

**United States Bankruptcy Court
Western District of Washington**

In re Cyrus Way Holdings, LLC
Debtor

Case No. 16-13356

Business Case under Chapter 11

CYRUS WAY HOLDINGS, LLC'S 1ST AMENDED DISCLOSURE STATEMENT
DATED NOVEMBER 14, 2016

I. INTRODUCTION

This is the 1st Amended disclosure statement (the "Disclosure Statement") in the corporate chapter 11 case of Cyrus Way Holdings, LLC (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the "Plan") filed by the Debtor on December 21, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. The proposed distributions under the Plan are discussed at pages 4 to 9 of this Disclosure Statement. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

A. Purpose of This Document

This Disclosure Statement describes:

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

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

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

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

1. *Time and Place of the Hearing to [Finally Approve This Disclosure Statement and] Confirm the Plan*

The hearing at which the Court will determine whether to approve this Disclosure Statement and set a date to confirm the Plan will take place at a date and time separately noted, in Courtroom 8106, at the US Courthouse, 700 Stewart Street, Seattle, WA 98101.

2. *Deadline for Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, you will be given an opportunity to vote. See section IV.A. below for a discussion of voting eligibility requirements. Your ballot must be received by 7 days prior to the date that will be set by the Court for confirmation of the Plan.

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

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the debtor's counsel at least 7 days prior to the hearing.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Larry B. Feinstein, 520 Pike Street, Suite 2250, Seattle, WA 98101.

C. Disclaimer

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a limited liability company. Since 2010, Cyrus Way Holdings, LLC has owned and managed the real property located at 11709 Cyrus Way, Mukilteo, WA.

B. Insiders of the Debtor and Management of the Debtor Before and During the Bankruptcy

Mark Jackson is the principal of Cyrus Way Holdings, LLC. He is the sole member and manager of the LLC, including during the pendency of this Chapter 11 case. His wife, Tracey Jackson, also performs some work on behalf of the LLC.

After the effective date of the order confirming the Plan, the director, officer, and voting trustee of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers") will be Mark Jackson. Compensation shall not be effected by this Plan.

C. Events Leading to Chapter 11 Filing

Cyrus Way Holdings, LLC guaranteed the surety bond of Western Industrial, Inc., who filed their own bankruptcy petition on or about June 24, 2016, under case number 16-13353-MLB. Western Industrial, Inc. is also the primary tenant of the commercial real estate owned by the Debtor.

D. Significant Events During the Bankruptcy Case

This case has been pending for approximately three months. A Meeting of Creditors was held on July 27, 2016. The United States Trustee did not receive a sufficient number of creditors willing to serve on a committee of unsecured creditors, so none was appointed. An order granting Larry Feinstein's Application to be employed as attorney for the Debtor was entered on August 23, 2016.

The real property is actively being marketed by the Debtor. The Debtor has several possible tenants and terms are being negotiated, with lease rates comparable to the amounts being paid by Western Industrial's prior lease; i.e. \$10,500 month base rent, triple net. That lease was triple net and the tenant paid all taxes, insurance, and other operating costs. The debtor does not have operating funds, so all leasehold improvements or remodeling of the premises by a new tenant will be at the tenant's expense. Allowances may be made but in the form of lease reduction; however, the debtor will not reduce the base lease payments to less than necessary to cover the Plan's secured plan payments. The debtor fully expects to have a tenant in the premises no later than 60 days after the trustee for Western has vacated the premises. The plan is predicated on recommencement of payments under the terms of this Plan commencing on the first full month following confirmation and effective date of the plan.

E. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

F. Claims Objections

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

G. Current and Historical Financial Conditions

On Schedule A, the Debtor estimated the value of its primary asset, the commercial real estate located at 11709 Cyrus Way, Mukilteo, WA, to be \$1,750,000.00. (The only other asset is the Debtor's checking account, the balance of which fluctuates, but generally only has a *de minimus* value.) The Debtor solicited an "Opinion of Value" from a commercial real estate broker as to the value of the property. This is listed as Exhibit B. It was assessed between \$1,650,000 to \$1,750,000.

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

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

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

B. Unclassified Claims

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

1. *Administrative Expenses*

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

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

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$17,500.00 est.	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees		Paid in full on the effective date of the Plan
Other administrative expenses		Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$325.00	Paid in full on the effective date of the Plan

TOTAL	\$7,825.00 est.	
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2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

There were no § 507(a)(8) priority tax claims.

C. **Classes of Claims and Equity Interests**

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

1. *Classes of Secured Claims*

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

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

2. *Classes of Priority Unsecured Claims*

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

There are no claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code so entitled to priority treatment.

3. *Class[es] of Secured Claims*

CLASS 4.03(A). *Secured claim of: Wells Fargo Bank, NA*

Collateral description = 11709 Cyrus Way, Mukilteo, WA 98275

Allowed Secured Amount = \$681,819.72

Impaired. Not an insider.

Treatment of Claim: The Debtor will resume making its regular monthly mortgage payment on or before the first day of the first full month following the effective date of this Plan. But, however, Western Industrial Inc. and/or the Trustee administering the estate of Western Industrial Inc. still has possession of the premises and has significant equipment at the premises, that is preventing the Debtor from re-letting the premises. It is expected that Western will fully vacate the premises within the next 30 days, and the Debtor needs 60 days from that vacation to market, show, and enter into a new lease for the premises. If said 60 days is after the first day of the first full month following the effective date of this Plan, then resumption of payments under this Plan shall commence on the first day of the first full month after that 60 days after vacation of the premises by the trustee, whichever is later.

