

The Honorable Timothy W. Dore
Chapter 11
Hearing Date: _____, 2017
Hearing Time: 9:30 AM
Location: Seattle WA.
Response Date: _____, 2017

UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF
WASHINGTON FOR SEATTLE

In re:

GREENSTAR HOSPITALITY LLC,
Db a Cabana Motel,

Debtor.

CHAPTER 11 BANKRUPTCY

Case No.: 17-12815-TWD

DEBTOR'S DISCLOSURE STATEMENT
FOR CHAPTER 11 PLAN DATED
NOVEMBER 24, 2017

I. DISCLOSURE STATEMENT IN SUPPPORT OF DEBTOR'S CHAPTER 11 PLAN

I. Preliminary Statement

The Debtor submits this Disclosure Statement to all of its creditors in order to comply with the provisions of the Code requiring the submission of information necessary for creditors to arrive at an informed decision in exercising their rights to vote for acceptance or rejection of the Plan, presently on file with the United States Bankruptcy Court for the Western District of Washington (the "Court"). A copy of the Plan accompanies this Disclosure Statement.

II. Summary of Plan and Code Provisions for Voting

A. Repayment of Creditors

The Plan provides for payment of administrative expenses, priority claims, and secured creditors, either in cash or in deferred cash payments, and provides for payments to unsecured creditors in an amount greater than they would receive in the event of a Chapter 7 liquidation. Funds for implementation of the Plan will be derived from the Debtor's income or the operation of business.

Additional funds will be provided to the Debtor as operating capital as set forth below. This Disclosure Statement contains a detailed discussion of the Plan and its implementation. This

DEBTOR'S DISCLOSURE STATEMENT FOR
CHAPTER 11 PLAN DATED NOVEMBER 24, 2017

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Kent, WA. 98032

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1 Disclosure Statement should be read in conjunction with the Plan, which is a legal document and
2 upon confirmation will become binding on the Parties. Creditors should read the Plan and this
3 Disclosure Statement in their entirety, rather than relying on this summary. The Debtor urges
4 creditors and other parties in interest to consult with independent counsel in connection with their
5 decision to accept or reject the Plan. Approval of this Disclosure Statement by the Court is not a
6 decision on the merits of the Plan.

7 B. Voting Procedures and Confirmation Requirements

8 1. Ballots and Voting Deadline.

9 A Ballot to be used for voting to accept or reject the Plan will be distributed, along with this
10 Disclosure Statement and the Plan, upon approval of the Disclosure Statement by the Bankruptcy
11 Court. Creditors of the Debtor must (1) carefully review the Ballot and instructions thereon; (2)
12 execute the applicable Ballot; and (3) return the completed Ballot to Iwama Law Firm, Attn:
13 Lamont Bossard, 333 5th Ave. S. Kent, WA 98032 so as to be received by 5:00 p.m. on or before
14 _____ . Ballots received after the deadline will not be considered.

15 2. Creditors Entitled to Vote.

16 Any Creditor of the Debtor whose Claim is impaired under the Plan is entitled to vote, provided
17 that (1) its Claim has been scheduled by the Debtor (and such Claim is not scheduled as disputed,
18 contingent or unliquidated), or (2) it has filed a Proof of Claim on or before the last date set by the
19 Court for such filing and no objection to such Proof of Claim is pending at the time of the
20 confirmation hearing. Any Class of Claims that are not impaired by the Plan, and each holder of a
21 Claim, are conclusively presumed to have accepted the Plan and solicitation of acceptances with
22 respect to such Class from the holders of Claims of such Class is not required.

23 Any Claim as to which an objection has been filed (and such objection is still pending) is not
24 entitled to vote, unless the Court temporarily allows the Claim in an amount which it deems
25 proper for the purpose of accepting or rejecting the Plan upon motion by the Creditor whose
26 Claim is subject to objection. In addition, the vote of a Creditor may not be counted if the Court
27 determines that the Creditor's acceptance or rejection was not solicited or procured in accordance
28 with the provisions of the Bankruptcy Code.

29 Even though a Creditor may choose not to vote or may vote against the Plan, the Creditor will be
30 bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite
majorities in each Class of Creditors and/or is confirmed by the Court. Creditors who fail to vote

1 will not be counted in determining acceptance or rejection of the Plan. Allowance of a Claim for
2 voting purposes does not necessarily mean that the Claim will be allowed or disallowed for
3 purposes of distribution under the terms of the Plan. Any Claim to which an objection has been or
4 will be made will be allowed for distribution only after determination by the Court. Such
5 determination may be made after the Plan is confirmed.

6 3. Definition of Impairment.

7 Under § 1124 of the Bankruptcy Code, a Class of Claims is impaired under a plan of
8 reorganization unless, with respect to each Claim of such Class, the Plan (1) leaves unaltered the
9 legal, equitable, and contractual rights of the holder of such Claim, or (2) reinstates the Claim
10 pursuant to its original terms and cures any default.

11 4. Classes Impaired Under the Plan.

