

United States Bankruptcy Court
Western District of Washington at Seattle

In re Tubro Construction Inc.,
Debtor-in-Possession.

Case No. 17-10390

Small Business Case under Chapter 11

**TUBRO CONSTRUCTION INC.'S FIRST AMENDED DISCLOSURE STATEMENT, DATED
September 29, 2017**

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I. INTRODUCTION

This is the first amended disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of Tubro Construction Inc. (the “Debtor”). The Disclosure Statement contains information about the Debtor and describes the Chapter 11 First Amended Plan of Reorganization (the “Plan”) filed by Debtor on September 29, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. *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.*

The proposed distributions under the Plan are discussed at pages 7-14 of this Disclosure Statement. General unsecured creditors are classified in Class 3A, and will receive a distribution estimated to be approximately 33% of their allowed claims, to be distributed through monthly payments on a pro-rata basis (although the exact amount may change based upon any adjustments to particular claims).

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 Debtor 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 finally approve this Disclosure Statement and confirm the Plan will take place on **November 2, 2017 at 9:30 a.m.**, in **Judge Marc L. Barreca’s Courtroom 7106**, at the **U.S. Bankruptcy Court, 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, vote on the enclosed ballot and return the ballot to **Wells and Jarvis, P.S.** at **500 Union Street, Ste. 502, Seattle, WA 98101**. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by **October 26, 2017** or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement and/or to the confirmation of the Plan must be filed with the Court and served upon Debtor's counsel by **October 26, 2017**.

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

If you want additional information about the Plan, you should contact Emily Jarvis or Jeffrey Wells of Wells and Jarvis, P.S. at 500 Union Street, Ste. 502, Seattle, WA 98101, (206) 624-0088.

C. Disclaimer

The Court has conditionally 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 provisionally approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until October 26, 2017.

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor is a Washington corporation that was formed in 2010. Since that time, it has operated a construction and handyman business in the greater Seattle area.

B. Management of the Business Before and During the Bankruptcy

Throughout its history and also during the bankruptcy case, the Debtor has been overseen by Richard Tietjen, its president and sole owner. At one point Mr. Tietjen had employed a director of operations that he trusted, whom he planned to bring into the business as a co-owner. Unfortunately, he came to realize that this individual, Brian Dodds, was not properly doing his job, so he ultimately let him go and scrapped the plan to bring him on as an owner. This individual's wife, Michelle Dodds, also worked for the company, acting as the bookkeeper for the business. Around the same time Mr. Tietjen realized that she was also not performing her duties properly, as she failed to file certain documents with taxing authorities that led to tax liability.

C. Events Leading to Chapter 11 Filing

At its inception, Tubro Construction Inc. originally focused its business activities almost exclusively on REO properties (i.e. post-foreclosure properties which had reverted back to ownership by the lender). The company would bring otherwise neglected properties up to conditions consistent with the market standard for resale. In 2010 and the first years of operation, there was a significant amount of properties within this category due to the then-existing great recession, and it was likewise an underdeveloped area of the construction industry. Tubro therefore handled a high volume of contracts, employing at times as many as 120 individuals to handle its various jobs.

In more recent years, as the economy and the housing market have continued to improve and grow, the number of REO properties has significantly diminished. Therefore, Tubro has had to scale back its operations in response, and readjust to a new type of market. This transition has had its own obstacles, which are largely the reason behind this Chapter 11 filing (in combination with the subpar services performed by the former bookkeeper and director of operations).

Fortunately, Debtor let go of Brian and Michelle Dodds as referenced above in 2015, and hired a competent party to handle the company's bookkeeping and to help clean up the records of the prior years. Further, Debtor has now pared down operations to about 20 employees. In this way, Debtor believes that if it is allowed to reorganize the debts remaining from the transition, it will be able to successfully continue in the new market going forward and to repay creditors from future operations.

D. Significant Events during the Bankruptcy Case

Debtor has continued its normal business operations since the bankruptcy filing, pursuant to 11 U.S.C. § § 1107 and 1108, and pursuant to cash collateral order(s) entered by the Court. It intends to continue such operations going forward under the plan. The Debtor has also negotiated a repayment plan with the Department of Labor and Industries in order to preserve its bond and avoid having to put up a new cash bond.

