

Adam S. Affleck, Esq. (#5434), asa@princeyeates.com
T. Edward Cundick, Esq. (#10451), tec@princeyeates.com

PRINCE, YEATES & GELDZAHLER

A Professional Corporation
15 West South Temple, Ste. 1700
Salt Lake City, UT 84101
Telephone: (801) 524-1000
Fax: (801) 524-1098

Attorneys for The Kirk LLC

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

In re: THE KIRK LLC Debtor.	Bankruptcy No. 16-26470 (Chapter 11) Honorable Kevin R. Anderson
--	--

**DISCLOSURE STATEMENT
FOR
FIRST AMENDED CHAPTER 11 PLAN DATED NOVEMBER 10, 2016**

***** DISCLAIMER: THIS DISCLOSURE STATEMENT HAS BEEN
CONDITIONALLY APPROVED BY THE BANKRUPTCY COURT, AND IS
SUBJECT TO FINAL APPROVAL AT A CONSOLIDATED CONFIRMATION
HEARING SCHEDULED FOR DECEMBER 9, 2016 *****

The Kirk LLC (the “**Debtor**”) provides this disclosure statement (the “**Disclosure Statement**”) to you in your capacity as a holder of a claim or as a party in interest in the above-captioned bankruptcy case. The purpose of this Disclosure Statement is to provide information as may be necessary and appropriate to allow you to make an informed judgment about the First Amended Chapter 11 Plan dated November 10, 2016 (the “**Plan**”) filed by the Debtor, which Plan is attached as Exhibit A to this Disclosure Statement. As required by § 1125 of the Bankruptcy Code, this Disclosure Statement has been presented to the Court, and the Court has made a preliminary determination that it contains information adequate to meet the purposes of the Bankruptcy Code.

TABLE OF CONTENTS

	<u>Page</u>
INCORPORATION OF THE PLAN	1
CONCEPT OF THE PLAN.....	1
VOTING AND CONFIRMATION OBJECTIONS	1
A. Voting.....	1
B. Ballots.	2
C. Objections to the Plan.	3
HISTORY	3
EVENTS LEADING TO BANKRUPTCY.....	4
SIGNIFICANT EVENTS IN BANKRUPTCY CASE	5
PROPOSED TREATMENT OF SECURED CREDITORS.....	5
PROPOSED TREATMENT OF PRIORITY AND UNSECURED CREDITORS	6
POST-CONFIRMATION FINANCIAL PROJECTIONS	7

RISKS TO SUCCESS OF PLAN 7
POST-CONFIRMATION MANAGEMENT 7
INSIDER COMPENSATION 8
EXECUTORY CONTRACTS AND LEASES 8
TAX CONSEQUENCES OF THE PLAN 8
LIQUIDATION ANALYSIS 9
LITIGATION 9
DEFAULT 1010

EXHIBITS

- EXHIBIT A Plan Dated October 28, 2016
- EXHIBIT B Post-Confirmation Financial Projections
- EXHIBIT C Loan Commitment Letter
- EXHIBIT D Balance Sheet dated 10/31/2016

INCORPORATION OF THE PLAN

This Disclosure Statement incorporates the terms of the Plan. The capitalized terms in this Disclosure Statement have the same meaning as set forth in the Plan. Where there is a discrepancy between the Plan and this Disclosure Statement, the Plan is the controlling document. You are, therefore, strongly encouraged to read the Plan with this Disclosure Statement.

CONCEPT OF THE PLAN

The Plan contemplates the Reorganized Debtor borrowing from Private Money Utah funds sufficient to pay a compromised amount of MRZ's claim, and all other claims in full, on or shortly after the Effective Date. The Debtor projects that its post-confirmation income will be sufficient to pay interest on the new loan while continuing to pay operating expenses. The new loan shall come due two years after funding, and the Reorganized Debtor anticipates that by that time it will either qualify for more conventional bank financing or sell the Property.

VOTING AND CONFIRMATION OBJECTIONS

A. *Voting.*

Only classes S1 and U3 are impaired and entitled to vote. Each creditor with an impaired Allowed Claim has the right to vote. Creditors in classes S1 and U3 have been provided a ballot, and are encouraged to indicate their acceptance or rejection of the Plan on the enclosed ballot. A class of creditors will be deemed to have accepted the Plan if at

least two-thirds in amount and more than one-half in number of the holders of Allowed Claims of the class (that actually vote) accept the Plan.

If an objection to your Claim is filed prior to Confirmation, then your Claim will no longer be an Allowed Claim and you will not have the right to vote. Nevertheless, under Bankruptcy Rule 3018, the Court, after notice and hearing, may temporarily allow your Claim in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan. If an objection to your Claim has been filed and you desire that your Claim be temporarily allowed for purposes of voting, you must take appropriate steps to obtain such relief.

B. Ballots.

To be counted, each ballot must be completed and delivered to the Debtor's counsel. The instructions and deadlines for submitting ballots are contained in the Ballot and in the Order Conditionally Approving Disclosure Statement and Fixing Time for Filing Acceptances or Rejections of Plan Combined with Notice Thereof and Notice of Confirmation Hearing (the "**Confirmation Hearing Notice**") which have been mailed to you with this Disclosure Statement.

C. *Objections to the Plan.*

You have the right to object to the Plan. The instructions and deadlines for filing an objection to confirmation of the Plan are set forth in the Confirmation Hearing Notice. Unless the Court determines otherwise, only those objections that are in writing and timely filed with the Court and served on the Debtor's counsel may be considered by the Court at the Confirmation Hearing.

HISTORY

The real property constituting the Kirk Hotel and Apartments was acquired by the family of Garth Jones (“**Jones**”) and David Carscadden (“**Carscadden**”) in approximately 1930. The property has been continuously operated through various business forms and entities since that time. In approximately March 2014, Jones and Carscadden determined to hire a professional management company, and distance themselves from the day-to-day operations of the Property. The Kirk LLC was formed, and title to the Property was transferred from Jones to The Kirk. Encore Real Estate, LLC was hired to manage the Property, and a loan for \$100,000 was obtained from MRZ to allow Jones to access some of the equity in the property while infusing working capital. The MRZ loan was obtained in June 2014, and contemplated interest-only payments until December 2015, when the entire principal balance would come due.

