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ORANGE GROVE SERVICE, INC.

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**LOS ANGELES DIVISION**

<p>In re:</p> <p>ORANGE GROVE SERVICE, INC.,</p> <p style="padding-left: 100px;">Debtor.</p>	<p>) Case No. 2:10-bk-21336-EC</p> <p>) Chapter 11</p> <p>) <b>FIRST AMENDED DISCLOSURE</b></p> <p>) <b>STATEMENT AND PLAN OF</b></p> <p>) <b>REORGANIZATION FOR ORANGE</b></p> <p>) <b>GROVE SERVICE, INC.</b></p> <p>) <b>Disclosure Statement Hearing</b></p> <p>) <b>Date:</b> [To Be Set]</p> <p>) <b>Time:</b> [To Be Set]</p> <p>) <b>Ctrm:</b> 1639</p> <p>) 255 E. Temple St.</p> <p>) Los Angeles, CA 90012</p> <p>) <b>Plan Confirmation Hearing</b></p> <p>) <b>Date:</b> [To Be Set]</p> <p>) <b>Time:</b> [To Be Set]</p> <p>) <b>Ctrm:</b> 1639</p> <p>) 255 E. Temple St.</p> <p>) Los Angeles, CA 90012</p>
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**FIRST AMENDED DISCLOSURE STATEMENT AND PLAN OF  
REORGANIZATION FOR ORANGE GROVE SERVICE, INC.**

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DECLARATION OF ART FLORES

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2  
3 **I. INTRODUCTION**

4 On March 25, 2010, Orange Grove Service, Inc. ("Debtor" or "Proponent") filed a  
5 bankruptcy petition under Chapter 11 of the Bankruptcy Code ("Code"). The document you are  
6 reading is **both** the First Amended Plan of Reorganization ("Plan") and the First Amended  
7 Disclosure Statement<sup>1</sup>. Debtor has proposed the Plan to treat the claims of the Debtor's creditors  
8 and, if applicable, the interests of shareholders or partners and to reorganize the Debtor's  
9 business affairs. A disclosure statement describes the assumptions that underlie the Plan and  
10 how the Plan will be executed. The Bankruptcy Court ("Court") has approved the form of this  
11 document as an adequate disclosure statement, containing enough information to enable parties  
12 affected by the Plan to make an informed judgment about the Plan. The Court has not yet  
13 confirmed the Plan, which means the terms of the Plan are not now binding on anyone.  
14  
15

16 The Proponent has reserved \_\_\_\_\_ at \_\_\_\_\_ a.m. in Courtroom 1639 for a  
17 hearing to determine whether the Court will confirm the Plan.

18 Any interested party desiring further information should contact the Debtor's attorney,  
19 Jerome S. Cohen, 3731 Wilshire Blvd., Suite 514, Los Angeles, CA 90010, Telephone (213)  
20 388-8188.  
21  
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23  
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27 <sup>1</sup> Initially the Debtor's Bankruptcy Case was assigned to the Honorable Alan M. Ahart. Pursuant to Administrative  
28 Order 11-04 dated 4/15/2011, the Debtor's Bankruptcy Case was reassigned from Judge Alan M. Ahart to Judge  
Ellen Carroll. This Disclosure Statement and Plan was drafted pursuant to Judge Ahart's mandatory format. Please  
note that the format prescribed by Judge Ahart is different from the Chapter 11 Disclosure Statement and Plan  
format adopted by the Central District of California.

1           **II.     GENERAL DISCLAIMER AND VOTING PROCEDURE**

2           PLEASE READ THIS DOCUMENT, INCLUDING THE ATTACHED EXHIBITS,  
3 CAREFULLY. IT EXPLAINS WHO MAY OBJECT TO CONFIRMATION OF THE PLAN.  
4 IT EXPLAINS WHO IS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. IT  
5 ALSO TELLS ALL CREDITORS WHAT TREATMENT THEY CAN EXPECT TO RECEIVE  
6 UNDER THE PLAN, SHOULD THE PLAN BE CONFIRMED BY THE COURT.  
7 THE SOURCES OF FINANCIAL DATA RELIED UPON IN FORMULATING THIS  
8 DOCUMENT ARE SET FORTH IN THE DECLARATION OF ARTURO FLORES BELOW.  
9 ALL REPRESENTATIONS ARE TRUE TO THE PROPONENT'S BEST KNOWLEDGE.

10           NO REPRESENTATIONS CONCERNING THE DEBTOR THAT ARE  
11 INCONSISTENT WITH ANYTHING CONTAINED HEREIN ARE AUTHORIZED EXCEPT  
12 TO THE EXTENT, IF AT ALL, THAT THE COURT ORDERS OTHERWISE.

13           After carefully reviewing this document and the attached exhibits, please vote on the  
14 enclosed ballot and return it in the enclosed envelope.

15           The Proponent has not reserved a hearing date for a hearing to determine whether the  
16 Court will confirm the Plan. If, after return of the ballots, it appears that the Proponent has the  
17 requisite number of votes required by the Code, the Proponent will file a motion for an order  
18 confirming the Plan (the "Confirmation Motion").

19           The Confirmation Motion shall at least be served on all impaired creditors and partners  
20 and shareholders who reject the Plan and on the Office of the United States Trustee. Any  
21 opposition to the Confirmation Motion shall be filed and served on the Proponent no later than  
22 fourteen days prior to the hearing date. Failure to oppose confirmation of the Plan may be  
23 deemed consent to the Plan's confirmation.  
24  
25  
26  
27  
28

1       **III.    WHO MAY OBJECT TO CONFIRMATION OF THE PLAN**

2           Any party in interest may object to confirmation of the Plan, but, as explained below, not  
3 everyone is entitled to vote to accept or reject the Plan.

4  
5       **IV.    WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN**

6           It requires both an allowed and impaired claim or interest in order to vote either to accept  
7 or reject the Plan. A claim is defined by the Code to include a right to payment from the Debtor.  
8 An interest represents an ownership stake in the Debtor.

9  
10          In order to vote, a creditor or interest-holder must first have an allowed claim or interest.  
11 With the exceptions explained below, a claim is allowed if proof of the claim or interest is  
12 properly filed before any bar date and no party in interest has objected, or if the court has entered  
13 an order allowing the claim or interest. Please refer to Section VI below for specific information  
14 regarding bar dates in this case.

15  
16          Under certain circumstances a creditor may have an allowed claim even if a proof of  
17 claim was not filed and the bar date for filing a proof of claim has passed. A claim is deemed  
18 allowed if the claim is listed on the Debtor's schedules and is not scheduled as disputed,  
19 contingent, or unliquidated.

20  
21          Similarly, an interest is deemed allowed if it is shown on the list of equity security  
22 holders filed by the Debtor with the court and is not scheduled as disputed.

23  
24          In order to vote, an allowed claim or interest must also be impaired by the Plan.

25  
26  
27          Impaired creditors include those whose legal, equitable, and contractual rights are altered  
28 by the Plan, even if the alteration is beneficial to the creditor. A contract provision that entitles a

1 creditor to accelerated payment upon default does not, however, necessarily render the claimant  
2 impaired, even if the Debtor defaulted and the Plan does not provide the creditor with accelerated  
3 payment. The creditor is deemed unimpaired so long as the Plan cures the default, reinstates the  
4 maturity of such claim as it existed before default, compensates for any damages incurred as a  
5 result of reasonable reliance upon the acceleration clause, and (except for a default arising from  
6 failure to operate a nonresidential lease subject to 11 U.S.C.A. § 365 (b)(1)(A) (West Supp.  
7 2006) compensates for any actual pecuniary loss incurred as a result of any failure to perform a  
8 non-monetary obligation.  
9  
10

11 Impaired interest-holders include those whose legal, equitable, and contractual rights are  
12 altered by the Plan, even if the alteration is beneficial to the interest-holder.

13 There are also some types of claims that the Code requires be treated a certain way. For  
14 that reason they are considered unimpaired and therefore holders of these claims cannot vote.

15 To summarize, there are two prerequisites to voting: a claim or interest must be both  
16 allowed and impaired under the Plan.  
17

18 If a creditor or interest-holder has an allowed and impaired claim or interest, then he or  
19 she may vote either to accept or reject the Plan (unimpaired claimants or interest-holders are  
20 deemed to have accepted the Plan). Impaired claims or interests are placed in classes and it is  
21 the class that must accept the Plan. Members of unimpaired classes do not vote, although as  
22 stated above, they may object to confirmation of the Plan. Even if all classes do not vote in favor  
23 of the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated in a  
24 manner prescribed by the Code. Please refer to Section VI below for information regarding  
25 impaired and unimpaired classes in this case.  
26  
27  
28

1 Section X sets forth which claims are in which class. Secured claims are placed in  
2 separate classes from unsecured claims. Fed. R. Bankr. P. 3018(d) provides: "A creditor whose  
3 claim has been allowed in part as a secured claim and in part as an unsecured claim shall be  
4 entitled to accept or reject a plan in both capacities."  
5

6 **V. VOTES NECESSARY TO CONFIRM THE PLAN**  
7

8 The Court may confirm the Plan if at least one non-insider impaired class of claims has  
9 accepted and certain statutory requirements are met as to both non-consenting members within a  
10 consenting class and as to dissenting classes. A class of claims has accepted the Plan when more  
11 than one-half in number and at least two-thirds in amount of the allowed claims actually voting,  
12 vote in favor of the Plan. A class of interests has accepted the Plan when at least two-thirds in  
13 amount of the allowed interests of such class actually voting have accepted it. It is important to  
14 remember that even if the requisite number of votes to confirm the Plan is obtained, the Plan will  
15 not bind the parties unless and until the Court makes an independent determination that  
16 confirmation is appropriate. That is the subject of any upcoming confirmation hearing.  
17  
18

