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8 UNITED STATES BANKRUPTCY COURT
9 FOR THE WESTERN DISTRICT OF WASHINGTON
10 AT TACOMA

11 In re:

NO. 16-40547-BDL

12 CLEAR CREEK RETIREMENT PLAN II
13 LLC,

DEBTOR'S SECOND DISCLOSURE
STATEMENT

14 Debtor.

15 **IMPORTANT:**

16
17 THIS DISCLOSURE STATEMENT CONTAINS INFORMATION RELATED TO
18 CLEAR CREEK RETIREMENT PLAN II LLC'S (THE "**DEBTOR**") PROPOSED PLAN OF
19 REORGANIZATION (THE "**PLAN**"), WHICH IS ANNEXED HERETO AS **EXHIBIT A**.
PLEASE READ THIS DOCUMENT WITH CARE. THE INFORMATION CONTAINED
HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCE OF THE PLAN AND
SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE.

20 THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE
21 DEEMED LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY PERSONS
22 DESIRING ANY SUCH ADVICE SHOULD CONSULT THEIR OWN ATTORNEYS OR
ADVISORS.

23 THE INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT IS BASED
ON THE DEBTOR'S BEST INFORMATION AND BELIEF.

24 UNDEFINED TERMS IN THIS DISCLOSURE STATEMENT HAVE THE SAME
25 DEFINITION.

26
DEBTOR'S SECOND DISCLOSURE STATEMENT - 1

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ATTORNEYS AT LAW
524 Second Avenue, Suite 500
Seattle, Washington 98104-2323
office 206 587 0700 fax 206 587 2308

1 **I. INTRODUCTION**

2 On February 12, 2016 (the “**Petition Date**”), the Debtor filed a voluntary petition for
3 relief under chapter 11 of the Bankruptcy Code (the “**Code**”) in the United States Bankruptcy
4 Court for the Western District of Washington (the “**Bankruptcy Court**” or the “**Court**”). The
5 Debtor is continuing to operate its business and manage its affairs as debtor-in-possession.

6 This Disclosure Statement contains information regarding the Debtor and the Debtor’s
7 proposed Plan of Reorganization (the “**Plan**”). Pursuant to 11 U.S.C. § 1125, this Disclosure
8 Statement and a copy of the Plan are being distributed so that you may be able to make an
9 informed judgment about the Plan.

10 This Disclosure Statement has been prepared to disclose information that in the Debtor’s
11 opinion is material, important, and necessary to evaluate the Plan. The information contained in
12 this Disclosure Statement is intended solely for that purpose and should not be relied upon by
13 anyone for any other purpose. In the event of inconsistencies between the Plan and this
14 Disclosure Statement, the terms of the Plan shall control. The Court’s approval of this
15 Disclosure Statement does not constitute the Court’s endorsement of the proposed Plan.

16 Under the Plan, the Debtor intends to sell substantially all real property of the estate to
17 NDA, LLC (“**NDA**”), a Washington limited liability company, free and clear of all liens and
18 interests. In addition to the sale free and clear, the Plan contemplates transferring any of the
19 Debtor’s remaining unsold assets to a liquidating trust. The trust would then attempt to monetize
20 such assets and from the proceeds make distributions to, among others, creditors who hold
21 allowed unsecured claims.

22 A creditor may vote to accept or reject the Plan by completing the ballot provided with
23 this Disclosure Statement and sending the original ballot to:

24
25 CAIRNCROSS & HEMPELMANN, P.S.
26 Attn: John Rizzardì
524 Second Avenue, Suite 500
Seattle, WA 98104-2323

1 OR VIA EMAIL TO:

2 ballots@cairncross.com

3
4 The Court's deadline for ballots to be received by Cairncross & Hempelmann is set forth
5 in a separate notice being provided concurrently to you with this Disclosure Statement and the
6 Plan (the "**Plan Notice**"). No ballot received after the deadline will be counted. If the Court
7 confirms the Plan, the Plan will bind all creditors irrespective of their individual vote.

8 The hearing to consider the adequacy of the Disclosure Statement will be held September
9 14, 2016 at 9:00 a.m. before the Honorable Brian D. Lynch, Chief Bankruptcy Judge, United
10 States Courthouse, Room I, 1717 Pacific Avenue, Tacoma, Washington, 98402. The Plan
11 confirmation hearing has yet to be set, but will be announced in the notice accompanying this
12 Disclosure Statement. The Court may confirm the Plan if it meets the requirements contained in
13 the Code.

14 A more detailed discussion of those requirements appears under section XIII, "Plan
15 Confirmation," *infra*.

16 **II. RECOMMENDATION**

17 The Debtor recommends that all creditors entitled to vote do so in favor of the Plan as it
18 represents creditors' best opportunity for meaningful recoveries on claims against the estate.

19 **III. ORGANIZATION AND HISTORY OF THE DEBTOR**

20 To give creditors the proper context to make an informed decision on the Plan, the Debtor
21 offers the following background information:

22 **A. THE DEBTOR AND ITS BUSINESS OPERATIONS**

23 On November 8, 2011, Rusty Fields formed Clear Creek Retirement Plan II, LLC (the
24 "**Debtor**"), a Washington limited liability company. The Debtor's sole purpose was to acquire
25 real property in Williston, North Dakota and to hold it for resale or to develop it for residential
26 housing. This development is known commonly as the "Ironwood" subdivision and includes

1 thirty-two single-acre residential building lots.

2 In May 2012, the Debtor purchased Ironwood lots for \$50,000 each. Within twelve
3 months, each individual lot's estimated value exceeded \$90,000.

4 In the summer of 2014, the Debtor decided to build single-family residences on twelve
5 lots and elected to use modular housing combined with full unfinished basements. The Debtor
6 implemented this design in order to capture the widest interest possible. Proceeds from ensuing
7 sales would have retired the debt on the remaining unsold lots.

8 **B. EVENTS PRECIPITATING THE DEBTOR'S BANKRUPTCY FILING**

9 In March 2014, the Debtor obtained secured financing from construction lenders (the
10 "**Lenders**") to fund Ironwood's development.

11 In April 2014, the Debtor contracted with Mountain Mules Construction ("**MMC**") and
12 commenced work with the Lenders' full support. For project management, the Debtor hired
13 Select Homes NW, LLC ("**Select Homes**"), represented by David Cecie as project manager.
14 The agreed management fee was \$7,500 per month. In addition to the management fee, the
15 Debtor also agreed to pay Select Homes for the purchase of the twelve modular homes.

16 By September 2014, the Debtor had completed foundations for the first twelve homes.
17 Four of the modular homes had been delivered and set on foundations and work was being
18 performed to complete the interiors. Two additional homes were delivered to the site and were
19 waiting to be set on foundations. Four additional homes were on order and scheduled to be
20 affixed and finished upon delivery. The Debtor paid the deposits on these homes.

