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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH
Central Division**

In re:

A PLUS SEWER & WATER CO.,

Debtor.

Bankruptcy No. 15-29123

Chapter 11

Honorable William T. Thurman

**DEBTOR'S DISCLOSURE STATEMENT
DATED JULY 25, 2016**

I. INTRODUCTION

This is the disclosure statement (the "**Disclosure Statement**") in the small business Chapter 11 case of A Plus Sewer & Water, Inc. (the "**Debtor**"). This Disclosure Statement contains information about the Debtor and describes the Debtor's Reorganization Plan dated July 25, 2016 (the "**Plan**") filed by the Debtor on July 25, 2016. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit "A"**. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

The proposed distributions under the Plan are discussed at pages 5 through 9 of this Disclosure Statement. General Unsecured Creditors are classified in Class 5 and will receive a distribution of \$2,750 per month for 12 months commencing 48 months after the Effective Date. After all Administrative Claims and Priority Tax Claims have been paid in full, the Reorganized Debtor shall pay the Class 5 Claimants, *pro rata*, \$8,250 on a quarterly basis.

A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "**Court**") will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan

This Court conditionally approved this Disclosure Statement pursuant to an order entered _____, 2016. The hearing at which the Court will determine whether to confirm the Plan will take place on _____, 2016, at _____.m., in Courtroom _____, at the Frank E. Moss United States Courthouse, 350 South Main Street, Salt Lake City, Utah 84101.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot to the Clerk of the United States Bankruptcy Court, 350 South Main Street, Room 301, Salt Lake City, UT 84111. See section IV.A below for a discussion of voting eligibility requirements.

Your ballot must be received by _____, 2016, or it will not be counted.

3. Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Matthew K. Broadbent, 49 West 9000 South, Sandy, Utah 84070, by _____, 2016.

4. Identity of Person to Contact for More Information.

If you want additional information about the Plan, you should contact Matthew K Broadbent, 49 West 9000 South, Sandy, Utah 84070 (telephone 801-415-9800- or email bkparalegal@vannovalegal.com).

C. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until May 16, 2016.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a corporation organized under the laws of the Status of Utah. Since 2002, the Debtor has been in the business of providing excavation, plumbing, and general contracting services.

B. Insiders of the Debtor

The sole insider of the Debtor as defined in § 101(31) of the United States Bankruptcy Code (the "Code") is Jonathan Young ("Young"). As manager of the Company, Young received compensation of \$_____ in 2013, \$_____ in 2014, and \$_____ in 2015.

C. Management of the Debtor before and during the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officer, director, manager, or other person in control of the Debtor (collectively the "**Manager**") was Young. The Manager of the Debtor during the Debtor's Chapter 11 case has been Young.

After the Effective Date of the order confirming the Plan, the manager, director, officer, and voting trustee of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "**Post Confirmation Manager**") will be Young. The responsibilities and compensation of this Post Confirmation Manager are described in section III(D)(1)(a) of this Disclosure Statement.

D. Events Leading to Chapter 11 Filing

For many years the Debtor was managed jointly by Young and his wife. In 2012 to 2013, Young's wife became ill and had to disengage from the business. At the same time, A Plus

experienced business growth; however, the growth was primarily from clients with payment terms that were typically more than 90 days from completion of the job.

On June 9, 2010, A Plus entered into a secured financing arrangement with Firmco to facilitate the factoring of these longer term accounts receivable. The interest and fees provided by this facility create a borrowing cost of approximately 20%.

In early 2015, A Plus entered into two working capital financing arrangements, the proceeds of which were primarily used to repair equipment urgently needed to complete pending jobs. The first such arrangement was with World Global Financing Inc. (“WGF”) in February of 2015 for \$45,000 and the second arrangement was with Knight Capital, LLC (“Knight”) for \$37,000 on March 3, 2015. Both credit lines required A Plus to make future daily payments of \$497 and \$395, respectively.

The onerous daily payments from the WGF and Knight and the interest, fees and reserve requirements of the ARFA which are modifiable in the sole discretion of Firmco created a substantial erosion of margin over time and it became necessary to continually borrow more to meet the financing and operating requirements of A Plus.