19 **VI. INFORMATION REGARDING VOTING IN THIS CASE**  
20

21 The bar date (deadline) for filing a proof of claim in this case was **August 20, 2010**.

22 The bar date (deadline) for objecting to claims in this case was **September 20, 2010**.

23 In this case, the Proponent believes that **Classes 1-9** are impaired and are therefore  
24 entitled to vote. A party that disputes the Proponent's characterization of its claim or interest as  
25 unimpaired may request a finding of impairment from the Court in order to obtain the right to  
26 vote.  
27  
28

1 Ballots must be received by the Proponent, addressed to: Jerome S. Cohen, 3731 Wilshire  
2 Blvd., Suite 514, Los Angeles, CA 90010. Currently, the Proponent has not set a deadline to cast  
3 ballots for or against the Plan. As soon as a deadline is set, the Proponent will send a notice to  
4 all parties in interest of the deadline.  
5

6 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS AND**  
7 **EVENTS PRECIPITATING BANKRUPTCY FILING**  
8

9 The Debtor is a California corporation formed in 1979, wholly owned by Arturo Flores.  
10 Arturo Flores serves as the Debtor's President and Diana Flores serves as the Secretary. What  
11 follows is a brief description of the Debtor's business and future business plans. For twenty-  
12 seven (27) years, the Debtor owned and operated gas stations. In 2006, Debtor sold its last gas  
13 station(s) and purchased two commercial properties: (1) 308-388 Lemon Ave., Walnut, CA  
14 91789 ("Lemon Creek Center") and (2) 2120-2150 South Fremont Avenue, Alhambra, CA  
15 91803 ("Fremont Center"). Currently, Debtor is in the business of operating Lemon Creek  
16 Center and Fremont Center, which are "strip" shopping centers (collectively, the "Centers"). The  
17 rental income from the commercial tenants provides all of Debtor's income.  
18  
19

20 **A. Lemon Creek Center**

21 In 2006, Debtor purchased Lemon Creek Center from Signal Walnut Partnership, LP  
22 ("SWP") for \$11,800,000.00. Debtor made a 40% down payment of \$4,800,000.00 in cash at  
23 closing, and financed the balance of the purchase price with a promissory note in the amount of  
24 \$7,080,000.00 from the seller of the property, SWP (the "SWP Note"). The SWP Note is an  
25 interest only note with a variable interest rate.  
26

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1                   1.       SWP Litigation

2                   In 2009, SWP filed a complaint seeking the appointment of a receiver, in the Superior  
3 Court of Pomona captioned as *Signal Walnut Partnership, LP v. Orange Grove Service, Inc.*  
4 Case No.: KC057439 (the “SWP Litigation”). Pre-petition, the Court declined to appoint a  
5 receiver and pre-petition the Debtor filed a cross complaint against SWP alleging fraud,  
6 intentional interference with contract and prospective business advantage, abuse of the  
7 foreclosure process, breach of fiduciary duty, etc. Subsequently, the Debtor contacted Michael  
8 Brown (“Brown”) to represent Debtor in the SWP Litigation, to amend the cross-complaint  
9 against SWP, and to add certain parties that were involved in the sale of the Lemon Creek Center  
10 such as Phoebe Chen Huang (“Huang”) of Coldwell Banker.  
11

12                   On February 15, 2011, the Bankruptcy Court entered an order approving Brown’s  
13 employment as special litigation counsel (Docket #258). Brown intends to file the amended  
14 cross complaint shortly. Trial is currently set for April 9, 2012.  
15

16                   The misrepresentations, interference, and wrongful foreclosure actions of Joseph Kung  
17 (“Kung”) the principal of SWP, precipitated the Debtor’s bankruptcy filing. After purchasing  
18 the Lemon Creek Center, the Debtor began to discover discrepancies in what Kung had  
19 represented, and unresolved issues in existing tenant leases. Further, though Debtor cured all  
20 defaults outstanding with SWP (with the exception of certain disputed amounts) SWP  
21 commenced and pressed forward a non-judicial foreclosure. At the time of the scheduled sale,  
22 and after Debtor had met with Kung to temporarily restructure the loan payments to SWP, the  
23 Debtor was only one month behind in its loan payments to SWP. Tenants also informed the  
24 Debtor that Kung, the previous owner of the Lemon Creek Center, had informed the tenants not  
25 to pay rents to the Debtor because Kung was going to re-take the Lemon Creek Center. The  
26  
27  
28

1 decrease in tenant income, the withholding of rental income from certain tenants, and the SWP  
2 Litigation caused the Debtor to seek relief under Chapter 11 of the Bankruptcy Code with all of  
3 Chapter 11's additional expenses.  
4

5 2. Current Cash Flow and Fair Market Value

6 The Lemon Creek Center has twenty-six (26) units or 31,793 square feet of leasable  
7 space and a cell phone tower. Currently, twenty-one (21) units are rented and generate  
8 \$64,112.00 per month in gross rental income. On October 8, 2010, Lunetta Appraisal Company  
9 appraised Lemon Creek and valued Lemon Creek at \$7,500,000.00.  
10

11 **B. Fremont Center**

12 In 2007, Debtor purchased the Fremont Center for the purchase price of \$5,400,000.00.  
13 The Debtor made a down payment of \$1,917,011.37 and paid an additional \$163,500.00 to  
14 Golden Escrow, Inc. for closing costs. The Debtor financed the rest of the purchase price  
15 through a loan from American Continental Bank ("ACB") in the amount of \$3,475,000.00, as  
16 evidenced by a promissory note ("ACB Note") dated November 23, 2007.  
17

18 In 2008, Phoebe Chen Huang ("Huang") lent the Debtor \$250,000.00 in exchange for the  
19 exclusive right to market the Fremont Center and Lemon Creek Center. Huang was the agent  
20 who had sold the Debtor both the Fremont Center and Lemon Creek. The understanding was  
21 that Huang would be paid back from the sale of the Fremont Center. Huang was unable to sell  
22 the Fremont Center, and on October 19, 2009 recorded a deed of trust in the amount of  
23 \$275,000.00 encumbering the Fremont Center (the "Junior Lien").  
24

25 In 2009, the Debtor invested \$250,000.00 in capital improvements to the Fremont Center.  
26

27 \\  
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1                   1.       Current Cash Flow and Fair Market Value

2                   The Fremont Center has 14,160 sq. ft. of leasable space divided into nine (9) units.  
3  
4                   Currently, 7,910 sq. ft. in seven (7) units are rented, generating \$23,152.00 per month in gross  
5                   rental income.

6                   The “end cap” of the Fremont Center (2120-2126 Fremont Avenue) is approximately  
7                   6,250 sq. ft. and has been vacant since November 2008. The “end cap” alone constitutes  
8                   approximately 40% of the Fremont Center. On February 23, 2011, in connection with its motion  
9                   for stay relief, ACB submitted an appraisal by Babcock & Macsoud valuing the Fremont Center  
10                  at \$4,000,000.00 as of December 23, 2010.

11  
12                  On the Petition Date, the Debtor was current on its loan obligations to ACB. However,  
13                  due to the vacancy of the “end cap”, ACB asserts that Debtor is in non-monetary default of the  
14                  ACB Note by breaching the ACB Note’s leasing requirements. Originally, Debtor had reserved  
15                  the “end cap” for the tenancy of ACE Hardware. However, Debtor had no unencumbered cash  
16                  to finance the tenant improvements ACE Hardware required as a condition of its tenancy.  
17

18                  Since commencement of the case, the Debtor has divided the “end cap” into three units.  
19                  In March 2011, a national credit tenant with a strong brand name expressed interest in leasing  
20                  1,600 square feet of the “end cap” and on April 28, 2011, this national credit tenant submitted its  
21                  letter of intent to occupy the space. While this national credit tenant has submitted a letter of  
22                  intent to the Debtor, it has requested that the Debtor not disclose its interest until the lease has  
23                  been finalized.  
24

25                  In addition, commencing September 1, 2011, the Debtor anticipates a local florist to  
26                  occupy an additional 960 square feet., leaving only 3,690 square feet of the original “end cap”  
27                  vacant. These tenancies will cure Debtor’s non-monetary breach of the ACB Note and generate  
28

1 additional cash to fund Debtor's Plan. These prospective leases would make productive a sizable  
2 space that Debtor has historically had difficulty leasing. Further, the national credit tenant will  
3 revitalize and increase traffic to the Fremont Center, making the remaining vacant space easier to  
4 lease. Details regarding these new tenants are explained further detail in Section IX below.  
5

6 Since commencing its bankruptcy case, Debtor has retained new bankruptcy counsel,  
7 retained an experienced chapter 11 accountant to sort Debtor's financial affairs, and found  
8 several new tenants to increase the Debtor's cash flow. The Debtor intends to use rental income  
9 collected from the Fremont Center and Lemon Creek Centers to fund the Plan.  
10

11 Further details relating to the Debtor's financial condition and post-confirmation  
12 operation of the Debtor are found in sections IX, XI, XII, XV, and XVI.  
13

#### 14 **VIII. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

15 The following is a summary of significant events in the Bankruptcy Case.

##### 16 **A. Substitution of Bankruptcy Counsel**

17 On April 22, 2010, the Court entered its order authorizing Debtor's employment of Ori S.  
18 Blumenfeld of Wilson & Associates LLP ("Former Counsel") as general bankruptcy counsel.  
19 On December 30, 2010, Debtor filed a combined Disclosure Statement and Plan. On February 9,  
20 2011, the Court denied approval of Debtor's Disclosure Statement.  
21

22 On February 10, 2011, Debtor substituted Jerome S. Cohen as general bankruptcy  
23 counsel and filed an employment application with the Court. Creditors SWP and ACB filed  
24 limited objections to Cohen's employment, limiting their objections to Cohen's post-petition  
25 retainer. On April 6, 2011, the Court entered an Order approving Cohen's employment as  
26 bankruptcy counsel and approving the post-petition retainer.  
27  
28

