

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

OLYMPIA OFFICE LLC, *et al.*,

Debtors.

-----X

Chapter 11

Case Nos.: 16-74892 (AST)

16-75515 (AST)

16-75516 (AST)

16-75517 (AST)

(Joint Administration)

**CHAPTER 11 DEBTORS' ~~FIRST~~SECOND AMENDED
JOINT DISCLOSURE STATEMENT**

LAMONICA HERBST & MANISCALCO, LLP
Attorneys for Olympia Office LLC, WA Portfolio LLC,
Mariners Portfolio LLC and Seahawk Portfolio LLC

Chapter 11 Debtors

By: Jordan Pilevsky, Esq.
Jordan D. Weiss, Esq.

3305 Jerusalem Avenue, Suite 201
Wantagh, New York 11793
(516) 826-6500

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE ~~FIRST~~SECOND AMENDED PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

THIS ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE DEBTORS' ~~FIRST~~SECOND AMENDED PLAN OF LIQUIDATION (THE "~~FIRST~~SECOND AMENDED PLAN") PROPOSED BY OLYMPIA OFFICE LLC, WA PORTFOLIO LLC, MARINERS PORTFOLIO LLC AND SEAHAWK PORTFOLIO LLC (THE "**DEBTORS**"). NO OTHER REPRESENTATIONS CONCERNING THE DEBTORS, THE VALUE OF THEIR ASSETS OR BENEFITS OFFERED UNDER THE ~~FIRST~~SECOND AMENDED PLAN HAVE BEEN AUTHORIZED.

THE APPROVAL OF THE ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT MEANS THAT THE BANKRUPTCY COURT HAS FOUND THAT THE ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION TO PERMIT CREDITORS OF THE DEBTORS TO MAKE A REASONABLY INFORMED DECISION IN EXERCISING THEIR RIGHT TO VOTE UPON THE ~~FIRST~~SECOND AMENDED PLAN. BANKRUPTCY COURT APPROVAL OF THIS ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION ON THE MERITS OF THE ~~FIRST~~SECOND AMENDED PLAN. A COPY OF THE ~~FIRST~~SECOND AMENDED PLAN IS ANNEXED HERETO AS **EXHIBIT "1"** AND DESCRIBED HEREIN.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE WHICH ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION WHETHER TO APPROVE THE ~~FIRST~~SECOND AMENDED PLAN.

THIS ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION; NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THE ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DOCUMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTORS AND FROM OTHER SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTOR'S KNOWLEDGE, INFORMATION AND BELIEF.

THIS ~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE ~~FIRST~~SECOND AMENDED PLAN. ALL CREDITORS AND OTHER INTERESTED PARTIES ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE

~~FIRST~~SECOND AMENDED PLAN AND TO READ CAREFULLY THE ENTIRE
~~FIRST~~SECOND AMENDED DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS,
BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE ~~FIRST~~SECOND
AMENDED PLAN.

TABLE OF CONTENTS

	Page
I INTRODUCTION	1
A. Background	1
B. The Plan Confirmation Process	2
II SUMMARY OF FIRST AMENDED PLAN	4
A. Summary of Categories of Claims	4
B. Summary of First Amended Plan Distributions	5
C. Source of Information	9
III HISTORY OF THESE CHAPTER 11 CASES	9
A. Pre-Petition Background	10
B. The Debtors' Bankruptcy Filings	12
C. The Receiver Stipulation	13
D. The Noteholder's Stay Violation, the Injunction Request and the Noteholder's First Lift Stay Motion	13
E. The Appeals	15
F. The Third Party Complaint	16
G. Retention Applications	17
H. DIP Financing	18
I. The Noteholder's Second Lift Stay Motion and Dismissal Motion	20
J. Claims Bar Date	21
K. The Debtors' Objection to the Noteholder's Claim	21
L. The Debtors' Objection to Equity Funding Centrum's Claim	22
M. The Moses Lake Sale Motion	23
IV THE PLAN OF REORGANIZATION	25
A. Explanation of Chapter 11	25
B. Claims	26
C. Classes of Claims or Interests	27
Unclassified Claims	27
1. Superpriority Administrative Claim	27
2. Administrative Claims	27
3. Fees and Expenses of Office of the United States Trustee	28
Classified Claims	28
D. Treatment of Allowed Claims	28
Superpriority Administrative Claim	28
Allowed Administrative Claims	29
Office of the United States Trustee Claims	30
Class 1 Claim — Noteholder's Secured Claim	30
Class 2 Claims — General Unsecured Claims	33
Class 3 — Member Interests	33
V IMPLEMENTATION OF THE FIRST AMENDED PLAN	34

Substantive Consolidation	36
Assumption/Rejection of Executory Contracts and Unexpired Leases	36
VI FEASIBILITY	38
VII CONDITIONS PRECEDENT TO CONFIRMATION OF THE FIRST AMENDED PLAN AND THE EFFECTIVE DATE	38
VIII VOTING	39
IX REQUIREMENT FOR CONFIRMATION OF THE FIRST AMENDED PLAN	39
A. Confirmation Hearing	39
B. Objections to Confirmation	39
C. Acceptance of the Plan	40
D. Confirmation of First Amended Plan	40
E. Cramdown	40
X EFFECT OF CONFIRMATION; DISCHARGE OF DEBTS; INJUNCTION; RELEASE	41
A. Effect of Confirmation	41
B. Discharge of Debts	42
C. Injunction	42
D. Release	43
E. Exculpation	44
XI ALTERNATIVES TO THE FIRST AMENDED PLAN AND OTHER CONSIDERATIONS	45
A. Alternatives to the First Amended Plan	45
i. Alternative Plan	45
ii. Conversion to Chapter 7	45
B. Best Interests of Unsecured Creditors	46
C. Liquidation Analysis	48
XII RECOMMENDATION OF THE DEBTORS	48
XIII ADDITIONAL INFORMATION	49
XIV TAX CONSEQUENCES	49
XV CONCLUSION	50
<u>I INTRODUCTION</u>	<u>1</u>
<u>A. Background</u>	<u>1</u>
<u>B. The Plan Confirmation Process</u>	<u>2</u>
<u>II SUMMARY OF SECOND AMENDED PLAN</u>	<u>4</u>
<u>A. Summary of Categories of Claims</u>	<u>4</u>

B.	Summary of Second Amended Plan Distributions	5
C.	Source of Information	9
III	HISTORY OF THESE CHAPTER 11 CASES	9
A.	Pre-Petition Background	10
B.	The Debtors' Bankruptcy Filings	12
C.	The Receiver Stipulation	13
D.	The Noteholder's Stay Violation, the Injunction Request and the Noteholder's First Lift Stay Motion	13
E.	The Appeals	15
F.	The Third Party Complaint	16
G.	Retention Applications	17
H.	DIP Financing	18
I.	The Noteholder's Second Lift Stay Motion and Dismissal Motion	20
J.	Claims Bar Date	21
K.	The Debtors' Objection to the Noteholder's Claim	21
L.	The Debtors' Objection to Equity Funding-Centrum's Claim	22
M.	The Moses Lake Sale Motion	23
IV	THE PLAN OF REORGANIZATION	25
A.	Explanation of Chapter 11	25
B.	Claims	26
C.	Classes of Claims or Interests	27
	Unclassified Claims	27
	1. Superpriority Administrative Claim	27
	2. Administrative Claims	27
	3. Fees and Expenses of Office of the United States Trustee	28
	Classified Claims	28
D.	Treatment of Allowed Claims	28
	Superpriority Administrative Claim	28
	Allowed Administrative Claims	29
	Office of the United States Trustee Claims	30
	Class 1 Claim – Noteholder's Secured Claim	30
	Class 2 Claims – General Unsecured Claims	33
	Class 3 – Member Interests	33
V	IMPLEMENTATION OF THE SECOND AMENDED PLAN	34
	Substantive Consolidation	36
	Assumption/Rejection of Executory Contracts and Unexpired Leases	36
VI	FEASIBILITY	38
VII	CONDITIONS PRECEDENT TO CONFIRMATION OF THE SECOND AMENDED PLAN AND THE EFFECTIVE DATE	38

<u>VIII</u>	<u>VOTING</u>	<u>39</u>
<u>IX</u>	<u>REQUIREMENT FOR CONFIRMATION OF THE SECOND AMENDED PLAN</u>	<u>39</u>
	<u>A. Confirmation Hearing</u>	<u>39</u>
	<u>B. Objections to Confirmation</u>	<u>39</u>
	<u>C. Acceptance of the Plan</u>	<u>40</u>
	<u>D. Confirmation of Second Amended Plan</u>	<u>40</u>
	<u>E. Cramdown</u>	<u>40</u>
<u>X</u>	<u>EFFECT OF CONFIRMATION; DISCHARGE OF DEBTS; INJUNCTION; RELEASE</u>	<u>41</u>
	<u>A. Effect of Confirmation</u>	<u>41</u>
	<u>B. Injunction</u>	<u>42</u>
	<u>C. Release</u>	<u>43</u>
	<u>D. Exculpation</u>	<u>44</u>
<u>XI</u>	<u>ALTERNATIVES TO THE SECOND AMENDED PLAN AND OTHER CONSIDERATIONS</u>	<u>45</u>
	<u>A. Alternatives to the Second Amended Plan</u>	<u>45</u>
	<u>i. Alternative Plan</u>	<u>45</u>
	<u>ii. Conversion to Chapter 7</u>	<u>45</u>
	<u>B. Best Interests of Unsecured Creditors</u>	<u>46</u>
	<u>C. Liquidation Analysis</u>	<u>48</u>
<u>XII</u>	<u>RECOMMENDATION OF THE DEBTORS</u>	<u>48</u>
<u>XIII</u>	<u>ADDITIONAL INFORMATION</u>	<u>49</u>
<u>XIV</u>	<u>TAX CONSEQUENCES</u>	<u>49</u>
<u>XV</u>	<u>CONCLUSION</u>	<u>50</u>

I

INTRODUCTION**A. Background**

Olympia Office LLC (“**Olympia**”), WA Portfolio LLC (“**WA**”), Mariners Portfolio LLC (“**Mariners**”) and Seahawk Portfolio LLC (“**Seahawk**”), each a Chapter 11 debtor and debtor-in-possession (collectively, the “**Debtors**”), submit this ~~first~~second amended joint disclosure statement (the “~~First~~Second Amended Disclosure Statement”) pursuant to Section 1125 of Title 11 of the United States Code (the “**Bankruptcy Code**”), to creditors of the Debtors (the “**Creditors**”) in connection with the: (i) the Debtors’ ~~first~~second amended joint plan of reorganization dated May ~~15~~30, 2017, proposed and filed by the Debtors (the “~~First~~Second Amended Plan”) with the United States Bankruptcy Court for the Eastern District of New York (the “**Bankruptcy Court**”); and (ii) hearing on confirmation of the ~~First~~Second Amended Plan to be scheduled by further notice and/or Order of the Bankruptcy Court. Unless otherwise defined herein, all capitalized terms contained herein will have the meanings ascribed to them in the ~~First~~Second Amended Plan.

Attached as an Exhibit to and accompanying this ~~First~~Second Amended Disclosure Statement is a copy of the following:

Exhibit “1” -	First <u>Second</u> Amended Plan
Exhibit “2” -	Projections
Exhibit “3” -	Debtors’ Appraisal
Exhibit “4” -	Notchholder’s Values

BALLOTS ARE BEING PROVIDED TO HOLDERS OF ALLOWED CLAIMS IN CLASSES 1 AND 2 BECAUSE CLASSES OF IMPAIRED CLAIMS ARE PERMITTED TO VOTE ON THE ~~FIRST~~SECOND AMENDED PLAN, WHEREAS CLASSES THAT ARE UNIMPAIRED

ARE NOT ENTITLED TO VOTE AND ARE PRESUMED TO HAVE ACCEPTED THE

~~FIRST~~SECOND AMENDED PLAN.

