sold and the proportional secured real  
4 property taxes have not been paid, this will be an event of default. A failure by the Debtor to  
5 make a payment to Riverside County pursuant to the terms of the Plan shall be an event of  
6 Default. If the Debtor fails to cure an Event of Default as to tax payments within ten (10) days  
7 after service of written notice or default, Solano County may enforce the entire amount of its  
8 claim, plus all penalties and interest accrued under state law, against Debtor in accordance with  
9 applicable state laws. This class is impaired by the delay in payment.  
10

11 Each Class 1 Claimant receives a vote to either accept or reject the plan.  
12

13 **Class 2: Priority Unsecured Claims**

14 Class 2 Priority Unsecured Claims are claims that are referred to in Section 507 (a)(1),  
15 (4), (5), (6), and (7) of the Bankruptcy Code. The Bankruptcy Code requires each claim holder  
16 to receive cash on the effective date of the Plan equal to the allowed amount of such claim. A  
17 class of holders of such claims, however, may vote to accept different treatment.  
18

19 There is currently one (1) known Class 2 claims in this case, specifically the Internal  
20 Revenue Service that filed a proof of claim for \$400. Class 2 would be impaired and would receive  
21 a vote to accept or reject the Plan.  
22

23 **Class 3: General Unsecured Claims.**

24 General unsecured claims are not secured by property of the estate and are not entitled to  
25 priority under Section 507(a) of the Bankruptcy Code. Class 3 claims consist of capital  
26 investments made by the investing beneficiaries of the business trust to satisfy administrative and  
27 operating costs. There are one (1) known claim holders that do not have insider affiliated status.  
28

1 General unsecured claims amount to approximately \$49,671.64.

2 After payment of the Class 1 claims, the general unsecured creditors will be paid 100% of  
3 their allowed claim. Each Class 3 claimant receives a vote to either accept or reject the Plan.

4 **Class 4: Equity Holders.**

5 Class 4 consists of equity holding members of the Business Trust and tenants-in-common.  
6 The members of Class 4 initially invested into a loan that was secured by the real property in the  
7 estate. Upon foreclosure, the majority of investors elected to become members of the Business  
8 Trust Debtor. Other investors elected to hold their interests as Tenants-in-Common. The Equity  
9 Holders are members of the Debtor and will be subordinated as insiders to the other creditor  
10 Classes 1-3. Class 4 will receive a pro rata distribution of sale proceeds after Classes 1-3 have  
11 been paid in full and all administrative allowed claims have been paid in full. Class 4 members  
12 will receive a pro rata distributions as will the Tenants-in-Common based upon the initial  
13 investment to the initial loan amount.  
14  
15

16 Class 4 claims are insider claims and are not valid for confirmation of the plan. All  
17 members of Class 4 will receive a right to vote to accept or reject the plan to be provided as  
18 information for the Court and creditors.  
19

20 **C. Unclassified Claims against Debtor**

21 Certain types of claims are automatically entitled to specific treatment under the Code.  
22 They are not considered to be impaired and holders of such claims do not vote on the Plan. They  
23 may, however, object if, in their view, their treatment under the Plan does not comply with the  
24 requirements of the Code. For a detailed analysis and description of the individual unclassified  
25 claims, see Articles I and II of the Debtor's Plan of Reorganization.  
26

27 1. Administrative Expenses.  
28

1 Administrative expenses are costs and expenses of administering the Debtor's Chapter 11  
2 case which are allowed under section 507(a)(2) of the Bankruptcy Code. Administrative expenses  
3 include attorney's fees incurred by the Debtor for representation in the Bankruptcy Case, as well  
4 as the claims of creditors that have provided services to the Debtor post-petition. These claims  
5 include the payment of a management fee to Mesa Asset Management for services provided and  
6 property taxes incurred post-petition. Pursuant to the Operating Agreement, the Mesa  
7 management fee is calculated at \$9,000/yr. A list of the administrative claims is included in the  
8 Plan. Additional U.S. Trustee fees may be approved by the court and paid through the estate prior  
9 to confirmation and through administration of the Plan. Administrative claims will be paid within  
10 10 days after the Plan Effective Date as they come due for payment or as agreed upon with the  
11 Debtor from the revenue of the Debtors.  
12