Just prior to the filing of the Petition, Firmco declared a default under the ARFA ceased providing any working capital financing to A Plus. Additionally, on or about September 17, 2015, Firmco provided notice (“Firmco Notice”) to the clients of A Plus advising them that all payments due to Debtor must be remitted to Firmco. Because of the Firmco Notice, Clients refused to make agreed payments to Debtor, making it impossible for Debtor to meet its payroll and material obligations and necessitating the filing of this bankruptcy case.

E. Significant Events during the Bankruptcy Case

Vannova Legal was approved as counsel for the Debtor on November 9, 2015.

The Debtor attended the required Initial Debtor Interview with the United States Trustee and the Meeting of Creditors mandated by § 341. There have not been any other significant legal or administrative proceedings pending in this Court or any other forum.

On November 16, 2015, the Court entered an Order Denying Debtor’s Motion to Pay Certain Prepetition Obligations and Denying Debtor’s Motion to Use Cash Collateral. On January 14, 2016, the Court ruled that the Debtor deliver \$7,143.14 to Firmco by December 15, 2016, and further that the Debtor make monthly adequate protection payments to Firmco in the amount of \$4,500 per month.

Since the filing of this Bankruptcy Case, the Debtor has been operating without any working capital financing.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions at this time as it does not believe that any actions qualify under the Bankruptcy Code.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in **Exhibit "B"**.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case is set forth in **Exhibit "C"**.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Debtor has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

| Type | Estimated \$ Amount Owed | Proposed Treatment |
|--|---------------------------------|---|
| Expenses Arising in the Ordinary Course of Business After the Petition Date | 1,000.00 | Paid in full on the Effective Date of the Plan or according to terms of the obligation, if later |
| The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date | 0.00 | Paid in full on the Effective Date of the Plan or according to terms of the obligation, if later |
| Professional Fees, as approved by the Court | 35,000.00 | Paid in full on the Effective Date of the Plan or according to separate written agreement or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan. |
| Office of the U.S. Trustee Fees | 1,650.00 | Paid in full on the Effective Date of the Plan |
| TOTAL | \$37,650.00 | |

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, each holder of a priority tax claim will be paid on the Effective Date (but in no event later than five (5) years from the date of the order for relief (Petition Date)). Such Allowed Claims shall be paid after all Allowed Administrative Claims but before any Allowed General Unsecured Claims.

The Internal Revenue Service filed Claim No. 3 claiming \$2,499.46 due as a priority tax claim.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

| Class | Impairment | Treatment |
|--|-------------------|--|
| <p>Class 1 – \$291,181.32 Secured claim of Firmco Business Funding, Inc.</p> | <p>Unimpaired</p> | <p>The Class 1 Creditor shall be paid in full over 60 months as follows:</p> <p>(1) The first 12 payments shall be no less than \$2,500 per month.</p> <p>(2) The minimum payment for months 13 through 60 shall be calculated by dividing the balance due after the month 12 payment by 48 months.</p> <p>(3) The Debtor shall have the option to make monthly payments in excess of the amounts listed above without penalty.</p> <p>(4) The creditor’s lien as it existed on the Petition Date shall be retained as security for the payment or performance by the Debtor of all sums required to be paid under the Plan. Except to the extent expressly modified in the Plan, nothing contained in the Plan or the Confirmation Order shall alter or affect the rights, claims and defenses of the Creditor and the Debtor with respect to this Claim.</p> |
| <p>Class 2 – \$41,920.80 Secured Claim of CAT Financial</p> | <p>Unimpaired</p> | <p>The Class 2 Creditor shall be paid in full over 60 months as follows:</p> <p>(1) The monthly payment shall be no less than \$1,088.19 per month.</p> <p>(2) The Debtor shall have the option to make monthly payments in excess of \$1,088.19 without penalty.</p> <p>(3) The creditor’s lien as it existed on the Petition Date shall be retained as security for the payment or performance by the Debtor of all sums required to be paid under the Plan. Except to the extent expressly modified in the Plan, nothing contained in the Plan or the Confirmation Order shall alter or affect the rights, claims and defenses of the Creditor and the Debtor with respect to this Claim.</p> |
| <p>Class 3 - \$13,762.57 Secured claim of Kubota Credit Corporation</p> | <p>Unimpaired</p> | <p>The Class 3 Creditor shall be paid in full over 60 months as follows:</p> |

