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5 *Proposed Attorneys for Debtor*
6 *and Debtor in Possession*

7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF NEVADA**

9 In re:)
10 WARWICK PROPERTIES, LLC)
11)
12 Debtor.)
13 _____)

Case No. BK-S-17-15065-mkn
Chapter 11
Date: January 24, 2018
Time: 9:30 a.m.

14 **DEBTOR'S DISCLOSURE STATEMENT TO**
15 **ACCOMPANY ITS PLAN OF REORGANIZATION**

16 WARWICK PROPERTIES, LLC (hereinafter, "Debtor"), is also referred to as the Plan
17 "Proponent", by and through its counsel, David J. Winterton, Esq., of the law firm of DAVID J.
18 WINTERTON & ASSOCIATES, LTD., hereby presents this Disclosure Statement ("Disclosure
19 Statement") to accompany its Plan of Reorganization (hereinafter the "Plan") to all of the known
20 creditors of the Debtor pursuant to 11 U.S.C. § 1125. The purpose of this Disclosure Statement
21 is to provide such information as may be deemed materially important and necessary to the
22 Creditors of the Debtor to make a reasonably informed decision in exercising their right to vote for
23 the acceptance of the Debtor's Plan. The Plan, a copy of which accompanies this Disclosure
24 Statement as "Exhibit 1," has also been filed with the Bankruptcy Court.

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I. INTRODUCTION AND REPRESENTATIONS.

A. Purpose of Disclosure Statement.

The purpose of this Disclosure Statement is to: (1) assist the Claimants in making an informed decision as to whether or not to accept or reject the Plan; and to (2) assist the Bankruptcy Court in making an informed decision as to whether or not the Plan complies with the requirements of the Bankruptcy Code.

B. Introduction.

The Proponent is filing this Disclosure Statement to inform the Claimants of the Proponent's Plan to reorganize the Debtor. Unless otherwise defined herein, terms defined in the Plan shall have the same meaning when used in this Disclosure Statement. In addition, unless otherwise defined herein or in the Plan, terms used in this Disclosure Statement shall have the same meaning as in the Bankruptcy Code or the Bankruptcy Rules.

C. Representations.

This Disclosure Statement is submitted in accordance with Bankruptcy Code §1125 for the purpose of soliciting acceptances of the Plan from holders of certain Claims. The Bankruptcy Court approved this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each of the Classes being solicited to make an informed judgment whether to vote to accept or reject the Plan. In determining whether the Plan should be confirmed, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether or not it is feasible and whether or not it is in the best interests of the Claimants. The Bankruptcy Court will also receive and consider a ballot summary prepared by the Debtor concerning the votes for acceptance or rejection of the Plan by Persons entitled to vote. Each Class of Creditors allowed to vote on the Plan will be deemed to have accepted the Plan, if the Plan is accepted by valid ballots cast by Creditors that hold at least two-third (2/3) in dollar amount and more than one half (1/2) in number of the allowed claims of the Creditors in that class actually voting to accept or reject the Plan.

The information provided in this Disclosure Statement was information provided by the Debtor's management and accountants. Counsel for the Debtor does not make any personal guarantees or representations as to the accuracy of the numbers and information.

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1 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS DISCLOSURE**
2 **STATEMENT, TOGETHER WITH THE PLAN WHICH IS ATTACHED HERETO AS**
3 **EXHIBIT "1", SHOULD BE READ IN THEIR ENTIRETY. FOR THE CONVENIENCE**
4 **OF CREDITORS, THE PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT,**
5 **BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN**
6 **ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.**

7 The Bankruptcy Court will hold a hearing on confirmation of the Plan commencing
8 at ____ p.m. on _____, in Courtroom No. 2, 3rd Floor, United States Courthouse,
9 300 Las Vegas Boulevard South, Las Vegas, Nevada. The confirmation hearing may be adjourned
10 from time to time without further written notice.

11 Certain materials contained in this Disclosure Statement are taken directly from
12 other, readily accessible documents or are digests of other documents. While every effort has been
13 made to retain the meaning of such documents, you are urged to thoroughly review the documents
14 themselves.

15 **ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR**
16 **ACCEPTANCE WHICH ARE OTHER THAN THOSE CONTAINED IN THIS**
17 **DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING**
18 **AT YOUR DECISION. THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IS**
19 **NOT A SOLICITATION BY THE DEBTOR'S ATTORNEYS. THE REPRESENTATIONS**
20 **MADE HEREIN ARE THOSE OF DEBTOR AND NOT OF DEBTOR'S ATTORNEYS.**
21 **THE VALUE OF THE ASSETS AND THE AMOUNT OF THE DEBTS HAVE BEEN**
22 **PROVIDED BY THE DEBTOR AND HAVE NOT BEEN INDEPENDENTLY VERIFIED**
23 **BY THE DEBTOR'S ATTORNEYS. REASONABLE EFFORTS HAVE BEEN MADE TO**
24 **PREPARE ALL THE UNAUDITED FINANCIAL STATEMENTS WHICH MAY BE**
25 **CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATION**
26 **CONCERNING THE DEBTOR, PARTICULARLY AS TO THE VALUE OF THE ASSETS**
27 **OF THE DEBTOR OR THE AMOUNT OF THE CLAIMS, ARE AUTHORIZED OTHER**
28 **THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR**
RECOMMENDS THAT YOU VOTE FOR ITS PLAN OF REORGANIZATION.

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D. Summary of the Plan

a. **The Administrative Expenses**, including, but not limited to, administration of the estate, reviewing proof of claims, preparing a plan of reorganization, a disclosure statement, estimated at and other administrative expenses are:

Fees \$20,000.00

The Debtor is current in its United States Trustee’s fees. They estimate the total fees during the bankruptcy to the United States Trustee’s office will be approximately zero because they will be kept current.

b. **Classification of Creditors and Treatment of Creditors**

CLASS	IMPAIR	DISTRIBUTION
1	X	<p>Class 1 is impaired. Class 1 consists of all of the Allowed Secured Claims Allowed Secured Claims of Crabtree Development and Investment LLC/Phalanx Properties II LLC. It is secured with a deed of trust on the Real Property of the Debtor located at 2115 Willow Road, Arroyo grande, California (“Real Property”). The amount of the claim is \$760,000. It is secured with the Real Property of the Debtor.</p> <p>The Class 1 Claimant will be paid the full amount of its secured claim. The Debtor will either refinance the Real Property over nine (9) months from the Effective Date or will sell the Real Property within the next nine (9) months. If the Real Property is not sold within nine (9) months from the Effective Date, then the Real Property will be put up for auction. The auction will be advertized over the next three (3) months and the Real Property will be sold at a public auction one (1) year from the Effective Date. The Class 1 Claimant will be paid in full.</p>
2	X	<p>Class 2 is impaired. Class 2 consists of all of the Allowed Secured Claims of George Garcia. The amount of the claim is approximately \$35,000. It is secured with a deed of trust on the Real Property of the Debtor located at 2115 Willow Road, Arroyo grande, California. The amount of the claim is \$35,000.</p> <p>The Class 2 Claimant will be paid the full amount of its secured claim. The Debtor will either refinance the Real Property over nine (9) months from the Effective Date or will sell the Real Property within the next nine (9) months. If the Real Property is not sold within nine (9) months from the Effective Date, then the Real Property will be put up for auction. The auction will be advertized over the next three (3) months and the Real Property will be sold at a public auction one (1) year from the Effective Date. The Class 2 Claimant will be paid in full.</p>

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CLASS	IMPAIR	DISTRIBUTION
3	X	<p>Class 3 is impaired. Class 3 Claimants shall consist of the Allowed Unsecured Claims that are unsecured claims not entitled to priority under Section 507(a) and not in Class 1 and 2. Generally, Class 3 shall consist of the Allowed Unsecured Claims for goods and/or services provided to the Debtor before the Petition Date, Allowed Unsecured Claims for breach of contract or rejection of executory contracts and unexpired leases (within the meaning of Section 365 of the Bankruptcy Code), Allowed Unsecured Claims for damages, and Allowed Unsecured Claims in respect of the deficiency Claims. Class 3 will be paid in full upon the refinancing of the Real Property or the sale of the Real Property.</p>
4	X	<p>Class 4 is unimpaired. Class 4 will consist of all Allowed Interests. The holders of the Allowed Interests shall retain their interest in the reorganized Debtor and their rights shall reinvest upon an order confirming the Plan in accordance with 11 U.S.C. Section 1129(b)(2)(c)(I).</p>

II. HISTORY OF THE DEBTOR

A. Background History of the Debtor. The Debtor invested into a certain piece of Real Property located at 2115 Willow Road, Arroyo Grande, California.

B. Factors Right Before the Filing of the Bankruptcy.

The Debtor has been attempting to sell the Real Property. The Debtor fell behind in its loan the lender Capsourse commenced foreclose on the Real Property. Crabtree Development and Investment LLC/Phalanx Properties II LLC entered into an agreement to purchase the Real Property but the deal did not go through. Crabtree Development and Investment LLC/Phalanx Properties II LLC then purchased the note and deed of trust on the Real Property and continued to foreclose on the Real Property. This forced the Debtor to file bankruptcy.

C. Post-Petition History of the Debtor.

The Debtor filed it petition on or about September 20, 2017. The 341 creditors meeting was scheduled for October 26, 2017.

On or about October 13, 2017, Crabtree Development and Investment LLC/Phalanx Properties II LLC filed two motions. First, a motion to dismiss the bankruptcy proceeding. The second motion was a motion for relief from the stay. The matter was set for hearing on or about November 15, 2017. The court denied both motions without prejudice. The court ordered that the

1 Debtor file a plan of reorganization by December 15, 2017 and that the Debtor stay current in its
2 monthly operating reports.

3 On or about October 19, 2017, counsel for the Debtor filed it's application to be employed.
4 The court approve the application on or about November 22, 2017.

5 **III. DESCRIPTION OF THE ASSETS**

6 The Real Property is located at 2115 Willow Road, Arroyo grande, California. It is a
7 warehouse building that is approximately 12,000 sq. ft. It consists of 10,000 sq. ft. and 2,000 sq.
8 ft of office space. It sits on 1.86 acres. The site has a well and a septic tank. It is zoned industrial
by the County of San Luis Obispo.

9 **IV. PLAN OF REORGANIZATION**

10 **A. Overview of the Plan**

11 The Debtor plans on funding the Plan from the continued operations of the business for the
12 next year. They currently receive rent in the amount of \$2,400 per month and plan on renting the
13 property to additional tenants. The Debtor plans on refinancing the Real Property or to sell the
14 Real Property over the next year from the Effective Date. Based upon the value of the Real
15 Property, all of the creditors will be paid in full.