E. Projected Recoveries

Debtor has listed on its amended Schedule A/B three different potential claims. Two of these claims are against Michelle and Brian Dodds for their negligence in handling the bookkeeping and management of the business in their respective positions. Mr. Tietjen has become aware of other disputes with those individuals that have arisen in prior jobs. This fact, plus the fact that he believes there would be obstacles to collecting against those individuals, have caused him to list the value of the claims at \$0.

The third claim is a potential malpractice claim against Doug Davies/Advocate Law Group related to an arbitration and appeal that occurred prior to the Chapter 11 bankruptcy. An award was made in the arbitration against Debtor, and a trial de novo was sought. That trial was pending in the lawsuit of Trampoline Nation Seattle Operations, LLC v. Van-Wild Home Furnishers, Inc. v. Tubro Construction, Inc. et. al. when the bankruptcy case was filed. Because a trial de novo had been set but not held, and the debtor then filed for Chapter 11 bankruptcy, it preserved its right to dispute the claim in the bankruptcy court if appropriate. Attorney fees were paid in connection with the arbitration and appeal which totaled approximately \$45,000. Because the opposing party in that action did not file a timely claim in this bankruptcy, and Advocate Law Group did not file a claim for fees, Debtor believes that further pursuing this claim is not worth the cost and hassle of pursuing under the circumstances.

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

The identity and fair market value of the estate's assets are listed in **Exhibit B**. This exhibit was prepared by Debtor with the assistance of its counsel. Exhibit B also contains a liquidation analysis which sets forth what creditors would expect to receive in a Chapter 7 proceeding.

Financial projections for the repayment period of the plan are set forth as **Exhibit C**. The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case is set forth in **Exhibit D**.

Exhibits are on file with the court and are viewable in the Clerk's Office or through the court's electronic filing system. Or copies may be requested by writing to Debtor's counsel, Wells and Jarvis, P.S., at 500 Union Street, Ste. 502, Seattle, WA 98101.

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>
Estimated Professional Fees, as approved by the Court.	Estimated not to exceed \$25,000 owing to Wells and Jarvis, P.S. Estimated not to exceed \$2,000 owing to CPA, Rhodes & Assoc.	Through the initial plan payments of \$1,500.
Clerk’s Office Fees	\$0	N/A
Office of the U.S. Trustee Fees	Estimated not to exceed \$4,875 for 3rd quarter 2017	Shall be paid as due; any past-due amounts shall be paid in full on the effective date of the Plan
TOTAL	\$27,000	

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.

The following chart lists the Debtor’s estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
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Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
IRS (FUTA and FICA)	\$108,456.95 (priority portion claimed in amended proof of claim)	2013-2017	Monthly payments of \$2,316 until allowed priority claim is paid in full commencing the 10 th day of the first month following the effective date of the plan. Interest accrues at 4%.
WA State Employment Security	\$136.73 (priority portion claimed in proof of claim)	Various	Monthly payments of \$50 until allowed priority claim is paid in full commencing the 10 th day of the first month following the effective date of the plan. Interest accrues at 12%.
WA State Labor and Industries	\$60,040 (priority portion claimed in amended proof of claim)	2015 (quart. 2-4), 2016 (1 st and 4 th quart.), 2017 (1 st quart.)	Monthly payments of \$1,500 until allowed priority claim is paid in full commencing the 10 th day of the first month following the effective date of the plan. Interest accrues at 12%.

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:

<u>Class</u>	<u>Description</u>	<u>Insider?</u>	<u>Impairment</u>	<u>Treatment</u>
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<p>2(A)</p>	<p><u>Secured claim of:</u> Wells Fargo Bank, NA <u>Total Claimed:</u> \$308,168.50 line of credit and \$43,585. 38 credit card <u>Collateral description:</u> Accounts; materials; inventory; equipment; tools; furniture; etc. <u>Basis for security:</u> filed UCC statement</p>	<p>No</p>	<p>Impaired</p>	<p>Creditor has elected to have its claim allowed pursuant to 11 U.S.C. § 1111(b). Creditor will receive a total of \$351,754 under the Plan, as follows. As of the Effective Date of the Plan, the amount of \$211,171 shall be paid as follows: <u>Interest rate</u> = 6% per year <u>New Amortization</u> = 5 years <u>Monthly payment</u> = \$4,083 <u>Payment timing</u> = starts the 20th day of the first month following the effective date of the Plan and continues the 20th day of each month thereafter for a total of 59 payments. <u>Balloon Payment of Remainder:</u> In compliance with the 1111(b) election, a balloon payment of the remaining \$110,857 will be made <u>on the 60th month</u> <u>Lien</u> = retained until paid as set forth herein</p>
<p>2(B)</p>	<p><u>Secured claim of:</u> Acton Mobile <u>Total Claimed:</u> \$1,186.35 <u>Collateral description:</u> Mobile office <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly</p>	<p>No</p>	<p>Unimpaired</p>	<p>This is a one year lease; Debtor is about nine months through the lease. It will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$395.45</p>

