

1 HUNTER PARKER LLC
2 Andrew J. Van Ness, Esq.
3 Nevada Bar No. 9709
4 3815 S Jones Blvd, STE 1A
5 Las Vegas, NV 89103
6 (702) 686-9297
hunterparkerllc@gmail.com
7 Attorney for the Debtor
8 And Debtor-in-Possession

9 UNITED STATES BANKRUPTCY COURT
10 FOR THE DISTRICT OF NEVADA

11 In re:) Case No.: 17-15953-LED
12 6635 W OQUENDO LLC,)
13 Debtor,) Chapter 11
)
) **Hearing Date:** January 30, 2018
) **Hearing Time:** 9:30 AM
) **Location:** 300 Las Vegas Blvd South, 3rd
) Floor, Courtroom 3, Las Vegas, Nevada
) **Judge:** Honorable Judge Laurel E. Davis

14 **AMENDED FIRST DISCLOSURE STATEMENT**

15 **REDLINED**

16 THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED
17 STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA UNDER SECTION 1125(b)
18 OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE
19 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS
20 PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE
21 CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE
22 INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY
23 PURPOSE UNLESS AND UNTIL A DETERMINATION HAS BEEN MADE BY THE
24 BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE
25 INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY
26 CODE.
27
28

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I. INTRODUCTION 6

 A. The Plan Generally..... 6

 B. Purpose, Limitations and Structure of this Disclosure Statement. 7

 C. Summary of Classification and Treatment of Claims and Equity Interests Under the Plan. 7

Summary of Classification and Treatment of Classified Claims 8

 D. Voting on the Plan. 8

 1. Classes Entitled to Vote..... 8

 2. Votes Required for Acceptances of the Plan by a Class 8

 3. Tabulation of Votes 9

 4. Voting Instructions 9

If you are a holder of record of a Claim 9

 5. Inquiries..... 10

 E. Confirmation Hearing..... 10

 F. Overview of Chapter 11 Process 10

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

 A. Description and History of the Debtors Business..... 11

 1. Operations..... 11

 2. The Debtor’s Capital Structure..... 11

III. EVENTS DURING THE CHAPTER 11 CASE..... 12

 A. Commencement of Chapter 11 Case. 12

 B. First Day Motions. 12

 C. Budget and Cash Collateral Orders. 12

 D. Valuation of Properties. 12

 E. Other Events..... 12

IV. BAR DATE AND SCHEDULES..... 13

 1. Schedules and Statements 13

 2. Bar Date..... 13

V. THE PLAN..... 13

 A. Administrative Claims and Priority Tax Claims..... 13

 1. Administrative Claims..... 13

 2. Priority Tax Claims..... 14

 B. Classification and Treatment of Holders of Claims and Interest..... 14

1	1. Claims Against the Debtor.....	15
2	Class 1. Impaired.	15
3	C. Means for Implementation of the Plan.....	18
4	1. Source of Payments.....	18
5	2. Transfers Under the Plan.....	19
6	3. New Value & Absolute Priority Rule.....	19
7	D. Disposition of Assets and Properties.....	19
8	1. Reorganized Debtor	19
9	2. Secured Lenders	19
10	E. Comprehensive Settlement and Releases.....	19
11	F. Provisions for Resolving and Treating Disputed Claims.	20
12	1. Objections	20
13	2. Estimation of Claims.....	20
14	3. Other Provisions Relating to Disputed Claims.....	20
15	G. Treatment of Executory Contracts and Unexpired Leases.....	21
16	H. Effect of Confirmation of the Plan on the Debtor.....	21
17	1. Discharge.....	21
18	2. Binding Effect of Plan/Injunction	22
19	3. Exculpation.....	23
20	4. Injunctions.....	24
21	5. Adequate Protection Liens; Cash Collateral Orders.....	24
22	6. Termination of Debt Instruments, Liens, Tax Liens & Notices of Default and Trustee’s Sale.....	25
23	7. Judgments Void.....	25
24	8. Revesting of Assets in Reorganized Debtor.....	25
25	9. Preservation of Causes of Action	25
26	10. Maintenance of Administrative Claim Status Post Discharge	26
27	11. No Limitation on Effect of Confirmation	26
28	I. Plan Provisions Concerning Plan Distributions.....	26
	1. Distributions on Account of Claims Allowed as of the Effective Date.....	26
	2. Distributions on Account of Claims Allowed After the Effective Date	26
	3. Manner of Payment Under the Plan	26
	4. Unclaimed Property	27
	5. Delivery of Distributions.....	27

1	J.	Procedures for Resolving Disputed Claims.....	28
2	1.	Objection to and Resolution of Claims.....	28
3	2.	Payments.....	29
4	3.	Contingent Claims	29
5	4.	Estimation of Claims.....	29
6	5.	Reserve for Disputed Claims	29
7	K.	Summary of Other Provisions of the Plan	29
8	1.	Management	29
9	2.	Modification of Plan	30
10	3.	Withdrawal or Revocation of Plan	31
11	4.	Exemption from Certain Transfer Taxes and Further Transitions.....	31
12	5.	Severability	31
13	VI.	CONFIRMATION AND CONSUMMATION PROCEDURES.....	31
14	A.	Confirmation of the Plan	31
15	1.	Bankruptcy Code Section 1129(a).....	31
16	2.	Bankruptcy Code Section 1129(b).....	33
17	B.	Conditions to Effective Date.....	35
18	1.	Conditions to Occurrence of Effective Date.....	35
19	2.	Effect of Failure of Conditions Precedent	35
20	VII.	FINANCIAL INFORMATION	36
21	A.	Reorganized Debtor.	36
22	VIII.	RISK FACTORS.....	36
23	A.	General.....	36
24	1.	Information Presented is Based on the Debtors Books and Records, and is Unaudited	36
25	2.	Projections and Other Forward Looking Statements Are Not Assured, And Actual Results Will Vary	36
26	3.	Certain Tax Implications of the Plan.....	37
27	B.	Certain Bankruptcy Considerations.....	37
28	1.	Risk of Non-Conformation of the Plan	37
	2.	Risk of Non-Occurrence of Effective Date.....	37
	3.	Risk that Claims Will Be Higher Than Estimated	38
	C.	Risks Related to the Reorganized Debtors Significant Indebtedness.....	38
	1.	Continuing Leverage and Ability to Service Debt	38
	D.	Business Risks	38

1	1. Risks Related to the Chapter 11	38
2	2. Tenants May be Unable to Meet Rent Terms	39
3	3. Tenant Bankruptcies May Have Material Effect on the Properties	39
4	4. Factors Affecting the Economy May Harm the Debtor’s Operating Results.....	39
5	5. The Debtor Depends on Key Markets and May Not Be Able to Continue to Attract a Sufficient Number of Tenants to Make the Debtors Operations Profitable	40
6	E. Risks Relating to the New Equity Interest (if applicable)	40
7	1. A Liquid Trading Market for the New Equity Interest is Unlikely to Develop	40
8	2. Potential Dilution of the New Equity Interest	40
9	3. Restriction on Transfer	40
10	4. Speculative Investment	41
11	IX. MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	41
12	X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN	41
13	A. Liquidation Under Chapter 7	41
14	B. Alternative Plans of Reorganization	41
15	XI. SECURITIES LAW MATTERS.....	42
16	A. U.S. Securities Law Matters.....	42
17	B. Section 1145 of the Bankruptcy Code	42
18	C. Section 4(2) of the Securities Act/Regulation D	43
19	D. Rule 144 and Rule 144A	43
20	XII. CONCLUSION AND RECOMMENDATION	44
21	EXHIBITS	45
22	Exhibit A - Liquidation Analysis	45
23	Exhibit B - Financial Projections	45
24	Exhibit C – Proposed Claims Distributions	45
25	EXHIBIT A	46
26	LIQUIDATION ANALYSIS.....	46
27	EXHIBIT B	49
28	DEBTORS FINANCIAL PROJECTIONS	49

1 **I. INTRODUCTION**

2 **A. The Plan Generally.**

3 This is the Amended First Disclosure Statement (the “Disclosure Statement”) in the chapter 11
4 case of 6635 W OQUENDO LLC (the “Debtor”). This Disclosure Statement contains information
5 about the Debtor and describes its First Plan of Reorganization (the “Plan”) filed by it on November
6 13, 2017, and corrected on January 2, 2018, and Amended on January 16, 2018, and January 19, 2018
in accordance with the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy
Code”).