16 **B. Classification and Treatment of Claims and Interests Under the Plan.**

17 **1. Claim Amounts.** The amounts of the Claims specified in this Disclosure
18 Statement reflect only the Debtor's best estimates as of the date of this Disclosure Statement. This
19 includes a review of the claims filed in the United States Bankruptcy Court. As set forth in Article
20 V of the Plan, Debtor has reserved the right to object to any Claim for a period of sixty (60) days
following the Confirmation Date of the Plan.

21 **2. Classification Generally.** The Plan divides the Claims into four (4) separate
22 classes that the Debtor believes are in accordance with the Bankruptcy Code. All allowed claims
23 will be paid based on their priority and the same as other like creditors.

24 **3. Unclassified: Administrative Claims.** Subject to the Bankruptcy Courts
25 power to authorize or order earlier payment of Allowed Administrative Claims and Allowed
26 Claims under Section 507(a), (including, but not limited to, allowances of professional fees and
27 costs and fees relating to the assumption and rejection of lease(s), each Allowed Administrative
28

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1 Claim will receive cash in the amount of such Claim paid on the earliest to occur of: (a) the
 2 Effective Date; or (b) the first Business Day following the date on which such claim becomes an
 3 Allowed Administrative Claim; (c) if such Allowed Administrative Claim is incurred in the
 4 ordinary course of business, the date on which payment is due in accordance with the terms
 5 applicable thereto; (d) under such terms as the Debtor and the holder of such Allowed
 6 Administrative Claim may agree for payment; (e) as allowed under Section 507(a)(8) of the
 Bankruptcy Code.

7 The Administrative Expenses incurred in the administration of the estate, reviewing proof
 8 of claims, preparing a Plan of reorganization, a Disclosure Statement, examiner, United States
 9 Trustee's fees and other administrative expenses are as follows:

10 NAME	AMOUNT OWED	TREATMENT
11 US Trustee Fees	None owed at this time but estimate it will be over \$325	Paid in full on the Plan Effective Date
12 David J. Winterton & Associates, Ltd.	13 None at this time \$20,000 est.	Paid in full on approval of an application

14 Unless a holder of a particular claim has agreed to a different treatment of such claim, a
 15 Claimant of a kind specified in section 507(a)(2) or 507(a)(3) of Title 11 of the Bankruptcy Code,
 16 on the Effective Date of the Plan, the holder of such claim will receive on account of such claim
 17 cash equal to the allowed amount of such claim. With respect to a class of claims of asking
 18 specified in section 507(a)(1), 507(4), 507(5), 507(6) or 507(7) of title 11 of the Bankruptcy Code
 19 each holder of a claim of such class will receive (i) if such class has accepted the Plan, deferred
 20 cash payments of a value as of the Effective Date of the Plan, equal to the allowed amount of such
 21 claim or (ii) if such class has not accepted the Plan, cash on the Effective Date of the Plan equal
 22 to the allowed amount of such claim.

23 With respect to a claim of a kind specified in section 507(8) of this title, the holder of such
 24 claim will receive on account of such claim regular installment payments, in cash (i) of a total
 25 value, as of the Effective Date of the Plan, equal to the allowed amount of such claim; (ii) over a
 26 period of equal monthly payments ending not later than 5 years after the date of the order for relief
 27 under section 301, 302 or 303, and (iii) in a manner not less favorable than the most favored
 28

1 nonpriority unsecured claim provided for by the Plan (other than cash payments made to a class of
2 creditors under section 1122(b)).

3 With respect to a secured claim which would otherwise meet the description of an
4 unsecured claim of a governmental unit under section 507(a)(8), but for the secured status of the
5 claim, the holder of that claim will receive on account of that claim, cash payments, in the same
6 manner and over the same period, as prescribed in subparagraph 1129(a)(9)(c).

7 **4. Classified Claims.**

8 **TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

9 **4.1 Class 1 is impaired.** Class 1 consists of all of the Allowed Secured Claims of
10 Crabtree Development and Investment LLC/Phalanx Properties II LLC. The amount of the claim
11 is \$880,000. It is secured with a deed of trust on the Real Property of the Debtor located at 2115
12 Willow Road, Arroyo Grande, California. The value of the Real Property is in excess of \$1.3
13 million dollars.

14 The Class 1 Claimant will be paid the full amount of its secured claim. The Debtor
15 will either refinance the Real Property over nine (9) months from the Effective Date or will sell the
16 Real Property within the next nine (9) months. If the Real Property is not sold within nine (9)
17 months from the Effective Date, then the Real Property will be put up for auction. The auction will
18 be advertized over the next three (3) months and the Real Property will be sold at a public auction
19 one (1) year from the Effective Date. Under this Plan the Class 1 Claimant will receive on account
20 of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value,
21 as of the Effective Date of the plan, or at least the value of such holder's interest in the estate's
22 interest in such Real Property or for the realization by the Class 1 Claimant indubitable equivalent
23 of such Allowed Claim.

24 **4.2 Class 2 is impaired.** Class 2 consists of all of the Allowed Secured Claims of
25 George Garcia. The amount of the claim is approximately \$35,000. It is secured with a deed of trust
26 on the Real Property of the Debtor located at 2115 Willow Road, Arroyo Grande, California. The
27 value of the real property is in excess of \$1.3 million dollars.

28 The Class 2 Claimant will be paid the full amount of its secured claim. The Debtor
will either refinance the property over nine (9) months from the Effective Date or will sell the Real

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1 Property within the next nine (9) months. If the Real Property is not sold within nine (9) months
2 from the Effective Date, then the Real Property will be put up for auction. The auction will be
3 advertized over the next three (3) months and the Real Property will be sold at a public auction one
4 (1) year from the Effective Date. Under this Plan the Class 2 claimant will receive on account of
5 such claim deferred cash payments totaling at least the allowed amount of such claim, of a value,
6 as of the Effective Date of the plan, or at least the value of such holder's interest in the estate's
7 interest in such Real Property or for the realization by the Class 2 claimant indubitable equivalent
8 of such claim.

8 **4.3 Class 3 is impaired.** Class 3 Claimants shall consist of the Allowed Unsecured
9 Claims that are unsecured claims not entitled to priority under Section 507(a) and not in Class 1
10 and 2. Generally, Class 3 shall consist of the Allowed Unsecured Claims for goods and/or services
11 provided to the Debtor before the Petition Date, Allowed Unsecured Claims for breach of contract
12 or rejection of executory contracts and unexpired leases (within the meaning of Section 365 of the
13 Bankruptcy Code), Allowed Unsecured Claims for damages, and Allowed Unsecured Claims in
14 respect of the deficiency Claims. Class 4 will be paid in full upon the refinancing of the Real
15 Property or the sale of the Real Property.

16 **4.4 Class 4 is unimpaired.** Class 4 will consist of all Allowed Interests. The holders
17 of the Allowed Interests shall retain their interest in the reorganized Debtor and their rights shall
18 reinvest upon an order confirming the Plan in accordance with 11 U.S.C. Section 1129(b)(2)(c)(I).

19 Payments will be made in priority as established by the United States Bankruptcy Code
20 including payments to Administrative Claims, Priority Claims and Allowed Unsecured Creditors
21 in the order mandated by the United States Bankruptcy Code from the Debtor's Disposable Income.

22 **C. Claims.**

23 If the Debtor has listed in their Schedules a claim as a Disputed Claim, the Creditor
24 must file a proof of claim. If a proof of claim is not timely filed, the claim will be disallowed,
25 unless later allowed by the Bankruptcy Court. A claim of a governmental unit shall be timely filed
26 if it is filed before 180 days after the date of the order for relief. Except as otherwise provided in
27 this Plan, objections to Claims may be filed and served by any other Person(s) properly entitled to
28 do so under the Bankruptcy Code and the Bankruptcy Rules, no later than sixty (60) days following

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1 the Confirmation Date. Any objection to a Claim will be served upon the holder of each such Claim
2 to which objection has been made.

3 (a) Unless an earlier time is set by order of the Bankruptcy Court or in this Plan,
4 all objections to Claims will be filed within sixty (60) days after the Confirmation Date;

5 (b) Until the claim is allowed, the Claimant will be entitled to payment, but the
6 payment will be held in trust, as if it had been allowed on the Effective Date. Such payment will
7 be made to the Claimant as soon as possible after the order allowing the Claim becomes a Final
8 Order;

9 (c) After allowance, and to the extent allowed and not subordinated or subject
10 to subordination, the previously Disputed Claim will be treated, for purposes of receiving
11 subsequent distributions (if any), as if it had been allowed as of the Confirmation Date.

12 In the case of any Disputed Claims, any undisputed portion of an Allowed Claim
13 shall be paid in accordance to the terms as provided in this Plan. The funds to pay the balance of
14 the Disputed Claim shall be held in an interest-bearing account until the Bankruptcy Court
15 determines the allowed amount of such Claim as provided in the Plan. Until the date of the actual
16 payment(s), portions of the undistributed claim(s) shall accrue interest at the same rate as the
17 interest-bearing account. All Disputed Claims amount may be held in a single bank account with
18 the appropriate records segregating the amount due and owing. Upon a Final Order from the
19 Bankruptcy Court, any Disputed Claim(s) that becomes an Allowed Claim shall be paid along with
20 any portion of interest due and owing to the Claimant. The Debtor will review the claims and
21 timely file an objection to the claims that are in dispute.

D. Treatment of Executory Contracts and Unexpired Leases.

22 All executory contracts and leases shall be rejected at Confirmation except for those
23 listed on Exhibit 2. Each party to an executory contract or unexpired lease which is rejected at
24 Confirmation, shall file, not later than thirty (30) days after the Confirmation Date, a proof of claim
25 for any Claim arising from the rejection of such executory contract or unexpired lease. Currently
26 there is only one tenant on the Real Property that has a month to month lease.
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1 **E. The Effective Date and the Effect of Confirmation.**

2 The Effective Date is defined in the Plan. From and after Confirmation, the Debtor
3 shall continue to be subject to the Bankruptcy Code and to the jurisdiction of the Bankruptcy Court
4 to execute the Plan.

5 **F. Avoidance Actions.**

6 Avoidance actions under Bankruptcy Code Sections 544, 547, 548, 549, 550, 551,
7 and any other applicable section of the Bankruptcy Code, shall be preserved for the benefit of
8 Creditors until all Claimants have been paid the full amount due to such Claimants on Allowed
9 Claims under the Plan. There are no avoidance actions contemplated.