## 14 2. Trustee's Fees

15 The U.S. Trustee's office accrues fees for the administration of the Bankruptcy Case and  
16 Chapter 11 Plan. 28 U.S.C. §1930(a)(6) requires that the Debtor make payment of the U.S.  
17 Trustee's fees as they accrue. These fees will be paid current on the Effective Date of the Plan  
18 and paid as they become due and owing.  
19

## 20 **VIII. MODIFICATION, ALTERATION AND REVOCATION OF THE PLAN**

### 21 **A. Modification of the Plan.**

22 The Debtor may modify the Plan at any time before confirmation of the Plan. However,  
23 the Court may require a new disclosure statement and/or re-voting on the Plan.  
24

25 Upon request of the Debtor, the U.S. Trustee, or the holder of an allowed unsecured claim,  
26 the Plan may be modified at any time after confirmation of the Plan but before completion of  
27 payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on  
28

1 claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the  
2 amount of distribution to a creditor whose claim is provided for by the Plan as is necessary to  
3 account for any payment of the claim made other than under the Plan. Such modification is subject  
4 to Court and U.S. Trustee approval.

### 5 **B. Revocation of the Plan**

6  
7 The Debtor reserves the right to revoke or withdraw the Plan prior to the confirmation  
8 hearing and to file subsequent Chapter 11 plans. If the Debtor revoke or withdraw the Plan, or if  
9 confirmation does not occur, then (1) the Plan shall be null and void in all respects; (2) any  
10 settlement or compromise embodied in the Plan shall: (a) constitute a waiver or release of any  
11 Court: and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims  
12 by or against, the Debtor or any other entity; (b) prejudice in any manner the rights of the Debtor  
13 or any other entity; or (c) constitute an admission, acknowledgement offer or undertaking of any  
14 sort by the Debtor or any other entity.  
15

### 16 **C. Severability**

17  
18 If, prior to confirmation of the Plan, any term or provision of the Plan is held by the Court  
19 to be invalid, void or unenforceable, the Court shall have the power to alter and interpret such term  
20 or provision to make it valid or enforceable to the maximum extent practicable, consistent with the  
21 original purpose of the term or provision held to be invalid, void or unenforceable, and such term  
22 or provision then will be applicable as altered or interpreted, provided that any such alteration or  
23 interpretation must be in form and substance reasonably acceptable to the Debtor, and, to the extent  
24 such alteration or interpretation affects the rights or treatment of holders of general unsecured  
25 claims, such claim holder.  
26

## 27 **IX. EFFECTS OF CONFIRMATION AND IMPLEMENTATION OF THE PLAN**

1           **A. Reservation of Rights**

2           The Plan shall have no force or effect until the Court enters the Confirmation Order.  
3 Neither the filing of the Plan, any statement or provision contained in the Disclosure Statement,  
4 nor the taking of any action by the Debtor or any other entity with respect to the Plan shall be an  
5 admission or waiver of any rights of (1) the Debtor with respect to the holders of claims or other  
6 entities; or (2) any holder of Claims or other entity prior to the Effective Date of the Plan.  
7

8           **B. Vesting of Assets in the Reorganized Debtor.**

9           After confirmation of the Plan, all property of the Debtor shall vest in the relevant  
10 reorganized Debtor, free and clear of all liens, claims, charges, or other encumbrances, except  
11 those enumerated in the order approving the Motion to Value and the confirmation order. The  
12 reorganized Debtor may operate its business and may use, acquire, dispose of property and  
13 compromise or settle any claims without supervision or approval of the Bankruptcy Court and  
14 free of any restrictions of the Bankruptcy Code or Rules, other than those restrictions expressly  
15 imposed by the Plan and the confirmation order. Without limiting the foregoing, the Debtor may  
16 pay the liabilities that are incurred after confirmation for professional fees, disbursement,  
17 expenses or related support services without application to the Bankruptcy Court.  
18  
19

20           **C. Discharge of the Debtor.**

21           The Debtor is a corporate entity and as such does not receive a discharge from all debts  
22 that arose prior to confirmation of the plan pursuant to §1141(d)(3)(C). However, the confirmed  
23 plan of reorganization is binding upon any creditor, whether or not such creditor has accepted the  
24 plan, pursuant to §1141(a).  
25

26           **D. Plan Payments**

27           The Debtor will implement its Plan by having MESA serve as the Plan Agent for payment  
28

1 of Claims pursuant to the Plan. No compensation will be paid to MESA for serving as Plan Agent  
2 beyond the management fee; however, it will be entitled to reimbursement of expenses and  
3 compensation for any professionals who assist in the performance of the duties of the Plan Agent.

