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5 UNITED STATES BANKRUPTCY COURT  
6 IN AND FOR THE EASTERN DISTRICT OF WASHINGTON

7 In re:

No.: **16-03109-FPC11**

8 **ROYAL COACHMAN MOBILE HOME  
9 PARK, LLC,**

Chapter 11

10 Debtor.

**FIRST AMENDED DISCLOSURE  
STATEMENT**

11  
12 I.  
INTRODUCTION

13 Debtor provides this Disclosure Statement to all of its known Creditors in order to  
14 disclose that information deemed by the Proponents, with the advice of counsel, to be  
15 material, important, and necessary to Creditors to arrive at a reasonably informed decision  
16 in exercising their right to vote for acceptance of the Plan of Reorganization (hereinafter  
"the Plan") presently on file with the Bankruptcy Court. A copy of the Plan accompanies  
this Statement.

17 The Court will set the last day for filing an acceptance or rejection of or an objection  
18 to the Confirmation of the Plan. You will be notified of said date. Creditors may vote on  
19 the Plan by filling out and mailing the accompanying ballot to the Bankruptcy Court at the  
address indicated on the form. As a Creditor your acceptance is important. In order for  
20 the Plan to be deemed accepted, of the ballots cast, Creditors that hold at least two-thirds  
(2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of  
each class of Creditors must vote for the Plan.

21  
22 NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS  
23 TO ITS FORMER OR PRESENT BUSINESS OPERATIONS OR THE VALUE OF  
24 PROPERTY, ARE AUTHORIZED BY THE PROPONENT OTHER THAN AS SET FORTH  
25 IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO  
SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS  
STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR  
DECISION.

First Amended Disclosure Statement-1

**SOUTHWELL & O'ROURKE, P.S.**  
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1 THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A  
2 CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR UPON WHICH A  
3 SUBSTANTIAL PORTION OF THIS STATEMENT IS BASED ARE DEPENDENT UPON  
4 ACCOUNTING PERFORMED BY THE DEBTOR WITH THE ASSISTANCE OF  
5 ACCOUNTANTS. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE  
6 COMPLEXITY OF THE FINANCIAL MATTERS OF THE DEBTOR, IT IS UNABLE TO  
7 WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT  
8 ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE  
9 ACCURATE.

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II  
DEFINITIONS

Debtor's Plan and Disclosure Statement refer to or use certain words, which have a specific meaning under Title 11 U.S.C. (the Bankruptcy Code), the Plan or the Disclosure Statement. These words or terms are herein defined.

1. "Accountant" shall mean Bruce Jorgensen, CPA and ILUVTAX.com, or any certified public accountant, employed or to be employed by Debtor with prior Court approval.

2. "Administrative Expense" shall mean the claims of Accountant and Attorney for Debtor as set forth in Section 503 of the Code.

3. "After Notice and Hearing" means after such notice and such opportunity for a hearing as is appropriate in the particular circumstances. It authorizes an act without an actual hearing if a notice is given properly and if a hearing is not requested timely or if there is insufficient time for a hearing to be held before the act must be done and the Court authorizes the act.

4. "Allowed Claim" shall mean a Claim for which a proof of Claim has been timely filed with the Court within the time fixed by the Court of February 13, 2017, as to which a final order or judgment has been entered allowing said amount or to which no objection to a timely filed proof of Claim being filed or listed without being disputed.

5. "Allowed Secured Claim" shall mean an Allowed Claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest and which property has a present fair market value in a sufficient amount to pay all superior lien Claims and the Claims.

6. "Attorney for Debtor" shall mean Southwell & O'Rourke, P.S., and any additional attorneys or successors as approved by the Court.

First Amended Disclosure Statement-2

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1 7. "Claim" shall mean any right to payment, or right to an equitable remedy for  
2 breach of performance if such breach gives rise to a right to payment, whether or not such  
3 right to payment or right to equitable remedy is reduced to judgment, whether unmatured,  
4 disputed, undisputed, legal, equitable, secured or unsecured.

5 8. "Claim Against Columbia Legal Services" shall mean Debtor's position and  
6 assertion that it had a right to receive approximately Fifty-Three Thousand Dollars  
7 (\$53,000.00) it has deposited with Columbia Legal Services.

8 Although Debtor agreed as part of Mediation (def. #24.5) that these funds shall be  
9 distributed to Class 5 (Tenants), Debtor has not waived nor abandoned its right to assert  
10 damage claims against CLS.

11 In all probability the possible claim will not be asserted nor pursued against  
12 Columbia Legal Services.

13 9. "Claim Against Harley Burns" shall mean Debtor's right, if any, to recover  
14 from Harley Burns monies he allegedly improperly took from Debtor totaling in excess of  
15 Fifty Thousand Dollars (\$50,000.00) and other personal property, namely, 2003 1 ton Ford  
16 pickup valued at Twenty Thousand Dollars (\$20,000.00), 2012 Tex dump trailer valued at  
17 Ten Thousand Dollars (\$10,000.00), and 2013 Polaris 4-wheeler valued at Ten Thousand  
18 Dollars (\$10,000.00).

19 10. "Claim Against Tenants" shall mean unpaid rent claims against twenty-two  
20 (22) Class 5 members for failure to pay rent and failure to comply with and abide by the  
21 written rental agreements between Debtor and Class 5 members. The total unpaid rent  
22 amount is Thirty-Three Thousand Three Hundred Forty-Seven Dollars (\$33,347.00).

23 11. "Class Action Suit" shall mean that litigation pending in Grant County  
24 Superior Court, State of Washington, under case number 15-2-00501-1. It is captioned  
25 Ferman Amado, et. al. v. Debtor, et. al.

12. "Code" shall mean Title 11 of the United States Code, 11 U.S.C. §101, et.  
Seq.

13. "Confirmation" shall mean the entry of an order confirming the Plan.

13.5 "Consent Decree" shall mean the "Consent Decree Resolving Damages and  
Injunctive Class Claims" entered by the Court in Class Action Suit on May 20, 2016. A  
copy is hereto attached as Exhibit "2".

14. "Court" shall mean the United States Bankruptcy Court for the Eastern  
District of Washington.

1           15. "Creditor" or "Creditors" shall mean all persons and/or entities holding  
2 Claims of or against the Debtor holding claims for liabilities, demands or claims of any  
3 character whatsoever.

4           16. "Debtor" or "Debtors" shall mean Royal Coachman Mobile Home Park, LLC.

5           17. "Debtor in Possession" shall mean Debtor, when exercising its rights,  
6 powers, and duties under Section 1107(a) of the Code in the reorganization case.

7           18. "Debtor's Business" shall mean the rental of space, including units, for  
8 mobile homes in a licensed mobile home park.

9           19. "Debtor's Business Premises" shall mean the approximate 7.5 acre, 57  
10 space mobile home park commonly known as 133 Catalpa Avenue N.E., Royal City,  
11 Washington and legally described on Exhibit "1" attached hereto.

12           20. "Disbursing Agent" shall mean Accountant and/or the entity or individual  
13 as designated by the Court in the Order of Confirmation, acting in the capacity of the  
14 disbursing agent under this Plan, and having such rights, powers, and duties as may be  
15 designated in the Plan, the Order of Confirmation, or by final Order of the Court. If a  
16 Disbursing Agent is not appointed, Debtor shall be the Disbursing Agent.

17           21. "Disputed Claim" shall mean a filed or scheduled claim of an alleged  
18 Creditor as to which an objection has been filed by a party in interest or which has been  
19 scheduled in the Schedule of Liabilities filed pursuant to §521(1) of the Code as disputed,  
20 contingent or unliquidated.

21           22. "Effective Date" shall mean the date on which the Order of Confirmation  
22 becomes final and non-appealable.

23           23. "Estate" and/or "Property of the Estate" shall mean the estate created  
24 pursuant to §541 of the Code.

25           24. "Final Order" shall mean an order or judgment of the Court as to which the  
time for appeal has expired without a notice of appeal having been filed, or as to which any  
appeal therefrom has been resolved.

          24.5 "Mediation" shall mean the successful resolution of the disputes between  
Debtor, Shannon Burns, individually and as personal representative of the Estate of Darla  
Turner, deceased, on one hand, and plaintiff in Class Action Suit (Def. #11) conducted by  
the Honorable John A. Rossmeissl, Bankruptcy Judge. A copy of the settlement transcript  
is attached as Exhibit "3".

1 25. "Net Proceeds of Liquidation" shall mean gross recovery less the  
2 reasonable costs and expenses of any attorneys and experts employed by Debtor with  
3 Court approval, to the extent said fees and expenses are fixed and approved by the Court  
4 to liquidate an item or account.

5 26. "Net Proceeds of Sale" shall mean gross sales or liquidation proceeds  
6 including payments on contract, less the real estate or auctioneer commission, if any,  
7 approved by the Court or specifically set forth in this Plan, and less the standard, usual,  
8 and reasonable costs and expenses at closing, such as attorney fees, title policy  
9 expenses, excise tax, revenue stamps and recording fees. As used herein, the realtor's,  
10 brokers, consignee, or auctioneer's commission shall not exceed ten percent (10%) of the  
11 sales price unless increased After Notice and Hearing. Such modification shall not be  
12 deemed an amendment or modification to the Plan. Provided, further, that in the case of  
13 an auction, Net Proceeds of Sale shall be that amount further reduced by auction  
14 advertising expenses not to exceed three percent (3%) of the gross sales price.

15 27. "Order of Confirmation" shall mean the Order of the Court confirming the  
16 Plan pursuant to §1129 of the Code.

17 28. "Petition Date" shall mean the date on which Debtor filed its Voluntary  
18 Petition for relief in accordance with Chapter 11 of Title 11, United States Code, with the  
19 Court, commencing the reorganization case, namely, October 3, 2016.

20 29. "Plan" shall mean the Plan of Reorganization in its present form, or as it may  
21 be amended, modified, or supplemented, filed by Debtor.

22 30. "Probate" shall mean that existing administration of the Estate of Darla  
23 Turner, deceased, pending in Grant County Superior Court, State of Washington, under  
24 case number 14-4-00136-7. She died on September 10, 2014. The probate was  
25 commenced on September 16, 2014. At the time of decedent's death, she owned  
Debtor.

31. "Professional Persons" shall mean persons, including a trustee, if one is  
appointed, retained or to be compensated pursuant to Sections 326, 327, 328, 330, and/or  
1103 of the Code.

32. "Proponent" shall mean Debtor above-named.

33. "Pro rata" shall mean that with respect to a distribution to any holder of an  
Allowed Claim or interest in a given class, the amount of such distribution shall be  
calculated by multiplying the total amount available for distribution by a factor, the  
numerator of which is the whole of said holder's Allowed Claim or interest, and the  
denominator of which is the aggregate of the Allowed Claims or interest of that class.

1 34. "Reorganization" shall mean the Chapter 11 case pending before the Court  
commenced by Debtor, designated case number 16-03109-FPC11.

2 35. "Reorganized Debtor" shall mean, as provided by Section 1141(d) of the  
3 Code, the Debtor as revested, following the Effective Date, with all assets that were  
formerly Property of the Estate.

4 36. "Rules" shall mean United States Bankruptcy Rules, Title 11, United States  
5 Code.

6 37. "Schedules" shall mean the list of assets and liabilities required to be filed  
7 pursuant to Section 521 of the Code, and which Debtor has filed, and any amendments  
thereto.

8 38. "Secured Claim" shall mean an Allowed Claim that is a secured Claim  
9 against the Debtor determined in accordance with §506(a) of the Code.

10 39. "Special Counsel" shall mean Jerry Moberg and Associates, P.S., a firm of  
11 lawyers with offices in Ephrata, Washington.

12 40. "Unclassified Claim" shall mean an Allowed Claim described in Sections  
13 507(a)(1), (2) or (7) of the Code.

14 41. "Unsecured Claim" shall mean an Allowed Claim that is not a Secured  
Claim.

15 42. "Unsecured Creditors Committee" shall mean the official Unsecured  
16 Creditors' Committee appointed pursuant to Order of the Court in the reorganization case.  
The members are: None

17 43. "Will Contest Litigation" shall mean that pending lawsuit and litigation  
18 captioned Harley Lance Burns, Plaintiff v. Shannon Hunter Burns, Defendant. This is  
19 pending in the Superior Court of the State of Washington, in and for the County of Grant,  
under case number 14-4-00164-2.

20 ARTICLE III.

21 HISTORY/PRESENT BUSINESS OPERATION/PROJECTIONS

22 **History/Present Business Operations:** Debtor is a limited liability company  
23 organized and existing under the laws of the State of Washington. It began business more  
24 than thirty (30) years ago by the grandparents of Classes numbered 14 and 15. On the  
25 death of grandparents, it was passed on to Darla Turner, the mother of Class 14 and  
Class 15. At her death on September 10, 2014, the interest in Debtor passed to one or  
both of her children.

First Amended Disclosure Statement-6

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1           There is little, if any, financial or operational history to share because Debtor's  
2 records held very little information.

3           Darla Turner had executed a Last Will & Testament a number of years before her  
4 death. This Will gave Debtor and Debtor's Business to Harley Burns, her son (Class 14)  
5 and Shannon Burns, her daughter, (Class 15) in equal shares ("First Will"). Shortly before  
6 her death, Darla Turner executed a new will (Second Will). This Will gave everything to  
7 Shannon Burns and nothing to Harley Burns.

8           The Second Will was admitted to probate in Grant County, State of Washington. As  
9 provided in the Will, Shannon Burns was appointed Personal Representative. A Will  
10 contest was commenced by Harley Burns on the grounds that he believed the Second Will  
11 was executed because of undue influence upon Turner by Shannon Burns and was,  
12 therefore, invalid.

13           Harley and Shannon Burns submitted their will contest litigation to mediation. The  
14 mediation held, after hearing testimony of witnesses and the parties, that the Second Will  
15 should be set aside. The decision of the mediator is pending appeal before Grant County  
16 Superior Court.

17           Debtor's Business operations and management decisions are being conducted and  
18 made most generally by Shannon Burns.

19           At the present time, Debtor's gross income appears to be averaging about Eighteen  
20 Thousand Dollars (\$18,000.00) per month. Its income for 2015 was Two Hundred Twenty-  
21 Two Thousand Dollars (\$222,000.00) and for 2014 was One Hundred Ninety-Two  
22 Thousand Dollars (\$192,000.00).

23           As rents are increased by Fifteen Dollars (\$15.00) per space per month, monthly  
24 income averages should rise to about Nineteen Thousand Dollars (\$19,000.00) per month.  
25 With expenses averaging about Thirteen Thousand Five Hundred Dollars (\$13,500.00) per  
month, the net income of Five Thousand Five Hundred Dollars (\$5,500.00) per month is  
available to pay creditors.

          Prior to her death, Darla Turner allegedly notified Debtor's tenants that an additional  
Sixty-Nine Dollars (\$69.00) for new utility fees would be charged monthly. Thru Columbia  
Legal Services, a class action suit was commenced against Debtor and others in Grant  
County Superior Court, State of Washington claiming the charge was improper. The  
tenants sought recovery of amounts paid toward the new utility fee, plus treble damages,  
plus attorney's fees. In all, more than Three Hundred Thousand Dollars (\$300,000.00) was  
claimed as damages.

1 Debtor denied it had done anything wrong and employed counsel to defend the  
2 suit.

3 In an effort to settle the litigation and quit incurring the legal expenses, which  
4 Debtor could not afford to pay, a tentative settlement was reached. It is entitled Consent  
5 Decree. Pursuant thereto, Debtor was to pay the total sum of One Hundred Twenty-Eight  
6 Thousand Dollars (\$128,000.00). However, because Debtor did not have the ability to pay  
7 the money and because the settlement included items, terms and conditions that would  
8 not allow Debtor to maintain a positive cash flow, Debtor rejected the settlement.

9 Debtor filed its Chapter 11 case so as to give it the ability to deal with provisions of  
10 Consent Decree that it could not operate under. The filing also continues to give Debtor  
11 the power to reject certain leases, including those with tenants.

12 Debtor has made several changes to its business since filing to allow it to  
13 successfully operate. The changes include the following:

- 14 1. Employing an accountant to provide accurate operating profit and  
15 loss information and categorize expenses to analyze.
- 16 2. Reducing draws by Burns as wages.
- 17 3. Getting proper tax advice and bringing reports and returns current.
- 18 4. Increasing income through rent adjustments.
- 19 5. Readyng itself to evict nonpaying tenants.
- 20 6. Adjusting park rules and endorsing forms.

21 Debtor may reject all leases and start over with new leases and terms and,  
22 possibly, new tenants. Debtor filed its case to address the issues with its business, and the  
23 litigation and the leases with tenants.