\\

**B. Employment of Professionals**

The following professionals have been employed during the pendency of this case:

Name of Professional	Description	Date of Employment Application	Date of Order Granting Application
Ori S. Blumenfeld, Esq.	Former Bankruptcy Counsel	04/07/2010	04/22/2010 <i>(Terminated)</i>
STC Management	Property Manager	05/20/2010	07/01/2010
Paul T. Gough, Esq.	State Court Counsel ( <i>AIMS Litigation</i> )	08/03/2010	08/19/2010
James F. Lunetta and Bradley J. Lunetta	Appraisers	08/03/2010	08/19/2010
Neil Wachsberger	Marketing Broker	10/22/2010	<i>(Terminated 4/2011)</i>
Michael R. Brown, Esq.	Special Litigation Counsel ( <i>SWP Litigation</i> )	01/10/2011	02/15/2011
Jerome S. Cohen, Esq.	Bankruptcy Counsel	02/10/2011	04/19/2011
Hahn Fife & Company, LLP	Chapter 11 Accountants	03/07/2011	04/04/2011

**C. Cash Collateral Stipulations and Orders**

Debtor and creditors SWP and ACB have entered into several Cash Collateral stipulations during the pendency of this case. On January 27, 2011, through Former Counsel, Debtor filed motions for the use of cash collateral of SWP and ACB. The Court has entered orders approving both cash collateral motions. Currently, the Debtor submits monthly cash collateral budgets to ACB and SWP for approval.

**D. Motion For Relief From the Automatic Stay – Vehicles**

1. Class 5 DCFS USA, LLC

On June 1, 2010, the Class 5 secured creditor filed its Motion For Relief From the Automatic Stay with regard to Debtor’s 2005 Mercedes vehicle (“Mercedes”). In August 2010, the Debtor and this creditor entered into a stipulation for adequate protection and plan treatment.

1 On August 11, 2010, the Court entered its order approving the stipulation, lifting the automatic  
2 stay as to the Mercedes.

3 2. Class 6 Ally Financial Inc., fka GMAC, Inc.

4  
5 On June 22, 2010, the Class 6 secured creditor filed its Motion for Relief From the  
6 Automatic Stay with regard to Debtor's 2006 Chevrolet C1500. In July 2010, Debtor and this  
7 creditor entered into a stipulation for adequate protection and plan treatment. On July 22, 2010  
8 the Court entered its order approving the stipulation and lifted the automatic stay as to the  
9 Chevrolet.  
10

11 **E. Motion For Relief From the Automatic Stay -- Real Property**

12 1. Lemon Creek Center

13 On February 23, 2011, SWP filed its motion for relief from the automatic stay. On  
14 March 28, 2011, the Court granted relief from the automatic stay should the Debtor fail to (1) file  
15 an Amended Disclosure Statement and Plan by April 30, 2011<sup>2</sup>; (2) obtain an entry of an order  
16 approving the amended Disclosure Statement by June 17, 2011; and (3) obtain entry of an order  
17 confirming the amended Plan of Reorganization by July 15, 2011.<sup>3</sup>  
18

19 2. Fremont Center

20 On February 23, 2011, ACB filed its motion for relief from the automatic stay. On  
21 March 28, 2011 the Court entered its order denying relief from the automatic stay and set  
22 adequate protection payments in the amount of \$13,864.61.  
23

24 \\  
25

26 \\  
27

28 <sup>2</sup> On April 12, 2011, the Court entered an order approving a stipulation between Debtor and SWP extending this  
deadline to May 6, 2011. *See* Docket #301.

<sup>3</sup> Judge Ahart set this timetable before the Court transferred this case to Judge Carroll, and if Judge Carroll's  
calendar should require delays, the Debtor will seek appropriate adjustments.

1           **F.      Unison Deal**

2           On January 20, 2011, the Debtor filed a motion for an order approving the sale of certain  
3 cell phone tower leases to Unison (the “Unison Deal”). On February 22, 2011, the Court denied  
4 the sale without prejudice.  
5

6           **IX.     CRITICAL PLAN PROVISIONS**

7           Listed below are the sources of money earmarked to pay creditors and interest-holders.  
8  
9           The Debtor will commit all or such portion of earnings from rental income and personal services  
10 after the commencement of the case or other future income of the Debtor as is necessary for the  
11 execution of the Plan. *See* 11 U.S.C. § 1123(a)(8).  
12

13           **A.      Rental Income -- Lemon Creek Center**

14           Currently, the Debtor receives monthly gross income in the amount of \$64,112.00 from  
15 the Lemon Creek Center. The monthly gross income consists of (1) rents and (2) common area  
16 maintenance (“CAM”) charges<sup>4</sup>. Effective July 1, 2011, due to a reduction in CAM charges, the  
17 Debtor will receive a monthly gross income in the amount of **\$62,052.00**.  
18

19           **B.      Rental Income – Fremont Center**

20           Currently, the Debtor receives monthly gross income in the amount of **\$23,152.00** for the  
21 Fremont Center. The monthly gross income consists of (1) rents and (2) CAM charges.  
22

23           **C.      New Leases -- Lemon Creek Center**

24           1. Carmen’s Mexican Restaurant. Beginning November 2011, Debtor expects to  
25 receive **\$3,744.00** per month in additional rental income under this new lease. Attached hereto  
26 as **Exhibit A** is a letter from Vons, a subsidiary of Safeway Inc. (“Vons”) approving the tenancy.  
27

28           <sup>4</sup> Debtor generally receives rent and CAM contribution (a pass-through) in one check. Debtor pays the  
maintenance expenses and shows the payments as expenses. It is important to note that Debtor’s monthly income  
varies slightly due to fluctuations in CAM charges.

1 Vons, an owner of adjoining land and a major occupant of the total retail center, exercises rights  
2 to approve or disapprove Debtor's leases to restaurants.

3 2. Carmen's Takeout Express: Beginning November 2011, Debtor expects to  
4 receive **\$1,872.00** per month in additional rental income under this new lease.

5 3. Hong Kong Express: Beginning September 2011, Debtor expects to receive  
6 **\$2,233.00** per month in additional rental income from this new lease.

7 4. Verizon Wireless: Beginning November 2011, Debtor expects to receive  
8 **\$2,132.00** per month in additional rental income under this new lease.

9 5. U.S. Black Belt: This tenant currently occupies Unit 366 and pays \$3,189.38  
10 in monthly rent. On June 1, 2011, tenant is moving into bigger unit (Unit 352) and has agreed to  
11 pay an additional amount for a total of **\$5,460.00**.

12  
13  
14 **D. New Leases—Fremont Center**

15 1. National Credit Tenant: On April 28, 2011, Debtor received a letter of intent  
16 from a national credit tenant that requested anonymity until lease terms are finalized. The  
17 national credit tenant proposes to lease 1,600 sq ft. (Unit 2120-30) for a ten (10) year term at a  
18 monthly rent of **\$4,800.00** per month. This prospective lease would make productive a sizable  
19 space that Debtor has historically had difficulty leasing. Further this particular national credit  
20 tenant will revitalize and increase traffic to the Fremont Center making the remaining vacant unit  
21 easier to lease.

22 2. Florist: The Debtor is in negotiations with a florist to rent 960 sq. ft. (Unit  
23 2120-26) for **\$1,920.00** per month commencing September 1, 2011.

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1           **E.     2010 CAM Reimbursements**

2           In 2010, Debtor advanced CAM charges payable by adjoining parcel owners (Chevron,  
3 Vons, Blockbuster, Wells Fargo). This month, the Debtor anticipates sending the 2010 CAM  
4 bills to the adjacent parcel owners and receiving, by June 2011, reimbursement of Debtor's 2010  
5 advances for CAM from parcel owners in the total amount of \$45,000.

6           The Debtor will begin billing these parcel owners quarterly for 2011 CAM Reimbursements.

7           **F.     State Court Litigation**

8           1.   AIMS Litigation: On March 2, 2010, the Debtor filed a complaint to recover  
9 unpaid rents, Common Area Maintenance charges, commissions, and damages arising from  
10 defendant Aims Academy's breach of a lease agreement ("AIMS Lawsuit"). The AIMS Lawsuit  
11 is currently pending in Los Angeles Superior Court East District, Pomona as *Orange Grove*  
12 *Service, Inc. v. Cheng, et al*, Case No. KC058118. The trial is currently scheduled for May 23,  
13 2011. In the Aims Lawsuit, the Debtor requests \$104,598 in damages. The Debtor anticipates  
14 prevailing in the AIMS Lawsuit and estimates receiving **\$101,250.00** by November 2011 and has  
15 provided for this amount in Debtor's Cash Flow (*See Exhibit B*).

16           2.   Chiang Litigation: In February 2011, Debtor entered into a stipulated  
17 judgment with a tenant of the Lemon Creek Center, Steve Chiang ("Chiang"). According to the  
18 Stipulated Judgment, in February 2011, Chiang was to pay \$34,500.00. Chiang has made this  
19 payment. Further, commencing April 1, 2011 Chiang was to pay the total sum of \$11,000.00 in  
20 monthly installment payments of \$2,000.00 per month. The Debtor has agreed to allow Chiang  
21 to begin the \$2,000.00 payments in May 2011.