B. The Plan Confirmation Process

The Bankruptcy Court approved this ~~FIRST~~SECOND Amended Disclosure Statement as containing adequate information to permit creditors of the Debtors to make a reasonably informed decision in exercising their right to vote upon the ~~FIRST~~SECOND Amended Plan. Approval of this ~~FIRST~~SECOND Amended Disclosure Statement does not, however, constitute a determination by the Bankruptcy Court as to the fairness or merits of the ~~FIRST~~SECOND Amended Plan. Each Creditor should read this ~~FIRST~~SECOND Amended Disclosure Statement and the ~~FIRST~~SECOND Amended Plan in their entirety.

Pursuant to various provisions of the Bankruptcy Code, only classes of claims that are “impaired” under the terms and provisions of a plan are entitled to vote to accept or reject such plan. Accordingly, pursuant to the Debtors’ ~~FIRST~~SECOND Amended Plan, Classes 1 and 2 are impaired and are entitled to vote.

In accordance with Section 1128 of the Bankruptcy Code, the Bankruptcy Court shall schedule a hearing, pursuant to a separate notice or Order of the Bankruptcy Court, to consider confirmation of the ~~FIRST~~SECOND Amended Plan (the “**Confirmation Hearing**”), in the Courtroom of the Honorable Alan S. Trust, United States Bankruptcy Judge, at the United States Bankruptcy Court, 290 Federal Plaza, Alfonse M. D’Amato U.S. Courthouse, Central Islip, New York 11722. Objections, if any, to confirmation of the ~~FIRST~~SECOND Amended Plan shall be served and electronically filed with the Bankruptcy Court in accordance with such further notice from and/or Order of the Bankruptcy Court. The Confirmation Hearing may be adjourned from time to time by

the Bankruptcy Court without further notice except for the announcement of the adjourned hearing date made at the Confirmation Hearing or at any subsequent adjourned date.

II

SUMMARY OF ~~FIRST~~SECOND AMENDED PLAN

The table below provides a summary of the classification and treatment of Claims under the ~~First~~Second Amended Plan. The figures set forth in the table below represent the Debtors' best estimate of the total amount of Allowed Claims in the case. These estimates have been developed by the Debtors based on (i) an analysis of their books and records; (ii) an analysis of financial statements submitted by the Receiver; and (iii) scheduled claims and filed proofs of claim. By Order of the Bankruptcy Court, January 31, 2017 was set as the last date for filing Proofs of Claim with the Clerk of the Bankruptcy Court in the Olympia bankruptcy case. By Orders of the Bankruptcy Court, February 6, 2017 was set as the last date for filing Proofs of Claim with the Clerk of the Bankruptcy Court in the WA, Mariners and Seahawk bankruptcy cases. There can be no assurance that the amount of Claims that may be filed and allowed by the Bankruptcy Court will not exceed the amounts set forth or described herein. Nothing set forth in these schedules shall be deemed an admission by the Debtors as to the existence, validity, priority or amount of any claim asserted against the Debtors. The Debtors fully reserve all of their rights to object to claims.

A. Summary of Categories of Claims

Class	Nature of Claims	Approximate Dollar Amount of Claims in Class
Unclassified – Superpriority Administrative Expense	Superpriority Administrative Claim of Noteholder in accordance with the Interim DIP Orders, as may be supplemented by a final order, and to the extent actually paid and advanced in accordance with such Interim DIP Orders.	An amount up to \$770,000 to the extent actually paid and advanced by Noteholder in accordance with the Interim DIP Orders, or as may be supplemented by a final order.
Unclassified – Administrative	Administrative Claims of Professionals Retained Pursuant to Bankruptcy Court Order.	Approximately \$650,000 (<u>before</u> application of the retainers and court filing fees of \$75,151), for the Debtors' counsel, LaMonica Herbst & Maniscalco, LLP and approximately \$40,000 for the Debtors' accountants, Damasco, Sena & Jahelka LLP.

Class	Nature of Claims	Approximate Dollar Amount of Claims in Class
Unclassified – U.S. Trustee	Office of the United States Trustee	Unknown
Class 1	Noteholder Secured Claim	\$33,069,081.17. [Note: The Noteholder claims that it is owed the sum of \$43,497,031.40 as of February 22, 2017, which the Debtors dispute and have filed a joint claims objection motion.]
Class 2	General Unsecured Claims	\$110,000 [Note: Equity Funding, LLC, and its owner, Centrum Financial Services (“ Equity Funding-Centrum ”) filed a proof of claim seeking \$6 million. This claimant is not a creditor of the Debtors in any manner and the Debtors have filed a joint claims objection motion seeking to expunge its claim.]
Class 3	Member Interests	Consulting Solutions Group LLC with a 90% collective interest in the Debtors and Superior Note Solutions LLC with a 10% collective interest in the Debtors.

B. Summary of ~~First~~Second Amended Plan Distributions:

A summary description of each class of Claims and the treatment of such Claims is set forth below:

Class Description	Treatment
Unclassified: Superpriority Administrative Claim This class consists of the Superpriority Administrative Claim of the Noteholder in accordance with the Interim DIP Orders, as may be supplemented by a final order, and to the extent actually paid and advanced in accordance with such Interim DIP Orders.	The Superpriority Administrative Claim shall be paid up to the amount of \$770,000 to the extent actually paid and advanced by Noteholder in accordance with the Interim DIP Orders, or as may be supplemented by a final order from the proceeds of sale of the first real property sold by the Debtors (the “ First Sold Real Property ”) or on such other date and upon such other terms as may be agreed upon by the Noteholder and the Debtors. As of the date hereof, the Noteholder has advanced the sum of \$420,000 in connection with the First Interim DIP Order.
Unclassified: Administrative Claims This class consists of administrative claims of the Debtors’ estates, namely (a) LaMonica Herbst & Maniscalco, LLP, as counsel to the Debtors and (b) Damasco, Sena & Jahelka LLP, as accountants to the Debtors.	Each holder of an Administrative Claim shall be paid in full, in cash, on the Effective Date, or on such other date and upon such other terms as may be agreed upon by the holder of such Allowed Administrative Claims and the Debtors. Administrative Claims of the Debtors’ professionals are subject to Bankruptcy Court approval.

Class Description	Treatment
<p>Unclassified: U.S. Trustee This class consists of outstanding fees owed, if any, to the Office of the United States Trustee.</p>	<p>Any fees due to the Office of the United States Trustee shall be paid as they come due up through and including the earlier of the date of entry of a final decree closing these Chapter 11 proceedings or the date of entry of an order dismissing or converting these cases to cases under Chapter 7 of the Bankruptcy Code.</p>
<p>Class 1: Noteholder Secured Claim This class consists of the secured claim of Noteholder.</p>	<p>The Noteholder asserts that it is owed the sum of \$43,497,031.40 as of February 22, 2017. However, the Debtors have filed a motion seeking to reduce the Noteholder's claim amount to \$33,069,081.17, <u>or such other amount as the Bankruptcy Court may determine</u> (the "Noteholder Claim Objection Motion"). The Noteholder's claim and secured interest in and to the Real Properties shall be fixed and allowed in the amount as determined by the Bankruptcy Court in connection with the Noteholder Claim Objection Motion (the "Noteholder's Fixed Claim Amount").</p> <p>The Debtors will conduct a marketing program to sell each of the Real Properties. The Real Properties may be sold individually or as a portfolio. The Real Properties shall be sold within 18<u>12</u> months from the date that the Confirmation Order becomes a Final Order (the "Liquidation Period"). The <u>In addition to the Confirmation Order authorizing the sale price for each such real property or sales of the Real Properties by the Debtors, the Debtors shall be at least the "as is" fair market, non-stabilized, value listed in the Noteholder's Appraisal, file a motion or motions, as the case may be, seeking a further Order of the Bankruptcy Court authorizing any particular sale of the Real Properties pursuant to Section 363 of the Bankruptcy Code. Any such motion shall be on notice to all known creditors and as more specifically detailed on Exhibit "4", parties in interest with a scheduled hearing.</u> From the proceeds of each individual sale of the Real Properties, the following amounts shall be paid and disbursed at closing: (i) first, to pay or reserve traditional closing costs and any tax consequences of such sale; (ii) second, real estate brokerage commissions; (iii) third, fees to the Office of the United States Trustee in connection with its quarterly fees under 28 U.S.C. § 1930(a)(6) earned on account of the sales and to the extent a final decree has not been entered closing the Debtors' cases at the time of such sale; (iv) fourth, the Superpriority Administrative Claim of Noteholder from the First Sold Real Property; and (v) fifth, the balance of the sale proceeds to the Noteholder, which sums shall be applied as against, and up to the amount of, the Noteholder's Fixed Claim Amount; <u>and (vi) sixth, any surplus sale proceeds in excess of the Noteholder's Fixed Claim Amount shall be used to pay Classes 2 and 3.</u> Upon the</p>

Class Description	Treatment
	<p>sale of any individual real property within the portfolio of the Real Properties in accordance with this FirstSecond Amended Plan, the Noteholder shall be required to issue, at closing, a satisfaction and release of their lien with respect to the particular real property sold (the “Lien Releases”). Upon complete payment of the Noteholder’s Fixed Claim Amount to the Noteholder, the Noteholder’s claim and lien as against any remaining real property among the Real Properties, if any, and as against the Debtors’ estate shall be released and extinguished.</p> <p>During the Liquidation Period, the Debtors may refinance the Real Properties provided that any such refinance is sufficient to pay the then-remaining balance on the Noteholder’s Fixed Claim Amount.</p> <p><u>The Noteholder shall retain its right to credit bid for the purchase of the Real Properties pursuant to Section 363(k) of the Bankruptcy Code provided, however, that any such credit bid shall be no more than the “as completed and stabilized” value(s) listed in the Noteholder’s Appraisals of the Real Property or Real Properties being bid upon. However, in no event shall the Noteholder’s aggregate credit bid(s) be in excess of the Noteholder’s Fixed Claim Amount. Further, in the event of a credit bid by the Noteholder, Noteholder shall be obligated to pay the (i) traditional closing costs and any tax consequences of such sale; (ii) real estate brokerage commissions; and (iii) fees to the Office of the United States Trustee in connection with its quarterly fees under 28 U.S.C. § 1930(a)(6) earned on account of the sales and to the extent a final decree has not been entered closing the Debtors’ cases at the time of such sale, which amounts shall not be added to the Noteholder’s Fixed Claim Amount.</u></p> <p>During the Liquidation Period, Noteholder shall be paid interest only (the “Interest Payments”) with the first payment to be made on the first day of the first calendar month following the Effective Date at the current 2-year treasury rate of 1.31% plus 2.69% per annum for a total of 4.0% per annum (the “Modified Interest Rate”). Upon complete payment of the Noteholder’s Fixed Claim Amount to the Noteholder, the Debtor shall no longer be required to make Interest Payments to the Noteholder even if the Liquidation Period has not lapsed. In the event that the Debtors cannot sell the Real Properties during the Liquidation Period with such sale proceeds sufficient to pay the Noteholder’s Fixed Claim Amount, the Noteholder shall be granted relief from the</p>

