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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

**DISCLOSURE STATEMENT**

10 Debtor.

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  
17 "the Plan") presently on file with the Bankruptcy Court. A copy of the Plan accompanies  
18 this Statement.

19 The Court will set the last day for filing an acceptance or rejection of or an objection  
20 to the Confirmation of the Plan. You will be notified of said date. Creditors may vote on  
21 the Plan by filling out and mailing the accompanying ballot to the Bankruptcy Court at the  
22 address indicated on the form. As a Creditor your acceptance is important. In order for  
23 the Plan to be deemed accepted, of the ballots cast, Creditors that hold at least two-thirds  
24 (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of  
25 each class of Creditors must vote for the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS  
TO ITS FORMER OR PRESENT BUSINESS OPERATIONS OR THE VALUE OF  
PROPERTY, ARE AUTHORIZED BY THE PROPONENT OTHER THAN AS SET FORTH  
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.

Disclosure Statement-1

**SOUTHWELL & O'ROURKE, P.S.**  
A PROFESSIONAL SERVICE CORPORATION  
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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.

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 has a right to receive approximately Fifty-Three Thousand Dollars  
7 (\$53,000.00) it has deposited with Columbia Legal Services.

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

14 10. "Claim Against Tenants" shall mean unpaid rent claims against twenty-two  
15 (22) Class 5 members for failure to pay rent and failure to comply with and abide by the  
16 written rental agreements between Debtor and Class 4 members. The total unpaid rent  
17 amount is Thirty-Three Thousand Three Hundred Forty-Seven Dollars (\$33,347.00).

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

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

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

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

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

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

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

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

23 Disclosure Statement-3

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

3           20. “Disbursing Agent” shall mean Accountant and/or the entity or individual  
4 as designated by the Court in the Order of Confirmation, acting in the capacity of the  
5 disbursing agent under this Plan, and having such rights, powers, and duties as may be  
6 designated in the Plan, the Order of Confirmation, or by final Order of the Court. If a  
Disbursing Agent is not appointed, Debtor shall be the Disbursing Agent.

7           21. “Disputed Claim” shall mean a filed or scheduled claim of an alleged  
8 Creditor as to which an objection has been filed by a party in interest or which has been  
scheduled in the Schedule of Liabilities filed pursuant to §521(1) of the Code as disputed,  
9 contingent or unliquidated.

10           22. “Effective Date” shall mean the date on which the Order of Confirmation  
becomes final and non-appealable.

11           23. “Estate” and/or “Property of the Estate” shall mean the estate created  
12 pursuant to §541 of the Code.

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

15           25. “Net Proceeds of Liquidation” shall mean gross recovery less the  
16 reasonable costs and expenses of any attorneys and experts employed by Debtor with  
Court approval, to the extent said fees and expenses are fixed and approved by the Court  
17 to liquidate an item or account.

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

24           27. “Order of Confirmation” shall mean the Order of the Court confirming the  
25 Plan pursuant to §1129 of the Code.

Disclosure Statement-4

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

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

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

11 31. "Professional Persons" shall mean persons, including a trustee, if one is  
12 appointed, retained or to be compensated pursuant to Sections 326, 327, 328, 330, and/or  
13 1103 of the Code.

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

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

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

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

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

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

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

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

2 40. "Unclassified Claim" shall mean an Allowed Claim described in Sections  
3 507(a)(1), (2) or (7) of the Code.

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

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

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

11 **ARTICLE III.**  
**HISTORY/PRESENT BUSINESS OPERATION/PROJECTIONS**

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

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

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

22 Prior to her death, Darla Turner allegedly notified Debtor's tenants that an additional  
23 Sixty-Nine Dollars (\$69.00) for new utility fees would be charged monthly. Thru Columbia  
24 Legal Services, a class action suit was commenced against Debtor and others in Grant  
25 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.

Disclosure Statement-6

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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. Pursuant thereto,  
5 Debtor was to pay the total sum of One Hundred Twenty-Eight Thousand Dollars  
6 (\$128,000.00). However, because Debtor did not have the ability to pay the money and  
7 because the settlement included items, terms and conditions that would not allow Debtor  
8 to maintain a positive cash flow, Debtor rejected the settlement.

