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7 Attorneys for Debtor

10 UNITED STATES BANKRUPTCY COURT

11 DISTRICT OF OREGON

12 In re

Case No. 12-31450-elp11

13 General Auto Building, LLC,

**DEBTOR'S ~~FOURTH~~FIFTH
AMENDED DISCLOSURE
STATEMENT (January
23FEBRUARY 11, 2013)**

14 Debtor.

16 **1. INTRODUCTION**

17 On March 2, 2012 (the "Petition Date"), General Auto Building, LLC ("Debtor") filed
18 a voluntary petition under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy
19 Code"). This Disclosure Statement ("Disclosure Statement") describes various transactions
20 contemplated under the Plan, including the manner in which Claims and Interests will be
21 satisfied. A copy of the Plan is attached hereto as **Exhibit 1**. You are urged to review the
22 Plan and, if appropriate, consult with counsel about the Plan and its impact upon your legal
23 rights before voting on the Plan. Capitalized terms used but not defined in this Disclosure
24 Statement shall have the meanings assigned to such terms in the Plan or the Bankruptcy
25 Code.

1 This Disclosure Statement has been prepared by Debtor based on information
2 contained in its books and records. The information contained herein has been prepared in
3 good faith, based upon information available to it. The information concerning the Plan has
4 not been subject to a verified audit. Debtor believes this Disclosure Statement complies with
5 the requirements of the Bankruptcy Code.

6 The statements contained in this Disclosure Statement are made as of the date hereof,
7 unless another time is specified herein, and the delivery of this Disclosure Statement shall not
8 imply there has been no change in the facts set forth herein since the date of this Disclosure
9 Statement and the date of the material relied on in preparation of this Disclosure Statement
10 was compiled. The description of the Plan contained in this Disclosure Statement is intended
11 as a summary only and is qualified in its entirety by reference to the Plan itself. If any
12 inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan are
13 controlling. Each holder of a Claim is encouraged to read, consider, and carefully analyze
14 the terms and provisions of the Plan. This Disclosure Statement may not be relied on for any
15 purpose other than to determine how to vote on the Plan. Nothing contained herein shall
16 constitute an admission of any fact or liability by any party, or be admissible in any
17 proceeding involving Debtor or any other party, or be deemed conclusive advice on the tax or
18 other legal effects of the reorganization on the holders of Claims or Interests.

19 This Disclosure Statement is submitted in accordance with Section 1125 of the
20 Bankruptcy Code and Bankruptcy Rule 3016. The Bankruptcy Court has scheduled a
21 hearing on confirmation of the Plan to commence on _____, 2013 at _____. That
22 hearing will be held at the United States Bankruptcy Court for the District of Oregon,
23 Courtroom 1, 1001 SW Fifth Avenue, Portland, Oregon 97204 before the Honorable
24 Elizabeth L. Perris. The hearing on confirmation may be adjourned from time to time by the
25 Bankruptcy Court without further notice, except for an announcement made at the hearing or
26 any adjournment thereof.

A ballot has been enclosed with this Disclosure Statement for use in voting on the Plan. In order to be tabulated for purposes of determining whether the Plan has been accepted or rejected, ballots must be received at the address indicated on the ballot no later than 4:00 p.m. Pacific Time on _____, 2013.

2. SUMMARY OF PLAN

A copy of the Plan is attached hereto as **Exhibit 1** and discussed in detail later in this Disclosure Statement. The following description of the Plan is intended as a summary only and is qualified in its entirety by reference to the Plan. Debtor urges each holder of a Claim to carefully review the entire Plan, together with this Disclosure Statement, before voting on the Plan.

2.1. GENERAL

Generally, the Plan provides that (a) all membership interests in Debtor will be cancelled on the Effective Date; (b) North Park Development will purchase a \$400,000 membership interest in Reorganized Debtor; (c) all Insiders and Creditors of Debtor are offered the opportunity to purchase membership interests in Reorganized Debtor in \$50,000 increments; (d) membership interests in Reorganized Debtor will be allocated pro rata among all new investors; and (e) Debtor will operate in the ordinary course and pay all Creditors in full or in part over time pursuant to the Plan from revenue generated by operations, from cash savings, and from the new investment in Debtor.

2.2. SECURED CREDITORS

Reorganized Debtor will pay its Secured Creditors, R&H Construction, Multnomah County, and HomeStreet Bank as follows.

2.2.1. R&H Construction filed a proof of claim in the amount of \$146,946.80. The proof of claim asserts that the claim is secured by a construction lien arising from certain improvements made to the General Automotive Building. R&H Construction believes it is owed the claim amount plus (a) interest accruing at the rate of

1 18% per annum until the Effective Date and (b) costs and reasonable attorneys' fees. The
 2 Plan provides that R&H Construction will be paid the full amount of its Allowed Secured
 3 Claim up to \$178,000 on the Effective Date. Any unpaid balance will be payable together
 4 with interest at 4.5% per annum on the second anniversary of the Effective Date. Park &
 5 Flanders filed an objection to the R&H Construction claim and initiated an adversary
 6 proceeding seeking a determination of the validity and priority of the R&H Construction lien.
 7 In the event that Park & Flanders prevails, then the R&H Construction claim may not be an
 8 Allowed Secured Claim. Pursuant to the Stipulated Order Extending Interim Use of Cash
 9 Collateral entered on September 5, 2012 [Dkt. #159], Park & Flanders was granted relief
 10 from stay to settle or satisfy the mechanic's lien claim of R&H Construction. In the event
 11 that Park & Flanders' settles or satisfies the Allowed Secured Claim of R&H Construction,
 12 any amounts paid by Park & Flanders to R&H Construction will be added as a protective
 13 advance to either the Class 3 or Class 10 Claim. The balance of R&H Construction's
 14 Allowed Claim will be treated as a Class 4 Claim.

15 2.2.2. As of the Petition Date, Multnomah County had a lien on the
 16 General Automotive Building for unpaid real property taxes in the approximate amount of
 17 \$90,000. Multnomah County's Secured Claim will be paid in full prior to the Effective Date.
 18 Debtor anticipates that Multnomah County will have no money owing to it on the Effective
 19 Date and, in turn, no Allowed Claim.