12 Creditors holding Claims in Class C are impaired under the Plan and are eligible, subject to the
13 limitations set forth above, to vote to accept or reject the Plan. Creditors holding Claims in Class
14 AB and Class D are unimpaired under the Plan and are not entitled to vote with respect to the
15 acceptance or rejection of the Plan. Such Creditors will be paid in full or otherwise be treated in
16 accordance with the provisions of the Plan.

17 5. Vote Required for Class Acceptance.

18 The Bankruptcy Code defines acceptance of a Plan by a Class of Creditors as acceptance by
19 holders of two-thirds in dollar amount and a majority in number of the Allowed Claims of that
20 Class which actually cast ballots to accept or reject the Plan.

21 6. Requirements for Confirmation.

22 In order to be confirmed (i.e., approved) by the Bankruptcy Court, the Plan or its proponent must
23 (among other requirements set forth in § 1129 of the Bankruptcy Code):

24 a. Disclose all compensation paid or promised for professional services rendered or to be rendered
25 in connection with the Case;

26 b. Disclose the identity and affiliations of all officers to serve after the Plan is confirmed and the
27 compensation of any insiders to be employed after Confirmation;

28 c. Propose to pay each member of a class of Claimants, who has not accepted the Plan, property at
29 least equal in value to what the Claimant would receive if the Debtor's assets were liquidated on
30 the date of the Confirmation Hearing, and distributed to Creditors according to their rights and
priorities under law;

- 1 d. Propose to pay all Administrative Claims in full;
2 e. Propose to pay all Priority Claims in full in deferred payments or cash; and
3 f. Propose to pay all Priority Tax Claims in full within five years after the order for relief in this
4 Case, in a manner not less favorable than the non-priority unsecured Claims.

5 7. Confirmation Hearing.

6 The Bankruptcy Code requires that the Bankruptcy Court hold a Confirmation Hearing with
7 notice to all Creditors. The Confirmation Hearing is scheduled for _____ at
8 9:30 am, before Bankruptcy Judge Timothy W. Dore, Courtroom 8106 of the U.S. Bankruptcy
9 Court, U.S. Courthouse, 700 Stewart St. Seattle, WA 98101. The Confirmation Hearing may be
10 adjourned or continued by the Bankruptcy Court without further notice except for an
11 announcement made of the adjourned or continued date made at the Confirmation Hearing.

12 At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of
13 the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an
14 order confirming the Plan. With respect to creditor acceptance of the Plan, if the requisite
15 members of an impaired Class do not vote to accept the Plan as provided in Section II.B.5. above,
16 the Debtor may seek confirmation pursuant to § 1129(b) of the Bankruptcy Code, known as the
17 "cramdown" procedure. Pursuant to this section, the Bankruptcy Court may confirm the Plan
18 notwithstanding the non-acceptance by an impaired Class if at least one impaired Class votes to
19 accept the Plan, the Plan does not discriminate unfairly, and is "fair and equitable" to the non-
20 accepting Class.

21 A Plan does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class
22 receives more than it is legally entitled to receive for its Claims. The Bankruptcy Code establishes
23 different "fair and equitable" standards for Secured and Unsecured Claims.

24 With respect to a Secured Claim, a Plan may be "fair and equitable" if (1) the impaired Secured
25 Creditor retains its liens to the extent of its Allowed Claim and receives deferred cash payments at
26 least equal to the allowed amount of its' Claim with a present value as of the effective date at least
27 equal to the value of such Creditor's interest in the property securing its liens, (2) property subject
28 to the lien of the impaired Secured Creditor is sold free and clear of that lien, with that lien
29 attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with
30 clauses (1) and (3) hereof, or (3) the impaired Secured Creditor realizes the "indubitable
equivalent" of its' Claim under the Plan.

1 With respect to an Unsecured Claim, a Plan may be "fair and equitable" if (1) each impaired
2 Unsecured Creditor receives or retains property of a value equal to the amount of its Allowed
3 Claim, or (2) the holder of any Claim that is junior to the Claims of the dissenting Class will not
4 receive any property under the Plan, except that, as to the Debtor, they may retain their property
5 (property of the estate).

6 Finally, it must be noted that even though a Creditor may vote to reject the Plan, such rejection of
7 a confirmed Plan does not mean that the Creditor will not be entitled to share in any distributions
8 to be made under the Plan.