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

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

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

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

- 22 • Exhibit A - Liquidation Analysis
- 23 • Exhibit B -- Financial Information
- 24 • Exhibit C – Proposed Distributions

25 The Plan is filed contemporaneously herewith.

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

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

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

2 This Disclosure Statement describes:

- 3 • The Debtor and the significant events during the bankruptcy case;
- 4 • How the Plan proposes to treat claims of the type you hold (i.e., what you will receive for
- 5 your claim if the plan is confirmed);
- 6 • Who can vote on or object to the Plan;
- 7 • What factors the Bankruptcy Court (the “**Court**”) will consider when deciding whether to
- 8 confirm the Plan;
- 9 • Why the Debtor believes the Plan is feasible, and how the treatment of your claim under
- 10 the Plan compares to what you would receive on your claim in liquidation; and
- 11 • The effect of confirmation of the Plan.

12 Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement

13 describes the Plan, but it is the confirmed Plan itself that will establish and control your rights.

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

15 **Plan.**

16 As described more fully in this Disclosure Statement, the Plan provides for distributions on

17 account of certain Allowed Claims. The Plan distributions will be in various amounts and will take

18 various forms, depending on the classification and treatment of any particular Claim. The following

19 tables summarize the classification and treatment of Claims under the Plan. For a more detailed

20 description of the classification and treatment of Claims under the Plan, please see Section V below.

21 THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND

22 TREATMENT OF CLAIMS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE

23 AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. ANY ESTIMATES OF CLAIMS OR

24 EQUITY INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL

25 AMOUNTS ALLOWED BY THE BANKRUPTCY COURT. AS A RESULT OF THE

26 FOREGOING AND OTHER UNCERTAINTIES WHICH ARE INHERENT IN THE ESTIMATES,

27 THE ESTIMATED RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM

28 THE ACTUAL RECOVERIES RECEIVED. IN ADDITION, THE ABILITY TO RECEIVE

 DISTRIBUTIONS UNDER THE PLAN DEPENDS UPON THE ABILITY OF THE PROPONENTS

 TO OBTAIN CONFIRMATION OF THE PLAN AND MEET THE CONDITIONS TO

 CONFIRMATION AND EFFECTIVENESS OF THE PLAN, AS DISCUSSED IN THIS

 DISCLOSURE STATEMENT. THE RECOVERIES SET FORTH BELOW ARE PROJECTED

 RECOVERIES ONLY AND MAY CHANGE BASED UPON CHANGES IN THE AMOUNT OF

 ALLOWED CLAIMS AS WELL AS OTHER FACTORS RELATED TO THE DEBTOR’S

 BUSINESS OPERATIONS AND GENERAL ECONOMIC CONDITIONS. REFERENCE SHOULD

 BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE

 DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS

 AGAINST THE DEBTOR.

Summary of Classification and Treatment of Classified Claims

Class	Claim	Allowed Claim/ Total Claim Amount	Projected Recovery Under the Plan	Status	Voting Rights
1	JPMORGAN CHASE BANK, N.A. 6635 W Oquendo Rd, Las Vegas, NV 89118	\$585,000.00/ \$585,000.00	100%	Impaired	Entitled to Vote
2	REAL TIME RESOLUTIONS, INC. 6635 W Oquendo Rd, Las Vegas, NV 89118	\$0.00/ \$246,000.00	0%	Impaired/ Un enforceable Claim NRS 11.190(1)(b)	Entitled to Vote
3	DCI INVESTMENTS GENERAL UNSECURED CLAIM	\$16,000.00/ \$19,000.00	85%	Impaired	Entitled to Vote
4	OLD EQUITY INTEREST	\$0.00/ \$0.00	0%	Unimpaired	Not Entitled to Vote

D. Voting on the Plan.

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

1. Classes Entitled to Vote

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

Under the Plan, the Voting Classes are Class is Class 1 and 3.

Under the Plan, the non-voting classes are 2 and 4.

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

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

1 Claims in that Class for which a Ballot was properly submitted.

2 **3. Tabulation of Votes**

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

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

14 **4. Voting Instructions**

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

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

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

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

22 HUNTER PARKER LLC
23 Andrew J. Van Ness, Esq.
24 Nevada Bar No. 9709
25 3815 S Jones Blvd
26 Las Vegas, NV 89103
27 (702) 686-9297
28 hunterparkerllc@gmail.com

1 TO BE COUNTED, YOUR EXECUTED BALLOT INDICATING ACCEPTANCE OR REJECTION
2 OF THE PLAN MUST BE RECEIVED AT THE ADDRESS ABOVE NO LATER THAN 5:00 P.M.
3 (PREVAILING PACIFIC TIME) ON DECEMBER 6, 2017 (THE “VOTING DEADLINE”). ANY
4 BALLOT RECEIVED THAT IS NOT EXECUTED, DOES NOT INDICATE EITHER AN
5 ACCEPTANCE OR REJECTION OF THE PLAN, OR INDICATES BOTH ACCEPTANCE AND
6 REJECTION OF THE PLAN WILL BE DISREGARDED. DO NOT RETURN ANY OTHER
7 DOCUMENTS WITH YOUR BALLOT. FACSIMILE BALLOTS WILL BE ACCEPTED.
8 BALLOTS THAT ARE SCANNED AND EMAILED TO THE EMAIL ADDRESS ABOVE WILL
9 ALSO BE ACCEPTED. SEE ORDER CONDITIONALLY APPROVING.

7 **5. Inquiries**

8 If you are a holder of a Claim entitled to vote on the Plan and either did not receive a Ballot,
9 received a damaged Ballot, or lost your Ballot, or if you have questions about the procedures for
10 voting your Claim or about the packet of materials that you received, please contact Andrew J. Van
11 Ness, Esq., 3815 S Jones Blvd, STE 1A, Las Vegas, Nevada 89103, Tel: (702) 686-9297, email:
12 hunterparkerllc@gmail.com.

13 If you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to
14 those documents, at your own expense unless otherwise specifically required by Bankruptcy Rule
15 3017(d), please contact the Proponents’ counsel at the address set forth above.

14 **E. Confirmation Hearing.**

15 Pursuant to Bankruptcy Code section 1128, the Confirmation Hearing will commence on
16 ~~December 19, 2017~~January 30, 2018, beginning at 9:30 a.m. (prevailing Pacific time), before the
17 Honorable Laurel E. Davis, United States Bankruptcy Judge, at the United States Bankruptcy Court
18 for the District of Nevada, Courtroom 3, 300 Las Vegas Blvd South, Las Vegas, Nevada 89101. The
19 Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed
20 so that they are received on or before ~~December 6, 2017~~January 26, 2018 at 5:00 p.m. (prevailing
21 Pacific time). Pursuant to Local Rule 3019, the Bankruptcy Court may consider modifications to the
22 Plan at the Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time
23 without further notice except for the announcement of the adjournment date made at the Confirmation
24 Hearing or at any subsequent adjourned Confirmation Hearing. Subsequent to the Confirmation
25 Hearing, the Bankruptcy Court may issue an Order confirming the Plan (the “Confirmation Order”).
26 The Combined hearing was continued to January ~~30~~16, 2018 at 9:30 AM.

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

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

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

1
2 The consummation of a plan of reorganization is the principal objective of a chapter 11
3 reorganization case. A plan of reorganization sets forth the terms for satisfying claims against the
4 debtors. Upon confirmation of a plan of reorganization, it is binding on the debtors and any creditor of
5 the debtor. Subject to certain limited exceptions, the confirmation order discharges the debtors from
6 any debts that arose prior to the date of confirmation of the plan and substitutes therefore the
7 obligations specified under the confirmed plan, except for debts that are not dischargeable under § 523
8 of the Bankruptcy Code.

9
10 After a chapter 11 plan has been filed, holders of certain claims against and equity interests in
11 a debtor are permitted to vote to accept or reject such plan. Before soliciting acceptances of the
12 proposed plan, however, a debtor is required under section 1125 of the Bankruptcy Code to prepare a
13 disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a
14 hypothetical reasonable investor to make an informed judgment about the plan.

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

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

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

18 **1. Operations**

19
20 The Debtor's current property portfolio consists of one property and all improvements thereto
21 located at 6635 W Oquendo Road, Las Vegas, Nevada 89118.

22 The Debtor was formed on August 11, 2017 for the purpose of acquiring a property at a
23 Trustee Sale.

24 The Debtor has only operated since the acquisition of this property at foreclosure sale. The
25 Debtor has limited operating history, however, the operations of the Debtor are not complex as the
26 only asset is a rental property that generates gross rental income of \$10,000 per month.