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

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IV.  
CURRENT FINANCIAL INFORMATION

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

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

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

34 **Claim Against Columbia Legal:** The amount held by Columbia Legal Services  
35 ("CLS") is Fifty-Four Thousand Dollars (\$54,000.00). Debtor values the claim at Fifty-Three  
36 Thousand Dollars (\$53,000.00) because it is believed the amount in full is recoverable and  
37 presently held by CLS.

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

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

V.  
SUMMARY OF THE PLAN

It is proposed that there will be fifteen (15) classes of Creditors. The present members of 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. This Disclosure Statement contains a list, description and Debtor's estimate of the value of the security claimed by each of the Secured Claim holders, together with the payment required to be made said classes. The classes are as follows:

Class 1: Expenses of administration pursuant to Section 503 of the Code. Present members are Southwell & O'Rourke, P.S., Debtor's Attorneys, Jerry Moberg & Associates, P.S., Debtor's Special Attorneys, and Bruce Jorgensen and ILUVTAX.com, CPA, Debtor's Accountant. Also included for fees and assessments per Title 28 of the United States Code, Chapter 123, is the U.S. Trustee. Amounts due: \$20,000.00+, \$10,000.00+, and \$1,500.00 respectively. To the extent county, state, or federal tax liability is created by the pre-discharge operations of Debtor's Business pursuant to this Plan, other than debt forgiveness or sale of property, the United States of America, Internal 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: \$5,000.00+

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

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

<u>Tenant</u>	<u>Claim Amount. All Disputed</u>
Marina Gonzalez, Lot 1	\$1.00+
Bertin Olivares, Lot 9	\$1.00+
Luis Montoya, Sr., Lot 2	\$1.00+
Rufina Lima, Lot 10	\$1.00+
Eustaquio Moreno, Lot 6	\$1.00+
Sergio Mora, Lot 11	\$1.00+
Carmelo Tlatempa, Lot 7	\$1.00+
Leobardo Olivan, Lot 12	\$1.00+
Julio Hernandez, Lot 8	\$1.00+
Genaro Santiago, Lot 13	\$1.00+

Disclosure Statement-8

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1	Maria Morales, Lot 14	\$1.00+
	Edgar Hilario, Lot 19	\$1.00+
2	P. Victoriano, Lot 15	\$1.00+
	Antonio Arreguin E., Lot 20	\$1.00+
3	Pablo Quinones, Lot 16	\$1.00+
	Arnulfo Marmolejo, Lot 21	\$1.00+
4	Concepcion Olivan Urqura and Ignacio Visaso Vazques, Lot 17	\$1.00+
5	Jose Cortez A., Lot 22	\$1.00+
	Jesus Alvarado, Lot 18	\$1.00+
6	Francisco Jaimes, Lot 23	\$1.00+
	Antonio Alcalá, Lot 24	\$1.00+
7	Matias Garcia, Lot 29	\$1.00+
	Eduardo Ruiz Lopez, Lot 25	\$1.00+
8	Genaro Romero, Lot 31	\$1.00+
	Juan Santiago Cab., Lot 26	\$1.00+
9	Ferman Amado, Lot 31A	\$1.00+
10	Genaro Vazquez, Lot 27	\$1.00+
	Aniano Victoriano, Lot 32	\$1.00+
11	Cristobal Guerrero, Lot 28	\$1.00+
	Luis Montoya, Jr., Lot 33	\$1.00+
12	Hugo Verduzco, Lot 34	\$1.00+
	Omar Onofre Romero, Lot 38	\$1.00+
13	Fernando Moreno, Lot 35	\$1.00+
	Patricia Lomeli, Lot 39	\$1.00+
14	Romulo Garcia, Lot 36	\$1.00+
	Bernardo Saigado, Lot 40	\$1.00+
15	Yaridia Mondragon, Lot 37	\$1.00+
16	Santos Gurman, Lot 41	\$1.00+
	Jacobo Amado, Lot 37A	\$1.00+
17	Honorio Villalobos, Lot 42	\$1.00+
	Alicia Nunez Saucedo, Lot 45	\$1.00+
18	Pedro Islas Pazarán, Lot 50	\$1.00+
	Isidro Ramirez, Lot 46	\$1.00+
19	Guillermo Penafiel, Lot 51	\$1.00+
	Francisco Velasco, Lot 47	\$1.00+
20	Jose Amezquita M., Lot 52	\$1.00+
	Donaciano Hilario, Lot 48	\$1.00+
21	Jose M. Nava, Lot 53	\$1.00+
	Gidardo Arroyo T., Lot 49	\$1.00+
22	Nativida Tacuba Barrera, Lot 54	\$1.00+
	Arnulfo Chavez, Lot 55	\$1.00+
23	Alicia Quinones, Lot 56	\$1.00+
	Efigenia Quinones, Lot 57	\$1.00+
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Disclosure Statement-9