Class Description	Treatment
	<p>automatic stay under Section 362 of the Bankruptcy Code.</p> <p>At all relevant times prior to payment of the Noteholder's Fixed Claim Amount, the Noteholder shall retain its first lien and security interest in the Real Properties in accordance with their respective loan documents except for those real properties for which the Noteholder has issued Lien Releases in accordance with the First<u>Second</u> Amended Plan.</p> <p>Annexed as Exhibit "2" is (i) a 3-year Projection of the income, expenses and cash flow of the Real Properties using a payoff amount of \$33,069,081.17 and (ii) a 3-year Projection of the income, expenses and cash flow of the Real Properties using a payoff amount of \$43,497,031.40.</p>
<p>Class 2: General Unsecured Claims This class consists of the general unsecured, non-priority Claims.</p>	<p>In the event that the Equity Funding Centrum claim is disallowed by Order of the Bankruptcy Court, Allowed Claims creditors in this class Class 2 shall be paid in full receive payment, without interest, no later than 4812 months after the Effective Date, from either (i) revenue generated from the Real Properties; (ii) sale the surplus proceeds remaining from real property liquidations the sale or sales of the Real Properties after payment of the Noteholder's Fixed Claim Amount; (ii) revenue generated from the Real Properties; (iii) a refinance of the Real Properties; or (iv) capital contributions from Class 3. In the event that the Equity Funding Centrum Claim is deemed an allowed claim by Order of the Bankruptcy Court, then Allowed Claims in this class shall be paid 10% pro rata over 60 months in equal installments, with the first payment to be made on the first day of the first calendar months following the Effective Date and for 59 consecutive months from either (i) revenue generated from the Real Properties; (ii) sale proceeds remaining from real property liquidations after payment of the Noteholder's Fixed Claim Amount; or (iii) a refinance of the Real Properties.</p>

Class Description	Treatment
Class 3: Member Interest This class consists of the 100% member interest of the Debtors.	Consulting Solutions Group LLC and Superior Note Solutions LLC shall retain their respective interests in and to the Debtors. Both Consulting Solutions Group LLC and Superior Note Solutions LLC will not receive any form of distributions from the Real Properties during the Liquidation Period. Consulting Solutions Group LLC shall provide capital contributions to <u>in</u> the Debtors totaling sum of \$250,000 over <u>during</u> the course of 18 months <u>Liquidation Period</u> to be used for either <u>actual and necessary</u> cash needs of the Real Properties, administrative claims to the Debtors' professionals or payments to Class 2 allowed creditors (the " Contribution "). On the Effective Date, Consulting Solutions Group LLC shall deposit the sum of \$50,000 into the Confirmation Account as its initial payment applied against the Contribution.

C. Source of Information

The information contained in this ~~First~~Second Amended Disclosure Statement was prepared by Scott G. Switzer, as chief operating officer of the Debtors, based upon the Receiver's financial information, the Debtors' books and records, the Debtors' bankruptcy petitions and schedules, and reviewing all proofs of claim timely filed with the Bankruptcy Court. The estimates of Claims set forth herein may vary from the final amount of Claims allowed by the Bankruptcy Court, but the Debtors believe that the numbers and dollar amounts reflected herein are close to final and allowable amounts according to currently filed claims and scheduled debts of creditors that have not filed a proof of claim. While every effort has been made to insure the accuracy of all such information, the information presented herein is unaudited and has not been examined, reviewed, or compiled by an independent public accountant.

III

HISTORY OF THESE CHAPTER 11 CASES

A. Pre-Petition Background

1. On February 10, 2011, CDC Properties I LLC, a Delaware limited liability company (“**CDC**”) filed a voluntary petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Washington (the “**Washington Bankruptcy Court**”) and was assigned case number 11-41010 (the “**CDC Bankruptcy Case**”).

2. CDC was the owner of the real properties located at, and known as, (i) 5000 Capital Boulevard Southeast, Tumwater, WA 98502; (ii) 640 Woodland Square Loop Southeast, Lacey, WA 98503; (iii) 637 Woodland Square Loop Southeast, Lacey, WA 98503; (iv) 629 Woodland Square Loop Southeast, Lacey, WA 98503; (v) 4565 7th Avenue Southeast, Lacey, WA 98503; (vi) 645 Woodland Square Loop Southeast, Lacey, WA 98503; (vii) 805 South Mission Street, Wenatchee, WA 98801; (viii) 8830 25th Avenue Southwest, Seattle, WA 98106; and (ix) 1620 South Pioneer Way, Moses Lake, WA 98837 (each a “**Real Property**” and collectively, the “**Real Properties**”).

3. On November 22, 2011, the Washington Bankruptcy Court confirmed CDC’s plan of reorganization. On February 21, 2012, the CDC Bankruptcy Case was closed.

4. On August 15, 2014, Prium Companies, LLC (“**Prium**”) filed a voluntary petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code in the Washington Bankruptcy Court and was assigned case number 14-44512 (the “**Prium Bankruptcy Case**”). Prium is the sole member of CDC Acquisition Company I, LLC, a Delaware limited liability company. CDC Acquisition Company I, LLC is the sole member of CDC.

5. By Orders dated October 2, 2014 and February 26, 2015 in the Prium Bankruptcy Case, Eric D. Orse (“**Orse**”), as Trustee in the Prium case, was appointed as the management representative with authority over several entities including CDC.

6. The Prium Bankruptcy Case is still open and pending.

7. On September 9, 2016, a purchase agreement for the sale of the Real Properties (the “**Purchase Agreement**”) was entered into between CDC, acting through Orse, as seller, and CDC Member LLC, as contract vendee purchaser, or its designee. In the Purchase Agreement, Orse represented and warranted that he had the full and unfettered right, power and authority to execute and deliver the Purchase Agreement, bind CDC and to consummate the transactions contemplated therein. The Purchase Agreement contemplated the purchase of the Real Property for \$100,000 subject to the existing lien of the Noteholder’s predecessors.

8. By deeds dated September 23, 2016 (the “**Deeds**”), the Debtors collectively purchased the Real Properties from CDC, acting through Orse. The Deeds were properly recorded.

9. The Real Properties are subject to certain Deeds of Trust and related loan documents dated on or about September 29, 2004 to secure obligations (i) originally made in favor of Merrill Lynch Mortgage Lending, Inc. (the “**Original Lender**”) in the original principal amount of \$40,700,000 (“**Note A**”) and (ii) originally made in favor of the Original Lender in the original principal balance of \$2,557,500 (“**Note B**”, and together with Note A, the “**Notes**”).

10. On or about September 30, 2005, the Original Lender purportedly assigned (i) Note A to Wells Fargo Bank N.A., as Trustee for the Registered Holders of Merrill Lynch Mortgage Trust 2005-MCP1 Commercial Pass-Through Certificates, Series 2005-MCP1 (“**Wells Fargo**”) and (ii) Note B to U.S. Bank, N.A., as Successor-Trustee to LaSalle Bank N.A., as Trustee for the

benefit of the Certificate Holders of Commercial Mortgage Pass-Through Certificates, Series MCCMT 2004-C2D (“**U.S. Bank**”).

11. In May 2016, Wells Fargo and U.S. Bank commenced an action to appoint a custodial receiver for the Real Properties captioned, *Wells Fargo Bank N.A., as Trustee for the Registered Holders of Merrill Lynch Mortgage Trust 2005-MCP1 Commercial Pass-Through Certificates, Series 2005-MCP1 and U.S. Bank, N.A., as Successor-Trustee to LaSalle Bank N.A., as Trustee for the benefit of the Certificate Holders of Commercial Mortgage Pass-Through Certificates, Series MCCMT 2004-C2D, v. CDC Properties I, LLC*.

12. Pursuant to an Order Appointing Custodial Receiver dated May 19, 2016, JSH Properties, Inc. (the “**Receiver**”) was appointed as custodial receiver over the Real Properties.

13. On or about October 18, 2016, Wells Fargo and US Bank purportedly assigned the Notes and placed them into a special purpose entity known as MLMT 2005-MCP1 Washington Office Properties, LLC (the “**Noteholder**”).

14. Midland Loan Services, a division of PNC Bank, N.A. (“**Midland**”) serves as both the master servicer and special servicer for Note A and as special servicer for Note B in accordance with separate Pooling and Servicing Agreements.

B. The Debtors’ Bankruptcy Filings

15. On October 20, 2016, Olympia filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of New York. On November 3, 2016, Olympia filed the balance of its schedules, statements of financial affairs and all other required documents with the Clerk of the Bankruptcy Court.

16. On November 28, 2016, WA, Mariners, and Seahawk, each filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code with the Clerk of the Bankruptcy Court. On December 12, 2016, WA, Mariners, and Seahawk, each filed the balance of their respective schedules, statement of financial affairs and all other required documents with the Clerk of the Bankruptcy Court.

17. By Order dated December 9, 2016, the Debtors cases were consolidated for procedural purposes only. A motion seeking the substantive consolidation is pending before the Bankruptcy Court. See Dkt. Nos. 38 and 50.

18. The Debtors have continued in the management of their business and the operation of their affairs as debtors and debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No Trustee or Examiner has been appointed in the Debtors' cases.

C. The Receiver Stipulation

19. Within days of filing for bankruptcy relief, and in an effort to maintain the “status quo”, Olympia engaged in discussions with the Noteholder for the purpose of authorizing the Receiver to remain in possession of, and to maintain, the Real Properties. Indeed, on November 3, 2016, a stipulation permitting the Receiver to continue to maintain the Real Properties and their cash flow under Section 543(d)(1) of the Bankruptcy Code was fully executed by Olympia, the Noteholder and the Receiver (the “**Receiver Stipulation**”).

20. On November 8, 2016, Olympia filed a motion seeking approval of the Receiver Stipulation (the “**Receiver Motion**”). See Dkt. No. 13.

21. By Order dated December 20, 2016, the Receiver Stipulation, as modified, was approved. See Dkt. No. 73.

D. The Noteholder's Stay Violation, the Injunction Request and the Noteholder's First Lift Stay Motion

22. On November 10, 2016 (within two days of the filing of the Receiver Motion), the Noteholder filed a motion to reopen the CDC Bankruptcy Case. Simultaneously therewith, the Noteholder filed a motion in the CDC Bankruptcy Case seeking declaratory relief that, among other things, the transfers of the Real Properties to the Debtors were void and that the Real Properties are property of the CDC bankruptcy estate (collectively, the “**CDC Motion**”).

23. In order to protect estate assets, on November 16, 2016, Olympia was compelled to commence an adversary proceeding (the “**Adversary Proceeding**”) seeking (a) a preliminary and permanent injunction (the “**Injunction Request**”); (ii) judgment against Noteholder for violating the automatic stay; and (iii) judgment against the Noteholder for actual damages based on its violation of the automatic stay.

24. On November 16, 2016, within hours of the commencement of the Adversary Proceeding, the Noteholder filed a motion with the Bankruptcy Court, pursuant to Sections 362(d)(1) and 362(d)(4) of the Bankruptcy Code, seeking relief from the automatic stay (the “**First Lift Stay Motion**”).

25. After two hearings held in connection with the Injunction Request and the First Lift Stay Motion, the Bankruptcy Court entered an Order dated December 1, 2016 (i) denying the First Lift Stay Motion in its entirety and (ii) denying the Debtors’ request for an injunction as moot (the “**Order Denying the First Lift Stay Motion**”).