10 **G. Management and Operations of the Debtor.**

11 On and after the Effective Date, the Debtor will continue to manage the Estate and
12 Estate Assets as it currently does to effectuate the terms of the Plan. The management will be under
13 the direction of Seth McCormick.

14 **H. Post-Confirmation Reports and Fees.**

15 The Debtor will continue to make the U.S. Trustee's quarterly fees. The amount of
16 fees will be established by the post-petition operating reports. The Debtor will be closing the case
17 upon conclusion of the claims objection process.

18 **I. Withholding and Reporting Requirements.**

19 In connection with the Plan, the Debtor shall file all post-petition reports as required
20 and pay United States Trustee's fees. The Debtor will comply with all withholding and reporting
21 requirements imposed by any federal, state, local, or foreign taxing authority; and all distributions
22 under the Plan will be subject to any such withholding and reporting requirements.

23 **J. Closing of Case.**

24 The Debtor will close the case upon the confirmation of a Plan of Reorganization,
25 the completion of the objection to claims process, initiation of repayment to creditors in accordance
26 with the Plan and pursuant to the Local Bankruptcy Rules.

27 **K. Discharge.**

28 On the Effective Date, all of the Assets and the Estate Assets (except as designated)
shall vest in the Debtor. The Assets and the Estate Assets shall vest free and clear of all Claims,

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1 equity security interests, Liens and encumbrances of Creditors, equity security holders, the Debtor,
2 the Estate, or any other Persons, except the rights with respect thereto created pursuant to or
3 provided for in the Plan or in the Confirmation Order.

4 Except as otherwise provided in the Plan or the Confirmation Order, the distributions made
5 pursuant to the Plan will be in full and final satisfaction, settlement, release and discharge as
6 against the Debtor and its Estate, of any debt that arose prior to the Effective Date, including any
7 debt of a kind specified in Section 502(h), (g) or (I) of the Bankruptcy Code, and all Claims of any
8 nature, including without limitation, any interest accrued thereon from and after the Petition Date,
9 whether or not (a) a proof of claim or interest based on such debt, obligation or interest is filed or
10 deemed filed under Section 501 or Section 1111(a) of the Bankruptcy Code, (b) such Claim or
11 interest is allowed under Section 502 of the Bankruptcy Code or (c) the holder of such Allowed
12 Claim or Common Interest has accepted the Plan.

13 On and after the Effective Date, except as provided in the Plan and the Confirmation Order,
14 all holders of Claims against the Debtor or the Estate, shall be precluded from asserting any type
15 of claim against the Debtor, or any of the Debtor's assets or properties, or other activity of any kind
16 or nature that occurred prior to the Effective Date, and the Confirmation Order shall permanently
17 enjoin said holders, their heirs, personal representatives, successors and assigns from enforcing or
18 seeking to enforce any such Claims against the Debtor.

19 **V. LITIGATION**

20 The Debtor does not have any litigation that it plans to pursue at this time.

21 **VI. ACCEPTANCE AND CONFIRMATION PROCEDURE**

22 The Bankruptcy Court will confirm a Plan of Reorganization ("Plan") only if it
23 finds that all of the requirements of Section 1129 of the Bankruptcy Code are met. The Plan
24 must be accepted by all impaired classes or establish that the Plan does not discriminate
25 unfairly and the Plan is fair and equitable to all Claimants that do not vote in favor of the Plan.
26 The Plan is feasible and is in the best interest of the Creditors.
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DAVID J. WINTERKON & ASSOCIATES, LTD
1140 No. Town Center Drive, Suite 120
Las Vegas, Nevada 89144
Phone: (702) 363-0317

1 **A. Voting Procedures**

2 All Claimants are entitled to vote if they have been scheduled in the Debtor's
3 Schedules, or such Claimant has filed a proof of claim before the bar date, unless such Claimant
4 has been rejected or disallowed for voting purposes by the Bankruptcy Court.

5 Pursuant to Bankruptcy Rule 3018, the holder of a Claim which has been
6 objected to, can vote only after notice and a hearing by the Bankruptcy Court and after entry of
7 a Final Order, which allows a claim or interest holder to vote.

8 A Class is deemed to have accepted the Plan, if the Plan is accepted by two-
9 thirds in dollar amount and more than one-half in number of claims or interests voted. (This
10 excludes certain claims designated under 1126(e) of the Bankruptcy Code that have voted to
11 accept or reject the Plan).

12 Only those Classes that are impaired under the Plan are entitled to vote to accept
13 or reject the Plan. The Debtors reserve the right to supplement this Disclosure Statement (if
14 necessary) and to solicit any of the Claims which may prove to be impaired, as the
15 Reorganization Case develops further.

16 Ballots will be sent to the known holders of Claims, whether or not such Claims
17 are disputed (attached hereto collectively as Exhibit 5 is the form of the Ballots proposed by the
18 Debtor.) However, only the holders of Allowed Claims (or Claims that have been temporarily
19 allowed or have been estimated by the Bankruptcy Court), who are impaired are entitled to vote
20 on the Plan. A Claim to which an objection has been filed, is not an Allowed Claim unless and
21 until the Bankruptcy Court enters a Final Order on the objection allowing the Claim for voting
22 purposes.

23 The forms of Ballot for each of the Classes entitled to vote on the Plan will be
24 sent to all Creditors with a copy of the Disclosure Statement approved by the Bankruptcy Court,
25 the Plan, and the Appendix of Exhibits. Creditors should read the Ballot carefully. If any
26 Creditor has any questions concerning voting procedures, that Creditor may contact:

27 David J. Winterton, Esq.
28 DAVID J. WINTERTON & ASSOCIATES, LTD..
 7881 W. Charleston Blvd. #220
 Las Vegas, NV 89117
 (702) 363-0317

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1 Ballots must be in possession of the law office of David J. Winterton & Associates on or before
2 _____ at 5:00 p.m. Any objections to the Plan must also be filed on or before
3 _____.

4 In addition, the Bankruptcy Court will hold a hearing on confirmation of the
5 Plan commencing on _____, at _____ p.m. in Bankruptcy Courtroom No. 2,
6 Third Floor, 300 Las Vegas Boulevard South, Las Vegas, Nevada. All objection(s), if any, to
7 the confirmation of the Plan must be in writing; must state with specificity the grounds for any
8 such objection(s); and must be filed with the Bankruptcy Court on or before _____
9 prior to the commencement of the confirmation hearing and served upon counsel for the
10 Debtor.

11 **B. Feasibility.**

12 Another requirement for confirmation involves the feasibility of the Plan, which
13 means that confirmation of the Plan is not likely to be followed by the liquidation, or need for
14 further financial reorganization, of the Debtor or any successor to the Debtor under the Plan,
15 unless such liquidation or reorganization is proposed in the Plan.

16 There are at least two important aspects of a feasibility analysis. The first aspect
17 considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan
18 to pay all of the Claims and expenses which are entitled to be paid on such date. It is anticipated
19 that the Debtor will have cash available as of the Effective Date to comply with the Plan.

20 The second aspect of feasibility considers whether the Debtor will have enough
21 cash over the life of the Plan to make the required Plan payments. Based on the rental proceeds
22 of the Debtor's rental properties, there should be enough cash on hand to make the required
23 payments under the Plan.

24 **C. Best Interests of Creditors and Liquidation Analysis.**

25 SEE LIQUIDATION ANALYSIS, SECTION VIII, BELOW. The following
26 information is provided to assist the Creditors in evaluating whether the Plan provides them
27 with value, as of the Effective Date, that is not less than the value which would have been
28 received if the Debtor's case was converted to a Chapter 7 and Liquidated.

If the foreclosure is to take place the second mortgage holder and the unsecured

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1 creditors would not get paid. The Planned liquidation is in the best interest of the creditors.

2 **D. Confirmation Over Dissenting Class.**

3 In the event that any impaired Class of Claims votes against the Plan, the
4 Bankruptcy Court may nevertheless confirm the Plan at Debtors' request if all other
5 requirements under Bankruptcy Code §1129(a) are satisfied, and if, as to each impaired Class
6 which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not
7 discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Classes.
8 Each of these requirements is discussed below.

8 **1. No Unfair Discrimination.**

9 A plan of reorganization "does not discriminate unfairly" if: (a) the legal rights
10 of a non-accepting Class are treated in a manner that is consistent with the treatment of other
11 Classes whose legal rights are intertwined with those of the non-accepting Class; and (b) no
12 Class receives payments in excess of those which it is legally entitled to receive for its Claims.
13 Debtor believes that under the plan, (I) all Classes of impaired Claims are treated in a manner
14 that is consistent with the treatment of other similar Classes of Claims, and (ii) no Class of
15 Claims will receive payments or Real Property with an aggregate value greater than what it is
16 legally entitled to receive. Accordingly, Debtor believes that the Plan does not discriminate
17 unfairly as to any impaired Class of Claims.

17 **2. Fair and Equitable Test.**

18 The Bankruptcy Code establishes different "fair and equitable" tests for Secured
19 Creditors and Unsecured Creditors as follows:

20 **a. Secured Creditors.**

21 Either (i) each impaired Secured Creditor retains its liens securing a
22 Secured Claim and receives on account of its Secured Claim deferred cash payments having a
23 present value equal to the amount of its Allowed Secured Claim, (ii) each impaired Secured
24 Creditor realizes the "indubitable equivalent" of its Allowed Secured Claim, or (iii) the Real
25 Property securing the Claim is sold free and clear of liens with such liens to attach to the
26 proceeds, and the liens against such proceeds are treated in accordance with clause (i) or (ii) of
27 this Subparagraph (a).
28

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b. Unsecured Creditors.

1
2 Either (i) each impaired Unsecured Creditor receives or retains, under the Plan,
3 property of a value equal to the amount of its Allowed Claim, or (ii) the holders of Claims and
4 Equity Interests that are junior to the Claims of the non-accepting Class, do not receive any
5 property under the Plan on account of such Claims and Equity Interests, except the Debtor will
6 retain property included in the Estate under 11 U.S.C. Section 1115.

7 Debtor believes that the Plan satisfies the "fair and equitable" test with respect to
8 all impaired Classes. All Secured Creditors will realize the indubitable equivalent of their
9 Secured Claims to the Plan and are to be paid in full the amount of their Allowed Secured
10 Claims.

VII. ALTERNATIVES TO THE PLAN

11 Debtor believes that the Plan provides the greatest possible recovery to all
12 Creditors. The only other alternative is to liquidate the assets pursuant to a Chapter 7
13 Liquidation, and as discussed above, will result in less paid to all Creditors.