EVENTS LEADING TO BANKRUPTCY

At the end of November 2014, Carscadden believed that Encore was mismanaging the Property, had stolen various items of personal property from the Property, and was over-billing The Kirk for services that were not actually, completely, or competently provided. The Kirk terminated Encore as its property manager, and Carscadden resumed the role of actively managing the property. During January-February 2015, a dispute with MRZ arose regarding the proper mailing address for monthly interest payments, and whether payments had actually been tendered. Eventually, that dispute was at least partially resolved, and monthly payments resumed until December 6, 2015, when the note was due. At that time, The Kirk identified a new lender that was prepared to lend the funds necessary to refinance the MRZ note, but a dispute arose as to whether \$100,000 was the proper payoff. MRZ asserted that it was entitled to default interest, and refused to accept the \$100,000 tendered by The Kirk. Negotiations regarding the payoff continued, until ultimately MRZ noticed a foreclosure sale to be held on July 26, 2016. Before that sale could occur, Jones sought and was denied a temporary restraining order, and The Kirk commenced this bankruptcy case. Before commencing the Chapter 11 case, the Kirk hired Andrew H. Patten as Chief Restructuring Officer (“CRO”). The Kirk filed its Chapter 11 petition on the morning of July 26, 2016 (the “**Petition Date**”), prior to the scheduled 11:45 a.m. foreclosure sale.

SIGNIFICANT EVENTS IN BANKRUPTCY CASE

During the Bankruptcy Case, the Debtor has continued to operate as Debtor in Possession. The Property has generated revenue (through September 30, 2016) of approximately \$51,500, expended funds to operate the Property, in the amount of approximately \$20,600, leaving a profit of \$30,900. An entire year's tax bill (\$15,633.43) will be paid from three months' revenue in November 2016. The Debtor has negotiated with its secured creditors for the use of cash collateral, and has attempted to negotiate a compromise of the major secured claim in the case. A balance sheet dated October 31, 2016 is attached as Exhibit D.

PROPOSED TREATMENT OF SECURED CREDITORS

The Debtor believes that post-petition, it can generate revenues sufficient to meet its operating expenses, and also repay all the claims in the Bankruptcy Case. It is prepared to do so by obtaining a new loan to repay all creditors shortly after Confirmation.

In the Plan, the Debtor proposes to compromise the MRZ claim, and then borrow to pay all claims in full (or in compromised amounts).

The Debtor has three classes of fully-secured creditors: S1 (MRZ), S2 (Tooele County Assessor, and S3 (ForwardLine). The Debtor contests the amount of MRZ's claim. MRZ has agreed to accept \$210,000 in full satisfaction of its secured claim, with a \$2,000 credit against the settlement amount for one of two adequate protection payments tendered prior to confirmation. This settlement amount represents a discount of

approximately \$35,000 from the amount MRZ may have asserted in a proof of claim. The Debtor does not dispute the claim filed by the Tooele County Assessor, and will pay it in full on the Effective Date, with proceeds from the takeout loan. The Debtor does not dispute the amount of ForwardLine's claim, which has recently been informally asserted in the amount of \$8,227.35. The Debtor will repay that amount in full on the Effective Date, with proceeds from the takeout loan.

PROPOSED TREATMENT OF PRIORITY AND UNSECURED CREDITORS

The Plan also contemplates repayment in full of all unsecured claims, either through the take-out financing contemplated above, or through Estate Cash. Class U1 is comprised of parties holding priority unsecured claims, all of which have either already been paid, are extinguished because of failure of a condition precedent, or are currently contingent claims belonging to apartment tenants who may become entitled to a refund of their deposit by paying all rents due and returning the premises in satisfactory condition. The Reorganized Debtor will repay all Class U1 claims in full either on the Effective Date, or when they become non-contingent. Class U2 is comprised of general unsecured claims. The Reorganized Debtor will repay these claims in full with interest within thirty days following the Effective Date. Class U3 is comprised of insider claims, which will be repaid in full within four years of the Effective Date (but not until other Claims and the take-out loan have been paid in full), from Estate Cash or future earnings of the Reorganized Debtor.

POST-CONFIRMATION FINANCIAL PROJECTIONS

Attached as Exhibit B is a spreadsheet prepared by the Debtor's professionals and adopted by the Debtor's CRO showing sources and uses of Estate Cash on the Effective Date and post-confirmation financial projections for the Reorganized Debtor. These projections have been prepared based upon the Debtor's pre- and post-petition financial performance and the anticipated structure of post-petition lending. The greatest variables (and risk factors) relating to these projections concern the occupancy rates at the Property, and the Debtor's ability to continue to attract suitable tenants.

Based upon its projections, the Debtor believes that it will be able to pay all amounts committed under the Plan, and continue to make the payments necessary for operations.

RISKS TO SUCCESS OF PLAN

The primary risk to successful consummation of the plan is the possibility that something will go wrong with the loan the Debtor has arranged for. The Debtor has no reason to believe that will occur, and has obtained a pre-qualification letter from Private Money Utah, which is attached hereto as Exhibit C. The Debtor has also identified a back-up lender who may be willing to make a similar loan if something were to go wrong with Private Money Utah.

POST-CONFIRMATION MANAGEMENT

The Plan provides that Jones and Carscadden will each continue in their role as 50% members of the Reorganized Debtor limited liability company. Mr. Patten may elect

to continue to work as CRO, but his contract with Debtor allows him to resign on seven days' written notice, and the Debtor makes no representation about Mr. Patten's future intentions. The Debtor anticipates continuing to contract with Jason Koetting and Karmen Jesse as its on-site managers.

INSIDER COMPENSATION

The Debtor anticipates continuing to compensate its current management (Patten, Koetting, and Jesse). Additionally, the Debtor intends to begin to pay \$1,200/mo. to Jones as a rental fee for the parking lot adjacent to the Property, which is owned by Jones personally and was never conveyed to the Debtor. The parking lot is essential to the operation of the Property, and without access to it, the Property would struggle to keep satisfied tenants. The Debtor may also determine to rehire Carscadden as an active part of its management team post-petition.

EXECUTORY CONTRACTS AND LEASES

A list of executory contracts and leases of the Debtor is attached as Exhibit C to the Plan. This list includes the Debtor's intention with respect to assumption and rejection under the Plan.

TAX CONSEQUENCES OF THE PLAN

The most common tax consequence of confirmation of a plan arises from the discharge. Pursuant to § 1141(d) of the Bankruptcy Code, Confirmation will result in a discharge of all pre-Confirmation debts. This discharge may result in tax deductions for

each holder of a Claim that is discharged. The Debtor encourages each holder of Claim to consult its own tax advisor for specifics.