26. The Order Denying the First Lift Stay Motion provides, in pertinent part,

. . . this Court determined that the Debtor’s interests in the Real Properties are property of this bankruptcy estate under Section 541 of the Bankruptcy Code, that the filing of the CDC Motion was a stay violation by Noteholder,

27. As such, the sale of the Real Properties were not deemed to be void as sought by the Noteholder in its First Lift Stay Motion and were determined to be property of the Debtors' bankruptcy estates. The Order Denying the First Lift Stay Motion also determined that the Noteholder violated the automatic stay of the Debtors' estates.

E. The Appeals

28. On December 15, 2016, the Noteholder filed two separate notices of appeals of the Order Denying the First Lift Stay Motion in the lead case and in the Adversary Proceeding (the "**Appeals**"). The Appeals are pending before the United States District Court for the Eastern District of New York (the "**District Court**"), and assigned docket numbers 16-cv-06960-ADS and 16-cv-06961-ADS.

29. On December 29, 2016, the Noteholder filed a designation of its items in both Appeals (the "**Noteholder's Designations**").

30. On January 12, 2017, the Debtors filed a counter-statement of issues and items to be designated (the "**Debtors' Designations**").

31. On January 12, 2017, the Debtors filed motions to strike certain designations contained in the Noteholder's Designations in both the lead case and Adversary Proceeding Appeals (the "**Debtors' Motions to Strike**").

32. On January 27, 2017, the Noteholder filed a motion to strike certain designations contained in the Debtors' Designations in both the lead case and Adversary Proceeding Appeals (the "**Noteholder's Motion to Strike**").

33. On January 27, 2017, the Noteholder filed an objection to the Debtors' Motion to Strike.

34. By Order dated April 11, 2017, the Bankruptcy Court partially granted and partially denied the Debtors' Motion to Strike and the Noteholder's Motion to Strike. See Lead Case Dkt. No. 153 and Adv. Pro. Dkt. No. 50.

35. The Bankruptcy Court transmitted the record of the Appeals to the District Court on April 13, 2017.

36. On May 12, 2017, the Noteholder filed its Appellant's Brief with the District Court. The Debtors' Appellee's Brief is due on June 12, 2017.

F. The Third Party Complaint

37. As the Debtors' Injunction Request was resolved as moot by the Order Denying the First Lift Stay Motion, the Debtors' only remaining cause of action in the Adversary Proceeding is to obtain a judgment against the Noteholder for actual damages based on the Noteholder's violation of the automatic stay. In December 2016, the Debtors granted the Noteholder an extension of time to answer the complaint.

38. Pursuant to such extension, on January 13, 2017, the Noteholders filed an answer to the complaint in the Adversary Proceeding and a "Third Party Complaint" against each of the Debtors seeking, among other things, to avoid the transfer of the Real Properties by CDC to the Debtors.

39. On or about February 17, 2017, the Debtors filed a motion to dismiss various causes of action asserted by the Noteholder in its "Third Party Complaint" (the "**Debtors' AP Dismissal Motion**"). See Adv. Pro. Dkt. Nos. 38 and 39.

40. On March 22, 2017, the Noteholder filed an objection to the Debtors' AP Dismissal Motion. See Adv. Pro. Dkt. No. 43.

41. On March 31, 2017, the Debtors filed a reply. See Adv. Pro. Dkt. No. 45.

42. The Debtors' AP Dismissal Motion is on submission before the Bankruptcy Court. An adjourned pre-trial conference in the Adversary Proceeding is scheduled for December 13, 2017.

G. Retention Applications

43. By Order dated February 6, 2017, and over the objections of the Noteholder, the Debtors retained Kiemle & Hagood Company ("**K&H**"), as real estate broker to market and sell the Debtors' real property located at, and known as, 1620 South Pioneer Way, Moses Lake, Washington 98837 (the "**Moses Lake Property**").

44. By Decision and Order dated January 9, 2017, the Bankruptcy Court overruled the objections of the Noteholder and authorized the retention of LH&M as counsel to the Olympia debtor.

45. By Orders dated January 13, 2017, the Bankruptcy Court authorized the retention of LH&M as counsel to the WA, Mariners and Seahawk debtors.

46. By Order dated May 9, 2017, the Debtors retained Demasco, Sena & Jahelka LLP, as accountants to the Debtors.

47. By application dated May 12, 2017, (the "**Kidder Retention Application**"), the Debtors seek to employ Kidder Matthews ("**Kidder**") as real estate broker to market and sell the Real Properties, not including the Moses Lake Property, (the "**Remaining Real Properties**"). See Dkt. No. 185.

48. On May 15, 2017, the Noteholder filed an objection to the ~~retention of Kidder as real estate broker to market and sell the Remaining Properties.~~ Kidder Retention Application. See Dkt. No. 186.

49. On May 19, 2017, the Debtors filed a reply to the Noteholder's opposition to the Kidder Retention Application. See Dkt. No. 224.

50. At a hearing held on May 24, 2017, the Bankruptcy Court marked the Kidder Retention Application as fully submitted.

H. DIP Financing

~~49.~~51. In late November, 2016, the Receiver informed the Debtors and Noteholder of certain immediate cash needs for necessary upkeep, maintenance, and construction at the Real Properties. The Receiver claimed that approximately \$1.8 million would be needed through February 2017. The Receiver represented that approximate sum of \$420,000 was needed no later than December 15, 2016.

~~50.~~52. As a result, the Debtors negotiated a DIP Financing Term Sheet (the “**Term Sheet**”) with Metropolitan Community Bank (“**Met Bank**”). The Term Sheet provided that Met Bank would advance \$2.1 million to the Debtors, at 4.5% interest per annum, in exchange for a super-priority administrative claim and a priming lien. On December 12, 2016, the Debtors filed a motion to approve the Term Sheet (the “**DIP Financing Motion**”) on an emergency basis.

~~51.~~53. On December 13, 2016, the Noteholder filed objections to the DIP Financing Motion, objecting to granting a priming lien and super-priority claim to Met Bank and offering to lend on the same terms but at 4.4% interest per annum.

~~52.~~54. On December 14, 2016, at the hearing on the DIP Financing Motion, the Bankruptcy Court stated that it could not approve the Term Sheet given that the Noteholder was offering essentially the same terms as Met Bank without the need for a priming lien and super-priority claim. On December 20, 2016, the Bankruptcy Court entered the First Interim DIP Order which authorized the Noteholder to advance the sum of \$420,000 at 4.4% interest per annum,

which shall be treated as a super-priority administrative claim. On or about December 23, 2016, the \$420,000 was funded to the Receiver.

~~53~~55. In early January, 2017, the Receiver informed the Debtors that an additional \$62,000 would be needed so as to enable the Receiver to maintain a reserve of \$100,000, and that the Receiver would require considerable additional funds in the next few months. Although the Receiver's requests were only a small fraction of what was previously projected by the Receiver, the Debtors attempted to negotiate a second term sheet with Met Bank for additional funding. However, the Noteholder's insistence that it would match any offer by Met Bank induced Met Bank to withdraw its offer to fund.

~~54~~56. On January 11, 2017, the Bankruptcy Court held a continued hearing at which the Debtors informed the Bankruptcy Court that the Debtors' position was that no new funds were needed in the short term, as well as that Met Bank had withdrawn its offer to finance. The Noteholder insisted that funding was needed, and the Bankruptcy Court authorized the Noteholder to advance up to an additional \$350,000 at 4.4% interest per annum. On March 27, 2017, the Bankruptcy Court entered the Second Interim DIP Order which authorized the Noteholder to advance the additional sum of \$350,000 at 4.4% interest per annum, which shall be treated as a super-priority administrative claim to the extent advanced after consultation with the Debtors. Thereafter, the Receiver advised the parties that no funds were necessary for the month of January 2017.

~~55~~57. Since December 23, 2016, no additional funds have actually been necessary or funded. To date, and consistent with what the Debtors' projections have indicated, none of the additional \$350,000 initially authorized by the Bankruptcy Court in on January 11, 2017 and Ordered on March 27, 2017 has been funded or needed.

~~56~~58. The Debtors submit that during the pendency of these cases, the Debtors' financial projections with respect to the cash needs of the Real Properties have repeatedly proven to be accurate. In contrast, the Receiver's projections and requests have been inaccurate for the past 5-months. As such, the Debtors submit that the Projections annexed hereto reflect the true and accurate financial projections for the Real Properties.

I. The Noteholder's Second Lift Stay Motion and Dismissal Motion

~~57~~59. On January 27, 2017, the Noteholder filed a motion for relief from the automatic stay under Sections 362(d)(1), 362(d)(2) and 362(d)(4) of the Bankruptcy Code (the "**Second Lift Stay Motion**"). See Dkt. No. 94.

~~58~~60. On January 27, 2017, the Noteholder filed a motion seeking the dismissal or conversion of the Debtors' bankruptcy cases under Section 1112(b) of the Bankruptcy Code (the "**Motion to Dismiss**"). See Dkt. No. 95.

~~59~~61. On February 15, 2017, the Debtors filed a single response in opposition to the Second Lift Stay Motion and the Motion to Dismiss (the "**Opposition**"). See Dkt. No. 107.

~~60~~62. As part of its Second Lift Stay Motion, the Noteholder has submitted to the Bankruptcy Court an appraisal valuing the Real Properties in the aggregate sum of approximately \$31 million. However, as part of its Opposition, the Debtors' submitted the Debtors' Appraisals valuing the Real Properties in the aggregate sum of approximately \$43 million. The Debtors submit that the Debtors' Appraisals are accurate. Indeed, as discussed below, the Debtors have contracted for the sale of the Moses Lake Property for an amount that is 200% higher than that of the Noteholder's appraised value.

~~61~~63. On February 18, 2017, the Noteholder filed a reply to the Opposition. See Dkt. No. 110.

~~62,64.~~ The Debtors and the Noteholder have since engaged in extensive discovery in connection with the Second Lift Stay Motion and the Motion to Dismiss including document production and review, and party and non-party depositions in Kansas, New York, Texas and Washington. ~~An evidentiary hearing on the Second Lift Stay Motion and the Motion to Dismiss is presently scheduled for May 24, 2017 (the “Evidentiary Hearing”).~~

65. An evidentiary hearing on the Second Lift Stay Motion and the Motion to Dismiss was held on May 24, 2017 (the “Evidentiary Hearing”).

66. Pursuant to an Order dated May 26, 2017, closing arguments in connection with the Second Lift Stay Motion, the Motion to Dismiss and the Noteholder Claims Objection Motion (see below) is scheduled for June 28, 2017 at 11:00 a.m. (the “Closing Argument Hearing”).

J. Claims Bar Date

~~63,67.~~ By Order of the Bankruptcy Court, January 31, 2017 was fixed as the date by which creditors must timely file a proof of claim (“**Proof of Claim**”) in the Olympia bankruptcy case (the “**Olympia Bar Date Order**”). By Orders of the Bankruptcy Court, February 6, 2017 was fixed as the date by which creditors must timely file a Proof of Claim in the WA, Mariners and Seahawk bankruptcy cases (together with the Olympia Bar Date Order, the “**Bar Date Orders**”). Accordingly, any Creditor having filed a Proof of Claim with the Bankruptcy Court on or before the applicable Bar Dates, and whose Claim is deemed an Allowed Claim, will receive payment in accordance with the terms of the ~~First~~Second Amended Plan. Any Creditor who failed to file a Proof of Claim on or before the applicable Bar Dates, which is not listed on the Debtors’ Schedules or is listed as “disputed,” “contingent” or “unliquidated” on the Debtors’ Schedules, will not receive a distribution under the ~~First~~Second Amended Plan.