9 III. Requisite Disclosures

10 A. Representations Limited.

11 NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY REGARDING
12 FUTURE BUSINESS OPERATIONS OR THE VALUE OF THE DEBTOR' ASSETS, HAVE
13 BEEN AUTHORIZED BY THE DEBTOR EXCEPT AS SET FORTH IN THIS STATEMENT.
14 YOU SHOULD NOT RELY ON ANY OTHER REPRESENTATIONS OR INDUCEMENTS
15 PROFFERED TO YOU TO SECURE YOUR ACCEPTANCE OR REJECTION IN ARRIVING
16 AT YOUR DECISION IN VOTING ON THE PLAN. ANY PERSON MAKING
17 REPRESENTATIONS OR INDUCEMENTS CONCERNING ACCEPTANCE OR REJECTION
18 OF THE PLAN SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR AT THE
19 ADDRESS ABOVE, TO THE CLERK OF THE COURT AT 700 STEWART STREET SUITE
20 6301 SEATTLE, WA 98101 AND TO THE U.S. TRUSTEE AT 700 STEWART STREET
21 SUITE 5103 SEATTLE, WA 98101. FOR VARIOUS REASONS, THE RECORDS OF THE
22 DEBTOR PRIOR TO PREPARATION OF THIS PLAN MAY NOT HAVE BEEN COMPLETE
23 AND THE ACCURACY OF THE INFORMATION SUBMITTED WITH THIS STATEMENT
24 IS DEPENDENT ON INFORMATION AVAILABLE TO THE DEBTOR WITH THE
25 ASSISTANCE OF COUNSEL. WHILE EVERY EFFORT HAS BEEN MADE TO PROVIDE
26 THE MOST ACCURATE INFORMATION AVAILABLE, THE DEBTOR IS UNABLE TO
27 WARRANT OR REPRESENT THAT ALL INFORMATION IS WITHOUT INACCURACY.
28 THERE ARE NO KNOWN INACCURACIES. WHILE EVERY EFFORT HAS BEEN MADE
29 TO ENSURE THAT THE ASSUMPTIONS ARE VALID AND AS ACCURATE AS CAN BE
30 MADE UNDER THE CIRCUMSTANCES, NEITHER THE DEBTOR NOR ITS ATTORNEYS
UNDERTAKE TO CERTIFY OR WARRANT THE ABSOLUTE ACCURACY OF THE
ASSUMPTIONS OR PROJECTIONS.

NO FORMAL APPRAISALS HAVE BEEN UNDERTAKEN OF THE DEBTOR'S PROPERTY
EXCEPT WHERE STATED. THE VALUES PLACED THEREON AND SUMMARIZED
BELOW ARE THE DEBTOR-IN-POSSESSION'S BEST ESTIMATE OF THE VALUE OF
THE PROPERTY AS OF THE TIME OF THE FILING OF THE PLAN AND THIS
DISCLOSURE STATEMENT. THESE VALUES MAY DIFFER FROM VALUES PLACED
ON THE SAME PROPERTY AT THE TIME OF FILING OF THE PETITION FOR RELIEF
AND THE SUBSEQUENT SCHEDULES.

IV. INFORMATION ABOUT THE DEBTOR

Background.

A. Greenstar Hospitality and Cabana Motel

Greenstar Hospitality LLC is a Washington limited liability company formed on February 24, 2009. The sole owner and Managing Member is Ahmed Fataftah, a resident of Kent. The LLC owns and operates a motel located at 655 East Windsor Street, Othello, Washington 99344 that does business under the name Cabana Motel. Cabana is a 57-room motel that serves the mid-range of prices in Othello, charging a rate of about \$62 per night. It serves travelers, tourists, hunters and agricultural workers who work in the area during planting and harvest seasons. Othello has one more expensive motel, a Quality Inn Othello, which is significantly more expensive, starting about \$95 per night. In addition there are two lower-priced "economy" motels in the area charging a lower rate. Greenstar acquired the real property that includes the motel on April 29, 2009. To finance its purchase of the motel Greenstar obtained a loan secured against the motel property from Plaza Bank of Seattle in the principal amount of \$980,000.00. The motel has one full-time manager, Ms. Rosa Perez, who lives on-site and receives the use of a 3500 square foot house on the premises as well as a monthly stipend as compensation for her services. She was assisted by a second employee until early 2017, but that employee left Greenstar's employ prior to the filing of this case. When needed it from time to time employees a handyman to do odd jobs. Mr. Fataftah relies on Ms Perez in the day to day operation of the motel, as well as the assistance of Mr. Sajjad Khan in overseeing the overall operation of the business.

In 2013 and 2014 Mr. Fataftah returned to his native country of Jordan to tend to family matters. In his absence the hotel continued to be operated by Ms. Perez without Mr. Fataftah's direct oversight. Cabana operated profitably at all times and at no time prior to December of 2016 was it in default under its Plaza Bank loan. That loan was originally scheduled to mature in 2015 but was extended by the parties from April, 2015 until February 2, 2017.

B. Factors Leading to Bankruptcy

During the extension of the Plaza Bank loan Mr. Fataftah and Mr. Khan attempted to obtain a buyer for the property. During 2016 Greenstar negotiated the sale of the motel to an investor, but that sale failed in late 2016. In December of 2016 Greenstar missed its monthly payment, and Plaza Bank served a Notice of Default in January, 2016. The Plaza Bank loan

1 matured on February 2, 2017. Plaza Bank served a Notice of Trustee's Sale in that month and set
2 a Trustee's Sale for June 23, 2017. This case was filed on June 22, 2017.

3 After the Notice of Trustee's Sale was served on Debtor in January of 2017 its onsite
4 Manager, Ms. Rosa Perez, believing the business was closing and that she would lose both her job
5 and her residence, sought other employment. Greenstar's other full-time employee also quit. As a
6 result the business of the motel declined significantly between January and June of 2017.