20 2.2.3. HomeStreet Bank's ("HomeStreet") Allowed Secured Claim is
 21 secured by a perfected security interest in substantially all of Debtor's assets, including rents.
 22 HomeStreet will retain its interests in its Collateral with the same priority that it had as of the
 23 Petition Date. HomeStreet will retain its interests in the Tenant Leases notwithstanding
 24 Debtor's assignment of those leases pursuant to Section 9.2.3.8. HomeStreet's Claim will be
 25 an Allowed Secured Claim up to the value of HomeStreet's interest in the property securing
 26 the Claim. In September of 2012, the Bankruptcy Court valued the General Auto Building at

1 \$10,800,000. HomeStreet's Allowed Secured Claim will be paid in full, together with
 2 interest at a fixed rate of 4.5%, or at such other rate fixed by the Court at confirmation.
 3 Commencing on the first day of the first month following the Effective Date and continuing
 4 on the first day of the following 11 months, HomeStreet will be paid monthly payments of
 5 interest only. Commencing on the first day of the thirteenth month following the Effective
 6 Date and continuing on the first day of each month thereafter, HomeStreet will be paid equal,
 7 monthly amortizing payments of principal and interest based upon a 30-year amortization
 8 schedule with a balloon payment of the unpaid principal plus accrued interest due on the
 9 tenth anniversary of the Effective Date. This means that Debtor will pay HomeStreet
 10 approximately \$39,938 per month in interest payments for 12 months, and then pay
 11 HomeStreet approximately \$53,962 per month in interest and principal for nine years. A
 12 balloon payment of approximately \$8,551,418 will then be paid to HomeStreet. After the
 13 Petition Date, HomeStreet assigned its claim to Park & Flanders. Reorganized Debtor will
 14 maintain and insure the General Automotive Building and promptly pay all real property
 15 taxes as they come due.

16 2.2.4. PDC assigned its claim to Park & Flanders. Park & Flanders has
 17 filed a notice of its election to have the PDC claim treated as a secured claim pursuant to
 18 11 U.S.C. § 1111(b)(2). If the election is valid under the statute, then the PDC claim of
 19 \$1,477,000 will be treated as a secured claim.

20 **2.3. UNSECURED CREDITORS**

21 2.3.1. Commencing on the last business day of July 2013, and continuing
 22 on the last business day of each July, October, January, and July thereafter until paid or
 23 satisfied as hereafter provided, Reorganized Debtor shall pay to each holder of a Class 4
 24 claim an amount equal to its pro rata share of Reorganized Debtor's Excess Cash as of the
 25 last day of the prior calendar quarter. Payments shall continue until the (a) holders of Class 4
 26 Claims have been paid in full, together with interest at the Federal Judgment Rate; or (b) the

1 last day of ~~January~~ April 2023, whichever shall first occur; provided, however that, in the
 2 event that holders of Class 4 Claims have received payments totaling at least 60% of their
 3 Class 4 Claim on or before ~~December 31, 2017~~ April 30, 2018, then the Class 4 Claims will
 4 be deemed to have been paid and satisfied in full and Reorganized Debtor will have no
 5 further payment obligations. If Park & Flanders prevails on its objection to the R&H
 6 Construction secured claim, then the R&H Construction claim will be a General Unsecured
 7 Claim, in whole or in part. In the event that the PDC § 1111(b)(2) election is not upheld,
 8 then the PDC claim will be a Class 4 unsecured claim.

9 2.3.2. Small Unsecured Creditors (creditors with claims of \$6,000 or less)
 10 will be paid 60% of their Allowed Claim in cash on the later of the Effective Date of the Plan
 11 or the date on which the Claim is Allowed. Small Unsecured Creditors will not receive any
 12 interest payment.

13 2.3.3. General Auto Lessee's Allowed Unsecured Claim will be satisfied by
 14 Reorganized Debtor as follows: On the Effective Date, Debtor will assign all Tenant Leases
 15 to General Auto Lessee subject to HomeStreet Bank's interests in the Tenant Leases and
 16 Debtor and General Auto Lessee will enter into an amendment to the Master Lease that will
 17 (a) amend the schedule of base rent provided in Section 4.1 of the Master Lease as necessary
 18 given Debtor's projected financial performance; (b) clarify Debtor's rights to terminate the
 19 Master Lease; and (c) release Debtor and General Auto Lessee from any Pre-Effective Date
 20 Claims arising under the Master Lease. Debtor and General Auto Lessee reaffirm their rights
 21 and obligations arising from and after the Effective Date under the Tax Credit Documents.

22 2.3.4. The Allowed Unsecured Claims of Insiders will be subordinated to
 23 the payment of all other allowed unsecured claims.

24 2.4. EQUITY INTERESTS

25 The Plan provides that existing equity interests in the Debtor will be extinguished.
 26

1 **2.5. LEASES AND EXECUTORY CONTRACTS**

2 All unexpired leases and executory contracts will be treated as set out in Section 8.1
3 below.

4 **2.6. MISCELLANEOUS**

5 The Effective Date of the Plan shall be the first day of the first month following the
6 date that the Confirmation Order becomes a Final Order..

7 In the event any Class does not accept the Plan, Debtor reserves the right to request
8 that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the
9 Bankruptcy Code or otherwise modify the Plan.

10 **3. BRIEF EXPLANATION OF CHAPTER 11**

11 Chapter 11 of the Bankruptcy Code is the principal reorganization provision of the
12 Bankruptcy Code. Pursuant to Chapter 11, a debtor attempts to reorganize its business for
13 the benefit of the debtor, its creditors, and other parties in interest.

14 The formulation and confirmation of a plan of reorganization is the principal purpose
15 of a Chapter 11 case. A plan of reorganization sets forth a proposed method for
16 compensating the holders of claims and interests in the debtor. A claim or interest is
17 impaired under a plan of reorganization if the plan provides that the legal, equitable, or
18 contractual rights of the holder of such claim or interest are altered. A holder of an impaired
19 claim or interest is entitled to vote to accept or reject the plan. Chapter 11 does not require
20 all holders of claims and interests to vote in favor of a plan in order for the Bankruptcy Court
21 to confirm it. However, the Bankruptcy Court must find that the plan meets a number of
22 statutory tests before it may approve the plan. These tests are designed to protect the
23 interests of holders of claims or interests who do not vote to accept the plan, but who will
24 nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

25 An official committee of unsecured creditors may be appointed by the trustee in
26 Chapter 11 cases to, among other things, negotiate the plan of reorganization on behalf of the

unsecured creditors of the debtor. A committee of unsecured creditors has not yet been appointed by the United States Trustee in this case.