K. The Debtors’ Objection to the Noteholder’s Claim

~~64.~~68. On March 8, 2017, the Debtors filed the Noteholder Claims Objection Motion, seeking entry of an Order, pursuant to 11 U.S.C. §§ 105(a) and 502, and Bankruptcy Rule 3007, reducing the claim amount identified in the proofs of claims filed by the Noteholder denominated (a) number 4-1 against Olympia; (b) number 2-1 against WA; (c) number 3-1 against Mariners; (d) number 2-1 against Seahawk. In the Noteholder's Claims Objection Motion, the Debtors' seek to reduce the Noteholder's claim to \$33,069,081.17.

~~65.~~69. On April 11, 2017, the Noteholder filed opposition to the Noteholder Claims Objection Motion. See Dkt. No. 152.

~~66.~~70. The Debtors and the Noteholder have since engaged in discovery in connection with the Noteholder Claims Objection Motion. ~~Such discovery is not complete as of the date of this First Amended Disclosure Statement.~~

71. On May 19, 2017, the Debtors filed a reply to the Noteholder's opposition to the Noteholder Claims Objection Motion. See Dkt. No. 226.

~~67.~~72. The Noteholder Claims Objection Motion, the Noteholder's opposition and the ~~Noteholder's opposition will be~~ Debtors' reply was tried at the Evidentiary Hearing.

73. Closing arguments in connection therewith will be held at the Closing Argument Hearing.

L. The Debtors' Objection to Equity Funding-Centrum's Claim

~~68.~~74. On January 30, 2017, Equity Funding-Centrum filed a proof of claim denominated number 2 asserting a general unsecured claim in the amount of \$6 million in the Olympia case (the "Equity Funding-Centrum Claim").

75. On March 8, 2010, the Debtors filed an objection seeking entry of an Order, pursuant to 11 U.S.C. §§ 105(a) and 502, and Bankruptcy Rule 3007, disallowing the claim of

Equity Funding-Centrum (the “**Centrum Claim Objection Motion**”). Specifically, while Equity Funding-Centrum may assert a general unsecured claim in the CDC Bankruptcy Case or in the related Prium Bankruptcy Case, there is no basis for any such claim in the Debtors’ cases. The Debtors are not indebted to Equity Funding-Centrum in any way. Moreover, Equity Funding-Centrum failed to articulate any grounds upon which it may have a claim against the Debtors. ~~It~~

~~fact~~

76. On March 30, 2017, Equity Funding-Centrum filed a response in opposition to the Centrum Claim Objection Motion. See Dkt. No. 144.

~~69~~77. On May 15, 2017, the Debtors’ filed a reply to the opposition of Equity Funding-Centrum in connection with the Centrum Claim Objection Motion. Specifically, at a hearing held on May 10, 2017 in the CDC Bankruptcy Case in the Washington Bankruptcy Court, Equity Funding-Centrum conceded twice on the record that they are not a creditor of the Debtors’ estates. See Dkt. No. 197.

M. The Moses Lake Sale Motion

~~70~~78. The Moses Lake Property is a single story, office building located in Moses Lake, Washington. It contains 25,307 square feet of rentable area but has sat vacant since mid-2015. It is situated on a 2.29 acre site with plenty of parking availability.

~~71~~79. According to the Noteholder’s Appraisals of the Real Properties, the Moses Lake Property has an “as is” market value of \$525,000 with a 90-day liquidation value of \$420,000. According to the Receiver’s opinion of value of July, 2016, the Moses Lake Property has a “Recommended Asking Price” for the Moses Lake Property of \$506,140 and an “Estimate Closing Price” of \$253,070.

~~72~~80. The Debtors' Appraisals, on the other hand, reflect a significantly higher value of \$1,200,000.

~~73~~81. Since the entry of K&H's retention order, K&H has diligently advertised and marketed the Moses Lake Property for sale. After marketing the Moses Lake Property for several months, Moses Lake School District No. 161 (the "**Moses Lake Purchaser**") offered to pay the sum of \$1,500,000 for the acquisition of the Moses Lake Property. The Debtors have been advised by K&H that, after a period of heavy marketing, the Moses Lake Purchaser made the highest and best offer for the Moses Lake Property. The Debtors believe that this purchase price is in the best interests of the Debtors' estates and further substantiates the Debtors' Appraisals as accurate and the Noteholder's Appraisals as inaccurate.

~~74~~82. Accordingly, the Debtors entered into a sale agreement with the Moses Lake Purchaser.¹ The Moses Lake sale agreement states that the Moses Lake Property is being sold "as is", "where is" free and clear of all the Liens, with such Liens to attach to the proceeds of the sale in the same amount and priority as they existed as of the dates the Debtors filed for bankruptcy in accordance with Section 363 of the Bankruptcy Code. Moreover, the sale agreement provides for terms and procedures for closing on the sale of the Moses Lake Property. The Moses Lake Purchaser shall close on the sale upon the date which is thirty (30) calendar days after the entry of a sale confirmation Order or a plan confirmation Order, whichever date is later, time being of the essence. However, the Debtors may opt to conduct a closing on title to the Moses Lake Property subsequent to the entry of the sale Order but prior to the entry of the Confirmation Order.

¹ Pursuant to the Moses Lake sale agreement, the Debtors may sell the Moses Lake Property in connection with the ~~First~~Second Amended Plan, or any amendment thereto. In such case, the sale and transfer of the Moses Lake Property by the Debtors to the Moses Lake Purchaser shall not result in the incurrence of any city, state or federal transfer tax, mortgage tax or similar tax as those taxes are exempt under Section 1146(a) of the Bankruptcy Code.

~~75~~83. From the proceeds of the sale of the Moses Lake Property, the following amounts shall be paid and disbursed at closing: (i) first, to pay or reserve traditional closing costs and any tax consequences of the sale of the Moses Lake Property; (ii) second, \$90,000 to K&H on account of its real estate brokerage commissions; (iii) third, \$6,500 to the Office of the United States Trustee in connection with its quarterly fees earned on account of the Moses Lake Property sale; (iv) fourth, \$420,000, plus the applicable 4.4% per annum rate, to the Noteholder on account of, and in satisfaction of, its super-priority administrative claim; and (v) fifth, the balance of the sale proceeds to the Noteholder, which sums shall be applied as a principal payment reduction of Note A.

~~76~~84. On May 9, 2017, the Debtors filed a motion seeking the entry of an Order, pursuant to Sections 105(a), 363, 365 and 704 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 9014, (a) authorizing and approving the sale agreement between the Debtors and Moses Lake Purchaser, which provides for the sale Moses Lake Property, free and clear of all liens, claims and encumbrances, if any, with such Liens to attach to the proceeds of sale in the order and priority as they existed on the dates the Debtors' filed for bankruptcy; (b) confirming the sale to the Moses Lake Purchaser for the purchase price of \$1,500,000; and (c) granting such other and further relief as this Bankruptcy Court deems necessary (the "**Moses Lake Sale Motion**".) The Moses Lake Sale Motion is presently returnable before the Bankruptcy Court on ~~July 12~~June 28, 2017. See Dkt. No. 173.

IV

THE PLAN OF REORGANIZATION

A. Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor seeks to reorganize its business and financial affairs. A debtor may also liquidate its assets and wind up its affairs in Chapter 11. The formulation and confirmation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization sets forth the means of satisfying or discharging the holders of claims against a Chapter 11 debtor. Chapter 11 does not require that each holder of a claim against a debtor vote in favor of a plan in order for the Bankruptcy Court to approve a plan. If any class of claimants is “impaired” by a plan, the plan must be accepted by at least one “impaired” class of claims. A claim that will not be repaid in full, or a Claimant whose legal rights are altered, or an interest that is adversely affected, are deemed “impaired.”

The holder of an impaired claim is entitled to vote to accept or reject the plan if the claim has been allowed under Section 502 of the Bankruptcy Code, or temporarily allowed for voting purposes under Bankruptcy Rule 3018. Acceptance by a particular class must be by a majority in number and two-thirds (2/3) of the dollar amount of the total claims actually voting in the class.

B. Claims

Pursuant to the Bar Date Orders, any Creditor who failed to file a proof of Claim on or before the Bar Date and was not listed on the Schedules or was listed as “disputed,” “contingent” or “unliquidated” cannot be treated as a Creditor with respect to such Claim for purposes of voting on and receiving a Distribution under the ~~First~~Second Amended Plan.

All Proofs of Claim filed in this case will be reviewed, and to the extent necessary, the Debtors will file objections to filed claims. The Bankruptcy Court will retain jurisdiction to adjudicate objections to claims brought by the Debtors, including any settlements or compromises of such claims.

C. **Classes of Claims or Interests**

Unclassified Claims

1. **Superpriority Administrative Claim:** This claim consists of the Superpriority Administrative Claim of the Noteholder in accordance with the Interim DIP Orders, as may be supplemented by a final order. The Superpriority Administrative Claim shall be paid up to the amount actually paid and advanced by Noteholder in accordance with the Interim DIP Orders in an amount not to exceed \$770,000, or as may be supplemented by a final order, from the proceeds of sale of the First Sold Real Property (which may be the Moses Lake Property), or on such other date and upon such other terms as may be agreed upon by the Noteholder and the Debtors. As of the date hereof, the Noteholder has advanced the sum of \$420,000 in connection with the First Interim DIP Order.

2. **Administrative Claims:** Allowed Administrative Claims are claims against the estates for any costs or expenses incurred during the Chapter 11 case that are allowed and entitled to priority under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, but not limited to, all actual and necessary expenses, and all allowances of compensation or reimbursement of expenses of professionals retained by the Debtors to the extent permitted by the Bankruptcy Court.

Administrative Claims include claims of Professionals approved by Order of the Bankruptcy Court who have assisted in the administration of this case and the administrative proofs of claims that were filed with the Bankruptcy Court. This sum includes the fees and expenses of professionals retained pursuant to Orders of the Bankruptcy Court, namely Debtors' counsel, accountants and the Receiver. Such professional fees are subject to Bankruptcy Court approval. The Debtors estimate that the Administrative Claims unpaid in this class, as of the

Effective Date, will total approximately \$650,000 (before application of the retainers and court filing fees of \$75,151), for services performed by LaMonica Herbst & Maniscalco, LLP, as attorneys for the Debtors and approximately \$40,000 for services performed by Demasco, Sena & Jahelka LLP, as accountants to the Debtors. The Receiver is being paid during the pendency of these Chapter 11 cases in accordance with the Receiver Stipulation, as amended by Order of the Bankruptcy Court dated December 20, 2016 [Dkt. No. 73].

3. **Fees and Expenses of Office of the United States Trustee:** All statutory quarterly fees due to the Office of the United States Trustee that come due up to and including the earlier of the date of entry of a final decree closing these Chapter 11 proceedings or of the date of entry of an order dismissing or converting these cases to one under Chapter 7 of the Bankruptcy Code.

Classified Claims

Class 1 Claim - Noteholder's Secured Claim: This class consists of the secured claim of the Noteholder in and to the Real Properties.

Class 2 Claim - General Unsecured Claims: This class consists of general unsecured, non-priority claims against the Debtors' estates.

Class 3 Interest: Member Interests: This class consists of Consulting Solutions Group LLC with a 90% collective interest in the Debtors and Superior Note Solutions LLC with a 10% collective interest in the Debtors.