VIII. LIQUIDATION ANALYSIS

A. General.

14
15 Debtor believes that the value of the property to be received under the Plan by
16 each holder of an Allowed Claim is equal to, or in excess of, any value such holder would
17 receive under Chapter 7 of the Bankruptcy Code. The value of the accounts receives will drop
18 to zero because the general contract will not have to pay because they will be forced to hire a
19 new subcontractor to finish the project and the general contractor will not be required to pay the
20 balance under the contract. The Debtor believes that the Plan is in the best interest of the
21 Creditors.

B. Liquidation Value.

22
23 If the Debtor's Estate was liquidated, there would be less available to pay the
24 Creditors. Under the Plan, the Debtor's Estate will not have to pay any Chapter 7 Trustee Fees
25 because the Debtor is acting in place of a trustee as the Debtor In Possession without
26 compensation. If there was a Chapter 7 Trustee in place, the trustee would be entitled to
27 compensation pursuant to 11 U.S.C. § 326. Further, if the properties are liquidated, the
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1 disposable income that would go towards paying the Claims for the five (5) year period will not
2 exist. The secured creditors would get the collateral to cover a portion of their claims, there
3 would be nothing to cover their unsecured claims and the remaining unsecured creditors would
4 also receive nothing. The Creditors will receive more under the Debtor's Plan than under a
5 Chapter 7 liquidation.

6 **IX. RISK FACTORS**

7 In addition to other matters addressed elsewhere in this Disclosure Statement,
8 the Plan involves certain significant risks that should be taken into consideration, including
9 those material risk factors set forth below.

10 **A. Risk of Non-Payment.**

11 There is always risk of non-payment in a plan of reorganization. The Debtor has
12 disposable income to support its Plan. The Debtor has provided projections based upon the
13 current rental market which indicate there will be adequate rental income to support the Plan.
14 See Exhibit 3. There is always a risk, but the Debtor does not anticipate not being able to make
15 the payments based upon the rental proceeds.

16 **B. Tax Risks.**

17 The federal, state, local and foreign tax consequences of the Plan are complex,
18 and in many areas, uncertain. See "Certain Federal Income Tax Consequences." Holders of
19 Claims are strongly urged to consult their tax advisers for specified reference to the federal,
20 state, local and foreign tax consequences of the Plan with respect to their Claim. Debtor makes
21 no assurances regarding the federal, state, local and foreign tax consequences of the Plan with
22 respect to any Claim.

23 **C. Risk of Non-Confirmation of the Plan.**

24 The risk of non confirming the Plan is that the Debtor will have to convert to a
25 Chapter 7 and the Creditors will get substantially reduced amounts.

26 **X. FEDERAL TAX CONSEQUENCES AND CERTAIN
27 FEDERAL INCOME TAX CONSEQUENCES.**

28 There are no Federal Tax Consequences to the Debtor under this Plan of
Reorganization. They will pay the taxes as required by law. The tax consequences to the
creditors depends on the financial position of the creditor.

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1 THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE
2 PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, EACH
3 HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX
4 ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER.

5 **XI. CONCLUSION**

6 For the above stated reasons, the Proponents recommend that the Creditors vote in favor
7 of this Plan of Reorganization. All ballots will be returned and in the Office of the law firm of
8 David J. Winterton & Associates, Ltd. by _____. Please address the ballots to the
9 attention of:

10 DAVID J. WINTERTON, ESQ.
DAVID J. WINTERTON & ASSOCIATES, LTD.
7881 W. Charleston Blvd. #220
Las Vegas, Nevada 89117

11 DATED this 6th day of December, 2017.

12 WARWICK PROPERTIES, LLC

13
14 By: /s/ Seth McCormick
Seth McCormick, Manager

15 Prepared and submitted by:

16 DAVID J. WINTERTON & ASSOCIATES, LTD.

17
18 By: /s/ David J. Winterton
DAVID J. WINTERTON, ESQ.
Nevada Bar No. 004142
1140 N. Town Center Drive, Suite 120
19 Las Vegas, Nevada 89144
20 (702) 363-0317

21 *Attorneys for Debtor*
22 *and Debtor-in-possession*

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EXHIBIT 1

(Plan of Reorganization)

DAVID J. WINTERTON & ASSOCIATES, LTD
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1 DAVID J. WINTERTON, ESQ.
Nevada Bar No. 004142
2 DAVID J. WINTERTON & ASSOC., LTD.
1140 N. Town Center Drive, Suite 120
3 Las Vegas, Nevada 89144
Phone: (702) 363-0317
4 Facsimile: (702) 363-1630
Email: david@davidwinterton.com

5 *Proposed Attorneys for Debtor*
6 *and Debtor in Possession*

7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF NEVADA**

9 In re:)
10 WARWICK PROPERTIES, LLC)
11) Case No. BK-S-17-15065-mkn
12 Debtor.) Chapter 11
Date:
Time:

13 **DEBTOR'S PLAN OF REORGANIZATION**

14 Debtor, WARWICK PROPERTIES, LLC (hereinafter, "Debtor"), by and through its
15 counsel, David J. Winterton, Esq., of the law firm of DAVID J. WINTERTON & ASSOCIATES,
16 LTD., hereby presents this Plan of Reorganization (hereinafter "Plan") to all of the known creditors
17 of the Debtor pursuant to 11 U.S.C. § 1125 of the United States Bankruptcy Code. The purpose
18 of this Plan under Chapter 11 of the Bankruptcy Code is to resolve the claims of the creditors and
19 interest holders. The Debtor makes reference to a Disclosure Statement accompanying the Plan
20 (hereinafter, "Disclosure Statement") which contains the Debtor's history, business, property,
21 financial information, a summary of the Plan and related matters.

22 **ARTICLE I.**

23 **DEFINITIONS**

24 1. **SCOPE OF DEFINITIONS.** For purposes of this Plan, all capitalized terms and
25 otherwise defined terms shall have the meanings assigned to them in this Article I.
26 Whenever the context requires, such terms shall include the plural number as well as the
27 singular and the female and/or masculine gender as well as the neuters. Paragraph 59 and
28

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1 60 of this Article I, which are not capitalized terms in alphabetical order, provide for: (i)
2 the incorporation of defined terms from the Bankruptcy Code or the Bankruptcy Rules; and
3 (ii) the incorporation of all definitions as substantive provisions of this Plan.

4 **1.1 "ADMINISTRATIVE CLAIM"** means every Claim which is alleged to be entitled to
5 allowance under Section 503(b) of the Bankruptcy Code or otherwise alleged to be entitled
6 to priority pursuant to Section 507(a)(1) of the Bankruptcy Code. Such Claims will
7 include, but are not limited to, the following: (a) any actual, necessary expense of
8 preserving the Estate; (b) any amount required to be paid under Section 365(b) of the
9 Bankruptcy Code in connection with the curing of defaults under executory contracts or
10 unexpired leases; (c) all allowances, including professional fees and costs, which the
11 Bankruptcy Court is requested to approve for professionals employed by the Debtor; (d) any
12 and all other allowances of fees and costs, including professional fees and costs, which the
13 Bankruptcy Court is requested to approve under Section 503(b) of the Bankruptcy Code;
14 (e) all fees payable pursuant to Section 1930 of Title 28 of the United States Code, as
15 determined by the Bankruptcy Court at a hearing pursuant to Section 1128 of the
16 Bankruptcy Code;

17 **1.2 "ALLOWED ADMINISTRATIVE CLAIM"** means an Administrative Claim (a) as to
18 which no objection has been filed or, if an objection has been filed, it has been resolved by
19 the allowance of such Administrative Claim by an order of the Bankruptcy Court which has
20 not been stayed, modified or vacated; (b) which requires payment in the ordinary course of
21 business of the Debtor and as to which there is no order of the Bankruptcy Court in effect
22 which prohibits any such payment; or (c) which requires payment pursuant to an order of
23 the Bankruptcy Court which is not stayed, modified, or vacated.

24 **1.3 "ALLOWED CLAIM"** means a Claim, other than an Administrative Claim, which was
25 listed in the Schedules and filed with the Bankruptcy Court by the Debtor and not listed as
26 a disputed, contingent or unliquidated as to amount of the claim or a Proof of Claim with
27 respect thereto was (a) timely filed pursuant to an order of the Bankruptcy Court; (b)
28 deemed filed under Section 1111(a) of the Bankruptcy Code; or (c) late filed with leave of
the Bankruptcy Court; or without objection by the Debtor, or another party in interest

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1 within a time fixed by the Bankruptcy Court for objecting to each late filing; and if an
2 objection has been filed it was filed within a time fixed by the Bankruptcy Court or this
3 Plan; (d) the Claim is allowed by a Final Order; or (e) the Claim is allowed under this
4 Plan.

5 **1.4 "ALLOWED INTEREST"** means any Interest to which no objection to allowance
6 thereof has been filed within any applicable time for objections or, if an objection has been
7 filed, the Membership Interest has been allowed by a Final Order.

8 **1.5 "ALLOWED PRIORITY DEPOSIT CLAIM"** means a Priority Claim which is an
9 Allowed Claim pursuant to Sections 507(a)(7) of the Bankruptcy Code.

10 **1.6 "ALLOWED PRIORITY CLAIM"** means a Priority Claim which is an Allowed Claim
11 pursuant to Sections 507(a)(2), (3), (4), (5), (6), (7) or (8) of the Bankruptcy Code.

12 **1.7 "ALLOWED SECURED CLAIM"** means a Secured Claim which is an Allowed Claim
13 secured by a lien, security interest or other charge against the property in which the estate
14 has an interest, or which is subject to set-off under Section 553 of the Bankruptcy Code,
15 to the extent of the value, determined in accordance with Section 506(a) of the Bankruptcy
16 Code, of the interest of the holder of such secured Claim in the state's interest in such
17 property, or to the extent of the amount subject to any set-off, as the case may be. An
18 Allowed Secured Claim may include post-petition interest if permitted under Section 506
19 (b) of the Code. Allowed Secured Claims provide for the payment of attorney's fees and
20 costs as provided by 11 U.S.C. Section 506.

21 **1.8 "ALLOWED PRIORITY TAX CLAIM"** means a Priority Claim which is an Allowed
22 Claim pursuant to Sections 507(a)(8) of the Bankruptcy Code.

23 **1.9 "ALLOWED UNSECURED CLAIM"** means an Unsecured Claim which is an Allowed
24 Claim.

25 **1.10 "ASSUMPTION LIST"** shall have the meaning set forth in Article V of this Plan.

26 **1.11 "AVOIDANCE ACTION"** means any adversary proceeding brought to seek the recovery
27 of money or property on account of transactions avoidable under Section 544, 547, 548,
28 549 or 550 of the Bankruptcy Code.