As to the Debtor, the tax consequences of the Plan are minimal. Because essentially all claims will be paid in full through the Plan, the Debtor does not anticipate having any “forgiveness of indebtedness income,” which otherwise could affect the Debtor’s tax obligations.

LIQUIDATION ANALYSIS

For the Debtor to obtain confirmation of the Plan, holders of impaired claims must either (1) accept the Plan or (2) 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 amount that such holder would so receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on such date. The Debtor believes and represents that holders of Allowed Unsecured Claims would eventually receive full payment if this case were converted to chapter 7; however, a Chapter 7 Trustee would have to either shutter the apartments and seek a sale, or operate the apartments while awaiting a suitable offer, which would certainly take longer than the repayment program proposed under the Plan.

LITIGATION

The Reorganized Debtor anticipates that it will join as a plaintiff or cross-claimant post-petition in currently-stayed state court litigation commenced pre-petition against Encore, Mikas Law Group PLLC, the Debtor, and others. These legal claims are

preserved under the Plan to be prosecuted by the Reorganized Debtor if not resolved prior to the Confirmation Hearing.

No claims objections are anticipated at this time; however, as claims are filed, the Debtor and Reorganized Debtor may elect to object to unforeseen or misstated claims, and other parties-in-interest that have a stake in the outcome of the matter may join.

The Debtor does not, at this juncture, anticipate litigation regarding the collection of pre- or post-petition accounts receivable. Nevertheless, such claims (or potential claims) are retained under the Plan so that the Reorganized Debtor may (without argument that such claims have been abandoned) prosecute such claims if advisable.

Claims not specifically retained under the Plan are deemed abandoned. Accordingly, any such claims (whether or not specifically identified in this Disclosure Statement) will be lost upon Confirmation. Some claims are specifically preserved, including Avoidance Actions that will be abandoned only after all non-insider prepetition claims are paid in full. Additional preserved claims against Encore Real Estate and certain related entities may be pursued by the Reorganized Debtor or its assignee.

The Plan provides for retention of jurisdiction by the Court for the resolution of some claims retained under the Plan as well as for several other reasons dealing primarily with questions relating to the Plan or modifications thereof.

DEFAULT

Upon Confirmation, the Plan governs the rights of creditors and parties in interest with respect to Claims that are discharged. The Plan, in a sense, becomes a new contract

between the Reorganized Debtor and its creditors. In the event of the Reorganized Debtor's default with respect to a debt owed to the holder of Allowed Secured Claim, the Plan provides that the holder may enforce its lien rights according to the terms of its original loan documents as modified under the Plan. For a Default with respect to the holder of an Allowed Unsecured Claim, the Plan provides that such holder (after giving notice and an opportunity for the Reorganized Debtor to cure) may enforce payment under any applicable law in an amount of its Allowed Unsecured Claim minus any payments actually received. The Debtor does not anticipate any default with respect to payment of Administrative Expenses or priority Claims as such amounts are to be paid in full on the Effective Date or as soon as they are allowed by the Court. Nevertheless, in the event of a default on such claims, the Plan would permit collections efforts in the full amount.

DATED this 10th day of November, 2016.

THE KIRK LLC

By: /s/ Andrew H. Patten
Andrew H. Patten, its CRO

PRINCE, YEATES & GELDZAHLER
A Professional Corporation

By: /s/ T. Edward Cundick
T. Edward Cundick
Attorneys for The Kirk LLC

EXHIBIT A to DISCLOSURE STATEMENT DATED NOVEMBER 10, 2016

Adam S. Affleck, Esq. (#5434), asa@princeyeates.com
T. Edward Cundick, Esq. (#10451), tec@princeyeates.com

PRINCE, YEATES & GELDZAHLER

A Professional Corporation
15 West South Temple, Ste. 1700
Salt Lake City, UT 84101
Telephone: (801) 524-1000
Fax: (801) 524-1098

Attorneys for The Kirk LLC

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

<p>In re:</p> <p>THE KIRK LLC</p> <p>Debtor.</p>	<p>Bankruptcy No. 16-26470</p> <p>(Chapter 11)</p> <p>Honorable Kevin R. Anderson</p>
---	---

FIRST AMENDED CHAPTER 11 PLAN DATED NOVEMBER 10, 2016

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1	DEFINITIONS 1
ARTICLE 2	TREATMENT OF ADMINISTRATIVE EXPENSES 4
ARTICLE 3	CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS 5
ARTICLE 4	IMPAIRMENT OF CLAIMS 8
ARTICLE 5	SPECIAL PROVISIONS FOR DISPUTED CLAIMS 8
ARTICLE 6	MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN 9
ARTICLE 7	LEASES AND EXECUTORY CONTRACTS 111
ARTICLE 8	PAYMENTS 122
ARTICLE 9	BAR DATES, DEADLINES, OBJECTION TO CLAIMS 133
ARTICLE 10	EFFECT OF CONFIRMATION 144
ARTICLE 11	GUARANTOR AND THIRD-PARTY LIABILITY 155
ARTICLE 12	MODIFICATION OF PLAN 155
ARTICLE 13	DEFAULT 166
ARTICLE 14	RETENTION OF JURISDICTION 16
ARTICLE 15	FINAL DECREE 177
ARTICLE 16	CLAIMS RETAINED UNDER THE PLAN 17
ARTICLE 17	SETTLEMENTS 199
ARTICLE 18	MISCELLANEOUS 199

EXHIBITS

- A. PRIORITY CLAIMS
- B. UNSECURED CLAIMS
- C. LEASES AND EXECUTORY CONTRACTS

ARTICLE 1

DEFINITIONS

1.1. “Allowed Administrative Expense” means any cost or expense of the Estate that is allowed under § 503(b) of the Bankruptcy Code by a final and nonappealable order of the Court after notice and a hearing and shall also include any fees and charges assessed against the Estate under 28 U.S.C. § 1930.

1.2. “Allowed Claim” means any debt represented by a proof of claim that is filed (including a claim that is deemed filed under § 1111(a) of the Bankruptcy Code) that is allowed under § 502(a) of the Bankruptcy Code and is not a Disputed Claim.

1.3. “Allowed Interest” means any interest represented by a proof of claim that is filed (including an interest that is deemed filed under § 1111(a) of the Bankruptcy Code) that is allowed under § 502(a) of the Bankruptcy Code and is not a Disputed Interest, or alternatively the presumed respective 50% interests held by Garth Jones and David Carscadden.