26 **2. The Debtor's Capital Structure**

27 The Debtor is a Nevada LLC with one-member, which membership interest is held by an
28 irrevocable trust. The trust has three beneficiaries, Gasper Melikyan and Catalin and Anca Popescu.
The Debtor operates its rental property business as a single member LLC. As of the Petition Date,
there were three liens on this property, which two are underwater. And the Debtor owes a debt in

1 dispute of \$19,000.00, which was for repairs and painting of the property. The Debtor believes that the
2 fair price for the work done is \$16,000.00. The Debtor is not responsible per se on the first and second
3 trust deeds, however, as a result of the trustee sale, the debtor takes the property subject to existing
4 liens and encumbrances. The second trust deed is believed to be unenforceable and underwater and the
5 tax lien of \$66,000.00 is owed by a non-debtor party, which is also underwater.

6 **Events Leading to the Debtors Bankruptcy**

7 The Debtor purchased the property at a trustee sale on August 11, 2017. The sole reason for
8 this is to strip off a time barred, unenforceable second trust deed that has not been paid in over 9 years
9 and a tax lien that is not owed by the Debtor. These liens impair the Debtor's ability to operate its
10 rental property business and create uncertainty. Additionally, because the Debtor is not liable for any
11 debt, the Debtor is unable to speak with the First Trust Deed Holder because it does not have previous
12 borrower authorization. This filing will bring resolution, so the Debtor can make payments and move
13 on in its rental business.

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

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

16 On November 6, 2017 (the "*Petition Date*") the Debtor filed a voluntary petition for relief
17 under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its businesses and manage
18 its properties as Debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

19 **B. First Day Motions.**

20 On November 8, 2017, [ECF No. 6] the Debtor filed its Application to Employ Andrew J. Van
21 Ness of Hunter Parker LLC as its attorney. A hearing is set for December 19, 2017 at 9:30 AM.

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

23 None as of this date.

24 **D. Valuation of Properties.**

25 The Debtor filed its Motion to Value Collateral on November 8, 2017 at ECF No. 8. A hearing
26 is set for December 19, 2017 at 9:30 AM.

27 **E. Other Events.**

28 The Debtor filed its First Disclosure Statement and Plan of Reorganization on November 11,
2017, which seeks conditional approval and a combined final hearing for final approval on December
19, 2017 at 9:30 AM.

The Debtor and the Internal Revenue Service stipulated to treatment of the IRS lien against the
Debtor's property. ECF No. 46.

1 **IV. BAR DATE AND SCHEDULES**

2 **1. Schedules and Statements**

3 On November 6, 2017, the Debtor filed its schedules and statements of financial affairs.
4 (collectively, the “*Schedules*”).

5 **2. Bar Date**

6 On November 6, 2017, the Bankruptcy Court set March 7, 2018, as the date by which all
7 creditors (except governmental units) must file proofs of claim asserting claims against the Debtor,
8 and May 7, 2018, as the deadline for governmental units to file proofs of claim asserting claims
9 against the Debtor. These dates are defined as the “Bar Date” in the Plan. *See* ECF No. 3.

9 **V. THE PLAN**

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

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

13 **1. Administrative Claims**

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

17 (A) Professional Fee Claims and US Trustee Fees

18 All Professional Fee Claims shall be fully and completely satisfied solely from the DIP
19 account funds, or pursuant such other terms as the Holder of such claim may agree. Upon receipt by
20 all Professionals of their respective payments from the DIP account any and all Professional Fee
21 Claims are hereby deemed fully satisfied, released, and discharged as to the Debtor and Reorganized
22 Debtor. Notwithstanding anything contrary in the Plan, the outstanding professional fee claim is
23 estimated to be \$15,000.00, and expenses are estimated to be \$550.00 for postage, which will affect
24 distributions to unsecured creditors.

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

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

1 may be required by the United States Trustee. Upon the filing of a Final Decree no
2 such reports shall futher be due.

3 **2. Priority/Secured Tax Claims**

4 ***Priority Tax Claims.*** The Debtor does not have any priority tax claims known against it.

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

8
9 With respect to the Service's tax lien recorded on August 26, 2015 as Instrument Number
10 20150826-0001658 in the amount of \$46,693.46. The amount owing under the tax lien is \$61,699.00,
11 which the Debtor will tender regular payments in the amount of \$1,830.49 (\$1,830.49 x 36 months =
12 \$65,897.53), every month based on an interest rate of 4.00% for a total amount of \$65,897.53. Payments
will commence on February 15, 2018, with the first payment amount of \$1,830.49 and each payment
thereafter to be \$1,830.49 until paid. Should the underlying tax payer Ovidiu Ene pay any amounts
towards this tax lien, there shall be offset to the extent of any payments received by the Service from Ene.
See ECF No. 46.

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

14
15 One of the key concepts under the Bankruptcy Code is that only claims that are "allowed" may
16 receive distributions under a chapter 11 plan. In general, an "allowed" claim or simply means that the
debtor agrees, or in the event of a dispute, that the Bankruptcy Court or other court of appropriate
17 jurisdiction determines, that the claim, and the amount thereof, is in fact a valid obligation of the
debtor.

18 The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan
19 divides the different claims against the debtor into separate classes based upon their legal nature.
Claims of a substantially similar legal nature are usually classified together. If a class of claims or
20 interests is "impaired," the Bankruptcy Code affords certain rights to holders of such claims or
interests, including the right to vote on the plan. Under section 1124 of the Bankruptcy Code, a class
21 of claims or interests is "impaired" unless the plan (i) does not alter the legal, equitable and
contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults
22 (other than those arising from the debtor's insolvency, the commencement of the case or
nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the
23 class, grants such holder a claim for damages incurred, and does not otherwise alter the holders' legal,
equitable and contractual rights.
24

25 The categories of Claims listed below classify Claims for all purposes, including, without
26 limitation, voting, confirmation and distribution pursuant hereto and pursuant to Bankruptcy Code
sections 1122 and 1123(a)(1). The Plan deems a Claim to be classified in a particular Class only to the
27 extent that the Claim qualifies within the description of that Class and shall be deemed classified in a
different Class to the extent that any remainder of such Claim qualifies within the description of such
28 different Class. A Claim is in a particular Class only to the extent that any such Claim is allowed in

1 that Class and has not been paid, released or otherwise settled prior to the Effective Date. If there are
2 no Claims in a particular Class, then such Class of Claims shall not exist for all purposes of the Plan.

3 **1. Claims Against the Debtor and Debtor's Property**

4 **Class 1. Impaired.**

5 This Class 1 claim consists of a Secured Claim in favor of JPMorgan Chase Bank, N.A.,
6 Acct#5304388951 against the Debtor's rental property located at 6635 W Oquendo Road, Las Vegas,
7 Nevada 89118; APN: 163-35-202-004, which is secured by a First Deed of Trust recorded on July 3,
2007 as instrument number 20070703-0003502.

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

11 (b) *Principal Balance.* The principal balance of the Class 1 claim shall be the Allowed Secured
12 Lender Claim in the amount that is owed, which is estimated at \$585,000.00. This amount may be
amended once Lender provides total amount owed.

13 (c) *Lien.* From and after the Confirmation Date, the Holder of the Class 1 Claim shall retain its
14 Lien in the Collateral consistent with the applicable Loan Documents until the Class 1 claim is repaid
in full.

15 (d) *Post-Effective Date Interest Rate.* Interest shall accrue on the Class 1 Holders Claim at an
16 interest rate of 5.12% per annum (original contract rate) based upon a new thirty (30) year
amortization schedule.

17 (e) *Monthly Payments.*

18 (i) Beginning on February 1, 2018, and on the first day of each subsequent month until
19 paid. Payments of principal and interest on the Class 1 claim shall be delivered to lender in the
20 amount of \$3,183.00 per month until paid.

21 (f) *Maturity Date.* The unpaid balance of the Class 1 claim shall be due and payable on or
22 before July 2, 2037, or the original maturity date.

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

24 (h) *Property Taxes & Insurance.* In addition to the monthly principal and interest payment the
25 Debtor shall be responsible for maintaining and paying taxes and insurance on the subject property.
26 The Debtor rejects and shall not be responsible for any further mortgage insurance, if applicable. The
debtor shall be responsible for any post-petition advances for property taxes and insurance and shall
27 cure such amounts within 12 months after confirmation of the Debtor's Chapter 11 Plan.

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

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

6 (ii) Sell the Real Property free and clear of Secured Lender's Liens; provided, however,
7 that the proceeds of such sale are sufficient at the time of closing of such sale to pay, and are
8 utilized to pay, all sums due and owing under the Class 1 claim in paragraph (b) minus any
9 payments made, unless Secured Lender otherwise agrees. The Debtor may sell this property at
10 any time after the confirmation order is entered, without approval from the Court. The Debtor
11 may owner carry or finance at its discretion.