D. Treatment of Allowed Claims

Superpriority Administrative Claim

The Superpriority Administrative Claim of Noteholder is unimpaired. This claim shall be paid up to the amount actually paid and advanced by Noteholder in accordance with the Interim

DIP Orders in an amount not to exceed \$770,000, or as may be supplemented by a final order, from the proceeds of sale of the First Sold Real Property (which may be the Moses Lake Property), or on such other date and upon such other terms as may be agreed upon by the Noteholder and the Debtors. As of the date hereof, the Noteholder has advanced the sum of \$420,000 in connection with the First Interim DIP Order. The holder of the Superpriority Administrative Claim is not entitled to vote on the ~~First~~Second Amended Plan and is deemed to have conclusively accepted the ~~First~~Second Amended Plan.

Allowed Administrative Claims

Administrative Claims are unimpaired. Allowed Administrative Claims shall consist of: (a) Professionals' Fees and (b) the Debtors' unpaid post-Petition Date, pre-Effective Date operating expenses. Each holder of an Allowed Administrative Claim shall be paid in full, in cash, on the Effective Date or on such other date and upon such other terms as may be agreed upon by the holder of such Allowed Administrative Claim and the Debtors. In the event of any subsequent conversion of this case to a case under Chapter 7 of the Bankruptcy Code, all payments on account of any Allowed Administrative Claim are deemed to have been made in the ordinary course of the Debtors' business and will not be deemed preferential or unauthorized under Sections 547 or 549 of the Bankruptcy Code. Holders of Administrative Claims are not entitled to vote on the ~~First~~Second Amended Plan and are deemed to have conclusively accepted the ~~First~~Second Amended Plan.

Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the Debtors will be assumed and paid by the Debtors in accordance with the terms and conditions of the arrangements with the particular creditor and in accordance with ordinary business terms.

Office of the United States Trustee Claims

Any fees due to the Office of the United States Trustee shall be paid as they come due up through and including the earlier of the date of entry of a final decree closing these Chapter 11 proceedings or the date of entry of an order dismissing or converting these cases to cases under Chapter 7 of the Bankruptcy Code.

Class 1 Claim – Noteholder’s Secured Claim

This class is impaired. The Noteholder asserts that it is owed the sum of \$43,497,031.40 as of February 22, 2017. However, the Debtors have filed the Noteholder Claim Objection Motion seeking to reduce the Noteholder’s claim to \$33,069,081.17~~=~~, or such other amount as the Bankruptcy Court may determine. Under the ~~First~~Second Amended Plan, the Noteholder’s claim and secured interest in and to the Real Properties shall be fixed and allowed as the Noteholder’s Fixed Claim Amount.

The Debtors will conduct a marketing program to sell each of the Real Properties. The Real Properties may be sold individually or as a portfolio. The Real Properties shall be sold within the Liquidation Period. ~~The sale price for each such real property shall be at least the “as is” fair market, non-stabilized, value listed in the Noteholder’s Appraisal, and as more specifically detailed on Exhibit “4”.~~ In addition to the Confirmation Order authorizing the sale or sales of the Real Properties by the Debtors, the Debtors shall file a motion or motions, as the case may be, seeking a further Order of the Bankruptcy Court authorizing any particular sale of the Real Properties pursuant to Section 363 of the Bankruptcy Code. Any such motion shall be on notice to all known creditors and parties in interest with a scheduled hearing. From the proceeds of each individual

sale of the Real Properties, the following amounts shall be paid and disbursed at closing: (i) first, to pay or reserve traditional closing costs and any tax consequences of such sale; (ii) second, real estate brokerage commissions; (iii) third, fees to the Office of the United States Trustee in connection with its quarterly fees under 28 U.S.C. § 1930(a)(6) earned on account of the sales and to the extent a final decree has not been entered closing the Debtors' cases at the time of such sale; (iv) fourth, the Superpriority Administrative Claim of Noteholder from the First Sold Real Property; ~~and~~ (v) fifth, the balance of the sale proceeds to the Noteholder, which sums shall be applied as against, and up to the amount of, the Noteholder's Fixed Claim Amount; and (vi) sixth, any surplus sale proceeds in excess of the Noteholder's Fixed Claim Amount shall be used to pay Classes 2 and 3. Upon the sale of any individual real property within the portfolio of the Real Properties in accordance with this ~~First~~Second Amended Plan, the Noteholder shall be required to issue, at closing, a satisfaction and release of their lien with respect to the particular real property sold. Upon complete payment of the Noteholder's Fixed Claim Amount to the Noteholder, the Noteholder's claim and lien as against any remaining real property among the Real Properties, if any, and as against the Debtors' estate shall be released and extinguished.

During the Liquidation Period, the Debtors may refinance the Real Properties provided that any such refinance is sufficient to pay the then-remaining balance on the Noteholder's Fixed Claim Amount.

The Noteholder shall retain its right to credit bid for the purchase of the Real Properties pursuant to Section 363(k) of the Bankruptcy Code provided, however, that any such credit bid shall be no more than the "as completed and stabilized" value(s) listed in the Noteholder's Appraisals of the Real Property or Real Properties being bid upon. However, in no event shall the Noteholder's aggregate credit bid(s) be in excess of the Noteholder's Fixed Claim Amount. Further,

in the event of a credit bid by the Noteholder, Noteholder shall be obligated to pay the (i) traditional closing costs and any tax consequences of such sale; (ii) real estate brokerage commissions; and (iii) fees to the Office of the United States Trustee in connection with its quarterly fees under 28 U.S.C. § 1930(a)(6) earned on account of the sales and to the extent a final decree has not been entered closing the Debtors' cases at the time of such sale, which amounts shall not be added to the Noteholder's Fixed Claim Amount.

As of the Effective Date and during the Liquidation Period, Noteholder shall be paid the Interest Payments with the first payment to be made on the first day of the first calendar month following the Effective Date at the Modified Interest Rate. Upon complete payment of the Noteholder's Fixed Claim Amount to the Noteholder, the Debtor shall no longer be required to make Interest Payments to the Noteholder even if the Liquidation Period has not lapsed. In the event that the Debtors cannot sell the Real Properties during the Liquidation Period with such sale proceeds sufficient to pay the Noteholder's Fixed Claim Amount, the Noteholder shall be granted relief from the automatic stay under Section 362 of the Bankruptcy Code.

At all relevant times prior to payment of the Noteholder's Fixed Claim Amount, the Noteholder shall retain its first lien and security interest in the Real Properties in accordance with their respective loan documents except for those real properties for which the Noteholder has issued Lien Releases in accordance with the ~~First~~Second Amended Plan.

Annexed as **Exhibit "2"** is (i) a 3-year Projection of the income, expenses and cash flow of the Real Properties using a payoff amount of \$33,069,081.17 and (ii) a 3-year Projection of the income, expenses and cash flow of the Real Properties using a payoff amount of \$43,497,031.40. The holder of Class 1 claim is impaired and is, therefore, entitled to vote on the ~~First~~Second Amended Plan.

Class 2 Claims – General Unsecured Claims

This class is impaired. ~~In the event that the Equity Funding Centrum claim is disallowed by Order of the Bankruptcy Court,~~ Allowed ~~Claims~~ creditors in ~~this class~~ Class 2 shall ~~be paid in full~~ receive payment, without interest, no later than ~~18~~ 12 months after the Effective Date, from either (i) ~~revenue generated from the Real Properties;~~ (ii) ~~sale~~ the surplus proceeds remaining from ~~real property liquidations~~ the sale or sales of the Real Properties after payment of the Noteholder's Fixed Claim Amount; (ii) revenue generated from the Real Properties; (iii) a refinance of the Real Properties; or (iv) capital contributions from Class 3. ~~In the event that the Equity Funding Centrum Claim is deemed an allowed claim by Order of the Bankruptcy Court, then Allowed Claims in this class shall be paid 10% pro rata over 60 months in equal installments, with the first payment to be made on the first day of the first calendar month following the Effective Date and for 59 consecutive months from either (i) revenue generated from the Real Properties; (ii) sale proceeds remaining from real property liquidations after payment of the Noteholder's Fixed Claim Amount; or (iii) a refinance of the Real Properties.~~ The holders of Class 2 claim are impaired and are, therefore, entitled to vote on the ~~First~~ Second Amended Plan.

Class 3 – Member Interests

This class is unimpaired. Consulting Solutions Group LLC and Superior Note Solutions LLC shall retain their respective interests in and to the Debtors. Both Consulting Solutions Group LLC and Superior Note Solutions LLC will not receive any form of distributions from the Real Properties during the Liquidation Period. Consulting Solutions Group LLC shall provide capital contributions ~~to in~~ the ~~Debtors totaling sum of~~ \$250,000 ~~over~~ during the ~~course of 18 months~~ Liquidation Period to be used for ~~either~~ actual and necessary cash needs of the Real

Properties, ~~administrative claims to the Debtors' professionals or payments to Class 2 allowed~~
~~creditors~~ (the "**Contribution**"). On the Effective Date, Consulting Solutions Group LLC shall
 deposit the sum of \$50,000 into the Confirmation Account as its initial payment applied against
 the Contribution. Since December 23, 2016 through the date hereof, the Real Properties have not
had any shortfalls as previously projected by the Debtors. Rather, the revenue generated by the
Real Properties has been sufficient to maintain the Real Properties with a surplus of cash on hand
in excess of \$350,000. Accordingly, the Debtors believe that the Contribution is fair and
appropriate. Class 3 members are unimpaired and, therefore, not entitled to vote on the ~~First~~Second
 Amended Plan.

V

IMPLEMENTATION OF THE ~~FIRST~~SECOND AMENDED PLAN

Based on the Debtors' Appraisal, the Debtors believe that the value of the Real Properties
 exceeds the amounts owed to the Noteholder as described above. The payments under the
~~First~~Second Amended Plan shall be made from various sources including (i) the Debtors'
 operations and cash flow; (ii) the proceeds realized from the sale of the Real Properties; and/or
 (iii) refinancing of some or all of the Real Properties. Indeed, the Noteholder will be paid interest
 only at 4.0% per annum during the Liquidation Period. This sum is in addition to the Noteholder's
 Fixed Claim Amount. Any sale by the Debtors of any Real Property in accordance with this
~~First~~Second Amended Plan shall be free and clear of all liens, claims, and encumbrances of
 whatever kind or nature with such liens, claims, and encumbrances (to the extent and amount
 allowed) to attach to the proceeds of sale of any particular Real Property in the same order and
 priority as they existed on the Applicable Petition Date. Confirmation of the ~~First~~Second Amended
 Plan shall constitute Bankruptcy Court authority for the Debtors to sell and market the Real

Properties. As permitted by the Sections 1123(a)(5) and 1123(b)(4) of the Bankruptcy Code, confirmation of the ~~First~~Second Amended Plan by the Bankruptcy Court shall constitute authorization for the Debtors to sell and close on the sale of the Real Properties. In addition to the Confirmation Order authorizing the sale or sales of the Real Properties by the Debtors, the Debtors shall file a motion or motions, as the case may be, seeking a further Order of the Bankruptcy Court authorizing any particular sale of the Real Properties pursuant to Section 363 of the Bankruptcy Code. Any such motion shall be on notice to all known creditors and parties in interest with a scheduled hearing. The sale and transfer of any of the Real Properties by the Debtors to a buyer shall not result in the incurrence of any transfer tax, stamp tax or similar tax as those taxes are exempt under Section 1146(a) of the Bankruptcy Code. The applicable town, village or city register shall record any documents effectuating such transfer without the payment of such transfer taxes.