4. VOTING PROCEDURES AND CONFIRMATION OF A PLAN

4.1. BALLOTS AND VOTING DEADLINE

A ballot to be used for voting to accept or reject the Plan is enclosed with each copy of this Disclosure Statement mailed to all Creditors entitled to vote. After carefully reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your acceptance or rejection of the Plan by voting in favor or against the Plan on the enclosed ballot as directed below.

The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than 4:00 p.m. Pacific Time, on _____, 2013 by Debtor at the following address:

Tonkon Torp LLP,
Attention: Ava L. Schoen
1600 Pioneer Tower
888 S.W. Fifth Avenue
Portland, OR 97204-2099

Holders of each Claim scheduled by Debtor or with respect to which a Proof of Claim has been filed will receive ballots and are permitted to vote based on the amount of the Proof of Claim. If no Proof of Claim has been filed, then the vote will be based on the amount scheduled by Debtor in its Schedules. Holders of disputed Claims who have settled their dispute with Debtor are entitled to vote the settled amount of their Claim. The Bankruptcy Code provides that such votes will be counted unless the Claim has been disputed, disallowed, disqualified or suspended prior to computation of the vote on the Plan. The Claim to which an objection has been filed is not allowed to vote unless and until the Bankruptcy Court rules on the objection. The Bankruptcy Code provides that the Bankruptcy Court may, if requested to do so by the holder of such claim, estimate or temporarily allow a disputed claim for the purposes of voting on the Plan.

1 If a person holds claims in more than one class entitled to vote on the Plan, such
 2 person will be entitled to complete and return a ballot for each Class. If you do not receive a
 3 ballot or if a ballot is damaged or lost, please contact:

4 Tonkon Torp LLP,
 5 Attention: Ava L. Schoen
 6 1600 Pioneer Tower
 888 S.W. Fifth Avenue
 Portland, OR 97204-2099

7 All persons entitled to vote on the Plan may cast their vote for or against the Plan by
 8 completing, dating and signing the ballot accompanying this Disclosure Statement and
 9 returning it, by First Class Mail or hand delivery, to Debtor at the address indicated above.
 10 In order to be counted, all ballots must be executed and received at the above address no later
 11 than 4:00 p.m. Pacific Time on _____, 2013. Any ballots received after 4:00 p.m. Pacific
 12 Time on _____, 2013 will not be included in any calculation to determine whether the
 13 parties entitled to vote on the Plan have voted to accept or reject the Plan.

14 When a ballot is signed and returned without further instruction regarding acceptance
 15 or rejection of the Plan, the signed ballot shall be counted as a vote accepting the Plan. When
 16 a ballot is returned indicating acceptance or rejection of the Plan but is unsigned, the
 17 unsigned ballot will not be included in any calculation to determine whether parties entitled
 18 to vote on the Plan have voted to accept or reject the Plan. When a ballot is returned without
 19 indicating the amount of the Claim, the amount shall be as set forth on Debtor's Schedules or
 20 any Proof of Claim filed with respect to such Claim.

21 **4.2. PARTIES ENTITLED TO VOTE**

22 Pursuant to Section 1126 of the Bankruptcy Code, each class of impaired claims or
 23 interests that is not deemed to reject the Plan is entitled to vote to accept or reject the Plan.
 24 Any holder of an Allowed Claim that is in an impaired class under the Plan, and whose Class
 25 is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless the legal,
 26 equitable and contractual rights of the holders of claims in that Class are left unaltered by the

Plan or if the Plan reinstates the Claims held by members of such Class by (1) curing any defaults, (2) reinstating the maturity of such claim, (3) compensating the holder of such claim for damages that result from the reasonable reliance on any contractual provision of law that allows acceleration of such claim and (4) otherwise leaving unaltered any legal, equitable or contractual right of which the Claim entitles the holder of such claim. Because of their favorable treatment, classes that are not impaired are conclusively presumed to accept the Plan. Accordingly, it is not necessary to solicit votes from the holders of claims in classes that are not impaired.

Classes of Claims or Interests that will not receive or retain any money or property under a Plan on account of such Claims or Interests are deemed, as a matter of law under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not entitled to vote on the Plan. Class 9 (Interests) are deemed to have rejected Debtor's Plan.

Class 1 (Other Priority Claims) and Class 5 (Multnomah County) are not impaired and therefore are deemed to have accepted the Plan. All other Classes of Claims, Classes 2 through 4, Classes 6 through 8, and Class 10, are impaired under the Plan and persons holding Class 2 through 4, Classes 6 through 8, and Class 10 Claims are entitled to vote to accept or reject the Plan. Class 9 Interests is deemed to have rejected the Plan because holders of Class 9 Interests will receive nothing in consideration of their Interests.

4.3. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Interests accept the Plan, subject to the exceptions described below in the section entitled "Cram Down of the Plan." At least one impaired Class of Claims must accept the Plan in order for the Plan to be confirmed.

For a Class of Claims to accept a plan, Section 1126 of the Bankruptcy Code requires acceptance by Creditors that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class, in both cases counting only those claims

1 actually voting to accept or reject the plan. The holders of Claims who fail to vote are not
 2 counted as either accepting or rejecting the Plan. If the Plan is confirmed, the Plan will be
 3 binding with respect to all holders of Claims and Interests in each Class, including Classes
 4 and members of Classes that did not vote or that voted to reject the Plan.

5 **4.4. "CRAM DOWN" OF THE PLAN**

6 If the Plan is not accepted by all the impaired Classes of Claims, the Plan may still be
 7 confirmed by the Bankruptcy Court pursuant to Section 1129(b) of the Bankruptcy Code's
 8 "Cram Down" provision if the Plan has been accepted by at least one Impaired Class of
 9 Claims, without counting the acceptances of any insiders of Debtor, and the Bankruptcy
 10 Court determines, among other things, that the Plan "does not discriminate unfairly" and is
 11 "fair and equitable" with respect to each non-accepting Impaired Class of Claims or Interest.