1.12 "BALLOT" means the Ballot for accepting or rejecting this Plan in a form approved by

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- 1 the Bankruptcy Court.
- 2 **1.13 "BANKRUPTCY CODE"** means Title 11 of the United States Code, including any
3 amendments thereto, which is in effect before and as of the Confirmation Date, and
4 thereafter during the Reorganization Case to the extent that it is consistent with the vested
5 rights under this Plan and the Confirmation Date.
- 6 **1.14 "BANKRUPTCY COURT"** means the United States Bankruptcy Court for the District
7 of Nevada, or any successor thereto which may be established by an act of Congress, or
8 otherwise, and which has competent jurisdiction over the Reorganization Case, the Estate,
9 and this Plan.
- 10 **1.15 "BANKRUPTCY RULES"** means the Federal Rules of Bankruptcy Procedure, as
11 amended, promulgated under 28 U.S.C. § 2075 and the Local Bankruptcy Rules, including
12 any amendments thereto, which are in effect before and as of the Confirmation Date, and
13 thereafter during the Reorganization Case to the extent that they are consistent with the
14 vested rights under this Plan and the Confirmation Order.
- 15 **1.16 "BUSINESS DAY"** means any day except Saturday, Sunday, or legal holiday as defined
16 in Bankruptcy Rule 9006(a).
- 17 **1.17 "BAR DATE"** means the date set by the Bankruptcy Court to file proof of claims which
18 was January 24, 2018 and the date set for government proof of claim deadline is March 19,
19 2018.
- 20 **1.18 "CASE"** within the Chapter 11 proceeding, known as WARWICK PROPERTIES, LLC,
21 Case No. 17-15065-nkn pending before the United States Bankruptcy Court, District of
22 Nevada.
- 23 **1.19 "CLAIM"** means any right to payment, whether or not such right is reduced to judgment,
24 liquidated, unliquidated, fixed contingent, matured, unmatured, disputed, legal, equitable,
25 secured or unsecured; or a right to an equitable remedy for breach of performance if such
26 breach gives right to a right to payment, whether or not such right is an equitable remedy
27 or is reduced judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,
28 disputed, undisputed, secured or unsecured.
- 1.20 "CLAIMANT"** means the holder of an Allowed Claim or an Allowed Administrative

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- 1 Claim.
- 2 1.21 "CLASS" means each of the categories of Allowed Claims and Allowed Interests
3 described in Article III and IV of this Plan as required under Section 1122 of the
4 Bankruptcy Code.
- 5 1.22 "CONFIRMATION" means the entry of the Confirmation Order by the Bankruptcy
6 Court.
- 7 1.23 "CONFIRMATION DATE" means the date on which the Confirmation Order is entered
8 on the Bankruptcy Court's docket.
- 9 1.24 "CONFIRMATION OF PLAN" means the day that the Court, in open court gives a
10 ruling, that states that the Plan has been confirmed
- 11 1.25 "CONFIRMATION ORDER" means the order of the Bankruptcy Court confirming the
12 Plan pursuant to Section 1129 of the Bankruptcy Code.
- 13 1.26 "CREDITOR" means any Person which asserts a Claim.
- 14 1.27 "DEBTOR and DEBTOR-IN-POSSESSION" means WARWICK PROPERTIES, LLC
15 in all its capacities, including its capacity as the Debtor in the Reorganization Case.
- 16 1.28 "DEBTOR'S PROFESSIONALS" means professionals retained by the Debtor with the
17 approval of the Bankruptcy Court in accordance with Section 327 of the Bankruptcy Code.
- 18 1.29 "DEFICIENCY CLAIM" means the unsecured portion of an Allowed Secured Claim as
19 determined by Section 506 of the Bankruptcy Code.
- 20 1.30 "DISALLOWED CLAIM" means every Claim which is Disputed Claim that has been
21 determined not to be an Allowed Claim.
- 22 1.31 "DISCLOSURE STATEMENT" means the Disclosure Statement with respect to the
23 Plan of Reorganization without limitations and all exhibits and schedules to such
24 Disclosure Statement, in the form approved by the Bankruptcy Court under Section 1125
25 of the Bankruptcy Code and 3017 of the Bankruptcy Rules.
- 26 1.32 "DISPOSABLE INCOME" is the current monthly income received by the Debtor less
27 amounts reasonably necessary to be expended for the normal operations of the Debtor and
28 maintenance and preservation of the Debtor's assets.
- 1.33 "DISPUTED CLAIM" means every Claim which is not an Allowed Claim or an Allowed

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1 Administrative Claim or to which the Debtor in good faith intends to object or to seek to
2 subordinate before the deadline for taking such action set forth in the Plan or in an order
3 of the Bankruptcy Court.

4 **1.34 "EFFECTIVE DATE"** means date the Plan becomes effective which is thirty (30) days
5 after the Confirmation Date or a date extended by the Bankruptcy Court.

6 **1.35 "ESTATE"** means the estate created in this Reorganization Case pursuant to Section 541
7 and Section 1115 of the Bankruptcy Code.

8 **1.36 "ESTATE ASSETS"** means all assets and property of every kind, nature and description
9 in which the Debtor or the Estate has any right, title or interest under Section 541 and
10 Section 1115 of the Bankruptcy Code including, but not limited to: all cash, cash
11 equivalent, bank deposits, instruments, credit instruments, certificates of deposits and sight
12 drafts, earnings from services performed before and after the commencement of the case,
13 all executory contracts and leases which are not and have not been rejected, personal
14 property, real property, all trademarks, trade names, service marks, displays, symbols, color
15 arrangements, designs and logos.

16 **1.37 "EXEMPT PROPERTY"** means Debtor's assets that are exempt pursuant to Nevada law.

17 **1.38 "EXPIRATION DATE"** means the last date determined by the Bankruptcy Court for the
18 casting of Ballot which date shall be acceptable to the Debtor.

19 **1.39 "FINAL ORDER"** means an order, judgment or other decree which has not been vacated,
20 reversed, stayed, modified or amended and: (a) as to which any appeal or certiorari
21 proceeding which has been or may be prosecuted has been finally decided, or (b) as to
22 which the time for such an appeal or certiorari proceeding has expired and as to which no
23 appeal or petition for certiorari is pending. Notwithstanding the foregoing, the Debtor will
24 have the right, but not the obligation, to waive any requirement of a Final Order or to treat
25 the requirement as being satisfied where the subject order, judgment, or other decree is not
26 stayed and performance thereof will moot any appeal or certiorari proceeding.

27 **1.40 "IMPAIRED"** means, when used with reference to a Claim or Interest, that is impaired
28 within the meaning of Section 1124 of the Bankruptcy Code.

1.41 "INTEREST" means the membership interest(s) in the Shareholder's interest in the

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- 1 corporation of the Debtor.
- 2 **1.42 "NON EXEMPT PROPERTY"** means Debtor's assets that are not exempt pursuant to
3 Nevada law.
- 4 **1.43 "ORDER"** an order or Judgment of the Bankruptcy Court as entered by the Clerk of the
5 Court on the docket in this Case.
- 6 **1.44 "PERSON"** any natural person, corporation, general partnership, limited partnership
7 association, joint stock company, joint venture, estate, trust, government or any political
8 subdivision thereof, governmental unity (as defined in the Bankruptcy Code), official
9 committee appointed by the United States Trustee or other legal entity.
- 10 **1.45 "PETITION DATE"** means September 20, 2017, the date on which Debtor filed a petition
11 for relief under Chapter 11 of the Bankruptcy Code.
- 12 **1.46 "PLAN"** means the Plan of Reorganization in the form filed by the Debtor and any
13 amendments or modifications thereof or supplements thereto filed by the Debtor and
14 allowed by the Bankruptcy Code and the Bankruptcy Rules.
- 15 **1.47 "PRIORITY CLAIMS"** means a Claim, other than an Administrative Claim or Priority
16 Tax Claim or Priority Deposit Claim, entitled to priority under Section 507(a) of the
17 Bankruptcy Code.
- 18 **1.48 "PRIORITY TAX CLAIM"** means a Claim that is entitled to priority in payment under
19 Section 507(a)(8) of the Code.
- 20 **1.49 "PRIORITY DEPOSIT CLAIM"** means any Claim against the Debtor entitled to priority
21 in payment under Section 507(a)(7).
- 22 **1.50 "PRO RATA SHARE"** means the proportion that an Allowed Claim in a particular Class
23 bears to the aggregate amount of all Allowed Claims in such Class.
- 24 **1.51 "REAL PROPERTY"** means a certain piece of propert located at 2115 Willow Road,
25 Arroyo grande, California. It is a warehouse building that is approximately 12,000 sq. ft.
26 It consists of 10,000 sq. ft. and 2,000 sq. ft of office space. It sits on 1.86 acres. It is zoned
27 industrial by the County of San Luis Obispo.
- 28 **1.52 "REORGANIZATION CASE"** means the Debtor's case under Chapter 11 of the
Bankruptcy Code which is currently pending before the Bankruptcy Court as Case No. 17-

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- 1 13633-abl.
- 2 **1.53** “**SCHEDULES**” means the Schedules of Assets and Liabilities, as modified or amended
- 3 from time to time, filed with the Bankruptcy Court by the Debtor in accordance with
- 4 Section 521 of the Code and Bankruptcy Rule 1007.
- 5 **1.54** “**SECURED CLAIM**” means a Claim secured by a Lien which is valid, perfected,
- 6 enforceable and not avoidable.
- 7 **1.55** “**STATUTORY FEE**” means those fees and charges assessed pursuant to Chapter 123
- 8 of title 28, of the United States Code, payable to the OUST.
- 9 **1.56** “**UNCLASSIFIED CLAIM**” means any Claim which is not part of any Class.
- 10 **1.57** “**UNIMPAIRED**” means, when used with reference to a Claim or Interest, a Claim or
- 11 Interest that is not imparted within the meaning of Section 1124 of the Bankruptcy Code.
- 12 **1.58** “**UNSECURED CLAIM**” means any Claim which is not a Secured Claim, a Priority
- 13 Claim, an Administrative Claim, or an Unclassified Claim having priority and required to
- 14 be treated as provided in Sections 507(a)(8) and 1129(a)(9)(C) of the Bankruptcy Code.
- 15 Allowed Unsecured Claims shall include all Claims arising under 502(g) of the Bankruptcy
- 16 Code.
- 17 **1.59** “**OTHER DEFINITIONS.**” A term used in this Plan that is not defined in this Plan, but
- 18 is defined in the Bankruptcy Code or the Bankruptcy Rules, will have the meaning ascribed
- 19 thereto in the Bankruptcy Code or Bankruptcy Rules.
- 20 **1.60** “**INCORPORATION OF DEFINITIONS.**” All of the definitions stated through this
- 21 Article I, Sections 1.1 through 1.58, and all definitions incorporated from the Bankruptcy
- 22 Code or the Bankruptcy Rules pursuant to Section 1.59, including, but not limited to,
- 23 substantive provisions stated throughout any and all such definitions, are incorporated by
- 24 reference as substantive provisions of this Plan.