1.4. “Allowed Secured Claim” means an Allowed Claim secured by a lien on property of the Estate.

1.5. “Allowed Membership Interest” means a prepetition membership interest in the Debtor.

1.6. “Allowed Unsecured Claim” means an Allowed Claim that is not secured by a lien on property of the Estate.

1.7. “Avoidance Actions” means any and all avoidance actions which the Debtor could bring under 11 U.S.C. §§ 544, 545, 547, 548, and 550, against any defendant.

1.8. “Bankruptcy Code” means Title 11 of the United States Code.

1.9. “Beehive” means Beehive Broadband, LLC.

1.10. “Carscadden” means David G. Carscadden.

1.11. The “Chief Restructuring Officer” or “CRO” means Andrew H. Patten, or his successor.

1.12. “Claim” means any claim as defined by § 101(5) of the Bankruptcy Code.

1.13. “Confirmation” means the entry of the order of the Court confirming this Plan.

1.14. “Confirmation Hearing” means the first date set for hearing on the confirmation of the Plan, if referring to a deadline by which certain events will occur; otherwise, it also incorporates all subsequent continuances of the Confirmation Hearing.

1.15. “Court” means the United States Bankruptcy Court for the District of Utah, Central Division.

1.16. “Debtor” means The Kirk LLC.

1.17. “Disputed Claim” means any claim or interest which is identified in Exhibit B as disputed or any claim for which an objection has been filed by the Debtor, the Reorganized Debtor, or any other party in interest.

1.18. “Effective Date” means the date, at least 14 days after Confirmation, upon which Escrow is prepared to close on the take-out loan transaction from Lender contemplated under the Plan.

1.19. “Encore” means Encore Real Estate, LLC.

1.20. “Escrow” means that certain real estate escrow account established to receive funds from Lender and ensure that Lender receives a senior security interest in the Property without any pre-bankruptcy encumbrances to secure repayment of Lender’s loan.

1.21. “Estate” means the estate created and described under § 541 of the Bankruptcy Code.

1.22. “Estate Cash” means all cash in the possession of the Debtor that is property of the Estate whether it is unencumbered or represents the “cash collateral” of a holder of an Allowed Secured Claim.

1.23. “ForwardLine” means ForwardLine Financial, LLC.

1.24. “Jones” means Garth L. Jones, Jr.

1.25. “Lender” shall mean Private Money Utah or such other lender as the Debtor may identify to provide take-out financing in the approximate amount of \$365,000.00.

1.26. “MRZ” means MRZ Investments, LLC.

1.27. “Ordinary Course Administrative Expense” means any Administrative Expense that has been incurred in the ordinary course of the Debtor’s business and that would be otherwise payable without Court approval but is not due by its terms until at, or

after, Confirmation including, without limitation, post-petition employee wages and benefits, post-petition accounts payable, etc.

1.28. “PYG” means Prince, Yeates & Geldzahler, the law firm representing the debtor in possession.

1.29. The “Property” means approximately .53 acres of land located at 57 W. Vine St., Tooele, Utah, tax id. 02-029-0-0016.

1.30. “Pending Administrative Expense” means any cost or expense of the Estate that may be allowable under § 503(b) of the Bankruptcy Code and is not barred but has not been allowed by final order of the Court.

1.31. “Petition Date” means July 26, 2010.

1.32. “Plan” means this plan of reorganization.

1.33. “Reorganized Debtor” means the Debtor after Confirmation.

1.34. “Schedules” means the schedules and statement of financial affairs filed by the Debtor on August 12, 2016 and as amended on August 31, 2016 and again on September 15, 2016.

ARTICLE 2

TREATMENT OF ADMINISTRATIVE EXPENSES

2.1. *Ordinary Course Administrative Expenses.* After the Effective Date and unless otherwise agreed, Ordinary Course Administrative Expenses shall be paid when

they become due in the ordinary course of the Debtor's (and the Reorganized Debtor's) business.

2.2 *Allowed Administrative Expenses.* Unless otherwise agreed, on the Effective Date, the Reorganized Debtor shall pay all Allowed Administrative Expenses which remain unpaid at Confirmation.

2.3 *Pending Administrative Expenses.* Unless otherwise agreed, on the day that a Pending Administrative Expense becomes an Allowed Administrative Expense, the Reorganized Debtor shall pay such Allowed Administrative Expense.

2.4 *U.S. Trustee Fees.* Unless otherwise agreed, on the Effective Date, the Reorganized Debtor shall pay all fees then owing to the U.S. Trustee. Any U.S. Trustee's Fees that become due between Effective Date and the entry of the final decree shall be paid by the Reorganized Debtor in accordance with 28 U.S.C. § 1930(a)(6).

ARTICLE 3

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 *Class S1* shall consist of the compromised Claim of MRZ in the amount of \$210,000, which is fully secured by its first-position, pre-petition, Deed of Trust on the Property and the Debtor's cash collateral as rents from the Property. On the Effective Date, MRZ shall be paid \$210,000 less the October adequate protection payment made prior to the Effective Date. Payment of such amounts shall constitute a compromised and complete satisfaction of MRZ's note and trust deed dated June 6, 2014. Payment shall be contingent

upon MRZ tendering the original note to escrow, or otherwise executing a release in an amount not more than provided in this paragraph, suitable to the Lender. Additionally, the filing of a notice of plan consummation within 5 business days of the Effective Date shall constitute a release of MRZ from any and all claims held by Jones, Carscadden, the Debtor, and the Estate.

3.2 *Class S2* shall consist of the Allowed Secured Claim of the Tooele County Assessor to the extent secured by its pre-petition lien on the Property, in the amount of \$32,218.34. This claim shall be paid in full on the Effective Date. On the Effective Date, any default on the obligations comprising the Allowed Secured Claim shall be deemed cured by the Reorganized Debtor.

3.3 *Class S3* shall consist of the Allowed Secured Claim of ForwardLine in the amount (as of October 10, 2016) of \$8,227.35, which is fully secured by ForwardLine's second-position, pre-petition Deed of Trust on the Property and the Debtor's cash collateral as rents from the Property. On the Effective Date, ForwardLine's claim shall be paid in full, less credit for any payments made prior to the Effective Date as adequate protection payments. Payment of such amounts shall constitute a complete satisfaction of ForwardLine's note and trust deed dated December 24, 2015. Payment shall be contingent upon ForwardLine tendering the original note to escrow, or otherwise executing a release suitable to the Lender.