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1 Jaime Quiroz, Lot 50 \$1.00+  
Humberto Islas, Lot 50 \$1.00+

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

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

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

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

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

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

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

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

10  
11 Creditor

Amount Due

12 Capital One	\$13,471.51
13 Estate of Darla May Turner	\$5,000.00+
14 Clayton Lynch	\$200.00+
Brian Martlin	\$2,500.00+
15 Jerry Moberg & Associates, P.S.	\$6,789.77
Pitney-Bowes	\$150.00+
16 Synchrony Bank	\$4,857.61
US Bank Visa	\$29,000.00
17 Cliff Wells	\$350.00+
Shannon Burns	\$26,000.00

18  
19 Classes 14 and 15: The members of Class 14 (Harley Burns) and Class 15 (Shannon Burns) may be the equity holders of Debtor. See: Art. VI.

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

23 **General Introduction Of Plan Treatment Of Claims**

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

Disclosure Statement-10

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1 If Debtor decides to sell its business and is able to create and sell its business as  
2 an ongoing profitable enterprise, all creditors could be paid in full with interest sooner than  
3 by periodic payment, including Class 18 unsecured creditors; of course, this would depend  
4 on the sales price.

#### 5 **Insider Creditors and Benefits:**

6 The Bankruptcy Code defines “insiders” in the case of a corporate or limited liability  
7 company debtor to include

- 8 (i) director of debtor;
- 9 (ii) officer of the debtor;
- 10 (iii) person in control of the debtor;
- 11 (iv) partnership in which the debtor is a general partner;
- 12 (v) general partner of the debtor; or
- 13 (vi) relative of a general partner, director, officer, or person in control of  
14 the debtor;

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

- 17 1. Harley Burns (Class 14) and Shannon Burns (Class 15) are “insiders” because  
18 they are or assert they are shareholders;
- 19 2. Shannon Burns, as a Class 2 wage claimant, is an “insider”.

20 Debtor does not believe any of the “insiders” are specially benefited by Debtor’s  
21 Plan to any degree greater than other creditors.

#### 22 **Operation of Business**

23 Debtor’s Plan provides that Debtor shall continue to operate its business as revised  
24 and reconstructed. Class 2 member Shannon Hunter-Burns shall be the person primarily  
25 in charge of the business operations. She shall work with compensation not to exceed  
Two Thousand Five Hundred Dollars (\$2,500.00) per month, except as otherwise set forth  
herein.

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

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

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

### 6 **Will Contest Litigation**

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

### 12 **Claim Against Columbia Legal Services**

13 The Plan states Debtor shall commence an adversary proceeding or contempt  
14 action against Columbia Legal Services ("CLS") and others before this Bankruptcy Court  
15 to liquidate Claim Against Columbia Legal Services (Art. II, def. #8). Debtor believes CLS  
16 holds "Property of Estate," namely, approximately Fifty-Four Thousand Dollars  
17 (\$54,000.00) which it has failed to turn over to Debtor for deposit into Debtor's estate  
18 account.

19 It is specified in the Plan that upon receipt of liquidation proceeds, the same shall  
20 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 Claim of Class 2 (S. Burns) until paid in full;

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

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

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

14 ///

15 ///

16 Disclosure Statement-12

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1                   **Claim Against Harley Burns**

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

5                   The Plan provides that the amount determined to be the amount owed by Harley  
6 Burns, if any, shall be treated as follows:

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

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

14                  It is stated in the Plan that should Debtor receive monies from liquidation of the  
15 claim against Harley Burns, the same shall be disbursed, to the extent sufficient, as  
16 follows:

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

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

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

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

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

23                   **Class Action Lawsuit**

24                   The claims asserted against Debtor by Class 5 (Tenants and/or former tenants)  
25 shall be liquidated and the claims against Class 5 members by Debtor determined by  
Court or in Class Action Suit. The election shall be made by Court prior to Confirmation.