21 ***1. Misappropriated Insurance Proceeds***

22 At about this time, an intense wind storm toppled one of two sections of two homes
23 waiting to be set on foundations. Because Select Homes was the insured party until the homes
24 were affixed, Select Homes was responsible for filing any insurance claims. The Debtor had
25 already paid Select Homes for these homes.

26 In November 2014, the insurance company paid Select Homes the entire purchase price

1 on the damaged homes. In addition, the insurance company paid Select Homes for the transport
2 of replacement homes. Bennett Truck Transport, LLC (“**Bennett**”) transported the replacement
3 homes to Ironwood. Select Homes, however, failed to use the insurance proceeds to pay
4 Bennett. Allegedly, Select Homes failed to pay Bennett at all. To make matters worse for the
5 Debtor, Select Homes consigned with Bennett to move four additional homes to Ironwood.
6 Select Homes allegedly failed to pay Bennett for this job as well.

7 **2. Select and Cecie’s Off-Contract Demands Lead to Termination**

8 By December 2014, the Debtor paid for a total of ten completed homes and paid 25%
9 down payments on two additional homes. Meanwhile, Select Homes and Cecie began to make
10 demands that were contrary to the existing agreements. These demands disrupted and interfered
11 with Ironwood’s development. Specifically, Cecie demanded that he be given mortgages
12 totaling \$550,000 on the properties of which he had supervised the installation, and that the
13 Debtor increase the monthly management fee to \$12,500. Cecie stated further he would not
14 release or order the last two homes—even though he and Select Homes had already accepted
15 payment to do so—until the Debtor acceded to his demands. The Debtor determined it could not
16 and would not accommodate Cecie’s demands. On December 11, 2014 the Debtor terminated
17 the relationship.

18 The Debtor intended to honor its contracts with MMC. To that end, it advised Doug
19 Bowerman of MMC that any supervision of the project by Select Homes and/or David Cecie was
20 finished and that Cecie was no longer allowed on the Debtor’s property.

21 **3. The Stolen Homes**

22 Clear Creek Retirement Plan I, LLC (“**Clear Creek One**”), a separate entity that Mr.
23 Fields owns and manages, had temporarily placed a manufactured duplex at a storage lot in
24 Williston, North Dakota. On January 1, 2015, Fields received a call from an employee of the
25 storage lot where the duplex had been stored. The caller asked if anyone had permission to
26 remove Clear Creek One’s duplex. Although Fields said, “no,” the caller informed him that a

1 hauler was on site and was preparing to take the unit. The caller handed the phone to Cecie who
2 admitted he was taking the unit. Fields advised the caller to phone the Williston police. Cecie
3 told the police he was the owner and showed them a purchase order from the factory. The
4 officer failed to intervene. The Lenders who had a security interest in the duplex were advised of
5 this alleged theft.

6 On the night of January 6, 2015, the Debtor discovered that the four “unaffixed” homes
7 that Bennett had transported to Ironwood had been stolen. The Debtor filed a report with the
8 Williston police department and notified its Lenders of the theft.

9 In a January 6 phone call between one of the Debtor’s Lenders and Cecie, Cecie
10 admitted he had taken all five units (four Ironwood homes and the Clear Creek One duplex).
11 Cecie also stated that for \$300,000, he would return the stolen property. The Lender confirmed
12 that Cecie knew the Debtor had used loan proceeds to obtain the homes.

13 **4. Cecie Ignores Court Orders and Sells Converted Property to Third-Party**

14 On January 12, 2015, the Debtor filed for an immediate temporary restraining order
15 (“TRO”) in Williams County. Four days later, a Williams County Judge signed the TRO. Even
16 though the TRO required Cecie to return the modular units within forty-eight hours, Cecie failed
17 to do so.

18 The Debtor then discovered that Cecie had personally executed, in the name of Clear
19 Creek One, five unauthorized quitclaim deeds from both Clear Creek One’s development and
20 Ironwood. Cecie had also allegedly executed a \$550,000 mortgage to himself on behalf of the
21 Debtor and had recorded a lien against most of the Ironwood development. In addition, Cecie
22 filed \$1,000,000 in contractor liens on both Clear Creek One’s development and Ironwood and
23 filed a *lis pendens* against both developments. The Williston County court discharged the
24 mortgage, declared the liens invalid, and to ensure that the Debtor was placed in as good a
25 position as before the fraudulent recordings, ordered Cecie to record quitclaim deeds in favor of
26 the Debtor on all the real property he had improperly encumbered. As of August 8, 2016, Cecie

1 has failed to comply with this order.

2 Rather than comply with court orders, Cecie and Select Homes allegedly sold the
3 converted modular homes to Allen Sandaker, a resident of Bonner County, Idaho. Cecie
4 allegedly used the sale proceeds for his personal use.

5 **5. *Insolvency and Relief under Chapter 11***

6 All of these allegedly fraudulent acts forced the Debtor to lease completed Ironwood
7 units to “tenants” and to set aside its business plan to sell the lots. The Debtor lost potential
8 equity while interest payments accumulated. In short, the alleged tortious and criminal acts of
9 Cecie and Select Homes forced the Debtor into insolvency.

10 On February 10, 2016, Clear Creek One assigned its rights in and to the stolen duplex—
11 including the right to seek recovery and conversion damages from Cecie—to the Debtor. Once it
12 is recovered and sold, the Debtor will be entitled to reimburse itself for amounts it is owed from
13 Clear Creek One, together with any legal fees and costs expended by the Debtor related to the
14 recovery of the duplex.

15 On February 12, 2016, in order to continue operations as a going concern—and to be able
16 to service its mortgage debt, the Debtor voluntarily filed for chapter 11 reorganization.

17 **C. LITIGATION AGAINST CECIE, SELECT HOMES AND THIRD-PARTIES**

18 Prior to the Petition Date, the Debtor began civil proceedings in two jurisdictions and
19 defended itself in a third. In the first two venues, the Debtor sued David Cecie and Select
20 Homes. In the third, Bennett, a Georgia limited liability company, sued the Debtor and Clear
21 Creek One to recover payments that Cecie and Select Homes had fraudulently charged against
22 the Debtor.

23 **1. *Civil Suits Against Cecie and Select***

24 **a. North Dakota**

25 In January 2015, Clear Creek One and the Debtor (“**Plaintiffs**”) brought an original
26 action against Cecie and Select Homes (“**Defendants**”) in Williams County District Court (cause

1 no. 53-2015-CV-00040) in North Dakota. Plaintiffs' complaint alleged five causes of action: (i)
2 wrongful detention; (ii) trespass to chattel; (iii) tortious interference with business expectancy;
3 (iv) conversion; and (v) falsification of documents and transfer of real property.