3.4 *Class U1* shall consist of all Allowed Unsecured Claims entitled to priority under § 507(a)(4) through (a)(7) and (a)(9) of the Bankruptcy Code in the amounts set forth in Exhibit A. Some of these claims were satisfied during the pendency of the case, others became moot because the tenant vacated the Property in a condition that did not entitle such claimant to a return of his deposit. All other claims are contingent, and shall remain unpaid until they come due, at which time they shall be paid in full, if the creditor is entitled to payment. If any members of the U1 class hold non-contingent claims as of the Effective Date, the Reorganized Debtor shall pay all such Class U1 claims on the Effective Date.

3.5 *Class U2* shall consist of all Allowed Unsecured Claims in the amounts set forth in Exhibit B (except those identified as “insider claims”). All class U2 claims shall be paid in full with interest, accruing at 10% annual interest from the Petition Date. Payment shall be made within thirty days following the Effective Date, and shall be disbursed by the Reorganized Debtor with funds accumulated during the case or disbursed from Escrow following satisfaction of all secured claims.

3.6 *Class U3* shall consist of all Allowed Unsecured Claims held by insiders, including Jones and Carscadden (and as set forth in Exhibit B). The Reorganized Debtor shall be obligated to pay insider claims in full without interest within 4 years of the Effective Date, but no payments shall be made on such claims until the loan from Lender is repaid.

3.7 *Class I* shall consist of all Allowed Membership Interests in the Debtor, which currently belong to Jones (50%) and Carscadden (50%). Because all non-insider claims will be paid in full or pursuant to compromise under the Plan, Jones and Carscadden will retain the membership interests in the Reorganized Debtor post-petition.

ARTICLE 4

IMPAIRMENT OF CLAIMS

Only the claims of class S1 (MRZ, resolved by compromise) and U3 (insiders) are impaired under the Plan. Because all other classes are unimpaired, they are not entitled to vote on the Plan, but are deemed to have accepted the Plan.

ARTICLE 5

SPECIAL PROVISIONS FOR DISPUTED CLAIMS

If, when a distribution is required under the Plan, a Disputed Claim has not been resolved, then the Reorganized Debtor shall set aside and hold that amount that would have been distributed had Disputed Claim been an Allowed Claim until the Disputed Claim is disallowed or becomes an Allowed Claim. Upon becoming an Allowed Claim, the Reorganized Debtor shall pay the held-back amount to the claimholder. If, disallowed, the distribution amount will be used by the Reorganized Debtor for later distribution to holders of Allowed Claims as provided for under the Plan.

ARTICLE 6

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

6.1 *Continuation of Business.* The Reorganized Debtor shall continue its pre-petition/pre-confirmation business operations including leasing furnished apartments and hotel rooms.

6.2 *Borrowing Upon Confirmation and Payments Due on the Effective Date.* The Estate has obtained a loan commitment letter from Private Money Utah, who has approved the Estate's request to refinance the Property, agreeing to lend up to \$365,000. These borrowed funds, together with Estate Cash, shall be used to pay all amounts required under the Plan. Immediately after the Plan is confirmed, an Escrow shall be established into which the loan proceeds shall be tendered. Closing of escrow is contingent upon the Lender obtaining a first-position trust deed on the Property, and other typical escrow contingencies. An order confirming this plan shall be sufficient to automatically release prepetition liens of record upon payment of the amounts set in the class treatment paragraphs above (although if Escrow requires written releases, nothing in this paragraph shall excuse any secured lender from tendering a written lien release consistent with the Plan).

6.3 *Adequate Protection Payments.* The Reorganized Debtor shall continue to make adequate protection payments to the holders of Allowed Secured Claims that come due between the Confirmation Hearing and the Effective Date. Adequate Protection

payments shall be credited, as set forth above, to reduce the amount of Allowed Secured Claims on the Effective Date.

6.4 *Post-Confirmation Plan Obligations and Operating Expenses.* The Reorganized Debtor shall pay post-confirmation obligations under the Plan and ongoing debts incurred in the ordinary course of the Reorganized Debtor's business from Estate Cash (including any excess loan proceeds), post-confirmation earnings, and, if necessary, subsequent capital contributions or the sale of additional membership interests.

6.5 *Prohibition on Distributions of Profits.* The Debtor shall be prohibited from making any distribution of profits on account of membership interests or insider claims until all other claims have been paid in full.

6.6 *Post-Confirmation Professional Fees and Costs.* The Reorganized Debtor shall pay fees and expenses incurred post-Confirmation by its professionals (including, with limitation, those employed during the pendency of this case) in the ordinary course of the Reorganized Debtor's business. The Reorganized Debtor and its professionals shall not be required to obtain authorization for such payments under applicable provisions of the Bankruptcy Code governing employment and payment of professionals in a case.

6.7 *Post-Petition Rent Deposits.* The Estate has re-let several apartments that were vacated during the course of the bankruptcy proceeding. Some tenants who have moved in post-petition may eventually become entitled to a refund of their post-petition deposits upon departure from the Property. These tenants are not listed as having claims as

of the Petition Date, and may be entitled to assert administrative expense claims which, if asserted by the proper deadline, will be dealt with according to the Plan. Nothing in this Plan affects the rights of any individual who paid a post-petition rent deposit, and the Reorganized Debtor fully intends to honor those deposit refund obligations should any tenants who signed leases post-petition become entitled to a deposit refund.

ARTICLE 7

LEASES AND EXECUTORY CONTRACTS

7.1 *Leases and Executory Contracts to be Assumed.* Upon the Effective Date, the leases and executory contracts listed on Exhibit C attached hereto shall be assumed.

7.2 *Cure Amounts.* Upon the Effective Date and in conjunction with assumption, the Reorganized Debtor shall cure all pre-confirmation defaults and compensate the parties to such contracts and leases for actual pecuniary losses in the amounts set forth in Exhibit C in full satisfaction of the Debtor's obligations under § 365(b)(1)(A) & (B) of the Bankruptcy Code.

7.3 *Adequate Assurance of Future Performance.* Confirmation of the Plan shall constitute adequate assurance of future performance of assumed leases and executory contracts as required under § 365(b)(1)(C) of the Bankruptcy Code.