4 The Plan Agent is authorized, without limitation, to:

5 (a) Manage, protect and preserve the Assets, subject to the terms and limitations set forth  
6 in the Plan.

7 (b) Release, sell, transfer, convey or assign any right, title, interest in or about the Assets  
8 or any portion thereof with the approval of the Bankruptcy Court after hearing and  
9 notice, unless the value of the Asset is less than \$25,000, in which case Bankruptcy  
10 Court approval is not required.

11 (c) Pay and discharge any costs, expenses, professional fees or obligations deemed  
12 necessary to preserve or enhance the value of the Assets.

13 (d) Open and maintain bank accounts and deposit funds or draw checks and make  
14 distributions in accordance with the Plan.

15 (e) Engage and retain attorneys, accountants, engineers, agents, tax specialists, financial  
16 advisers, appraisers, investment bankers, or other professionals and clerical assistance  
17 as may, in the discretion of the Plan Agent, be deemed necessary.

18 (f) Execute any documents on behalf of the Estate necessary to further the goals and  
19 objectives and accomplish the purposes of the Plan.

20 (g) Pay obligations or expenses of or relating to the Assets and that the Plan Agent  
21 reasonably deems to be in the best interest of Creditors or necessary to effectuate the  
22 Plan.

23 (h) Analyze, evaluate, pursue and settle and compromise any and all Litigation Claims  
24  
25  
26  
27  
28

1 and other causes of action on behalf of the Estate, objections to Claims, and any  
2 appeals thereof, and otherwise sue and be sued as is necessary to fulfill the obligations  
3 and duties under the Plan.

- 4 (i) Enforce, waive, or release rights, privileges or immunities relating to the Assets.  
5  
6 (j) Initiate, prosecute, settle and resolve any and all litigation claims and other causes of  
7 action on behalf of the Estate, objections to Claims, and any appeals thereof with the  
8 approval of the Bankruptcy Court after hearing on notice, unless the amount in  
9 controversy is less than \$25,000, in which case approval of the Bankruptcy Court is  
10 not required.  
11  
12 (k) Liquidate and convert all or any portion of the Assets to Cash.  
13  
14 (l) Establish and maintain reserves required by the Plan.  
15  
16 (m) Make Distribution in accordance with the terms of the Plan  
17  
18 (n) Act as is necessary with regard to all matters which the jurisdiction of the Bankruptcy  
19 Court is reserved under the Plan.  
20  
21 (o) As soon as is practicable after the Final Distribution, oversee the dissolution and  
22 winding up of the Estate in accordance with applicable law and seek a Final Order  
23 from the Bankruptcy Court closing the Case and entry of a Final Decree.  
24  
25 (p) Without limiting any of the foregoing, deal with the Assets or any part or parts thereof  
26 in all other ways as would be lawful and do any and all things necessary to further the  
27 goals and objectives and accomplish the purposes of the Plan.  
28

The Plan Agent will make the plan payments from the revenue that is generated from the sale of Debtor assets in whole or in part and the annual income of \$48,000. The real property value held by the estate is estimated at \$3,500,000. The sales costs and other expenses of sale



1 will be paid from the proceeds of sale at the time of closing. The expected net revenue from the  
2 sale of the Property is anticipated to be sufficient to pay all allowed claims 100%.

3 Debtor has approximately \$320,657.51 in cash reserves. This reserve is accumulated from  
4 the ongoing business revenue and will be used to pay for administrative expenses upon  
5 confirmation. The plan contemplates to use of the reserve funds to satisfy the initial costs of the  
6 Plan at the Effective Date and to replenish this reserve from the monthly income.  
7

8 Plan payments will be made on all allowed claims under the Plan through the Debtor-in-  
9 Possession account. Under supervision of the U.S. Trustee, the Debtor will deposit all surplus  
10 income into this account after payment of all operational expenses and allowed claims. Payments  
11 pursuant to the Plan will be made pursuant to the terms of the Plan until such claims are paid.  
12