4 In February Defendants filed their answer, denying liability and setting forth four
5 counterclaims. Defendants stated that Cecie owned 50% stakes in both Plaintiffs—and even
6 claimed that Cecie held the majority in Clear Creek One because Fields owned only 47.6%.
7 Based solely on its purported but unsubstantiated interest in Plaintiffs, Defendants requested that
8 the court order an accounting and place Plaintiffs into receivership, or in the alternative, order
9 their dissolution. Additionally, Defendants sought restitution for Plaintiffs' unjust enrichment
10 and damages for breach of contract.

11 **b. Pierce County Superior Court**

12 On April 10, 2015, Plaintiffs filed a complaint in Pierce County Superior Court for
13 declaratory judgment and damages (case no. 15-2-07668-5). Due to Cecie's assertion of
14 ownership in the North Dakota action, Plaintiffs sought declaratory judgments that Cecie was
15 neither a member nor a manager of either Plaintiff. In addition, Plaintiffs sought damages for (i)
16 breach of a non-competition agreement; (ii) tortious interference with business expectancies; (iii)
17 tortious interference with contractual relations; (iv) breach of contract; and (v) self-dealing.

18 On July 31, 2015 Defendants filed their answer, again counterclaiming for an accounting,
19 receivership, dissolution, unjust enrichment, and breach of contract. For the first time,
20 Defendants raised the following counterclaims: promissory estoppel, breach of fiduciary duties,
21 misrepresentation and/or fraud, and civil conspiracy.

22 On September 30, 2015, Plaintiffs denied liability under Defendant's counterclaims and
23 raised the following affirmative defenses: failure to state a claim (Civil Rule 12(b)(6)),
24 Defendant's fault, failure to mitigate damages, waiver and estoppel, unclean hands, failure of
25 consideration, failure of a condition subsequent, satisfaction and accord, and statute of frauds.

1 **2. *The Georgia Action***

2 Meanwhile, Bennett filed a civil action in Henry County Superior Court (civil case no.
3 15SV525-BWS) seeking damages against the Debtor and Clear Creek One for the hauling
4 charges arranged by Cecie and Select Homes, who were listed as the consignees on the hauling
5 invoices.

6 **IV. POSTPETITION EVENTS**

7 **A. REMOVAL OF PIERCE COUNTY ACTION¹**

8 Once the Debtor filed for bankruptcy, all three pending actions were stayed. However,
9 on March 24, 2016, the Debtor filed a notice of removal with respect to the Pierce County suit;
10 effectively removing the entire action to the Bankruptcy Court under whose authority this
11 chapter 11 case proceeds.

12 On April 25, 2016, David Cecie’s attorney filed a motion to remand the Pierce County
13 suit. The remand motion’s argument is that the claims are beyond the scope of the Bankruptcy
14 Court’s jurisdiction and accordingly, the Court should remand the claims back to Pierce County
15 Superior Court.

16 Here, the purpose of removal is to invoke the Court’s jurisdiction over both estate
17 property and Cecie’s ownership claim. Section 157(b) of Title 28 provides that bankruptcy
18 judges may hear and determine cases under title 11 and all *core* proceedings. Both matters are
19 core proceedings under the Code. First, under 11 U.S.C. § 542(a) and (b), entities with control
20 or possession of estate property, or who owe debts to the estate, must turnover such property or
21 monies to the debtor-in-possession. Proceedings for turnover of estate property are core under 28
22 U.S.C. § 157(b)(2)(E). The Debtor views this statutory mechanism as the most efficient and
23 appropriate means of recovering its converted property.

24 _____
25 ¹ The North Dakota action should become moot upon the Court’s resolution of the turnover action. The Georgia
26 action, if resumed, should be dismissed because neither Cecie nor Select Homes had any right to incur hauling
charges in the name of Clear Creek One when Cecie and Select Homes had received insurance proceeds to cover
such costs.

1 Second, Cecie's unsupported claim that he owns 50% of the Debtor is within the
2 Bankruptcy Court's jurisdiction to hear and determine. Proceedings affecting equity security
3 holders and estate distribution are core under § 157(b)(2)(A) and (O).

4 The Debtor submits that remand is inappropriate because the issues of state law, to the
5 extent that they may be uncoupled from bankruptcy issues, are not novel and are within the
6 Bankruptcy Court's discretion to adjudicate. Even if the Court determines it is unable to enter
7 final orders on these matters, the Debtor is comfortable with the Court issuing proposed findings
8 of fact and conclusions of law for district court review.

9 **B. MOTION FOR CASH COLLATERAL AND POSTPETITION FINANCING**

10 On March 28, 2016, the Debtor moved the Court for an order (1) authorizing continued
11 use of cash collateral, which includes rental income from leased Ironwood parcels, and (2)
12 approving postpetition financing. On April 15, 2016, the Bankruptcy Court entered an order
13 granting the motion and approving the Debtor's use of cash collateral and postpetition financing.
14 On August 12, 2016, the Court entered an order extending the Debtor's authorization to use cash
15 collateral to January 31, 2017. ECF No. 117.

16 In short, the Debtor has been able to fund (i) ongoing operations through its use of
17 authorized cash collateral, including rental income, and (ii) the affixation and finishing of two
18 modular homes through new lending.

19 **V. FINANCIAL CONDITION AND VALUATION**

20 **A. DEBTOR'S NET INCOME SINCE PETITION DATE**

21 Through July 31, 2016, the Debtor's net cash flow since the Petition Date totals
22 (\$28,334.35). Although this net cash flow is negative, monthly income has increased; *e.g.*, rental
23 income for March 2016 totaled \$5,600 whereas rental income for August 2016 totals \$14,375.²
24 The expense that has brought net cash flow negative is direct labor. For example, in June 2016,
25 the Debtor paid \$14,000 for concrete work in an effort to finish real property for sale. In short,

26 _____
² The Debtor leases eight lots to tenants.

1 the Debtor has been investing (with permission of the Court) in Ironwood but until a plan is
2 approved, cash flow is restricted to rental income. *See Appendix A-1*, Comparative Income
3 Statement, and *A-2*, Budget Forecast, August-December, 2016. Although cash flow is currently
4 negative, the Debtor has paid these amounts using proceeds from postpetition financing;
5 accordingly, there should be no postpetition administrative expense claims based on these
6 expenses.

7 The only significant obligations accruing since the Petition Date are the fees and costs of
8 the professionals employed by the Debtor in this bankruptcy case.³ Through July 31, 2016, the
9 Debtor has incurred approximately \$146,000 in cumulative professional fees. These fees have
10 neither been allowed nor paid. The Debtor is reluctant to speculate regarding professional fees
11 going forward because of several unknown variables; including, among other things, the duration
12 and result of upcoming mediation and a potentially contested plan confirmation hearing.