Interest shall be computed at the non-default rate of interest as provided for in the Note secured by this debt, effective as of confirmation of this Plan. Monthly payments shall then be computed under the Note for the payments then required post-confirmation. If the Note is a variable rate note, then the interest shall adjust as provided for under the Note.

The Debtor's tenant, Western Industrial, Inc., is in a pending Chapter 7 proceeding, and the Lease has now been rejected by the Trustee in that proceedings, but the Trustee has not yet removed all of the equipment and has not yet fully vacated the premises. The Debtor has a claim in those proceedings in satisfaction of its Chapter 11 administrative claim for rent (6-24-16 to 9-19-16) and for its Chapter 7 administrative claim for rent due (9-19-16 to present) to the Debtor, for its post-conversion The Debtor pledges the proceeds from its administrative claim(s) in Western Industrial, Inc. case to the mortgage lenders, in their rank priority, to bring the post-petition payments current. Payment shall first be applied to cure the first mortgage arrears/claims and then the balance paid to cure the arrears/claims of the 2nd mortgage holder. Any additional arrears remaining, if any, will be cured over 12 months in equal monthly payments at 0% interest, to begin within 60 days of Trustee's final distribution in the Western Industrial case. Said post-petition arrears shall include any claims by the Lender for pendency interest from the time of filing until confirmation, and attorney's fees and costs; the amount to be determined after a claim for such interest, fees and costs are made by the Lender by either agreement of the parties, or upon motion by either party to the court. The Debtor will not object to post-filing pendency interest for post-petition payment arrears at the Note rate of interest (which, if a variable rate Note, then at the rate otherwise then applicable under the Note) plus a default of an additional 2% points above said Note rate, from the period of filing until confirmation of this Plan.

The Debtor is actively marketing the property to obtain a replacement tenant for Western Industrial, and expects to have it leased by January/February 2017 (as Western expects to vacate the property by January 2017), with tenancy occupancy by March 2017. See attached Real Estate Listing Agreement to the Disclosure Statement. If the Debtor is unable to find a Tenant with occupancy within 60 days of the effective date of this Plan, that would recommence regular monthly payments to the Class under the timeline set forth above, the Debtor agrees to then List and market the property for sale, with a regular NW Multiple Listing Agency qualified Broker. The Listing price shall be no less than as necessary to pay off the balances due to the creditors in this Plan, or as may be agreed to in writing by any creditor that would be affected by such lower price (i.e. a short sale.)

Further, the Debtor may at any time during the term of this Plan sell or refinance the property on or before 60 months from the effective date of confirmation of this Plan and pay off this Class. Any sale shall be pursuant to this Plan.

Class 4.03(B). *Secured claim of Wells Fargo Bank, NA / Ameritrust CDC (SBA Loan)*

Collateral description = 11709 Cyrus Way, Mukilteo, WA 98275

Allowed Secured Amount = \$558,186.06

Priority of lien = Second

Impaired. Not an insider.

Treatment: The Debtor will resume making its regular monthly mortgage payment on or before the first day of the first full month following the effective date of this Plan. But, however, Western Industrial Inc. and/or the Trustee administering the estate of Western Industrial Inc. still has possession of the premises and has significant equipment at the premises, that is preventing the Debtor from re-letting the premises. It is expected that Western will fully vacate the premises within the next 30 days, and the Debtor needs 60 days from that vacation to market, show, and enter into a new lease for the premises. If said 60 days is after the first day of the first full month following the effective date of this Plan, then resumption of payments under this Plan shall commence on the first day of the first full month after that 60 days of the vacation of the premises by the trustee, whichever is later.

Interest shall be computed at the non-default rate of interest as provided for in the Note secured by this debt as of confirmation of this Plan. If the Note is a variable rate note, then the interest shall adjust as provided for under the Note.

The Debtor's tenant, Western Industrial, Inc., is in a pending Chapter 7 proceeding, and

the Lease has now been rejected by the Trustee in that proceedings, but the Trustee has not yet removed all of the equipment and has not yet fully vacated the premises. The Debtor has a claim in those proceedings in satisfaction of its Chapter 11 administrative claim for rent (6-24-16 to 9-19-16) and for its Chapter 7 administrative claim for rent due (9-19-16 to present) to the Debtor, for its post-conversion The Debtor pledges the proceeds from its administrative claim(s) in Western Industrial, Inc. case to the mortgage lenders, in their rank priority, to bring the post-petition payments current. Payment shall first be applied to cure the first mortgage arrears/claims and then the balance paid to cure the arrears/claims of the 2nd mortgage holder. Any additional arrears remaining, if any, will be cured over 12 months in equal monthly payments at 0% interest, to begin within 60 days of Trustee's final distribution in the Western Industrial case. Said post-petition arrears shall include any claims by the Lender for pendency interest from the time of filing until confirmation, and attorney's fees and costs; the amount to be determined after a claim for such interest, fees and costs are made by the Lender by either agreement of the parties, or upon motion by either party to the court. The Debtor will not object to post-filing pendency interest for post-petition payment arrears at the Note rate of interest (which, if a variable rate Note, then at the rate otherwise then applicable) plus a default of an additional 2% points above said Note rate, from the period of filing until confirmation of this Plan.

The Debtor is actively marketing the property to obtain a replacement tenant for Western Industrial, and expects to have it leased by January/February 2017 (as Western expects to vacate the property by January 2017), with tenancy occupancy by March 2017. See attached Real Estate Listing Agreement to the Disclosure Statement. If the Debtor is unable to find a Tenant with occupancy within 60 days of the effective date of this Plan, that would recommence regular monthly payments to the Class under the timeline set forth above, the Debtor agrees to then List and market the property for sale, with a regular NW Multiple Listing Agency qualified Broker. The Listing price shall be no less than as necessary to pay off the balances due to the creditors in this Plan, or as may be agreed to in writing by any creditor that would be affected by such lower price (i.e. a short sale.)