| Class | Impairment | Treatment |
|---|-------------------|--|
| | | <p>(1) The monthly payment shall be no less than \$250 per month.</p> <p>(2) The Reorganized Debtor shall have the option to make monthly payments in excess of \$250 without penalty.</p> <p>(3) The creditor's lien as it existed on the Petition Date shall be retained as security for the payment or performance by the Debtor of all sums required to be paid under the Plan. Except to the extent expressly modified in the Plan, nothing contained in the Plan or the Confirmation Order shall alter or affect the rights, claims and defenses of the Creditor and the Debtor with respect to this Claim.</p> |
| <p>Class 4 – \$5,154.52 Secured claim of Les Schwab Tire Centeres of Utah, Inc.</p> | <p>Unimpaired</p> | <p>The Class 3 Creditor shall be paid in full over 60 months as follows:</p> <p>(1) The monthly payment shall be no less than \$100 per month.</p> <p>(2) The Reorganized Debtor shall have the option to make monthly payments in excess of \$100 without penalty.</p> <p>(3) The creditor's lien as it existed on the Petition Date shall be retained as security for the payment or performance by the Debtor of all sums required to be paid under the Plan. Except to the extent expressly modified in the Plan, nothing contained in the Plan or the Confirmation Order shall alter or affect the rights, claims and defenses of the Creditor and the Debtor with respect to this Claim.</p> |
| <p>Class 5 – General Unsecured Creditors</p> | <p>Impaired</p> | <p>All unsecured claims allowed under § 502 of the Code will be satisfied by receiving a Pro Rata distribution of \$2,750 per month for 12 months commencing 48 months after the Effective Date. From time to time if the Debtor generates enough funds to pay creditors in Class 5 early, it may do so without penalty. No interest shall be paid to creditors in this class. These claims will be discharged upon the distribution of their Pro Rata portion of \$33,000.</p> |
| <p>Class 6 – Equity Security Holders of the Debtor</p> | <p>Impaired</p> | <p>The Equity Security Holder shall retain his interest in the Debtor, provided that the Debtor completes the Plan as provided herein.</p> |

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The Debtor has no claims that fall into this class.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Jacobsen Construction is listed as a separate Class 8 Creditor. This Creditor will release the Debtor and receive no payments or any other consideration under the Plan.

All other General Unsecured Creditors contained in Class 5 and are shown on **Exhibit 1** to the Plan. The following chart identifies the Plan's proposed treatment of the Class 5 Claims:

| Class | Impairment | Treatment |
|---------------------------------------|-------------------|--|
| Class 5 – General Unsecured Creditors | Impaired | All unsecured claims allowed under § 502 of the Code will be satisfied by receiving a Pro Rata distribution of \$2,750 per month for 12 months commencing 48 months after the Effective Date. From time to time if the Debtor generates enough funds to pay creditors in Class 5 early, it may do so without penalty. No interest shall be paid to creditors in this class. These claims will be discharged upon the distribution of their Pro Rata portion of \$33,000. |

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

| Class | Impairment | Treatment |
|---|-------------------|---|
| Class 6 – Equity Security Holders of the Debtor | Impaired | The Equity Security Holder shall retain his interest in the Debtor, provided that the Debtor completes the Plan as provided herein. |

D. Means of Implementing the Plan

1. Source of Payments.

Payments and distributions under the Plan will be funded by the continued operation of the Debtor's Business including liquidation of assets not necessary for Debtor's continued operation, after Court approval.

2. Payment of Claims.

Payment of Allowed Claims shall be made in order of priority required by the Bankruptcy Code from the Reorganized Debtor's net business income on a monthly basis and shall be paid by check and disbursed to creditors each calendar month by the 15th of each such month beginning with the calendar month following the Effective Date.

3. Additional Financing

The Reorganized Debtor may secure additional financing, secured or unsecured, for purposes of operation and performance under the Plan provided that any such financing shall not create liens with priority over liens held by holders of Allowed Claims in classes 1 through 4 absent the consent of the holders of such Allowed Claims.

4. Management of Reorganized Debtor

Jonathan Young will continue to serve as the sole shareholder and President of the Reorganized Debtor with power to manage all of its day to day financial affairs and business operations. Mr. Young currently receives compensation of \$_____ per year for services rendered in connection with the management and operation of the Reorganized Debtor's business. The compensation may be increased during the term of the Plan so long as it does not impair the Reorganized Debtor's ability to make the payments required under the Plan.