24 IV.  
25 CURRENT FINANCIAL INFORMATION

Debtor has filed with the Court its Schedule of Assets. Except as is set forth  
hereinafter, no formal appraisals have been acquired. Debtor believes the financial  
information used and the values set forth hereinafter are fairly accurate.

Debtor has examined newspaper ads and trade publications and reviewed  
information obtained online to fix the value of the majority of its non-real estate property.



1        **Accounts:** The face amount of Debtor's accounts receivables, being the unpaid  
2        rent from tenants, totals approximately Thirty Thousand Dollars (\$30,000.00). Because  
3        Debtor has no reason to conclude the rents are not recoverable, the face value is used.

4        **Claim Against Columbia Legal:** The amount held by Columbia Legal Services  
5        ("CLS") is Fifty-Three Thousand Dollars (\$53,000.00). Debtor valued the claim at Fifty-  
6        Three Thousand Dollars (\$53,000.00) on Petition Date because it was believed the  
7        amount in full was recoverable from CLS. The Debtor's right to recover this fund has been  
8        compromised in Consent Decree and is not now being sought.

9        Notwithstanding the waiver of Debtor's belief or right to recover the fund from CLS,  
10       Debtor believes it holds a claim against CLS based upon the failure of CLS to turn over the  
11       fund upon Chapter 11 case filing. Debtor's representatives shall explore the practicality of  
12       pursuing the claim.

13       **Claim Against Harley Burns:** Debtor valued the property it believes Harley Burns  
14       took from Debtor. It then put the value of the claim at the total of value of property.

15       **Mobile Home Park:** Debtor's representatives talked with several professionals  
16       about the value of Debtor's Business (Art. II, def. #18) and Debtor's Business Premises  
17       (Art. II, def. #19). Based upon the location of the park, the number of mobile home spaces,  
18       the rent chargeable, the park improvements, and cost to operate the business, the gross  
19       value of One Million Five Hundred Thousand Dollars (\$1,500,000.00) was fixed.

20       **Accounting Method:** The accounting method used by Debtor, its representatives,  
21       and accountant to produce the financial information contained in this Disclosure Statement  
22       is cash basis.

23       **Co-Debtors:** Neither Debtor's Plan nor Schedules list any co-debtor. The reason  
24       for this is that Debtor's representatives do not believe Debtor has co-debtors.

25       The fact that the Estate of Darla Turner and Shannon Burns were named as  
26       Defendants in Class Action, along with Debtor, does not make them co-debtors.  
27       Particularly, it does not if there is no existing basis to name them, which Debtor believes is  
28       the case. It only makes them co-defendants.

29       **Setoffs:** Section 553 of Code addresses setoffs. Generally, the code does not  
30       affect any right of a creditor to offset a mutual debt owing by such creditor to the debtor  
31       that arose before the Petition Date against a claim of such creditors against the debtor that  
32       arose before the Petition Date.

33       The Plan and Disclosure Statement do not refer to any set offs against the claims  
34       held by Shannon Burns, Debtor's representative. The pre-petition activities of Ms. Burns  
35       included moving all LLC bank accounts into her personal name, use of the credit cards for

1 personal purchases at places such as Perfumania and Nordstroms, for a "therapy dog"  
2 bills and certification, and for a portion of the purchase of a car (and its replacement).

3 The reason neither the Plan nor Disclosure Statement refer to the Shannon Burns'  
4 activities as falling within setoffs is because neither Ms. Burns nor Debtor's counsel  
5 believe setoffs are proper. They believe the use of estate property pre-petition date was  
6 properly entered as in lieu of wages benefit.

7 If Debtor is in error as to the category of benefit in lieu of wages, Harley Burns can  
8 assert a claim for recovery, assuming he is adjudicated a 50% shareholder.

9 The property of the benefits will not affect Debtor's ability to pay creditors under the  
10 Plan.

11 **Transfer of Real Estate:** Post-Petition Date, the probate Estate of Darla Turner  
12 issued a deed covering Debtor's Business Premises (Art. II, def. #19) to Debtor. This  
13 transfer was made January 9, 2017 without the approval of either Probate (Art. II, def. #30)  
14 or the bankruptcy court. It is now "Property of Estate" (Art. II, def. #23). Pursuant to the  
15 Mediation, the Mediator directed and the parties stipulated on the record that it shall stay  
16 vested in Debtor.

17 As a result of the mediated settlement, it is believed that neither the probate estate  
18 nor heirs hold a claim as the result of the transfer.

19 Harley Burns, a Class 14 member, asserts a one-half (1/2) ownership interest in  
20 and of Debtor. He has employed counsel to represent him. The nature of his interest in  
21 Debtor and the probate estate of Darla Turner shall be determined by Court in Probate  
22 (Art. II, def. #30).

23 Neither Harley Burns nor counsel has filed formal objections to any actions taken in  
24 this Chapter 11 case.

25 **Consent Decree:** As part of Mediation (Art. II, def. #24.5) the parties agreed that  
the automatic stay imposed by 11 U.S.C. §362 would be lifted to permit Grant County  
Superior Court, State of Washington, in Class Action Suit (Art. II, def. #11), to enter  
Consent Decree (Art. II, def. #13.5).

Although Debtor unilaterally rescinded Consent Decree on or about January 3,  
2017, without prior Court approval, the Mediation restored the same with some  
modification hereinafter referred to.

**Pre-Petition Transactions:** Prior to Petition Date but after the death of Darla  
Turner in July, 2014, it appears that at different times Harley Burns and Shannon Burns  
operated the Debtor's Business. Both Harley and Shannon Burns claimed to be heirs of

1 the probate estate. Both appear to have conducted business as if it were a sole  
2 proprietorship. All personal uses of property and money were probably improperly treated  
as draws and/or wages.

3 Debtor does not believe there were specific transactions between Debtor and  
4 Burns. This is the way business described above was conducted.

5 **Operating Income & Projections:** Debtor's ability to raise rents as to existing  
6 tenants is controlled. The operating reports show a substantial net income. With rental  
7 increases and putting an end to litigation expenses, Debtor's management, namely,  
8 Shannon Burns, projects sufficient income to make Plan payments.

9 The financials in the monthly reports is accurate and current.

10 V.  
11 **SUMMARY OF THE PLAN**

12 It is proposed that there will be fifteen (15) classes of Creditors. The present members of  
13 each class and the approximate amount due and/or claimed by each class on the Petition  
Date are set forth hereinafter, which may not include interest which has been accruing.  
14 This Disclosure Statement contains a list, description and Debtor's estimate of the value of  
15 the security claimed by each of the Secured Claim holders, together with the payment  
16 required to be made said classes. The classes are as follows:

17 Class 1: Expenses of administration pursuant to Section 503 of the Code.  
18 Present members are Southwell & O'Rourke, P.S., Debtor's Attorneys, Jerry Moberg &  
19 Associates, P.S., Debtor's Special Attorneys, and Bruce Jorgensen and ILUVTAX.com,  
20 CPA, Debtor's Accountant. Also included for fees and assessments per Title 28 of the  
21 United States Code, Chapter 123, is the U.S. Trustee. Amounts due: \$\$115,000.00,  
22 \$10,000.00+, and \$1,500.00 respectively. To the extent county, state, or federal tax liability  
23 is created by the pre-discharge operations of Debtor's Business pursuant to this Plan,  
24 other than debt forgiveness or sale of property, the United States of America, Internal  
25 Revenue Service and/or State of Washington, Department of Revenue would hold valid  
Class 1 Claims.

Class 2: Shannon Hunter-Burns. Amount due: \$2,000.00+

Class 3: United States of America, Internal Revenue Service. Amount due:  
\$0.00

Class 4: Grant County Treasurer, State of Washington. Amount due:  
\$4,192.00

Class 5: The following tenants/or former tenants of Debtor:

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	<u>Tenant</u>	<u>Claim Amount. All Disputed</u>
1		
2	Marina Gonzalez, Lot 1	\$1.00+
3	Bertin Olivares, Lot 9	\$1.00+
	Luis Montoya, Sr., Lot 2	\$1.00+
4	Rufina Lima, Lot 10	\$1.00+
	Eustaquio Moreno, Lot 6	\$1.00+
5	Sergio Mora, Lot 11	\$1.00+
	Carmelo Tlatempa, Lot 7	\$1.00+
6	Leobardo Olivan, Lot 12	\$1.00+
	Julio Hernandez, Lot 8	\$1.00+
7	Genaro Santiago, Lot 13	\$1.00+
	Maria Morales, Lot 14	\$1.00+
8	Edgar Hilario, Lot 19	\$1.00+
	P. Victoriano, Lot 15	\$1.00+
9	Antonio Arreguin E., Lot 20	\$1.00+
10	Pablo Quinones, Lot 16	\$1.00+
	Arnulfo Marmolejo, Lot 21	\$1.00+
11	Concepcion Olivan Urqura and Ignacio	\$1.00+
	Visaso Vazques, Lot 17	
12	Jose Cortez A., Lot 22	\$1.00+
	Jesus Alvarado, Lot 18	\$1.00+
13	Francisco Jaimes, Lot 23	\$1.00+
	Antonio Alcalá, Lot 24	\$1.00+
14	Matias Garcia, Lot 29	\$1.00+
15	Eduardo Ruiz Lopez, Lot 25	\$1.00+
	Genaro Romero, Lot 31	\$1.00+
16	Juan Santiago Cab., Lot 26	\$1.00+
	Ferman Amado, Lot 31A	\$1.00+
17	Genaro Vazquez, Lot 27	\$1.00+
	Aniano Victoriano, Lot 32	\$1.00+
18	Cristobal Guerrero, Lot 28	\$1.00+
	Luis Montoya, Jr., Lot 33	\$1.00+
19	Hugo Verduzco, Lot 34	\$1.00+
20	Omar Onofre Romero, Lot 38	\$1.00+
	Fernando Moreno, Lot 35	\$1.00+
21	Patricia Lomeli, Lot 39	\$1.00+
	Romulo Garcia, Lot 36	\$1.00+
22	Bernardo Saigado, Lot 40	\$1.00+
	Yaridia Mondragon, Lot 37	\$1.00+
23	Santos Gurman, Lot 41	\$1.00+
	Jacobo Amado, Lot 37A	\$1.00+
24	Honorio Villalobos, Lot 42	\$1.00+
25		

First Amended Disclosure Statement-12

**SOUTHWELL & O'ROURKE, P.S.**  
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TELEPHONE (509) 624-0159

1	Alicia Nunez Saucedo, Lot 45	\$1.00+
	Pedro Islas Pazaran, Lot 50	\$1.00+
2	Isidro Ramirez, Lot 46	\$1.00+
	Guillermo Penafiel, Lot 51	\$1.00+
3	Francisco Velasco, Lot 47	\$1.00+
	Jose Amezcuita M., Lot 52	\$1.00+
4	Donaciano Hilario, Lot 48	\$1.00+
	Jose M. Nava, Lot 53	\$1.00+
5	Gidardo Arroyo T., Lot 49	\$1.00+
	Nativida Tacuba Barrera, Lot 54	\$1.00+
6	Arnulfo Chavez, Lot 55	\$1.00+
	Alicia Quinones, Lot 56	\$1.00+
7	Efigenia Quinones, Lot 57	\$1.00+
	Jaime Quiroz, Lot 50	\$1.00+
8	Humberto Islas, Lot 50	<u>\$1.00+</u>

9  
10        Class 6:        Tee-Pee Septic, Inc. Amount due: \$350.00+

11        Class 7:        City of Royal. Amount due: \$2,000.00+

12        Class 8:        Grant County PUD. Amount due: \$750.00+

13        Class 9:        Royal City Self Storage. Amount due: \$500.00+

14        Class 10:       Cliff Wells. Amount due: \$500.00+

15        Class 11:       Pitney-Bowes, Inc. Amount due: \$250.00+

16        Class 12:       Numerica Credit Union. Amount due: \$4,000.00

17        Class 13:       Unsecured Creditors. Amount due: \$88,318.89+

	<u>Creditor</u>	<u>Amount Due</u>
19		
20	Capital One	\$13,471.51
	Estate of Darla May Turner	\$5,000.00+
21	Clayton Lynch	\$200.00+
	Brian Martlin	\$2,500.00+
22	Jerry Moberg & Associates, P.S.	\$6,789.77
	Pitney-Bowes	\$150.00+
23	Synchrony Bank	\$4,857.61
	US Bank Visa	\$29,000.00
24	Cliff Wells	\$350.00+
25	Shannon Burns	\$26,000.00

First Amended Disclosure Statement-13

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1            Classes 14 and 15: The members of Class 14 (Harley Burns) and Class 15  
2 (Shannon Burns) may be the equity holders of Debtor. See: Art. VI.

3            Debtor's Plan is a partial liquidation Plan, providing for the liquidation of a portion of  
4 the property of Debtor, generally claims. It also gives Debtor the option to sell its business  
in the future.

5            **General Introduction Of Plan Treatment Of Claims**

6            Debtor's Plan is essentially premised upon its ability to operate its business  
7 profitably. Thereafter, it proposes to pay all allowable claims in full with interest, including  
the general unsecured claims of Class 13.

8            If Debtor decides to sell its business and is able to continue to develop a substantial  
9 sustainable profit and sell its business as an ongoing profitable enterprise, all creditors  
10 could be paid in full with interest sooner than by periodic payment, including Class 13  
unsecured creditors.

11           **Insider Creditors and Benefits**

12           The Bankruptcy Code defines "insiders" in the case of a corporate or limited liability  
13 company debtor to include

- 14           (i)        director of debtor;  
15           (ii)        officer of the debtor;  
16           (iii)        person in control of the debtor;  
17           (iv)        partnership in which the debtor is a general partner;  
18           (v)        general partner of the debtor; or  
19           (vi)        relative of a general partner, director, officer, or person in control of  
the debtor;

20           In the Chapter 11 case, the following creditors can be considered to be an insider  
21 for the reasons stated, namely:

- 22           1. Harley Burns (Class 14) and Shannon Burns (Class 15) are "insiders" because  
they are or assert they are shareholders;  
23           2. Shannon Burns, as a Class 2 wage claimant, is an "insider".

24           Debtor does not believe any of the "insiders" are specially benefited by Debtor's  
Plan to any degree greater than other creditors.

1 **Operation of Business**

2 Debtor's Plan provides that Debtor shall continue to operate its business as revised  
3 and reconstructed. Class 2 member Shannon Hunter-Burns shall be the person primarily  
4 in charge of the business operations unless the Court in Probate specifically rules to the  
5 contrary. She shall work with compensation not to exceed Two Thousand Five Hundred  
6 Dollars (\$2,500.00) per month, except as otherwise set forth herein.

7 Debtor's Plan states that if Debtor terminates its business operations, it shall give  
8 written notice of that termination to all persons and entities listed on the Master Mailing  
9 List. It states this notice shall be mailed not more than thirty (30) days of termination.

10 If Debtor terminates its business operations, the Plan provides it shall give written  
11 notice of that termination to all persons and entities listed on the Master Mailing List. This  
12 notice shall be mailed not more than thirty (30) days of termination.

13 Debtor shall operate its business as is reconstructed. The net operating income  
14 shall be used to pay and address the claims as set forth hereinafter.

15 **Will Contest Litigation**

16 Debtor's Plan states that the litigation pending in Grant County, State of  
17 Washington and defined herein as Will Contest Litigation (Art. II, def. #43) shall proceed to  
18 final judgment in Grant County Superior Court without further Order of this Court. The final  
19 judgment shall control the respective ownership interests in and of Debtor by Class 14 (H.  
20 Burns) and Class 15 (Shannon Burns).

21 Pursuant to the Plan, Debtor is not a party to that litigation and shall not become a  
22 party. Thus, Debtor shall not pay any of the expenses associated with or related to this  
23 litigation.

24 Based upon Mediation, title to Debtor's Business Premises (Art. II, def. #19) shall  
25 remain in Debtor.

**Claim Against Columbia Legal Services**

The Plan states Debtor shall commence an adversary proceeding or contempt  
action against Columbia Legal Services ("CLS") and others before this Bankruptcy Court  
to liquidate Claim Against Columbia Legal Services (Art. II, def. #8). Debtor believes CLS  
held post-petition "Property of Estate," namely, approximately Fifty-Three Thousand  
Dollars (\$53,000.00) which it had failed to turn over to Debtor for deposit into Debtor's  
estate account.

In all probability, Debtor shall not pursue the possible claim against CLS.