ARTICLE II.

TREATMENT OF UNCLASSIFIED CLAIMS

2.1 General Overview.

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payment as provided in the Bankruptcy Code. The

1 Plan states whether each class of claims or interests is impaired or unimpaired. The Plan
2 provides the treatment each class will receive under the Plan.

3 **2.2 Unclassified Claims.**

4 Certain types of Claims are not placed into voting Classes; instead they are unclassified.
5 They are not considered impaired and they do not vote on the Plan because they are
6 automatically entitled to specific treatment as provided in the Bankruptcy Code. As such, the
7 Debtor has not placed the following Claims in a Class. The treatment of these claims is
8 provided below.

8 **2.3 Administrative Expenses.**

9 Administrative expenses are claims for costs or expenses of administering the Debtor's
10 Chapter 11 Case which are allowed under Section 507(a)(2) of the Bankruptcy Code. The
11 Bankruptcy Code requires that all administrative claims be paid on the Plan Effective Date
12 unless a particular claimant agrees to a different treatment. The following chart lists the
13 estimated administrative claims and their treatment.

14 NAME	AMOUNT OWED	TREATMENT
15 US Trustee Fees	\$0.00	Paid in full on the Plan Effective Date
16 David J. Winterton & Associates, Ltd.	None at this time	Paid in full on approval of an application

17
18 Subject to the Bankruptcy Court's power to authorize or order earlier payment of
19 Allowed Administrative Claims and Allowed Claim under Section 507(a), (including, but not
20 limited to, allowances of professional fees and costs and fees relating to the assumption and
21 rejection of leases), each Allowed Administrative Claim will receive cash in the amount of such
22 Claim paid on: (a) the Effective Date; (b) the first Business Day following the date on which it
23 becomes an Allowed Administrative Claim; (c) if incurred in the ordinary course of business,
24 the date on which payment is due in accordance with the terms applicable thereto; (d) under
25 such terms as the parties may agree upon for payment or (e) as allowed under Section 507 (a)(8)
26 of the Bankruptcy Code. The Court must approve all professional fees and expenses listed in
27 this chart before they may be paid. For all professional fees and expenses, except fees owing to
28

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1 the Office of the United States Trustee (also known as "OUST"), the profession in question
2 must file and serve a properly noticed fee application within ninety (60) days of Plan
3 confirmation and the Court must rule on the reasonableness of the fees and costs in the fee
4 application. Only the amount of the fees and expenses allowed by the Court will be required to
5 be paid under the Plan. The administrative claim amounts set forth above simply represent the
6 Debtor's best estimates as to the amount of allowed administrative claims in this case. The
7 actual administrative claims may be higher or lower. Much of the actual administrative claims
8 described above for professionals will be dependent upon whether the Debtor is required to
9 engage in substantial litigation regarding the confirmation of the Plan and/or objecting to
10 claims. By voting to accept the Plan, creditors are not acknowledging the validity of, or
11 consenting to the amount of, any of these administrative claims, and creditors are not waiving
12 any of their rights to object to the allowance of any of these administrative claims. Similarly,
13 professionals who have been employed in this case are not being deemed to have agreed that
14 the figures contained herein represent any ceiling on the amount of fees and expenses that they
15 have incurred or are entitled to seek to be paid pursuant to Court order as such fees and
16 expenses are just estimates provided at the time of the preparation of this Plan.

17 A government unit is not required to file a request for the payment for amounts due
18 under §§ 503(b)(1)(B)(i) and 503(b)(1)(C) and will be allowed administrative priority under §
19 507(a)(8) only to the extent that such claims are for— a property tax incurred before the
20 commencement of the case and last payable without penalty after one year before the date of the
21 filing of the petition.

22 To the extent allowed, administrative claims are allowed by the Bankruptcy Court prior
23 to the Plan's Effective Date, such allowed administrative claims may be paid by the Debtor. To
24 the extent the administrative claims are allowed after the Plan's Effective Date, such allowed
25 administrative claims will be paid by as set forth in this Plan.

26 **2.4 Priority Tax Claims.** See 507(a)(8)(B)

27 The Debtor has no priority claims. Priority tax Claims are certain unsecured taxes, fines,
28 penalty as described in § 507(a)(8). The Debtor shall pay any outstanding taxes on the
Effective Date if the Debtor has not already paid the taxes. If there are any additional taxes that

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1 need to be paid post confirmation, the payments will be made from the Debtor's income. If it is
2 not a priority claim and secured, it will be paid upon the sale of the Real Property. If it is not a
3 priority claim and unsecured, it will be paid with the unsecured creditors.

4 **2.5 Payment of Statutory Fees.**

5 To the extent unpaid, on the Effective Date, the Debtor shall pay any then-outstanding
6 Statutory Fees in cash, in full. From and after the Effective Date, the Debtor shall pay, in cash,
7 all Statutory Fees as they come due.

8 **ARTICLE III.**

9 **CLASSIFICATION OF CLAIMS AND INTERESTS**

10 **3.1 Manner of Classification of Claims and Interests.**

11 All Claims and Interests (except, in accordance with Section 1123(a)(1) of the Code,
12 Administrative Claims and Priority Tax Claims) are defined and hereinafter designated in
13 respective Classes. The Plan is intended to deal with all Claims against the Debtor, and Interests
14 of the Debtor. However, only Allowed Claims and Allowed Interests will receive any
15 distribution under this Plan. Notwithstanding references to Allowed Claims in the Classes
16 established by the following Sections of this Article III, the Claims sought to be classified and
17 treated, in the various Classes, may not currently be Allowed Claims, and may be Disputed
18 Claims. The Debtor reserves all rights in this regard.

19 **3.2 Classification.**

20 Claims and interests are divided into the following Classes:

- 21 a. **Class 1** consists of all of the Allowed Secured Claims of Crabtree Development
22 and Investment LLC/Phalanx Properties II LLC.
- 23 b. **Class 2** consists of all of the Allowed Secured Claims of George Garcia.
- 24 b. **Class 3** will consist of all Allowed Unsecured Claims.
- 25 c. **Class 4** will consist of all Allowed Interests.

26 Any Class which is not occupied, as of the hearing on the Confirmation Date of the
27 Plan, by an Allowed Claim or a Claim temporarily allowed pursuant to Bankruptcy Rule 3018
28 will be deemed deleted from the Plan for purposes of the voting on acceptance or rejection of
the Plan.

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ARTICLE IV.

TERMS OF THE PLAN AND TREATMENT OF THE CLASSIFIED CLAIMS

1
2
3 **4.1** *Class 1 is impaired.* Class 1 consists of all of the Allowed Secured Claims of
4 Crabtree Development and Investment LLC/Phalanx Properties II LLC. The amount of the
5 claim is \$760,000. It is secured with a deed of trust on the Real Property of the Debtor located
6 at 2115 Willow Road, Arroyo grande, California (“ Real Property”). The value of the Real
7 Property is in excess of \$1.3 million dollars.

8 The Class 1 Claimant will be paid the full amount of its secured claim. The
9 Debtor will either refinance the Real Property over nine (9) months from the Effective Date or
10 will sell the Real Property within the next nine (9) months. If the Real Property is not sold
11 within nine (9) months from the Effective Date, then the Real Property will be put up for
12 auction. The auction will be advertized over the next three (3) months and the Real Property
13 will be sold at a public auction one (1) year from the Effective Date. Under this Plan the Class 1
14 claimant will receive on account of such claim deferred cash payments totaling at least the
15 allowed amount of such claim, of a value, as of the Effective Date of the plan, or at least the
16 value of such holder's interest in the estate's interest in such Real Property or for the realization
17 by the Class 1 claimant indubitable equivalent of such Allowed Claim.

18 **4.2** *Class 2 is impaired.* Class 2 consists of all of the Allowed Secured Claims of
19 George Garcia. The amount of the claim is approximately \$35,000. It is secured with a deed of
20 trust on the Real Property of the Debtor located at 2115 Willow Road, Arroyo grande,
21 California. The value of the Real Property is in excess of \$1.3 million dollars.

22 The Class 2 Claimant will be paid the full amount of its secured claim. The
23 Debtor will either refinance the Real Property over nine (9) months from the Effective Date or
24 will sell the Real Property within the next nine (9) months. If the Real Property is not sold
25 within nine (9) months from the Effective Date, then the Real Property will be put up for
26 auction. The auction will be advertized over the next three (3) months and the Real Property
27 will be sold at a public auction one (1) year from the Effective Date. Under this Plan the Class 2
28 claimant will receive on account of such claim deferred cash payments totaling at least the
allowed amount of such claim, of a value, as of the Effective Date of the plan, or at least the

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1 value of such holder's interest in the estate's interest in such Real Property or for the realization
2 by the Class 2 claimant indubitable equivalent of such claim.

3 **4.3** *Class 3 is impaired.* Class 3 Claimants shall consist of the Allowed Unsecured
4 Claims that are unsecured claims not entitled to priority under Section 507(a) and not in Class 1
5 and 2. Generally, Class 3 shall consist of the Allowed Unsecured Claims for goods and/or
6 services provided to the Debtor before the Petition Date, Allowed Unsecured Claims for breach
7 of contract or rejection of executory contracts and unexpired leases (within the meaning of
8 Section 365 of the Bankruptcy Code), Allowed Unsecured Claims for damages, and Allowed
9 Unsecured Claims in respect of the deficiency Claims. Class 4 will be paid in full upon the
10 refinancing of the Real Property or the sale of the Real Property.

11 **4.4** *Class 4 is unimpaired.* Class 4 will consist of all Allowed Interests. The holders
12 of the Allowed Interests shall retain their interest in the reorganized Debtor and their rights
13 shall reinvest upon an order confirming the Plan in accordance with 11 U.S.C. Section
14 1129(b)(2)(c)(i).

15 Payments will be made in priority as established by the United States Bankruptcy Code
16 including payments to Administrative Claims, Priority Claims and Allowed Unsecured
17 Creditors in the order mandated by the United States Bankruptcy Code from the Debtor's
18 Disposable Income.