12 **4.5. CONFIRMATION HEARING**

13 The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to take
 14 place on _____, 2013 at _____ Pacific Time. The Confirmation Hearing will be held at the
 15 United States Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth
 16 Avenue, 8th Floor, Portland, Oregon, before the Honorable Elizabeth L. Perris, United States
 17 Bankruptcy Judge. At the hearing, the Bankruptcy Court will consider whether the Plan
 18 satisfies the various requirements of the Bankruptcy Code, including whether it is feasible
 19 and whether it is in the best interest of the creditors of Debtor. At that time, Debtor will
 20 submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection of
 21 the Plan by the persons entitled to vote thereon.

22 Section 1128(b) of the Bankruptcy Code provides that any party in interest may
 23 object to confirmation of the Plan. Any objections to confirmation of the Plan must be made
 24 in writing and filed with the Bankruptcy Court and received by counsel for Debtor no later
 25 than _____, by _____ Pacific Time. Unless an objection to confirmation is timely
 26 filed and received, it may not be considered by the Bankruptcy Court.

1 **5. BACKGROUND AND GENERAL INFORMATION**

2 **5.1. DEBTOR**

3 Debtor is an Oregon limited liability company formed in 2007 with its principal place
4 of business in Spokane, Washington. Debtor was formed to renovate and lease commercial
5 property located at 411 NW Park Avenue, Portland, OR 97205 (the "General Automotive
6 Building"). The General Automotive Building includes 40,000 square feet divided into
7 thirteen units of varying sizes. As of the Petition date, Debtor has developed virtually all of
8 the General Automotive Building and has leased approximately 98% of the building's space
9 to retail and commercial tenants. Debtor continues to seek tenants for the remaining spaces.

10 **5.2. DEBTOR'S BUSINESS STRATEGY**

11 Debtor's strategy was and is to lease commercial and retail units in a beautifully
12 restored and well-managed former industrial building at competitive rental rates. The
13 General Automotive Building offers desirable space to tenants and potential tenants: it is
14 located in the heart of the Pearl District, provides abundant natural light with views of the
15 adjacent North Park Blocks, and offers flexible work space. Debtor has obtained LEED Gold
16 designation.

17 **5.3. MANAGEMENT**

18 Debtor is a limited liability company made up of four members: North Park
19 Development, LLC; Revonoc LLC; KTP Development LLC; and David Sniderman. North
20 Park Development is the managing member of Debtor. Pursuant to the Plan, all Interests in
21 Debtor will be extinguished on the Effective Date and North Park Development will invest
22 \$400,000 of new money in Reorganized Debtor. North Park has executed a subscription
23 agreement reflecting its anticipated investment. North Park Development will be the initial
24 managing member of Debtor. All Creditors and Insiders will also have the opportunity to
25 invest in the Reorganized Debtor and acquire newly issued membership interests (see Section
26 10 of this Disclosure Statement).

1 North Park Development or its successor managing member will be entitled to
 2 compensation not to exceed \$2,000 per month and reimbursement of expenses not to exceed
 3 \$1,000 per month. In addition, North Park Development (and any other entities that elect to
 4 acquire membership interest in the Reorganized Debtor pursuant to the Plan, will be entitled
 5 to distributions necessary to pay any federal, state, or local income taxes arising from taxable
 6 income of the Reorganized Debtor.

7 Since filing for bankruptcy protection, Debtor has retained a third-party property
 8 management company, Deering Management Group, Inc. ("Deering"). Deering was formed
 9 in 1992. It manages approximately 75 assets in Oregon and Washington. Its services include
 10 asset and facility management for office, retail, and mixed use facilities. Prior to forming
 11 Deering, its president, Mariann Deering, spent 28 years in Portland, Oregon with companies
 12 such as CB Commercial Real Estate Group, Inc., Prendergast and Associates, Cushman and
 13 Wakefield, and First Interstate Bank. Debtor has no ownership interest in Deering and
 14 Deering has no ownership interest in Debtor. Deering acts as Debtor's exclusive agent for
 15 purposes of managing and operating the General Automotive Building. Deering's
 16 responsibilities include ensuring that repairs are made; entering into service contracts;
 17 collecting and segregating rent; and paying expenses, taxes and insurance. Deering renders
 18 monthly statements to the managing member; these statements reflect income, operating and
 19 non-operating expenses, an activity reconciliation report (which includes details of rent
 20 payments), and an accounts payable distribution (which provides details on payments made).
 21 For its services, Deering is paid 2-1/2% of General Automotive Building's gross income each
 22 month. As of the Effective Date and consistent with the Tax Credit Documents, Deering will
 23 be retained by General Auto Lessee to carry out its work as property manager of the General
 24 Automotive Building.

25 Debtor has also engaged Apex Real Estate Partners ("Apex") as its exclusive listing
 26 agent to help secure satisfactory tenants for any units in the General Automotive Building

1 that are vacant or become vacant. Apex has considerable experience as a leasing agent and
 2 extensive knowledge of the neighborhood in which the General Automotive Building is
 3 located. Debtor anticipates that General Auto Lessee will continue to engage Apex as its
 4 leasing agent.

5 To the extent no other Insiders or Creditors invest in the Reorganized Debtor, North
 6 Park Development will be the Reorganized Debtor's sole member and its managing member.
 7 North Park Development and Deering have in-depth experience in the commercial real estate
 8 industry and with the rental market in Portland, Oregon. North Park Development's members
 9 will include Robert Brewster, Sr., Robert Brewster, Jr. and David Sniderman.

10 **5.4. FINANCIAL PERFORMANCE**

11 Attached as **Exhibit 2** is a spreadsheet that presents in summary fashion the actual
 12 operating results for Debtor for fiscal year 2012 to date from the Petition Date and the
 13 projected operating results for Debtor through fiscal year 2022 on a monthly basis. **Exhibit 2**
 14 reflects that Debtor has had financial success leasing units in the General Automotive
 15 Building and that Debtor has projects that it will have adequate funds with which to repay its
 16 creditors.