26                   **Claim Against Tenants**

27                   Under the proposed Plan, Debtor shall continue to employ Special Counsel (Art. II,  
28 def. #39) to liquidate Claim Against Tenants (Art. II, def. #10). The net proceeds of  
29 liquidation (Art. II, def. #25) shall be disbursed, to the extent sufficient, as follows:

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

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

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

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

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

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

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

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

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

17           **Retain Premises**

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

20           **Sale of Business**

21           The Debtor's Plan states that Debtor shall use its best efforts to become reasonably  
22 profitable through changes to its business plan, including rent increases. It is further  
23 provided in the Plan that once this is accomplished, and if Debtor chooses to do so in its  
24 sole discretion, and After Notice and Hearing (Art. II, def. #3), Debtor may sell its assets  
and business as a going concern. Upon sale, if any, the net proceeds of sale shall be  
disbursed, to the extent sufficient, as follows:



1           first, the Allowed Claims of Class 1 (Admin) pro rata until paid in full;  
2           second, the Allowed Claims of Class 2 (Wages) until paid in full;  
3           third, the Allowed Claim of Class 3 (Tax) until paid in full;  
4           fourth, the Allowed Claim of Class 4 (Tax) until paid in full;  
5           fifth, the Allowed Claims pro rata of all other classes, except classes 14 and  
6           15, until paid in full; and  
7           sixth, balance to be divided and/or paid to classes numbered 14 (Burns) and  
8           15 (Hunter-Burns) as directed and ordered in Will Contest Litigation (Art. II, def.  
9           #43).

9           **Additional Specific Treatment of Claims**

10           Class 1, 2, and 3: It is directed in Debtor's Plan that Debtor shall pay the sum of  
11           Five Thousand Dollars (\$5,000.00) per month out of operating profits to Disbursing Agent.  
12           The Plan states these monies shall be disbursed, to extent 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           Classes 6, 7, 8, 9, and 11: Pursuant to the Plan, the executory contracts between  
24           Debtor, as customer, and the members of classes numbered 6 (Tee-Pee), 7 (City of  
25           Royal), 8(Grant County PUD), 9(Royal City Self Storage), and 11(Pitney-Bowes), as  
26           providers, shall be assumed pursuant to 11 U.S.C. § 365. It further provides that the  
27           assumption shall be deemed effective upon confirmation without further Order of Court.

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

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

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

7  
8 1. Should Debtor locate and come into physical possession of the 2013  
9 Polaris 4-wheeler ("Polaris") prior to confirmation, Debtor shall retain the same and  
10 pay Class 12 in full. Debtor shall pay Class 12 the sum of Two Hundred Fifty  
Dollars (\$250.00) per month until paid in full. The first installment shall be made  
within thirty (30) days of confirmation and each thirty (30) days thereafter.

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

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

16 1. Debtor shall pay Five Thousand Dollars (\$5,000.00) per month for  
17 twelve (12) months. The first payment shall be made within thirty (30) days after full  
payment to classes numbered 1, 2, and 3.

18 2. Debtor shall pay the sum of Seven Thousand Five Hundred Dollars  
19 (\$7,500.00) per month for a period of twenty-four (24) months, with the first  
20 payment within thirty (30) days of completion of payment pursuant to number 1  
above.

21 3. Debtor shall pay the sum of Eight Thousand Five Hundred Dollars  
22 (\$8,500.00) per month until the Class 13 Allowed Claims are paid in full. The first  
23 payment shall be made within thirty (30) days of full payment pursuant to number 2  
above.

24 Classes 14 and 15: The Plan states that the members of Class 14 (H. Burns) and  
25 Class 15(S. Burns) shall receive no distribution as equity holders, unless specifically

1 provided in the Plan, until Allowed Claims are paid to the extent provided to be paid or  
2 treated.

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

5 **Drop Dead Provision**

6 Debtor's Plan sets forth two (2) specific drop dead provisions as part of the Plan as  
7 follows:

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

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

24 VI.  
25 **EXPLANATION OF THE CLAIMS OF EACH CLASS**

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

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

<u>Member</u>	<u>Claim Amount</u>
Southwell & O'Rourke, P.S., Attorneys	\$20,000.00+
Jerry Moberg & Associates, Special Attorneys	\$10,000.00+

32 Disclosure Statement-17

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1 Bruce Jorgensen, CPA

\$1,500.00+

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

8 The professional Claims of this class should not exceed Sixty Thousand Dollars  
9 (\$60,000.00). However, this is an estimate made at the time of the preliminary drafting of  
10 this Disclosure Statement and since the Claims are continuing in nature, they cannot be  
11 estimated with exact certainty.