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

15 (k) *Valuation.* The Class 1 Secured Claim shall be revalued on the effective date of this Plan,
16 pursuant to sections 1123 and 506 of the Bankruptcy Code, in accordance with the valuation of such
17 property as set forth on paragraph (b) above of this Plan. The confirmation order approving the plan
18 shall set forth the values of each secured creditors lien claims as of the effective date of the Plan. The
19 value of this property is \$571,428.00.

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

23 If an 1111(b) election is made by Creditor, Debtor will tender the allowed amount of the claim
24 at 0.00% interest in equal installments over 360 months.

25 Any Adequate Protection payments paid by the Debtor towards the Class 1 Claim will reduce
26 the allowed amount of the claim dollar for dollar against the Principal amount of the stipulated value
27 in paragraph (b) above.

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

Class 2. Impaired.

This Class 2 claim consists of a wholly unsecured Claim in favor of Capital One, N.A. or Real
Time Resolutions, Inc., Acct#22282967 against the Debtor's rental property located at 6635 W
Oquendo Road, Las Vegas, Nevada 89118; APN: 163-35-202-004, which is secured by a wholly
unsecured Second Deed of Trust recorded on July 3, 2007 as instrument number 20070703-0003503.
~~This Class 2 claim is also unenforceable pursuant to NRS 11.190(1)(b), as this claim has not been paid
in over 9 years.~~

(a) On the Effective Date, the Loan Documents shall not remain or have any force or effect
against the debtor's property.

1
2 (b) *Principal Balance.* The principal balance of the Class 2 claim shall be the Allowed Secured Lender Claim in the amount of \$0.00.

3
4 (c) *Lien.* From and after the Confirmation Date, the Holder of the Class 2 wholly unsecured Claim shall be fully released. Recording of the Confirmation Order shall suffice to release the second deed of trust in the real property records of Clark County, Nevada as Instrument or Recording Number: 20070703-0003503.

6
7 (d) *Post-Effective Date Interest Rate.* Interest shall accrue on the Class 2 Holders Claim at an interest rate of 0.00%.

8
9 (e) *Valuation.* The Class 2 Secured Claim shall be revalued on the effective date of this Plan, pursuant to sections 1123 and 506 of the Bankruptcy Code, in accordance with the valuation of such property as set forth in Class 3 of this Plan. The confirmation order approving the plan shall set forth the values of each secured creditors wholly unsecured junior lien claims as of the effective date of the Plan. The value of this property is \$571,428.00.

11
12 (f) *Unsecured Portion of the Claim:* Any amount of a Class 2 wholly unsecured claim that is deemed to be unsecured in accordance with Class 1 above. The unsecured portion of this claim may be treated in Class 3 below. ~~However, as a result of this claim being unenforceable pursuant to NRS 11.190(1)(b) as a result of no payments being made in over 9 years. This claim shall receive zero dollars.~~ Recording of the Confirmation Order shall suffice to release the second deed of trust in the real property records of Clark County, Nevada as Instrument or Recording Number: 20070703-0003503. Should this claim be determined to be an allowed unsecured claim, Class 2 will be paid its pro rata share of the Debtor's disposable income contribution of \$44,000 over 14 months.

16
17 ***Impairment and Voting:*** Class 2 is impaired. Holders of the Class 2 claim are ~~not~~ entitled to vote to accept or reject this Plan ~~because the claim is unenforceable pursuant to NRS 11.190(1)(b).~~

18
19 The Class 1 Secured creditor, or its servicers and or agents shall within 30 days provide the Debtor with an updated monthly mortgage statement, or account statements reflecting the correct balance, payment and any further upcoming payment due dates and proper escrow amounts, if any, consistent with the Plan following entry of the Confirmation Order, which shall be mailed to the debtor every month thereafter. The Debtor may take any actions under § 524(a) or (i) or bankruptcy Rule 9020 for failure to do so. Upon entry of the Confirmation Order all Notices of Defaults and Notices of Trustee's Sale shall be rescinded. Recording of the Confirmation Order shall suffice to rescind any Notice of Default and Notice of Trustee's Sale.

23
24 **Class 3 - General Unsecured Claims.**

25 Class 3 Claims consist of the General Unsecured Claims against the Debtor.

26
27 *Treatment:* Holders of Class 3 General Unsecured Claims on the Effective Date shall, in full satisfaction, settlement, release and exchange for such Allowed General Unsecured Claims, shall receive 15 monthly payments of the Debtor's Disposable Monthly Income. All portions of allowed Class 3 unsecured claims that remain unpaid, and at the conclusion of all quarterly plan payments required under this Plan (the "Plan Term"), will cease 15 months after the Effective Date and shall be

1 forever discharged and rendered non-collectable against the Debtor. The Debtor's Disposable Monthly
2 Income available under the plan is \$4,247.00 per month. The Debtor's Plan Payment under the Plan
3 shall be \$4,247.00 and for a period of 15 months. The Plan does not discharge, render non-collectible,
4 satisfy, settle, release or exchange any debts that are non-dischargeable under Bankruptcy Code § 523.
The Debtor will hold a reserve of \$44,000.00 to pay general unsecured creditor's allowed claims, if
filed before March 7, 2018, which will satisfy all general unsecured claims.

5 **Class 4 – Equity Interest of the Debtor**

6 (a) *Treatment.* The Equity Interest of the Debtor are unimpaired by the Plan and conclusively
7 deemed to have accepted the Plan, pursuant to Bankruptcy Code section 1126(f). No solicitation is
8 required.

9 **Administrative Professional Fee Claims** are estimated at \$15,550.00, which means the
10 Professional Fee Claim.. See Distribution Schedule attached hereto. The Debtor will utilize any of its
11 cash in the DIP account to satisfy administrative claims upon approval of the court. Any remaining
12 amounts will be held as a contingency reserve for maintenance and repairs described in the Plan.

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

12 **1. Source of Payments**

13 (a) On the Effective Date payments to Creditors' in Classes 1 and 3 shall be funded from the
14 Debtor's rental income.

15 (b) Payments to Class 3 creditors required under the Plan will be funded by the Debtor's
16 Disposable Monthly Income from its rental property. These monthly Distributions or the Plan
17 Payment during the Plan Term will be \$4,247.00 per month. Debtors shall make monthly
18 distributions to Class 3 claims, in accordance with the terms of this Plan, during the entire Plan Term.
19 Commencing on the first day of the first month following the Effective Date of the Plan, Debtors shall
20 continue to make monthly plan payments to the Class 3 General Unsecured Creditors, until the
21 completion of the Plan Term, which is on or about 15 months after the effective date. It is estimated
22 that this will require the Debtor to pay a maximum combined total of \$60,000.00 to Class 3 General
23 Unsecured Creditors, with \$16,000.00 going to DCI Investments, LLC. This monthly plan payment is
not expected to increase throughout the plan term. Furthermore, the Debtor may pay off the total Plan
Payment due to general unsecured creditors of \$16,000.00 at any time after confirmation minus any
plan payments tendered. A \$44,000.00 reserve will be held for all other general unsecured claims that
file allowed claims prior to March 7, 2018. Administrative Professional Fee Claims are estimated at
\$15,550.00.

24 In addition, the Debtor will utilize all funds remaining in the DIP account post confirmation as
25 a contingency reserve for vacancies, emergency and general repairs, tenant turnover, advertising and
for foreseeable increases in property taxes and insurance and income taxes on rental income.

26 A contingency reserve is a sound and reasonable justification to hold the above funds back as a
27 major plumbing problem can easily cost \$1,700.00. To paint the interior of any property and replace
28 carpet generally costs \$20,000.00 or more when a tenant vacates. A reserve will further ensure that the
Debtor will not have to reorganize because of vacancies and repairs.

1 **2. Transfers Under the Plan**

2 The implementation of the Plan will not include any transfers under the Plan. No such
3 transferee or any of its subsidiaries, creditors or equity holders shall be or be deemed to be a successor
4 of any of the Debtor by reason of any theory of law or equity and shall not have any successor or
5 transferee liability of any kind, nature or character, including liabilities arising or resulting from or
relating to the transactions contemplated hereby, except for the Secured Lenders Claims described in
section 4.1 of the Plan.

6 After the Effective Date, the Debtor will own the assets conveyed to it and operate its business
7 and manage its affairs free of any restrictions contained in the Bankruptcy Code.