19 **ARTICLE V.**

20 **EXECUTORY CONTRACTS**

21 **5.1** All executory contracts and leases shall be rejected at Confirmation except for those
22 listed on the Assumption List which is attached to the Disclosure Statement as "Exhibit 2". The
23 Debtor may amend the Plan to add any other executory contracts and leases to the Assumption
24 List at any time prior to the Effective Date; provided, however, that any amendments made after
25 Confirmation shall be subject to approval by the Bankruptcy Court after notice and a hearing.

26 All executory contracts and leases not listed on the Assumption List, if any, or that is the
27 subject of a motion to assume filed prior to Confirmation, shall be rejected at Confirmation.

28 **5.2** Each party to an executory contract or unexpired lease which is rejected at Confirmation
shall file, not later than thirty (30) days after the Confirmation Date, a proof of claim for any

1 Claim arising from the rejection of such executory contract or unexpired lease. Allowed
2 Unsecured Claims arising out of the rejection of executory contract or unexpired leases shall be
3 treated as a Class 31 Claimants.

4 **VI.**

5 **IMPLEMENTATION, EXECUTION AND EFFECT OF THE PLAN**

6 **6.1 Implementation of the Plan.** The Debtor proposes to implement and consummate the
7 Plan through the means contemplated by sections 1123(a)(5)(B), (D), (E), and (G), 1123 (b)(1),
8 1123 (b)(2), 1123 (b)(3), 1123 (b)(4), and 1123 (b)(6) of the Bankruptcy Code. Confirmation
9 and implementation of the Plan is also subject to the Bankruptcy Court’s approval.

10 **6.2 Funding of the Plan.**

11 a. **Cash Flow.** The Debtor will be funded from the cash flow of the business and the
12 refinancing or the sale of the Real Property of the Debtor.

13 b. **Debtor’s Disposable Income.** The Debtor will take its Disposable Income from
14 the operations of the business. The Debtor shall pay its Disposable Income towards payment of
15 the operating expenses of the business until the refinancing and/or sale of the Property.

16 **6.3 Disposition of Estate Property and Assets on Effective Date.** The Debtor will become
17 the Plan Administrator of the assets of the Estate on the Effective Date. The Plan Administrator
18 will then take each and every step it deems appropriate to effectuate the terms and conditions of
19 this Plan. The Plan Administrator will then disburse the funds to satisfy the Claims in
20 accordance with this Plan.

21 **6.4 Approval of Payments.** The payment of the operating expenses will be considered
22 approval of the use of the cash collateral.

23 **ARTICLE VII.**

24 **MANAGEMENT**

25 **7.1** On and after the Effective Date, the Debtor will maintain the responsibility and control of
26 the assets free of the constraints of the Bankruptcy Code and Bankruptcy Rules but in
27 compliance with the provisions of the Plan as the Plan Administrator.
28

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ARTICLE VIII.

MODIFICATION OF THE PLAN

8.1 Before Confirmation, the Debtor may modify the Plan in accordance with Sections 1127(a), (c) and (d) of the Bankruptcy Code.

8.2 The Plan may be modified by the Debtor after Confirmation, but before substantial consummation, in accordance with Sections 1127(b), (c), and (d) of the Bankruptcy Code.

8.3 In accordance with Section 1127(e), the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, whether or not the Plan has been substantially consummated, upon request of the Debtor, the United States Trustee, or a holder of an allowed unsecured claim, to—

- a. Increase or reduce the amount of payments on claims of a particular class provided for by the Plan;
- b. Extend or reduce the time period for such payments; or
- c. 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.

8.4 Before the Effective Date, the Debtor may make appropriate technical adjustments and modifications to the Plan, the Disclosure Statement, and the Confirmation Order provided that such technical adjustments and modifications do not adversely affect the treatment of Claimants under the Plan.

ARTICLE IX.

DISCHARGE

9.1 On the Effective Date, all of the Assets and the Estate Assets (except as designated) shall vest in the Debtor. The Assets and the Estate Assets shall vest free and clear of all Claims, equity security interests, Liens and encumbrances of Creditors, equity security holders, the Debtor, the Estate, or any other Persons, except the rights with respect thereto created pursuant to or provided for in this Plan or in the Confirmation Order.

9.2 Except as otherwise provided in this Plan or the Confirmation Order, the distributions made pursuant to this Plan will be in full and final satisfaction, settlement, release and

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1 discharge as against the Debtor and its Estate, of any debt that arose prior to the Effective Date,
2 including any debt of a kind specified in Section 502(h), (g) or (i) of the Bankruptcy Code, and
3 all Claims of any nature, including without limitation, any interest accrued thereon from and
4 after the Petition Date, whether or not (a) a proof of claim or interest based on such debt,
5 obligation or interest is filed or deemed filed under Section 501 or Section 1111(a) of the
6 Bankruptcy Code, (b) such Claim or interest is allowed under Section 502 of the Bankruptcy
7 Code or (c) the holder of such Allowed Claim or Common Interest has accepted this Plan.
8 **9.3** On and after the Effective Date, except as provided in this Plan and the Confirmation
9 Order, all holders of Claims against the Debtor or the Estate, shall be precluded from asserting
10 any type of claim against the Debtor, or any of the Debtor's assets or properties, or other
11 activity of any kind or nature that occurred prior to the Effective Date, and the Confirmation
12 Order shall permanently enjoin said holders, their heirs, personal representatives, successors
13 and assigns from enforcing or seeking to enforce any such Claims against the Debtor.

ARTICLE X.

GENERAL PROVISIONS

14 **10.1 Abstention.** If the Bankruptcy Court abstains from exercising or declines to exercise
15 jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this
16 Reorganization Case, Section X shall not affect and shall not control, prohibit or limit the
17 exercise of jurisdiction by any other court having competent jurisdiction with respect to such
18 matter.
19 **10.2 Confirmation by Non-Acceptance Method.** The Debtor hereby requests confirmation
20 of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to any Class which
21 is impaired and does not vote to accept the Plan.
22 **10.3 Construction.** The rules of construction set forth in Section 102 of the Bankruptcy Code
23 will apply to the construction of the Plan.
24 **10.4 Continuing Jurisdiction.** The Bankruptcy Court will retain jurisdiction under 28
25 U.S.C. §1930(a)(6) for the following purposes:
26 a. **Allowance of Claims or Interests.** To hear and determine any and all objections
27 to the allowance of and requests to subordinate any Claim or any controversy
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- over the classification thereof;
- b. Applications for Compensation.** To hear and determine any and all applications for compensation or reimbursement of costs and expenses pursuant to Section 330 or Section 1129 of the Bankruptcy Code or as otherwise provided for in the Plan, or for costs and expenses or compensation pursuant to Sections 503(b)(3) through 503(b)(5) of the Bankruptcy Code;
- c. Executory Contracts and Expired Leases.** To hear and determine any and all matters relating to the rejection or the assumption and assignment of executory contracts or unexpired leases, and the allowance or disallowance of any Claims resulting therefrom;
- d. Rights of Action.** To hear and determine all rights of action and any adversary proceeding arising out of a right of action and to enable the Debtor to commence and prosecute after Confirmation any and all contested matters or adversary proceedings which they are entitled to pursue.
- e. Claims Allowance.** To liquidate, estimate, or disallow any Disputed Claim (including contingent or unliquidated Claims) which is not an Allowed Claim;
- f. Correct Minor Defects.** To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and the intent of the Plan;
- g. Governmental Regulatory Issues.** To hear and determine all issues relating to, and to issue any necessary and appropriate orders with respect to, any governmental or regulatory agencies or instrumentalities;
- h. Plan Interpretation.** To determine any and all disputes which may arise regarding the interpretation of any provisions of the Plan or the Confirmation Order;
- i. Injunctive Relief.** To issue any injunction or other relief appropriate to implement the intent of this Plan.
- j. Enforcement of Plan.** To facilitate consummation of the Plan by entering, consistent with the provisions of the Plan, any further necessary or appropriate

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1 order(s) regarding enforcement of the Plan or its provisions;

2 **k. Final Decree.** To enter an appropriate final decree in the Reorganization Case;
3 in the event of an appeal(s) of the Confirmation Order, and provided that no stay
4 of the effectiveness of the Confirmation Order has been entered, to implement
5 and enforce the Confirmation Order and the Plan according to their terms;

6 **10.5 Cramdown.** In the event that any impaired Class is determined to have rejected this
7 Plan in accordance with Section 1126 of the Bankruptcy Code, Debtor may invoke the
8 provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for
9 confirmation of the Plan. The Debtor reserves the right to modify this Plan to the extent, if any,
10 that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

11 **10.6 Disputed Claims.** Any Disputed claims will be handled as follows:

- 12 1. Unless an earlier time is set by order of the Bankruptcy Court or in this Plan, all
13 objections to Claims will be filed by sixty (60) days after the Confirmation Date.
- 14 2. Upon a Final Order of the Bankruptcy Court with respect to a Disputed Claim: if
15 any part of the Disputed Claim has been allowed as a Class 1 through 18 and is
16 not subject to being subordinated, the Claimant will receive payment to which it
17 would have been entitled if the part of the Claim so allowed had been allowed as
18 of the Confirmation Date. Such payment will be made as soon as possible after
19 the order allowing the Claim becomes a Final Order;
- 20 3. After allowance, and to the extent allowed and not subordinated or subject to
21 subordination, the previously Disputed Claim will be treated, for purposes of
22 receiving subsequent distributions (if any), as if it had been allowed as of the
23 Confirmation Date.

24 **10.7 Efficacy Before Confirmation.** This Plan will have no force or effect unless the
25 Bankruptcy Court enters the Confirmation Order.

26 **10.8 Exculpation.** Except as otherwise provided in the Plan, the Debtor, nor any of its
27 respective members, officers, directors, employees, representatives, professionals, or agents,
28 will have or incur any liability to any Creditor for any act or omission in connection with, or
arising out of, this Reorganization Case, including, without limitation, prosecuting confirmation

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1 of the Plan, consummation of the Plan, or administration of the Plan or the property to be
2 distributed hereunder, except for gross negligence, willful misconduct, or fraud, and in all
3 respects such Persons will be entitled to rely on the advice of counsel with respect to their
4 duties and responsibilities in the Reorganization Case and under the Plan.

5 **10.9 Execution of Documents.** The Bankruptcy Court will direct the Debtor, any Creditor,
6 and any other necessary party to execute and deliver or to join in the execution and delivery of
7 any instrument required to effect a transfer or deemed transfer of property dealt with by the Plan
8 or to perform any other act which is necessary for the consummation of the Plan, pursuant to
9 Section 1142(b) of the Bankruptcy Code.