7 However, prior to the filing of this case the Debtor was able to persuade Ms. Perez to remain in its
8 employ. After she once again began to devote her full attention to the operation of Cabana Motel
9 its business stabilized prior to the filing of this case on June 22nd 2017. As a result the income of
10 the business recovered starting in July and August of this year to levels close to its pre- 2017
11 level.

12 C. Motel 6 Franchise

13 Since the filing of this case Greenstar has negotiated a franchise agreement with G6
14 Hospitality Franchising LLC, the owner of the national motel chain known as Motel 6 (hereinafter
15 "Motel 6.") The agreement is subject to the approval of the Bankruptcy Court as part of the
16 Chapter 11 Plan. The conversion of the Cabana Motel will plan will cost about \$176,226.20. Mr.
17 Fataftah will borrow \$151,226.20 outside of the Plan and will contribute that amount to Greenstar
18 as additional operating capital. The franchise fee in the amount of \$25,000 will be contributed by
19 Mr. Khan. The money will be used for improvements to the motel, including new furniture, paint,
20 flooring and electronic computers, telephones, and security systems. During the renovation of the
21 initial thirty rooms the motel will continue to operate under its current name. Upon renovation of
22 the building it will open as a Motel 6. This will give it access the Motel 6 website, which provides
23 online booking, as well as the advantages of association with a national motel chain. With the
24 benefits of operating under a national brand and with the advantage on online booking through the
25 Motel 6 site Greenstar anticipates a significant increase in revenue that will permit it to either
26 refinance or sell the motel to pay all secured and uncured creditors at one hundred percent.

27 During the conversion period the rooms not under renovation will be available for rental
28 and will be adequate to satisfy Cabana's historic occupancy requirements. The motel experiences
29 slow months during December, January and February when occupancy is at its lowest due to the
30 absence of hunters, tourists and agricultural workers. Greenstar currently has funds in the bank
from its post-petition operation adequate to cover any anticipated shortfall.

1 Information about the proposed Motel 6 franchise agreement is available upon request
2 from Debtor's undersigned counsel. That information includes:

- 3 1. The terms of the proposed franchise agreement, subject to the approval of the
4 Plan and the payment of the \$25,000 franchise fee as set forth below;
- 5 2. A list of improvements required by Motel 6 for Cabana Motel to meet Motel 6
6 quality standards;
- 7 3. A cost estimate as to the costs of the required improvements. Information from
8 the cost estimate is set forth below in the explanation of the conversion of
9 Cabana to Motel 6

10 D. Debtor's Income Based on 2015 and 2016 actual income.

11 The period of 2015-2016 represents a realistic basis for determining the Debtor's income.
12 After Greenstar missed the December 2016 mortgage payment Plaza Bank served a Notice of
13 Default and Notice of Trustee's Sale. Concerned that the business was being shut down, one of
14 Greenstar's employees left its employee, as did the manager, Ms Perez. However, Ms. Perez was
15 later persuaded to return. This case was then filed on June 22nd 2017. The period prior to 2017 is
16 therefore a better basis for establishing a baseline for income. Debtor's income for those two
17 years was:

18 2015:\$269,757.00 (net of sales tax);

19 2016: \$301,000.00 (net of sales tax).

20 Averaged out on a monthly basis the income for those two years was as follows:

21 Jan.	22 Feb.	23 Mar.	24 April	25 May	26 June
\$15,182.50	\$11,350.50	\$18,984.50	\$24,152.50	\$23,124.00	\$26,768.00
27 July	28 Aug.	29 Sept.	30 Oct.	Nov.	Dec.
\$34,143.00	\$37,494.00	\$31,319.50	\$25,894.00	\$21,819.00	\$15,152.50

31 E. 2017 Income and Expenses July 1, 2017 through October 31, 2017 (income port-filing based
32 on Monthly Reports, as amended):

33 Debtor's income and expenses for the four complete months since the date filing of this case
34 are set forth below.

35 Month	36 Income	37 Disbursements
38 1. 07/2017:	\$15,209.21 ₈	\$13,425.41

2.	08/2017	\$16,134.49	\$15,976.18
3.	09/2017	\$42,582.03	\$15,102.77
4.	10/2017	\$22,990.05	\$18,611.32

Debtor's Expenses. Debtor's expenses for July through October 2017 provide a realistic basis for determining expenses while operating in Chapter 11. That period represents the actual costs of operating the motel for the four complete months after the filing of this case. The average expenses for those four months is \$16,278.92. (Adjusted to provide for a payment of \$2000 in legal fees for each month; no amount for legal fees was in fact paid in July 2017.) An additional expense for estimated property taxes due in 2018 adds \$1185 per month. Monthly expenses following confirmation of the plan are therefore anticipated to be \$17,464. (\$16,278.92 + \$1185).

Debtor's Assets

Greenstar owns one property, the hotel located at 655 East Windsor Street, Othello Washington. Debtor values it at \$1,200,000 in its current condition. (Sch. A, Doc. 19.)