Further, the Debtor may at any time during the term of this Plan sell or refinance the property on or before 60 months from the effective date of confirmation of this Plan and pay off this Class. Any sale shall be pursuant to this Plan.

4. Class(s) of General Unsecured Claims. General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Classes 3 and 4, which contain general unsecured claims against the Debtor:

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Class #	Description	Impairment	Treatment
4.04	Allied World Specialty Insurance Company [1122(b) Convenience Class]	Impaired	Allied World is a creditor of Western Industrial, Inc., Mark Jackson, and the Debtor herein, jointly and severally. As there are assets to be recovered against Western Industrial, Inc.'s in its Chapter 7 proceedings, the Debtor's portion of this claim shall be offset by any amounts paid by the Chapter 7 Trustee. Upon the full administration of the estate and the closing of the Chapter 7 proceedings of Western (#16-13353), the remaining claim, if any, shall be paid 100% in equal monthly installments over 5 years (60 months) at 0% interest. Payments will commence within 90 days of the closing of the Western proceedings. Payments made by co-obligor Mark Jackson, under his separate Chapter 11 Plan, shall also credit towards the net balance of the obligation due by this Debtor, as the obligations are joint and several.

4.05	General Unsecured Class	Impaired	The Debtor listed no other unsecured claims in its schedules and no proofs of claim have been filed herein as of the date of this document. But, however, if any general unsecured claims are asserted, if allowed, those claims will be paid in full, 100%, in equal monthly payments over 60 months, commencing on the first day of the first full month following confirmation. Accordingly, the Debtor reserves the right to amend this document up until the time of the
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			hearing on Confirmation of the Plan of Reorganization to address any
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4. *Class[es] of Equity Interest Holders*

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

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

Class #	Description	Impairment	Treatment
4.06	Equity interest holders	Unimpaired	Mark L. Jackson shall remain the sole and managing member of the LLC.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the rental of the commercial building located at 11709 Cyrus Way Holdings, LLC. At present, Western Industrial, Inc. is the building's primary tenant, and they are in Chapter 7 proceedings. There will be a recovery of assets in that case and the Debtor expects to receive a distribution for post-conversion rent and then sometime thereafter for post-petition rent.. This rent is pledged to Class 4.01(A) and (B), the secured creditors in this estate for the payment of post-petition unpaid mortgage payments.

Further, to obtain a new tenant as quickly as possible after the Trustee for Western Industrial vacates the property, the Debtor has signed an exclusive lease listing agreement with Windermere Commercial NW, which is attached as Exhibit C, and will continue to market the property on same or similar terms. As a last resort and in the alternative, if the Debtor is unable to resume its regular monthly mortgage payments, the Debtor may sell the property as provided under the Plan, and will list the property for sale under certain time guidelines set forth in the treatment of the Secured Creditors under Classes 4.01(A) and (B).

The Plan provides to recommence mortgage payments to the two lenders on specific date deadlines under the Plan (about 30 days after confirmation) If no tenant has entered into a lease agreement on or before 60 days after confirmation and the effective

date under this Plan, with a commencement date of the tenancy of no later than 60 days thereafter, then the Debtor shall retain Windermere Commercial NW, or other qualified agent to list the property for sale at the appraised fair market value of the property. Any sale shall be under the Plan (and thus exempt from real estate excise tax). Any listing price shall be at a price sufficient to pay all allowed claims in these proceedings, unless an affected creditor (i.e. a short sale) agrees in writing otherwise.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Mark Jackson	N/A	Yes	Managing Member	Reserved.

E. Risk Factors

The proposed Plan has no known risks that are within the Debtor's control. Risks outside the Debtor's control are primarily those associated with the market for commercial real estate. The property will be relet and mortgage payments resumed; or the property will be put on the market for sale.

F. Executory Contracts and Unexpired Leases

All executory contracts and unexpired leases that the Debtor will rejected under the Plan. The Trustee for Western Industrial, the current tenant, has obtained an order rejecting the Debtor's lease. If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

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

Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

There are no known tax consequences of this Plan.

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

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who May Vote or Object

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

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

In this case, the Plan Proponent believes that classes 1, 2, and 3 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes 4 and 5 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

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

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

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

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

3. *Who is **Not** Entitled to Vote*

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

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

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

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

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

B. Votes Necessary to Confirm the Plan

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

1. *Votes Necessary for a Class to Accept the Plan*

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

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

2. *Treatment of Nonaccepting Classes*

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

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

C. **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation.

The Debtor’s real property is valued at \$1.75 million, and there are secured creditors in the amount of \$1.24 million. If this property were to be sold, after payment of costs, fees, and other miscellaneous expenses there is approximately \$300,000 in equity available for the unsecured creditors of the estate. The Debtor herein is proposing to pay the balance of Allied World Specialty Insurance’s claim against Western Industrial, Inc., in full, pursuant to the guarantee signed by the Debtor, over 60 months. There were no other general unsecured creditors identified by the Debtor.

