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ATTORNEYS FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:

LAST FRONTIER REALTY CORPORATION §
DEBTOR. § Case No. 17-30454
 §

AMENDED DISCLOSURE STATEMENT OF LAST FRONTIER REALTY CORPORATION PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE DATED JUNE 23, 2017

TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

I

INTRODUCTION

Identity of the Debtor

Last Frontier Realty Corporation, (“Debtor”) filed its voluntary Chapter 11 case in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (“Court”) on February 6, 2017. Debtor is a Texas corporation which owns two pieces of real property. Debtor purposes to restructure its current indebtedness and continue its operations to provide a dividend to the unsecured creditors of Debtor.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor’s Amended Plan of Reorganization dated June 23, 2017 (“Plan”). This

Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a Debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a Plan is the principal purpose of a Chapter 11 reorganization case. A Plan sets forth the means for satisfying claims against and interests in the Debtor. After a Plan has been filed, it must be accepted by holders of claims against, or interests in, the Debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a Plan. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the Plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a Plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the Debtor were liquidated under Chapter 7 of the Code.

Acceptance of the Plan by the Creditors and Equity Interest Holders is important. In order for the Plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the Plan in such class must vote for the Plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the Plan in such class must vote for the Plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the Debtor vote in favor of the Plan in order for it to be confirmed by the Court. The Plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a Plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the Plan discharges the Debtor from all of their pre-confirmation debts and liabilities except as expressly provided for in the Plan and Section 1141(d) of the Code. Confirmation makes the Plan binding upon the Debtor and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the Plan.

Voting Procedures

Unimpaired Class. Claimants in Classes 1 and 6 are not impaired under the Plan. Such Class is deemed to have accepted the Plan.

Impaired Classes. The Classes 2 through 5 Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2 through 5. Each holder of an Allowed Claim in Classes 2 through 5 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

Except to the extent permitted by the Bankruptcy Court pursuant to Rule 3018 of the Bankruptcy Rules, ballots that are received after the Voting Deadline will not be accepted or used by the Debtor in connection with the Debtor's request for confirmation of the Plan.

Unless otherwise directed by the Court, all questions as to the validity, form, eligibility (including time of receipt) acceptance and revocation or withdrawal of ballots or master ballots will be determined by the Debtor in its sole discretion, whose determination will be final and binding.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with at least as much as they would receive in a Chapter 7 liquidation. The Plan proposes a full dividend to all creditors, therefore creditors are receiving at least as much as they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a Plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Under the Debtor's Plan, if confirmed, the shareholder of the Debtor will be allowed to retain his stock in the Debtor. Under the provisions of section 1129(b) of the Bankruptcy Code, the

shareholders of the Debtor would generally not be entitled to keep their shares, over the objection of a Class of unsecured creditors, unless the unsecured creditors receive full payment. This is known as the "absolute priority rule".

In this case, the shareholder of the Debtor will be allowed to keep his shares and all creditors will be paid in full.

II **REPRESENTATIONS**

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as **Exhibit "A"**.]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtor, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN

ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTOR'S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTOR

History and Background of the Debtor

The Debtor refinanced a piece of property located at 3117 Saturn, Garland Texas ("Saturn Property") in March 2015 with a company known as Budtime Forest Grove Homes, LLC ("Budtime"). The Debtor allowed the Saturn Property to be used by a company owned by Debtor's sole shareholder, Joe Gonzalez known as Last Frontier Auto Sales, Inc., ("Auto Sales"). For the use of the Saturn Property, Auto Sales made the note payments to Budtime. The Debtor pre-paid the insurance for the Saturn Property at time of closing and monthly payments were made to Budtime

which included a payment for insurance on the Saturn Property. The Saturn Property was damaged by a storm in August 2016. At that time it was learned that Budtime had taken the Debtor's money but never purchased insurance on the Property. Budtime and the Debtor got into a dispute over the insurance claim. The Debtor contends that it continued to pay Budtime until November 2016 and Budtime disputes this claim. Budtime posted the Saturn Property for foreclosure and the Debtor filed this bankruptcy to stop the foreclosure and determine the amount of the Budtime claim.