2(C)	<u>Secured claim of:</u> Aramsco Inc. <u>Total Claimed:</u> ongoing lease payments as they come due monthly <u>Collateral description:</u> 2014 GMC van plus CDS equipment <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly	No	Unimpaired	This is a 60 month lease. Debtor will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$1,436.64
2(D)	<u>Secured claim of:</u> Aramsco Inc. <u>Total Claimed:</u> ongoing lease payments as they come due monthly <u>Collateral description:</u> 2014 Mercedes Sprinter w/hydramaster <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly	No	Unimpaired	This is a 47 month lease. Debtor will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$2,141.83
2(E)	<u>Secured claim of:</u> Aramsco Inc. <u>Total Claimed:</u> ongoing lease payments as they come due monthly <u>Collateral description:</u> 2014 Chevy Express plus CDS equipment <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> \$0	No	Impaired	This is a 60 month lease. Debtor will reject the lease and surrender the collateral to this claimant. Thus no secured claim will be allowed by this creditor.

2(F)	<u>Secured claim of:</u> Aramco Inc. <u>Total Claimed:</u> ongoing lease payments as they come due monthly <u>Collateral description:</u> 2014 Chevy Express plus CDS equipment <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> \$0	No	Impaired	This is a 60 month lease. Debtor will reject the lease and surrender the collateral to this claimant. Thus no secured claim will be allowed by this creditor.
2(G)	<u>Secured claim of:</u> Ford Motor Credit <u>Total Claimed:</u> \$34,197.84 asserted in claim number 2 <u>Collateral description:</u> 2016 Ford Transit Cargo Van <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly	No	Unimpaired	Debtor will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$900
2(H)	<u>Secured claim of:</u> Richard Tietjen <u>Total Claimed:</u> Ongoing lease <u>Collateral description:</u> 2012 F150, 2005 Chevy blue 3500 <u>Allowed Secured Claim:</u> ongoing lease	No	Unimpaired	Debtor will continue to lease the two vehicles from Richard Tietjen. The vehicles are in turn encumbered by liens/leases on which Mr. Tietjen is obligated. <u>Monthly payment</u> = \$1,500
2(I)	<u>Secured claim of:</u> Hapo Community Credit Union <u>Total Claimed:</u> \$724.96 petition date <u>Collateral description:</u> 2011 Ford Transit <u>Basis:</u> Auto loan <u>Allowed Secured Claim:</u> \$0	No	Unimpaired	A small balance remained owing on this auto loan as of the petition date, but since the bankruptcy filing Debtor has paid the loan in full. This creditor acknowledged full payment by filing an amended proof of claim for \$0. No further payments will be made on this claim under the Plan.

2(J)	<p><u>Secured claim of:</u> Harborstone Credit Union <u>Total Claimed:</u> \$970.78 petition date <u>Collateral description:</u> 2011 Ford Transit <u>Basis:</u> Auto loan <u>Allowed Secured Claim:</u> \$0</p>	No	Unimpaired	A small balance remained owing on this auto loan as of the petition date, but since the bankruptcy filing Debtor has paid the loan in full. No further payments will be made on this claim under the Plan.
2(K)	<p><u>Secured claim of:</u> NW Fleet Lease/Bancorp <u>Total Claimed:</u> \$76,565.14 asserted in proof of claim 10 (appears to be a joint claim for all four leases) <u>Collateral description:</u> 2011 Freightliner Sprinter <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly</p>	No	Unimpaired	<p>48 month lease that commenced 2/1/2013. Debtor will assume the lease and continue contractual payments through the term of the lease.</p> <p><u>Monthly payment</u> = \$608.55</p>
2(L)	<p><u>Secured claim of:</u> NW Fleet Lease/Bancorp <u>Total Claimed:</u> See Class 2(L) <u>Collateral description:</u> 2006 Freightliner Sprinter <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly</p>	No	Unimpaired	<p>48 month lease that commenced 2/1/2013. Debtor will assume the lease and continue contractual payments through the term of the lease.</p> <p><u>Monthly payment</u> = \$568.77</p>