D. **Feasibility**

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

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

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. If the current tenant does not resume making its monthly rent payments, the Debtor will obtain a new tenant so that it can resume its normal monthly payments to Wells Fargo's secured loans on or before January 31, 2017. The rent will be sufficient to service both of these loans, plus any other miscellaneous expenses.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **DISCHARGE OF DEBTOR**

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

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

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

VI. OTHER PLAN PROVISIONS

1. Debtors reserve the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of creditors, pursuant to 11 U.S.C. §1129(b).
2. All administrative expenses shall be paid on the effective date of the Plan, or as otherwise agreed by the parties without further court order.
3. The Debtors shall act as their own disbursing agents for payments under the Plan.
4. Secured creditors whose loans are restructured under this Plan shall treat said loans as current and treat said obligations as an ongoing amortizing obligation.
5. On the effective date of the Plan, all property of the Debtors' estate will vest in the reorganized Debtors pursuant to 11 U.S.C. §1141(b), free and clear of all claims and interests, except that the liens of secured creditors shall be retained until all required payments to the creditors under the Plan are completed.
6. Unless otherwise specified, the following default provisions apply to all creditors:

A "default" shall be defined as the debtor's failure to make a payment or otherwise perform any non-monetary action (such as the listing of the property for sale if no tenant has entered into a lease agreement with the Debtor on or before the dates set forth in the Class 1 and Class 2 treatment in this Plan of Reorganization). The Debtor shall have a 15-day grace period following the due date specified herein as to any payment or obligation, during which time the Debtor may make a cure payment or otherwise cure a non-payment default. In the event of default and following the 15-day grace period, the creditor to which said default is applicable shall give the Debtors 30 days' written Notice of Default and opportunity to cure. If said default is not cured within 30 days from the date of the Notice, the creditor shall be entitled to relief from the stay under this Plan without further court order, and may enforce any state or federal rights that may exist, or as otherwise provided in this Plan for default remedies. Notice shall also be given concurrently to debtor's counsel at feinstein1947@gmail.com

7. Creditors nor any third party on their behalf may not take any actions (including, without limitation, lawsuits or other legal actions, levies, attachments, or garnishments) to enforce or collect either pre-confirmation obligations or obligations due under the Plan, so long as the Debtors are not in material default under the Plan and the creditor has not been granted relief from the stay. Provided that the Debtors do not materially default under the Plan, creditors shall be prohibited from taking any enforcement or collection actions or any kind against the Debtors.
8. In the event a dispute arises as to the interpretation post-confirmation of this Plan or the payment terms therein, the Bankruptcy Court shall retain jurisdiction over the Debtor and the claims administered herein even if the case has been closed administratively, prior to entry of the Order of Discharge.
9. Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, by facsimile transmission and email), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made within actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:
- Cyrus Way Holdings, LLC
c/o Larry B. Feinstein
520 Pike Street, Suite 2250,
Seattle WA 98101
- Phone: (206) 223-9595
Fax: (206) 386-5355
Email: feinstein1947@gmail.com
10. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors and assigns of such entity.

Respectfully Submitted,

/s/ Mark Jackson 12/21/2017
Mark Jackson, Managing Member
Cyrus Way Holdings, LLC

/s/ Larry B. Feinstein
Larry Feinstein, WSBA #6074
Attorney for Debtor

EXHIBITS

Exhibit A: Copy of Proposed Plan of Reorganization

United States Bankruptcy Court
Western District of Washington

In re Cyrus Way Holdings, LLC,
Debtor

Case No. 16-13356

Business Case under Chapter 11

CYRUS WAY HOLDINGS, LLC'S 1st AMENDED PLAN OF REORGANIZATION
DATED NOVEMBER 14, 2016

ARTICLE I
SUMMARY

This Amended Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Cyrus Way Holdings, LLC (the "Debtor") from profits generated from the ongoing rental of its commercial real estate.

This Plan provides for two classes of secured claims; no classes of priority claims; two classes of unsecured claims; and one class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately 100 cents on the dollar (see Classes 3 and 4). This Plan also provides for the payment of administrative in full on the effective date of this Plan with respect to any such claim (to the extent permitted by the Code or the claimant's agreement).

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

- | | | |
|------|----------|--|
| 2.01 | Class 1. | The claim of the Wells Fargo Bank, NA, to the extent allowed as a secured claim under §506 of the Code. |
| 2.02 | Class 2. | The claim of the Wells Fargo Bank, NA, to the extent allowed as a secured claim under §506 of the Code. |
| 2.03 | Class 3. | The general unsecured claim of Allied World Specialty Insurance Company, to the extent allowed under §502 of the Code. |
| 2.04 | Class 4. | All general unsecured claims allowed under §502 of the Code. |
| 2.5 | Class 5. | Equity Interests of the Debtor. |

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

- 3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims and priority tax claims are not in classes.
- 3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.
- 3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid consistent with § 1129(a)(9)(C) of the Code.
- 3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01. *Administrative Expenses*

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

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

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
		Paid in full on the effective date of the Plan, or according to terms of obligation if later

Expenses Arising in the Ordinary Course of Business After the Petition Date		
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$17,500.00 est.	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees		Paid in full on the effective date of the Plan
Other administrative expenses		Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$325.00	Paid in full on the effective date of the Plan
TOTAL	\$7,825.00 est.	

4.02. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

There were no § 507(a)(8) priority tax claims.

4.03 Claims and interests shall be treated as follows under this Plan:

4.03(A): CLASS 1. *Secured claim of: Wells Fargo Bank, NA*

Collateral description = 11709 Cyrus Way, Mukilteo, WA 98275

Allowed Secured Amount = \$681,819.72

Impaired. Not an insider.