13 Except as otherwise agreed or set forth in the Plan, payments upon disputed claims will  
14 be made after the claim has become an Allowed Claim and a final non-appealable order of the  
15 Bankruptcy Court has been entered. Notwithstanding anything in the Plan to the contrary, no  
16 partial payments and no partial distributions shall be made with respect to a disputed claim until  
17 all such disputes in connection with such disputed claim have been resolved by settlement among  
18 the parties or by entry of a final order of the Court. Any post-petitions payments made pursuant  
19 to an order of the Court will be credited to the satisfaction of the Allowed Claim under the terms  
20 of the Plan.  
21

#### 22 **D. Objections to Claims**

23 After the Effective Date, objections to Claims shall be made and objections to Claims  
24 made previous thereto shall be pursued by the Plan Agent or any other party properly entitled to  
25 do so after notice to the Plan Agent and the Reorganized Debtor, with approval by the Bankruptcy  
26 Court. Any objections to the Claims made after the Effective Date shall be filed and served not  
27  
28

1 later than 180 days after the Effective Date; provided, however, that such period may be extended  
2 by order of the Bankruptcy court for good cause shown. In order to facilitate the Payment to  
3 holders of Allowed Claims and if and to the extent there are Disputed Claims in any Class, the  
4 Plan Agent shall set aside in a separate designated reserve account the payments applicable to  
5 such Disputed claims as if such Disputed Claims were Allowed Claims, pending allowance of the  
6 claim or disallowance of the Disputed Claims.  
7

8 **E. Holding of Undeliverable Distributions and Failure to Claim**

9 All Distributions are to be made to the holder of each Allowed Claim by the Plan Agent  
10 at the address listed on the Schedules or proof of claim filed by such holder at the time of  
11 Distribution. If any holders Distribution is returned as undeliverable, no further Distributions to  
12 such holder shall be made unless and until the Debtor is notified of the holder's current address,  
13 at which time all required Distributions shall be made to the holder. Undeliverable Distributions  
14 shall be held by the Debtor until such Distributions are claimed. All Claims for undeliverable  
15 Distributions must be made within ninety (90) days following a Distribution. After such date, all  
16 unclaimed Distributions shall be allocated pro rata to the members of the Class related to such  
17 Distribution notwithstanding any federal or state escheat laws to the contrary.  
18  
19

20 **F. Fractional Amounts**

21 Payment of fractions of dollars will not be made. Whenever any payment of a fraction of  
22 a dollar under the Plan would otherwise be called for, the actual payment made will reflect a  
23 rounding of such fraction to the nearest dollar (up or down) with half dollars being rounded down.  
24

25 **G. Binding Effect**

26 The Plan shall be binding on, and shall inure to the benefit of, the Debtor and the holders  
27 of all Claims and their respective successors and assigns.  
28

1                   **H. Exculpation**

2                   The Debtor, the Plan Agent, and their respective agents and attorneys shall not be liable  
3 for any actions or omissions taken or not taken in connection with or arising out of the  
4 administration of the Chapter 11 Case, pursuit of confirmation of the Plan, the consummation of  
5 the Plan, or the administration of the Plan or the property to be distributed under the Plan, except  
6 for gross negligence or willful misconduct as determined by Final Order of the Bankruptcy Court.  
7

8                   **I. Governing Law**

9                   Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights,  
10 duties and obligations of the Debtor, all Creditors and any other Person arising under the Plan  
11 shall be governed by, and construed and enforced in accordance with, the internal laws of the  
12 State of Nevada, without giving effect to Nevada's choice of law provisions.  
13

14                   **J. Computation of Time**

15                   In computing any period of time prescribed or allowed by the Plan, the day of the act,  
16 event, or default from which the designated period of time begins to run shall not be included.  
17 The last day of the period so computed shall be included unless it is a Saturday, Sunday or legal  
18 holiday, or when the act to be done is filing of a paper in the Bankruptcy court, a day on which  
19 weather or other conditions have made the clerk's office inaccessible, in which event the period  
20 runs until the next day which is not one of the aforementioned days.  
21

22                   **K. Final Decree**

23                   After the Estate is fully administered, the Debtor shall file an application for a Final  
24 Decree and shall serve the application on the U.S. Trustee, together with a proposed Final Decree.  
25 The application will be heard by the U.S. Bankruptcy Court with regard to closing the case.  
26