17 Debtor's projections are based on the following:

- 18 • The projections reflect the projected operating performance of the General
 19 Automotive Building. They do not reflect the Master Lease with General
 20 Auto Lessee (see Section 7.2.6 of this Disclosure Statement and Exhibit 2
 21 to the Plan) because Debtor anticipates that the Master Lease will be
 22 terminated in the first half of 2015, prior to projected distributions to
 23 General Unsecured Creditors and, upon termination, all leases and
 24 reserves will be assigned and transferred to Reorganized Debtor. There
 25 will be no material impact on the projected results of operations. If you
 26 would like detailed information on the Master Lease, please contact:

Tonkon Torp LLP,
Attention: Ava L. Schoen
1600 Pioneer Tower
888 S.W. Fifth Avenue
Portland, OR 97204-2099
Telephone: (503) 802-2143

- At least \$400,000 in new equity will be invested in Reorganized Debtor on the Effective Date.
- All existing tenants will perform their obligations on existing leases.
- With the exception of Shop Ignitor's lease, the existing leases are at market and the space will be leased at the end of each existing term, with annual rent increases of 3%.
- In November of 2013, rent payable on the Shop Ignitor space will increase to \$17,500 per month from \$11,844 per month. Thereafter, the rent will increase at 3% per year.
- Vacancy and collection loss will be 5%.
- The vacant retail space will be rented at \$24 per square foot on a triple net basis. The Tenant Improvement allowance will be \$50 per square foot and a leasing commission of 6% will be paid.
- Pixel Pool and Motorola will renew their leases and no leasing commissions or tenant improvement allowances will be required.
- Except for the Motorola lease, the Pixel Pool lease, and the retail space, each new lease or lease renewal will involve a leasing commission of 6% on a five-year lease and a tenant improvement allowance of \$5 per square foot.
- A 5% annual increase in property taxes through November of 2015 and 3% thereafter.
- A 3% annual increase in insurance.

- 1 • A 2% annual increase in other expenses.
- 2 • The HomeStreet secured claim is assumed to be \$10,800,000. Park &
- 3 Flanders disagrees with that assumption and asserts that HomeStreet's
- 4 secured claim will be \$11,000,000 or more. If HomeStreet is correct, then
- 5 the debt service payable to Park & Flanders will be greater than projected.
- 6 • The HomeStreet secured claim will accrue interest at 4.5% per annum.
- 7 Park & Flanders disagrees with this assumption and asserts that the
- 8 interest rate should be significantly higher. An increase in the interest rate
- 9 would result in an increase in debt service.
- 10 • The projections do not incorporate the \$14,000 annual payment on the
- 11 PDC Claim projected in the plan in the event that the 1111(b) election is
- 12 valid. The Court has not determined if the election is valid and the annual
- 13 payments would have little impact on the amount payable to unsecured
- 14 creditors.
- 15 • The Master Lease with General Auto Lessee is not reflected because it
- 16 will be terminated within two years and will have no impact on the
- 17 projected financial performance of Reorganized Debtor or the projected
- 18 distributions to Unsecured Creditors.

19 Debtor believes the projections are reasonable and achievable, but there are many
 20 variables that can and will affect the actual financial results that are achieved by Reorganized
 21 Debtor. Significant distributions to General Unsecured Creditors should begin by 2016.
 22 Assuming the Park & Flanders 1111(b) election is valid, Debtor's projections reflect that
 23 General Unsecured Creditors will be paid in full over the 10-year term of the plan payments.
 24 Absent additional new investment or financing, it is unlikely that Reorganized Debtor will be
 25 able to elect to satisfy General Unsecured Claims within five years by paying a total of 60%
 26 of the amount of each Claim. On the other hand, if the plan is not confirmed, unsecured

creditors will receive nothing because Park & Flanders will foreclose the lien it acquired from HomeStreet Bank.

6. THE BANKRUPTCY CASE

6.1. THE FILING

Debtor obtained a loan from HomeStreet in June 2008 in the principal amount of \$10,200,000 ("HomeStreet Loan"). Pursuant to an agreement between Debtor and HomeStreet in September 2010, the principal amount of the loan was reduced to \$10,000,000. To secure the obligations under the HomeStreet Loan, Debtor granted to HomeStreet a Line of Credit Commercial Deed of Trust, Assignment of Rents and Leases, and Security Agreement and Fixture Filing. The loan was originally due to mature on January 1, 2010, but was extended several times by agreement between HomeStreet and the Debtor.

Debtor also obtained a loan from PDC in June 2008 in the principal amount of \$1,400,000 ("PDC Loan"). To secure the obligations under the PDC Loan, Debtor granted to PDC a Line of Credit Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents. The loan was due to mature on June 1, 2019. Pursuant to a Subordination, Nondisturbance and Attornment Agreement, the PDC Loan is subordinate to the HomeStreet Loan.

In early 2012, debtor hired R&H Construction to perform work at the General Automotive Building and authorized tenant improvements for tenants based on an additional anticipated loan of \$225,000 from PDC. PDC ultimately did not fund that loan. Due to PDC's failure to fund the additional loan, the difficult economic and real estate markets in which Debtor was developing the General Automotive Building, and unanticipated rent concessions and tenant improvement costs, Debtor was unable to remain current on its payments to HomeStreet and PDC and defaulted on the HomeStreet Loan and PDC Loan. In January 2012, PDC demanded payment of the full loan balance from Debtor and in February

1 2012, HomeStreet demanded payment of the full loan balance from Debtor. Debtor was
 2 unable to make such payments. HomeStreet, in turn, commenced a non-judicial foreclosure
 3 of the deed of trust and filed a motion for appointment of a receiver.

4 In order to keep Debtor operating, and protect Debtor's creditors, Debtor resolved to
 5 seek the protection of Chapter 11 Bankruptcy.

6 **6.2. TRANSFER OF CLAIMS TO PARK & FLANDERS**

7 On May 29, 2012, HomeStreet transferred to Park & Flanders all HomeStreet's right,
 8 title and interest in and to HomeStreet's claims against the Debtor. On that same day, PDC
 9 transferred to Park & Flanders all of PDC's right, title and interest in and to PDC's claims
 10 against the Debtor.

11 On June 29, 2012, Park & Flanders filed a proof of claim for (a) \$10,529,361.87
 12 based upon the claim transferred to it by HomeStreet and (b) \$1,477,761.30 based upon the
 13 claim transferred to it by PDC.