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

9 As a result of the Debtor paying the Class 1 claim and paying 85% of the Class 3 claim to DCI
10 Investments LLC, the Debtor believes it has satisfied the new value exception and absolute priority
rule, absent a written objection by a claim holder.

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

12 **1. Reorganized Debtor**

13 On the Effective Date (as more fully set forth in Article 13 of the Plan), without any further
14 action, the Reorganized Debtor, will be vested with all of the Property in Classes 1, free and clear of
15 all Claims and Liens (except for Liens provided or authorized pursuant to this Plan in section 4.1). The
16 Debtor may transfer any of its Real Property anytime after the final decree is entered and it has
satisfied the payments to Class 3 claim holders.

17 **2. Secured Lenders**

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

24 **E. Comprehensive Settlement and Releases.**

25 As expressly set forth in the Plan, pursuant to Bankruptcy Code section 1123 and Bankruptcy
26 Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the
27 provisions of the Plan, including the exculpation and release provisions contained in Article 13 of the
28 Plan, constitute a good faith compromise and settlement of all Claims or controversies relating to the
rights that a Holder of a Claim or Interest may have with respect to any Claim or Interest against the
Debtor, any distribution to be made pursuant to the Plan on account of any such Claim or Interest, and
any and all claims or causes of action of any party against the Releasees arising out of the Chapter 11

1 Case or relating and all transactions relating thereto. The entry of the Confirmation Order constitutes
2 the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such
3 Claims, Interests or controversies and the Bankruptcy Court's finding that all such compromises or
4 settlements are in the best interests of (x) the Debtor and its Estate, and any of their respective
5 property, and (y) Claim and Interest Holders, and are fair, equitable and reasonable. Any distributions
6 to be made pursuant to the Plan shall be made on account of and in consideration of this
comprehensive settlement, which, upon the Effective Date, the settlement shall be binding on all
Persons, including the Debtor and its Estate, all Holders of Claims or Interests (whether or not
Allowed), and all Persons entitled to receive any payments or other distributions under the Plan.

7 **F. Provisions for Resolving and Treating Disputed Claims.**

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

11 **1. Objections**

12 As of the Effective Date, the Reorganized Debtor will have the right, to the exclusion of all
13 others (except as to applications for allowances of compensation and reimbursement of expenses
14 under sections 328, 330, 331 and 503 of the Bankruptcy Code), to make, file and prosecute objections
15 to Claims. The Reorganized Debtor will serve a copy of each objection upon the holder of the Claim
16 to which the objection is made as soon as practicable (unless such Claim was already the subject of a
valid objection by the Debtor).

16 **2. Estimation of Claims**

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

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

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

1
2 To the extent that a Disputed Claim is expunged or reduced, the holder of such Claim will not
3 receive any distribution on account of the portion of such Claim that is disallowed. Any Disputed
4 Claim, for which a proof of claim has not been deemed timely, filed as of the Effective Date, will be
5 disallowed.

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

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

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

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

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

The Debtor assumes the contract of its tenant in its Property.

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

30 **1. Discharge**

31 IN CONJUNCTION WITH BANKRUPTCY CODE SECTION 1141, EXCEPT AS
32 OTHERWISE PROVIDED FOR IN THE PLAN, THE RIGHTS AFFORDED IN THE PLAN AND
33 THE TREATMENT OF ALL CLAIMS AND EQUITY INTERESTS IN THE PLAN SHALL BE IN
34 EXCHANGE FOR AND IN COMPLETE SATISFACTION, DISCHARGE AND RELEASE OF
35 CLAIMS AND EQUITY INTERESTS OF ANY NATURE WHATSOEVER AGAINST THE
36 DEBTOR, AND OF THE ASSETS OR PROPERTIES OF THE ESTATE, INCLUDING ANY
37 INTEREST ACCRUED ON SUCH CLAIMS FROM AND AFTER THE PETITION DATE AND
38 ANY PROPERTIES TRANSFERRED TO SECURED LENDERS.

1
2 THE DEBTOR WILL NOT BE DISCHARGED FROM ANY DEBT EXCEPTED FROM
3 DISCHARGE UNDER SECTION 523 OF THE BANKRUPTCY CODE, EXCEPT AS PROVIDED
4 IN RULE 4007(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. THE
5 DEBTORS SHALL BE DISCHARGED FROM ANY DEBT THAT WAS SCHEDULED AND
6 DISPUTED THAT FAILED TO TIMELY FILE A PROOF OF CLAIM.

7 WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS
8 PROVIDED IN THE CONFIRMATION ORDER, CONFIRMATION WILL DISCHARGE THE
9 DEBTOR AND THE REORGANIZED DEBTOR FROM ALL CLAIMS, OR OTHER DEBTS
10 THAT AROSE BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED
11 IN SECTIONS 502(G), 502(H) OR 502(I) OF THE BANKRUPTCY CODE, WHETHER OR NOT:
12 (X) A PROOF OF CLAIM BASED ON SUCH A DEBT HAS BEEN FILED, OR DEEMED TO
13 HAVE BEEN FILED, UNDER BANKRUPTCY CODE SECTIONS 501 OR 1111(A); (Y) A CLAIM
14 BASED ON SUCH DEBT IS ALLOWED UNDER BANKRUPTCY CODE SECTION 502 OF THE
15 BANKRUPTCY CODE; OR (Z) THE HOLDER OF A CLAIM BASED ON SUCH DEBT HAS
16 ACCEPTED THE PLAN.

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

2. Binding Effect of Plan/Injunction

24 UPON THE EFFECTIVE DATE, BANKRUPTCY CODE SECTION 1141 SHALL
25 BECOME APPLICABLE WITH RESPECT TO THE PLAN AND THE PLAN SHALL BE
26 BINDING ON ALL PARTIES TO THE FULLEST EXTENT PERMITTED BY BANKRUPTCY
27 CODE SECTION 1141(A). IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1141,
28 ALL OF THE DEBTORS PROPERTY SHALL BE VESTED IN THE REORGANIZED DEBTOR
FREE AND CLEAR OF ALL CLAIMS, LIENS AND INTERESTS OF CREDITORS, EXCEPT AS
TO THOSE CREDITORS CLAIMS LISTED IN SECTION 4.1 OF THE PLAN. ALL PROPERTY
TRANSFERRED TO SECURED LENDERS PURSUANT TO THE PLAN SHALL BE VESTED IN

1 THE RESPECTIVE SECURED LENDER FREE AND CLEAR OF ALL CLAIMS, LIENS AND
2 INTERESTS OF CREDITORS.

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

21 ON AND AFTER THE EFFECTIVE DATE, EACH HOLDER OF ANY CLAIM AGAINST
22 OR INTEREST IN THE DEBTOR IS PERMANENTLY ENJOINED FROM TAKING OR
23 PARTICIPATING IN ANY ACTION THAT WOULD INTERFERE OR OTHERWISE HINDER
24 DEBTOR FROM IMPLEMENTING THE PLAN, THE CONFIRMATION ORDER OR ANY
25 OPERATIVE DOCUMENTS IN ACCORDANCE WITH THE TERMS THEREOF.

18 **3. Exculpation**

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

4. Injunctions

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

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

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

5. Adequate Protection Liens; Cash Collateral Orders

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

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

4 **6. Termination of Debt Instruments, Liens, Tax Liens & Notices of Default and 5 Trustee's Sale**

6 On the Effective Date, all instruments evidencing indebtedness of the Debtor held by Holders
7 of Claims that are Impaired by this Plan or have been paid in full pursuant thereto shall be deemed
8 canceled or modified consistent with this Plan against the Debtor. And all Notices of Breach &
9 Election to Sell and Notices of Trustee's Sale shall be canceled and/or rescinded against any of the
10 Debtor's properties treated under the Plan. Recording of the Confirmation Order shall serve as a
11 rescission of any such notice. More specifically, the instrument of Capital One, N.A., or Real Time
12 Resolutions, Inc. recorded on July 3, 2007 as instrument number 20070703-0003503, shall be stripped
13 off and of no force or effect.