In addition Greenstar owns certain personal property associated with the operation of the Cabana Motel (Sch. B, Doc. 19):

- | | | |
|----|---|--------|
| 1. | Office furniture, computer, miscellaneous office equipment. | \$500 |
| 2. | 3 industrial washing machines @ \$250 ea. | \$750 |
| 3. | 3 industrial dryers @ \$250 ea. | \$750 |
| 4. | 24 mini-fridges @ \$50 ea. | \$1200 |
| 5. | 42 microwaves \$ \$20 ea. | \$840 |
| 6. | Linens (bed sheets, blankets, hand towels, wash cloths etc.). | \$100 |
| 7. | Supplies (light bulbs, batteries etc.) | \$100 |
| 8. | Queen beds including mattresses and box springs;
43 @ \$60 .00 each; | \$2580 |
| 9. | Double beds including mattresses and box springs;
18 \$50.00 each. | \$900 |

F. Employees and Officers

a. Debtor has one independent contractor (1099) employee who operates the motel in return for a monthly stipend plus the use of a 3500 square foot house on the premises.

1 fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Debtors estimate that they will owe \$650.00 to
 2 the US Trustee for 4th quarter 2017 fees.

3 **ADMINISTRATIVE FEES:**

Type	Estimated Amount Owed	Proposed Treatment
Estimated Professional fees:	\$29,500	\$13,473.46 approved but not yet paid. Remainder to be paid from current trust balance to the extent available; remainder to be paid at \$2000 per month, then remainder to be paid from proceeds of sale or refinance
US Trustee	Paid Current	Future payments paid when due as ongoing expense
Total:	\$29,5000 plus any additional Fees hereafter approved	

15 **PRIORITY TAXES:**

16 There are three Priority Unsecured Claims known to the Debtor, filed by the State of Washington
 17 and the Internal Revenue Service. The State of Washington filed Claim No. 2 on behalf of the
 18 Department of Revenue for \$2724.55 of which \$2,372.03 has priority. The State of Washington
 19 also filed Claim No. 6 in the amount of \$9,978.85, of which the priority portion is \$7,414.79. The
 20 IRS has filed a claim in the amount of \$333,669.49 as a priority claim. Debtor objects to both
 21 Claim No. 1 and No. 6. Debtor will pay the priority amount of Claim No. 2 as well as the allowed
 22 priority portions of Claim Nos. 1 and 6 as priority claims together with statutory interest under
 23 federal and Washington law out of the proceeds of sale or refinance within one year from
 24 confirmation of the plan. If any amounts remain unpaid they will be paid within sixty months
 25 from the Order for Relief in this case.

Type:	Estimated Amount Owed	Proposed Treatment
Priority Taxes (POC #1) (Disputed)	\$333,660.49	Paid in full from proceeds of Sale/refinance; any amounts not fully paid will be paid within five years from the Order for Relief

1 Priority Taxes (POC #2) \$2,372.03 Paid in full from
 2 proceeds of
 3 Sale/refinance; any amounts
 4 not fully paid will be paid
 5 within five years from the
 Order for Relief

6 Priority Taxes (POC #6) \$9978.85 Paid as allowed from
 7 (Disputed) proceeds of
 8 Sale/refinance; any amounts
 9 not fully paid will be paid
 10 within five years from the
 Order for Relief.

11 TOTAL (including disputed portion): \$345,711.37

12 CLASSIFIED CLAIMS:

13 A. CLASS A: PRIORITY NON-TAX CLAIMS: NONE.

14 B. CLASS B: SECURED CLAIMS: PROPERTY TAXES. Class B consists of the unpaid
 15 2017 property taxes due to Adams County, together with interest and penalties accruing on them
 16 in the amount of \$12,835.38 as of December 1, 2017. This claim will be paid in full from the
 17 proceeds of the sale or refinance of the motel property within one year from the date of
 18 confirmation of the plan. In the event that the property is not sold at that time the automatic stay
 19 under 11 USC §362 will be lifted and Adams County will have the right to enforce its rights
 20 against the collateral. This is an unimpaired class.

Type:	Estimated Amount Owed	Proposed Treatment
Property Taxes	\$12,835.38 as of December 1, 2017	Paid in full from proceeds of sale or Refinance within one year from confirmation. If the property is not sold or refinanced within one year from effective date of plan the automatic stay will be lifted.

28 TOTAL: \$12,835.38 (subject to increase due to interest and penalties)

1 C. CLASS C: SECURED CLAIM: SECURED LOAN. Class C consists of the Plaza Bank
 2 loan secured against the motel property in the amount of \$1,029,021.56. Interest will be paid on
 3 the Plaza Bank loan on the 24th of each month at the lesser of \$8255.10 per month or at 12.5% on
 4 any remaining principal balance until paid in full. This claim will be paid in full out of the
 5 proceeds of the sale or refinance of the property within one year from the date of confirmation. In
 6 the event that the property is not sold within one year to pay the Class C claim, the automatic stay
 7 under 11 USC §362 will terminate as of that date as to the property and Plaza Bank will have the
 8 right to enforce its claim against the property. The Class C claim is an impaired claim.