1 It is specified in the Plan that upon receipt of liquidation proceeds, the same shall  
2 be disbursed, to the extent sufficient, as follows:

3 first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;

4 second, the Allowed Claim of Class 2 (S. Burns) until paid in full;

5 third, the Allowed Claim of Class 3 (IRS) until paid in full;

6 fourth, the Allowed Secured Claim of Class 4 (Grant County Treasurer) until  
7 paid in full;

8 fifth, the Allowed Claims pro rata of the members of the following classes,  
9 namely, Class 5 (Tenants), 6 (Tee-Pee), 7(City of Royal), 8(Grant County PUD),  
10 9(Royal City Self Storage), 10(Cliff Wells), 11(Pitney Bowes), 12(Numerica), and  
11 13(Unsecured Creditors) until paid in full.

12 Debtor estimates the cost to pursue this litigation at less than Three Thousand Five  
13 Hundred Dollars (\$3,500.00). The estimate is low because Debtor does not believe the  
14 issues are many nor complex. The attorney's costs shall be a Class 1 (Admin) claim.

15 Debtor shall not pursue this claim unless counsel can be employed on a  
16 contingency fee basis.

### 17 **Claim Against Harley Burns**

18 The Plan requires that Debtor shall employ special litigation counsel, after notice  
19 and hearing, to commence suit, if necessary, to determine the validity of and liquidate  
20 Claim Against Harley Burns (Art. II, def. #9).

21 The Plan provides that subject to the jurisdiction of Probate, if any, the amount  
22 determined to be the amount owed by Harley Burns, if any, shall be treated as follows:

23 1. If Debtor determines, with the assistance of counsel, that the amount  
24 is not reasonably and economically recoverable from Harley Burns, the amount  
25 shall be deducted from the share, if any, of Harley Burns as a Class 14 member, or

2. If it is determined in Will Contest Litigation (Art. II, def. #43) that  
Harley Burns is to receive nothing from the Darla Turner Estate, Debtor may sell  
the claim or assign it for collection on a contingency basis to someone or some  
entity.



1 It is stated in the Plan that should Debtor receive monies from liquidation of the  
2 claim against Harley Burns, the net proceeds of liquidation (Art. II, def. #25) shall be  
disbursed, to the extent sufficient, as follows:

3 first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;

4 second, the Allowed Claims of Class 2 (Wages) until paid in full;

5 third, the Allowed Claim of Class 3 (Tax) until paid in full;

6 fourth, the Allowed Claim of Class 4 (Tax) until paid in full;

7 fifth, the Allowed Claims of all remaining classes, except classes number 14  
8 and 15, pro rata until paid in full.

9 The Plan provides that the employment of counsel to pursue this claim or claims  
10 shall only be on a contingency fee agreement, unless some other fee agreement is  
approved by Court after notice and hearing. Debtor shall be responsible only to pay costs.  
11 These are estimated at less than Five Hundred Dollars (\$500.00). The Plan states that  
these costs shall be paid out of Debtor's operating income.

### 12 Class Action Lawsuit

13 The claims asserted against Debtor by Class 5 (Tenants and/or former tenants)  
14 shall be liquidated and the claims against Class 5 members by Debtor determined by  
15 Court or in Class Action Suit. The claims have been resolved by Consent Decree, as  
modified by Mediation.

### 16 Claim Against Tenants

17 Under the proposed Plan, Debtor shall continue to employ Special Counsel (Art. II,  
18 def. #39) to liquidate Claim Against Tenants (Art. II, def. #10). The Consent Decree shall  
19 be deemed modified to permit recovery of rents due, if any, regardless of Class Action  
20 Lawsuit. The net proceeds of liquidation (Art. II, def. #25) shall be disbursed, to the extent  
sufficient, as follows:

21 first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;

22 second, the Allowed Claims of Class 2 (Wages) until paid in full;

23 third, the Allowed Claim of Class 3 (Tax) until paid in full;

24 fourth, the Allowed Claim of Class 4 (Tax) until paid in full;

25 First Amended Disclosure Statement-17

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1            fifth, the Allowed Claims of all remaining classes, except classes number 14  
2            and 15, pro rata until paid in full

3            **Assume or Reject Rental Agreements With Tenants**

4            The Plan specifies that not less than twenty (20) days prior to confirmation, Debtor  
5            shall advise Class 5 members (Tenants) by notice to creditors given to the Master Mailing  
6            List which leases/rental agreements will be assumed and which shall be rejected. If a  
7            particular tenants agreement is rejected, that tenant shall vacate the premises within thirty  
8            (30) days or shall be considered a holdover tenant and be evicted.

9            The Plan further provides that any Class 5 member who occupies a space in  
10            Debtor's Business Premises and who has not signed a rental agreement presented by  
11            Debtor at or prior to confirmation shall either sign one or shall be considered a holdover  
12            tenant or trespasser and shall be removed.

13            The Plan states that nothing shall prevent or prohibit Debtor from accepting or  
14            rejecting, pursuant to 11 U.S.C. § 365, any or all rental or lease agreements between  
15            Debtor, as landlord, and any Class 5 member, as tenant.

16            **Retain Premises**

17            It proposes in the Plan that Debtor shall retain its business premises and operate its  
18            business until all claims are paid in full or until the business is sooner sold.

19            **Sale of Business**

20            The Debtor's Plan states that Debtor shall use its best efforts to become reasonably  
21            profitable through changes to its business plan, including rent increases. It is further  
22            provided in the Plan that once this is accomplished, and if Debtor chooses to do so in its  
23            sole discretion, and After Notice and Hearing (Art. II, def. #3), Debtor may sell its assets  
24            and business as a going concern. Provided, however that a sale shall not occur unless the  
25            net proceeds of sale are sufficient to pay all allowed claims in full. Upon sale, if any, the  
26            net proceeds of sale shall be disbursed, to the extent sufficient, as follows:

27            first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;

28            second, the Allowed Claims of Class 2 (Wages) until paid in full;

29            third, the Allowed Claim of Class 3 (Tax) until paid in full;

30            fourth, the Allowed Claim of Class 4 (Tax) until paid in full;

1            fifth, the Allowed Claims pro rata of all other classes, except classes 14 and  
15, until paid in full; and

2            sixth, balance to be divided and/or paid to classes numbered 14 (Burns) and  
3            15 (Hunter-Burns) as directed and ordered in Will Contest Litigation (Art. II, def.  
4            #43).

5            **Additional Specific Treatment of Claims**

6            Class 1: The Plan provides that Class 1 shall be paid not less than Sixty Thousand  
7            Dollars (\$60,000.00) within ten (10) days of Effective Date out of Debtor's operating  
8            account. The amount shall be divided prorata amongst allowed Class 1 claims.

9            Class 1, 2, and 3: It is directed in Debtor's Plan that Debtor shall pay the sum of not  
10            less than Two Thousand Five Hundred Dollars (\$2,500.00) per month out of operating  
11            profits to Disbursing Agent. The Plan states these monies shall be disbursed, to extent  
12            sufficient, as follows:

13            first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;

14            second, the Allowed Claims of Class 2 (Wages) until paid in full; and

15            third, the Allowed Claim of Class 3 (Tax) until paid in full.

16            The first installment shall be paid within thirty (30) days of confirmation.

17            Class 4: The Plan provides that Debtor shall pay the Allowed Secured Claim of  
18            Class 4 (Grant County Treasurer) in full. It states that any tax assessed by Class 4 upon  
19            Debtor's Business Premises after Petition Date shall be timely paid. It states that any tax  
20            assessed by Class 4 prior to Petition Date shall be paid in full in four (4) equal annual  
21            payments. The first payment shall be made within six (6) months of Confirmation and each  
22            one (1) year thereafter until paid in full.

23            Class 5: Class 5 members and counsel shall be paid pursuant to Consent Decree  
24            (Art. II, Def. #13.5) as modified by Mediation (Art. II, def. #24.5) as further modified by  
25            Debtor's Plan.

              The approximate Fifty-Three Thousand Dollars (\$53,000.00) held by Columbia  
Legal Services shall be distributed by it to Class 5 members on or after Effective Date.

              Debtor's Plan provides that Columbia Legal Services shall be paid the sum of  
Eighty-Five Thousand Dollars (\$85,000.00) at the rate of Two Thousand Dollars  
(\$2,000.00) per month until paid in full. The first payment shall be made within thirty (30)  
days of Effective Date and each month thereafter until paid in full.

First Amended Disclosure Statement-19

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1           Classes 6, 7, 8, 9, and 11: Pursuant to the Plan, the executory contracts between  
2 Debtor, as customer, and the members of classes numbered 6 (Tee-Pee), 7 (City of  
3 Royal), 8(Grant County PUD), 9(Royal City Self Storage), and 11(Pitney-Bowes), as  
4 providers, shall be assumed pursuant to 11 U.S.C. § 365. It further provides that the  
5 assumption shall be deemed effective upon confirmation without further Order of Court.

6           The Plan states that any delinquencies in Debtor's obligations under and pursuant  
7 to the agreements between Debtor and the members of these classes shall be cured  
8 within twelve (12) months of confirmation.

9           Class 10: It is specified in Debtor's Plan that the claim of Class 10 (Wells), if any,  
10 based upon the employment agreement between Debtor and Class 10 is rejected. It also  
11 provides that the claim of Class 10, based upon said rejection, shall be a claim of Class 13  
12 (Unsecured Creditors).

13           Class 12: Debtor's Plan provides that the allowed secured claim of Class 12  
14 (Numerica) shall be treated as follows, which may include payment in full:

15           1.       Should Debtor locate and come into physical possession of the 2013  
16 Polaris 4-wheeler ("Polaris") prior to confirmation, Debtor shall retain the same and  
17 pay Class 12 in full. Debtor shall pay Class 12 the sum of Two Hundred Fifty  
18 Dollars (\$250.00) per month until paid in full. The first installment shall be made  
19 within thirty (30) days of confirmation and each thirty (30) days thereafter.

20           2.       Should Debtor not come into physical possession of Polaris prior to  
21 confirmation, Debtor's interest therein shall be abandoned. Should this occur, Class  
22 12 shall hold a Class 13 claim in an amount equal to the balance due less  
23 insurance coverage available for the loss.

24           Class 13: Debtor's proposed Plan specifically provides that the allowed claims of  
25 Class 13 (Unsecured) creditors shall be paid in full out of Debtor's operating profits in  
progressive monthly installments as follows:

1           1.       Debtor shall pay Three Thousand Dollars (\$3,000.00) per month for  
2 twelve (12) months. The first payment shall be made within thirty (30) days after full  
3 payment to classes numbered 1, 2, and 3.

4           2.       Debtor shall pay the sum of Five Thousand Five Hundred Dollars  
5 (\$5,500.00) per month for a period of twenty-four (24) months, with the first  
6 payment within thirty (30) days of completion of payment pursuant to number 1  
7 above.

1           3. Debtor shall pay the sum of Six Thousand Five Hundred Dollars  
2 (\$6,500.00) per month until the Class 13 Allowed Claims are paid in full. The first  
3 payment shall be made within thirty (30) days of full payment pursuant to number 2  
4 above.

5           It should be noted that should Debtor not pay more than the minimum monthly  
6 payments provided in 1, 2, and 3 above, it could take up to twenty-six (26) months to  
7 complete payment to Classes 1 (Admin), 2 (Wages), and 3 (Tax). However, liquidating  
8 claim against Harley Burns (Art. II, def. #9) and Claim Against Tenants (Art. II, def. #25)  
9 are expected to produce funds to expedite full payment.

10           Classes 14 and 15: The Plan states that the members of Class 14 (H. Burns) and  
11 Class 15(S. Burns) shall receive no distribution as equity holders, unless specifically  
12 provided in the Plan, until Allowed Claims are paid to the extent provided to be paid or  
13 treated.

14           The Plan further states that any distribution to Class 14 and Class 15 shall be made  
15 only pursuant to Order of Court in Probate or in Will Contest Litigation.

### 16           **Drop Dead Provision**

17           Debtor's Plan sets forth three (3) specific drop dead provisions as part of the Plan  
18 as follows:

19           1. Should any creditor believe Debtor is not expending sufficient efforts to  
20 liquidate property, provided for liquidation by the terms of this Plan, or that an alternative  
21 means should be used, such creditor may request the Court to revise the manner of  
22 liquidation, after notice and hearing.

23           2. Should Debtor default in payment to creditors per this Plan or default on any  
24 of its obligations owed creditors pursuant to the security instruments or other loan  
25 documents the Debtor executed as may be modified by this Plan, said creditor shall give  
written notice of default to the Debtor as provided for in the security instruments or the  
other loan documents and to Attorneys for Debtor. Thereafter, should the default not be  
timely cured, a creditor may petition Court to lift stay to exercise its state law and/or  
contractual remedies. Except as expressly modified by the Plan, all terms and conditions  
of the promissory notes, the deeds of trust, the security agreements, and other loan  
documents evidencing the Debtor's obligations and covenants to creditors shall and  
hereby do remain in full force and effect. Debtor shall remain bound by the terms of these  
promissory notes, deeds of trust, security agreements, and other loan documents except  
as expressly modified by the Plan.

          3. In Mediation the parties agreed to a third drop dead provision. It provides  
that in the event of a significant default of a Plan obligation, the Class 5 (Tenants)

1 members can request the Court to appoint a Chapter 11 Trustee. Whether the default is  
2 significant and whether a trustee should be appointed is within the discretion of the Court.

3 VI.  
4 EXPLANATION OF THE CLAIMS OF EACH CLASS

5 Debtor has made great efforts to include, schedule, and list known Creditors. Some  
6 Claims have been disputed or are being examined for the purpose of determining if they  
7 should be disputed. The following explanation and amounts could change as the  
8 resolution of a dispute occurs. However, no significant changes are anticipated. The  
9 classes are:

10 Class 1: The members of this class presently include the following:

11 <u>Member</u>	12 <u>Claim Amount</u>
13 Southwell & O'Rourke, P.S., Attorneys	\$115,000.00+
14 Jerry Moberg & Associates, Special Attorneys	\$10,000.00+
15 Bruce Jorgensen, CPA	\$1,500.00+

16 Also included in Class 1 for fees and assessments per Title 28 of the United States  
17 Code, Chapter 123, is the U.S. Trustee. To the extent county, state, or federal tax liability  
18 is created by the pre-Confirmation operations of Debtor's Business (Art. II, def. #14)  
19 pursuant to Debtor's Plan, other than debt forgiveness or sale of property, the United  
20 States of America, Internal Revenue Service and/or State of Washington, Department of  
21 Revenue would hold valid Class 1 Claims.

22 The present problems Debtor or attorney for Debtor has with providing a present  
23 reasonable and accurate estimate of the fees and costs to be incurred as Class 1 claims  
24 may be summarized as follows:

25 1. Counsel and Debtor are unsure what issues will arise concerning the  
liquidation of property of estate, including claims, Debtor's implementation of Debtor's  
plan, or post-confirmation issues;

2. Counsel is unsure at the present time what issues will be required to be  
litigated relating to fixing the interest of Class 14 (H. Burns);

3. Counsel is not certain what issues will arise concerning objections to claims  
and/or fixing the claims of Class 13. There is not a claims filing requirement. However,  
about twenty (20) members recently filed claims. Thus, Counsel cannot guess who else  
will file a claim to which objections are proper; and

1           4. Counsel is unsure at present what confirmation issues will arise.

2           Any Claims incurred by professionals in assisting Debtor with these issues, if any,  
3 will be treated and paid as a Class 1 Claim.

4           The professional claims of Class 1 will be paid from a combination of liquidation  
5 and sale of estate property and from monthly payments by Debtors. Attorneys Southwell &  
6 O'Rourke, P.S. received and still hold a retainer in the amount of Two Thousand Five  
7 Hundred Dollars (\$2,500.00), which shall be applied to Court approved fees and  
8 expenses.

9           As of June 23, 2017, no interim fees for Attorneys or any other Class 1 member  
10 have been approved by the Court nor applied for. The accrued and outstanding fees of  
11 Southwell & O'Rourke, P.S. through June 8, 2017 are approximately One Hundred Fifteen  
12 Thousand Dollars (\$115,000.00) and costs are approximately Two Thousand Four  
13 Hundred Twenty-Two Dollars (\$2,422.00).

14           Class 2: The single member of Class 2 is Shannon Hunter-Burns, who holds an  
15 unpaid wage claim of approximately Two Thousand Dollars (\$2,000.00). The wage claim  
16 was incurred in 2015 and is all due and owing.

17           This claim was not originally listed in Schedules because Class 2 assumed it was  
18 lost when not paid at the time due and owing. She did not recognize it as an assertable  
19 claim.

20           Class 3: The single member of Class 3 is the United States of America, Internal  
21 Revenue Service. As of Petition Date, Debtor had not filed an income tax return for the  
22 years 2013, 2014, and 2015. Preliminarily, Debtor believed the federal income tax  
23 liability would approximate Eight Thousand Five Hundred Dollars (\$8,500.00) for each  
24 of the three (3) years. Debtor was in error.