14 **7. Judgments Void**

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

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

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

29 **9. Preservation of Causes of Action**

30 Pursuant to Bankruptcy Code section 1123(b), the Debtor as Reorganized Debtor shall retain
31 and reserve the right to enforce all rights to commence and pursue Causes of Action (which includes,
32 among other things, avoidance actions commenced, or that may be commenced, before or after the
33 Effective Date, pursuant to Bankruptcy Code sections 544, 545, 547, 548, 550 or 551) whether arising
34 prior to or after the Petition Dates, and whether pending as of or Filed after the Effective Date, in any

1 court or other tribunal. Unless a Cause of Action is expressly waived, relinquished, released,
 2 compromised or settled in the Plan, or any Final Order, the Debtor on behalf of themselves and as the
 3 Reorganized Debtor expressly reserve all Causes of Action for later adjudication and, therefore, no
 4 preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel,
 5 issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to
 6 any Causes of Action upon Confirmation or the Effective Date. No entity may rely on the absence of a
 7 specific reference in the Plan, or the Disclosure Statement to any Cause of Action against them as an
 8 indication that the Debtor, or the Reorganized Debtor, will not pursue any and all available Causes of
 9 Action against them. The Debtor and the Reorganized Debtor, expressly reserve all rights to prosecute
 10 any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

11 **10. Maintenance of Administrative Claim Status Post Discharge**

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

15 **11. No Limitation on Effect of Confirmation**

16 Nothing contained in the Plan or the Disclosure Statement will limit, waive or restrict in any
 17 way the effect of Confirmation as set forth in Bankruptcy Code section 1141. Confirmation will bind
 18 the Debtor, all Creditors and other parties in interest to the provisions of the Plan, whether or not the
 19 Claim of such Creditor Holder is Impaired under the Plan and whether or not such Creditor Holder has
 20 accepted the Plan and whether or not a proof of Claim has been filed or deemed to have been filed
 21 under Bankruptcy Code sections 501 or 1111(a), or such is allowed under Bankruptcy Code section
 22 502.

23 **I. Plan Provisions Concerning Plan Distributions.**

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

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

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

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

3. Manner of Payment Under the Plan

Distributions of Cash to be made by the Distribution Agent pursuant to the Plan must be made,
 at the discretion of the Distribution Agent, by check drawn on the Distribution Agent's bank account
 or by wire transfer from a domestic bank. Any other provision of the Plan to the contrary
 notwithstanding, no payments of cents will be made. Whenever any payment of cents would otherwise

1 be called for, the actual payment may reflect a rounding of such fraction to the nearest whole dollar
2 (up or down).

3 **4. Unclaimed Property**

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

8 **5. Delivery of Distributions**

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

14 *Distribution Agent.* The Distribution Agent shall make all Distributions required under the
15 Plan. The Distribution Agent in this case will be the Debtor's managing member/trustee.

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

26 *Returned Distributions.* In the case of Distributions to the Holders of Allowed Claims that are
27 returned to the Distribution Agent due to an incorrect or incomplete address, the Distribution Agent
28 shall retain any such returned Distribution in a segregated account established by the Distribution
Agent to keep track of any returned Distributions. Unless the Holder of the Allowed Claim relating to
any such returned Distribution contacts the Distribution Agent (or its designee) within three (3)
months from the date on which such Distribution was returned and provides the Distribution Agent (or

1 its designee) with acceptable proof of identity and an accurate address, such Holder shall forfeit all
2 rights thereto, and to any and all future Distributions or rights under the Plan. In such event, the Claim
3 for which such Distributions was issued shall be treated as a Disallowed Claim and the Distribution on
account of such Disallowed Claim shall promptly be distributed Reorganized Debtor.

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

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

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

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

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

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

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

1 **2. Payments**

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

7 **3. Contingent Claims**

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

12 **4. Estimation of Claims**

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

24 **5. Reserve for Disputed Claims**

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

K. Summary of Other Provisions of the Plan

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

1. Management

Following the Effective Date, the Reorganized Debtor will be managed by Christopher Craig
the Trustee for The LV Property Investment Irrevocable Trust, which is the managing member of the
Debtor.

1 **2. Modification of Plan**

2 11 U.S.C. § 1127 –

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

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

3. Withdrawal or Revocation of Plan

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

4. Exemption from Certain Transfer Taxes and Further Transitions

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

5. Severability

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

VI. CONFIRMATION AND CONSUMMATION PROCEDURES

A. Confirmation of the Plan

1. Bankruptcy Code Section 1129(a)

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

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

- 4 • The Plan complies with the applicable provisions of the Bankruptcy Code.
- 5 • The Proponents have complied with the applicable provisions of the Bankruptcy Code.
- 6 • The Plan has been proposed in good faith and not by any means forbidden by law.
- 7 • Any payment made or promised by the Reorganized Debtor by a person acquiring
8 property under the Plan for services or for costs and expenses in, or in connection with,
9 the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11
10 Case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made
11 before the confirmation of the Plan is reasonable; or (ii) is subject to the approval of the
12 Bankruptcy Court as reasonable, if such payment is to be fixed after confirmation of
13 the Plan.
- 14 • The Proponents have disclosed the identity and affiliations of any individual proposed
15 to serve, after confirmation of the Plan, as managers of the Reorganized Debtors, and
16 the appointment to, or continuance in, such office of such individual is consistent with
17 the interests of creditors and with public policy.
- 18 • The Proponents have disclosed the identity of any insider that will be employed or
19 retained as or by the Reorganized Debtor and the nature of any compensation for such
20 insider.
- 21 • Each holder of an impaired Claim or Interest either has accepted the Plan or will
22 receive or retain under the Plan, on account of such holder's Claim or Interest, property
23 of a value as of the Effective Date that is not less than the amount such holder would
24 receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of
25 the Bankruptcy Code.
- 26 • The starting point in determining whether the Plan meets the "best interests" test is a
27 determination of the amount of proceeds that would be generated from the liquidation
28 of the Debtor's assets in the context of a chapter 7 liquidation (such amount, the
"**Liquidation Proceeds**"). The Liquidation Proceeds must then be reduced by the costs
of such liquidation, including costs incurred during the Chapter 11 Case and allowed
under chapter 7 of the Bankruptcy Code (such as professionals' fees and expenses, a
chapter 7 trustee's fees, and the fees and expenses of professionals retained by the
chapter 7 trustee). The potential chapter 7 liquidation distribution in respect of each
Class must be reduced further by costs imposed by the delay caused by conversion to
chapter 7. In addition, inefficiencies in the claims resolution process in a chapter 7

1 would negatively impact the recoveries of creditors. The net present value of a
2 hypothetical chapter 7 liquidation distribution in respect of an impaired claim is then
3 compared to the recovery provided by the Plan for such impaired claim.

- 4 • Based on the Proponents' liquidation analysis set forth as Exhibit A hereto (the
5 "*Liquidation Analysis*"), the Proponents believe that each Class of Creditors and
6 Interest Holders will receive under the Plan a recovery at least equal in value to the
7 recovery such Impaired Class would receive pursuant to a liquidation of the Debtor
8 under chapter 7 of the Bankruptcy Code.
- 9 • Except to the extent the Plan meets the requirements of section 1129(b) of the
10 Bankruptcy Code, each Class of Claims either has accepted the Plan or is not an
11 Impaired Class under the Plan.
- 12 • Except to the extent that the holder of a particular Claim has agreed to a different
13 treatment of such Claim, the Plan provides that Administrative Claims, Priority Tax
14 Claims and Priority Claims will be paid in full or otherwise treated in accordance with
15 Bankruptcy Code section 1129(a)(9) as required by the Bankruptcy Code.
- 16 • At least one Impaired Class has accepted the Plan, determined without including any
17 acceptance of the Plan by any insider holding a Claim in such Impaired Class.
- 18 • Confirmation of the Plan is not likely to be followed by the liquidation or the need for
19 further financial reorganization of the Reorganized Debtor This requirement is
20 commonly referred to as the "feasibility test."
- 21 • All fees of the type described in 28 U.S.C. § 1930, including the fees of the U.S.
22 Trustee will be paid as of the Effective Date.

2. Bankruptcy Code Section 1129(b)

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

(a) Fair and Equitable Test

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

1 **(i) Secured Creditors**

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

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

16 **(ii) Unsecured Creditors**

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

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

27 **Equity Interest**

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

36 **(b) No Unfair Discrimination**

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

1 discriminate unfairly.

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

4 **B. Conditions to Effective Date**

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

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

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

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

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

26 In the event that the Effective Date does not occur: (i) the Confirmation Order shall be vacated
27 without further order of the Bankruptcy Court; (ii) no distributions under the Plan shall be made, (iii)
28 the Debtors and all holders of Claims shall be restored to the status quo ante as of the day immediately
preceding the Confirmation Date as though the Confirmation Date never occurred; and (iv) the
Debtors obligations with respect to Claims shall remain unchanged and nothing contained in the Plan

1 shall constitute or be deemed a waiver or release of any Claims by or against the Debtors or any other
2 Person or will prejudice in any manner the rights of the Debtors or any Person in any further
proceedings involving the Debtors.