Further, upon confirmation of the ~~First~~Second Amended Plan, the Receiver shall be terminated. The Receiver shall be immediately required to turn over all of its books, records, information and data related to the Real Properties to the Debtors. All cash receipts and disbursements related to the Real Properties shall ~~flow through the Debtors' bank accounts.~~be handled and maintained directly by the Debtors. In the Receiver's place, the Debtors will appoint a property manager for the Real Properties that will earn customary property management fees. This will alleviate the Debtors' estates and the Real Properties from the additional receivership fees and commissions being charged by the Receiver in its capacity as both the receiver and property manager in connection with the Receiver Stipulation. The elimination of such receivership fees will immediately reduce the expenses incurred with leasing renewals and construction fees, thereby increasing the net cash flow of the Real Properties. The increased cash

flow will ultimately benefit both Class 1 and Class 2 as described above. As shown on the Debtors' Cash Flow Projections, the Debtors will have sufficient cash on hand in order to pay Class 1 and Class 2 in accordance with the ~~First~~Second Amended Plan. On or after the Effective Date, the Debtors shall continue to exist with all the powers of a limited liability company under applicable law, may use and dispose of property and compromise or settle any claims in accordance with the ~~First~~Second Amended Plan.

In the event that the sale proceeds from the sale of a portion of the Real Properties are sufficient to pay the traditional closing costs, tax consequences of each sale, brokerage commissions, fees to the Office of the United States Trustee, Class 1 on account of the Noteholder's Fixed Claim Amount and Class 2 claims, then the Debtors shall no longer be obligated to continue liquidating any remaining real property.

Substantive Consolidation

Under the ~~First~~Second Amended Plan, and by separate motion already filed with the Bankruptcy Court, Olympia, WA, Mariners and Seahawk seek to substantively consolidate their Chapter 11 cases. See Dkt. No. 38.

Assumption/Rejection of Executory Contracts and Unexpired Leases

To the extent the Debtors were a lessee to any unexpired leases or a counterparty to any executory contract, as of the Applicable Petition Date, the Debtors shall be deemed to have rejected each executory contract and unexpired lease to which it is a party, unless such contract or lease: (i) was previously assumed or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, or (iii) is the subject of a motion to assume filed on or before the

Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under Sections 363 and 365 of the Bankruptcy Code rejecting the contract and lease assumptions described above, as of the Effective Date. Notwithstanding any language to the contrary, the Debtors expressly reserve all rights to file a motion prior to the Confirmation Date seeking to assume any other executory contracts or unexpired leases not described above, on a case by case basis, in accordance with the terms set forth above.

To the extent applicable, any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the ~~First~~Second Amended Plan is in default shall be satisfied, under Section 365(b)(1) of the Bankruptcy Code, at the option of the Debtors or the assignee of the Debtors assuming such contract or lease, by cure, or by such other treatment as to which each Debtors and such non-Debtor party to the executory contract or unexpired lease shall have agreed in writing. If there is a dispute regarding (i) the nature or amount of any cure, (ii) the ability of the Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, cure and assumption shall occur in accordance with a Final Order resolving the dispute and approving the assumption or the assumption and assignment, as the case may be.

If the rejection by the Debtors, pursuant to the ~~First~~Second Amended Plan or otherwise, of an executory contract or unexpired lease results in a rejection claim that is not theretofore evidenced by a timely filed proof of claim or a proof of claim that is deemed to be timely filed under applicable law, then such Claim shall be forever barred and shall not be enforceable against the Debtors or the Debtors’ Estates, unless a proof of claim is filed with the Clerk of the

Bankruptcy Court and served upon counsel for the Debtors within thirty (30) calendar days of entry of the Confirmation Order.

VI

FEASIBILITY

The ~~First~~Second Amended Plan contemplates a liquidation of the Real Properties with a potential for refinancing in order to fund the ~~First~~Second Amended Plan during a finite Liquidation Period. The Debtors' ~~First~~Second Amended Plan is capable of being achieved through this process. The Debtors have already employed K&H as the broker for the Moses Lake Property which is in contract for a purchase price well in excess of the Noteholder's ~~Appraisals~~valuations. Further, the Debtors have filed a retention application for Kidder as broker for the Remaining Real Properties. Kidder has agreed to accept a nominal commission rate of 1.5%. The Debtors will simultaneously seek favorable lease renewals and new leases, some of which are currently being negotiated. Terminating the Receiver and its excessive fees and commissions related to construction, new leases, and lease extensions will allow for further and significant positive cash flow. Accordingly, and as is evident from the Projections (Exhibit 2), the Debtors will have sufficient funds from their ongoing business operations to meet their monthly obligations and projected plan payments. Therefore, the Debtors believe that they have sufficient monthly income to make the distributions proposed under the ~~First~~Second Amended Plan. Thus, the Debtors submit that the ~~First~~Second Amended Plan will satisfy the feasibility requirement for confirmation of the ~~First~~Second Amended Plan.

VII

CONDITIONS PRECEDENT TO CONFIRMATION OF THE ~~FIRST~~SECOND AMENDED PLAN AND THE EFFECTIVE DATE

In order for the ~~First~~Second Amended Plan to be confirmed, the Confirmation Order must be entered by the Bankruptcy Court and must be a Final Order.

VIII

VOTING

Under the ~~First~~Second Amended Plan, creditors in Classes 1 and 2 are impaired and entitled to vote. To be counted for voting purposes, ballots for the acceptance or rejection of the ~~First~~Second Amended Plan must be received by the deadline set by the Bankruptcy Court, at Debtors' counsel's office, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, New York 11793, Attn: Jordan Pilevsky, Esq.

IX

REQUIREMENT FOR CONFIRMATION OF THE ~~FIRST~~SECOND AMENDED PLAN

A. Confirmation Hearing

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the ~~First~~Second Amended Plan. The Confirmation Hearing shall be scheduled by the Bankruptcy Court to be held before the Honorable Alan S. Trust, in the United States Bankruptcy Court, Eastern District of New York, 290 Federal Plaza, Alfonse M. D'Amato U.S. Courthouse, Central Islip, New York 11722. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

B. Objections to Confirmation

The Bankruptcy Court will direct that objections, if any, to Confirmation of the ~~First~~Second Amended Plan be in writing, filed with the Bankruptcy Court with a courtesy copy to chambers of the Honorable Alan S. Trust, with proof of service and that such objections be served on or before such date as set forth in an additional notice or Order of the Bankruptcy Court. Objections must

be served upon (i) counsel to the Debtor, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, New York, 11793, Attn: Jordan Pilevsky, Esq.; and (ii) the Office of the United States Trustee, 560 Federal Plaza, Alfonse M. D'Amato U.S. Courthouse, Central Islip, New York 11722, Attn: Alfred M. Dimino, Esq. Objections to confirmation of the ~~First~~Second Amended Plan are governed by Bankruptcy Rule 9014.

C. Acceptance of the Plan

Acceptance of the ~~First~~Second Amended Plan requires that each impaired Class of Claims accepts the ~~First~~Second Amended Plan, with certain exceptions discussed below. Thus, acceptance of the ~~First~~Second Amended Plan is tested on a class by class basis. Classes of Claims that are not impaired under the ~~First~~Second Amended Plan are deemed to have accepted the ~~First~~Second Amended Plan. Under the ~~First~~Second Amended Plan, Classes 1 and 2 are impaired and, as a result, those Classes are entitled to vote.

D. Confirmation of ~~First~~Second Amended Plan

In order to confirm the ~~First~~Second Amended Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the ~~First~~Second Amended Plan, including: (i) that the ~~First~~Second Amended Plan has classified Claims in a permissible manner; (ii) that the contents of the ~~First~~Second Amended Plan comply with the technical requirements of the Bankruptcy Code; (iii) that the ~~First~~Second Amended Plan has been proposed in good faith; and (iv) that disclosures concerning the ~~First~~Second Amended Plan have been made which are adequate and include information concerning all payments made or promised in connection with the ~~First~~Second Amended Plan and the Chapter 11 case.⁼ The Debtors believe that all of these conditions have been or will be met.

E. Cramdown

Section 1129 of the Bankruptcy Code establishes the requirements for confirmation of a Chapter 11 plan. The requirements are numerous and differ depending on whether or not confirmation is consensual. If consensual confirmation is sought because all impaired classes accepted the plan, Section 1129(a) of the Bankruptcy Code governs.

For non-consensual confirmation or “cramdown” under Section 1129(b) of the Bankruptcy Code, the Debtors must meet all of the requirements contained in Section 1129(a), except paragraph (8) of Section 1129(a). In addition, the Debtors must show that the plan does not unfairly discriminate against dissenting classes, and that the treatment of the dissenting classes is fair and equitable. In other words, the court may confirm over the dissent of a class of unsecured claims only if the members of the class are unimpaired, if they will receive under the plan property of a value equal to the allowed amount of their unsecured claims, or if no class junior will share under the plan. That is, if the class is impaired, then they must be paid in full or, if paid less than in full, then no class junior may receive anything under the plan.

Although the Debtor seeks confirmation from its impaired classes by voting to accept the ~~First~~Second Amended Plan, in the event an impaired class votes to reject the ~~First~~Second Amended Plan, the Debtors will seek to confirm its ~~First~~Second Amended Plan by utilizing the cram-down provision contained in Section 1129(b) of the Bankruptcy Code.

X

EFFECT OF CONFIRMATION; DISCHARGE OF DEBTS; INJUNCTION; RELEASE

A. Effect of Confirmation

On the Confirmation Date, the terms of this ~~First~~Second Amended Plan bind all holders of all Claims against the Debtors, whether or not such holders accept this ~~First~~Second Amended Plan.

B. Discharge of Debts

~~The rights afforded herein and the treatment of all Claims herein shall be in exchange for a complete satisfaction, discharge and release of Claims of any of any nature whatsoever, against the Debtors, the Debtors' estates or any of their assets or properties. Through the First Amended Plan payments all such Claims against the Debtors shall be satisfied, discharged and released in full, and all persons or entities are precluded and enjoined from asserting against the Debtors, the reorganized Debtors, their successors, or their assets or property any other or further Claims based upon any act, omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date.~~

C.B. Injunction

Effective on the Confirmation Date, all Persons who have held, hold, or may hold Claims against the Debtors or their assets are enjoined from taking any of the following actions against or affecting the Debtors or the assets of the Debtors with respect to such Claims (other than actions brought to enforce any rights or obligations under the ~~First~~Second Amended Plan or appeals, if any, from the Confirmation Order): (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against the Debtors or the assets of the Debtors or any direct or indirect successor in interest to the Debtors, or any assets of any such transferee or successor; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against the Debtors or its assets or any direct or indirect successor in interest to the Debtors, or any assets of such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors or the assets of the Debtors or their assets or any direct or indirect successor in interest to the Debtors, or any

assets of any such transferee or successor other than as contemplated by the ~~First~~Second Amended Plan; (iv) asserting any set-off, right of subrogation or recoupment of any kind directly or indirectly against any obligation due the Debtors or their assets or any direct or indirect transferee of any assets of, or successor in interest to, the Debtors; and (v) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the ~~First~~Second Amended Plan.