22           In tabular form, the following summarizes the Debtor's sources of money to fund its  
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<b>LEMON CREEK CENTER Current Monthly Rental Income (each tenant's monthly payment includes a reduced contribution to Common Area Maintenance to take effect July 1, 2011):</b>		
356	Fantastic Hair (Pete Urquijo)	\$2,000.00
332-34	Nail Galleria (Phong Van)	\$4,067.00
364	New York Pizza (Joe Babazadeh)	\$6,701.00
360	Lemon Cleaners (Charles Kim)	\$3,481.00
388	Donut Trees (Sandy Chhor)	\$3,682.00
314	Family Medicine (Dr. Iskander)	\$2,880.00
316	Ninja Sushi (Tomoichi Terashima)	\$2,664.00
378	Farmer's Insurance (Frank Argumosa)	\$1,699.00
386	Walnut Shoe Repair (Miguel Rivera)	\$1,727.00
382	Postal Box Plus (Dave Hemangini)	\$1,848.00
366	U.S. Black Belt (Yeon Kyu Han)	\$3,052.00
330	Dentist (Dr. Diep)	\$3,299.00
308 (b)	Ku Insurance (Elien Ku and Ivy Chang)	\$1,485.00
	Recycling Center (Tomra)	\$1,700.00
	Crown Castle (Tower 1)	\$1,541.00
	T-Mobile (Tower 2)	\$1,292.00
	AT&T (Tower 3)	\$1,795.00
380	Hawaiian Barbeque (Hyun Sook Yang)	\$3,068.00
370	Stress Buster (Claudia Lara)	\$1,500.00
372-74	Bangkok BBQ (Sriutai Chada)	\$3,258.00
376	Boba Café (Kittitod)	\$1,233.00
336-346	Aims Academy (Steve Chiang)	\$8,080.00
310	Vacant (new tenant moving in)	
312	Vacant (new tenant moving in)	
318	Vacant (new tenant moving in)	
352	Vacant (new tenant moving in)	
358	Vacant (new tenant moving in)	
<b>Total Current Monthly Rental Income</b>		<b>\$62,052.00</b>
<b>NEW LEASES-- Lemon Creek Center</b>		
318	Hong Kong Express	\$2,233.00
310	Carmen's Mexican Restaurant	\$3,744.00
312	Carmen's Express Takeout	\$1,872.00
352	US Black Belt *** Tenant currently occupies Unit 366. On June 1, 2011, tenant is moving into a larger unit (Unit 352) and will pay a monthly rent of \$5,460.00. Only the rent increment is reflected here.	\$2,408.00
358	Verizon	\$2,132.00
<b>Total New Leases</b>		<b>\$12,389.00</b>
<b>Total Lemon Creek Center Current Plus Projected Monthly Income</b>		<b>\$74,441.00</b>

<b>FREMONT CENTER Current Monthly Rental Income (each tenant's monthly payment includes its monthly contribution for Common Area Maintenance):</b>		
	Pacific Bell	\$1,957.00
	Kinh Ngo	\$2,500.00
	Dr. Morse	\$2,700.00
	David Ma	\$2,100.00
	7-Eleven	\$8,900.00
	Paul Baskaran	\$3,037.00
	Subway	\$1,958.00
	<i>Vacancy (3690 sq. ft.)</i>	
<b>Total Current Monthly Rental Income</b>		<b>\$23,152.00</b>
<b>NEW LEASES-- Fremont Center</b>		
<b>2120-30</b>	A National Credit Tenant (1,600 sq. ft.)	\$4,800.00
<b>2120-26</b>	Flower Shop (960 sq. ft.)	\$1,920.00
<b>Total New Leases</b>		<b>\$6,720.00</b>
<b>Total Fremont Center Current Plus Projected Monthly Income</b>		<b>\$29,872.00</b>

**TOTAL CURRENT PLUS PROJECTED MONTHLY INCOME FOR BOTH CENTERS:**  
**\$104,313.00**

<b><u>STATE COURT LITIGATION</u></b>	
AIMS Litigation	\$101,250.00
Chiang Settlement	\$2,000.00
SWP Litigation	unknown
2010 CAM Reimbursement	\$45,000.00
<b>Total Litigation</b>	<b>\$92,000.00</b>

**X. DESCRIPTION AND TREATMENT OF CLAIMS**

**A. Overview of Plan Payments**

Below is a summary of who gets paid what and when and from what source. The identity of members within a particular class is explained beginning on the next page. The second column lists the amount of each payment, or if only one is to be made, then that amount. The Proponent is usually not required by law to pay an unsecured creditor or interest holder everything it would otherwise be entitled to, had a bankruptcy case not commenced. The

"Payment Due Date" column states the frequency with which payments will be made and the starting and ending dates. Look at the starting date to figure out who will be paid before and after you and in what amount. The "Source of Payment" column describes the expected source of payment. Further details regarding the source of payment are found in Section XI.

The timing of payments to many creditors is determined by the "Effective Date." Administrative claims, unless otherwise stated, must be paid by the Effective Date. The timing of payments to impaired creditors is measured from the Effective Date. **The Plan anticipates an Effective Date of August 10, 2011.**

<b><u>Payment Recipient</u></b>	<b><u>Plan Payment</u></b>	<b><u>Payment Due Date</u></b>
<b>Jerome S. Cohen</b> Bankruptcy Counsel	\$30,000.00 estimated outstanding balance <sup>5</sup>  Monthly Payment: \$2,500.00	Begin Date: Effective Date  End Date: 12 Months after the Effective Date
<b>Hahn &amp; Fife</b> Chapter 11 Accountant	\$35,000.00 (estimated)  Monthly Payment: \$2,917.00	Begin Date: Effective Date  End Date: 12 Months after the Effective Date
<b>U.S. Trustee Quarterly Fees</b>	Monthly Payment: \$1,950.00 per Quarter	Every Quarter
<b>Clerk's Office Fees</b>	\$1,000.00 (estimated)	Effective Date
<b>Los Angeles County Treasurer &amp; Tax Collector</b>	Monthly Payment: \$978.04	Begin Date: April 25, 2011 End Date: March 25, 2015
<b><u>Class 1 – Secured claim of Los Angeles County Treasurer &amp; Tax Collector</u></b>	Monthly Payment: \$4,865.92	Begin Date: April 25, 2011  End Date: March 25, 2015

<sup>5</sup> Upon retaining Jerome S. Cohen as counsel, and from time thereafter, Debtor has deposited money with Cohen. At May 6, 2011, Cohen is holding in trust, for payment of fees for services and reimbursement of costs advanced the sum of \$67,044.00. Cohen has issued monthly invoices to the Debtor which should detail a balance due at March 31, 2011 of \$63,079.25. Cohen intends to file applications for orders approving fee requests and, if the Court approves, to draw down funds in trust to pay allowed fees and costs. Debtor estimates that after continued deposits and Cohen invoices, the estimated unpaid fees and costs at Effective Date will equal \$30,000.00 and it is this unpaid balance that Cohen has agreed to receive in deferred payments over 12 months.

<p><b>Class 2 – Secured claim of <u>Signal Walnut Partnership, LP</u></b></p>	<p><b>Debt Service:</b> \$35,400.00 monthly for 60 months</p> <p>Balloon Payment in 60 months</p> <p><b>Arrears:</b> \$30,000.00 on Effective Date \$6,500.00 monthly for 60 months</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>
<p><b>Class 3 – Secured claim of <u>American Continental Bank</u></b></p>	<p><b>Debt Service:</b> \$13,864.61 monthly for 60 months</p> <p>Balloon Payment in 60 months</p> <p><b>Arrears:</b> \$30,000.00 on Effective Date Remaining balance (estimated at \$10,000.00) in monthly installment payments of \$833.33 for 12 months.</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>
<p><b>Class 4 – Secured claim of <u>Nelson Huang and Phoebe Chen Huang</u></b></p>	<p>Monthly Payment: \$5,189.59</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p> <p>**Claim will also be offset by any recovery from the SWP Litigation</p>
<p><b>Class 5 – Secured claim of <u>DCFS USA, LLC</u></b></p>	<p>Monthly Payment: \$949.14</p>	<p>Begin Date: Effective Date</p> <p>End Date: 48 months from Effective Date</p>
<p><b>Class 6 – Secured claim of <u>GMAC, Inc.</u></b></p>	<p>Monthly Payment: \$507.78</p>	<p>Begin Date: Effective Date</p> <p>End Date: 5 months from Effective Date</p>
<p><b>Class 7—Secured claim of <u>GMAC, Inc.</u></b></p>	<p>Monthly Payment: \$500.00</p>	<p>Begin Date: August 3, 2010</p> <p>End Date: September 3, 2012</p>
<p><b>Class 8 Non-Priority Unsecured Claims—Non Insiders</b></p>	<p>Monthly Payment: \$5,861.28</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>
<p><b>Class 9 Non-Priority Unsecured Claims—Insiders</b></p>	<p>Monthly Payment: \$366.66</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>

Below is a detailed description and treatment of administrative expenses, claims and interests

**B. Administrative Expenses**

Administrative expenses are claims for costs or expenses of administering the Debtor’s Chapter 11 case which are allowed under Code section 507(a)(2). These include the “actual, necessary costs and expenses of preserving the estate” as determined by the Court after notice to creditors of a request for payment and after a hearing thereon. The Code requires that each allowed administrative claim be paid in cash, in full, on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor’s § 507(a)(2) administrative claims and their treatment under the Plan:

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Jerome S. Cohen, Esq. Bankruptcy Counsel	\$30,000.00 (est.)	This claimant is entitled to payment in full from cash on hand on the Plan’s Effective Date but has agreed to accept monthly payments of <b>\$2,500.00</b> for 12 months starting on the Effective Date.
Hahn &Fife Chapter 11 Accountant	\$35,000.00 (est.)	This claimant is entitled to payment in full from cash on hand on the Plan’s Effective Date but has agreed to accept monthly payments of <b>\$2,917.00</b> for 12 months starting on the Effective Date.
Paul T. Gough, Esq. Counsel for AIMS Litigation	\$13,000.00 (est.)	Paid in full on Effective Date
Los Angeles County Treasurer & Tax Collector (Claim for real property taxes accruing post-petition POC #10)	\$43,316.36 Per Stipulation, Docket # 298	This claimant is entitled to payment in full from cash on hand on the Effective Date, but claimant has stipulated to Plan treatment as follows:  Beginning April 25, 2011, the claim shall be amortized over forty-eight (48) months at the interest rate of 4% per annum, resulting in monthly payments of \$978.04.
Clerk’s Office Fees	\$1,000.00 (est.)	Paid in full on Effective Date
Office of the U.S. Trustee Fees	\$1,950.00	Paid in full on Effective Date
<b>TOTAL: \$124,266.36 (\$22,345.04 to be paid at Effective Date)</b>		

**C. Priority Unsecured Tax Claims**

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8).