25           Since Petition Date, Debtor caused its tax returns to be brought current. The  
returns have been filed. It has been determined that no tax is due and owing.

Class 4: The single member of Class 4 is Grant County Treasurer, holding a  
claim for unpaid real estate taxes. Real estate taxes are due in the amount of Four  
Thousand One Hundred Ninety-Two Dollars (\$4,192.00) for the year 2016.

          The security for the claim of Class 4 is a first lien position upon and in Debtor's  
Business Premises (Art. II, def. #19) having a value of One Million Five Hundred  
Thousand Dollars (\$1,500,000.00).

Class 5: The fifty-five (55) members of Class 5 are tenants of Debtor. All  
members rent a mobile home space from Debtor. Base rent can range from Three

1 Hundred Forty Dollars (\$340.00) per month to Four Hundred Dollars (\$400.00). In  
addition to the rent, tenants must pay the following:

- 2 1. Extra water (i.e. in excess of ten dollars (\$10.00) per month);
- 3 2. Twenty Dollars (\$20.00) per month for extra vehicles;
- 4 3. Twenty Dollars (\$20.00) per month for extra people (i.e. other than husband,
- 5 wife, and children).

6 The signed leases range from many years from inception to a couple months old.

7 Some Tenants paid Sixty-Nine Dollars (\$69.00) per month for six months. To  
8 compensate for this erroneous charge, for eight (8) months, Debtor charged only Three  
9 Hundred Forty Dollars (\$340.00) for rent without extra charges for extra water, extra  
vehicles, or extra people.

10 Class 6: The single member of Class 6 is Tee Pee Septic, Inc. pursuant to  
11 standing agreement with Class 6 entered into in approximately July of 2014, prior to the  
12 death of Darla Turner on September 10, 2014. Class 6 provides continuing sewer  
services to Debtor to keep the sewer system functional. The contract costs Debtor  
13 approximately Three Hundred Fifty Dollars (\$350.00) per month.

14 Class 7: The single member of Class 7 is City of Royal. It holds a claim based  
upon a contract dating back over five (5) years. Pursuant to the contract Class 7  
15 provides utility services to Debtor, namely, sewer, garbage and water. The cost to  
Debtor averages Six Thousand Dollars (\$6,000.00) to Eight Thousand Dollars  
16 (\$8,000.00) per month. On petition date, Class 7 was owed less than Two Thousand  
Dollars (\$2,000.00).

17 Debtor's Business cannot operate without the services being provided by Class  
18 7.

19 Class 8: The single member of Class 8 is Grant County Public Utility District.  
20 Pursuant to contract with Debtor sign more than five (5) years ago, Class 8 provides  
electrical services to Debtor's Business Premises. The average cost to Debtor is Three  
21 Thousand Dollars (\$3,000.00) to Four Thousand Dollars (\$4,000.00) per month in the  
winter months and Two Hundred Dollars (\$200.00) per month in the summer months.  
22 On petition date, Debtor owed Class 8 an amount less than Seven Hundred Fifty Dollars  
(\$750.00).

23 Debtor's Business cannot operate without the services of Class 8.  
24



1 Class 9: The single member of Class 9 is Royal City Self Storage. Debtor  
2 entered into a contract with Class 9 in September, 2014 whereby Debtor rents three (3)  
3 storage units at a cost for each unit of Six Hundred Dollars (\$600.00) each six (6)  
4 months. Certain of Debtor's personal property not used on a daily basis is stored in the  
5 unit.

6 Class 10: The single member of Class 10 is Cliff Wells. Pursuant to contract  
7 between Debtor and Class 10, Class 10 provided accounting services to Debtor. The  
8 contract was entered in approximately June of 2013. This class was owed less than  
9 Five Hundred Dollars (\$500.00) on Petition Date.

10 Debtor does not believe the services of Class 10 are necessary, the contract will  
11 be cancelled.

12 The claim was incurred on November 4, 2015 and is all due and owing.

13 Class 11: The single member of Class 11 is Pitney-Bowes, Inc. holding a claim in  
14 an amount less than Two Hundred Fifty Dollars (\$250.00). Pursuant to contract dated  
15 June, 2012, said class provides Debtor with a postage machine and related services.  
16 The basic fee for the service is Two Hundred Thirty-Four and 70/100 Dollars (\$234.70)  
17 per month.

18 Debtor believes the equipment and services provided by Class 11 is necessary  
19 to economically conduct Debtor's business.

20 Class 12: The single member of Class 12 is Numerica Credit Union, holding an  
21 allowed claim of approximately Four Thousand Dollars (\$4,000.00). The security for this  
22 claim is Debtor's 2013 Polaris 4-wheeler, having a value of Ten Thousand Dollars  
23 (\$10,000.00).

24 The 4-wheeler was stolen in late 2014. Debtor does not know for certain where it  
25 is located, but believes it is in the possession of Class 14 (H. Burns).

The claim of Class 12 was incurred on or about February, 2014. Harley Burns  
took the property around June 7, 2014. The payment is all due and owing. Debtor has  
not made a payment to Class 12 since approximately August, 2014.

Class 13: The members of Class 13 are all Debtor's unsecured creditors who  
hold claims related to Debtor's business affairs and guarantees or alleged guarantees of  
debt of Debtor's Business (Art. II, def. #18). The Claims hold no security interest in or  
lien upon Property of the Estate, whether voidable or otherwise, nor any priority to  
receive payments. The majority of the Claims of this class were incurred in the ordinary  
course of Debtor's operation of Debtor's Business. All members of Class 18 with

1 amounts due each member as listed in Debtor's Schedules or amended herein are as  
2 follows:

3	<u>Creditor</u>	<u>Amount Due</u>
4	Capital One	\$13,471.51
5	Estate of Darla May Turner	\$5,000.00+
6	Clayton Lynch	\$200.00+
7	Brian Martlin	\$2,500.00+
8	Jerry Moberg & Associates, P.S.	\$6,789.77
9	Pitney-Bowes	\$150.00+
10	Synchrony Bank	\$4,857.61
11	US Bank Visa	\$29,000.00
12	Cliff Wells	\$350.00+
13	Shannon Burns	\$26,000.00

14 Class 14 and Class 15: The members of Class 14 (H. Burns) and Class 15  
15 (Shannon Hunter-Burns) both claim to be shareholders of Debtor.

16 Darla Burns, deceased, was the mother of Harley Burns and Shannon Hunter-  
17 Burns. On or about June 30, 2014 she signed a Will giving each of her two (2) children  
18 one-half interest in Debtor. On or about August 1, 2014, she executed a new Will, which  
19 gave all interest in Debtor to Shannon Burns.

20 The August 1, 2014 Will is the subject of a will contest. See: Art. II, def. #43.

## 21 VII.

### 22 LIQUIDATION ANALYSIS AS COMPARED TO PLAN PAYMENTS

23 Debtor is proposing in the Plan to pay Allowed Claims those amounts set forth in  
24 Article V, which is full payment to all classes including Class 13 (Unsecured). Debtor  
25 believes that this is more than creditors would receive in a Chapter 7 case. The belief is  
based upon the fact that Debtor's Business (Art. II, def. #18) would not be operated in a  
Chapter 7 case and substantial value, otherwise available under Debtor's Plan, would not  
be realized for creditors. Additionally, in this Chapter 11 case Debtor is expending  
substantial uncompensated efforts to manage Debtor's Business, to liquidate claims and  
property to maximize creditor recovery.

The Schedules Debtor has filed with the Court list all Debtor's assets with liens  
against the same existing at the time the case was filed, which is all property in which  
Debtor has an interest. Following is a summary of those assets which Debtor shall retain  
upon Confirmation, but which will be used or sold in part to fund Debtor's Plan.

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1 Debtor does not believe any avoidable preferences or voidable transfers have  
2 occurred or exist. Thus, none are scheduled or otherwise identified.

3 **Property to be Retained**

4 The property to be retained its value as listed in the Schedules or adjusted herein  
5 follows. The amounts set forth as liens are the amounts approximating the Claims. By  
6 listing the amounts, Debtor is not proposing, except to the extent specifically provided for  
7 in the Plan, to fix the amounts of the Claims. They are as follows:

8	<u>Item</u>	<u>Value</u>
9	1. U.S. Bank checking account. No liens.	\$18,000.00
10	2. Supplies. No liens.	\$150.00
11	3. Office equipment. No liens.	\$2,000.00
12	4. 1999 Ford pickup (\$1,000), 1940 Ford tractor (\$1,500). No liens	\$2,500.00
13	5. Mobile home park. <u>Value</u> : \$1,500,000.00. Less liens of Class 4 (\$4,192.00) leaves	\$1,495,808.00
14	<b><u>Total Value to be Retained</u></b>	<b><u>\$1,518,458.00</u></b>

15 **Property to be Liquidated**

16 Following is a list of property which will be sold or liquidated and net proceeds of  
17 sale or liquidation paid into the Plan to create monies sufficient to pay a dividend to  
18 creditors holding Allowed Claims. Additionally, Debtor's representatives believe once  
19 Debtor becomes reorganized and operates at an increased profit, it may be sold, along  
20 with its remaining assets. Debtor believes a sale of an ongoing profitable concern would  
21 be at a price and for a sufficient sum to pay all claims in full. It is as follows:

22	<u>Item</u>	<u>Amount</u>
23	1. Claim Against Columbia Legal Services of not less than \$53,000.00 plus damages and fees. No liens. Waived about 2/3 of claim. Value after liquidation cost of \$3,500.00	\$18,000.00
24	2. Claim Against Harley Burns of not less than \$40,000.00. No liens leaves	\$40,000.00

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1 3. Claims Against Tenants of not less than \$33,347.00. \$0.00  
No liens. (Waived in settlement)

2 **TOTAL FROM LIQUIDATION** \$58,000.00

3  
4 Debtor believes the amounts produced from liquidation of property set forth above  
will be insufficient to pay in full allowed claims. Thus, to pay these creditors in full, Debtor  
5 has committed to making periodic payments to the Plan until all creditors holding Allowed  
Claims are paid in full.

6 Debtor believes if its property and business are sold, it could produce between Six  
7 Hundred Thousand Dollars (\$600,000.00) and One Million Dollars (\$1,000,000.00). There  
are a couple ways to value the business and real estate, namely, asset valuation  
8 approach, income or cash flow approach, market or profit multiplier, and comparables.  
Based upon these methods and discussions with a real estate broker listing a smaller  
9 mobile home park in Royal City, Washington, and upon various research conducted  
10 online, leads Debtor's representatives to believe a value could be between the numbers  
set forth above, namely, \$600,000.00 to \$1,000,000.00.

11 VIII.  
12 EXEMPTIONS

13 Debtor is a Limited Liability Company registered in the State of Washington.  
14 Pursuant to 11 U.S.C. § 522(b), only an individual debtor may claim property as exempt  
property. Debtor is not entitled to and therefore does not claim any property as exempt  
15 property.

16 IX.  
17 LITIGATION PENDING OR CONTEMPLATED.

18 On Petition Date, Debtor was involved in litigation with Class 5 (Tenants), which  
was the only formal litigation to which Debtor was a party. A class action lawsuit was filed  
19 against Debtor, Estate of Darla May Turner, deceased, and Shannon Burns, as Personal  
Representative of Estate of Darla May Turner in Grant County, State of Washington,  
20 Superior Court under cause number 15-2-00501-1. The class action on behalf of all  
tenants (Class 5) alleges that Debtor was illegally requiring tenants to pay water, sewer,  
21 and garbage charges twice per month. It alleged Debtor was requiring it paid as part of  
monthly rental and again as additional monthly fees. The suit sought certain recovery plus  
22 treble damages and attorney fees.

23 Debtor filed answers to the original and amended suit denying any wrongdoing.

24 On Petition Date, the class action had been tentatively settled. However, the  
25 proposed settlement was rejected, in part. The terms of a proposed settlement were

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1 mooted in the majority by the Chapter 11 case filing as Debtor may reject the leases  
2 between it and Class 5 members as burdensome. Thus, reworking the leases is a waste  
of time if they are to be rejected.

3 However, although not formal litigation, certain claimants were making demands  
4 upon Debtor for payment that could not be fully met with Debtor's limited income. Debtor  
5 feared suits would be commenced concerning those accounts. Debtor did not have the  
income to either meet those demands or to defend the Claims, when considering the  
litigation it was also involved in.

6 On Petition Date, no property repossessions or formal forfeiture or foreclosure  
7 actions had been commenced by secured Creditors other than as set forth above. Debtor  
8 believed, based in part upon advice of non-bankruptcy counsel or professionals, that  
9 actions would be commenced because of Debtor's defaults. This would have severely  
impaired Debtor's ability to conduct Debtor's Business, to liquidate property as provided  
for in the Plan to be liquidated, and to retain nonexempt property by making payment  
therefore.

10  
11 Post-petition date, Debtor has not become involved in any litigation. Debtor does  
12 not believe any litigation will occur against Debtor or Property of the Estate because of the  
stay in affect pursuant to 11 U.S.C. §362.

### 13 Litigation Post-Petition

14 Debtor does not anticipate any future litigation against it for any purpose. However,  
15 Debtor believes it will be necessary for it to commence suits against certain Class 5  
(Tenants) members and against Columbia Legal Services.

### 16 Suit Against Tenants

17 Certain tenants have failed to pay rent when due, late fees when properly  
18 assessed and to conform to the terms and conditions of the leases. Debtor intends to  
19 commence suit to recover the amounts due. Further, Debtor may evict non-conforming  
20 tenants and still sue to recover what is due and owing. These suits shall be commenced  
in Grant County, State of Washington.

### 21 Suit Against Columbia Legal Services

22 Debtor shall attempt to employ an attorney on a contingency fee basis and  
23 determine if Debtor should commence suit against Columbia Legal Services ("CLS") to  
liquidate a cause of action it believes it holds against CLS as follows:

24 1. CLS held approximately Fifty-Three Thousand Dollars (\$53,000.00) of  
25 Debtor's monies on Petition Date. Although demand was made upon CLS to turn those

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1 monies over to Debtor, CLS refused to do so. The failure to turn Debtor's property over to  
2 it is believed to be a violation of the automatic stay imposed by 11 U.S.C. § 362. CLS and  
3 certain of its representatives should be found in contempt and damages imposed against  
4 them.

5 The suit if commenced against CLS shall be commenced in the U.S. Bankruptcy  
6 Court for the Eastern District of Washington.

7 Suit Against Harley Burns

8 A suit against Harley Burns shall be commenced in the U.S. Bankruptcy Court for  
9 Eastern District of Washington to recover property, including monies he is believed to  
10 have taken from Debtor. See: Art. II, def. #9.

11 When Debtor receives the monies from the liquidation of any Claims, Causes of  
12 Action, or Property, the Net Proceeds of Liquidation (Art. II, def. #20) shall be disbursed  
13 the same as monies collected by Debtor in Article X of the Plan. Debtor does not believe it  
14 has any other claims or Causes of Action.

15 1. Notwithstanding any other provision of this Plan of Reorganization:

16 a) Disputed Claims shall be paid the same as other Claims of the Class in  
17 which they are members upon their allowance by the Court;

18 b) any Claim may be disputed by Debtor after Confirmation should it be  
19 determined that said Claim is invalid or unenforceable and Debtor does not, by  
20 listing a Claim at all, reaffirm, acknowledge or agree to pay any Claim that proves  
21 to be invalid or unenforceable; and

22 c) should a Claim or Creditor be listed in Debtor's Plan as a Secured Claim  
23 or Creditor and it be determined by the Court that said Creditor's Claim be  
24 unsecured in whole or in part, for any reason, then, in that event, said Claim, in  
25 whole or in part, shall be treated as an Unsecured (Class 10) Claim and paid  
accordingly.

2. Preservation of Rights: The Debtor and the Estate retain all rights of and  
to commence and pursue any and all Causes of Action (under any theory of  
law, including, without limitation, the Bankruptcy Code, and in any court or other  
tribunal including, without limitation, in an adversary proceeding filed in the  
Chapter 11 Case) to the extent the Debtor deems appropriate. Potential  
Causes of Action may, but need not (if at all), be pursued by the Debtor prior to  
the Effective Date, to the extent warranted. Potential Causes of Action that may  
be pursued by the Debtor and/or the Estate prior to the Effective Date and by  
the Debtor and/or the Estate after the Effective Date, also include, without

1 limitation, any other Causes of Action, whether legal, equitable, or statutory in  
2 nature, arising out of, or in connection with, the affairs of the Debtor, including,  
3 without limitation, the following: possible claims against borrowers or third  
4 parties, counterclaims, defenses, and objections relating to any Claims or other  
5 obligations; contract or tort claims which may exist or subsequently arise; any  
6 and all Avoidance Actions pursuant to any applicable section of the Bankruptcy  
7 Code arising from any transaction involving or concerning the Debtor.