14 **6.3. MOTION FOR RELIEF FROM STAY**

15 Prior to transferring its claims to Park & Flanders, HomeStreet filed a motion for
 16 relief from the automatic stay seeking to terminate the automatic stay to permit HomeStreet
 17 to complete a non-judicial foreclosure of the General Automotive Building. Debtor filed a
 18 brief in opposition to the motion and Park & Flanders (having at this point become the
 19 transferee of HomeStreet's claim) filed a brief in support of the motion. On June 15, 2012,
 20 the Bankruptcy Court entered an order, which (a) neither granted nor denied the motion for
 21 relief from stay and (b) determined that a final hearing on the motion for relief from stay will
 22 be held immediately following the confirmation hearing. Debtor believes that if the motion
 23 for relief from stay is granted, Park & Flanders will foreclose on the General Automotive
 24 Building. If a foreclosure takes place, there will be no money available to make payments to
 25 any creditors other than Park & Flanders.
 26

1 In November of 2012, Park & Flanders filed a second motion for relief from stay,
2 which the Court denied.

3 **6.4. VALUATION OF THE GENERAL AUTOMOTIVE BUILDING**

4 On June 26, 2012, Park & Flanders filed a motion with the Bankruptcy Court seeking
5 an evidentiary hearing to determine the value of the General Automotive Building.
6 Thereafter, on August 27, August 29 and September 6, 2012 a hearing was held to determine
7 the value of the General Automotive Building. The Bankruptcy Court heard and considered
8 evidence, including the testimony of witnesses, expert appraisal reports, and other
9 documentary evidence, and considered the arguments of counsel for the Debtor and Park &
10 Flanders. The Bankruptcy Court valued the General Automotive Building at \$10,800,000.

11 In subsequent pleadings, Park & Flanders has asserted that the value of the General
12 Automotive Building has increased since the September valuation as a result of Debtor's
13 leasing efforts. Debtor anticipates that Park & Flanders will seek to revisit the valuation of
14 the building at the confirmation hearing.

15 **6.5. PARK & FLANDERS' OBJECTIONS TO DISCLOSURE** 16 **STATEMENTS**

17 Park & Flanders filed an objection to Debtor's original disclosure statement (filed
18 May 31, 2012). Park & Flanders states that the May 31, 2012 disclosure statement was not
19 adequate because it, (a) does not provide adequate disclosure regarding the terms of the
20 Master Lease and General Auto Lessee's ability to make payments pursuant to the Master
21 Lease, (b) does not state the correct value of the General Automotive Building, (c) fails to
22 adequately treat secured and super priority claims transferred from the PDC to and asserted
23 by Park & Flanders, (d) does not explain why R&H Construction's lien is senior to Park &
24 Flanders' liens, (e) does not reflect property taxes paid by Debtor, and (f) does not adequately
25 disclose North Park Development's willingness or ability to purchase a membership interest
26

1 in the Reorganized Debtor. Debtor believes that it has addressed all of Park & Flanders'
2 objections.

3 Park & Flanders further argues that it will not support Debtor's Plan and that the Plan
4 should not be confirmed because it, (a) "transmutes" existing tenant leases into subleases,
5 (b) does not satisfy the "cram down" provisions applicable to secured creditors, (c) violates
6 the "absolute priority rule," (d) fails to properly treat Park & Flanders' secured and super
7 priority claims, (v) is not feasible, and (vi) was not filed in good faith. Debtor disagrees with
8 all of Park & Flanders' objections to confirmation.

9 Debtor filed a first amended disclosure statement on October 5, 2012, a second
10 amended disclosure statement on November 27, 2012, ~~and~~ a third amended disclosure
11 statement on December 17, 2012, and a Fourth Amended Disclosure Statement on
12 January 23, 2013. Park & Flanders has objected to each disclosure statement asserting
13 virtually the same positions. Park & Flanders continues to assert that the Plan is not
14 confirmable. Debtor continues to believe that the Plan is confirmable. If the Plan is not
15 confirmed, Park & Flanders will foreclose the deed of trust it acquired from HomeStreet and
16 unsecured creditors will receive nothing.

17 **7. ASSETS AND LIABILITIES**

18 **7.1. ASSETS**

19 Debtor's principal asset is the commercial property and real estate located at 411 NW
20 Park Avenue, Portland, OR 97205 (the General Automotive Building). As described above,
21 the Bankruptcy Court has valued the General Automotive Building at \$10,800,000.

22 Debtor generates revenue from the leases with its tenants. Currently, Debtor is a
23 party to twelve leases with its tenants generating approximately \$80,000 per month in
24 revenues.
25
26

1 **7.2. LIABILITIES**

2 7.2.1. R&H Construction. R&H Construction performed construction in
3 and upon the General Automotive Building for which it was not paid. R&H Construction
4 recorded a claim of construction lien in Multnomah County on February 27, 2012. The
5 amount of debt owing to R&H Construction as of the Petition Date was \$146,946.80. If
6 R&H Construction holds a valid first priority lien, then R&H Construction is an oversecured
7 creditor and R&H Construction is entitled to post-petition contract interest and attorney fees
8 allowed by Oregon statute. Debtor believes that R&H Construction has a valid first priority
9 lien because the improvements constructed by R&H Construction were not repairs or
10 alterations. Park & Flanders has objected to the R&H Construction secured claim and has
11 commenced an adversary proceeding seeking a determination that the R&H Construction lien
12 is not valid and is subordinate to the Park & Flanders' secured claim. If Park & Flanders
13 prevails, then R&H Construction will not have an Allowed Secured Claim and will hold a
14 General Unsecured Claim. In the event that Park & Flanders and R&H Construction reach a
15 settlement on the validity and priority of R&H Construction's lien then the R&H
16 Construction Secured Claim may be satisfied and R&H Construction will have an unsecured
17 claim for any unpaid balance.

18 7.2.2. Multnomah County Assessment & Taxation. On the Petition Date,
19 Multnomah County was a secured creditor of Debtor. The amount of debt owing to
20 Multnomah County was approximately \$90,000. The obligations of Debtor to Multnomah
21 County were secured by a lien on the Property. All property taxes for the 2012-2013 and
22 2011-2012 tax years and prior years have been paid.