2(M)	<u>Secured claim of:</u> NW Fleet Lease/Bancorp <u>Total Claimed:</u> See Class 2(L) <u>Collateral description:</u> 2013 Chevy Silverado <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly	No	Unimpaired	60 month lease that commenced 5/1/2013. Debtor will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$798.66
2(N)	<u>Secured claim of:</u> NW Fleet Lease/Bancorp <u>Total Claimed:</u> See Class 2(L) <u>Collateral description:</u> 2012 Ford Transit <u>Basis:</u> Lease <u>Allowed Secured Claim:</u> ongoing lease payments as they come due monthly	No	Unimpaired	60 month lease that commenced 5/1/2013. Debtor will assume the lease and continue contractual payments through the term of the lease. <u>Monthly payment</u> = \$472.20

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.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
	N/A		

3. *Class[es] 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. Debtor estimates that general unsecured claims total approximately \$570,255 based on the bankruptcy schedules and/or proofs of claim filed to date. The exact members/amount of claims may change based on timely filed proofs of claim and/or future litigation on any claims.

The following chart identifies the Plan’s proposed treatment of general unsecured claims against the Debtor:

Class	Description	Impaired?	Treatment																																				
3(A)	<p><u>General Unsecured Claims.</u> This class consists of any nonpriority portions of the tax debts described in Class 1 above; the unsecured portions (as applicable) of Class 2 secured claims above; the claims listed on Debtor’s Schedule F; and/or any allowed, timely filed proofs of claim. One claim has been excluded, as detailed below.</p>	Impaired	<p>The following payments will be distributed on a pro-rata basis among allowed Class 3(A) claims:</p> <p><u>Monthly payment amt.</u> = \$6,000 <u>Payments begin</u> = February 1, 2021 <u>Payments end</u> = January 1, 2023 <u>Total payments to class</u> = \$144,000</p> <p>Actual distributions to each creditor in this class will depend upon the outcome of any claim litigation or adjustments.</p>																																				
3(B)	<p><u>Agreed Reduced Claim of U.S. Department of Labor.</u> The Department of Labor holds a judgment dated October 26, 2016 against Debtor/its principal in the approximate amount of \$1,164,575 (which balance accrues interest at 12% per year). That creditor has agreed that if it is paid timely on the payment schedule set forth in the right-hand column, upon completion the remaining balance on the judgment shall be waived, assuming the defendants’ income stays under a certain level.</p>	Not impaired. To be paid as agreed in consent judgment	<p>Payment Schedule:</p> <table border="1"> <thead> <tr> <th data-bbox="940 1230 1203 1262">Date</th> <th data-bbox="1203 1230 1396 1262">Amount</th> </tr> </thead> <tbody> <tr><td data-bbox="940 1262 1203 1293">March 30, 2017</td><td data-bbox="1203 1262 1396 1293">\$4,500</td></tr> <tr><td data-bbox="940 1293 1203 1325">June 30, 2017</td><td data-bbox="1203 1293 1396 1325">\$4,500</td></tr> <tr><td data-bbox="940 1325 1203 1356">September 30, 2017</td><td data-bbox="1203 1325 1396 1356">\$4,500</td></tr> <tr><td data-bbox="940 1356 1203 1388">December 31, 2017</td><td data-bbox="1203 1356 1396 1388">\$4,500</td></tr> <tr><td data-bbox="940 1388 1203 1419">March 30, 2018</td><td data-bbox="1203 1388 1396 1419">\$4,500</td></tr> <tr><td data-bbox="940 1419 1203 1451">June 30, 2018</td><td data-bbox="1203 1419 1396 1451">\$4,500</td></tr> <tr><td data-bbox="940 1451 1203 1482">September 30, 2018</td><td data-bbox="1203 1451 1396 1482">\$4,500</td></tr> <tr><td data-bbox="940 1482 1203 1514">December 31, 2018</td><td data-bbox="1203 1482 1396 1514">\$4,500</td></tr> <tr><td data-bbox="940 1514 1203 1545">March 30, 2019</td><td data-bbox="1203 1514 1396 1545">\$18,750</td></tr> <tr><td data-bbox="940 1545 1203 1577">June 30, 2019</td><td data-bbox="1203 1545 1396 1577">\$18,750</td></tr> <tr><td data-bbox="940 1577 1203 1608">September 30, 2019</td><td data-bbox="1203 1577 1396 1608">\$18,750</td></tr> <tr><td data-bbox="940 1608 1203 1640">December 31, 2019</td><td data-bbox="1203 1608 1396 1640">\$18,750</td></tr> <tr><td data-bbox="940 1640 1203 1671">March 30, 2020</td><td data-bbox="1203 1640 1396 1671">\$18,750</td></tr> <tr><td data-bbox="940 1671 1203 1703">June 30, 2020</td><td data-bbox="1203 1671 1396 1703">\$18,750</td></tr> <tr><td data-bbox="940 1703 1203 1734">September 30, 2020</td><td data-bbox="1203 1703 1396 1734">\$18,750</td></tr> <tr><td data-bbox="940 1734 1203 1766">December 31, 2020</td><td data-bbox="1203 1734 1396 1766">\$22,571.96</td></tr> <tr><td data-bbox="940 1766 1203 1797">Total to be paid:</td><td data-bbox="1203 1766 1396 1797">\$189,822</td></tr> </tbody> </table>	Date	Amount	March 30, 2017	\$4,500	June 30, 2017	\$4,500	September 30, 2017	\$4,500	December 31, 2017	\$4,500	March 30, 2018	\$4,500	June 30, 2018	\$4,500	September 30, 2018	\$4,500	December 31, 2018	\$4,500	March 30, 2019	\$18,750	June 30, 2019	\$18,750	September 30, 2019	\$18,750	December 31, 2019	\$18,750	March 30, 2020	\$18,750	June 30, 2020	\$18,750	September 30, 2020	\$18,750	December 31, 2020	\$22,571.96	Total to be paid:	\$189,822
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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 of equity interest holders:

Class	Description	Impaired?	Treatment
4(A)	Richard Tietjen is the sole owner/officer. He will retain ownership.	No	Debtor will retain all assets unless otherwise provided herein

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded from ongoing operations of the Debtor.

2. *Post-confirmation Management*

Name	Insider?	Position	Compensation
Richard Tietjen	Yes - sole owner/ officer	President/manager	\$78,000 per year (plus yearly cost of living increases)

E. Risk Factors

The proposed Plan has the following risks: As with any business Debtor faces general risks with regard to the continued profitability and viability of the remodeling and handyman business. It is only recently that Debtor has scaled back operations and moved its focus away from the REO property market. In fact it continues to cut back on services such as the carpet cleaning portion of its business. Because the current model is so new, income and expense statements for the plan period are inevitably based on projections. Debtor has tried to prepare financial statements with its best estimates of future business based on the most recent information.

If the Debtor’s business were to prove unable to support its plan payments such that a default occurred, potential remedies might include conversion to a Chapter 7, relief from the automatic stay, and/or pursuit of contract and state law remedies by various creditors against the assets of the Debtor.

F. Executory Contracts and Unexpired Leases

The Plan, in section 6.01, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under existing contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

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.

Debtor has set forth in the plan various leases which will be rejected. Any not listed in the plan will be rejected. 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.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is 60 days after 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

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.

The Debtor-In-Possession reports its income on a cash basis. Payments to creditors under the terms of this plan will be deducted from gross income and thereby reduce Debtor-In-Possession's tax liability.

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 2A-2O and classes 3A-3B are all 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 class one is unimpaired and that holders of claims in that class, 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.

***The court set the deadline for filing a proof of claim in this case as April 3, 2017.
The deadline for filing objections to claims is sixty days after confirmation of the plan.***

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 as to how a “cramdown” confirmation would 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. A liquidation analysis is attached to this Disclosure Statement as **Exhibit B**.

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 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.

The Plan Proponent has provided projected financial information to demonstrate the funds available for plan payments. Those projections are set forth on **Exhibit C**.

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 from any debt or liability (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 and liabilities 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.

/s/ Richard Tietjen

Richard Tietjen, President of Tubro Construction, Inc., the Debtor

/s/ Emily Jarvis

Emily Jarvis, WSBA #41841, Attorney for Debtor