The Code requires that the holders of such claims receive regular installment payments in cash over a period ending not later than five years after the date of the order for relief, unless agreed otherwise. The claimant has not agreed otherwise. The total cash payments must have a present value equal to the amount of the allowed claim. The treatment of this claim is in a manner not less favorable than the most favored nonpriority unsecured claim provided in this Plan (other than any cash payments to an administratively convenient class).

The Debtor has no priority tax claims under Section 507(a)(8).

**D. Secured Claims**

Secured claims are those claims secured by liens on property of the estate.

The following charts list all classes containing Debtor's secured pre-petition claims and their respective treatments under this Plan:

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
1	<p><b>Secured claim of:</b> L.A. County Treasurer and Tax Collector</p> <p><b>Collateral description:</b> Lemon Creek Center Fremont Center</p> <p><b>Collateral value:</b> \$11,500,000.00</p> <p><b><u>Total Claim for 2008-2009 unpaid real property taxes:</u></b>  \$215,505.76</p> <p>(Per Proof of Claim #8 and Stipulation, Docket # 297)</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p><b>Payment amt/interval:</b> \$4,865.92 monthly</p> <p><b>Begin date:</b> April 25, 2011</p> <p><b>End date:</b> March 25, 2015</p> <p><b>Interest rate:</b> 4%</p> <p><b>Total Payout: \$233,564.16</b></p>

<u>CLASS</u> <u>#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIR</u> <u>ED</u> (Y/N)	<u>TREATMENT</u>
2	<p><b>Secured claim of:</b> Signal Walnut Partnership, LP ("SWP")</p> <p><b>Collateral description:</b> Lemon Creek Center</p> <p><b>Collateral value:</b> \$7,500,000.00</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b><u>Original Principal Balance:</u></b> <b>\$7,080,000.00</b></p> <p><b><u>Pre-petition Arrearage Amt:</u></b> Late Charges: \$12,095.00 Attorney Fees: \$31,966.64 Foreclosure Fees: \$16,245.64 Consulting Fees: \$39,755.00 Advances: \$1,537.22 Accrued Interest: \$90,318.33</p> <p><b><u>Post-petition Arrearage Amt:</u></b> Attorney Fees: \$210,238.93 Accrued Interest through Aug. 1, 2011: \$566,817.43</p> <p><b><u>LESS Adequate Protection</u></b> <b><u>Payments through Aug. 2011:</u></b> \$493,364.24</p> <p><b>Total Amount of Pre and Post Petition Arrears:</b> \$475,609.95</p> <p><b><u>Total Amount of Claim:</u></b> \$7,555,609.95</p> <p><b><u>Total Amount of Allowed Secured Claim:</u></b> <b>\$7,500,000.00</b></p> <p>The claim is capped at the value of the collateral (\$7,500,000.00) because the claim of an oversecured creditor is entitled to postpetition interest on its claim only to the extent the interest, when added to the principal amount of the claim, does not exceed the value of the collateral securing the claim.</p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p>Upon the Effective Date, the Reorganized Debtor shall deliver to SWP a new note (the "New Note"), superseding the existing note in the following particulars:</p> <p><b>Payment Amount:</b> \$35,400.00 per month (original monthly payment)</p> <p><b>Principal Balance:</b> \$7,080,000.00</p> <p><b>Begin Date:</b> Effective Date</p> <p><b>End Date:</b> The New Note shall mature and all unpaid principal and accrued but unpaid interest shall be fully due and payable on the sixtieth (60th) month following the Effective Date (the "New Maturity Date").</p> <p><b>Interest Rate:</b> 6% per annum as set forth in the Original Note</p> <p style="text-align: center;"><b><u>ARREARS</u></b></p> <p><b>Total Amount of Pre and Post Petition Arrears:</b> \$420,000.00 (Amount capped to fair market value of collateral)</p> <p><b>Payment Amount:</b> \$36,500.00 on the Effective Date and \$6,500.00 monthly thereafter</p> <p><b>Begin Date:</b> Effective Date</p> <p><b>End Date:</b> 60 months after Effective Date</p> <p><b>Treatment of Lien:</b> Claimant shall retain its lien and accrue interest pending payment of its claim in full. The treatment of the Class 2 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p> <p><b><u>Total Plan Payment:</u></b></p> <p><b>Effective Date: \$71,900.00</b> (\$35,400 + \$36,500) then <b>\$41,900.00</b> monthly thereafter (\$35,400.00 + \$6,500.00)</p>



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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
3	<p><b>Secured claim of:</b> American Continental Bank</p> <p><b>Collateral description:</b> Fremont Center</p> <p><b>Collateral value:</b> \$4,000,000.00 (per ACB's appraisal filed with the Court as Docket # 266)</p> <p><b>Priority of security interest:</b> 1st</p> <p><u>Principal Balance as of April 15, 2010 per POC #2:</u> \$3,387,637.83</p> <p><u>Post-petition accrued interest:</u> ACB's stay relief motion filed on February 23, 2011 asserts \$13,480.72 in post-petition accrued interest. Debtor disputes this calculation and believes there is \$0.00 in owed in post-petition accrued interest.</p> <p>Further, as of April 14, 2011, Debtor has made \$134,750.61 in adequate protection payments to ACB and calculates the total unpaid principal balance in the amount of <b><u>\$3,366,358.41</u></b></p> <p><u>Attorney Fees and Costs</u> \$32,202.61 (estimated per Stay Relief Motion, Docket #266 )</p> <p><b><u>Total Amount of Allowed Secured Claim:</u></b> <b><u>\$3,398,561.02</u></b></p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p>Upon the Effective Date the Reorganized Debtor shall deliver to ACB a new note (the "New Note") pursuant to the terms and conditions generally described herein.</p> <p><b>Principal Balance:</b> \$3,366,358.41</p> <p><b>Payment Amount:</b> \$13,864.61 per month</p> <p><b>Begin Date:</b> Effective Date</p> <p><b>End Date:</b> The New Note shall mature and all unpaid principal and accrued but unpaid interest shall be fully due and payable on the sixtieth (60th) month following the Effective Date (the "New Maturity Date").</p> <p><b>Interest Rate:</b> Interest shall accrue in accordance with the terms of the Original Note. The interest rate is based on the Prime Rate as published in the Wall Street Journal (currently 3.25%), plus 0.250 percentage points, resulting in an initial interest rate on the Effective Date of 3.5%.</p> <p><b>Treatment of Lien:</b> Claimant shall retain its lien and accrue interest pending payment of its claim in full. The treatment of the Class 3 allowed claim as described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p> <p style="text-align: center;"><b><u>ARREARS</u></b></p> <p><u>Attorney Fees and Cost:</u> \$32,202.61 (per ACB's Stay Relief Motion, Docket #266 )</p> <p>On the Effective Date the Reorganized Debtor shall deliver to ACB a lump sum of <b>\$30,000.00</b> as payment toward post-petition legal fees and costs.</p> <p>The remaining balance, if any, shall be paid in monthly installment payments for twelve (12) months until such sums are paid in full. The Debtor estimates a remaining balance of \$10,000.00. If so, the Plan will disburse monthly payments of \$833.33 for 12 months.</p> <p><b>Total Plan Payment:</b> <b>Effective Date:</b> \$44,697.94 (\$13,864.61+\$30,833.33) then <b>\$14,697.94</b> monthly thereafter (\$13,864.61+\$833.33 )</p>

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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
4	<p><b>Secured claim of:</b> Nelson L. Huang and Phoebe Chen Huang (“Huangs”)</p> <p><b>Collateral description:</b> Fremont Center</p> <p><b>Collateral value:</b> \$4,000,000 (per ACB’s appraisal filed with the Court as Docket # 266)</p> <p><b>Priority of security interest:</b> 2<sup>nd</sup></p> <p><b>Principal Balance:</b> <b>\$275,000.00</b></p> <p><b>Secured Portion of Claim:</b> \$275,000.00</p>	N	Y	<p>Currently, there is pending litigation in the Superior Court of Pomona between the Debtor and SWP captioned as: Signal Walnut Partnership, LP v. Orange Grove Service, Inc. Case No.: KC057439 (the “SWP Litigation”)</p> <p>The Bankruptcy Court authorized the Debtor to hire Michael Brown to defend Debtor against the SWP Litigation and to file an amended cross-complaint against the Huangs and others involved in the sale of the Fremont Center and Lemon Creek Center. On February 15, 2011, the Court entered an order approving Michael Brown’s employment as special litigation counsel (Docket #258).</p> <p>Trial is currently set for April 9, 2012.</p> <p>The Debtor’s Plan proposes to pay the Class 4 claim in monthly installments for 60 months until resolution of the SWP Litigation. The Debtor will offset any recovery from the SWP Litigation against the Class 4 claim.</p> <p><b>Payment amt/interval:</b> \$5,190.00</p> <p><b>Begin date:</b> Effective Date</p> <p><b>End date:</b> 60 months from the Effective Date</p> <p><b>Interest Rate:</b> 5%</p> <p><b>Total Payout:</b> \$311,400.00</p>