8 The Debtor and the Estate expressly reserve any and all Causes of Action  
9 for later enforcement by the Debtor and/or the Estate (including, without  
10 limitation, Causes of Action that may be set forth in the Plan or not specifically  
11 identified or which the Debtor may presently be unaware of or which may arise  
12 or exist by reason of additional facts or circumstances unknown to the Debtor at  
13 this time or facts or circumstances which may change or be different from those  
14 which the Debtor believes to exist) and, therefore, no preclusion doctrine,  
15 including, without limitation, the doctrines of *res judicata*, collateral estoppel,  
16 issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or  
17 otherwise) or laches shall apply to such claims or Causes of Action as a result  
18 of the confirmation or consummation of this Plan, or any aspect of the  
19 *Disclosure Statement, this Plan, or the Confirmation Order*. In addition, the  
20 Debtor and the Estate expressly reserves the right to pursue or adopt any  
21 claim, crossclaim, or counterclaims alleged in any lawsuit in which the Debtor is  
22 a defendant or an interested party, against any Entity, including, without  
23 limitation, the plaintiffs or co-defendants in such lawsuits, subject to the  
24 provisions of this Plan or any Final Order.

25 The Debtor and the Estate do not intend, and it should not be assumed that  
because any existing or potential Causes of Action have not yet been pursued by the  
Debtor and the Estate or are not set forth herein, that any such Causes of Action have  
been waived.

Without limiting the generality and breadth of the foregoing, the following  
potential Causes of Action are hereby expressly preserved for pursuit by the Debtor or  
the Estate:

1. Claims against certain Class 5 (Tenants) members for unpaid rents  
and other obligations pursuant to rental agreements, including "Claims  
Against Tenants" (Art. I, def. #10).
2. Claim against Harley Burns (Art. I, def. #9).

X.  
TAX CONSEQUENCES OF DEBTOR'S PLAN

The Plan will impact various Creditors differently, depending on the nature of their Claim, their taxpayer status, their accounting method, and other variables. Creditors should consult their own independent tax advisors regarding the tax impact of the Plan upon their individual circumstances.

Under ordinary circumstances, the cancellation or discharge of indebtedness gives rise to recognition of income to the extent such debts are relieved. 11 U.S.C. 346(j)(1) provides that, with certain exceptions, income is not realized by the Debtor by reason of forgiveness or discharge of indebtedness in a bankruptcy case. Nevertheless, the discharge of indebtedness, even under bankruptcy, would give rise to a reduction of tax attributes, including the following: net operating losses for the current year or carry-forwards to that year, general business tax credits carried over to the taxable year, excess charitable contributions, the adjusted basis of non-exempt property currently held by Debtor, and current and carryover capital losses. Debtor shall be entitled to use any pre-petition Net Operating Loss carry forward, or any similar tax attributes, to the extent necessary to reduce Debtor's tax liability.

Should the total amount of debt being discharged and excluded from income exceed the amount of tax attributes and basis of property to be reduced, the balance of the discharged debt escapes tax and disappears. It is anticipated that there will be a discharge of debt for the Debtor because all Allowed Claims will not be paid in full, even if property liquidated does not produce the projected amounts. Debtor's accountant, Bruce Jorgensen, CPA, advises Debtor that no tax liability will result to Debtor by its implementation and consummation of its Plan.

Debtor's attorneys, not being versed in tax matters, have given no advice to Debtor concerning neither tax matters nor the tax consequences of an Order of Confirmation.

Any capital gain taxes created by the sale of any property or post-petition taxes owed by the Estate due the United States of America, Internal Revenue Service shall be paid as a Class 1 claim. Any taxes accruing post-petition by the Debtor or the Estate due the United States of America, Internal Revenue Service shall be timely paid, and all post-petition tax returns due by the Debtor or the Estate to the United States of America, Internal Revenue Service shall be timely filed. The Debtor or the Estate will provide updates of any sales or liquidation that have occurred and the associated tax consequences with its timely quarterly estimates, and all tax returns to the Insolvency Section, IRS, 920 W. Riverside, Room 440, MS 791-S, Spokane WA 99201.

Bruce Jorgensen, CPA Accountant for Debtor, advised Debtor that the tax basis for Debtor's Business and/or Debtor's Business Premises (Art. II, def. #18 and #19) is zero (\$0.00). There is no tax basis remaining in the property. Any depreciable items

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1 were long ago exhausted. Accountant opines that there would be a stepped up tax  
2 basis at the time of the death of owner. If a \$515,000.00 stepped up basis is used, as  
3 accountant suggest, the projected capital gains tax at various gross sales are:

4	Sales Price	Gain on Sale	Tax Liability Resulting
5	\$600,000.00	\$85,000.00	\$17,000.00
6	\$800,000.00	\$285,000.00	\$57,000.00
7	\$1,000,000.00	\$485,000.00	\$97,000.00

8 XI.

9 CONFIRMATION OF PLAN

10 In the event the Plan is not accepted by Creditors, Debtor shall still request the  
11 Court to enter an Order of Confirmation. To obtain such an Order, Debtor must establish  
12 to the satisfaction of the Court that the Plan meets the requirements of the Code and that  
13 it does not discriminate unfairly, and is fair and equitable, with respect to each class of  
14 Claims and interests that is impaired under, and has not accepted, the Plan.

15 XII.

16 DISCHARGE

17 Except as otherwise provided by the Plan, all Claims against the Debtor or the  
18 Estate which arose prior to Confirmation will be discharged as is set forth hereinafter,  
19 whether the Claims accrued before or after the Petition Date, provided the claim holder  
20 received proper notice. Creditors will, however, retain the power to enforce the rights  
21 given to them, if any, by Plan. The discharge will be effective as to each Claim,  
22 regardless of whether a proof of claim was filed, whether the Claim was allowed, or  
23 whether the holder(s) of the Claim voted for or against the Plan.

24 Except to the extent provided for by the Plan, the estate will retain and may enforce  
25 any and all Claims held against third parties, including tenants for failure to pay obligations  
under the lease with Debtor.

XIII.

CLOSURE OF CASE

Article XXII of Debtor's Plan contains a "substantial consummation" provision.  
Generally once a Plan is deemed substantially consummated, it may be closed by the  
Court. Upon Debtor's application, a final decree will be entered closing the case.

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1 However, this does not prevent Creditors from enforcing the rights given to them by  
2 Debtor's Plan in the appropriate Court. Further, pursuant to present Local Rule 3022-  
3 1(a)(3), the case cannot be closed until those events specified in XII above occur. If a  
4 final account has not been filed within sixty (60) days following the confirmation of the  
5 Plan, a final decree may be entered and the case closed, unless a party in interest has  
6 filed a written objection.

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XIV.  
MANAGEMENT COMPENSATION

Shannon Burns shall continue to manage Debtor's Business (Art. II, def. #18) post-Confirmation Date, unless the Court in Probate specifically rules to the contrary. To the extent the business is operated to carry out the Plan provisions, the income Debtor receives from the business operations, shall be Debtor's and shall be used to pay or assist in the payment of the installments provided by Debtor's Plan to be paid.

The compensation of Burns shall not be increased post-confirmation until after notice and hearing by more than five percent (5%) per year.

XV.  
OBJECTIONS TO CLAIMS

Debtor has not specifically identified any claims, whether scheduled and/or filed, to which objections are planned by the Debtor unless set forth and addressed in this Article. Claims to which objections shall be filed or have been filed are as follows:

1. Class 5 (Tenants) have asserted claims against Debtor. Debtor's representatives shall examine the basis of the claims to determine the extent to which they shall be allowed, considering the fact that Debtor may reject one or more of the leases between Debtor and said class members.

XVI.  
TRANSACTIONS WITH INSIDERS

Debtor has not had any specific transactions with "insiders" in the last four (4) years, except as set forth in Debtor's Bankruptcy Schedules or identified hereinafter. Debtor does not know if any events with or including "insiders" are deemed relevant.

XVII.  
ADDITIONAL PROVISIONS

In addition to the summary of the Plan set forth in this Disclosure Statement, the Plan contains provisions concerning duties and responsibilities of the Debtor and its Creditors concerning changes of address, modifications of the Plan and jurisdiction of the

1 Bankruptcy Court. Furthermore, the Plan specifically addresses issues concerning the  
2 treatment of executory contracts, the prohibition against assessing penalties or penalty  
3 interest, the recoverability of attorneys' fees, the retention, creation, or removal of liens,  
4 encumbrances, or security interests, and other important areas which should be reviewed  
5 by you.

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XVIII.  
CONCLUSION

The foregoing is a brief summary of the highlights of the Plan of Reorganization, as well as containing information concerning the Debtor. This Disclosure Statement should not be the only document relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel to fully understand the Plan. The Plan, although relatively simple in form, is based on complex law and an intelligent judgment concerning such Plan probably cannot be made without understanding the bankruptcy law.

DATED this 30 day of November, 2017.

ROYAL COACHMAN MOBILE HOME PARK,  
LLC  
BY: ESTATE OF DARLA MAY TURNER,  
MEMBER

By:   
SHANNON HUNTER BURNS, Personal  
Representative

VERIFICATION

SHANNON HUNTER BURNS, Personal Representative of Estate of Darla May Turner, Member of Debtor Royal Coachman Mobile Home Park, LLC, states under penalty of perjury of the laws of the State of Washington, that she has read the foregoing, understands the contents and believes it to be true to the best of her knowledge and information.

  
SHANNON HUNTER BURNS

1 PRESENTED BY:

2 SOUTHWELL & O'ROURKE, P.S.

3 BY: /s/ Kevin O'Rourke  
4 KEVIN O'ROURKE, WSBA #28912  
5 Attorney for Debtor

6 SOUTHWELL & O'ROURKE, P.S.

7 BY: /s/ Dan O'Rourke  
8 DAN O'ROURKE, WSBA #4911  
9 Attorney for Debtor

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**071722000:**

TAX# 4087 THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 16 NORTH, RANGE 25 E.W.M., GRANT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 1; THENCE 1450 FEET ALONG THE SOUTH SECTION LINE NORTH 88°01'28" WEST; THENCE 95 FEET NORTH 01°58'32" EAST TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ON THE SAME LINE 480 FEET NORTH 01°58'32" EAST; THENCE 553.5 FEET SOUTH 88°01'28" EAST; THENCE 438.5 FEET SOUTH 01°58'32" WEST; THENCE 211.6 FEET SOUTH 80°34'22" WEST; THENCE 346.6 FEET NORTH 88°01'28" WEST TO THE TRUE POINT OF BEGINNING.

**071738000:**

TAX# 7025 THAT PORTION OF SECTION 1, TOWNSHIP 16 NORTH, RANGE 25 E.W.M., GRANT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 1, THENCE ALONG THE SOUTH LINE OF SECTION NORTH 88°01'28" WEST 1450 FEET; THENCE NORTH 01°58'32" EAST 95 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 88°01'28" EAST 346.60 FEET; THENCE NORTH 80°34'22" EAST 211.06 FEET; THENCE SOUTH 01°58' 32" WEST TO THE SOUTH LINE OF SAID SECTION 1; THENCE NORTH 88°01'28" WEST ON SAID SOUTH LINE OF SECTION 1 TO A POINT WHICH IS 1450 FEET WEST OF THE SOUTHEAST CORNER OF SECTION 1; THENCE NORTH 01°58'32"EAST TO THE TRUE POINT OF BEGINNING EXCEPTING THEREFROM THAT PORTION DEDICATED AS ACCACIA STREET ON THE PLAT OF ROYAL CITY, PLAT #3. SUBJECT TO EASEMENTS, RESTRICTIONS AND RESERVATIONS OF RECORD, AND SUBJECT TO LIABILITY TO FUTURE ASSESSMENTS.

EXHIBIT "1"

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**FILED**  
CHERYL HILL  
MAY 10 2016  
KIMBERLY A. ALLEN  
GRANT COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON  
IN AND FOR THE COUNTY OF GRANT

FERMAN AMADO, JAIME  
QUIROZ and MARTHA QUIROZ,  
husband and wife, and all other  
similarly situated persons,  
Plaintiffs,

v.

ROYAL COACHMAN MOBILE  
HOME PARK, LLC, a Washington  
limited liability company, the  
ESTATE OF DARLA MAY  
TURNER, and SHANNON M.  
HUNTER BURNS, a single person,  
personally and in her capacity as  
personal representative of the  
ESTATE OF DARLA MAY  
TURNER,  
Defendants.

No. 15-2-00501-1

**CONSENT DECREE  
RESOLVING DAMAGES AND  
INJUNCTIVE CLASS CLAIMS**

**I. INTRODUCTION**

1. This Consent Decree has been voluntarily entered into by the parties on all issues and will be filed simultaneously with the parties' Motion and Memorandum for Preliminary Approval, a proposed Order of Preliminary Approval, a proposed Notice to the Class, a proposed date for a Fairness

1 Hearing, and a proposed Order of Final Approval. Upon Final Approval and the  
2 “Effective Date” as defined below, the Consent Decree will fully resolve the  
3 claims in this Lawsuit.  
4

5 **II. PURPOSE OF CONSENT DECREE**

6 2. This Consent Decree: (1) resolves all damages and injunctive class  
7 claims in Plaintiffs’ Class Action Complaint and the First Amended Class  
8 Action Complaint and all affirmative defenses set forth in the Defendants’  
9 Answer to Complaint; (2) requires Defendants to take certain actions to comply  
10 with provisions of the Manufactured / Mobile Home Landlord Tenant Act (“the  
11 M/MHLTA”), RCW 59.20 et seq.; and, (3) obligates Defendants to use a  
12 manufactured home lot rental agreement agreed to by the parties.  
13  
14

15 **III. LITIGATION BACKGROUND**

16 3. This Lawsuit was filed in Grant County Superior Court on April  
17 23, 2015. Plaintiffs’ sought actual and treble damages for alleged violations of  
18 the M/MHLTA and the Consumer Protection Act (“the CPA”), pre-judgment  
19 interest, attorney fees, and costs. The Defendants asserted affirmative defenses  
20 against the Representative Plaintiffs and absent class members.  
21

22 4. On January 22, 2016, the Court certified a CR 23(b)(2) Injunctive  
23 Relief Class and a CR 23(b)(3) Damages Class, and approved a class notice and

1 an opt-out form. Absent class members were notified personally by hand-  
2 delivering the class notice to mobile homes located at Royal Coachman Mobile  
3 Home Park on February 5, 2016, by posted notice and first class mail to class  
4 members who were not personally served on February 5, 2016, and on February  
5 18, 2016 by first-class mail to past tenants whose names were supplied by the  
6 Defendants or known by class counsel, and by a tenant meeting held by class  
7 counsel on February 25, 2016.  
8

9 5. No opt-out notices have been filed with the Court.

10 6. The parties participated in settlement discussions on January 21  
11 and 22, 2016, and February 4 and 11, 2016, in an attempt to come to an outline  
12 for settlement of the injunctive and damage claims. Injunctive claims were  
13 resolved on February 4, 2018. The parties reached agreement on the amount of  
14 monetary damages on March 31, 2016.  
15

#### 16 **IV. DEFINITIONS**

17 7. The following terms shall have the following meanings:

18 a. "Court" means the Grant County Superior Court.

19 b. "Preliminary Approval" means the Court Order that (i)  
20 preliminarily approves this Consent Decree, (ii) requires notice to the class; (iii)  
21 sets a date by which non-named members of the Damages Class shall be  
22  
23



1 identified; (iv) sets a date by which members of any class may submit objections  
2 to the Consent Decree; and, (v) schedules a fairness hearing thereon.

3  
4 c. "Fairness Hearing Approval" means the Court approval of this  
5 Consent Decree under Civil Rule 23(e) after having determined that it is fair,  
6 adequate and reasonable to the Class as a whole, following: (i) notice to the Class;  
7 (ii) an opportunity for all class members to submit timely objections to the  
8 proposed Consent Decree; (iii) appropriate discovery of the specifics of any such  
9 timely objections; (iv) a hearing on the fairness of the settlement; and, (v) signing  
10 of this Consent Decree by the Court.