Treatment of Claim: The Debtor will resume making its regular monthly mortgage payment on or before the first day of the first full month following the effective date of this Plan. But, however, Western Industrial Inc. and/or the Trustee administering the estate of Western Industrial Inc. still has possession of the premises and has significant equipment at the premises, that is preventing the Debtor from re-letting the premises. It is expected that Western will fully vacate the premises within the next 30 days, and the Debtor needs 60 days from that vacation to market, show, and enter into a new lease for the premises. If said 60 days is after the first day of the first full month following the effective date of this Plan, then resumption of payments under this Plan shall commence on the first day of the first full month after that 60 days after vacation of the premises by the trustee, whichever is later.

Interest shall be computed at the non-default rate of interest as provided for in the Note secured by this debt, effective as of confirmation of this Plan. Monthly payments shall then be computed under the Note for the payments then required post-confirmation. If the Note is a variable rate note, then the interest shall adjust as provided for under the Note.

The Debtor's tenant, Western Industrial, Inc., is in a pending Chapter 7 proceeding, and the Lease has now been rejected by the Trustee in that proceedings, but the Trustee has not yet removed all of the equipment and has not yet fully vacated the premises. The Debtor has a claim in those proceedings in satisfaction of its Chapter 11 administrative claim for rent (6-24-16 to 9-19-16) and for its Chapter 7 administrative claim for rent due (9-19-16 to present) to the Debtor, for its post-conversion The Debtor pledges the proceeds from its administrative claim(s) in Western Industrial, Inc. case to the mortgage lenders, in their rank priority, to bring the post-petition payments current. Payment shall first be applied to cure the first mortgage arrears/claims and then the balance paid to cure the arrears/claims of the 2nd mortgage holder. Any additional arrears remaining, if any, will be cured over 12 months in equal monthly payments at 0% interest, to begin within 60 days of Trustee's final distribution in the Western Industrial case. Said post-petition arrears shall include any claims by the Lender for pendency interest from the time of filing until confirmation, and attorney's fees and costs; the amount to be determined after a claim for such interest, fees and costs are

made by the Lender by either agreement of the parties, or upon motion by either party to the court. The Debtor will not object to post-filing pendency interest for post-petition payment arrears at the Note rate of interest (which, if a variable rate Note, then at the rate otherwise then applicable under the Note) plus a default of an additional 2% points above said Note rate, from the period of filing until confirmation of this Plan.

The Debtor is actively marketing the property to obtain a replacement tenant for Western Industrial, and expects to have it leased by January/February 2017 (as Western expects to vacate the property by January 2017), with tenancy occupancy by March 2017. See attached Real Estate Listing Agreement to the Disclosure Statement. If the Debtor is unable to find a Tenant with occupancy within 60 days of the effective date of this Plan, that would recommence regular monthly payments to the Class under the timeline set forth above, the Debtor agrees to then List and market the property for sale, with a regular NW Multiple Listing Agency qualified Broker. The Listing price shall be no less than as necessary to pay off the balances due to the creditors in this Plan, or as may be agreed to in writing by any creditor that would be affected by such lower price (i.e. a short sale.)

Further, the Debtor may at any time during the term of this Plan sell or refinance the property on or before 60 months from the effective date of confirmation of this Plan and pay off this Class. Any sale shall be pursuant to this Plan.

4.03(B). Class 2. *Secured claim of Wells Fargo Bank, NA / Ameritrust CDC (SBA Loan)*

Collateral description = 11709 Cyrus Way, Mukilteo, WA 98275

Allowed Secured Amount = \$558,186.06

Priority of lien = Second

Impaired. Not an insider.

Treatment: The Debtor will resume making its regular monthly mortgage payment on or before the first day of the first full month following the effective date of this Plan. But, however, Western Industrial Inc. and/or the Trustee administering the estate of Western Industrial Inc. still has possession of the premises and has significant equipment at the premises, that is preventing the Debtor from re-letting the premises. It is expected that Western will fully vacate the premises within the next 30 days, and the Debtor needs 60 days from that vacation to market, show, and enter into a new lease for the premises. If said 60 days is after the first day of the first full month following the effective date of this Plan, then resumption of payments under this Plan shall commence on the first day of the first full month after that 60 days of the vacation of the premises by the trustee, whichever is later.

Interest shall be computed at the non-default rate of interest as provided for in the Note

secured by this debt as of confirmation of this Plan. If the Note is a variable rate note, then the interest shall adjust as provided for under the Note.

The Debtor's tenant, Western Industrial, Inc., is in a pending Chapter 7 proceeding, and the Lease has now been rejected by the Trustee in that proceedings, but the Trustee has not yet removed all of the equipment and has not yet fully vacated the premises. The Debtor has a claim in those proceedings in satisfaction of its Chapter 11 administrative claim for rent (6-24-16 to 9-19-16) and for its Chapter 7 administrative claim for rent due (9-19-16 to present) to the Debtor, for its post-conversion The Debtor pledges the proceeds from its administrative claim(s) in Western Industrial, Inc. case to the mortgage lenders, in their rank priority, to bring the post-petition payments current. Payment shall first be applied to cure the first mortgage arrears/claims and then the balance paid to cure the arrears/claims of the 2nd mortgage holder Any additional arrears remaining, if any, will be cured over 12 months in equal monthly payments at 0% interest, to begin within 60 days of Trustee's final distribution in the Western Industrial case. Said post-petition arrears shall include any claims by the Lender for pendency interest from the time of filing until confirmation, and attorney's fees and costs; the amount to be determined after a claim for such interest, fees and costs are made by the Lender by either agreement of the parties, or upon motion by either party to the court. The Debtor will not object to post-filing pendency interest for post-petition payment arrears at the Note rate of interest (which, if a variable rate Note, then at the rate otherwise then applicable) plus a default of an additional 2% points above said Note rate, from the period of filing until confirmation of this Plan.