13 **B. IRONWOOD VALUATION**

14 Ironwood has been subdivided into thirty-two single-acre parcels. Ten lots have affixed
15 homes; two lots are close to having modular homes affixed; and twenty lots are undeveloped.
16 Lots with affixed modular homes are valued between \$339,000 and \$389,000.⁴ The difference
17 in value is based on the size of the homes. Homes valued at \$389,000 are 3,506 square feet,
18 which include full 1,778 square-foot basements. Homes valued at \$339,000 are 1,792 square
19 feet and do not have basements.

20 Undeveloped lots are valued between \$85,000 and \$135,000 depending on whether a
21 foundation has been laid.

22 The Debtor's aggregate estimated value of these lots is \$6,418,000.

23 ³ The employed professionals are Debtor's counsel and the law firm of Cairncross & Hempelmann; Tom Westbrook
24 of the law firm of Rodgers Kee & Card, special counsel to the Debtor; Bret Wittner of the law firm of Kent &
25 Wittner, counsel to the Official Committee of Unsecured Creditors; and the Debtor's accountants, Littlefield,
26 Fanning, & Co.

⁴ These valuations are based on the Debtor's discussions with a local realtor whom the Court approved as an
employed professional of the estate. *See also* Declaration of Martha Van Draanen, ECF No.76-1 at 7 (showing
Realtor.com \$389,500 valuation for Lot 5, Block 3 and Lot 6, Block 3). These figures represent the Debtor's current
information regarding valuation.

1 **C. MORTGAGE MATURITY EXTENSIONS**

2 The Debtor and Opportunity Fund VIII, LLC have entered into discussions to extend the
3 maturities on Opportunity Fund VIII, LLC’s mortgages for two years without any fees. These
4 liens are in first-position on several Ironwood lots.⁵

5 **VI. PLAN SUMMARY**

6 The Plan and this Disclosure Statement are being provided to all of the Debtor’s known
7 and potential creditors. The Plan, like this Disclosure Statement, should be read carefully. The
8 following Plan Summary is intended to provide a context for understanding the remainder of this
9 Disclosure Statement.

10 **A. CLASSIFICATION OF CLAIMS AND INTERESTS**

11 A chapter 11 plan of reorganization sets forth the manner in which a debtor will provide
12 for repayment of all creditors’ claims. Generally, a plan places similarly-situated claims into
13 classes, proposes how the classes will be repaid and the timeframe for doing so.

14 Under 11 U.S.C. § 1123(b)(1), a plan of reorganization may impair classes of claims or
15 interests. Among other things, 11 U.S.C. § 1123(a)(5) permits a plan of reorganization to extend
16 due dates, modify indentures (agreements that protect certain creditors), and to modify *any* lien.
17 Section 1123(b)(5) explicitly authorizes a plan to modify a secured or unsecured claimant’s
18 rights. The Code, however, balances this broad power granted to plan proponents by
19 empowering impaired classes with some control over plan confirmation. For example, in order
20 to be confirmed, at least one class that is “impaired” must vote in favor of the Plan.

21 Here, the Plan proposes five classes of claims and interests and a dual-track approach
22 with respect to their treatment.

23
24
25 _____
26 ⁵ Lot 7, Block 3; Lot 12, Block 3; Lot 5, Block 4; Lot 3, Block 4; Lot 1, Block 4; Lot 2, Block 4; Lot 6, Block 2; Lot
5, Block 2; Lot 6, Block 1; Lot 1, Block 1; Lot 2, Block 1; Lot 3, Block 1; Lot 4, Block 1; Lot 5, Block 1; Lot 1,
Block 3; Lot 2, Block 3; Lot 3, Block 3; Lot 4, Block 3; Lot 5, Block 3; Lot 6, Block 3.

1 ***1. Claim Classes***

2 Please consult **Appendix B**; find your claim.⁶ The column on the far right will list the
3 number of the class(es) in which your claim has been placed. Class 1 consists of claims based on
4 secured debt to be assumed by NDA; Class 2, secured claims to receive distributions on allowed
5 claims from the Liquidating Trust; Class 3, unsecured claims to receive distributions on allowed
6 claims from the Liquidating Trust; Class 4, David Cecie's unsubstantiated interest in the Debtor;
7 and Class 5, statutory lien claims.

8 **a. Class 1: Claims based on Debts to be Assumed by NDA, LLC**

9 Claimants in this class hold liens against Ironwood real property. Pursuant to the Asset
10 Purchase Agreement, NDA would assume the Debtor's obligations with respect to these liens.
11 Once the purchase is closed, claimants in this class would no longer have claims against the
12 bankruptcy estate. NDA would assume the mortgages in Class 1 under the same terms and
13 conditions as under the respective mortgages as they existed prepetition, and would enjoy the
14 benefit of any modifications agreed upon by the Class 1 Claimants. The Asset Purchase
15 Agreement includes a list of assumed mortgages; to the extent that a lien is not listed, but the
16 property securing it has been included in the Acquisition, the unlisted lien has no value and is
17 instead an unsecured claim to be paid by the Liquidating Trust. The sale of the Purchased Assets
18 is a sale free and clear of all liens, encumbrances and interests.

19 This class is impaired and may vote on the Plan.

20 **b. Class 2: Secured Claims not Assumed by NDA, LLC**

21 Claimants in this class hold liens against Ironwood real property. Pursuant to the terms
22 of the Plan, these liens would not be assumed by NDA and instead, these lienholders would
23 become Beneficiaries of the Liquidating Trust. In other words, claims in this class would be paid
24 by the Liquidating Trust, subject to the availability of funds. The Liquidating Trust would make
25

26 _____
⁶ If you filed an unsecured proof of claim, your claim will be a Class 3 Claim unless stated otherwise.

1 distributions on these claims from the sale proceeds of the underlying collateral securing a Class
2 2 Claim.

3 This class is impaired and may vote on the Plan.

4 **c. Class 3: General Unsecured Claims**

5 Claimants in this class hold general unsecured claims. Claimants in this class include,
6 among others, vendors with trade debt and lienholders whose collateral is worth too little to
7 secure their claim. Subject to the availability of distributable funds, unsecured claimants would
8 be paid by the Liquidating Trust on an annual basis based on their pro rata share of the trust
9 property after secured claims have been paid.

10 This class is impaired and may vote on the Plan.

11 **d. Class 4: David Cecie's Disputed Equity Interest**

12 This Class consists solely of David Cecie's disputed equity interest. Cecie filed a proof
13 of claim against the estate and continues to assert an unsubstantiated ownership interest in the
14 Debtor. The Debtor emphasizes that the asserted claim is meritless and anticipates that the
15 Court will invalidate it. If, however, Cecie's equity interest is approved by the Court, it will be
16 paid by the Liquidating Trust in the event funds are available after payment of Class 2 and 3
17 claimants in full.