Type:	Estimated Amount Owed	Proposed Treatment
Plaza Bank loan (POC #1)	\$1,029,021.56	Paid in full from Proceeds of sale/refinance Bank to receive interest only payments on the 24 th of each month for one year from confirmation of the Plan. At that time the Bank will be paid in full out of proceeds of sale or refinance or else the automatic stay will no longer apply and Bank will have the right to foreclose its security
TOTAL:	\$1,029,021.56	

21 D. CLASS D: NON-PRIORITY UNSECURED CLAIMS:

22 There are 7 Non-Priority Unsecured Claims totaling \$7914.44 as set forth below. The non-
 23 priority portions of the State of Washington Claims are Class D Non-Priority Unsecured Claims.
 24 Debtor will pay all unsecured claims to the extent that proceeds are available from the sale or
 25 refinance of the motel property within one year from the date of confirmation. In the event that
 26 there are insufficient proceeds to pay Class D claims 100% they shall be paid pro-rata to the
 27 extent that proceeds of sale or refinance are available. Debtor shall retain the right to object to any
 28 Class D claim. The pro rata share of the claimed amount of any claims which are then subject to
 29 objections as to which a Final Order has not been entered, shall be deposited in an interest bearing
 30 bank account until a Final Order is entered. When Final Orders are entered disallowing or

1 allowing and liquidating all Class D Claims, the remaining funds in the bank account shall be
 2 distributed to the holders of all Class D Claims pro rata. Payments on Class D Claims shall be
 3 mailed to the address of the creditor on the Proof of Claim (or, if allowed pursuant to the
 4 schedules, to the address on the schedules), unless the creditor files a change of address notice
 5 with the Court. Any check mailed to the proper address and returned by the post office as
 6 undeliverable, or not deposited within 180 days, shall be void and the funds may be retained by
 7 the Debtors. This class is unimpaired.

Claimant	Claim Number	Amount
State of WA DOR	Claim No. 2	\$ 352.52
Century Link	Claim No. 3	\$ 215.06
Avista	Claim No. 4	\$2252.52
State of WA L & I (nonpriority amount)	Claim No. 6	\$2564.06
Northland Communications	No Claim Filed	\$641.42
Coastal Valley Insurance	“ “ “	\$691.00
City of Othello	“ “ “	\$ 1197.86
TOTAL		\$7914.44

21 **VI. IMPLEMENTATION OF THE PLAN**

22
 23 The Debtor will continue to operate the Cabana Motel and pay ongoing expenses
 24 including a monthly interest payment to Plaza Bank of the lesser of \$8255.10 or any remaining
 25 unpaid principal balance for a period of up to one year until the claim can be paid in full upon sale
 26 or refinance of the estate's property. The income of the business will permit the payment of
 27 operating expenses while Debtor undertakes the necessary renovation to convert the Cabana to a
 28 Motel 6. Upon confirmation of the plan Ahmed Fataftah will use a line of credit of \$80,000 and
 29 credit cards of \$71,226.20 for the renovations and purchases required by Motel 6 as conditions of
 30 the franchise agreement. Debtor anticipates that the renovations will take three months and will
 start as soon as the Plan is confirmed. The conversion to Motel 6 is anticipated to take place as

soon as the renovations are complete, approximately ninety days after work commences. Once the conversion is complete the motel can be refinanced or sold as an operating Motel 6. In the event that the property is not sold or refinanced within one year from the effective date of the plan the automatic stay under 11 USC §362 will terminate.

Mr. Sajjad Khan has agreed to advance the required franchise fee of \$25,000 as an investment in Greenstar to finance the franchise. Except for the three months of lowest occupancy in December, January and February, the motel receives income adequate to cover expenses based on historic income from 2015 and 2016, the last two years when the motel was fully operational during the winter months. As further set forth below, Greenstar has cash in the bank from its post-filing operations adequate to cover any expected shortfall.

Costs of conversion to Motel 6

Debtor has confirmed with Motel 6 that the necessary renovations required by Motel 6 to convert Cabana to a Motel 6 are as follows, with the costs of the necessary renovations, furniture upgrades, computer purchases, and training:

Single - QUEEN Room - furniture:	\$800.00	per room	15	\$12,000
Double - QUEEN Room - furniture:	\$650.00	per room	15	\$9,750
Coverlet	\$44.00	per bed	45	\$1,980
Boxspring Cover (mid renovation only)		\$32.00 per bed	45	\$1,440
Blanket/Pillow/Linen		\$35.00 per bed	45	\$1,575
Drapes & rods		\$80.00 per window	30	\$2,400
Lighting - double unit	\$49.00	per fixture	2	\$98
TV - Security bracket Only		\$76.00 per unit	30	\$2,280
TV cabinet and TV Wall Mount	\$165.00	per room	30	\$4,950
Closet Unit (top and bottom)	\$131.00	per unit	30	\$3,930
Vanity/Faucet/Mirror/Misc Bath Items	\$424.00	per room	30	\$12,720
Vinyl Plank Guestroom/Bathroom Flooring; American Cherry				
cost per square foot - freight is included		\$1.90 per Sq Ft7000		\$13,300
Underlayment adhesive	\$125.00	per Gallon	20	\$2,500
Cove base vinyl	\$0.66	per Linear Ft	1920	\$1,267
Cove base adhesive		\$4.53 box of 12	100	\$453
Television	\$247.00	per room	30	\$7,410
Mattress	\$225.00	per room	45	\$10,125
Shower Insert	\$500.00	per room	30	\$15,000
Computer fee			5000	\$5000
Sign			\$5000	\$5000
Exterior lights			\$1000	\$1000
Exterior paint				\$1100
Interior Paint				\$600