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

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

18 2. Counsel is unsure at the present time what issues will be required to be  
19 litigated relating to fixing the Allowed Claims or lift stay issues of classes numbered 5, 12,  
20 and 14;

21 3. Counsel is not certain what issues will arise concerning objections to claims  
22 and/or fixing the claims of Class 13. There is not a claims filing requirement. Thus,  
23 Counsel cannot guess who will file a claim to which objections are proper; and

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

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

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

No interim fees for Attorneys or any other Class 1 member have been approved by  
the Court nor applied for. The accrued and outstanding fees of Southwell & O'Rourke, P.S.

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1 through January 6, 2017 are approximately Forty-Nine Thousand Dollars (\$49,000.00) and  
2 costs are approximately One Thousand Two Hundred Dollars (\$1,200.00).

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

6 Class 3: The single member of Class 3 is the United States of America, Internal  
7 Revenue Service. Debtor has not filed an income tax return for the years 2013, 2014,  
8 and 2015. Preliminarily, Debtor believes the federal income tax liability will approximate  
9 Eight Thousand Five Hundred Dollars (\$8,500.00) for each of the three (3) years. The  
10 claim is all due and owing.

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

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

17 Class 5: The fifty-five (55) members of Class 5 are tenants of Debtor. All  
18 members rent a mobile home space from Debtor. Base rent can range from Three  
19 Hundred Forty Dollars (\$340.00) per month to Four Hundred Dollars (\$400.00). In  
20 addition to the rent, tenants must pay the following:

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

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

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

Class 6: The single member of Class 6 is Tee Pee Septic, Inc. pursuant to  
standing agreement with Class 6 entered into in approximately July of 2014, prior to the  
death of Darla Turner on September 10, 2014. Class 6 provides continuing sewer

1 services to Debtor to keep the sewer system functional. The contract costs Debtor  
2 approximately Three Hundred Fifty Dollars (\$350.00) per month.

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

9 Debtor's Business cannot operate without the services being provided by Class  
10 7.

11 Class 8: The single member of Class 8 is Grant County Public Utility District.  
12 Pursuant to contract with Debtor sign more than five (5) years ago, Class 8 provides  
13 electrical services to Debtor's Business Premises. The average cost to Debtor is Three  
14 Thousand Dollars (\$3,000.00) to Four Thousand Dollars (\$4,000.00) per month in the  
15 winter months and Two Hundred Dollars (\$200.00) per month in the summer months.  
16 On petition date, Debtor owed Class 8 an amount less than Seven Hundred Fifty Dollars  
17 (\$750.00).

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

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

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

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

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

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

Disclosure Statement-20

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

3 Class 12: The single member of Class 12 is Numerica Credit Union, holding an  
4 allowed claim of approximately Four Thousand Dollars (\$4,000.00). The security for this  
5 claim is Debtor's 2013 Polaris 4-wheeler, having a value of Ten Thousand Dollars  
6 (\$10,000.00).

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

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

12 Class 13: The members of Class 13 are all Debtor's unsecured creditors who  
13 hold claims related to Debtor's business affairs and guarantees or alleged guarantees of  
14 debt of Debtor's Business (Art. II, def. #18). The Claims hold no security interest in or  
15 lien upon Property of the Estate, whether voidable or otherwise, nor any priority to  
16 receive payments. The majority of the Claims of this class were incurred in the ordinary  
17 course of Debtor's operation of Debtor's Business. All members of Class 18 with  
18 amounts due each member as listed in Debtor's Schedules or amended herein are as  
19 follows:

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

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

24 Darla Burns, deceased, was the mother of Harley Burns and Shannon Hunter-  
25 Burns. On or about June 30, 2014 she signed a Will giving each of her two (2) children

Disclosure Statement-21

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1 one-half interest in Debtor. On or about August 1, 2014, she executed a new Will, which  
2 gave all interest in Debtor to Shannon Burns.

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

4 VII.

5 LIQUIDATION ANALYSIS AS COMPARED TO PLAN PAYMENTS

6 Debtor is proposing in the Plan to pay Allowed Claims those amounts set forth in  
7 Article V, which is full payment to all classes including Class 13 (Unsecured). Debtor  
8 believes that this is more than creditors would receive in a Chapter 7 case. The belief is  
9 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.

10 The Schedules Debtor has filed with the Court list all Debtor's assets with liens  
11 against the same existing at the time the case was filed, which is all property in which  
12 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.