The Debtor is actively marketing the property to obtain a replacement tenant for Western Industrial, and expects to have it leased by January/February 2017 (as Western expects to vacate the property by January 2017), with tenancy occupancy by March 2017. See attached Real Estate Listing Agreement to the Disclosure Statement. If the Debtor is unable to find a Tenant with occupancy within 60 days of the effective date of this Plan, that would recommence regular monthly payments to the Class under the timeline set forth above, the Debtor agrees to then List and market the property for sale, with a regular NW Multiple Listing Agency qualified Broker. The Listing price shall be no less than as necessary to pay off the balances due to the creditors in this Plan, or as may be agreed to in writing by any creditor that would be affected by such lower price (i.e. a short sale.)

Further, the Debtor may at any time during the term of this Plan sell or refinance the property on or before 60 months from the effective date of confirmation of this Plan and pay off this Class. Any sale shall be pursuant to this Plan.

Class #	Description	Impairment	Treatment
4.04	Allied World Specialty	Impaired	Allied World is a creditor of Western Industrial, Inc., Mark Jackson, and

	Insurance Company [1122(b) Convenience Class]		the Debtor herein, jointly and severally. As there are assets to be recovered against Western Industrial, Inc.'s in its Chapter 7 proceedings, the Debtor's portion of this claim shall be offset by any amounts paid by the Chapter 7 Trustee. Upon the full administration of the estate and the closing of the Chapter 7 proceedings of Western (#16-13353), the remaining claim, if any, shall be paid 100% in equal monthly installments over 5 years (60 months) at 0% interest. Payments will commence within 90 days of the closing of the Western proceedings. Payments made by co-obligor Mark Jackson, under his separate Chapter 11 Plan, shall also credit towards the net balance of the obligation due by this Debtor, as the obligations are joint and several.
4.05	General Unsecured Class	Impaired	The Debtor listed no other unsecured claims in its schedules and no proofs of claim have been filed herein as of the date of this document. But, however, if any general unsecured claims are asserted, if allowed, those claims will be paid in full, 100%, in equal monthly payments over 60 months, commencing on the first day of the first full month following confirmation. Accordingly, the Debtor reserves the right to amend this document up until the time of the hearing on Confirmation of the Plan of Reorganization to address any claim. As there are no general unsecured creditors, no distribution is anticipated to be made.

Class #	Description	Impairment	Treatment
4.06	Equity interest holders	Unimpaired	Mark L. Jackson shall remain the sole and managing member of the LLC.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

- 5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed [by a final non-appealable order], and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.
- 5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed [by a final non-appealable order].
- 5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

- (a) The Debtor assumes all executory contracts and/or unexpired leases effective upon the effective date of this Plan.
- (b) A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than ten (10) days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

- 7.01 Source of Payments. Payments and distributions under the Plan will be funded by the rental of the commercial building located at 11709 Cyrus Way Holdings, LLC. At present, Western Industrial, Inc. is the building's primary tenant, and they are in Chapter 7 proceedings. There will be a recovery of assets in that case and the Debtor expects to receive a distribution in that proceedings. The debtor is actively seeking a replacement tenant. Accordingly, the Debtor has

signed an exclusive lease listing agreement with Windermere Commercial NW, or other listing on same or similar terms. If the Debtor is unable to resume its regular monthly mortgage payments under the timelines set forth for Class 1 and Class2, the Debtor may sell the property for an amount as necessary to pay off the allowed claims under this plan.

- 7.02 The Debtor is actively marketing the property for lease. The terms for a new tenant shall be similar to the Western Industrial lease; i.e. \$10,500 month base rent, triple net. 5 year term, with 5 year renewal at then market rate. No tenant improvement allowance will be given, as the estate has no funds to advance tenant improvement for a new tenant.

ARTICLE VIII

GENERAL PROVISIONS

- 8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.
- 8.02 Effective Date of Plan. The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.
- 8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.
- 8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.
- 8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.
- 8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Washington govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

ARTICLE IX

DISCHARGE

- 9.01 Discharge. On the effective date of the Plan, the Debtor shall be discharged from

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

ARTICLE X

OTHER PROVISIONS

1. Debtors reserve the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of creditors, pursuant to 11 U.S.C. §1129(b).
2. All administrative expenses shall be paid on the effective date of the Plan, or as otherwise agreed by the parties without further court order.
3. The Debtors shall act as their own disbursing agents for payments under the Plan.
4. Secured creditors whose loans are restructured under this Plan shall treat said loans as current and treat said obligations as an ongoing amortizing obligation.
5. On the effective date of the Plan, all property of the Debtors' estate will vest in the reorganized Debtors pursuant to 11 U.S.C. §1141(b), free and clear of all claims and interests, except that the liens of secured creditors shall be retained until all required payments to the creditors under the Plan are completed.
6. Unless otherwise specified, the following default provisions apply to all creditors:
 1. Unless otherwise specified, the following default provisions apply to all creditors:

A "default" shall be defined as the debtor's failure to make a payment or otherwise perform any non-monetary action (such as the listing of the property for sale if no tenant has entered into a lease agreement with the Debtor on or before the dates set forth in the Class 1 and Class 2 treatment in this Plan of Reorganization). The Debtor shall have a 15-day grace period following the due date specified herein as to any payment or obligation, during which time the Debtor may make a cure payment or otherwise cure a non-payment default. In the event of default and following the 15-day grace period, the creditor to which said default is applicable shall give the Debtors 30 days' written Notice of Default and opportunity to cure. If said default is not cured within 30 days from the date of the Notice, the creditor shall be entitled to relief from the stay under this Plan without further court order, and may enforce any state or federal rights that may exist, or as otherwise provided in this Plan for default remedies. Notice shall also be

given concurrently to debtor's counsel at feinstein1947@gmail.com

2. Creditors nor any third party on their behalf may not take any actions (including, without limitation, lawsuits or other legal actions, levies, attachments, or garnishments) to enforce or collect either pre-confirmation obligations or obligations due under the Plan, so long as the Debtors are not in material default under the Plan and the creditor has not been granted relief from the stay. Provided that the Debtors do not materially default under the Plan, creditors shall be prohibited from taking any enforcement or collection actions or any kind against the Debtors.
3. In the event a dispute arises as to the interpretation post-confirmation of this Plan or the payment terms therein, the Bankruptcy Court shall retain jurisdiction over the Debtor and the claims administered herein even if the case has been closed administratively.
4. Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, by facsimile transmission and email), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made within actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Cyrus Way Holdings, LLC
c/o Larry B. Feinstein
520 Pike Street, Suite 2250,
Seattle WA 98101

Phone: (206) 223-9595
Fax: (206) 386-5355
Email: feinstein1947@gmail.com
5. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors and assigns of such entity.

Respectfully Submitted,

/s/ Mark Jackson 12/21/2017
Mark Jackson, Managing Member
Cyrus Way Holdings, LLC

/s/ Larry B. Feinstein
Larry Feinstein, WSBA #6074
Attorney for Debtor

Exhibit B: Opinion of Value



Mark and Tracey Jackson
Western Industrial Inc.
11709 Cyrus Way
Mukilteo, WA 98275

Dear Mark and Tracey,

As per your request, I am providing my "Opinion of Value" for your property located at 11709 Cyrus Way. This opinion is specifically for the purpose of discussion with your accountant. A more detailed analysis will follow after you give me the go-ahead and also allow me to view and walk the property.

1. 3 Buildings

- There are 3 buildings on the property that total 7,452sf. The "assessor" has them valued at approximately \$100psf or \$730,000. I disagree and feel that the value of the buildings with adequate parking is between \$1,100,000 to \$1,150,000. (I feel that this number can be justified by using both price per square foot, income analysis and comparables, even though comparables are still difficult to find.)

2. Extra Land:

- There is approximately 30,000sf of fenced and paved land currently used for storage. This extra land is valued at between \$550,000 to \$600,000.

3. Total Value:

- The total value of the property should be between \$1,650,000 to 1,750,000.

SUMMARY: It is my **professional opinion** that based upon the location and quality of this property, it should be marketed on the upper end of valuation. The current market also suggests that this is true!

Sincerely,
Brad Albertsen
Commercial Broker
Windermere Commercial NW
7100 Evergreen Way, Suite A
Everett WA, 98203
brada.wcnw@comcast.net
425-359-9918 Cell/Text

Exhibit C: Exclusive Lease Listing Agreement

Disclosure Statement
Page 23 of 23

Vortman & Feinstein
520 Pike Street, Suite 2250
Seattle, WA 98101
Phone: 206-223-9595
Fax: 206-386-5355



Windermere Commercial NW
Windermere Real Estate-Realty Brokerage, Inc.
7100 Evergreen Way, Suite A
Everett, WA 98203
Phone: (425) 355-0707
Fax: (425) 355-9512

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Association 2011
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CBA Form XL
Exclusive Lease
Rev. 1/2011
Page 1 of 4

EXCLUSIVE LEASE LISTING AGREEMENT

CBA Text Disclaimer: Text deleted by licensee indicated by strike. New text inserted by licensee indicated by small capital letters.

This Agreement is made by and between Cyrus Way Holdings LLC ("Owner") and Windermere Commercial NW ("Firm"). Owner hereby grants to Firm the exclusive and irrevocable right to lease and to receipt for deposit in connection therewith Owner's commercial real estate legally described as set forth on attached Exhibit A and commonly described as 11709 Cyrus Way, City of Mukilteo, Snohomish County, Washington (the "Property").

1. **DURATION OF AGREEMENT.** This Agreement shall commence on 8-23, 2016 and shall expire at 11:59 p.m. on March 31, 2016.

2. **PRICE AND TERMS.** Owner agrees to list the Property at a lease price of \$10,500.00 per Month + NNN and shall consider offers that include the following terms:

Term of Lease: 3 to 5 years

Terms: This shall be a NNN lease.

3. **DEFINITIONS.** As used in this Agreement, (a) "CBA" shall mean the Commercial Brokers Association; (b) "lease" shall mean lease, sublease, sell, or enter into a contract to lease, sublease, or sell the Property; and (c) "lessee" shall include sublessees, if applicable. The phrases "this Agreement" and "during the term hereof" include extensions or renewals of this Agreement.

4. **AGENCY / DUAL AGENCY.** Owner authorizes Firm to appoint Brad Albertsen as Owner's Listing Broker. This Agreement creates an agency relationship with Listing Broker and any of Firm's brokers who supervise Listing Broker's performance as Owner's agent ("Supervising Broker"). No other brokers affiliated with Firm are agents of Owner, except to the extent that Firm, in its discretion, appoints other brokers to act on Owner's behalf as and when needed.

If the Property is leased to a tenant represented by one of Firm's brokers other than Listing Broker ("Tenant's Broker"), Owner consents to any Supervising Broker who also supervises Tenant's Broker acting as a dual agent. If the Property is leased to a tenant who Listing Broker also represents, Owner consents to Listing Broker and Supervising Broker acting as dual agents. Owner has received from Listing Broker the pamphlet entitled "The Law of Real Estate Agency."