~~D.C.~~ Release

Effective on the Confirmation Date, the Debtors, Consulting Solutions Group LLC ~~and~~, Superior Note Solutions LLC, the Noteholder and Midland, and each of their respective officers, directors, members, agents, representatives, general partners, managers, or employees and any professional person employed by any of the foregoing in these Chapter 11 proceedings including attorneys and accountants, shall be deemed released from all Claims, demands, actions, claims for relief, causes of actions, suits, debts, covenants, agreements and demands of any nature whatsoever, in law and in equity, that any creditor had, or now has, or may hereafter have against the Debtors, Consulting Solutions Group LLC ~~and~~, Superior Note Solutions LLC, the Noteholder and Midland, and each of their respective officers, directors, members, agents, representatives, general partners, managers, or employees and any professional person employed by any of the foregoing in these Chapter 11 proceedings including attorneys and accountants, arising prior to the Confirmation Date~~, except for any assertion raised by the Debtors in the Noteholder's Claim Objection Motion and its related reply.~~ Except as otherwise provided herein and in Section 1141 of the Bankruptcy Code, all Persons shall be precluded and enjoined from asserting claims against the Debtors, Consulting Solutions Group LLC ~~and~~, Superior Note Solutions LLC, the Noteholder and Midland, and each of their respective officers, directors, members, agents, representatives,

general partners, managers, or employees and any professional person employed by any of the foregoing in these Chapter 11 proceedings including attorneys and accountants, their assets or properties, or against any property that is distributed, or is to be distributed under the ~~First~~Second Amended Plan, any other or further Claim upon any acts or omissions, transactions or other activity of any kind or nature that occurred prior to the Confirmation Date except for any assertion raised by the Debtors in the Noteholder's Claim Objection Motion and its related reply.

~~E.~~D. Exculpation

The Debtors, Consulting Solutions Group LLC and Superior Note Solutions LLC, and each of their respective officers, directors, members, agents, representatives, general partners, managers, or employees and any professional persons employed by any of the foregoing in these Chapter 11 proceedings including attorneys and accountants who provided services to the Debtors' Estates during these Chapter 11 cases, and all direct or indirect predecessors-in-interest to any of the foregoing Persons, will not have or incur any liability to any Person for any act taken or omission occurring on or after the Applicable Petition Date in connection with or related to these Estates, including but not limited to (i) the commencement and administration of these Chapter 11 cases, (ii) the operation of the Debtors during the pendency of these Chapter 11 cases, (iii) formulating, preparing, disseminating, implementing, confirming, consummating or administering the ~~First~~Second Amended Plan (including soliciting acceptances or rejections thereof); (iv) the ~~First~~Second Amended Disclosure Statement or any contract, instrument, release or other agreement or document entered into or any action taken or omitted to be taken during the administration of these Chapter 11 cases or in connection with all plans including without limitation the ~~First~~Second Amended Plan; or (v) any distributions made pursuant to the ~~First~~Second Amended Plan. Nothing in this section shall be construed as a release of such person's

gross negligence, willful misconduct, criminal misconduct, fraud or failure to disclose material information which causes actual damages in regards to the Debtors' bankruptcy case with respect to the matters set forth in this section. Nothing contained in the ~~First~~Second Amended Plan shall serve to limit the liability of attorneys and professionals to their clients for malpractice pursuant to Rule 1.8(h) of the New York Rules of Professional Conduct.

XI

ALTERNATIVES TO THE ~~FIRST~~SECOND AMENDED PLAN AND OTHER CONSIDERATIONS

A. Alternatives to the ~~First~~Second Amended Plan

The Debtors believe that the ~~First~~Second Amended Plan provides creditors with the earliest and greatest possible value that can be realized on their respective Claims. The principal alternatives to confirmation of the ~~First~~Second Amended Plan are: (i) confirmation of alternative plans submitted by another party in interest; or (ii) conversion of the case to Chapter 7 of the Bankruptcy Code.

i. **Alternative Plan**

The Debtors are not aware of any party prepared or interested in filing an alternative plan which provides, on the whole, greater recoveries for creditors. Moreover, any alternative plan may not generally be acceptable to the Debtors and would likely result in costly and time-consuming litigation that will ultimately be detrimental to the creditors.

ii. **Conversion to Chapter 7**

The Debtors believe that a conversion to Chapter 7 would not be in the best interests of creditors. As described in Section XI (B) below ("Best Interests of Unsecured Creditors"), liquidation of the Debtors' assets under Chapter 7 of the Bankruptcy Code would not generate a greater distribution to creditors than proposed under the ~~First~~Second Amended Plan. Conversion

under Chapter 7 of the Bankruptcy Code would entail the appointment of a trustee likely to have no historical experience or knowledge of the Debtors or their assets. Moreover, the additional administrative costs incurred by a trustee and its attorneys and accountants could also be substantial and will impact upon the ability of creditors to receive payments on their claims. Further, there is no guarantee that a chapter 7 trustee will object to the inflated proof of claim filed by the Noteholder which would harm the distribution to Class 2. In the event of a sale by a trustee, the Debtors' estates would suffer the impact of applicable transfer taxes and would not obtain the benefit of the tax exemption under Section 1146(a) of the Bankruptcy Code. In such event, the only creditors which would likely receive any distribution would be secured creditor claims, with no distribution to unsecured creditors. Finally, any additional administrative costs will adversely affect the distribution to claimants and will not inure to their benefit. The only creditor that may stand to benefit from conversion would be the Noteholder after the appointed trustee conducts a sale. However, any such sale would likely occur at a later date than one contemplated under this ~~First~~Second Amended Plan. All other creditors may not realize any distribution.

Therefore, the Debtors believe that confirmation of the ~~First~~Second Amended Plan is preferable to the alternatives described above because the ~~First~~Second Amended Plan maximizes the property available for distribution to all Classes of Claims and appropriately distributes all of the Debtors' assets to the creditors without the added administrative expenses of a Chapter 7 Trustee and its attorneys and other professionals.

B. Best Interests of Unsecured Creditors

Notwithstanding acceptance of the ~~First~~Second Amended Plan by Classes of Claims, in order to confirm the ~~First~~Second Amended Plan, the Bankruptcy Court must independently determine that the ~~First~~Second Amended Plan is in the best interests of all Classes of Claims. The

“best interests” test requires that the Bankruptcy Court find that the ~~First~~Second Amended Plan provides to each member of each impaired Class of Claims a recovery which has a present value at least equal to the present value of the distribution which each such creditor would receive from the Debtors if their assets were instead distributed by a Trustee under Chapter 7 of the Bankruptcy Code. The Debtors believe that the ~~First~~Second Amended Plan satisfies the “Best Interests Test” with respect to all Classes of Claims since under the ~~First~~Second Amended Plan unsecured creditors shall receive the distribution as indicated herein, whereas in a Chapter 7 liquidation such creditors would likely receive less or no distribution.

The cost of converting the case to one under Chapter 7 would likely include the fees of a trustee, as well as those of the Chapter 7 trustee’s counsel and other professionals that may be retained by the Chapter 7 trustee and unpaid expenses incurred by the Debtor during the Chapter 11 case (such as fees for attorneys). A chapter 7 trustee will not be able to take advantage of the tax benefits offered under Section 1146(a) of the Bankruptcy Code. Further, there is no guarantee that a chapter 7 trustee will object to the inflated proof of claim filed by the Noteholder which would harm the distribution to Class 2. These claims, and such other claims as might arise in the liquidation or result from the Debtors’ Chapter 11 case, would be paid from the Debtors’ assets before its assets would be available to pay Unsecured Claims resulting in substantially less of a recovery by the trustee for the creditors of this estate.

THE DEBTORS BELIEVE THAT THE ~~FIRST~~SECOND AMENDED PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY ON ACCOUNT OF CLAIMS AND THAT CONFIRMATION OF THE ~~FIRST~~SECOND AMENDED PLAN IS IN THE BEST INTERESTS OF CREDITORS.

C. Liquidation Analysis

The ~~First~~Second Amended Plan already provides for a liquidation of the Real Properties within 18 months of the Confirmation Order becoming a Final Order. Under the ~~First~~Second Amended Plan, the Debtors retain the ability to avoid the incurrence of transfer taxes pursuant to Section 1146(a) of the Bankruptcy Code. Based on the Debtors' Appraisal, communications with the brokers and the overall public interest in the Real Properties, the Debtors estimate that creditors will receive payment in full in the amount and extent allowed by the Bankruptcy Court. If these cases were converted to Chapter 7 cases, unsecured creditors would likely receive no distribution as a liquidation would only result in the secured creditor receiving a distribution. Further, a sale in a Chapter 7 case would subject the sales of the Real Properties to transfer taxes. Further, confirmation of the Debtors' ~~First~~Second Amended Plan will avoid the additional layer of Chapter 7 Administrative Claims that must be paid if the case were converted to Chapter 7.

The Debtors believe that confirmation of the ~~First~~Second Amended Plan is preferable to the alternatives described above because the ~~First~~Second Amended Plan maximizes the value of all property available for distribution to all Classes of Claims. Accordingly, the Debtors believe that confirmation of the ~~First~~Second Amended Plan, rather than the alternatives described above, is in the best interests of creditors.

XII

RECOMMENDATION OF THE DEBTORS

The ~~First~~Second Amended Plan and this ~~First~~Second Amended Disclosure Statement were drafted and submitted by the Debtors. As such, the Debtors strongly support this ~~First~~Second Amended Plan and believe that Confirmation of the ~~First~~Second Amended Plan provides the Creditors with the best possible recovery in the shortest possible time.

XIII

ADDITIONAL INFORMATION

Requests for information and additional copies of this ~~First~~Second Amended Disclosure Statement, the ~~First~~Second Amended Plan, and any other materials or questions relating to the ~~First~~Second Amended Plan and this ~~First~~Second Amended Disclosure Statement should be directed to Debtors' counsel, LaMonica Herbst & Maniscalco, LLP, 3305 Jerusalem Avenue, Wantagh, New York 11793, Attn: Jordan Pilevsky, Esq., at (516) 826-6500 during regular business hours.

XIV

TAX CONSEQUENCES

The Debtors are not aware of any tax consequences which may result from the confirmation of the ~~First~~Second Amended Plan. Creditors should consult with their own tax advisor concerning any such tax related implications. Creditors should consult with their tax advisor concerning (a) any deductions which may be applicable to them as bad debt deductions, or (b) income tax implications based upon forgiveness of debt, if applicable, based upon the provisions of the Debtors' ~~First~~Second Amended Plan.

Pursuant to IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims are hereby notified that (a) any discussion of U.S. federal tax issues contained or referred to in this ~~First~~Second Amended Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtor of the transactions or matters addressed herein; and (c) holders of Claims should seek advice based upon their particular circumstances from an independent tax advisor.

XV

CONCLUSION

The Debtors believe the ~~First~~Second Amended Plan is in the best interests of all Creditors.

Dated: May ~~15~~30, 2017
Wantagh, New York

LaMonica Herbst & Maniscalco, LLP
Attorneys for the Debtors

By: s/ Jordan Pilevsky
Jordan Pilevsky, Esq.
Jordan D. Weiss, Esq.
3305 Jerusalem Avenue, Suite 201
Wantagh, New York 11793
(516) 826-6500

Dated: May ~~15~~30, 2017
Bellevue, WA

Olympia Office LLC
Chapter 11 Debtor

By: s/ Scott G. Switzer
Scott G. Switzer, Chief Operating Officer

Dated: May ~~15~~30, 2017
Bellevue, WA

WA Portfolio LLC
Chapter 11 Debtor

By: s/ Scott G. Switzer
Scott G. Switzer, Chief Operating Officer

Dated: May ~~15~~30, 2017
Bellevue, WA

Mariners Portfolio LLC
Chapter 11 Debtor

By: s/ Scott G. Switzer
Scott G. Switzer, Chief Operating Officer

Dated: May ~~15~~30, 2017
Bellevue, WA

Seahawk Portfolio LLC
Chapter 11 Debtor

By: s/ Scott G. Switzer
Scott G. Switzer, Chief Operating Officer