23 7.2.3. HomeStreet Bank. According to the proof of claim filed by Park &
24 Flanders (the successor to HomeStreet's Claim), the principal amount of debt owing to
25 HomeStreet as of the Petition Date is \$9,966,398.01 and the total debt owing to HomeStreet
26 as of the Petition Date is \$10,529,361.87. The obligations of Debtor to HomeStreet are

1 secured by a perfected security interest in the General Automotive Building and rents.
 2 HomeStreet is a secured creditor of Debtor up to the value of the collateral. In September of
 3 2012, the Bankruptcy Court found the value of the General Automotive Building to be
 4 \$10,800,000. Park & Flanders has asserted that the value of the building has increased since
 5 the Court's determination.

6 HomeStreet is undersecured. HomeStreet's secured claim, ~~including post-petition~~
 7 ~~interest and costs, will be capped by the value of its collateral and~~ will be allowed in an
 8 amount equal to HomeStreet's interest in Debtor's interest in the property securing
 9 HomeStreet's claim. The claim will be determined at the Confirmation Hearing. Park &
 10 Flanders disagrees with Debtor's characterization that HomeStreet's secured claim is
 11 undersecured.

12 Debtor is analyzing the implications of HomeStreet's management of draw requests
 13 and disbursements of funds in a manner that was inconsistent with Debtor's instructions.
 14 Debtor has not determined whether it has a valid claim against HomeStreet.

15 7.2.4. Portland Development Commission. The principal amount of debt
 16 owing to PDC as of the Petition Date is \$1,400,000. PDC filed a claim for \$1,478,000.
 17 Debtor believes the PDC's Allowed Claim is fully unsecured because the PDC Loan is
 18 subordinate to the HomeStreet Loan and the R&H Construction lien and because PDC's
 19 interest in the estate's interest in PDC's Collateral had no value on the Petition Date or at any
 20 time thereafter. By contrast, PDC believes that its claim is secured in part and it has made an
 21 election under 11 U.S.C. § 1111(b) as described below in section 9.2.3.10. The § 1111(b)(2)
 22 election is not available to PDC if its claims in its Collateral are of inconsequential value.
 23 The Plan proposes alternative treatments for PDC's Claim depending on whether the
 24 § 1111(b)(2) election is available to PDC.

1 7.2.5. Unsecured Creditors. Debtor owes approximately \$3,060,000 to
 2 unsecured creditors excluding the claim of PDC, General Auto Lessee, and any unsecured
 3 claim of HomeStreet. Approximately \$1,740,000 of that amount is owed to Insiders.

4 7.2.6. General Auto Lessee. General Auto Lessee filed a proof of claim
 5 asserting an unsecured claim of \$776,612.79 for damages arising from Debtor's default under
 6 the Master Lease and the HTC Pass-Through Agreement, both executed by and between
 7 Debtor and General Auto Lessee. The Tax Credit Documents were executed simultaneously
 8 with the PDC and HomeStreet loan agreements and were an integral part of the financing
 9 package that funded the development and rehabilitation of the General Automotive Building.
 10 Both HomeStreet and PDC contemplated and approved the execution by Debtor of its
 11 agreements with General Auto Lessee and relied on the payment by General Auto Lessee of
 12 its obligations under the agreements. The General Auto Lessee claim is treated as the Class 8
 13 Claim.

14 On June 13, 2008, Debtor executed loan agreements with HomeStreet and PDC.
 15 Simultaneously, Debtor executed the Tax Credit Documents with General Auto Lessee: the
 16 Master Lease, the HTC Pass-Through Agreement (the "Pass-Through Agreement") and the
 17 Tenant Improvement and Commission Payment Agreement (the "Payment Agreement").
 18 The three agreements between Debtor and General Auto Lessee resulted in the payment by
 19 General Auto Lessee of approximately \$700,000 to Debtor for the development of the
 20 General Automotive Building. The General Auto Lessee financing was essential to the
 21 development and was relied upon by both HomeStreet and PDC in their investment
 22 decisions.

23 Debtor rehabilitated the General Automotive Building in a manner that qualified for
 24 the 10% historical rehabilitation tax credit (the "Historic Tax Credit") described in Section 47
 25 of the Internal Revenue Code. Debtor leased the Building to General Auto Lessee pursuant
 26 to the Master Lease, and General Auto Lessee was to operate the Building as a commercial

1 Property. The Pass-Through Agreement provided for the pass-through of the Historic Tax
 2 Credit to General Auto Lessee. The Payment Agreement provided for the payment of an
 3 amount that ultimately approximated \$700,000 by General Auto Lessee to Debtor.

4 Simultaneously with the execution of the three agreements between Debtor and
 5 General Auto Lessee, several agreements were executed relating to the capitalization,
 6 ownership, and control of General Auto Lessee, including the General Auto Lessee, LLC
 7 Operating Agreement, a Purchase Agreement, and a Guarantee Agreement. Debtor is not a
 8 party to any of those agreements. TCC and General Auto Development Manager are parties
 9 to all three agreements. Robert C. Brewster, Jr. ("Brewster") is a party to the Guarantee
 10 Agreement. Generally, the Agreements provide that TCC will own 99.9% of General Auto
 11 Lessee in exchange for a capital investment approaching \$800,000. General Auto
 12 Development Manager owns .1% and is the manager of General Auto Lessee. Pursuant to
 13 the Purchase Agreement, General Auto Development Manager has the right and obligation to
 14 purchase the interest of TCC in General Auto Lessee under certain conditions from and after
 15 January 1, 2015. It is contemplated that General Auto Development Manager will acquire
 16 the interests of TCC in General Auto Lessee in the first half of 2015. The Guarantee
 17 Agreement provides that Brewster guarantees for the benefit of TCC that General Auto
 18 Lessee and General Auto Development will perform their obligations to TCC.

19 After the PDC loan documents, HomeStreet loan documents, and General Auto
 20 Lessee agreements were executed by Debtor, Debtor commenced the rehabilitation and
 21 development of the General Automotive Building. The rehabilitation took longer and cost
 22 more than were originally projected. The General Automotive Building certificate of
 23 occupancy was issued in October of 2009 and the building was placed into service at that
 24 time. The start date for the first lease of space in the building was June 1, 2010.