13 Property to be Retained

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

<u>Item</u>	<u>Value</u>
17 1. U.S. Bank checking account. No liens.	\$18,000.00
18 2. Supplies. No liens.	\$150.00
19 3. Office equipment. No liens.	\$2,000.00
20 4. 1999 Ford pickup (\$1,000), 1940 Ford tractor 21 (\$1,500). No liens	\$2,500.00
22 5. Mobile home park. <u>Value</u> : \$1,500,000.00. Less liens 23 of Class 4 (\$4,192.00) leaves	\$4,192.00
24 <b><u>Total Value to be Retained</u></b>	<b><u>\$1,518,458.00</u></b>

25 Disclosure Statement-22

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1                    **Property to be Liquidated**

2                    Following is a list of property which will be sold or liquidated and net proceeds of  
3 sale or liquidation paid into the Plan to create monies sufficient to pay a dividend to  
4 creditors holding Allowed Claims. Additionally, Debtor's representatives believe once  
5 Debtor becomes reorganized and operates at a profit, it may be sold, along with its  
6 remaining assets. Debtor believes a sale of an ongoing profitable concern would produce  
7 the sum set forth below. It is as follows:

<u>Item</u>	<u>Amount</u>
1. Claim Against Columbia Legal Services of not less than \$54,000.00 plus damages and fees. No liens.	\$54,000.00
2. Claim Against Harley Burns of not less than \$40,000.00. No liens leaves	\$40,000.00
3. Claims Against Tenants of not less than \$33,347.00. No liens.	\$33,347.00
<b>TOTAL FROM LIQUIDATION</b>	<b><u>\$127,347.00</u></b>

8                    Debtor believes the amounts produced from liquidation of property will be  
9 insufficient to pay in full allowed claims. Thus, to pay these creditors in full, Debtor has  
10 committed to making periodic payments to the Plan until all creditors holding Allowed  
11 Claims are paid in full.

12                    There are a few assumptions upon which the foregoing projections are based as  
13 follows:

- 14                    1. that the property can be disposed of and/or liquidated for the amounts and/or for  
15 the estimated prices;  
16                    2. that the costs of liquidation are as approximately estimated;  
17                    3. that the tax liability generated or created by sales, collections, and liquidations  
18 do not exceed the estimated amount by any significant degree;  
19                    4. that Class 1 administrative expenses are accurately estimated; and  
20                    5. that the deficiency claims, if any, are reasonably estimated.

21                    **VIII.**  
22                    **EXEMPTIONS**

23                    Debtor is a Limited Liability Company registered in the State of Washington.  
24 Pursuant to 11 U.S.C. § 522(b), only an individual debtor may claim property as exempt  
25

1 property. Debtor is not entitled to and therefore does not claim any property as exempt  
2 property.

3 IX.  
4 LITIGATION PENDING OR CONTEMPLATED.

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

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

15 On Petition Date, the class action had been tentatively settled. However, the  
16 proposed settlement was rejected. The terms of a proposed settlement were mooted in  
17 the majority by the Chapter 11 case filing as Debtor may reject the leases between it and  
18 Class 5 members as burdensome. Thus, reworking the leases is a waste of time if they  
19 are to be rejected.

20 However, although not formal litigation, certain claimants were making demands  
21 upon Debtor for payment that could not be met with Debtor's limited income. Debtor  
22 feared suits would be commenced concerning those accounts. Debtor did not have the  
23 income to either meet those demands or to defend the Claims.

24 On Petition Date, no property repossessions or formal forfeiture or foreclosure  
25 actions had been commenced by secured Creditors other than as set forth above. Debtor  
believed, based in part upon advice of non-bankruptcy counsel or professionals, that  
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.

Post-petition date, Debtor has not become involved in any litigation. Debtor does  
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.

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Disclosure Statement-24

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1           Litigation Post-Petition

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

5           Suit Against Tenants

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

11           Suit Against Columbia Legal Services

12           Debtor shall commence suit against Columbia Legal Services (“CLS”) to liquidate  
13 two (2) causes of action it believes it holds against CLS as follows:

14           1.     CLS holds approximately Fifty-Four Thousand Dollars (\$54,000.00) of  
15 Debtor’s monies it has failed to turn over to Debtor; and

16           2.     The failure to turn Debtor’s property over to it is believed to be a violation of  
17 the automatic stay imposed by 11 U.S.C. § 362. CLS and certain of its representatives  
18 should be found in contempt and damages imposed against them.