1	Exterior		\$350
	accent walls and doors		\$350
2	Stripping and road paint		\$800
	lobby paint and flooring		\$450
3	lock and encoder		\$4759
	demo labor		\$3000
4	dump fees		\$1200
	paint and floor labor		\$15000
5	Tax on taxable goods (\$122,587) est @ 7.7% (current Adams County rate)		\$9,439.20
6	Total Renovation/conversion costs:		\$151,226.20
7	Franchise Fee	\$25000	\$25,000.00
8	Total Cost		\$176,226.20

9
10 Debtor will undertake the above renovations and improvements upon the effective date of
11 the plan. As set forth above, the renovation work will not draw any funds from the operation of
12 the motel.

13 Debtor anticipates that the work can be completed in approximately ninety days, during
14 which period the motel will continue to operate as Cabana using the 25 rooms not under
15 renovation. Upon completion of all work set forth above Cabana can commence operations as a
16 Motel 6, with access to the Motel 6 website with online marketing and booking, which should
17 result in an immediate boost in occupancy. As a result of its association with Motel 6 it will be
18 significantly easier to obtain financing for the motel, and therefore more attractive to a potential
19 buyer. Debtor will sell the motel or refinance it within one year of the effective date to effectuate
20 the plan.

21 Greenstar will operate the 25 rooms not being renovated during the renovation work
22 required for the conversion to Motel 6. As established by its historic income figures, its income is
23 adequate to operate the motel during the renovation. While monthly expenses are typically lower
24 during months of lowest occupancy of December through February, the decreased income during
25 those three months is expected to result in a shortfall. The figures for January through March, as
26 set forth above, are as follows:

	January	February	March
26	\$15,182.50	\$11,350.50	\$18,984.50
27			
28	Expenses:		
29	\$17,464.00	\$17,464.00	\$17,464.00
30	Shortfall:		

1 [-\$2,281.50]

2 [-\$6114.00]

3 +\$1,520.50

4 Greenstar can be expected to experience a shortfall of approximately \$8395.50 during the first
5 two months of the year. As of the most recent monthly report filed for October (Doc. 80)
6 Greenstar had over \$32,000 in the bank from its operations post-filing. Greenstar should be able
7 to cover its operations through the winter easily based on current funds. Its historic income
8 figures suggest that income for March and thereafter should be adequate to cover existing
9 expenses. As set forth above, it is expected that Greenstar's income will rise upon completion of
10 its conversion to a Motel 6, which will probably be in April following completion of the required
11 renovation work. At that time the motel can be either refinanced or sold as a newly-branded Motel
12 6 to pay off allowed secured and unsecured claims. Debtor will therefore sell the assets of the
13 estate to pay off all claims, or, in the event that the property of the estate can be refinanced to pay
14 off all creditors the Debtor will refinance.

15 **VII. Analysis of Liquidation Value of the Estate; Pre-Petition Transfers**

16 In the event of liquidation of the Debtors' estate, Debtors estimate that there will be a liquidation
17 value of \$0.00. In the event of a theoretical liquidation under Chapter 7 the secured interest of
18 Plaza Bank would result in the foreclosure of the real property and the termination of the Debtor's
19 business. Adams County has a tax lien in the amount of \$12,835.38 superior to Plaza Bank's lien.
20 A Trustee's sale therefore would in the estimation of the Debtor result in proceeds insufficient to
21 satisfy the Plaza Bank claim. Plaza Bank also claims a security interest in any proceeds of the
22 operation of Debtor's business, which includes all funds in its bank accounts. The likely result in
23 Debtor's view is that there would be no amounts available to priority or non-priority unsecured
24 creditors in the event of a liquidation.

25 **VIII. Repayment Projections**

26 The Debtors project that Class B Claims will be paid at the time of sale or refinance of the subject
27 property, which will occur within one year from effective date of the Plan. If the property is not
28 sold or refinanced within that period the automatic stay under 11 USC §362 will no longer have
29 effect.

30 The priority Claims by held by the IRS and the State of Washington Departments of Revenue and
Labor and Industries will be paid from the proceeds of the sale or refinance of the property
together with statutory interest, subject to any objection filed by Debtor as to those claims. In the

1 event that any priority amounts remain unpaid out of such proceeds those amount will be paid in
2 full within 60 months from the Order for Relief in this case.

3
4 All non-priority unsecured Claims (Class D) will be paid at confirmation except for any claims as
5 to which Debtor files an objection.

6 7 **IX. Tax Consequences**

8 The Debtor is not qualified to advise Creditors of the specific tax ramifications to them in
9 confirmation of the Plan, and therefore makes no representations in this regard. However, the
10 Debtor is not aware of any potential material federal tax consequences to Creditors that would
11 result from confirmation of the Plan. Each Creditor is urged to consult with a tax advisor as to
12 such matters.