3 VII. FINANCIAL INFORMATION

4 A. Reorganized Debtor.

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

11 VIII. RISK FACTORS

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

16 A. General.

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

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

22 2. Projections and Other Forward Looking Statements Are Not Assured, And Actual 23 Results Will Vary

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

3. Certain Tax Implications of the Plan

1
2 Holders of Allowed Claims should carefully review Section X herein, “Material United States
3 Federal Income Tax Considerations,” to determine how the tax implications of the Plan and the
4 Chapter 11 Case may affect Holders of Allowed Claims and the Debtors. The contents of this
5 Disclosure Statement should not be construed as legal, business or tax advice. Each holder of an
6 Allowed Claim should consult his, her or its own legal counsel and accountant as to legal, tax and
7 other matters concerning its Claim.

B. Certain Bankruptcy Considerations

1. Risk of Non-Conformation of the Plan

8 In order for the Reorganized Debtor to implement the Plan, the Debtors, like any other chapter
9 11 plan Debtors, must obtain approval of the Plan from their creditors and confirmation of the Plan
10 through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process
11 requires the Debtors to: (a) meet certain statutory requirements with respect to the adequacy of this
12 Disclosure Statement; (b) solicit and obtain creditor acceptances of the Plan; and (c) fulfill other
13 statutory conditions with respect to the confirmation of the Plan.

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

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

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

2. Risk of Non-Occurrence of Effective Date

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

3. Risk that Claims Will Be Higher Than Estimated

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

C. Risks Related to the Reorganized Debtors Significant Indebtedness.

1. Continuing Leverage and Ability to Service Debt

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

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

D. Business Risks

1. Risks Related to the Chapter 11

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

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

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

21 **2. Tenants May be Unable to Meet Rent Terms**

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

28 **3. Tenant Bankruptcies May Have Material Effect on the Properties**

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

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

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

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

5 **5. The Debtor Depends on Key Markets and May Not Be Able to Continue to Attract a 6 Sufficient Number of Tenants to Make the Debtors Operations Profitable**

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

10 **E. Risks Relating to the New Equity Interest (if applicable)**

11 **1. A Liquid Trading Market for the New Equity Interest is Unlikely to Develop**

12 A liquid trading market for the New Equity Interests is unlikely to develop. As of the Effective
13 Date, the New Equity Interests will not be listed for trading on any stock exchange or trading system.
14 The future liquidity of the trading market for the New Equity Interests will depend, among other
15 things, upon the number of holders of the New Equity Interests and whether the New Equity Interests
16 are listed for trading on an exchange. Furthermore, the New Equity Interests are subject to restrictions
17 on transfer and may not be resold or transferred except as permitted under the Securities Act and
18 regulations promulgated thereunder and applicable state securities laws. Prospective purchasers of
19 New Equity Interests should be aware that they will be required to bear the financial risks of the
20 investment for an indefinite period of time. Any such purchaser must represent that the securities are
21 being acquired for investment purposes only, and not with a view to or present intention of
22 distribution.

23 **2. Potential Dilution of the New Equity Interest**

24 The ownership of the New Equity Interests will be subject to dilution in the event of the
25 issuance of additional equity in the Reorganized Debtor. In the future, additional equity financings or
26 other issuances of equity by the Reorganized Debtor could adversely affect the market price of the
27 New Equity Interests. (Not Applicable in this case).

28 **3. Restriction on Transfer**

The New Equity Interests will be sold without registration under the Securities Act and
without qualification or registration under state securities laws, pursuant to exemptions from such
registration and qualification contained in section 4(2) of the Securities Act and Regulation D
promulgated thereunder. As such, the New Equity Interests will be “restricted securities” as defined
under Rule 144 of the Securities Act. Therefore, subsequent sales, exchanges, transfers, or other
dispositions of such securities or any interest therein will not be permitted except pursuant to (i) an
effective registration of such securities under the Securities Act and under equivalent state securities
or “blue sky” laws or (ii) the provisions of Rule 144 under the Securities Act or another available
exemption from registration requirements. In addition, the organizational documents of the
Reorganized Debtor may set forth other transfer restrictions applicable to the New Equity Interests.

4. Speculative Investment

Investment in the New Equity Interests is a speculative investment. New Equity Interests may only be sold to “accredited investors” as defined under Regulation D of the Securities Act. There is no assurance that the Reorganized Debtor’s operations will be profitable, and any purchaser of the New Equity Interests must be able to bear a complete loss of such investment. There is limited information available about the prospects for the future performance of the Reorganized Debtor, and any prospective purchaser must perform its own investigation of the Debtor prior to purchasing any New Equity Interests.

IX. MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

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

A. Liquidation Under Chapter 7

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

B. Alternative Plans of Reorganization

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

1 respective Claims with the least delay.

2 3 **XI. SECURITIES LAW MATTERS**

4 **A. U.S. Securities Law Matters**

5 Except as set forth below, all debt instruments, to the extent they constitute securities, and
6 equity securities to be issued in conjunction with the Plan, will be issued without registration under the
7 Securities Act or any similar federal, state, or local law in reliance upon the exemptions set forth in
8 section 1145 of the Bankruptcy Code or in the case of the New Equity Interests, in reliance on the
9 exemption set forth in section 4(2) of the Securities Act or Regulation D promulgated thereunder.

10 **B. Section 1145 of the Bankruptcy Code**

11 Section 1145(c) of the Bankruptcy Code provides that securities issued pursuant to a
12 registration exemption under section 1145(a)(1) of the Bankruptcy Code are deemed to have been
13 issued pursuant to a public offering. Therefore, the securities issued pursuant to a section 1145
14 exemption may generally be resold by any holder thereof without registration under the Securities Act
15 pursuant to the exemption provided by section 4(1) thereof unless the holder is an “underwriter” with
16 respect to such securities, as such term is defined in section 1145(b)(1) of the Bankruptcy Code. In
17 addition, such securities generally may be resold by the recipients thereof without registration under
18 state securities or “blue sky” laws pursuant to various exemptions provided by the respective laws of
19 the individual states. However, recipients of securities issued under the Plan are advised to consult
20 with their own counsel as to the availability of any such exemption from registration under federal
21 securities laws and any relevant state securities laws in any given instance and as to any applicable
22 requirements or conditions to the availability thereof.

23 Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” for purposes of the
24 Securities Act as one who, subject to certain exceptions, (a) purchases a claim with a view to
25 distribution of any security to be received in exchange for such claim, or (b) offers to sell securities
26 offered or sold under the plan for the holders of such securities, or (c) offers to buy securities issued
27 under the plan from the holders of such securities, if the offer to buy is made with a view to
28 distribution of such securities, and if such offer is under an agreement made in connection with the
plan, with the consummation of the plan or with the offer or sale of securities under the plan, or (d) is
an issuer, as used in section 2(11) of the Securities Act, with respect to such securities.

The term “issuer,” as used in section 2(11) of the Securities Act, includes any person directly
or indirectly controlling or controlled by, an issuer of securities, or any person under direct or indirect
common control with such issuer.” Control” (as defined in Rule 405 under the Securities Act) means
the possession, direct or indirect, of the power to direct or cause the direction of the policies of a
person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an
officer or director of a reorganized debtor or its successor under a plan of reorganization may be
deemed to be “in control” of such debtor or successor, particularly if the management position or
directorship is coupled with ownership of a significant percentage of the Reorganized Debtor’s or its
successor’s voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy
Code suggests that a creditor who owns at least ten percent (10%) of the voting securities of a
reorganized debtor may be presumed to be a “control person.”

1
2 To the extent that persons deemed “underwriters” receive securities under the Plan, resale of
3 such securities would not be exempted by section 1145 of the Bankruptcy Code from registration
4 under the Securities Act or other applicable law, Holders of such restricted securities may, however,
5 be able, at a future time and under certain conditions described below, to sell securities without
6 registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

7 **C. Section 4(2) of the Securities Act/Regulation D**

8 Section 4(2) of the Securities Act provides that the issuance of securities by an issuer in
9 transactions not involving any public offering are exempt from registration under the Securities Act.
10 Regulation D is a non-exclusive safe harbor promulgated by the United States Securities and
11 Exchange Commission under the Securities Act related to, among others, section 4(2) of the Securities
12 Act.

13 The term “issuer,” as used in section 4(2) of the Securities Act, means, among other things, a
14 person who issues or proposes to issue any security.

15 Securities issued pursuant to the exemption provided by section 4(2) of the Securities Act or
16 Regulation D promulgated thereunder are considered “restricted securities.” As a result, resale of such
17 securities may not be exempt from the registration requirements of the Securities Act or other
18 applicable law. Holders of such restricted securities may, however, be able, at a future time and under
19 certain conditions described below, to sell securities without registration pursuant to the resale
20 provisions of Rule 144 and Rule 144A under the Securities Act.