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
5	<p><b>Secured claim of:</b> DCFS USA, LLC</p> <p><b>Collateral description:</b> 2005 Mercedes Benz S55AMG</p> <p><b>Collateral value:</b> \$31,600.00 (per DCFS stay relief motion, Docket #95)</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b>Amount of Claim:</b> \$40,691.00 (per Stipulated Order, Docket #150)</p> <p><b>Secured Portion of Claim:</b> \$31,600.00</p> <p><b>Unsecured Portion of Claim:</b> \$9,091.00</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p><b><i>Principal and Interest</i></b></p> <p><b>Payment amt/interval:</b> \$949.14</p> <p><b>Begin date:</b> Effective Date</p> <p><b>End date:</b> 48 months from Effective Date</p> <p><b>Interest rate:</b> 5.579% (Modified Interest Rate)</p> <p><b>Total Payout:</b> \$ 45,558.72</p> <p><b>Treatment of Lien:</b> Claimant shall retain its lien and accrue interest pending payment of its claim in full</p> <p>The treatment of the Class 5 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p>

The Debtor does not seek to bifurcate the claim of the creditor in Class 5, but will pay this claim in full. Thus, the election under 11 U.S.C. §1111(b) is not available for Class 5.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
6	<p><b>Secured claim of:</b> GMAC, Inc.</p> <p><b>Collateral description:</b> 2005 Cadillac STS V6</p> <p><b>Collateral value:</b> \$8,540.00 (per kbb.com)</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b>Amount of Claim:</b> \$2,392.06 (per POC #1)</p> <p><b>Secured Portion of Claim:</b> \$2,392.06</p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y Creditor in this class is impaired and entitled to vote on the Plan	<p><b>Payment amt/interval:</b> \$570.78</p> <p><b>Begin date:</b> Effective Date</p> <p><b>End date:</b> 5 months from Effective Date</p> <p><b>Interest rate:</b> 5.9% (original interest rate)</p> <p><b>Total Payout:</b> \$ 2,853.90</p> <p><b>Treatment of Lien:</b> Claimant shall continue to retain its lien and accrue interest pending payment of its claim in full</p> <p>The treatment of the Class 6 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p>

The Debtor does not seek to bifurcate the claim of the creditor in Class 6, but will pay this claim in full. Thus, the election under 11 U.S.C. §1111(b) is not available for Class 6.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
7	<p><b>Secured claim of:</b> Ally Financial Inc., fka GMAC, Inc.</p> <p><b>Collateral description:</b> 2006 Chevrolet C1500</p> <p><b>Collateral value:</b> \$10,300.00 (per kbb.com)</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b>Amount of Claim:</b> \$7,423.00 as of April 2011</p> <p><b>Secured Portion of Claim:</b> \$7,423.00</p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y Creditor in this class is impaired and entitled to vote on the Plan	<p><b><u>Plan Treatment Pursuant to Stipulated Order Entered 7/22/2010, Docket # 141</u></b></p> <p><b>Payment amt/interval:</b> \$500.00 per month until total balance of claim is paid in full.</p> <p><b>Begin date:</b> August 3, 2010</p> <p><b>End date:</b> September 3, 2012</p> <p><b>Total Payout:</b> \$13,025.00</p> <p><b>Treatment of Lien:</b> Claimant shall continue to retain its lien and accrue interest pending payment of its claim in full</p> <p>The treatment of the Class 7 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p>

The Debtor does not seek to bifurcate the claim of the creditor in Class 7, but will pay this claim in full. Thus, the election under 11 U.S.C. §1111(b) is not available for Class 7.

**E. Classes of Priority Unsecured Claims**

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of priority unsecured claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The Debtor does not have any claims that would qualify as Sections 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) priority unsecured claims under the Plan.

**F. Class of General Unsecured Claims**

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan’s treatment of the class containing Debtor’s general unsecured claims.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
8	All General Non-Priority Unsecured Claims— <b>Non-Insiders</b>	N	Y	<b>Payment amt/interval:</b> \$5,861.28 monthly
	Hamid Habib Agahi \$100,000.00		Creditors in this class are impaired and entitled to vote on the Plan	<b>Begin date:</b> Effective Date
	Manijeh Habib Agahi \$100,000.00			<b>End date:</b> 60 months from Effective Date
	Hossein Hedjazi \$150,000.00			<b>Interest rate:</b> 0%
	Paul Gough, Esq. \$1,677.00			<b>Total Payout:</b> \$351,677.00
	<b>Total Amount of Claims: \$351,677.00</b>			The treatment of the Class 8 allowed claims described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
9	All General Non-Priority Unsecured Claims-- <b>Insiders</b>  Nelly Rabadi (Art Flores' Sister in law)  <b>Total Amount of Claim:</b> \$22,000.00	Y	Y Creditor in this class is impaired and entitled to vote on the Plan	<b>Payment amt/interval:</b> \$366.67  <b>Begin date:</b> Effective Date  <b>End date:</b> 60 months from Effective Date  <b>Interest rate:</b> 0%  <b>Total Payout:</b> \$22,000.00

**G. Classes of Interest Holders**

Interest holders are entities that hold an ownership interest (i.e. equity interest) in the Debtor. The following chart describes the Plan's treatment of the classes of interests:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
10	Equity Interests in the Debtor-- Arturo Flores	N	On the Effective Date all Class 10 interests will retain their interest under the Plan

**XI. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS**

The Plan cannot be confirmed unless the Court finds that it is "feasible," which means that there is evidence establishing that the Debtor will have sufficient funds available to satisfy all expenses, including the scheduled creditor payments discussed above. There are at least two important aspects of a feasibility analysis.

The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses entitled to payment. The Debtor maintains that this aspect of feasibility is satisfied as illustrated here:

<b>CASH ON HAND ON THE EFFECTIVE DATE (est. August 10, 2011 (Amount of funds Debtor Expects to Have in all DIP Accounts )</b>	<b>\$266,741.00</b>
<b>MONTHLY INCOME—Effective Date</b>	
Lemon Creek Center	\$65,460.00
Fremont Center Rents	\$22,744.00
Chiang Settlement (\$2,000.00 per month through September 2011)	\$2,000.00
2011 First Quarter CAM Reimbursement From Adjoining Parcel Owners (LESS 5% For Bad Debt)	<b>(\$4,510.00)</b>
<b>Total Gross Income</b>	<b>\$96,944.00</b>
<b>LESS MONTHLY OPERATING EXPENSES</b>	
Monthly Operating Expenses (excluding debt service)	<b>(\$12,077.00)</b>
<b>Total Operating Expenses</b>	<b>(\$12,077.00)</b>
<b>Net Income Available for Effective Date Payments</b>	<b>\$351,608.00</b>
<b>EFFECTIVE DATE PAYMENTS</b>	
Jerome S. Cohen ( <i>paid in full 12 months from Effective Date assuming outstanding balance of \$30,000.00</i> )	<b>(\$2,500.00)</b>
Hahn & Fife ( <i>paid in full 12 months from Effective Date assuming outstanding balance of \$35,000.00</i> )	<b>(\$2,917.00)</b>
Paul Gough, Esq. ( <i>estimated \$13,000.00</i> )	<b>(\$13,000.00)</b>
US Trustee Fees ( <i>quarterly</i> )	
L.A. County Treasurer and Tax Collector POC #10	<b>(\$978.04)</b>
Class 1: L.A. County Treasurer and Tax Collector POC #8	<b>(\$4,865.92)</b>
Class 2: Signal Walnut Partnership <b>Debt Service</b>	<b>(\$35,400.00)</b>
Class 2: Signal Walnut Partnership <b>Arrears</b>	<b>(\$36,500.00)</b>
Class 3: American Continental Bank <b>Debt Service</b>	<b>(\$13,864.61)</b>
Class 3: American Continental Bank <b>Arrears</b>	<b>(\$30,833.00)</b>
Class 4: Nelson L. Huang and Phoebe Chen Huang	<b>(\$5,190.00)</b>
Class 5: DCFS USA, LLC ( <i>paid in full 48 months from Effective Date</i> )	<b>(\$949.14)</b>
Class 6: Ally Financial Inc., fka GMAC Inc. ( <i>paid in full 5 months from Effective Date</i> )	<b>(\$507.78)</b>
Class 7: Ally Financial Inc., fka GMAC Inc. ( <i>paid in full 13 months from Effective Date</i> )	<b>(\$500.00)</b>
Class 8: Non-Priority Unsecured Claims--Non Insiders	<b>(\$5,861.28)</b>
Class 9: Non- Priority Unsecured Claims- Insiders	<b>(\$366.67)</b>
<b>Total Effective Date Payments</b>	<b>(\$154,233.44)</b>
<b>MONTHLY CASH BALANCE</b>	<b>\$197,374.56</b>

The second aspect considers whether the Debtors will have enough cash over the life of the Plan to make the required Plan payments. Attached hereto as **Exhibit B** is a detailed cash flow for the duration of the Plan. The focus is on projected cash receipts and cash

1 disbursements. All non-cash items such as depreciation, amortization, gains and losses are  
2 omitted. A positive number reflects a source of cash; a (negative number) reflects a use of cash.

3  
4 The Debtor submits that the Plan is feasible. The Debtor currently collects approximately  
5 \$85,204.00 in monthly gross income from both the Lemon Creek Center and the Fremont Center  
6 and anticipates an additional \$18,972.00 in additional income from new leases to come into  
7 effect within the next six months for an average of \$104,176.00 in monthly gross income. After  
8 operating expenses of approximately \$12,077.00 per month, there is a remaining \$92,099.00  
9 available for Plan disbursements. The Plan proposes to disburse an average of \$81,233.44 in  
10 Plan Payments each month for the first 12 months. After the first 12 months of the Plan, The  
11 Debtor's monthly Plan Payments will decrease to \$76,475.66 when Debtor retires ACB  
12 arrearages, vehicle claims, and administrative claims of Chapter 11 counsel and accountant.