The Debtor also owns a piece of real property at 12205 Ravenview, Dallas, Texas (the "Ravenview Property"). The Debtor get income from rental of horse stalls on the Ravenview Property.

Post-Petition Operations

Since the filing of the Bankruptcy, the Debtor has continued to maintain its properties. During the course of the case, the Debtor has been collecting rent from the Ravenview Property and using those funds to maintain its operations. Because the Debtor has not been making note payments to Budtime during the course of the bankruptcy, Auto Sales has not been paying anything to the Debtor, however, the Debtor and Auto Sales shall enter into a lease agreement in conjunction with the confirmation of the Debtor's Plan to provide that Auto Sale shall pay rent to the Debtor in the amount of \$3,500 per month.

Budtime has filed a Motion to Dismiss. The debtor opposes the Motion. A Hearing has been set on the Motion for June 30, 2017.

Future Income and Expenses Under the Plan

Payments to be made under the Plan will come from the continued rental of the properties by the Debtor. The Debtor currently receives \$3,000 per month on the Ravenview property and shall receive \$3,500 per month from the Saturn property. Attached hereto are the Debtor's projections and income and expenses over the next year. The Debtor does not believe the income or expenses will change to any great extent over the terms of the Plan. The Projections are attached hereto as Exhibit B.

Post-Confirmation Management

Upon Confirmation of the Debtor's Plan, Joe Gonzalez will remain the sole owner of the company. Mr. Gonzalez will not receive a salary from the Debtor.

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor's major assets consists of two pieces of real property. The Debtor has received an appraisal on the Saturn property in February 2015 in the amount of \$457,000. The Saturn Property, as set forth above, was damaged by a storm and there was no insurance on the Saturn Property at the time and it is therefore hard to determine the exact value of the Saturn Property today. The Ravenview property has not been appraised, however, the Debtor believes the value of the Ravenview property is at least \$240,000. This value comes from the current tax appraisal on the Ravenview property. A liquidation analysis is attached hereto as Exhibit C.

V.

SUMMARY OF PLAN OF REORGANIZATION

The Debtor's Plan will break the existing claims into 6 categories of Claimants. Tax Creditors and Unsecured Claimants will receive cash payments beginning on the Effective Date

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles 5 and 6 of this Plan shall be the sole an exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Reorganized Debtor shall assume all duties, responsibilities and obligations for the implementation of this Plan.

Class 1 Claimants (Allowed Administrative Claims of Professionals and US Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtor's attorney's fees approved by the Court and payable to the law firm of Eric Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. This case will not be closed until all allowed Administrative Claims are paid in full. Class 1 Creditor Allowed Claims are estimated as of the date of the filing of this Plan to not exceed the amount of \$15,000 including Section 1930 fees. Section 1930 fees shall be paid in full prior to the Effective Date. The Debtor is required to continue to make quarterly payments to the U.S. Trustee and shall be required to file post-confirmation operating reports until this case is closed.

The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Property Tax Claims) are impaired and shall be satisfied as follows: The Debtor owes business property taxes to Dallas County, City of Garlands and Garland ISD. Dallas County has filed a Proof of Claim in the amount of \$24,593.47. City of Garland has filed a Proof of Claim in the amount of \$5,278.69. However ,the Proof of Claim contains \$3,831.65 in personal property taxes owed by Auto Sales. Garland ISD has filed a Proof of Claim in the amount of \$11,346.18. However, the Garland ISD Proof of Claim contains \$5,431.15 in personal property taxes owed by Auto Sales. The Ad Valorem Taxes will receive post-petition pre-confirmation

interest at the state statutory rate of 1% per month and post-confirmation interest at the rate of 12% per annum. The Debtor shall pay the Class 2 claimants in full within interest at the rate of 12% per annum in 60 equal monthly payments commencing on the Effective Date. The approximate total amount of the monthly payment to the Class 2 creditors will be approximately \$735. The Class 2 claimants shall retain their liens on the Debtor's property until paid in full under this Plan.

The Class 2 Creditors are impaired under this Plan.