11  
12 d. "Effective Date" means the date on which the Court's Final  
13 Order and Judgment becomes final, which shall occur on the later of the  
14 following: (a) if no appeal or other reconsideration or review of the Final Order  
15 and Judgment is sought by any person or entity, the Effective Date shall be the  
16 thirty-first (31st) Day after the Final Order and Judgment is entered by the Court,  
17 or (b) if a motion for reconsideration, an appeal, a motion for discretionary  
18 review, review by writ of certiorari, or any other form of review or  
19 reconsideration of the Final Order and Judgment is filed by any person or entity,  
20 the Effective Date shall be the day after (i) the Final Order and Judgment is  
21 affirmed or the appeal or other action seeking review of that order is dismissed or  
22  
23

1 denied, and (ii) the Final Order and Judgment is no longer subject to further  
2 judicial review.

3 e. "Monetary Amount" or "Payments" or "Damages" means,  
4 inter alia, cash payments, refunds, rent caps, or similar monetary benefit.

5 f. "Best Efforts" means implementing a plan reasonably  
6 designed to comply with the specified objectives that the best efforts are directed  
7 to achieve.

8 g. "Consent Decree Class" means the Injunctive Relief Class and  
9 Damages Class as defined in the section on Class Certification, below.  
10

11 h. "Class Counsel" means D. Ty Duhamel and Gregory  
12 Provenzano of Columbia Legal Services.

13 i. "Class Representatives" mean Ferman Amado, Jamie Quiroz,  
14 and Martha Quiroz. "Class Representatives" may be collectively referred to as  
15 "Plaintiffs."  
16

17 j. "Defendants" means collectively Royal Coachman Mobile  
18 Home Park, LLC, the Estate of Darla May Turner, and Shannon M. Hunter Burns,  
19 personally and in her capacity as personal representative of the Estate of Darla  
20 May Turner, and all Royal Coachman Mobile Home Park, LLC, officers,  
21 directors, agents, managers, members and employees, or any of their successors.  
22  
23

1 k. "Royal Coachman Mobile Home Park" means Royal Coachman  
2 Mobile Home Park located at 133 and 153 NE Catalpa Avenue, or similar street  
3 address, Royal City, Washington.

4 1. "Tenant(s)" means any person(s) who rents a mobile home lot  
5 from Defendants at the Royal Coachman Mobile Home Park.  
6

7 **V. JURISDICTION**

8 8. The Superior Court has jurisdiction over the parties and the subject  
9 matter of this action pursuant to RCW 2.08.010. The Court is authorized to  
10 enter the injunctive relief set forth in this Consent Decree. Venue is proper in  
11 Grant County pursuant to RCW 4.12.025(1). This Court shall retain jurisdiction  
12 of this action during the Consent Decree approval process, and until  
13 Defendants' monetary obligations have been fulfilled and the injunction  
14 required by this Consent Decree has expired or been dissolved as set forth in  
15 Paragraph 13.  
16  
17

18 **VI. CONSENT DECREE CLASSES**

19 9. Injunctive Relief Class. The Court has previously certified a CR  
20 23(b)(2) Injunctive Relief Class as:  
21

22 All persons who currently rent or may, in the future, rent mobile home  
23 lots at the Royal Coachman Mobile Home Park from Defendants or any  
successor business entities.

1           10. Injunctive Relief Class - No Opt-Out Right. Members of the  
2 Injunctive Relief Class have the right to object to the terms of Consent Decree  
3 but have no opt-out rights. Objections to the Decree shall be submitted to the  
4 Court and the parties' counsel, and shall be subject to review at the Fairness  
5 Hearing.  
6

7           11. Damages Class: The Court has previously certified a CR 23(b)(3)  
8 Damages Class as:

9           All persons who rent mobile home lots at Royal Coachman Mobile Home  
10 Park from the Defendants and paid the \$69 "new utilities" fee, or any  
11 similar utility fee referred to by another name, since the time period  
12 beginning October 1, 2014.

12           **VII. DECLARATORY, INJUNCTIVE, MONETARY, & NON-**  
13           **MONETARY RELIEF**

14           **A. DECLARATORY AND INJUNCTIVE RELIEF**

15           12. The Injunctive Relief Class shall have declaratory relief and an  
16 injunction against the Defendants, and their successor business entities, heirs  
17 and assigns, and all managers, members, officers, agents, and employees of the  
18 Defendants or their successor business entities, and the following declaratory  
19 and injunctive relief is ORDERED, ADJUDGED AND DECREED:  
20

21           a. The Plaintiffs and the injunctive relief class have  
22 automatically renewing one-year rental agreements;  
23

1           b.     According to the parties' rental agreements, the Defendants  
2 are obligated to pay water, sewer, and garbage delivered to the Plaintiffs and  
3 class members' mobile homes, and the Plaintiffs and class members are only  
4 obligated to pay excess water and extra garbage as billed by the City of Royal  
5 City and at Royal City rates;<sup>1</sup>  
6

7           c.     Plaintiffs and the class members do not owe now or anytime  
8 in the past owe a \$69 "new utilities" fee or other similar fee in addition to rent;  
9

10           d.    Defendants shall not alter the due date for rent payments or  
11 any additional charges or fees to be paid by tenants at the Royal Coachman  
12 Mobile Home Park or increase the rent payment or increase any additional  
13 charges or fees to be paid by the tenants more frequently than annually, at the  
14 expiration of each tenant's rental agreement, except as otherwise provided in this  
15 Consent Decree. The Defendants shall notify the tenants in writing three months  
16 prior to the lease expiration date of any increase in rent or additional charges or  
17 fees to be paid by the tenants;  
18

19           e.    When a tenant sells his or her mobile home or transfers  
20 ownership of his or her mobile home to another person not rejected as unsuitable  
21 by the Defendants, the existing rental agreement is assigned to the purchaser or  
22

23 <sup>1</sup> The Defendants pay for base water which includes 7000 gallons; tenants pay for excess water in 1000 gallon increments in excess of the first 7000 gallons.

1 transferee and the Defendants shall not require the purchaser or transferee to  
2 execute a new rental agreement;<sup>2</sup>

3 f. Subject to the procedure described in Paragraph 27, below, all  
4 current tenants who rent a mobile home lot on the Effective Date shall be offered  
5 the written rental agreement agreed to by the parties attached as Exhibit A; and,  
6

7 g. Defendants shall offer to all future tenants who move a mobile  
8 home on to a vacant lot in Royal Coachman Mobile Home Park, and whose  
9 tenancies commence after the Effective Date, the one-year written rental  
10 agreement agreed to by the parties attached as Exhibit ~~A~~

11 13. The injunction shall expire five (5) years after the Effective Date.  
12

13 **B. MONETARY RELIEF**

14 14. The Damages Class shall receive damages from the Defendants, and  
15 it is ORDERED, ADJUDGED AND DECREED:

16 15. Consent Decree Payment: The Defendants shall pay the Plaintiffs  
17 and the Damages Class ONE HUNDRED AND TWENTY-EIGHT  
18 THOUSAND DOLLARS (\$128,000), with interest as described below, within  
19 14 days of the date Plaintiffs sign this Consent Decree. If the ONE HUNDRED  
20 AND TWENTY-EIGHT THOUSAND DOLLARS (\$128,000) payment will  
21

22  
23 <sup>2</sup> Defendants may ask the new tenant to identify persons who will be residing in the mobile home and the license plate numbers of vehicles that will be parked at the mobile home lot.

1 not be made within 14 days of the date Plaintiffs sign this Consent Decree, the  
2 Defendants shall pay TWO THOUSAND DOLLARS (\$2,000) by April 15,  
3 2016, SEVENTEEN THOUSAND DOLLARS (\$17,000) by May 15, 2016,  
4 TWENTY-EIGHT THOUSAND (\$28,000) by June 15, 2016, and TWO  
5 THOUSAND DOLLARS \$2,000 on the first of every month thereafter (starting  
6 on July 1, 2016) until the ONE HUNDRED AND TWENTY-EIGHT  
7 THOUSAND DOLLARS (\$128,000), plus interest, shall be paid in full. Pre-  
8 judgment interest and post-judgment interest at the rate of FOUR AND ONE-  
9 HALF PERCENT (4.5%) shall accrue on FIFTY-THREE THOUSAND  
10 DOLLARS (\$53,000) until paid in full. Pre-judgment interest shall accrue from  
11 the first day of the month following the month in which each \$69 fee was due.<sup>3</sup>  
12 The Defendants' payments will be allocated to the FIFTY-THREE  
13 THOUSAND DOLLAR (\$53,000) amount, plus interest, first. Post-judgment  
14 interest shall accrue on the remaining SEVENTY-FIVE THOUSAND  
15 DOLLARS (\$75,000) at FOUR AND ONE-HALF PERCENT (4.5%) from the  
16 Entry Date until paid in full. If the ONE HUNDRED AND TWENTY-EIGHT  
17 THOUSAND DOLLARS (\$128,000) payment will not be made within 14 days  
18 of the date Plaintiffs sign this Consent Decree, the Defendants ROYAL  
19  
20  
21

22  
23 <sup>3</sup> Pre-judgment interest on the \$69 "new utilities" fee due on October 5, 2014 shall accrue from November 1, 2014, and interest on each \$69 "new utilities" due on the 5<sup>th</sup> of every successive month shall accrue interest from the 1<sup>st</sup> day of the following month.

1 COACHMAN MOBILE HOME PARK, LLC, a Washington limited liability  
2 company and its successor business entities, and the ESTATE OF DARLA  
3 MAY TURNER, and SHANNON BURNS, in her capacity as personal  
4 representative of the ESTATE OF DARLA MAY TURNER shall execute and  
5 deliver to Columbia Legal Services a promissory note for the Monetary  
6 Amount, plus interest as described in this Consent Decree, and a deed of trust  
7 on the ROYAL COACHMAN MOBILE HOMEPARK real property, to secure  
8 payment of the promissory note and Monetary Amount. Defendants represent,  
9 covenant, and warrant that the real property on which Royal Coachman Mobile  
10 Home Park is located is fully owned in fee by the ESTATE OF DARLA MAY  
11 TURNER and, other than claims filed against the ESTATE OF DARLA MAY  
12 TURNER, is unencumbered. All payments shall be delivered to Columbia  
13 Legal Services, 300 Okanogan Avenue, Ste. 2A, Wenatchee, Washington  
14 98801, and shall be paid by Cashier's Check made payable to Columbia Legal  
15 Services Trust Account. Columbia Legal Services shall deposit all payments in  
16 Columbia Legal Services Trust Account and shall not disburse said amounts  
17 except in accordance with the Consent Decree after the Effective Date. Time is  
18 of the essence; non-payment of any installment after 30 days of its due date  
19 shall trigger Plaintiffs' immediate right to collect the entire unpaid balance due  
20 and owing. The remaining balance owed under this Consent Decree shall be  
21  
22  
23



1 paid by the Defendants before ROYAL COACHMAN LLC or ROYAL  
2 COACHMAN MOBILE HOME PARK is sold or encumbered; sale or  
3 encumbrance of ROYAL COACHMAN LLC or ROYAL COACHMAN  
4 MOBILE HOME PARK, without paying the remaining balance owed under  
5 this Consent Decree shall immediately trigger Plaintiffs' right to collect the  
6 entire unpaid balance.  
7

8 16. Division of Payment: The \$128,000 Consent Decree payment  
9 referred to in paragraph 15 shall be divided as follows:

10 a. Total Monetary Damages for the Damages Class: A total of  
11 \$53,000, plus pre-judgment and post-judgment interest, shall be distributed to  
12 the Plaintiffs and to the Damages Class Members.  
13

14 b. Calculation of Each Damages Class Member's Share of the  
15 Monetary Amount: Class Counsel shall prepare a spreadsheet of Damages Class  
16 Members who will receive monetary payments, which shall state the months  
17 during which and the number of \$69 "new utilities" paid by each Damages  
18 Class Member, plus estimated interest, attached as Exhibit \_\_\_\_\_. Exhibit \_\_\_\_  
19 may be revised as additional information is collected. To protect the privacy of  
20 class members, Exhibit \_\_\_\_\_ shall be filed with tenant names redacted. The  
21 tenant's name will be disclosed if necessary to resolve any appeal.  
22  
23

1 c. Statutory Attorney Fees and Costs: Defendants shall pay  
2 Columbia Legal Services the amount of \$75,000, plus interest, for statutory  
3 attorney fees and costs under the M/MHLTA and contract. Columbia Legal  
4 Services is not liable for any failure of any party to report to the IRS or other  
5 government entity either a payment made or received which is required to be  
6 reported by law.  
7

8 **C. NOTICE AND DISPUTE RESOLUTION**

9 17. Class Notice. Within thirty (30) days of the "Effective Date," Class  
10 Counsel shall (1) hand-deliver or (2) post on the mobile home and mail by first  
11 class mail to last known addresses the Notice of Class Action Settlement. The  
12 Notice of Class Action Settlement shall state the number of \$69 "new utility"  
13 fees Class Counsel believes each Damages Class Member paid, which months  
14 were paid, and the estimated amount the Damages Class Members will receive  
15 from the Monetary Amount. If the mailing comes back undeliverable, Class  
16 Counsel shall contact the home's current tenant or otherwise use reasonable  
17 efforts to obtain a forwarding address, and shall send the Notice of Class Action  
18 Settlement a second time, by first class mail, to Damage Class Members who  
19 did not receive the first mailing.  
20  
21

22 18. Dispute Resolution: Members of the Damages Class shall have no  
23 right to contest the calculation of their individual amount as shown on Exhibit

1 \_\_\_\_\_, except in those instances where a Class Member can show that Class  
2 Counsel's determination of the number of \$69 "new utility" payments s/he  
3 made is incorrect.

4 19. Appeal Form: Class Members who wish to contest the calculation of  
5 their share of the Monetary Amount shall complete and deliver to Class  
6 Counsel an Appeal Form, either by mail, fax, or some other form of delivery  
7 within thirty (30) Days from the hand-delivery or postmark date of the Notice  
8 of Class Action Settlement. If a Class Member does not deliver the Appeal  
9 Form within this 30-Day period, the Class Member has waived whatever right  
10 he or she may have had to appeal the amount stated in her/his Notice of Class  
11 Action Settlement.  
12

13 20. Informal Dispute Resolution Process: Class Counsel and any Class  
14 Member who appeals shall attempt to resolve the appeal informally by  
15 telephone or in person. The Class Member who wishes to dispute the amount  
16 stated in her/her Notice of Class Action Settlement shall have the right to  
17 examine all documents related to her/his amount in Class Counsel's possession.  
18

19 21. Decision Letter: After informal dispute resolution, Class Counsel  
20 shall send by first class mail addressed to the Class Member and to any  
21 competing Class Member a letter (in Spanish and English) stating the (i)  
22 identity of the claimant and, if any, the competing claimant, (ii) summarizing  
23

1 the basis of the claim being made, and (iii) explaining why the claim, or portion  
2 thereof, is invalid. Class Counsel shall keep an audit of claims paid and claims  
3 not paid, and shall file the audit of claims paid and letters determining validity  
4 of claims with the Court.

5  
6 22. Resolution of Dispute by the Court: Any person who wishes to  
7 dispute a decision letter of claim validity by Class Counsel shall seek review by  
8 the Court by written request filed within 30 days of the date the decision letter  
9 determining the validity of the claim is mailed. To minimize the burden on  
10 Class Members, a Class Member may perfect the appeal by delivering a letter to  
11 the Court or to Class Counsel.

12  
13 **D. PAYMENT RESPONSIBILITIES**

14 23. Defendants Not Responsible for Distribution: Defendants do not  
15 assume any responsibility for the allocation or distribution of the funds paid  
16 pursuant to this Consent Decree.