13 No material tax consequences to the Debtor is anticipated as a result of confirmation of the Plan..

14 15 **X. Income**

16 It is believed that the Debtor can continue to operate the motel to generate income adequate to
17 make the ongoing expense payments until the property is sold or refinanced pursuant to the Plan.

18 19 **XI. Modifications or Withdrawals of the Plan**

20 The Debtor may alter, amend, or modify the Plan under § 1127(a) of the Bankruptcy Code at any
21 time before the Confirmation Date, so long as the Plan, as modified, meets the requirements of
22 §§1122 and 1123. The Debtors may also alter, amend, or modify the Plan under § 1127(b),
23 following the Confirmation Date but before the Effective Date. The Debtors may revoke or
24 withdraw the Plan before the Confirmation Date. If the Plan is revoked or withdrawn before the
25 Confirmation Date, the Plan shall be of no force or effect, and shall be deemed null and void. If
26 the Plan is revoked or withdrawn before the Confirmation Date, nothing contained herein shall in
27 any way affect or prejudice the rights of the Debtors with regard to Claims, Avoidance Actions,
28 or any other rights or interests. After confirmation, the Plan may be modified pursuant to
29 §1127(e).
30

XII. Objections to Claims, Counterclaims, Avoidance Actions and Settlements

Any objections to Claims must be filed within thirty days following confirmation of the Plan. The Debtor believes that the claims resolution process should not delay Confirmation of the Plan. The Debtor reserves the right to file objections to any Claims, except as otherwise provided in the Plan, either as currently filed or as may be amended. In order to expedite payments to Creditors, the Debtor seeks Confirmation notwithstanding the fact that certain Claims may be disputed. The fact that the Debtor may not have objected to a particular Claim does not mean that the Debtor will not object to such Claim. Accordingly, the Debtor makes no representations either in the Plan or this Disclosure Statement as to the validity of any Claim filed, and Creditors should not make any assumption based upon the fact that no objection has yet been filed to any individual Claim.

Settlement of Disputed Claims: The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

XIII. Miscellaneous Plan Provisions

A. Executory Contracts and Unexpired Leases.

Pursuant to Article VI of the Plan, any pre-petition Executory Contracts and Leases in effect as of the effective date (other than any leases to tenants) and not specifically rejected will be deemed rejected as of the effective date. Any Claims arising from the rejection of Contracts and Leases must be filed on or before the Rejection Claim Bar Date. The Rejection Claim Bar Date is 30 days after the effective date, or, if later, 30 days after entry of any Final Order rejecting the Executory Contract or Lease. Absent the filing of a Proof of Claim on or before the Rejection Claim Bar Date, all Rejection Claims shall be forever barred from assertion and shall not be enforceable against the Debtor, its Estate, Assets, or properties. All Rejection Claims shall be General Unsecured Claims.

B. Retention of Jurisdiction, Closing.

Pursuant to §§ 105(a) and 1142 of the Bankruptcy Code, the Plan provides for the Bankruptcy Court to retain exclusive jurisdiction over all matters relating to the Plan, including the allowance of Claims and the adjudication of any Avoidance Actions. Upon substantial consummation of the Plan, the case shall be closed, but shall be subject to reopening to enforce the terms of this Plan

1 and to enter a discharge. This provision serves to avoid the need to pay U.S. Trustee fees after
2 substantial consummation, an expense Debtor can ill afford.

3 4 5 **XIV. Discharge**

6 A. Discharge of and from all debts dischargeable under § 1141(d) of the Code shall include the
7 secured Claims under Classes B and C. Upon substantial consummation of the Plan, the case shall
8 be closed, but shall be subject to reopening to enforce the terms of this Plan and to enter a
9 discharge.

10 11 **XV. Risk of Plan**

12 The Debtor may be unable to refinance or sell the subject motel as a result of an
13 unforeseen economic downturn or the lack of a willing buyer at a price necessary to satisfy
14 secured claims, and the plan may therefore be impossible to perform, resulting in the termination
15 of the automatic stay allowing the foreclosure of the property by secured creditors. Debtor
16 believes there is demand for a property such as the motel and believes that a buyer willing to pay
17 a price necessary to satisfy the encumbrances will be located.

18 19 **XVI. Conclusion**

20 As stated previously, the Debtor is the proponent of the Plan and urges you to vote to accept the
21 Plan. The information and materials provided in this Disclosure Statement are intended to assist
22 you in voting on the Plan in an informed fashion. Since confirmation of the Plan will be binding
23 on your interests, the Debtor invites you to review these materials and make such further inquiries
24 as may be appropriate.

1 Dated this 24th day of November, 2017.

2
3
4 The Debtor certifies that the information provided in this Disclosure Statement is true, correct and
5 accurate to the best of his knowledge, information and belief.

6 DATED this 24th day of November, 2017

7
8
9 

10
11 Greenstar Hospitality LLC
12 Ahmed Fataftah, Managing Member

13
14
15 Presented by:
16 /s/ S. Lamont Bossard, Jr.
17 S. Lamont Bossard, Jr.
18 WSBA #12295
19 Attorney for Debtor