Class 3 Claimant (Allowed Secured Budtime Forest Grove Homes LLC) is impaired and shall be satisfied as follows: On or about March 30, 2015, the Debtor executed that certain Promissory Note in the original principal amount of \$250,000 in favor of Budtime Forest Grove Homes LLC ("Note"). The Note was secured by that certain Deed Of Trust on that certain real property located at 3117 Saturn, Garland, Texas, more particularly described in the Deed of Trust. ("Saturn Property"). Budtime has filed a Proof of Claim asserting an amount owed on the Note of \$286,352.75. The Debtor believes the value of the Saturn Property is at least \$450,000. The Debtor has filed an Objection to the Budtime Proof of Claim based upon, among other things, the failure of Budtime to provide insurance on the Saturn Property despite collecting funds from the Debtor to pay for insurance on the Saturn Property, and the failure of Budtime to pay real property taxes on the Saturn Property despite collecting funds from the Debtor to pay for the taxes on the Saturn Property. Upon a resolution of the Budtime claim, the Debtor shall pay the Allowed Claim of Budtime with interest at the rate of 5% per annum in one hundred and twenty (120) equal monthly payments commencing on the later of the Effective Date, or thirty (30) days after the Budtime claim becomes and Allowed Claim under the Plan. Budtime shall retain its current lien on the Saturn Property until paid in full under this Plan. If the Budtime Claim were allowed in the amount of the Proof of Claim the monthly payment to Budtime would be approximately \$3,050. The Debtor may pre-pay the Budtime Claim at any time without penalty.

The Class 3 Claimant is impaired under this Plan.

Class 4 Claimant (Allowed Secured Claims of Propel Financial Services) are impaired and shall be satisfied as follows: The Debtor on or about May 15, 2015 executed a Property Tax Payment Agreement in favor of Propel Financial Services, LLC ("Propel") in the original principal amount of \$18,995.35 ("Agreement #1"). The Agreement was secured by a Tax Lien Contract and one or more Certified Statements of Transferred Tax Lien (together, the "Security Documents") concerning the Debtor's Ravenview Property. As of the Petition Date, the total debt owed to Propel on Note #1 was \$20,422.42. The Debtor on or about January 24, 2013 executed a Property Tax Payment Agreement in favor of Propel Financial Services, LLC ("Propel") in the original principal amount of \$49,383.83 ("Agreement #2"). The Agreement was secured by a Tax Lien Contract and one or more Certified Statements of Transferred Tax Lien (together, the "Security Documents")

concerning the Debtor's Ravenview Property.¹ The Security Documents were duly and properly recorded. As of the Petition Date, the total debt owed to Propel on Note #2 was \$29,437.63.

Because Propel is oversecured, the amount owed to Propel relating to Propel Proof of Claims 9 and 10, is entitled to bear interest at the rate of interest provided for under the Agreement from and after the Petition Date, and to accrue costs, charges and fees pursuant to 11 U.S.C. § 506(b). By agreement, Propel has incurred an additional 4 hours of attorney's fees at the rate of \$325.00 per hour (for a total of \$1,300.00) which is allowed without the necessity of a fee application filed under F.R.B.P. 2016, together with the post-petition interest claim from the Petition Date through the Effective Date at the rate of 8.99% per annum.

The Debtor shall repay the amount owed to Propel as of the Effective Date in 120 equal monthly payments commencing on the first day of the first month following the Effective Date and terminating 120 months thereafter. The amount of the monthly payment will be that necessary to fully amortize the amount owing to Propel Note #1 as of the Effective Date with interest at 8.99% in 120 equal monthly installments and shall be in the approximate amount of \$268.43. The amount of the monthly payment will be that necessary to fully amortize the amount owing to Propel Note #2 as of the Effective Date with interest at 13.90% in 120 equal monthly installments and shall be in the approximate amount of \$454.11.

Propel shall retain all its liens pursuant to the Security Documents on Debtor's property in its current lien priority to secure repayment of amounts to be paid to Propel under the Agreement. All other terms of the Agreement and Security Documents shall remain in full force and effect except as modified by this Plan.