19           The suit against CLS shall be commenced in the U.S. Bankruptcy Court for the  
20 Eastern District of Washington.

21           Suit Against Harley Burns

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

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

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

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

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

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

9 2. Preservation of Rights: The Debtor and the Estate retain all rights of and  
10 to commence and pursue any and all Causes of Action (under any theory of  
11 law, including, without limitation, the Bankruptcy Code, and in any court or other  
12 tribunal including, without limitation, in an adversary proceeding filed in the  
Chapter 11 Case) to the extent the Debtor deems appropriate. Potential  
13 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  
14 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  
15 limitation, any other Causes of Action, whether legal, equitable, or statutory in  
16 nature, arising out of, or in connection with, the affairs of the Debtor, including,  
without limitation, the following: possible claims against borrowers or third  
17 parties, counterclaims, defenses, and objections relating to any Claims or other  
obligations; contract or tort claims which may exist or subsequently arise; any  
and all Avoidance Actions pursuant to any applicable section of the Bankruptcy  
Code arising from any transaction involving or concerning the Debtor.

18 The Debtor and the Estate expressly reserve any and all Causes of Action  
19 for later enforcement by the Debtor and/or the Estate (including, without  
20 limitation, Causes of Action that may be set forth in the Plan or not specifically  
21 identified or which the Debtor may presently be unaware of or which may arise  
or exist by reason of additional facts or circumstances unknown to the Debtor at  
22 this time or facts or circumstances which may change or be different from those  
which the Debtor believes to exist) and, therefore, no preclusion doctrine,  
23 including, without limitation, the doctrines of *res judicata*, collateral estoppel,  
issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or  
24 otherwise) or laches shall apply to such claims or Causes of Action as a result  
of the confirmation or consummation of this Plan, *or any aspect of the*  
*Disclosure Statement, this Plan, or the Confirmation Order.* In addition, the  
25 Debtor and the Estate expressly reserves the right to pursue or adopt any



1 claim, crossclaim, or counterclaims alleged in any lawsuit in which the Debtor is  
2 a defendant or an interested party, against any Entity, including, without  
3 limitation, the plaintiffs or co-defendants in such lawsuits, subject to the  
4 provisions of this Plan or any Final Order.

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

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

- 12 1. Avoidance of any claim Class 5 (Tenants) or Columbia Legal Services  
13 asserts against the approximate Fifty-Three Thousand Dollars  
14 (\$53,000.00) it holds, deposited by Debtor.
- 15 2. Claims against certain Class 5 (Tenants) members for unpaid rents  
16 and other obligations pursuant to rental agreements, including "Claims  
17 Against Tenants" (Art. I, def. #10).
- 18 3. Claim against Harley Burns (Art. I, def. #9).

19 X.  
20 TAX CONSEQUENCES OF DEBTOR'S PLAN

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

25 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.

1 Should the total amount of debt being discharged and excluded from income  
2 exceed the amount of tax attributes and basis of property to be reduced, the balance of  
3 the discharged debt escapes tax and disappears. It is anticipated that there will be a  
4 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.

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

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

#### 12 XI.

#### 13 CONFIRMATION OF PLAN

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

#### 17 XII.

#### 18 DISCHARGE

19 Except as otherwise provided by the Plan, all Claims against the Debtor or the  
20 Estate which arose prior to Confirmation will be discharged as is set forth hereinafter,  
21 whether the Claims accrued before or after the Petition Date, provided the claim holder  
22 received proper notice. Creditors will, however, retain the power to enforce the rights  
23 given to them, if any, by Plan. The discharge will be effective as to each Claim,  
24 regardless of whether a proof of claim was filed, whether the Claim was allowed, or  
25 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.

Disclosure Statement-28

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

XIV.  
MANAGEMENT COMPENSATION

Shannon Burns shall continue to manage Debtor's Business (Art. II, def. #18) post-Confirmation Date. 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.

Disclosure Statement-29

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

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 9 day of January, 2017.

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

By: Shannon Hunter Burns PR  
SHANNON HUNTER BURNS, Personal  
Representative

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Disclosure Statement-30

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VERIFICATION

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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

PRESENTED BY:

SOUTHWELL & O'ROURKE, P.S.

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

SOUTHWELL & O'ROURKE, P.S.

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

Disclosure Statement-31

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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"