18 This class is impaired and may vote on the Plan.

19 **e. Class 5: Disputed Claims based on Statutory Liens**

20 Claimants in this class (Four Seasons Equipment of North Dakota and Mon Dak Electric,
21 Inc.) hold nonconsensual, statutory liens totaling \$57,745.49. The Debtor disputes the validity
22 and amounts of the claims underlying these liens. The Plan's treatment of this class depends on
23 the Court's resolution of the Debtor's objections to the claims comprising this class. The Debtor
24 anticipates that the Court will invalidate substantially all if not all of these liens. If the Court
25 upholds a lien claim in this Class, that Claim will be treated as a Class 2 Claim; by contrast, if
26 the Court disallows a lien claim in this Class, that Claim will be treated as a Class 3 Claim.

1 This Class is impaired and may vote on the Plan.

2 **2. Unclassified Claims and Interests**

3 **a. Administrative Expense Claims**

4 Holders of allowed administrative expense claims under 11 U.S.C. § 507(a)(2) will be
5 paid on the Effective Date with cash proceeds of the NDA asset purchase. The Debtor reserves
6 its right under 11 U.S.C. § 506(c) to recover from property securing an allowed secured claim
7 the reasonable and necessary costs and expenses of preserving and disposing of such property.

8 **b. Priority Tax Claims**

9 Holders of priority tax claims under 11 U.S.C. § 507(a)(8) will be paid in full with
10 interest from the Effective Date at the rate determined by applicable non-bankruptcy law by the
11 Liquidating Trust. Under 11 U.S.C. § 1129(a)(9)(C), holders of priority tax claims are entitled to
12 be paid in regular installments over a period not exceeding five years.

13 **B. ASSET PURCHASE AGREEMENT**

14 The Debtor includes with the Disclosure Statement, the Plan's Asset Purchase
15 Agreement, **Appendix C**. If the Plan is approved, NDA would assume \$6,221,984 of the
16 Debtor's secured debt and pay all of the Debtor's accrued professional fees and administrative
17 expense claims in cash.

18 Assets excluded from this purchase (the "**Excluded Assets**") will be placed into a
19 liquidating trust.

20 **C. LIQUIDATING TRUST AGREEMENT**

21 The Debtor includes with this Disclosure Statement, the Plan's Liquidating Trust
22 Agreement, **Appendix D**. The agreement would be between the Debtor and a "**Liquidating**
23 **Trustee**" who would hold the Excluded Assets in trust for claimants in Classes 2, 3, 4 and 5, as
24 well as claimants holding priority tax claims (the "**Beneficiaries**"). Excluded Assets would
25 include, among other things, the Debtor's litigation claims against Cecie and Select Homes. The
26 Liquidating Trustee would be an independent third-party fiduciary. The Liquidating Trustee

1 would make annual distributions to the Beneficiaries based on their status as secured or
2 unsecured claimants; secured claimants would be paid on the distribution of their collateral, and
3 unsecured claims on their pro rata share of the trust corpus.

4 **VII. ESTIMATION OF CLAIMS PARTICIPATING IN THE PLAN**

5 Under the Code, a creditor in a chapter 11 bankruptcy case may participate in
6 an estate if either: (1) the creditor has timely filed a proof of claim with the Bankruptcy Court, or
7 (2) the debt owed to the creditor is listed on the debtor’s bankruptcy schedules as not being
8 “unliquidated,” contingent, or disputed. The deadline to file claims in this case was May 13,
9 2016.

10 Creditors should be aware that the Debtor may dispute the amount, priority and/or
11 secured portion of some claims and file objections to those claims. The claims participating in
12 the Plan may be augmented or reduced through litigation, compromise, or other developments
13 subsequent to the date of this Disclosure Statement and confirmation of the Plan.

14 **VIII. EXECUTORY CONTRACTS AND LEASES**

15 The Debtor, as lessor, will assume all residential leases listed in the Asset Purchase
16 Agreement and assign them to NDA. Leases excluded from the Asset Purchase Agreement will
17 be rejected as of the Plan’s Effective Date. The Debtor is unaware of any executory contracts,
18 but to the extent that there are any, they shall be rejected as of the Plan’s Effective Date.

19 **IX. POTENTIAL AVOIDANCE ACTIONS**

20 Under 11 U.S.C. § 547(b), a debtor-in-possession may avoid any transfer that the debtor
21 made to a creditor within ninety days of the Petition Date—or within one year, if the creditor was
22 an insider—to the extent that the transfer would allow the creditor to receive more through the
23 transfer than if the transfer had not been made and the case were to proceed under chapter 7.

24 The Debtor’s transfers during these time periods are listed below.
25
26

1 **A. PREPETITION TRANSFERS BETWEEN THE DEBTOR AND CLEAR CREEK**
2 **ONE**

3 As discussed in Section III.B, *supra*, Clear Creek One and Two executed an assignment
4 agreement on February 10, 2016. In 2014, Clear Creek Two loaned funds to Clear Creek One so
5 that Clear Creek One could purchase a Kit Homebuilders West duplex (serial no. 50148) from
6 Select Homes. As of February 2016, the current amount owing is \$136,000. In consideration for
7 this amount owing, Clear Creek One assigned its interest in the duplex as partial repayment on
8 the outstanding loan.

9 Select Homes and Cecie allegedly converted this duplex and transferred it to Alan
10 Sandaker. Under the Assignment Agreement's terms, the Debtor is entitled but not obligated to
11 seek recovery of the duplex and related damages. If the Debtor or its assigns recovers the duplex
12 and/or damages, the Debtor or its assigns would be entitled to legal fees, costs, and out of pocket
13 expenses. The Debtor or its assigns would also be entitled to recover any outstanding balance on
14 the loan. Any remaining balance of the recovery would be paid to Clear Creek One.

15 Neither the Debtor nor the Plan contemplates unwinding this assignment, even though it
16 occurred within ninety days of the Petition Date.

17 **B. NON-INSIDER PREPETITION TRANSFERS**

18 At this time, the Debtor is unaware of any prepetition transfers made on account of an
19 antecedent debt for which it had received less than adequate consideration. The Debtor,
20 however, reserves its right to contest such transfers at a later date.

21 **X. CLAIMS RESOLUTION PROCEDURE**

22 May 13, 2016 was the last day for nongovernmental entities to have filed claims against
23 the estate. Claims received after this deadline are time-barred.

24 For timely-filed claims, the Debtor intends to resolve any substantive objections after the
25 Plan's Effective Date. The Liquidating Trust will have ninety days from the Confirmation Date
26 to object to timely-filed claims. If the parties are unable to resolve the objection without court

1 intervention, then the Court will resolve it. Any claim that remains unresolved as of the date of
2 the Liquidating Trust's first distribution will have its pro rata share of the distribution for the full
3 amount claimed by the creditor reserved pending resolution of the claim objection.