17 24. Income Tax Liability: Plaintiffs agree they and Damages Class  
18 Members are solely responsible for federal income tax obligations, if any, on  
19 payments from the Defendants. The parties agree that all payments made under  
20 this Consent Decree are best characterized as a refund of rents previously paid  
21 in excess of that owed and shall not be reported to the IRS by the Defendants as  
22 income to the Plaintiffs or Damages Class Members.  
23

1           25. Final Approval Denied: If the Court fails to approve any single  
2 component of the Consent Decree, the remainder of the Consent Decree shall be  
3 enforceable if the parties agree. Otherwise, if the Court fails to approve the  
4 entire Consent Decree, the Consent Decree shall have no effect and the Consent  
5 Decree and all negotiations, statements and proceedings and data related thereto  
6 shall be protected by Rule of Evidence 408 and shall be without prejudice to the  
7 rights of any of the parties, all of whom shall be restored to their respective  
8 positions in the action prior to the Consent Decree. All deadlines in the Case  
9 Scheduling Order except the trial date are suspended. If the Court does not  
10 approve the entire Consent Decree, the parties shall jointly move the Court for  
11 entry of a new Case Scheduling Order.  
12

13  
14 **E. NON-MONETARY RELIEF**

15           26. Defendants, and its successor business entities, shall provide the  
16 following non-monetary relief to the class members, and it is ORDERED,  
17 ADJUDGED AND DECREED:  
18

19           27. Rental Agreement and Renewal: Subject to the Procedure below,  
20 Defendants shall, on or before October 1, 2016, offer the one-year rental  
21 agreement described in Paragraph 12(f) above, and provide copies in English  
22  
23

1 and Spanish,<sup>4</sup> to all tenants residing in the Royal Coachman Mobile Home Park  
2 at that time. These rental agreements shall have a beginning date of January 1,  
3 2017, and shall renew annually thereafter. Defendants shall offer to all persons  
4 who move a mobile home into Royal Coachman Mobile Home Park and on to a  
5 vacant lot on or after October 1, 2016, the one-year written rental agreement  
6 described in Paragraph 12(g), and provide copies in English and Spanish to these  
7 tenants; excepting, the parties may agree to an initial term of longer than one year  
8 if they wish the initial rental agreement to renew on January 1.<sup>5</sup>

10       28. Limits on Increasing Rent or Other Additional Charges or Fees to be  
11 Paid by Tenants: Defendants shall not increase rents or other charges or fees, or  
12 impose any new or additional charges or fees to be paid by the tenants,  
13 including utility fees, while this Consent Decree is in effect, except as provided  
14 by this Paragraph. Monthly rent to be paid by the tenants at the Royal  
15 Coachman Mobile Home Park may be increased by not more than FIFTEEN  
16 DOLLARS (\$15) on January 1, 2017, FIFTEEN DOLLARS (\$15) on January 1  
17 2018, and FIFTEEN DOLLARS (\$15) on January 1, 2019. The total of rent  
18 increase amounts over the three year period including 2017, 2018, and 2019  
19  
20  
21

22 <sup>4</sup> Class Counsel shall translate the rental agreements into Spanish.

23 <sup>5</sup> This paragraph balances the Defendants' desire that, for purposes of administrative convenience, all tenancies shall renew on January 1, while protecting the tenant's right to a rental agreement for a period of one year or more.

1 shall not exceed FOURTY-FIVE DOLLARS (\$45). The Consent Decree does  
2 not require that tenant rents shall be increased. Written advance notice in  
3 compliance with the M/MHLTA must be given before rents may be increased.  
4 Furthermore, rents may not be increased until the Defendants have paid the  
5 FIFTY-THREE THOUSAND DOLLARD (\$53,000) amount, plus interest, to  
6 Class Counsel.  
7

8 29. Park May Not Be Converted To Another Use: Defendants shall not  
9 convert the Royal Coachman Mobile Home Park to a land use that will prevent  
10 the property from continuing to be used as a mobile home park or reduce the  
11 number of existing mobile home lots at the Park for five (5) years from the  
12 Effective Date of this Consent Decree.  
13

14 30. Extra Car Fee: Defendants shall not automatically assess an extra  
15 car fee when Defendants believe an extra car is parked in the tenant's parking  
16 space. Instead, the Defendants shall deliver a written notice that includes the  
17 license plate number of the car believed to be an extra car. The tenant may  
18 dispute the extra car fee verbally or in writing to the Park or park manager. An  
19 extra care fee will not be charged if the information provided by the tenant  
20 adequately explains why as extra car fee should not be assessed. Tenants will be  
21 asked to provide car license plate numbers when rental agreements are signed,  
22  
23

1 and may thereafter provide license plate numbers when license plate numbers  
2 change or when written notice described in this paragraph is received.

3 31. Park Manager: When Defendants hire a park manager or  
4 employees, Defendants shall use its best efforts to hire persons who are  
5 bilingual in Spanish and English to facilitate communication.  
6

7 **VIII. RELEASE OF CLAIMS**

8 32. Monetary Release of Shannon Burns: Upon payment by Defendants  
9 to class counsel of the sum of FIFTY-THREE THOUSAND DOLLARS  
10 (\$53,000), plus pre-judgment and post-judgment interest, Shannon M. Hunter  
11 Burns, personally but not in her representative capacity, the Representative  
12 Plaintiffs, and the Damages Class members, and their heirs, successors, and  
13 assigns, individually and collectively, hereby mutually release and forever  
14 discharge each other from any and all past, present and future claims, setoffs or  
15 offsets, counterclaims, demands, actions, causes of actions, suits, damages,  
16 losses and expenses, known or unknown, fixed or contingent, which arose out  
17 of the facts and claims asserted or that could have been asserted in this Lawsuit.  
18

19 33. Monetary Release of all Defendants: Upon payment by Defendants  
20 to class counsel of the total sum of ONE HUNDRED AND TWENTY-EIGHT  
21 THOUSAND DOLLARS (\$128,000), plus pre-judgment and post-judgment  
22 interest, Royal Coachman Mobile Home Park, LLC, the Estate of Darla May  
23



1 Turner, Shannon M. Hunter Burns, in her representative capacity, the  
2 Representative Plaintiffs, and the Damages Class members, and their heirs,  
3 members, managers, officers, owners, trustees, administrators, agents, insurers,  
4 representatives, employees, successors, predecessors, d/b/a's, administrators,  
5 subsidiaries, and assigns, individually and collectively, hereby mutually release  
6 and forever discharge each other from any and all past, present and future  
7 claims, setoffs or offsets, counterclaims, demands, causes of action, suits,  
8 damages, losses and expenses, known or unknown, fixed or contingent, which  
9 arose out of the facts and claims asserted or that could have been asserted in this  
10 Lawsuit.  
11

12  
13 **IX. COURT APPROVAL**

14 **34. Duties of the Parties Prior to Preliminary Court Approval: Class**

15 Counsel shall promptly prepare and the parties shall jointly file with the Court a  
16 motion for preliminary approval and determination by the Court as to the  
17 fairness, adequacy, and reasonableness of this Consent Decree. The motion for  
18 preliminary approval shall request entry of a preliminary order which would  
19 accomplish the following:  
20

21 a. Schedule a fairness hearing on the question of whether the  
22 proposed Consent Decree should be finally approved as fair, reasonable, and  
23 adequate as to the Class Members;

- 1                   b. Approving as to form and content the proposed Class  
2 Notice;  
3                   c. Directing that the Class Notice be hand-delivered or posted  
4 and sent by first class mail to each mobile home owner residing in Royal  
5 Coachman Mobile Home Park, or sent by first class mail to persons who  
6 formerly lived in Royal Coachman Mobile Home Park and who paid the “new  
7 utilities” fee from October 2014 through November 2015, and directing Class  
8 Counsel to hold a tenant meeting to discuss the injunctive and damages relief  
9 with the Injunctive Relief and Damages Class Members, and make a reasonable  
10 effort to locate Damages Class Members for payment;  
11  
12                   d. Preliminarily approving the Consent Decree subject only to  
13 the objections of Class Members and final review by the Court; and,  
14  
15                   e. Preliminarily approving Class Counsel's request for attorney  
16 fees and costs subject to final review of the Court.

17                   35. Duties of the Parties prior to Final Approval: Prior to Final  
18 Approval of the Consent Decree, Class Counsel will prepare and the parties  
19 shall jointly file a motion and proposed final order:  
20

- 21                   a. Approving the Consent Decree, adjudging the terms thereof  
22 to be fair, reasonable, and adequate, and directing consummation of its terms  
23 and provisions;

1           b. Approving Class Counsel's application for and award of  
2 attorney fees and costs consistent with the terms of this Consent Decree; and,

3           c. Providing for dismissal of this Lawsuit, with prejudice,  
4 when the conditions specified in Paragraph 12 relating to the injunction, above,  
5 and Paragraph 15 relating to the payment of monetary relief, above, of the  
6 Consent Decree are met.  
7

8           36. Mutual Cooperation: The parties agree to fully cooperate with one  
9 another to accomplish the terms of this Consent Decree, including but not  
10 limited to, review and execution of such documents and to take such other  
11 action as may reasonably be necessary to implement the terms of this Consent  
12 Decree. The parties to this Consent Decree shall use their best efforts, including  
13 all efforts contemplated by this Consent Decree and any other efforts that may  
14 become necessary by order of the Court, or otherwise, to effectuate this Consent  
15 Decree and the terms set forth herein. As soon as practicable after execution of  
16 this Consent Decree, Class Counsel shall, with the assistance and cooperation of  
17 Defendants and their counsel, take all necessary steps to secure the Court's Final  
18 Approval of this Consent Decree. No party shall delay in signing this Consent  
19 Decree.  
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**X. MISCELLANEOUS PROVISIONS**

37. No Retaliation: The parties agree that the Class Representatives and any persons related to the Class Representatives by blood (which the parties have defined as parents, children and/or siblings) or marriage shall be fully eligible to continue to live at Royal Coachman Mobile Home Park, and may seek future tenancies at Royal Coachman Mobile Home Park without retaliation, discrimination, or prejudice for having brought this action, and if a reference is requested by another landlord, the reference shall be favorable.

38. Non-Interference: Defendants agree that they shall not interfere with or in any way hinder the future housing opportunities of any of the Class Representatives (or relatives as defined above) or members of the Consent Decree Class with other landlords, lenders, or sellers.

39. Calculation of Time: In computing any period of time prescribed or allowed by the Consent Decree, unless otherwise stated, such computation or calculation shall be made consistent with Civil Rule 6(a) as it exists on this date.

40. Severability: Whenever possible, each provision and term of this Consent Decree shall be interpreted in such a manner as to be valid and enforceable; provided, however, that in the event that after Final Approval any provision or term of this Consent Decree should be determined to be or

1 rendered unenforceable on collateral review, all other provisions and terms of  
2 this Consent Decree and the application thereof to all persons and  
3 circumstances subject thereto shall remain unaffected to the extent permitted by  
4 law. If any application of any provision or term of this Consent Decree to any  
5 specific person or circumstance should be determined to be invalid or  
6 unenforceable, the application of such provision or term to other persons or  
7 circumstances shall remain unaffected to the extent permitted by law.  
8

9       41. Construction of Consent Decree: The parties hereto agree that the  
10 terms and conditions of this Consent Decree are the result of intensive arm's-  
11 length negotiations between the parties. The parties further agree that this  
12 Consent Decree shall not be construed in favor of or against any party by reason  
13 of the extent to which any party or his or her counsel participated in the drafting  
14 of this Consent Decree.  
15

16       42. Integration Clause: This Consent Decree contains the entire  
17 agreement between the parties relating to the Consent Decree and transaction  
18 contemplated hereby, and all prior or contemporaneous agreements,  
19 understandings, representations, and statements, whether oral or written and  
20 whether by a party or such party's legal counsel, are merged herein. No rights  
21 hereunder may be waived except in writing.  
22  
23

1           43. Binding on Assigns: This Consent Decree shall be binding upon and  
2 inure to the benefit of the parties hereto and their respective heirs, trustees,  
3 executors, administrators, successors, purchasers, transferees and assigns.

4           44. Parties' Authority: The signatories hereto represent that they are  
5 fully authorized to enter into this Consent Decree and bind the parties hereto to  
6 the terms and conditions hereof.

7           45. Class Counsel Signatories: It is agreed that because of the large  
8 number of Class members, it is impossible or impractical to have each Class  
9 Member execute this Consent Decree. The Class Notice will advise all Class  
10 members of the binding nature of the release and such shall have the same force  
11 and effect as if this Consent Decree were executed by each member of the  
12 Class. Each of the named Class Representatives shall sign the Consent Decree.

13           46. Counterparts: This Consent Decree may be executed in  
14 counterparts, and when each party has signed and delivered at least one such  
15 counterpart, each counterpart shall be deemed an original, and, when taken  
16 together with other signed counterparts, shall constitute one Consent Decree,  
17 which shall be binding upon and effective as to all parties.

18           47. Validity of Consent Decree: Should any provision of this Consent  
19 Decree prove to be invalid or unenforceable, such shall not vitiate any or all  
20

1 other provisions set forth herein, nor shall it render the entire Consent Decree  
2 and Release null and void.

3 48. Governing Law: This Consent Decree is made in accordance with  
4 and shall be interpreted and governed by the laws of the State of Washington.  
5

6 **XI. ATTORNEY FEES**

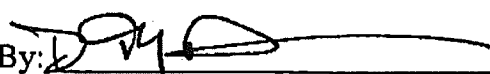
7 49. Attorney Fees: In the event of any litigation regarding or arising out  
8 of this Consent Decree, the losing parties shall pay the prevailing parties'  
9 reasonable attorney fees and costs, including fees and costs incurred on any  
10 appeal.  
11

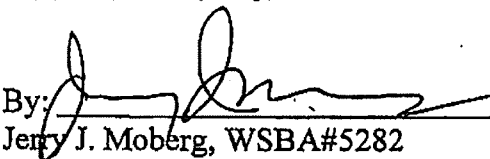
12 DATED this \_\_\_ day of \_\_\_\_\_, 2016.  
13

14  
15 THE HONORABLE  
16 GRANT COUNTY SUPERIOR COURT JUDGE

17 **COLUMBIA LEGAL SERVICES**

17 **JERRY MOBERG &  
18 ASSOCIATES P.S.**

19 By:   
20 D. Ty Duhamel, WSBA #10848  
21 Gregory D. Provenzano, WSBA #12794  
22 Attorneys for Plaintiffs  
23

By:   
20 Jerry J. Moberg, WSBA#5282  
21 Dalton Lee Pence, WSBA #30339  
22 Attorneys for Defendants  
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**Plaintiffs:**

Ferman Amado 04-14-16  
Ferman Amado Date

Jaime Quiroz 4-14-16  
Jaime Quiroz Date

Martha Quiroz 4-14-16  
Martha Quiroz Date

**Defendants:**

\_\_\_\_\_  
For Royal Coachman, LLC

\_\_\_\_\_  
For Estate of Darla May Turner

\_\_\_\_\_  
Shannon M. Hunter Burns

\_\_\_\_\_  
Date



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Plaintiffs:

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Ferman Amado                      Date

\_\_\_\_\_  
Jaime Quiroz                      Date

\_\_\_\_\_  
Martha Quiroz                      Date

Defendants:

*Shannon Hunter Burns*  
For Royal Coachman, LLC

*Shannon Hunter Burns P.R.*  
For Estate of Darla May Turner

*Shannon Hunter Burns*  
Shannon M. Hunter Burns

4-12-16  
Date

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UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF WASHINGTON

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In re: ) Case No. 16-03109-FPC11  
ROYAL COACHMAN MOBILE HOME )  
PARK, LLC )  
Debtor )

---

SETTLEMENT CONFERENCE

---

MAY 16, 2017

TRANSCRIBED BY: GINA M. COZZA

1 CLERK: Okay. Just one moment.

2 JUDGE ROSSMEISSEL: Madam Clerk, when you are ready you can call the case.

3 CLERK: Okay, this is the time set for the recording of the agreement reached in the  
4 settlement conference of Royal Coachman Mobile Home Park LLC, Case Number 16-03109.

5 Present in the courtroom is Nancy Isserlis, attorney for the Grant County class plaintiffs, Ty  
6 Duhamel, attorney for the Grant County class plaintiffs, Ferman Amando, Martha Quiroz,  
7 Evie Rosa, paralegal. Also present is Dan O'Rourke, attorney for the debtor, Shannon Burns  
8 and Brian Martlin.

9 JUDGE ROSSMEISSEL: And I believe the record should reflect that Evie Rosa, the paralegal  
10 is also acting as translator for the two plaintiffs, two claimants that are here.

11 CLERK: Yes that you.

12 JUDGE ROSSMEISSEL: Translating from...from English into Spanish.

13 CLERK: Thank you.

14 DAN O'ROURKE: Your Honor I think we're going to try and jointly present this.

15 JUDGE ROSSMEISSEL: Wonderful. That's wonderful.

16 NANCY ISSERLIS: And we might stumble around occasionally but I think we'll get back  
17 on track.

18 JUDGE ROSSMEISSEL: I'm sure that you will.

19 DAN O'ROURKE: You know not in any particular order I think we've agreed that the stay  
20 will be lifted. I realize...or we realize there's notice required etcetera. We'll start that  
21 process at earliest convenience that will allow this case to go to...or excuse me allow the  
22 State Court to process the approval of the consent (to create) subject to some modifications that  
23 we've made here before Your Honor. *decree*

24 NANCY ISSERLIS: Your Honor I agree with that although I'm not sure that notice is  
25 required. We already have filed a motion and notice, had a hearing, and agreed to that it be  
26 sent over to a date to be set so the only objection that was filed was filed by the Debtor so I  
27 think we probably can just file a stipulated order...to Judge Corbit

28 JUDGE ROSSMEISSEL: To Judge Corbit.

1 NANCY ISSERLIS: That would be my preference.

2 JUDGE ROSSMEISSL: I'm not sure one of the things we didn't talk about is there may be  
3 a....since they're modifying the...to a certain extent in the State Court matter you may need  
4 the consent or...