7.4 *Rejected Leases and Executory Contracts.* Any lease or executory contract not identified in Exhibit C as being assumed or rejected under the Plan shall be deemed rejected at Confirmation. A party to a lease or executory contract that is rejected under this

provision must file a proof of Claim arising from such rejection within 21 days after Confirmation. Failure to file a proof of Claim by this deadline will result in disallowance of the Claim.

ARTICLE 8

PAYMENTS

8.1 *Manner of Payment.* Unless other mutually acceptable arrangements are made between the Reorganized Debtor and the holder of an Allowed Administrative Expense or Allowed Claim, the Reorganized Debtor shall make payments required hereunder by check which will be mailed (first-class, postage prepaid) to the holder of the Allowed Claim or Allowed Administrative Expense. A payment shall be deemed made when mailed.

8.2 *Right to Rely on Information.* The Reorganized Debtor shall be entitled to rely on the addresses contained in Exhibits, A, B, and C in making payments required hereunder. Every holder of an Allowed Unsecured Claim has the duty to ensure that its address is listed correctly. The Reorganized Debtor may, but shall have no duty to, search for, obtain, or make corrections to contact and mailing information in the absence of correction by the holder of an Allowed Claim.

8.3 *Forfeiture of Payments.* Holders of Allowed Claims or Allowed Administrative Expenses shall be deemed to have forfeited their right to a payment hereunder if (a) a payment check is returned as undeliverable, as having an incorrect

address, or the like, and such party does not contact the Reorganized Debtor within 90 days of the check being originally mailed, or (b) a payment check is not paid by the payor bank within 90 days after it is mailed.

ARTICLE 9

BAR DATES, DEADLINES, OBJECTION TO CLAIMS

9.1 *Administrative Expense Bar Date.* Unless an earlier date is ordered by the Court, the bar date for the filing of applications for allowance of any pre-Confirmation administrative expense (except for those of the Debtor's professionals and taxing entities) under § 503(b) of the Bankruptcy Code shall be the first date set for the Confirmation Hearing. The Internal Revenue Service and the Utah State Tax Commission shall have 45 days after the relevant return is filed with the insolvency departments of those taxing authorities to file an application for allowance of any pre-Confirmation administrative expenses. For the Internal Revenue Service, these returns may include quarterly Form 941 returns, Form 940 and a Form 1041.

9.2 *Claims Bar Date.* The bar date for filing proof of claims is November 30, 2016. Except as otherwise provided herein, any proof of Claim filed after that date shall be deemed disallowed unless the holder of such Claim has obtained an order of the Court allowing the late-filing of the Claim that is entered before the Confirmation Hearing.

9.3 *Amendment of Claims.* Except as otherwise provided for herein, no proof of Claim may be amended to increase the amount of any Claim after the Confirmation Hearing.

9.4 *Objections to Claims.* Except as otherwise provided for herein, objections to Claims must be filed no later than 60 days after the Effective Date. Any party in interest with a financial stake in the outcome of an objection to a Claim may object to such Claim or join in the prosecution of any pending objection to such Claim.

ARTICLE 10

EFFECT OF CONFIRMATION

10.1 *Binding Effect.* Upon the Effective Date, the provisions of the Plan shall bind the Debtor, the Reorganized Debtor, creditors, and all parties in interest regardless of whether or not such persons or entities have impaired claims under the Plan or whether or not such persons or entities have accepted the Plan.

10.2 *Vesting of Property.* Property of the Estate shall vest in the Reorganized Debtor upon the Effective Date free and clear of all Claims and interests except as provided for or retained under the Plan.

10.3 *Discharge.* Upon the Effective Date, the Debtor shall receive a discharge of any debt that arose before Confirmation, and all creditors and parties in interest shall be permanently enjoined from commencing or pursuing any action against the Reorganized Debtor other than to enforce the obligations created or preserved under this Plan.

ARTICLE 11

GUARANTOR AND THIRD-PARTY LIABILITY

No provision of this Plan shall be construed to discharge or modify any debt owed by a guarantor or other third party that may be liable with the Debtor on any debt provided for under the Plan.

ARTICLE 12

MODIFICATION OF PLAN

12.1 *Modification Prior to Confirmation.* The Debtor may modify the Plan at any time before Confirmation provided that the Plan, as modified, meets the requirements of the Bankruptcy Code. If the Debtor files a modification of the Plan with the Court, the Plan as modified will become the Plan.

12.2 *Modification After Confirmation.* The Debtor may modify the Plan at any time after Confirmation and before substantial consummation provided that the Plan, as modified, meets the requirements of the Bankruptcy Code. The Plan, as modified, after Confirmation will become the Plan only if circumstances warrant such modification and the Court, after notice and hearing, confirms the Plan as modified. If the Court makes such a determination and approves such modification, it shall be deemed accepted by all holders of claims that have previously accepted the Plan.

ARTICLE 13

DEFAULT

13.1 *Rights of Secured Creditors.* A default shall occur with respect to payment of an Allowed Secured Claim if a payment is not made and/or cured according to the terms of the Reorganized Debtor's obligations as modified under the Plan. Upon default, the holder shall be entitled to enforce its modified debt and lien rights according to its loan documents and under any applicable law.

13.2 *Rights of Unsecured Creditors.* A default shall occur with respect to payment of an Allowed Unsecured Claim or Allowed Administrative Expense if the Reorganized Debtor fails to make any payment or distribution required under the Plan. In the event of such a default, the aggrieved party shall be required to provide written notice of such default to the Reorganized Debtor. The Reorganized Debtor shall have ten (10) days after its actual receipt of such written notice to cure the default. Absent cure, the holder of an Allowed Claim or Allowed Administrative Expense shall be entitled to accelerate all amounts due and enforce its debt as modified under the Plan, less any amounts that have been paid under the Plan.

ARTICLE 14

RETENTION OF JURISDICTION

The Court shall retain jurisdiction after Confirmation for the purposes of: (a) fixing an allowance of any Administrative Expense; (b) hearing and determining any objection to

a Claim; (c) hearing and determining all causes of action, controversies, disputes, or conflicts that were pending before Confirmation; (d) correcting any defect, curing any omission, or reconciling any inconsistency in the Plan or order of confirmation as may be necessary to carry out the purpose and intent of the Plan; (e) issuing any order necessary to implement the Plan, including without limitation, such declaratory and injunctive orders as are appropriate to protect the Estate from actions of creditors, or other parties in interest; (f) hearing and determining any dispute relating to the terms or implementation of the Plan or to the rights or obligations of any parties in interest with respect thereto; (g) confirming a Plan after modification pursuant to § 1127(b) of the Bankruptcy Code; and (h) entering orders concluding and terminating this bankruptcy case.