Class 5 Claimants(Allowed Unsecured Claims) are impaired and shall be satisfied as follows: The Allowed Claims of Unsecured Creditors will share pro-rata in the Unsecured Creditor's Pool. The Debtor shall pay \$500 per month for the number of months necessary to pay all allowed unsecured creditors in full with interest at 3% per annum. The Unsecured Creditors shall be paid quarterly on the last day of each calendar quarter. Payments to the Unsecured Creditors will commence on the last day of the first full calendar quarter after the Effective Date. Based upon the Debtor schedules the total amount of unsecured creditors will be \$27,000.

The Class 5 creditors are impaired under this Plan.

¹ Agreement #2 original covered the Ravenview Property and another property of the Debtor's which was sold pre-petition.

Class 6 (Current Interest Holders) are not impaired under the Plan and shall be satisfied as follows: The current shareholder will receive no payments under the Plan, and the current interest holder shall retain his existing interests.

The Class 6 Interest Holder is not impaired under this Plan.

ARTICLE VI

MECHANICS/IMPLEMENTATION OF PLAN

Debtor anticipates using the on-going business income of the Debtor to fund the Plan. All payments under the Plan shall be made through the Disbursing Agent.

VII.

FEASIBILITY OF PLAN

The projections set forth on Exhibit "B" are based upon the Debtor's historical operations. The Debtor has not projected any significant increases in income over the life of the Plan. Based upon the projections, the Debtor believes the Plan to be feasible.

VIII.

RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

This Plan shall be the sole and exclusive remedy for any Creditor of the Debtor dealt with herein, so long as Debtor is not in default under the Plan.

IX.

ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Generally, a liquidation or forced sale yields a substantially lower amount. Given the nature of the Debtor's property, a Chapter 7 proceeding might pay the creditors the same return as they are receiving under this Plan.

A Liquidation Analysis is attached hereto as Exhibit C.

X

STATUS OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

To the extent there are any unexpired leases or executory contracts, which have not been assumed or dealt with in this Plan prior to the Effective Date, they are rejected. The Debtor's lease with Auto Sales proposed under this Plan, is specifically assumed by this Plan.

XI

RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants should be aware that there are a number of substantial risks involved in consummation of the Plan. The risk connected with this Plan is the Debtor's ability to continue to obtain rents at the levels necessary to fund the Plan. The Debtor is proposing to make payments based upon the Debtor's historical rents. The Plan contemplates that there will be excess funds to pay Creditor Claims.

XII.

TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. In this case, all creditors will be paid in full. Creditors may have tax consequences as a result of payment on their claims. **CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.**

XIII.

PENDING OR ANTICIPATED LITIGATION

The Debtor has evaluated potential claims which may be brought. The Debtor does not believe any claims under the provisions of the Bankruptcy Code exist which would be beneficial for the Debtor to pursue or which would result in a higher return to the creditors. The Debtor does have claims against Budtime for the failure of Budtime to purchase insurance on the Debtor's Property. Those claims are being dealt with in the context of Debtor's pending Objection to the Claim of Budtime, and the resolution of those claims will not change the full payment to the creditors of the estate. ,

Dated: June 23, 2017.

Respectfully submitted,

_____/s/ Last Frontier Realty Corporation____

Joe Gonzalez

Sole Shareholder

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ATTORNEY FOR DEBTOR

EXHIBIT C LIQUIDATION ANALYSIS

ASSETS	Chapter 7	Chapter 11
CASH	5,000	5,000
A/R	0	0
REAL PROPERTY ²		
3117 Saturn	360,000	450,000
12205 Ravenview	192,000	240,000
TOTAL	557,000	695,000

LIABILITIES

ADMINISTRATIVE	15,000	15,000
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TAXES

PROPERTY	33,000	33,000
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SECURED CREDITOR

²Chapter 7 value at 80% of current value to account for costs of liquidation and commission associated with a sale.

Budtime	286,000	286,000 ³
Propel	50,000	50,000
UNSECURED	27,000	27,000
UNSECURED DIVIDEND	100%	100%

³Based upon Budtime being allowed full Proof of Claim amount.