If any of Firm's brokers act as a dual agent, Firm shall be entitled to the entire commission payable under this Agreement plus any additional compensation Firm may have negotiated with the tenant.

5. **PROPERTY OWNERSHIP AND INFORMATION.** Owner warrants that Owner has the right to lease the Property on the terms set forth in this Agreement, and that the Property is free and clear of any encumbrances which would interfere therewith. Owner also warrants that the information on the Property Information pages of this Agreement is correct. Owner understands that Firm and other members of CBA will make representations to prospective lessees based solely on the property information in this Agreement and agrees to indemnify and hold Firm and other members of CBA harmless in the event the foregoing warranties are incorrect. Owner acknowledges receipt of a copy of this Agreement, with the Property Information pages of this Agreement fully completed.

6. **COMMISSION.** Firm shall be entitled to a commission if: (a) Firm leases or procures a lessee on the terms of this Agreement, or on other terms acceptable to Owner; (b) Owner leases the Property directly or indirectly or through any person or entity other than Firm during the term of this Agreement; (c) Owner leases the Property within six months after the expiration or sooner termination of this Agreement to a person or entity that submitted an offer to purchase or lease the Property during the term of this Agreement or that appears on any registration list provided by Firm pursuant to this Agreement or an "Affiliate" of such a person or entity that submitted an offer or that appears on the registration list; (d) the Property is made unleaseable by Owner's voluntary act; or (e) Owner cancels this Agreement, or otherwise prevents Firm from leasing the Property. The commission shall be calculated as follows: Six percent (6%) of the gross base rent for months 1 to 60 and three percent (3%) of the



Windermere Commercial NW
Windermere Real Estate-Realty Brokerage, Inc.
7100 Evergreen Way, Suite A
Everett, WA 98203
Phone: (425) 355-0707
Fax: (425) 355-9512

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Association 2011
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CBA Form XL
Exclusive Lease
Rev. 1/2011
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EXCLUSIVE LEASE LISTING AGREEMENT

OWNER

Owner/Authorized Signature _____

Name: MARK JACKSON
Title Managing Member
Date

Owner/Authorized Signature _____

Name: _____
Title _____
Date _____

FIRM

Windermere Commercial NW, Firm (Company)
(Office)

By 
(Authorized Representative)

Date: 8-22-16

3A / 8-22-16



Windermere Commercial NW
Windermere Real Estate-Realty Brokerage, Inc.
7100 Evergreen Way, Suite A
Everett, WA 98203
Phone: (425) 355-0707
Fax: (425) 355-9512

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Association 2011
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EXCLUSIVE LEASE LISTING AGREEMENT

gross base rent for months 61 to 120, whichever is applicable. (There shall be a minimum commission equal to one (1) months rent).

Firm shall submit any registration list to Owner within 15 days after the expiration or sooner termination of this Agreement and shall only include on the registration list persons or entities to whose attention the Property was brought through the signs, advertising or other action of Firm, or who received information secured directly or indirectly from or through Firm during the term of this Agreement. Owner shall provide the registration list to any other brokers that assist the Owner with this Property. "Affiliate" means, with respect to any person or entity that submitted an offer during the term of this Agreement or that appears on the registration list, a person or entity which has more than a 10% ownership or voting interest in such an entity or any entity in which more than 10% of the ownership or voting interests are owned or controlled by such a person or entity.

7. **FIRM/MULTIPLE LISTING.** Firm shall cause this listing to be published by CBA for distribution to all CBA members through CBA's listing distribution systems. Firm shall cooperate with all other members of CBA in working toward the lease of the Property. Owner understands and agrees that all property information contained in this Agreement or otherwise given to CBA becomes the property of CBA, is not confidential, and will be given to third parties, including prospective lessees, other cooperating members of CBA who do not represent the Owner and, in some instances, may represent the lessee and other parties granted access to CBA's listing systems. Owner agrees that Firm may record this Agreement. Regardless of whether a cooperating member is the firm of the lessee, the Owner, neither or both, the member shall be entitled to receive the selling office's share of the commission as designated by the listing office. IT IS UNDERSTOOD THAT CBA IS NOT A PARTY TO THIS AGREEMENT, AND ITS SOLE FUNCTION IS TO FURNISH THE DESCRIPTIVE INFORMATION SET FORTH IN THIS LISTING TO ITS MEMBERS, WITHOUT VERIFICATION AND WITHOUT ASSUMING ANY RESPONSIBILITY FOR SUCH INFORMATION OR IN RESPECT TO THIS AGREEMENT.
8. **ATTORNEY'S FEES.** In the event either party employs an attorney to enforce any terms of this Agreement and is successful, the other party agrees to pay a reasonable attorney's fee and any costs and expenses incurred. In the event of trial, venue shall be in the county in which the Property is located, and the amount of the attorney's fee shall be as fixed by the court.
9. **ADDITIONAL TERMS.** In addition to the Property Information pages of this Agreement and Exhibit A (legal description), the following amendments or addenda (which are also attached hereto) are part of this Agreement: If the owner accepts a "first right to purchase" or an "option to purchase" the Real Estate, there shall be a commission owed that is equal to six (6%) percent of the gross sales price.

BN / 8-22-16

EXHIBIT 'A'

The land referred to is situated in the County of Snohomish, City of Mukilteo, State of Washington, and is described as follows:

Lot 25, EVERGREEN MANOR NO. 3, according to the plat thereof recorded in Volume 13 of Plats, page 78, records of Snohomish County, Washington;
SITUATE in the County of Snohomish, State of Washington.

BA 8-22-16

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