ARTICLE 15

FINAL DECREE

The Reorganized Debtor shall seek a Final Decree under § 350 of the Bankruptcy Code (and Bankruptcy Rule 3022) as soon as practicable after the estate is fully administered.

ARTICLE 16

CLAIMS RETAINED UNDER THE PLAN

The following claims belonging to the Debtor or the Estate shall be retained by the Reorganized Debtor: (1) Avoidance Actions; (2) any and all claims that existed pre-petition relating to any account receivable; (3) any and all compulsory or permissive counterclaims

relating to any Disputed Claim; and (4) any claims raised in any state court proceeding, adversary proceeding, or contested matter that is pending at the time of Confirmation or was pending as of the Petition Date. In addition, and by way of supplementation, to the general retention of claims identified above, the Reorganized Debtor expressly retains all claims for fraud, deceit, theft, conversion, conspiracy, legal malpractice, tortious interference with contract, mismanagement, wrongful lien, slander of title, failure to give an accurate loan payoff, or any other claims arising under Encore's management of the Property from March 2014 to December 2014, procurement or administration of the MRZ loan, or the attempted repayment of the MRZ loan in October, November, and December 2015, whether such claims may exist against Encore, Mikas Law Group PLLC, Kathy Van Sleen, or any individual or entity related in any way to such individuals or entities, other than MRZ. Any claim not retained shall be deemed abandoned upon Confirmation. The Reorganized Debtor reserves the right to transfer these retained claims to its members, but only after all non-insider prepetition claims have been paid in full.

The Avoidance Actions will be preserved only until all non-insider prepetition claims have been paid pursuant to the Plan. The Plan contemplates that this will fully occur on the Effective Date. Once this condition is satisfied, the Avoidance Actions shall be forever abandoned and waived.

ARTICLE 17

SETTLEMENTS

The Debtor anticipates that MRZ may wish to augment the rough outline of the tentative agreement between MRZ and the Debtor set forth in the Debtor's plan treatment of MRZ with a more precise settlement agreement. The Debtor reserves the right to file a plan supplement at least five days prior to the Confirmation Hearing, disclosing a fully executed settlement agreement between the Debtor and MRZ, which shall be contingent upon Confirmation of this Plan. If such a plan supplement is filed, the Debtor seeks, through Confirmation, and confirmation of the Plan shall constitute, Court approval of the full terms of the settlement agreement comprising the plan supplement.

ARTICLE 18

MISCELLANEOUS

18.1 *Calculation of Time Periods.* The calculation of time periods herein shall be governed by Federal Rule of Bankruptcy Procedure 9006.

18.2 *Notices to the Reorganized Debtor.* Notices to the Reorganized Debtor shall be deemed proper only if delivered or mailed to:

David Carscadden, General Manager
57 W. Vine St.
Tooele, Utah 84074

18.3 *Reports.* The Reorganized Debtor shall file a post-confirmation summary report in conformity with Local Rule 2081-1(c) within 90 days of the Effective Date.

Dated this 10th day of November, 2016.

By: /s/ Andrew H. Patten

Andrew H. Patten, CRO

The Kirk LLC

G:\TEC\The Kirk\Plan\Plan_11-10-2016.docx

Claimant	Address	Amount of Claim at petition date	Anticipated Claim to possibly be paid	Contingent [C] Disputed [D]	Proof of Claim Filed?	Notes
Adriana Hovestadt	57 W. Vine St. #314	\$600.00	\$600.00	C	No	
Amanda Sheppard	57 W. Vine St. #154	\$400.00	\$400.00	C	No	
Charlie Hall	57 W. Vine St. #312	\$600.00	\$600.00	C	No	
Christian Meador	57 W. Vine St. #214	\$700.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Corbet Stubbs	57 W. Vine St. #204	\$400.00	\$0.00	C	No	Anticipated to move out soon; unlikely to be entitled to refund
Dustin Stevenson	57 W. Vine St. #210	\$600.00	\$600.00	C	No	
Eric Dinsmore	57 W. Vine St. #101	\$600.00	\$600.00	C	No	
Eric Rutledge	57 W. Vine St. #153	\$700.00	\$700.00	C	No	
Jason Koetting	57 W. Vine St.	\$250.00	\$0.00		No	Claim paid during Ch. 11 per court order
Jeff Hanson	57 W. Vine St. #307	\$900.00	\$900.00	C	No	
Jeremy North	57 W. Vine St. #102	\$400.00	\$400.00	C	No	
Jerimiah/Lacie Pankey	57 W. Vine St. #206	\$950.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Joe Stubbs	57 W. Vine St. #212	\$400.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Jonothan Sullivan	57 W. Vine St. #315	\$600.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Karmen Jessee	57 W. Vine St.	\$250.00	\$0.00		No	Claim paid during Ch. 11 per court order
Kevin Massey	57 W. Vine St. #207	\$900.00	\$900.00	C	No	
Kevin Miller	57 W. Vine St. #205	\$700.00	\$700.00	C	No	
Kyle Burnette	57 W. Vine St. #201	\$900.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Melvin Willoughby	57 W. Vine St. #151	\$450.00	\$450.00	C	No	
Melvis Forkner	57 W. Vine St. #306	\$600.00	\$600.00	C	No	
Michael Mannarino	57 W. Vine St. #202	\$600.00	\$0.00	C	No	Claim paid during Ch. 11 per court order
Michael Wynns	57 W. Vine St. #311	\$500.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Mike Beveridge	57 W. Vine St. #211	\$600.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Neil Otero	57 W. Vine St. #310	\$200.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Nikki Boyack	57 W. Vine St. #99	\$700.00	\$0.00	C	No	Claim paid during Ch. 11 per court order
Sean/Angela Bock	57 W. Vine St. #215	\$600.00	\$600.00	C	No	
Shane Mann	57 W. Vine St. #100	\$400.00	\$400.00	C	No	
Sheryl Megarry	57 W. Vine St. #104	\$600.00	\$600.00	C	No	
Spencer/Amanda Teagen	57 W. Vine St. #203	\$900.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Steve Johnson	57 W. Vine St. #305	\$250.00	\$250.00	C	No	
Tavis Stubbs	57 W. Vine St. #208	\$600.00	\$600.00	C	No	
Thomas/Danielle Fry	57 W. Vine St. #16	\$600.00	\$600.00	C	No	Anticipated to move out soon; will likely be owed refund
Tracey Gibson	57 W. Vine St. #213	\$700.00	\$0.00	C	No	Moved out during bankruptcy; not entitled to refund
Vance Dehart	57 W. Vine St. #152	\$1,425.00	\$0.00	C	No	Claim paid during Ch. 11 per court order
Walter/Christena Sandvig	57 W. Vine St. #309	\$900.00	\$900.00	C	No	
Yitzchak Kurtzman	57 W. Vine St. #103	\$600.00	\$600.00	C	No	
			\$12,000.00			