13  
14 Further, the gross income of \$104,176.00 does not take into account (1) the additional  
15 \$101,250.00 from the AIMS Litigation, (2) the Debtor's cash balance of \$197,374.56 after  
16 Effective Date payments, (3) and the potential \$7,380.00 in rental income from the 3,690 square  
17 foot. vacant unit at the Fremont Center.

18  
19 Section XV states the assumptions and details surrounding the statement of projected  
20 cash flow.

21  
22 The Debtor has provided projected financial information. Please refer to Debtor's  
23 Monthly Operating Reports on file with the Court and the United States Trustee for the Debtor's  
24 historical information. A copy can also be obtained by written request to Debtor's bankruptcy  
25 counsel. YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR  
26 FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE  
27 FINANCIAL STATEMENTS.  
28



1       **XII. ASSETS AND LIABILITIES OF THE ESTATE**

2  
3       **A. Assets**

4       The identity and fair market value of the estate's assets are listed in **Exhibit C** so that the  
5 reader can assess what assets are at least theoretically available to satisfy claims and to evaluate  
6 the overall worth of the bankruptcy estate.  
7

8       **B. Liabilities**

9       **Exhibit D** shows the allowed claims against the estate, claims whose treatment is  
10 explained in detail by Section X.

11       **C. Summary**

12       The fair market value of all assets equals **\$11,910,255.63**. Total liabilities **\$11,934,566.20**.

13  
14       **XIII. TREATMENT OF NONCONSENTING CLASSES**

15  
16       As stated above, even if all classes do not consent to the proposed treatment of their  
17 claims under the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated  
18 in a manner prescribed by the Code. The process by which dissenting classes are forced to abide  
19 by the terms of a plan is commonly referred to as "cramdown." The Code allows dissenting  
20 classes to be crammed down if the Plan does not "discriminate unfairly" and is "fair and  
21 equitable." The Code does not define discrimination, but it does provide a minimum definition  
22 of "fair and equitable." The term can mean that secured claimants retain their liens and receive  
23 cash payments whose present value equals the value of their security interest. For example, if a  
24 creditor lends the Debtor \$100,000 and obtains a security interest in property that is worth only  
25 \$80,000, the "fair and equitable" requirement means that the claimant is entitled to cash  
26 payments whose present value equals \$80,000 and not \$100,000. The term means that unsecured  
27  
28

1 claimants whose claims are not fully satisfied at least know that no claim or interest that is junior  
2 to theirs will receive anything under the Plan, except where the Debtor is an individual, has  
3 elected to retain property included in the Estate under 11 U.S.C.A. § 1115 (West Supp. 2006)  
4 and has satisfied 11 U.S.C.A. § 1129(b)(2)(B)(ii) (West Supp. 2006). "Fair and equitable"  
5 means that each holder of an interest must receive the value of such interest or else no junior  
6 interest is entitled to receive anything.  
7

8 Therefore, if a class of general unsecured claims votes against the Plan, the Plan cannot  
9 be confirmed where the Debtor or a class of interest holders (e.g. shareholders or partners) will  
10 receive or retain any property under the Plan, unless the Plan provides that the class of general  
11 unsecured claims shall be paid in full with interest  
12

13 The Plan provides that the Debtor will retain all assets listed in **Exhibit C**. These are  
14 complex statutory provisions and the preceding paragraphs do not purport to state or explain all  
15 of them.  
16

17 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF CONSENTING**  
18 **CLASS (CHAPTER 7 LIQUIDATION ANALYSIS)**  
19

20 The Plan must provide that a nonconsenting impaired claimant or interest holder of a  
21 consenting class receive at least as much as would be available had the Debtor filed a Chapter 7  
22 petition instead.  
23

24 In a Chapter 7 case the general rule is that the Debtor's assets are sold by a trustee.  
25 Unsecured creditors generally share in the proceeds of sale only after secured creditors and  
26 administrative claimants are paid. Certain unsecured creditors get paid before other unsecured  
27 creditors do. Unsecured creditors with the same priority share in proportion to the amount of  
28 their allowed claim in relationship to the total amount of allowed claims.

1 A creditor would recover from the assets of the bankruptcy estate less under Chapter 7  
2 than under Chapter 11 for the following reasons:

3 First, for those assets with equity, the liquidation value is less than the fair market value  
4 because of the costs associated with liquidation. In formulating the chart below, the Debtor  
5 reduced the fair market value by 8% to account for the estimated cost of sale.  
6

7 Second, in a Chapter 7 case, a trustee is appointed and is entitled to compensation from  
8 the bankruptcy estate in an amount no more than 25% of the first \$5,000.00 of all moneys  
9 distributed, 10% on any amounts over \$5,000.00 of all moneys disbursed, 10% on any amounts  
10 over \$5,000.00 and up to \$50,000.00, 5% on all amounts over \$50,000.00 and up to  
11 \$1,000,000.00, and such reasonable compensation no more than 3% of moneys over  
12 \$1,000,000.00.  
13

14 Debtor believes that unsecured creditors will receive nothing under a hypothetical  
15 Chapter 7 liquidation. In contrast, the Plan proposes to pay general unsecured creditors a **100%**  
16 distribution of their total claim. Unsecured creditors will undoubtedly receive more under the  
17 Plan than in a Chapter 7 liquidation.  
18

19 Below is a demonstration, in spread sheet format, that all creditors and interest holders  
20 will receive at least as much under the Plan as they would receive under a Chapter 7 liquidation:  
21

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33

Asset	Fair Market Value	Liquidation Value (Reduced by 8% for Cost of Sale)	Exemption	Value of Claimed Exemption	Value of Asset after Deducting Value of Claimed Exemption
Cash on Hand (on Effective Date)	\$ 197,312.00				\$197,312.00
308-388 Lemon Ave., Walnut, CA 91789 ("Lemon Creek Center")	\$7,500,000.00 (per Debtor's appraisal)	\$6,900,000.00			\$6,900,000.00
2120-2150 South Fremont Avenue, Alhambra, CA 91803 ("Fremont Center")	\$4,000,000.00 (per Lender's appraisal)	\$3,680,000.00			\$3,680,000.00
2005 Mercedes 555 AMG	\$23,425.00 (per Kelley Blue Book value)	\$21,551.00			\$21,551.00
2006 Chevrolet Suburban	\$10,300.00 (per Kelley Blue Book value)	\$ 9,476.00			\$9,476.00
2005 STS Cadillac	\$8,540.00 (per Kelly Blue Book value)	\$7,856.80			\$7,856.80
AIMS Litigation	\$101,250.00				\$101,250.00
<b>TOTAL ASSETS AT LIQUIDATION VALUE</b>					<b>\$10,917,445.80</b>
Less secured claim (Lemon Creek)					\$ (7,500,000.00)
Less secured claim (Fremont Center)					\$ (3,366,358.41)
Less secured claim (Mercedes)					\$ (40,691.00)
Less Real Property Taxes					\$ (258,822.12)
Less secured claim (Chevrolet)					\$ (7,423.00)
Less secured claim (Cadillac)					\$ (2,392.06)
Less Chapter 7 Trustee Fees (3%)					\$ (324,485.87)
Less Chapter 11 Administrative Expenses					\$ (65,000.00)
<b>AMOUNT AVAILABLE TO NON-PRIORITY UNSECURED CREDITORS</b>					<b>\$ (647,726.66)</b>

PERCENTAGE OF THEIR CLAIMS WHICH UNSECURED CREDITORS AND SECOND LENDER WOULD RECEIVE OR RETAIN IN A CHAPTER 7 LIQUIDATION = **0%**

PERCENTAGE OF THEIR CLAIMS WHICH UNSECURED CREDITORS AND SECOND LENDER WILL RECEIVE OR RETAIN UNDER THIS PLAN: **100%**

**XV. FUTURE DEBTOR**

**A. Post-Confirmation Management**

The Debtor alone will provide post-confirmation management.

\\

1  
2 **B. Disbursing Agent**

3 The Debtor will act as its own disbursing agent for the purpose of making all  
4 distributions provided for under the Plan. The Debtor shall serve without bond and without  
5 compensation.

6 **C. Future Financial Outlook**

7 The Debtor believes that the Debtor's economic health will improve from its pre-  
8 bankruptcy condition for the following reasons:

- 9 i. Stipulation with the L.A. County Treasurer and Taxing Authority to pay  
10 real property tax claims over time without incurring additional fees and  
11 penalties;
- 12 ii. Success in securing new tenants such as the National Credit Tenant,  
13 Verizon, Carmen's Mexican Restaurant, Carmen's Express Takeout, and  
14 the Florist. Previously, Vons withheld approval of certain tenant leases.  
15 In April 2011, Debtor was finally able to obtain Vons approval.
- 16 iii. Settlement of the Chiang Litigation. Chiang is the largest tenant at the  
17 Lemon Creek Center with a monthly rent of \$8,080.00. In February when  
18 the Chiang Litigation settled, Chiang paid a lump sum of \$34,000.00 to  
19 the Debtor and commenced making monthly rent payments of \$8,080.00  
20 to the Debtor. In addition, pursuant to the Stipulated Judgment Chiang  
21 will pay an additional \$11,000.00 in monthly installments of \$2,000.00 per  
22 month.