10 **10.10 Fractional Dollars and Shares.** Notwithstanding any other provision of the Plan, no
11 payments of or on account of fractions of dollars will be made to any holder of an Allowed
12 Claim. When any payment of or on account of a fraction of a dollar to any holder of a Claim
13 would otherwise be called for, the actual payment made will reflect a rounding of such fraction
14 to the nearest whole number (up or down). Further, no fractional shares will be issued.

15 **10.11 Governing Law.** Except to the extent the Bankruptcy Code or Bankruptcy Rules are
16 applicable, the rights and obligations arising under the Plan will be governed by, and will be
17 construed and enforced in accordance with, the laws of the State of Nevada.

18 **10.12 Headings.** Headings used in the Plan are inserted for convenience only and do not
19 constitute a portion of the Plan or affect the provisions of the Plan.

20 **10.13 Internal Consistency of Documents.** The benefits of the Debtor's bargains on behalf
21 of its constituents will be preserved, and will not be impaired by contrary or inconsistent
22 covenants, conditions, or provisions of the documents.

23 **10.14 Notices.** All notices and requests to the Debtor (on or after the Effective Date) with
24 respect to the Plan shall be in writing and shall be sent to David J. Winterton Esq., David J.
25 Winterton & Associates Ltd., 1140 N. Town Center Drive, Suite 120, Las Vegas, Nevada
26 89144.

27 **10.15 Request for Payment of Administrative Claim.** Except as specifically set forth
28 otherwise in the Plan, each Creditor asserting an Administrative Claim excluding Debtor's
counsel, other than an Allowed Administrative Claim, shall file a request for payment of

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1 Administrative Claim on or before thirty (60) days after the Effective Date, unless another date
2 is set by the Bankruptcy Court. All fees payable under section 1930 of title 28, as determined by
3 the court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the
4 payment of all such fees on the Effective Date of the Plan pursuant to 11 U.S.C. § 1129(a)(12).

5 **10.16 Reservation of Rights.** Neither the filing of the Plan, nor any statement or
6 provision contained herein, nor the taking of any action by the Debtor with respect to the Plan
7 will be or will be deemed to be an admission or a waiver of any rights prior to the Confirmation
8 Date.

9 **10.17 Revocation or Nullity of Plan and Survival of Vested Rights.** If the Plan will be
10 revoked or withdrawn by the Debtor, or if Confirmation or the Effective Date does not occur in
11 accordance with the Plan, then the Plan will be deemed null and void.

12 **10.18 Severability.** If any provision in the Plan is determined to be unenforceable, and at the
13 option and in the sole discretion of the Debtor, the unenforceable provision may be severed
14 from the Plan; and such determination will not limit or affect the enforce ability of any and all
15 other provisions of the Plan.

16 **10.19 Solicitation or participation.** Pursuant to section 1125(e) of the Bankruptcy Code the
17 Property, managers, officer, direction employee, agents advisors, representative, successors or
18 assign and any Professional employed or any of the foregoing entities will neither have nor
19 incur any liability to any person for their role in soliciting acceptance or rejection of the Plan.

20 **10.20 Successors and Assigns.** The rights, benefits, and obligations of any Person named or
21 referred to in the Plan will be binding upon, and will inure to the benefit of, the heirs, personal
22 representatives, successors, and assigns of such Person.

23 **10.21 Time Bar to Cash Payments.** Checks issued by any Person making distributions under
24 this Plan shall be null and void if not cashed within ninety (90) days of the date of issuance
25 thereof. Any Claim in respect of such a voided check shall be made on or before the later of the
26 first anniversary of the date of issuance of such check. After such date, all Claims in respect of
27 voided checks shall be discharged and forever barred.

28 **10.22 Voting of Claims.** Any Creditor holding a Claim which has been objected to and which
is not an Allowed Claim as of the confirmation hearing will not be entitled to vote on the Plan

1 unless, upon request of the Creditor, the Bankruptcy Court estimates or temporarily allows such
2 Claim for voting purposes at or before the confirmation hearing. The Expiration Date shall be
3 five (5) business days before the Confirmation Date.

4 **10.23 Withholding and Reporting Requirements.** In connection with the Plan the Debtor
5 shall file all post-petition reports as required by Local Rule 3020(a), with each report to include
6 the time period ending on the last day of the calendar month at least thirty (30) days prior to the
7 due date of such report. In addition the Debtor will comply with all withholding and reporting
8 requirements imposed by any federal, state, local, or foreign taxing authority; and all
9 distributions under the Plan will be subject to any such withholding and reporting requirements.

10 DATED this 6th day of DECEMBER, 2017.

11 WARWICK PROPERTIES, LLC

12
13 By: /s/ Seth McCormick
14 Manager

15
16 Prepared and submitted by:
17 DAVID J. WINTERTON & ASSOCIATES, LTD.

18 By: /s/ David J. Winterton
19 DAVID J. WINTERTON, ESQ.
20 Nevada Bar No. 004142
21 1140 N. Town Center Drive, Suite 120
22 Las Vegas, Nevada 89144
23 *Attorneys for Debtor*
24 *and Debtor-in-possession*

DAVID J. WINTERTON & ASSOCIATES, LTD
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EXHIBIT 2

(Executory Contracts or Leases)

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1. **Christopher Pike owns a guitar company. They have a month to month lease that will be assumed under the Plan of Reorganization. They pay approximately \$2,4000 per month.**

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EXHIBIT 3
(Cash Flow Analysis)

Month	1	2	3	4	5	6	7	8	9	10	11	12
Income	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	1.3 Million
Expense ¹												
Insurance	173.58	173.58	173.58	173.58	173.58	173.58	173.58	173.58	173.58	173.58	173.58	173.58
Property Tax	830.62	830.62	830.62	830.62	830.62	830.62	830.62	830.62	830.62	830.62	830.62	830.62
Maintenance	1200.0	1200.0	1200.00	1200.00	1200.00	1200.00	1200.00	1200.00	1200.00	1200.00	1200.00	1200.00
Bank Fee	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00

¹The tenant pays all of the expenses, utilities, and so on. The only payment that would be required is the property tax.

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EXHIBIT 4

(Liquidation Analysis)

LIQUIDATION VALUE COMPUTATION AND ANALYSIS:

Debtor's Proposed Plan:

A.	Value of real property	<u>\$1,300,000.00</u>
B.	Value of personal property	<u>\$-0-</u>
C.	Cash infusion	<u>\$-0-</u>
C.	Less secured claims on real and personal property	<u>(\$890,000.00)</u>
D.	Add expected Disposable Income over 60 months	<u>\$ 28,800.00</u>
E.	Less estimated chapter 11 administrative expenses (Attorney fees & U.S. Trustee Fees)	<u>(\$23,000.00)</u>
F.	Less estimated priority claims	<u>(\$ 0)</u>
G.	Total value applied to unsecured claims	<u>\$438,800.00</u>

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EXHIBIT 5
(Proposed Ballot)

DAVID J. WINTERTON & ASSOCIATES, LTD
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Las Vegas, Nevada 89144
Phone: (702) 363-0317

1 DAVID J. WINTERTON, ESQ.
Nevada Bar No. 004142
2 DAVID J. WINTERTON & ASSOC., LTD.
1140 N. Town Center Drive, Suite 120
3 Las Vegas, Nevada 89144
Phone: (702) 363-0317
4 Facsimile: (702) 363-1630
Email: david@davidwinterton.com

5 *Proposed Attorneys for Debtor
and Debtor in Possession*

6 UNITED STATES BANKRUPTCY COURT

7 DISTRICT OF NEVADA

8 In re:

9 WARWICK PROPERTIES, LLC

Case No. BK-S-17-15065-mkn
Chapter 11

10 Debtor.

Date:
Time:

11
12 **(PROPOSED) BALLOT FOR ACCEPTING OR REJECTING**
13 **PLAN OF REORGANIZATION**

14 WARWICK PROPERTIES, LLC, ("Debtor") filed a plan of reorganization ("Plan").

15 The accompanying Disclosure Statement provides information to assist you in deciding how to
16 vote your ballot. A copy of the Plan is attached as Exhibit 1 to the Disclosure Statement.

17 **You should review the Disclosure Statement and the Plan before you vote.**
18 **You may wish to seek legal advice concerning your classification, treatment**
and other provisions of the Plan. If the Plan is confirmed by the Bankruptcy
Court, it will be binding on you whether or not you voted.

19 **If you ballot is not received by at the address below on or before _____**
20 **and such deadline is not extended, your vote will not counted.**

21 The Plan referred to in this Ballot can be confirmed by the Court and, therefore, made
22 binding on you if it is accepted by the holders of two-thirds (2/3) in amount and more than one-half
23 (1/2) in number of claims in each impaired class. In the event the requisite acceptances are not
24 obtained, the Court may not confirm the Plan even if the Court finds that the Plan accords fair and
25 equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of
26 1129(b) of the Code because there is only one impaired class. To have your vote count, you must
27 complete and return this Ballot.

DAVID J. WINTERTON & ASSOCIATES, LTD
1140 No. Town Center Drive, Suite 120
Las Vegas, Nevada 89144
Phone: (702) 363-0317

1 RETURN BALLOT ON OR BEFORE _____, 2018 TO:

2 DAVID J. WINTERTON, ESQ.
Nevada Bar No. 004142
3 DAVID J. WINTERTON & ASSOCIATES, LTD.
Acuity Financial Center
4 7881 W. Charleston Blvd. Suite 220
Las Vegas, Nevada 89117
5

6 The undersigned, a creditor in Class ____ of the named Debtor in the principle
7 amount of \$ _____.

8 (CHECK ONE)

9 () ACCEPTS THE PLAN

10 () REJECTS THE PLAN

11 DATED this ____ day of _____, 2018.

12 _____
13 PRINT OR TYPE NAME

14 _____
15 SIGNATURE / AND TITLE IF A BUSINESS

16 _____
17 NAME OF BUSINESS

18 _____
19 ADDRESS
20 _____

21 NOTICE: By signing this ballot, you make the following Certifications:

- 22 • I have been provided with a copy of the Disclosure Statement and the exhibits thereto.
- 23 • I understand that, if this ballot is validly executed and returned without checking a box to ACCEPT or REJECT, this ballot will be counted as a vote to ACCEPT the Plan.
- 24 • I have the full power and authority to vote to accept or reject the Plan on behalf of the Creditor listed.

25 This ballot is for voting purposes only and does not constitute and shall not be deemed as
26 a proof of claim or interest or admission by the Debtor of the validity of a claim or interest.**
27
28

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