Claimant	Address	Amount of Scheduled Claim	Contingent [C] Disputed [D]	Proof of Claim Filed?	Amount of Proof of Claim	Estimated Distribution	Notes
American Express	Becket and Lee LLP, P.O. Box 3001, Malvern PA 19355-0701	\$7,614.58		3	\$7,614.58	\$7,931.85	POC plus 10% annual interest for 5 mos.
Christensen Law	340 East 400 South, Salt Lake City UT 84111	\$15,000.00	C, D	No		\$0.00	
David G. Carscadden	4686 Apopo Rd., Kapaa, HI 96746	\$8,200.00	C, D	No		\$0.00	Insider claim
Expedia, Inc.	P.O. Box 844120, Dallas, TX 75284-4120	\$163.65		No		\$170.47	Claim plus 10% annual interest for 5 mos.
Questar Gas	Bankruptcy DNR 244, 1140 West 200 South, P.O. Box 3194, Salt Lake City UT 84110-3194	\$560.25		1	\$564.44	\$587.96	POC plus 10% annual interest for 5 mos.
Rocky Mountain Power	P.O. Box 26000, Portland, OR 97256-0001	\$0.00		No		\$0.00	
Tooele City	Utilities Service, 90 North Main, Tooele, UT 84074-0089	\$0.00		No		\$0.00	
Garth L. Jones, Jr.	4686 Apopo Rd., Kapaa, HI 96746		C, D	No		\$0.00	Insider claim
Republic Services	675 Gladiola Street, Salt Lake City, UT 84104-4414	\$0.00		No		\$0.00	
						\$8,690.28	

Claimant	Address	Amount of Scheduled Claim	Proposed Cure Amount	Proof of Claim Filed?	Amount of Proof of Claim	Notes
Beehive Broadband	P.O. Box 1169, Tooele UT 84074	\$626.40	\$626.40	No		
DirectTV	P.O. Box 5006, Carol Stream, IL 60197-5006	\$466.02	\$466.02	No		
Mercury, Inc.	2184 Channing Way, Suite 109, Idaho Falls, ID 83404	\$154.17	\$154.17	No		
			\$1,246.59			

Sources of Plan Cash		Notes
Projected Account Balances on 12/1/16	\$15,000.00	
Loan Proceeds	\$357,700.00	Net of points paid to obtain loan at approximately 10% interest
Total	\$372,700.00	
Uses of Plan Cash		
Secured Classes		
S1	\$208,000.00	Rough compromise amount, less \$2,000 in a.p. payments in Oct.
S2	\$32,218.34	Payoff good through 11/30/2016 as set forth in Proof of Claim. Assessor could not provide a more accurate number for Dec. payoff
S3	\$7,627.35	Payoff given 9/28/16, less \$600 in a.p. payments made in Oct. and Nov.
Unsecured Classes		
U1	\$0.00	The Plan contemplates payment only when these tenants leave, and only if they are then entitled to refunds; therefore, no cost on the Effective Date, but \$12,000 on hand to make payments if necessary in the future
U2	\$8,690.28	
U3	\$0.00	No funds due on Effective Date; payment contemplated over 4 years, beginning after loan repayment
Cure Claims	\$1,246.59	
Administrative Expenses	\$65,000.00	Estimate of legal and other professional fees due on Effective Date, subject to fee applications
Total	\$322,782.56	
Net funds available for post-conf. ops.		
Interest expense to Private Money Utah	-\$87,600.00	\$3650/mo. for 24 months
Anticipated monthly operating profits	\$180,000.00	\$7,500/mo. for 24 months
Potential refunds of deposits	-\$12,000.00	Class U2 payments that may come due in the future
Projected cash balance after 2 years	\$142,317.44	

Exhibit C to Disclosure Statement



349 E. 900 S, Ste 201, Salt Lake City, UT 84111
www.privatemoneyutah.com
Phone: (435) 565-1768

PROOF OF FUNDS LETTER

Date: October 20, 2016

Re: Unconditional bridge loan approval for the refinance of: 57 W Vine St, Tooele, UT 84074

To Whom It May Concern:

Our client, *The Kirk LLC*, has received an unconditional bridge loan approval for the refinance of an investment property in the amount of \$365,000.00. This investment property is located at: 57 W Vine Street in Tooele, Utah.

These funds are available immediately for wire transfer as instructed or directed for disbursement by the client.

In the event you would like to verify these funds, please address your calls to the contact information provided below and we will do all we can to assist you for the benefit of our client.

Sincerely,
Corey Dutton

A handwritten signature in black ink, appearing to be "Corey Dutton", written over a horizontal line.

Corey Dutton
Private Money Lender
Private Money Utah
Phone: (435) 565-1768

Balance Sheet as of 10-31-16

ASSETS

Current Assets

Cash	\$36,243.25
Accounts Rec.	
Inventory	
Other current assets	

Fixed Assets

Land & Building	\$2,076,441.00
Equipment, Furniture and Fixtures	\$54,174.00
Total Fixed Assets	<u><u>\$2,130,615.00</u></u>

LIABILITIES

Post-petition liabilities

Post-petition accounts payable	\$0.00
Post-petition accrued professional fees	\$59,343.84
Post-petition taxes payable	\$4,047.95
Total post-petition liabilities	\$63,391.79

Prepetition liabilities

Secured debt	\$213,269.20
Priority debt	\$12,000.00
Non-insider unsecured debt	\$24,585.00
Insider unsecured debt	\$1,950,200.00
Total prepetition liabilities	\$2,200,054.20

OWNERS' EQUITY

Owners' Equity	-\$54,625.19
Retained Earnings-prepetition	
Retained Earnings-Cash to accrual adj.	-\$44,955.34
Retained Earnings-post-petition	\$30,141.33
Total owners' equity	-\$69,439.20
Total Liabilities and Owners' Equity	<u><u>\$2,130,615.00</u></u>