5. Retention of Professionals

The Plan authorizes the Reorganized Debtor to continue to employ professionals whose employment was authorized prior to Confirmation to assist in consummation of the Plan. Those professionals will be permitted to send periodic statements to the Reorganized Debtor for services rendered after confirmation, and the Reorganized Debtor will be permitted to pay for those services as rendered. In its motion for final decree, the Reorganized Debtor will itemize the post-confirmation services and the amounts paid, and those fees will be subject to final approval at the hearing on the motion for final decree.

6. Reports and Tax Returns

Following the entry of an Order confirming the Plan and until a final decree is entered or until this case is closed, the Reorganized Debtor shall:

- (i) timely file quarterly reports concerning the ongoing progress of the confirmed Plan,
- (ii) remain current on all post-petition tax obligations or will be subject to conversion or dismissal under 11 U.S.C. §§521(j) and 1112(b)(4)(I), and
- (iii) timely file all required tax returns and upon request shall provide copies to the United States Trustee until the case is closed, pursuant to 11 U.S.C. §§521(f) and (j).

E. Risk Factors

The proposed Plan has the following risks: If the Debtor is unable to operate profitably creditors will not be paid. Impediments to profitability include general economic factors, terms of client payment, ability to find working capital, and non-payment of accounts receivable by customers.

F. Executory Contracts and Unexpired Leases

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. The Plan also describes how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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

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

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

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract is 30 days after the Effective Date. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect their Tax Liability Should Consult with their Own Accountants, Attorneys, and/or Advisors.

The following are the anticipated tax consequences of the Plan: The reorganization of the Debtor in bankruptcy pursuant to the Plan may have significant tax consequences for the Debtor. There are several lengthy and complex sections of the Internal Revenue Code of 1986 (the “IRC”) and the regulations promulgated thereunder (the “Regulations”) that may apply to the transactions contemplated by the Plan. Some tax consequences are difficult to determine with certainty in advance because certain questions of fact, some of which turn upon the outcome of future events, have to be resolved before the IRC and Regulations can be applied to the transactions.

Neither the Debtor nor its attorneys has obtained a tax opinion and express no opinion as to the tax consequences to Creditors resulting from the Plan. Creditors are advised and encouraged to consult their own tax counsel to determine the tax consequences of the Plan.

BECAUSE NONE OF THE ABOVE-NAMED PARTIES NOR THEIR ATTORNEYS OR ACCOUNTANTS EXPRESS AN OPINION AS TO THE TAX CONSEQUENCES OF THE PLAN, IN NO EVENT WILL THE DEBTOR NOR PROFESSIONAL ADVISORS ENGAGED BY IT BE LIABLE FOR ANY TAX CONSEQUENCES OF THE PLAN. CREDITORS MUST LOOK SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Debtor believes that Class 5 is an impaired classes and that holders of claims in these classes are therefore entitled to vote to accept or reject the Plan. The Debtor believes that Classes 1 – 4 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was February 2, 2016.

2. *What is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes;
- holders of claims or equity interests in unimpaired classes; • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- administrative expenses.

Even if you are not Entitled to Vote on the Plan, you have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. To the extent that a trustee in a chapter 7 liquidation would take the same actions to pursue the Avoidance Actions, the Debtor believes that this requirement has been met. A liquidation analysis is attached to this Disclosure Statement as **Exhibit "D"**.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Debtor believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the Effective Date of the Plan and the sources of that cash are attached to this Disclosure Statement as **Exhibit “E”**.

2. Ability to Make Future Plan Payments and Operate without Further Reorganization

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit “F”**.

You should Consult with your Accountant or other Financial Advisor if you have any Questions Pertaining to these Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Debtor may modify the Plan at any time before confirmation of the Plan; however, the Court may require a new disclosure statement and/or revoting on the Plan. The Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Respectfully submitted July 25, 2016.

/s/

A Plus Sewer & Water, Inc.

By: Jonathan Young

Its: Sole Shareholder

/s/

Vannova Legal, PLLC

By: Matthew K. Broadbent (09667)

Counsel for Debtor