5 NANCY ISSERLIS: We have that. That's coming up.

6 JUDGE ROSSMEISSL: Oh good! Sorry...sorry...sorry. I'll just shut up and...and...listen.

7 NANCY ISSERLIS: So my preference would be that we just do it by joint proposed order  
8 with Judge Corbit and Mr. O'Rourke and I can work on the contents of that when we get back  
9 to Spokane.

10 DAN O'ROURKE: And that's fine Your Honor, I honestly forgot that there was a lift stay  
11 filed. So...

12 NANCY ISSERLIS: That's okay.

13 DAN O'ROURKE: Must have been, I objected to it so...

14 JUDGE ROSSMEISSL: Must have been.

15 NANCY ISSERLIS: I'll go next. With respect to the fairness hearing that will held in Grant  
16 County, I'll try to speak slowly so that I'm not running over myself on the interpretation. We  
17 will need to re-notice that hearing obviously to all affected parties and as a part of that re-  
18 noticing we'll need to attach the trade association form of the lease which we have agreed to  
19 use. So there is going to be some, once we get the order from relief from stay, there will be  
20 some time to get the notice out as part of the Grant County proceeding, but we will do that as  
21 expeditiously as possible. And in addition to the trade association form of the lease being  
22 attached we will make sure that all attachments that are referenced in the consent decree some  
23 of which to be supplied are attached as well.

24 DAN O'ROURKE: Yes that's correct. Your Honor something that we didn't talk about but  
25 we agreed on is that as far as notice of a...of a sale of a home or assignment of lease by a  
26 tenant there will either be written or oral notice as required under the statute for those two  
27 events.

28 NANCY ISSERLIS: And everyone will use their best efforts if there...to make sure forms

1 are available and if someone is language challenged that oral notice would be sufficient, but  
2 can work on the details of that. The parties have agreed on the sum of \$85,000 in attorney's  
3 fees to be paid at \$2000 a month. We understand that will start upon confirmation of the plan  
4 which is fine. There has been some accounting issue with regard to the \$6000 payment which  
5 is possibly in transition someplace in someone's trust account. There is...I am confident that  
6 we will be able to resolve the mathematical issues involving that \$6000 but I can say right  
7 now there is a total sum of \$51,000 in the trust account of Columbia Legal Services which  
8 reflects that \$6000 payment, we're just not sure against which bucket of obligations it's going  
9 to be applied. There was a \$2000 check that was issued by Mr. Moberg but he neglected to  
10 sign it and so it was sent back and we believe that money is still in his trust account some  
11 place. So between the three of us we'll figure out that math on the money.

12 DAN O'ROURKE: That's correct Your Honor. One...maybe a little clarification, the \$2000  
13 will start upon the effective date which is of course shortly after confirmation, but it is a few  
14 days later.

15 NANCY ISSERLIS: That's fine.

16 DAN O'ROURKE: Thank you. The \$85,000 is payable without interest. The plan will  
17 provide and of course it will be reviewed by counsel, it'll provide that in the event of a default  
18 by the Debtor on that obligation under the plan, a significant default, excuse me upon default,  
19 the tenants can request that a Chapter 11 Trustee be appointed to do whatever Chapter 11  
20 Trustees do and that appointment would be upon a significant default. The word significant  
21 being kind of important Your Honor.

22 JUDGE ROSSMEISSEL: Right and that...

23 NANCY ISSERLIS: And significant default obviously is a term of art and it's subject to  
24 motion and a notice and discretion of the Court and we all recognize and understand that, but  
25 we wanted some enforcement mechanism if there...if we perceive there is a default under the  
26 plan to go before the Court again. And obviously continuing jurisdiction of the Court to  
27 entertain that.

28 DAN O'ROURKE: Yes Your Honor. If the plan of reorganization as we will amend it

1 incorporates the terms of the settlement the tenants or the class will approve the plan for  
2 con...sign a *ballot* [inaudible] approving the plan Your Honor.

3 NANCY ISSERLIS: We agree. We have discussed and agreed that what we referred to  
4 today as the three tier plan approach will be utilized here. Tier 1 constituting the \$53,000  
5 amount that was agreed to in the consent agreement subject to the mathematical issues that  
6 I've referenced previously. Tier 2 are potential claims that individual class members may  
7 have between May and the date of...May 2000...excuse me 16' and date of filing which was  
8 on or about I can't remember sometime in late September last year.

9 JUDGE ROSSMEISSEL: September...or excuse me...October 3rd I do believe but I'm not  
10 sure...not certain about that. October 3rd I believe is when the Chapter 11 was filed.

11 NANCY ISSERLIS: Okay I'm being corrected by my co-counsel. Those Tier 2 claims will  
12 be from December 2015 through the date of filing in the event that there are any. And then  
13 Tier 3 will be any claims that individuals may have post-petition, post Chapter 11 filing. And  
14 we'll make appropriate arrangement to make sure that that information is disseminated to the  
15 effected individuals.

16 DAN O'ROURKE: Yes Your Honor. Next we're going to use a standard lease of  
17 manufactured housing communities of Washington which shall govern and to the extent that  
18 the provisions are inconsistent with the consent decree which I think we started out this  
19 stipulation with the lease will govern. Again these things that we're talking about are  
20 somewhat modifying maybe or clarifying the consent decree. And that will be given to  
21 counsel in Spanish. We're going to...I think I agreed to ten days but I'll try to do it a lot  
22 sooner Your Honor.

23 NANCY ISSERLIS: And we've agreed that we'll be provided the Standard English version  
24 which is used and a Spanish translated version which we will then review and edit as required.

25 DAN O'ROURKE: Yes.

26 NANCY ISSERLIS: And that will have to be appended to the New Fairness Hearing Notice  
27 in State Court.

28 DAN O'ROURKE: The park rules the ones that we believe are the controlling ones will be

1 provided to counsel, maybe that was the one within ten days.

2 NANCY ISSERLIS: That's ten days.

3 DAN O'ROURKE: So make sure that we're all using the same...the same form for that  
4 purpose.

5 NANCY ISSERLIS: And those in addition will be appended to the revised fairness hearing.

6 DAN O'ROURKE: I'm not sure if we agreed...I think we did. If I didn't, you can correct  
7 me. Your Honor, I checked with Counsel to find out if...if they thought it'd be a good idea  
8 'cause we would do it. Deed back the real estate to the...to the...to the probate court and the  
9 response was, you know, I...something like "absolutely not, we want it where it's at" and  
10 I...I'm fine with that 'cause at least it keeps control of it, so.

11 NANCY ISSERLIS: I think we've agreed that the...absent a court order authorizing transfer  
12 of the property outside the bankruptcy court, the property shall remain titled as it currently it  
13 is.

14 JUDGE ROSSMEISSL: The status quo.

15 NANCY ISSERLIS: The status quo on real estate.

16 JUDGE ROSSMEISSL: That in fact was discussed is in which I was in part of the discussion  
17 that I and...I think that...that's the only...I think that's the only...the only way to deal  
18 with...appropriate way to deal with it. The...there are...that's not saying that that's the  
19 correct way, but that's...there are other parties involved and it seems to me the...changing the  
20 status quo would not...at this juncture would not be appropriate.

21 NANCY ISSERLIS: And I agree the property remaining in the bankruptcy estate for at least  
22 the time being is probably the safest place for it to be located.

23 DAN O'ROURKE: That's all I have, Your Honor. Again, thank you very much for handling  
24 this.

25 NANCY ISSERLIS: My thanks as well. I have one additional item and that is any lease  
26 amounts or lease claims that are not covered in the Tier 1 \$53,000 consent decree amount will  
27 be addressed and resolved in Tier 2 and Tier 3 claims that may or may not be filed by  
28 individual...effective individual homeowners and tenants.

1 DAN O'ROURKE: Resolved through the claims process.

2 NANCY ISSERLIS: Through the claims process.

3 DAN O'ROURKE: Yes, Your Honor.

4 JUDGE ROSSMEISSL: Okay. Mister...alright, so Mr. Duhamel.

5 TY DUHAMEL: Yes. Thank...thank you, Your Honor, for all your time and work today and  
6 all the parties, as well. I just had a couple of clarifications. Mr. O'Rourke mentioned that the  
7 rental agreements would supersede the consent decree and I may have a bit of a disagreement  
8 on that. I think the court order controls and the rental agreements that'll be signed that that's  
9 gonna take priority and then any order by the bankruptcy court will supersede any provision  
10 in the consent decree so I don't...

11 NANCY ISSERLIS: We also...

12 TY DUHAMEL: I don't know if we have a problem with that. Hopefully, it's okay.

13 NANCY ISSERLIS: Well, we also have Judge Estudillo whose eyes will be one this as well  
14 and so...You got anything to add, Dan?

15 JUDGE ROSSMEISSL: Well I think...

16 DAN O'ROURKE: I agree that the court order is gonna control any...anything that we put  
17 together, Your Honor.

18 TY DUHAMEL: Okay. And I'm gonna...my process as class counsel will be to serve notice  
19 to the class. That will be personally and by mail. I'm gonna need all the documents and...in  
20 order to do that. And also to clarify the consent decree, there will be some things eliminated  
21 like interest for example. There was 4.5% interest provided for in the consent decree. And  
22 I'm also gonna need to attach the rental agreement and rules and regulations before I can give  
23 notice and then we can move onto to court to have the...the fairness hearing in Grant County  
24 Superior Court.

25 NANCY ISSERLIS: That's...I put that on the record previously, but that...it'll take a little  
26 bit of time to accomplish the mechanics on that, but we'll do it as quickly as possible and we  
27 assume that we'll have the Debtors cooperation to the extent that we need names and  
28 addresses or forwarding addresses.



1 TY DUHAMEL: And just kind of the final question I have with regard to procedure for  
2 submitting claims. I don't know what our schedule is or whether the timeline has run out or.  
3 But other class members will have an opportunity to submit claims, will they be notified  
4 again?

5 JUDGE ROSSMEISSL: I assume...I'm going to step in in that regard, I would assume or  
6 suggest that the...Judge Corbit...go to Judge Corbit and ask him for a special claims notice in  
7 light of...of the activities here and set, you know, set the...and a bar date for those special  
8 claims which are just being...that are being generated here and the cost of it. That's what I  
9 would suggest. I'm just tossing that out.

10 NANCY ISSERLIS: That is an excellent suggestion.

11 JUDGE ROSSMEISSL: That solve your problem Mr...I would assume that...

12 NANCY ISSERLIS: Mr. O'Rourke agreed with me 'cause he thought it was brilliant.

13 JUDGE ROSSMEISSL: Yes, I understand. Thank you, thank you. Mr. Duhamel, anything  
14 else?

15 TY DUHAMEL: Okay, that's it. Thank you, Your Honor.

16 JUDGE ROSSMEISSL: Okay.

17 TY DUHAMEL: Nothing more.

18 JUDGE ROSSMEISSL: Thank you.

19 NANCY ISSERLIS: And thank you, again, Your Honor, to you and your staff for speaking  
20 with us today and staying after hours. I appreciate it.

21 JUDGE ROSSMEISSL: Alright. Now, I'm going to...I'm going to ask that the participants  
22 here today, or the parties who are here today come forward and state that they understand.  
23 And we'll do it just one at a time...one at a time that's fine. Alright. And we'll start with  
24 you, Ms. Burns. Did you understand what is...what is been stated here in regard to what the  
25 deal is or the agreement is between the parties that's been articulated here this afternoon on  
26 the record today?

27 SHANNON BURNS: Up until Mr. Duhamel stood, I thought I understood.

28 UNKNOWN: We're not...it's not...

1 SHANNON BURNS: Up until Mr. Duhamel spoke at the end of this, I did believe I  
2 understood. I'm somewhat concerned at this point.

3 JUDGE ROSSMEISSL: Do we want to...I think we should clarify. Do you want that  
4 clarified on the record?

5 DAN O'ROURKE: The way I understood it, Your Honor, there's a couple forms, notices that  
6 were intended to be attached to the consent decree that somehow weren't. Those are going to  
7 be prepared, they're going to be run by us for review, comment, whatever,  
8 agreement...agreement and then we're going to attach them. That's what I understood Mr.  
9 Duhamel to say.

10 JUDGE ROSSMEISSL: Alright. And Mr. Duhamel is that a correct restatement of your  
11 position?

12 TY DUHAMEL: I understand the missing form that they don't...that we don't have is the  
13 Notice of Consent to Sell the Mobile Home. That form has been prepared and Mr. Moberg  
14 has it. It's been in his hands for quite some time, so I'll also send that to Mr. O'Rourke.  
15 That's...any other forms?

16 JUDGE ROSSMEISSL: Is that satisfactory, do you understand?

17 TY DUHAMEL: Anybody else knows that.

18 JUDGE ROSSMEISSL: Do you understand that now, Miss Burns?

19 SHANNON BURNS: Yes, sir, I do.

20 JUDGE ROSSMEISSL: Okay and that's satisfactory? You agree to all that?

21 SHANNON BURNS: Yes, sir, I do.

22 JUDGE ROSSMEISSL: Alright. Alright, thank you. And now, I think I'll call on the  
23 translator, Miss Rosa. Is that correct? If I could have you come forward and...and ask the  
24 clients to first of all of course ask them to identify themselves and then ask them whether they  
25 understand what has been translated to them and whether they agree.

26 FERMAN AMANDO: Nombre Ferman Amando.

27 EVIE ROSA: My name is Ferman Amando.

28 CLERK: Just go ahead and get right up to where the micro is. Thank you.

1 FERMAN AMANDO: Okay. Mi nombre es Ferman Amando.

2 EVIE ROSA: My name is Ferman Amando.

3 FERMAN AMANDO: Si.

4 EVIE ROSA: Do you understand what has been explained to you? Yes.

5 JUDGE ROSSMEISSEL: Thank you.

6 FERMAN AMANDO: Si.

7 EVIE ROSA: Do you agree with what has been explained? Yes.

8 JUDGE ROSSMEISSEL: Thank you very much. Alright and ma'am for the other...for the  
9 next client.

10 MARTHA QUIROZ: My name is Martha Quiroz.

11 EVIE ROSA: [inaudible]

12 MARTHA QUIROZ: Yes.

13 EVIE ROSA: Do you understand what has been explained to you today? Yes. [inaudible]

14 MARTHA QUIROZ: Si.

15 EVIE ROSA: And do you agree with what has been explained? Yes.

16 MARTHA QUIROZ: Thank you.

17 JUDGE ROSSMEISSEL: Thank you very much. Is anyone else...want to add anything at this  
18 point?

19 NANCY ISSERLIS: Thank you, again. I think Mr. O'Rourke and I will be and Mr. Duhamel  
20 will be conversing and exchanging information over the next few days.

21 JUDGE ROSSMEISSEL: One thing. Now this is one of the...the principals of life that Judge  
22 Kurtz lives by is that no good deed goes unpunished. I...with that in mind, it...I would offer  
23 if it's satisfactory, if the parties are okay with it that if there is some dispute in regard to the  
24 terms of this deal, that it come...that I'd be willing to maintain my...my jurisdiction as a  
25 settlement judge over resolution of that...of those disputes. I would hope and pray that  
26 there...that you wouldn't need my assistance, but if you...and if you don't want it, hey that's  
27 great with me.

28 NANCY ISSERLIS: It's a generous offer. And on behalf of the Amando class plaintiffs, we

1 certainly would welcome your continued participation in the event that we're not able to  
2 resolve these issues.

3 DAN O'ROURKE: As would the Debtor and the Debtor's representative.

4 JUDGE ROSSMEISSEL: Alright, then that...

5 TY DUHAMEL: I agree. Thank you.

6 JUDGE ROSSMEISSEL: Thank you, Mr. Duhamel. Okay, thank you very much. This has  
7 been a hard day. A hard day's work, but I commend the parties, the parties who've been here,  
8 who've negotiated. I commend the lawyers who have done, pulled yeoman loads in regard to  
9 this matter. I think this is one of those days in which I think we can all leave the court with a  
10 feeling that we have done a good day's work and we've done...we've moved the course of  
11 justice in regard to the parties that we've represented and who that we...sat on in my  
12 instance...forward. And I trust that that...that is true. And the credit goes to the parties and  
13 to the Counsel have put in their time and their effort in regard to this. I really very much  
14 appreciate the professionalism that has been exhibited here today and what I would say was a  
15 hard negotiation and it's...I would say, well done to everyone. Thank you very much.

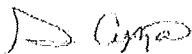
16 CLERK: Thank you. Please rise.

17

18 Signed under penalty of perjury on May 22, 2017

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21 Signature

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23 Gina M. Cozza

24 Print/Type Name

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