4 The Debtor intends to object to claims that form the basis for statutory liens filed against
5 Ironwood lots.

6 **XI. LIQUIDATION ANALYSIS**

7 With respect to any of the above classes: if less than all claimants within a single class
8 vote to accept the Plan, then the Plan must satisfy the requirement set forth in 11 U.S.C.
9 § 1129(a)(7)(A)(ii). In other words, at the Plan confirmation hearing, the Court would have to
10 find that the estate's creditors would receive or retain under the Plan—as of the Effective Date—
11 property of a value not less than the amount they would receive or retain if the Debtor were
12 liquidated under title 11, chapter 7.⁷

13 The Debtor has calculated a hypothetical liquidation analysis. *See Appendix E.* This
14 analysis concludes that through a chapter 7 liquidation, most claimants would receive a small
15 percentage on their claims. For example, in the event that a liquidation would recover 29% on
16 the value of the estate's assets, only \$174,201.75 would be available to distribute to creditors
17 who hold over \$7 million in secured claims; moreover, in this scenario, only \$96,767.89 would
18 be available to distribute to unsecured creditors, whose claims would total over \$8 million
19 (1.21% return).

20 To illustrate further, even if liquidation yielded roughly 50% of the value of the estate's
21 assets, roughly \$2.8 million would be available to distribute to secured creditors and \$556,895
22 would be available to distribute to unsecured creditors, whose claims in this scenario would total
23 \$5.5 million (10.13% return).

24
25
26

⁷ In a chapter 7 liquidation, a trustee is appointed to liquidate assets of a debtor's estate.

1 **XII. RISKS**

2 The Plan's successful implementation rests on several assumptions, any of which could
3 prove false. The most significant risk being the potential failure to consummate the asset
4 purchase. In addition, the estate's claims against Cecie and Select may not provide meaningful
5 recoveries for unsecured Trust Beneficiaries.

6 **XIII. PLAN CONFIRMATION**

7 **A. VOTING PROCEDURES**

8 This Disclosure Statement includes ballots to be used for Plan voting. Holders of claims
9 or interests should read the instructions carefully, complete, date and sign the ballot, and send it
10 to the indicated address. To be counted, your ballot must be received at the indicated address no
11 later than the deadline set forth in the notice accompanying this Disclosure Statement. Failure to
12 vote or a vote to reject the Plan will not affect the treatment to be accorded a claim if the Plan is
13 nevertheless confirmed.

14 If more than one-half (1/2) the number of claimants voting and at least two-thirds (2/3) in
15 amount of the allowed claims of such claimants in each impaired class vote to accept the Plan,
16 such classes will be deemed to have accepted the Plan. For purposes of determining whether a
17 class has accepted or rejected the Plan, only the votes of those who have timely returned their
18 ballots will be considered. If a voting class does not accept the Plan, the Debtor will seek
19 confirmation under 11 U.S.C. § 1129(b). Section 1129(b) generally requires the Plan not to
20 discriminate unfairly, and to provide fair and equitable treatment, with respect to each class of
21 claims or interests that is impaired under, and has not accepted, the Plan.

22 **B. DISCLOSURE STATEMENT APPROVAL**

23 The Plan confirmation hearing has yet to be set, but will be announced in the notice
24 accompanying this Disclosure Statement. The Disclosure Statement approval hearing will be
25 held September 14, 2016 at 9:00 a.m. before the Honorable Brian D. Lynch, Chief Bankruptcy
26 Judge, United States Courthouse, Room I, 1717 Pacific Ave., Tacoma, Washington 98402.

1 **C. CHAPTER 7**

2 To satisfy one of the requirements of 11 U.S.C. § 1129, the Debtor must establish that
3 with respect to each class, each holder of a claim or interest in that class has accepted the Plan or
4 will receive or retain under the Plan, on account of such claim or interest, property of a value that
5 is not less than the amount that such holder would receive if the Debtor was liquidated under title
6 11, chapter 7. As discussed in Section XI, *supra*, the Debtor believes that the Plan satisfies this
7 test. The Debtor anticipates the Court will make this determination at the confirmation hearing.

8 **D. FEASIBILITY**

9 The Debtor believes the Plan is reasonable and can be achieved. Debtor believes the Plan
10 is feasible as defined under the Code.

11 **E. DISSENTING CLASSES**

12 The Code requires the Court to find that the Plan does not discriminate unfairly, and is
13 fair and equitable, with respect to each class of claims or interests that is impaired under, and has
14 not accepted, the Plan. Upon such a finding, the Court may confirm the Plan despite the
15 objections of a dissenting class.

16 **F. CONFIRMATION BINDING**

17 The Plan shall bind the Debtor and all other parties-in-interest, including any creditor,
18 whether such creditor is impaired under the Plan and whether such creditor has accepted the
19 Plan.

20 **G. FAILURE TO CONFIRM**

21 Generally, if the Debtor does not propose a plan within 120 days of filing or if the Court
22 fails to confirm a plan within 180 days of filing (the “**Exclusive Periods**”), other parties-in-
23 interest may propose their own plans. But the Court has entered an order extending the
24 Exclusive Periods to October 10, 2016 and December 9, 2016, respectively. The Debtor cannot
25 guarantee that creditors would receive more on their allowed claims under any proposed
26 alternative plans than they would under the Plan.

1 In addition, if no plan is confirmed, it is possible that this case could be converted to
2 chapter 7 and creditors would receive nothing more than forced liquidation value on their claims,
3 if anything.

4 **H. REQUIRED DISCLOSURES**

5 The Code requires the Debtor to disclose certain information:

6 1. There are no payments or promises of any kind specified in 11 U.S.C.
7 § 1129(a)(4), including payments to attorneys or accountants, that will not be subject to court
8 approval.

9 2. Until the consummation of the sale free and clear to NDA, management of the
10 Debtor's business will remain the general responsibility of Clear Creek Retirement Plan II, LLC
11 as currently managed by Rusty Fields. This is consistent with creditors' interests and with public
12 policy as required by 11 U.S.C. § 1129(a)(5).

13
14 DATED this 17th day of August, 2016.

15 CAIRNCROSS & HEMPELMANN, P.S

16
17 /s/ John Rizzardi

18 John R. Rizzardi WSBA No. 9388
19 E-mail: jrizzard@cairncross.com
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22 524 Second Avenue, Suite 500
23 Seattle, WA 98104-2323
24 Attorneys for Debtor

25 CLEAR CREEK RETIREMENT PLAN II, LLC

26 /s/ Rusty Fields

Rusty Fields
Manager, Clear Creek Retirement Plan II LLC

APPENDIX A

A-1

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Through Jul-16
<i>Income</i>							
Gross Revenue	\$2,500.00	\$5,600.00	\$5,400.00	\$14,125.00	\$11,315.00	\$13,410.00	\$52,350.00
Less: Returns Allowances		-\$500.00		-\$1,000.00	-\$3,150.00	-\$1,800.00	-\$6,450.00
Net Revenue	\$2,500.00	\$5,100.00	\$5,400.00	\$13,125.00	\$8,165.00	\$11,610.00	\$45,900.00
<i>Expenses</i>							
Direct Labor				-\$4,000.00	-\$14,000.00	-\$16,000.00	-\$34,000.00
Insurance			-\$5,369.22	-\$5,505.80	-\$2,385.85		-\$13,260.87
Unites States Trustee Fee			-\$650.00				-\$650.00
General and Administrative	-\$1,500.00	-\$1,500.00	-\$1,922.57	-\$6,427.23	-\$7,760.11	-\$7,213.57	-\$26,323.48
Net Income	\$1,000.00	\$3,600.00	-\$2,541.79	-\$2,808.03	-\$15,980.96	-\$11,603.57	-\$28,334.35