21 **D. Rule 144 and Rule 144A**

22 Under certain circumstances, affiliates and holders of restricted securities may be entitled to
23 resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule
24 144 provides that if certain conditions are met (e.g., that the availability of current public information
25 with respect to the issuer, volume limitations, and notice and manner of sale requirements), specified
26 persons who resell restricted securities or who resell securities which are not restricted but who are
27 “affiliates” of the issuer of the securities sought to be resold, will not be deemed to be “underwriters”
28 as defined in section 2(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not
been an affiliate during the preceding three months may resell restricted securities after a six-month
holding period if at the time of the sale there is current public information regarding the issuer and
after a one-year holding period if there is not current public information regarding the issuer at the
time of the sale; and (ii) an affiliate may sell restricted securities after a six-month holding period if at
the time of the sale there is current public information regarding the issuer and after a year holding
period if there is not current public information regarding the issuer at the time of the sale, provided
that in each case the affiliate otherwise complies with the volume, manner of sale and notice
requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements
of the Securities Act for resale to certain “qualified institutional buyers” of securities that are
“restricted securities” within the meaning of the Securities Act, irrespective of whether the seller of
such securities purchased its securities with a view towards reselling such securities, if certain other

1 conditions are met (e.g., the availability of information required by paragraph 4(d) of Rule 144A and
2 certain notice provisions). Under Rule 144A, a “qualified institutional buyer” is defined to include,
3 among other persons, “dealers” registered as such pursuant to section 15 of the Exchange Act, and
4 entities that purchase securities for their own account or for the account of another qualified
5 institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least \$100
6 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not
7 exempt the offer or sale of securities that, at the time of their issuance, were securities of the same
8 class of securities then listed on a national securities exchange (registered as such pursuant to section 6
9 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system.

10 Any holder of securities issued under the Plan may transfer such securities to a new holder at
11 such times as (i) such securities are sold pursuant to an effective registration statement under the
12 Securities Act or (ii) such holder delivers to the issuer an opinion of counsel reasonably satisfactory to
13 the issuer, to the effect that such shares are no longer subject to the restrictions applicable to
14 “underwriters” under section 1145 of the Bankruptcy Code or (iii) such holder delivers to the issuer an
15 opinion of counsel reasonably satisfactory to the issuer to the effect that such shares are no longer
16 subject to the restrictions pursuant to an exemption under the Securities Act and such shares may be
17 sold without registration under the Securities Act, in which event the certificate issued to the
18 transferee will not bear such legend.

19 IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF
20 WHETHER A RECIPIENT OF SECURITIES MAY BE AN UNDERWRITER OR AN AFFILIATE
21 OF THE ISSUER, THE PROPONENTS MAKE NO REPRESENTATIONS CONCERNING THE
22 RIGHT OF ANY PERSON TO TRADE ANY SECURITIES TO BE DISTRIBUTED PURSUANT
23 TO THE PLAN. ACCORDINGLY, THE PROPONENTS RECOMMEND THAT POTENTIAL
24 RECIPIENTS OF SECURITIES UNDER THE PLAN CONSULT THEIR OWN COUNSEL
25 CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES. SEE “RISK
26 FACTORS -- RISKS RELATING TO THE NEW EQUITY INTERESTS.”

27 XII. CONCLUSION AND RECOMMENDATION

28 The Debtors believe that confirmation and implementation of the Plan is preferable to any of
the alternatives described above because it will provide the greatest recoveries to holders of Claim.
Other alternatives would involve significant delay, uncertainty and substantial additional
administrative costs. The Debtors urge holders of impaired Claims entitled to vote on the Plan to
accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received
no later than 5:00 p.m., prevailing Pacific time, on December 6, 2017. Objections due on the
continued hearing are due no later than January 26, 2018.

Dated: January ~~16~~19, 2018

/s/ Christopher Craig

Christopher Craig
Managing member/trustee

/s/ Andrew J. Van Ness, Esq.

Andrew J. Van Ness.

1 Attorney for Debtor

2 **EXHIBITS**

3
4 **Exhibit A - Liquidation Analysis**

5
6 **Exhibit B - Financial Projections**

7 **Exhibit C – Proposed Claims Distributions**

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1

2 **EXHIBIT A**

3 **LIQUIDATION ANALYSIS²**

4 **A. OVERVIEW**

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

13 **B. UNDERLYING ASSUMPTIONS AND DISCLAIMER**

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

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

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

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

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

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

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

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

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

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

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

1 **D. SUMMARY OF LIQUIDATION ANALYSIS**

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

7 **LIQUIDATION SUMMARY**

Description	Total Amount	Real Property	Personal Property
Total Property Value	571,723.00	571,428.00	295.00
Less:			
Schedule D. Secured Claims	571,428.00	571,428.00	0.00
Schedule C. Exemptions	0.00	0.00	0.00
Interest in Nonexempt Property	295.00	0.00	295.00
Less:			
Estimated Chapter 7 Admin Expenses	73.75		
Schedule E. Priority Claims	0.00		
Available to General Unsecured	221.25		
Total General Unsecured	278,572.00		
Percent Distribution	0.08%		

18 **Details:**

Unsecured from Schedule D	259,572.00	259,572.00	0.00
Unsecured from Schedule E	0.00		
Unsecured from Schedule F	19,000.00		
Estimated Chapter 7 Administrative Expenses:			
11§326 Trustee Compensation on \$295.00	73.75		
Add'l Trustee Cost as 0% of §326 Fee	0.00		
Additional Admin Expense	0.00		
Total Estimated Admin Expense	73.75		

EXHIBIT B

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

DEBTORS FINANCIAL PROJECTIONS

<u>INCOME AND EXPENSES:</u>	<u>CURRENT</u>
<u>Monthly Income:</u>	
Current Gross Rental Income:	\$ 10,000.00
<u>Total Current Income:</u>	<u>\$ 10,000.00</u>
<u>Monthly Investment Property Expenses:</u>	<u>\$ 5,753.00</u>
<u>Total Average Personal Expenses:</u>	<u>\$ -</u>
<u>Monthly Disposable Income:</u>	<u>\$ 4,247.00</u>
<u>Quarterly Disposable Income Available for Distribution for Plan Term:</u>	<u>\$ 12,741.00</u>

Property Income & Expense Analysis

<u>Monthly Investment Prop. Income & Expenses:</u>	<u>P & I Payment</u>	<u>Insurance</u>	<u>Taxes</u>	<u>Maint Reserve*</u>	<u>Tax Lien</u>	<u>Rent</u>
<u>Property Address:</u>						
6635 W Oquendo Road, Las Vegas, NV 89118	3,183.00	\$ 150.00	\$ 589.00		\$ 1,831.00	\$ 10,000.00
Total:	\$ 3,183.00	\$ 150.00	\$ 589.00	\$ -	\$ 1,831.00	\$ 10,000.00
Total Property Expenses:				\$ 5,753.00		
Net Profit:						\$ 4,247.00
*Maintenance Reserve includes funds for advertising, utilities, Property management fees						
increases in property taxes, increase in insurance, repair and property turnover, vacancies reserve and income taxes on rental income.						

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT C
CLAIMS

<u>Proof of Claim No.</u>	<u>Creditor</u>	<u>Claim Amount</u>	<u>Secured</u>	<u>Unsecured</u>
	JP Morgan Chase Bank NA	\$ 585,000.00	\$ 585,000.00	\$ -
	Capital One NA/Real Time Resol.	\$ 246,000.00	\$ -	\$ 246,000.00
	DCI Investments	\$ 19,000.00		\$ 19,000.00
	IRS	\$ 61,699.00	\$ 61,699.00	
	<u>Totals:</u>	<u>\$ 911,699.00</u>	<u>\$ 646,699.00</u>	<u>\$ 265,000.00</u>
	Disposable Monthly			
	<u>Income \$4247.00:</u>	<u>\$4,247.00</u>		
	<u>Estimated DIP Funds:</u>	<u>\$ 20,000.00</u>		
	<u>Total Distribution Amount [\$42470 x 15 months + \$20,000]:</u>		<u>\$ 83,705.00</u>	
	Administrative Claims		<u>\$ 15,550.00</u>	
	Reserve for General Unsecured Claims that file allowed claims			
	Contingency Reserve		<u>\$ 8,155.00</u>	
	<u>Total Amount for Distribution to Allowed Unsecured Claims:</u>		<u>\$ 60,000.00</u>	