27                   **X. TAX CONSEQUENCES OF THE PLAN**

1 THE FOLLOWING SUMMARY DOES NOT CONSTITUTE TAX ADVICE TO ANY  
2 PERSON. NO REPRESENTATIONS REGARDING THE EFFECT OF IMPLEMENTATION  
3 OF THE PLAN ON INDIVIDUAL CREDITORS ARE MADE HEREIN OR OTHERWISE.  
4 ALL CREDITORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE  
5 TAX CONSEQUENCES OF THE PLAN TO THEM, TO THE DEBTOR AND TO THE  
6 BANKRUPTCY ESTATE.  
7

8 THE DEBTOR, CREDITORS AND ANY PERSON, ENTITY, TRUST OR  
9 ORGANIZATION AFFILIATED WITH THE FOREGOING (“THE PARTIES”) ARE  
10 STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE  
11 FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM WHICH  
12 MAY RESULT FROM THE PROPOSED REORGANIZATION. THIS DISCLOSURE  
13 STATEMENT SHALL NOT IN ANY WAY BE CONSTRUED AS MAKING ANY  
14 REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF  
15 CONFIRMATION AND CONSUMMATION OF THE PLAN TO THE PARTIES. THIS  
16 DISCLOSURE STATEMENT IS GENERAL IN NATURE AND IS MERELY A SUMMARY  
17 DISCUSSION OF POTENTIAL TAX CONSEQUENCES TO THE PARTIES AND IS BASED  
18 UPON THE INTERNAL REVENUE CODE AND PERTINENT REGULATIONS RULINGS,  
19 COURT DECISIONS, AND TREASURY DECISIONS.  
20  
21

22 Under the Internal Revenue Code of 1986, as amended (the “IRC”), there may be federal  
23 income tax consequences to the Parties as a result of confirmation and consummation of the Plan  
24 as described in the Disclosure Statement.  
25

26 The federal income tax consequences to Creditors and their affiliates arising from the Plan  
27 will vary depending upon, among other things, the type of consideration received by the Creditor  
28

1 in exchange for its Claim, whether the Creditor reports income using a cash or accrual method,  
2 whether the Creditor has taken a “bad debt” deduction with respect to its Claim, whether the  
3 Creditor receives consideration in more than one tax year of the Creditor, whether the Creditor is  
4 a resident of the United States, and whether the Creditor’s claim is classified as a “security” or  
5 “debt” for federal income tax purposes. If a Creditor’s claim is characterized as a loss from a  
6 security, then the loss will be treated as a sale or exchange of a capital asset under IRC §165, and  
7 whether it is a long term or short term capital loss will depend on the Creditor’s holding period.  
8 If a Creditor’s claim is characterized as a loss resulting from a debt, then the extent of the  
9 deduction will depend on whether the debt is deemed wholly worthless or partially worthless, and  
10 whether the debt is construed to be a business or non-business debt as determined under IRC  
11 §166.  
12  
13

## 14 **XI. LIQUIDATION ANALYSIS**

### 15 **A. Alternatives to the Plan**

16 The Debtor believes that the Plan, as described herein, enables the Creditors to receive  
17 payment of their Allowed Claims as quickly as possible and for the greatest return as required  
18 under the Bankruptcy Code. In addition, the Debtor believes that the Plan provides this payment  
19 more quickly than only other alternative. In the Debtor's view, the only alternative to the Plan is  
20 a forced liquidation of the Debtor's Property in a chapter 7 case, payment through a tax sale.  
21 Either of these sale methods would greatly reduce the amount of return to the Debtor’s unsecured  
22 creditors.  
23  
24

25 In general, to determine what holders of Allowed claims in each Class would receive if  
26 Debtor were liquidated, the Bankruptcy Court must determine what funds would be generated  
27 from liquidation of the Debtor's assets. Such liquidation funds would be reduced by the costs and  
28

1 expenses of the liquidation and by such additional Administrative Claims and the use of the  
2 chapter 7 for the purpose of liquidation.