A-2

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	August through December
Rental Income	14,375.00	14,375.00	14,375.00	14,375.00	14,375.00	71,875.00
<i>Expense</i>						
Automobile	-70.00	-70.00	-70.00	-70.00	-70.00	-350.00
Bank Serv. Charges	-325.00	-325.00	-325.00	-325.00	-325.00	-1,625.00
Contract Office Labor	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-7,500.00
Credit Card	-1,120.00	-1,120.00	-1,120.00	-1,120.00	-1,120.00	-5,600.00
Insurance	-3,250.00	-3,250.00	-3,250.00	-3,250.00	-3,250.00	-16,250.00
Mgt. Fees	-3,750.00	-3,750.00	-3,750.00	-3,750.00	-3,750.00	-18,750.00
Office Supplies	-20.00	-20.00	-20.00	-20.00	-20.00	-100.00
Utilities	-940.00	-940.00	-940.00	-940.00	-940.00	-4,700.00
Subcontractor	-3,000.00	-3,000.00	-3,000.00	-3,000.00	-3,000.00	-15,000.00
Total Expense	-13,975.00	-13,975.00	-13,975.00	-13,975.00	-13,975.00	-69,875.00
Net Cash Flow	400.00	400.00	400.00	400.00	400.00	2,000.00

APPENDIX B

Lot, Block	Current Value	Lien Position	Mortgagee	Amount Currently Owed	Unsecured Amount	Class(es)
1, 1	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
1, 2	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		2
		Second	Michael Sanderson	\$43,900	\$30,270	2, 3
1, 3	\$85,000	First	Opportunity Fund VIII LLC	\$61,000		1
1, 4	\$135,000	First	Opportunity Fund VIII LLC	\$64,350		2
		Second	Robert Fraser	\$234,729	\$164,079	2, 3
2, 1	\$85,000	First	Opportunity Fund VIII LLC	\$61,000		1
2, 2	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
		Second	Michael Sanderson	\$43,900	\$30,270	2, 3
2, 3	\$339,000	First	Opportunity Fund VIII LLC	\$61,000		1
		Second	Leonard & Milo Glaser P'ship (50%); Glaser Family P'ship (50%)	\$193,180		1
		Third	Leonard & Milo Glaser P'ship (50%); Glaser Family P'ship (50%)	\$62,500		1
		Fourth	SKL Funding LLC	\$20,000		1
2, 4	\$135,000	First	Opportunity Fund VIII LLC	\$64,350		2
		Second	Robert Fraser	\$234,729	\$164,079	2, 3
3, 1	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
3, 2	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		2
		Second	Michael Sanderson	\$43,900	\$30,270	2, 3
3, 3	\$339,000	First	Opportunity Fund VIII LLC	\$61,000		1
		Second	John and Janet Butterfield	\$193,180		1
		Third	John and Janet Butterfield	\$62,500		1

DEBTOR'S SECOND DISCLOSURE STATEMENT - 23

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Lot, Block	Current Value	Lien Position	Mortgagee	Amount Currently Owed	Unsecured Amount	Class(es)
		Fourth	SKL Funding LLC	\$20,000		1
3, 4	\$135,000	First	Opportunity Fund VIII LLC	\$64,350		2
		Second	Robert Fraser	\$208,951	\$138,301	2, 3
		Third	SKL Funding LLC	\$23,400	\$23,400	3
4, 1	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
4, 2	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		2
		Second	Michael Sanderson	\$43,900	\$30,270	2, 3
4, 3	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
		Second	Frederick G. Neufeld	\$76,050	n/a	1
		Third	Neufeld-Equity Trust IRA	\$48,400	n/a	1
		Fourth	SKL Funding LLC	\$23,400	n/a	1
4, 4	\$389,000	First	Barbara Morrett	\$66,690		1
		Second	Morrett (63%); Alta Doremus Revocable Living Trust (37%)	\$202,878		1
		Third	Morrett (63%); Alta Doremus Revocable Living Trust (37%)	\$62,500		1
		Fourth	ValuePlus Consulting, LLC	\$47,620		1
		Fifth	SKL Funding LLC	\$23,400		1
5, 1	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
5, 2	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
		Second	Michael Sanderson	\$37,521	n/a	1
		Third	The Prychs (50%); Morrett (21%); Alta Doremus Revocable Living Trust (29%)	\$76,050	n/a	1
		Fourth	The Prychs (50%); Morrett (21%); Alta Doremus Revocable Living Trust (29%)	\$62,500	n/a	1
5, 3	\$389,000	First	Opportunity Fund VIII LLC	\$71,370		1
		Second	John and Janet Butterfield	\$223,704		1

DEBTOR'S SECOND DISCLOSURE STATEMENT - 24

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Lot, Block	Current Value	Lien Position	Mortgagee	Amount Currently Owed	Unsecured Amount	Class(es)
		Third	John and Janet Butterfield	\$62,500		1
		Fourth	The Butterfields (50%); Neufeld-Equity Trust IRA (50%)	\$63,500		1
5, 4	\$135,000	First	Opportunity Fund VIII LLC	\$63,620		1
		Second	The Makaris (50%); Doremus-Equity Trust IRA (50%)	\$118,222	n/a	1
		Third	George and Nevine Makari	\$62,500	n/a	1
		Fourth	SKL Funding LLC	\$23,400	n/a	1
6, 1	\$85,000	First	Opportunity Fund VIII LLC	\$71,370		1
6, 2	\$339,000	First	Opportunity Fund VIII LLC	\$66,690		1
		Second	The Prychs (50%); Hines & Fromme (50%)	\$202,878		1
		Third	The Prychs (50%); Hines & Fromme (50%)	\$62,500		1
		Fourth	SKL Funding LLC	\$23,400		1
6, 3	\$389,000	First	Opportunity Fund VIII LLC	\$71,370		1
		Second	Neufeld-Equity Trust IRA (50%); The Butterfields (50%)	\$202,878		1
		Third	Neufeld-Equity Trust IRA (50%); The Butterfields (50%)	\$62,500		1
		Fourth	Neufeld-Equity Trust IRA (50%); The Butterfields (50%)	\$63,500		1
6, 4	\$389,000	First	Doremus-Equity Trust IRA	\$66,690		1
		Second	Doremus-Equity Trust IRA	\$202,878		1
		Third	Doremus-Equity Trust IRA	\$62,500		1
		Fourth	Doremus-Equity Trust IRA	\$32,760		1
		Fifth	Doremus-Equity Trust IRA	\$47,940		1
7, 2	\$85,000	First	John and Donna Doyle	\$65,637		1
		Second	James Mylet	\$54,288	n/a	1