23 As Debtor's financial projections demonstrate, Debtor will have an annual cash flow,  
24 after paying operating expenses and post-confirmation taxes, of **\$202,291.00** by the end of 2011,  
25 **\$107,300.00** at the end of 2012, **\$123,750** at the end of 2013, **\$169,854.00** at the end of 2014,  
26 and **\$276,146.00** at the end of 2015. *See Exhibit B. Debtor's cash flow projections assume*  
27 **bad debt of 5% per month.**  
28

1       **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION OF CONTRACTS**  
2       **AND LEASES; OTHER PROVISIONS**

3       The Plan provides for the following:

4               **A. Executory Contracts and Unexpired Leases**

5                       **i. Assumptions**

6               On the Effective Date, Debtor will assume the executory contracts and unexpired leases  
7 identified in **Exhibit “E”**. The Confirmation Order, upon the arrival of the Effective Date, will  
8 constitute a Court order approving the assumption, on the Effective Date, of the executory  
9 contracts and unexpired leases identified in **Exhibit “E”** and any other leases with tenants of any  
10 of the Debtor’s real properties that may hereafter be entered into in the ordinary course.  
11

12                       **ii. Rejections**

13               To the extent that an executory contract or unexpired lease is not assumed, as specified in  
14 **Exhibit “E”** on the Effective Date, all such executory contracts and unexpired leases shall be  
15 deemed rejected. The Confirmation Order, subject to the occurrence of the Effective Date, shall  
16 constitute an Order approving the Debtor’s rejection of all such executory contracts and  
17 unexpired leases.  
18

19               **THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM**  
20 **ARISING FROM THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED**  
21 **LEASE WILL BE 30 DAYS AFTER ENTRY OF THE CONFIRMATION ORDER.**  
22

23               Any claim based on the rejection of an executory contract or unexpired lease will be  
24 barred if the proof of claim is not timely filed, unless the Court orders otherwise.  
25

26               **B. Changes in Rates Subject to Regulatory Commission Approval**

27               Debtor is not subject to governmental regulatory commission approval of its rates.

28               **C. Retention of Jurisdiction.**

              The Court will retain jurisdiction to the extent provided by law.

1           **XVII. TAX CONSEQUENCES OF PLAN**

2           CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN  
3 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN  
4 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible  
5 tax consequences is intended solely for the purpose of alerting readers about possible tax issues  
6 this Plan may present to the Debtor.  
7

8           The Debtor CANNOT and DOES NOT represent that the tax consequences contained  
9 below are the only tax consequences of the Plan because the Internal Revenue Code embodies  
10 many complicated rules which make it difficult to state completely and accurately all the tax  
11 implications of any action. The Debtor has accounted for taxes in its cash flows as reflected in  
12 **Exhibit B.** The Debtor does not anticipate that this Plan will have a significant or material effect  
13 on their tax liability. The Debtor makes no representations regarding the potential tax  
14 consequences to creditors.  
15  
16

17           **XVIII. EFFECT OF CONFIRMATION OF PLAN**

18           **A. General Comments**

19           The provisions of a confirmed Plan bind the Debtor, any entity acquiring property under  
20 the Plan, and any creditor, interest holder, or general partner of the Debtor, even those who do  
21 not vote to accept the Plan.

22           The confirmation of the Plan vests all property of the estate in the Debtor.

23           The automatic stay is lifted upon confirmation as to property of the estate. However, the  
24 stay continues to prohibit collection or enforcement of pre-petition claims against the Debtor or  
25 the Debtor's property until the date the Debtor receives a discharge, if any. If the Debtor does  
26 not seek a discharge, the discharge is deemed denied, and the stay as to the Debtor and the  
27 Debtor's property terminates upon entry of the order confirming the Plan.  
28

1           **B.     Discharge of liability for payment of debts; status of liens; equity**  
2                           **security holders**

3           Unless the Debtor is not entitled to receive a discharge pursuant to 11 U.S.C.A.

4 1141(d)(3) (West 2004), the debtor may obtain a discharge only upon specific order of the Court.

5           The confirmation of the Plan does not discharge the Debtor from any debt of a kind  
6 specified in 11 U.S.C.A. § 523(a)(2)(A)-(B) (West 2004 & Supp. 2006) that is owed to a  
7 domestic governmental unit, or owed to a person as the result of an action filed under subchapter  
8 III of chapter 37 of title 31 or any similar State statute, or for a tax or customs duty with respect  
9 to which the debtor made a fraudulent tax return or willfully attempted in any manner to evade or  
10 to defeat such tax or such customs duty.” *See* 11 U.S.C.A. § 1141(d)(5)-(6) (West Supp. 2006).  
11  
12

13  
14           **C.     Modification of the Plan**

15           The Debtor may modify the Plan pursuant to 11 U.S.C.A. § 1127 (West 2004 & Supp.  
16 2006).

17  
18           **D.     Post-Confirmation Causes of Action**

19           The Debtor is designated as representative of the estate under 11 U.S.C.A. § 1123(b)(3)  
20 (West 2004) and shall have the right to assert any or all causes of action post-confirmation in  
21 accordance with applicable law.  
22

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1 **E. Final Decree**

2 Once the Plan has been consummated, a final decree may be entered upon motion of the  
3 Proponent. The effect of the final decree is to close the bankruptcy case. After such closure, a  
4 party seeking any type of relief relating to a Plan provision can seek such relief in a state court of  
5 general jurisdiction.  
6

7  
8 Dated: May 6, 2011

9  
10 \_\_\_\_\_  
Orange Grove Services, Inc.  
Debtor and Debtor-in-Possession

11  
12 Presented By:

13 /s/ Jerome S. Cohen

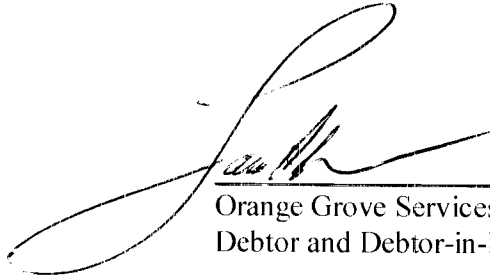
14 Jerome S. Cohen

15 Attorney for Debtor and Debtor-in-Possession and Plan Proponent  
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1           **E.     Final Decree**

2           Once the Plan has been consummated, a final decree may be entered upon motion of the  
3 Proponent. The effect of the final decree is to close the bankruptcy case. After such closure, a  
4 party seeking any type of relief relating to a Plan provision can seek such relief in a state court of  
5 general jurisdiction.  
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8 Dated: May 6, 2011

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11 \_\_\_\_\_  
12 Orange Grove Services, Inc.  
13 Debtor and Debtor-in-Possession

14 Presented By:

15 /s/ Jerome S. Cohen

16 Jerome S. Cohen

17 Attorney for Debtor and Debtor-in-Possession and Plan Proponent  
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**DECLARATION OF ARTURO FLORES**

I, ART FLORES, declare:

1. I am the President of Orange Grove Service, Inc., the Debtor and Plan Proponent herein (“Debtor” or “Proponent”). I make this declaration in support of Debtor’s *First Amended Disclosure Statement And Plan of Reorganization of Orange Grove Service, Inc.* (the “First Amended Disclosure Statement and Plan”).

2. Debtor’s attorney, Jerome S. Cohen and his associates are the individuals who prepared this document.

3. I provided all financial data along with STC Management, the property management company employed by Debtor. All facts and representations in this First Amended Disclosure Statement and Plan are true to the best of my knowledge.

4. No fact material to a claimant or equity security holder in voting to accept or reject the proposed Plan has been omitted.

5. The name of the person who prepared the cash flow projections and other financial documents is Don T. Fife, a partner of Hahn & Fife, and such person was acting within the capacity of accountant for the Debtor.

6. The cash basis accounting method was used to prepare the cash flow projections and the other financial documents.

7. Attached herein as **Exhibit A** is a true and correct copy of a letter from Vons, a subsidiary of Safeway Inc. approving the new restaurant tenants.

8. Attached herein as **Exhibit B** is a true and correct copy of a detailed cash flow for the duration of the Plan.

9. Attached herein as **Exhibit C** is a true and correct copy of the identity and fair market value of the estate's assets.

1 10. Attached herein as **Exhibit D** is a true and correct copy of the allowed claims against the  
2 estate.

3  
4 11. Attached herein as **Exhibit E** is a true and correct copy of the Debtor's executory  
5 contracts and unexpired leases.

6  
7 I declare under penalty of perjury under the laws of the United States of America that the  
8 foregoing is true and correct, and that this declaration was executed on May 6, 2011 at  
9 CLAREMONT, California.

10  
11   
12 ART FLORES

**PROOF OF SERVICE OF DOCUMENT**

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 3731 Wilshire Blvd., Suite 514, Los Angeles, CA 90010.

A true and correct copy of the foregoing document described **FIRST AMENDED DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION FOR ORANGE GROVE SERVICE, INC.** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

**I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)**

Pursuant to controlling General Order(s) and LBR(s), the foregoing document will be served by the court via NEF and hyperlink to the document. On **May 6, 2011** I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- Matthew Abbasi matthew@anhlegal.com
- Jerome S Cohen jsc@jscbklaw.com
- Geoffrey A Heaton gheaton@duanemorris.com
- Bernard J Kornberg bjk@severson.com
- Jeffrey A Krieger jkrieger@ggfirm.com
- Dare Law dare.law@usdoj.gov
- Randall P Mroczynski randym@cookseylaw.com
- Edward G Schloss egs2@ix.netcom.com
- United States Trustee (LA) ustprejion16.la.ecf@usdoj.gov

**II. SERVED BY UNITED STATES MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):**

On **May 6, 2011** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

The Honorable Ellen Carroll  
United States Bankruptcy Court--Central District of California  
Edward R. Roybal Federal Building and Courthouse  
255 E. Temple Street, Suite 1634 / Courtroom 1639  
Los Angeles, CA 90012

Dare Law  
725 S Figueroa St 26th Fl  
Los Angeles, CA 90017

**III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served):**

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

May 6, 2011  
Date

Kim Bui  
Type Name

/s/ Kim Bui  
Signature