3 The funds recovered from liquidation would be further reduced by the commission  
4 payable to the chapter 7 trustee and the trustee's attorney's fees, as well as the costs of the chapter  
5 11 estate (such as the compensation for chapter 11 professionals). In a chapter 7 case, the trustee  
6 would be entitled to seek a sliding scale commission based upon the funds distributed to the  
7 Creditors. In contrast, the trustee's commission is not paid in a chapter 11 case, and the Plan  
8 Administer under the Plan will not be paid a commission or any compensation for his services.  
9

### 10 **B. Liquidation**

11 Pursuant to Section 1129(a)(7), for the Plan to be confirmed it must provide that creditors  
12 will receive at least as much under the Plan as she would receive in a liquidation of the Debtor  
13 under chapter 7 (the "Best Interests Test"). The Best Interests Test with respect to each impaired  
14 class requires that each holder of a claim of such class either (a) accepts the Plan, or (b) receives  
15 or retains under the Plan, property of value, as of the Effective Date, that is not less than the value  
16 such holder would receive or retain if the Debtor were liquidated under Chapter 7. The Court  
17 will determine whether the value received under the Plan by the holders of claims in each impaired  
18 class of creditors is equal to or exceeds the value that would be allocated to such holders in  
19 liquidation under Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan meets the  
20 Best Interests Test and provides value that is not less than the value which would be recovered  
21 by each holder in a Chapter 7 proceeding.  
22  
23  
24

25 In the instant case, the Debtor owns real property with limited annual income. Therefore,  
26 the impaired classes would recover the net present value of the estate property after sale by the  
27 taxing authority and distribution of the cash reserves. The Plan provides for an extended time for  
28

1 sale to result in the payment of equal or greater amounts than the present liquidation value to each  
2 of these classes.

3 If the Debtor were to liquidate the Property today, the sale would most likely be for less  
4 than the amount of the Class 1 claim and generate no income for the general unsecured creditors.  
5 All anticipated proceeds would apply to secured and priority tax claims prior to payment of any  
6 general unsecured claims or investor claims. Liquidation is anticipated to amount to less than  
7 required to satisfy the priority tax debt, leaving nothing for unsecured creditors. Therefore, the  
8 proposed payment plan would be more beneficial to the general unsecured creditors.  
9

### 10 **C. Assumptions for Liquidation Analysis**

11 The following assumptions were made in preparing the Liquidation Analysis:

- 12 1. The Liquidation Analysis satisfies Section 1129(a)(7)(A)(ii) to determine whether  
13 the Plan is in the best interests of the Debtor's estate and creditors.
- 14 2. The Liquidation Analysis is based upon a number of estimates and assumptions  
15 that, although considered reasonable by the Debtor are subject to economic and  
16 business contingencies beyond the Debtor's control. Accordingly, no assurances  
17 can be made. The Liquidation Analysis is subject to change. Nothing contained  
18 herein shall be used as an admission against the Debtor or any other Person.
- 19 3. The Liquidation Analysis utilizes figures estimated by the Debtor as a basis for  
20 determining liquidation values. It does not include any proceeds from the sale of  
21 fully encumbered Assets. Additionally, liquidation values have been estimated by  
22 the Debtor for certain Assets as more particularly set forth in Exhibit 2.
- 23 4. The Chapter 11 distribution to unsecured creditors ranges is anticipated to be  
24 100% for payment of all Unsecured Claims. Under a Chapter 7, the distribution is  
25  
26  
27  
28

also anticipated to be \$100% for Unsecured Creditors. See Exhibit 2.

**XII. CONCLUSION**

The Debtor has analyzed different scenarios and believes that confirmation of the Plan provides for a recovery for Creditors that is greater than other likely alternatives, and particularly a liquidation alternative. In addition, alternatives other than Confirmation of the Plan could result in extensive delays and increases in administrative expenses resulting in potentially smaller distributions to the holders of Claims and equity interests. Accordingly, the Debtor recommends confirmation of the Plan and urges all holders of Allowed Claims to vote to accept the Plan and to indicate acceptance by returning their Ballots to be received no later than the voting deadline.

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1 Dated this 2nd day of February, 2018.

2 /s/ Peter J. Becker  
3 Peter J. Becker, Manager of Mesa Asset Management,  
4 Trustee of 06-009 Rancho Coachella Business Trust  
5  
6

7 Submitted by:

8 LAW OFFICE OF TIMOTHY P. THOMAS, LLC  
9

10 /s/ Timothy P. Thomas  
11 Timothy P. Thomas, Esq.  
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