DEBTOR'S SECOND DISCLOSURE STATEMENT - 25

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Lot, Block	Current Value	Lien Position	Mortgagee	Amount Currently Owed	Unsecured Amount	Class(es)
7, 3	\$135,000	First	Opportunity Fund VIII LLC	\$64,350		2
		Second	Robert Fraser	\$234,729	\$164,079	2, 3
8, 2	\$339,000	First	Milo & Pamela Glaser P' ship	\$65,637		1
		Second	Neufeld-Equity Trust IRA	\$202,878		1
		Third	Neufeld-Equity Trust IRA	\$62,500		1
		Fourth	SKL Funding LLC	\$23,400		1
8, 3	\$85,000	First	Milo & Pamela Glaser P' ship	\$58,900		1
		Second	Glaser Family P' ship	\$122,850	n/a	1
		Third	Glaser Family P' ship	\$62,500	n/a	1
		Fourth	SKL Funding LLC	\$23,400	n/a	1
9, 3	\$389,000	First	Milo & Pamela Glaser P' ship	\$68,913		1
		Second	Milo & Pamela Glaser P' ship (50%); Glaser Family P' ship (50%)	\$202,878		1
		Third	Leonard & Milo Glaser P' ship (50%); Glaser Family P' ship(50%)	\$62,500		1
		Fourth	SKL Funding LLC	\$23,400		1
10, 3	\$389,000	First	The Doyle Family Trust	\$64,350		1
		Second	The Doyle Family Trust	\$167,076		1
		Third	The Doyle Family Trust	\$47,620		1
		Fourth	ValuePlus Consulting LLC	\$50,000		1
		Fifth	The Doyle Family Trust	\$35,802		1
		Sixth	SKL Funding LLC	\$23,400		1
11, 3	\$389,000	First	Alta Doremus Revocable Living Trust	\$66,690		1
		Second	Callie Doremus (16%); Luke and Althea Doremus (18%); Matthew	\$167,076		1

DEBTOR'S SECOND DISCLOSURE STATEMENT - 26

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Lot, Block	Current Value	Lien Position	Mortgagee	Amount Currently Owed	Unsecured Amount	Class(es)
			Doremus (16%); Neufeld-Equity Trust IRA (50%)			
		Third	Callie Doremus (16%); Luke and Althea Doremus (18%); Matthew Doremus (16%); Neufeld-Equity Trust IRA (50%)	\$50,000		1
		Fourth	Doremus-Equity Trust IRA	\$32,760		1
		Fifth	SKL Funding LLC	\$23,400		1
		Sixth	Doremus-Equity Trust IRA	\$38,160		1
12, 3	\$389,000	First	Opportunity Fund VI LLC	\$64,350		1
		Second	Neufeld-Equity Trust IRA	\$202,878		1
		Third	Neufeld-Equity Trust IRA	\$62,500		1
		Fourth	Doremus-Equity Trust IRA	\$32,760		1
		Fifth	SKL Funding LLC	\$23,400		1

DEBTOR'S SECOND DISCLOSURE STATEMENT - 27

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APPENDIX C
ASSET PURCHASE AGREEMENT
[See attached]

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APPENDIX D
LIQUIDATING TRUST AGREEMENT
[See Attached]

APPENDIX E

Assets	Liquidation Balance \$	Recovery Estimate %		Recovery Estimate \$	
		Low	High	Low	High
<i>Personal Property</i>					
Cash	734.00	100%	100%	734.00	734.00
Deposits	58,001.00	25%	50%	14,500.25	29,000.50
Office equipment	500.00	5%	25%	25.00	125.00
Vehicles	31,500.00	25%	50%	7,875.00	15,750.00
Other equipment	19,000.00	25%	50%	4,750.00	9,500.00
Notes receivable	165,607.74	25%	50%	41,401.94	82,803.87
Potential claims and damages awards	3,763,965.00	1%	10%	37,639.65	376,396.50
<u>Total Personal Property Assets</u>	4,039,307.74	29%	48%	106,925.84	514,309.87
<i>Real Property</i>					
Ironwood lots	5,829,000.00	25%	50%	147,250.00	2,914,500.00
Unaffixed modular homes	180,952.40	25%	50%	45,238.10	90,476.20
<u>Total Real Property Assets</u>	6,009,952.40	25%	50%	192,488.10	3,004,976.20
Total Debtor Assets	10,049,260.14	29%	48%	299,413.94	3,519,286.07
Less: Liquidation Adjustments					
Liquidator/Brokerage Fees (~3%)				-\$8,982.42	-\$108,210.72
Professional Fees (projected fixed cost)				-\$50,000.00	-\$50,000.00
Chapter 7 Trustee Fee (~5% if distributions < \$1 m; ~3% if distributions > \$1 m)				-\$14,970.67	-\$108,210.72
Total Liquidation Adjustments				-\$73,953.09	-\$266,421.44
<u>Net Liquidation Proceeds Available for Distributions to Creditors</u>				225,460.85	3,252,864.63
<u>Funds Available for Secured Claims</u>				\$144,944.92	\$2,777,489.70
Less: Secured Claims					
First liens	\$1,884,000.00	7.69%	100%	-\$144,944.92	-\$1,884,000.00
Second liens	\$3,736,997.00	0%	23.97%	\$0.00	-\$895,602.99
Third liens	\$1,091,800.00	0%	0%	\$0.00	\$0.00
Fourth liens	\$494,603.00	0%	0%	\$0.00	\$0.00
Fifth liens	\$137,600.00	0%	0%	\$0.00	\$0.00
Sixth liens	\$53,000.00	0%	0%	\$0.00	\$0.00
<u>Funds Available for Admin. and Unsecured Claims</u>				\$80,515.93	\$475,374.93
Less: Administrative Priority Claims					
Priority tax claims	\$8,395.90	100%	100%	-\$8,395.90	-\$8,395.90
Other Administrative Priority Expense	\$100,000.00	72%	100%	-\$72,120.03	-\$100,000.00
<u>Funds Available for Unsecured Claims</u>				\$0.00	\$366,979.03
Less: Unsecured Claims					
Low Recovery Mortgage Deficiencies	\$7,253,055.08				
High Recovery Mortgage Deficiencies	\$4,620,510.30				
Unsecureds including Low Recovery Deficiencies	\$8,141,954.00	0.00%	n/a	\$0.00	n/a
Unsecureds including High Recovery Deficiencies	\$5,509,409.22	n/a	6.66%	n/a	-\$366,979.03