25 The Master Lease provided that, after the "Possession Date," Debtor was to assign all
 26 Existing Leases to General Auto Lessee, and General Auto Lessee was to operate the General

1 Automotive Building and pay rent to Debtor. The "Possession Date" coincided with the
2 completion of "Landlord's Work." Both terms are defined in the Master Lease. The delay in
3 completion of the project raises ambiguities relating to adjustments to the rent schedule in the
4 Master Lease. Further, Debtor continued to enter into leases in its own name and the
5 operation of the Building was not transitioned to General Auto Lessee. Consequently, rental
6 income did not flow through General Auto Lessee and General Auto Lessee did not make
7 lease payments to Debtor, although General Auto Lessee did pay approximately \$700,000 to
8 Debtor pursuant to the Payment Agreement.

9 Article 31 of the Master Lease contains very broad exculpation provisions. Article 31
10 provides that in the case of a default by Debtor or General Auto Lessee, the parties can look
11 solely to the assets of the other party, including its interests in the Building and leases. No
12 member of either party will have any liability. General Auto Lessee has no significant assets
13 other than its leasehold interests under the Master Lease and its claim against Debtor.

14 General Auto Lessee filed its claim for \$776,612.79 principally because the default
15 by Debtor in the performance of its obligations under the Master Lease may, unless
16 remedied, result in the recapture of the Historic Tax Credit from General Auto Lessee and its
17 members. The Plan treatment of the General Auto Lessee claim reflects a settlement
18 between the parties whereby (a) Debtor will assign the Tenant Leases to General Auto
19 Lessee; and (b) the Master Lease will be amended by modifying the rent schedule and
20 clarifying the terms on which the Master Lease may be terminated. Debtor and General Auto
21 Lessee also release each other from claims arising from the failure of Debtor to assign leases
22 and turn over the operation of the General Automotive Building to General Auto Lessee and
23 the failure of General Auto Lessee to pay the rent originally scheduled in the lease.

24 Debtor believes that the Plan's treatment of General Auto Lessee's claim and the
25 settlement is in the best interests of Debtor, its estate, and its creditors for the following
26 reasons:

- The \$776,612 claim of General Auto Lessee will be released to the benefit of all unsecured creditors.
- General Auto Lessee and TCC will receive the benefit of their bargain.
- Park & Flanders will retain all of the security interests in property of the estate that it had prior to the Effective Date because (a) the Tenant Leases will be assigned to General Auto Lessee subject to the security interests and liens of Park & Flanders; (b) Park & Flanders will have a security interest and lien on the Master Lease, all subleases hereafter entered into by General Auto Lessee, and rents, proceeds, and profits generated by such leases, including all cash of General Auto Lessee.
- The claims and causes of action against General Auto Lessee that are being released have absolutely no value because (a) Debtor's default in failing to assign leases and transfer operations to General Auto Lessee excused General Auto Lessee's failure to pay rent; (b) the terms of the Master Lease explicitly limit any claim for damages against General Auto Lessee to its interests in the Master Lease and its other assets. Absent settlement, General Auto Lessee will have no assets other than the Master Lease and its claim against Debtor. After settlement, Debtor and Park & Flanders will have a security interest in all the assets of General Auto Lessee and, in the event of a default, all such assets will be available to Debtor or Park & Flanders.
- The Master Lease is a pass-through. The rent schedule is designed to require the payment of rent to Debtor that is substantially equal to the net operating income received by General Auto Lessee after payment of operating expenses.
- The Master Lease will be terminable within approximately two years.

- The Pass-Through Agreement and the Payment Agreement are not being modified.
- The effect of the delay in the occurrence of the Completion Date, the Credit Commencement Date, and the Possession Date on General Auto Lessee's rent obligations is uncertain and the settlement will eliminate the possibility of unnecessary and expensive litigation.

It should also be noted that the Operating Agreement, Purchase Agreement, and Guarantee are not being modified. Debtor is not a party to those agreements and the rights of other parties in or to those agreements will not be modified by the Plan. In particular, the guarantee of Brewster pursuant to the Guarantee of Brewster pursuant to the Guarantee Agreement is not modified.

8. ADMINISTRATIVE EXPENSES

Debtor has retained Tonkon Torp LLP as its counsel in this case. Debtor has retained Apex Real Estate Partners to provide leasing services and anticipates retaining Anton Collins Mitchell LLP to provide tax services. Debtor anticipates it will incur approximately \$275,000 in professional fees and expenses through confirmation of the Plan.

Park & Flanders has asserted that the PDC loan is entitled to a super priority administrative expense claim pursuant to section 507(b) of the Bankruptcy Code because of a failure of adequate protection. Debtor disputes that assertion because, among other things, PDC's claim was unsecured as of the Petition Date because secured claims with priority over the secured claim of PDC exceeded the value of PDC's collateral as of the Petition Date. Therefore, PDC's interest in Debtor's interest in PDC's collateral had no value and is not entitled to adequate protection. In the event that PDC is entitled to a super priority administrative expense claim pursuant to Section 507(b) of the Bankruptcy Code, the claim will be paid on the Effective Date. ~~In any event, the~~ The Plan provides for the payment in

1 full to PDC on the Effective Date of the value as of the Petition Date of PDC's interest in
 2 Debtor's interest in PDC's Collateral, ~~consistent with PDC's section 1111(b) election.~~

3 **8.1. EXECUTORY CONTRACTS**

4 Debtor is a party to (a) a contract with Kone for elevator maintenance (b) leases with
 5 the tenants in the General Automotive Building, and (c) a Master Lease with General Auto
 6 Lessee.

7 Debtor will assume its contract with Kone and cure any default of that contract on the
 8 Effective Date.

9 Debtor is in default of the lease with tenant Lapchi due to unreimbursed tenant
 10 improvements owed by Debtor to Lapchi. On the Effective Date, Debtor will assume all
 11 Tenant Leases, including the lease with Lapchi, assign all Tenant Leases to General Auto
 12 Lessee subject to HomeStreet Bank's interests in the Tenant Leases, and cure the default in
 13 the Lapchi lease by paying the outstanding balance owing to Lapchi. Nothing in the terms of
 14 the Tenant Leases prohibits Debtor from assigning those leases to General Auto Lessee.
 15 Thereafter, General Auto Lessee will collect rent from all tenants of the General Automotive
 16 Building and perform its obligations under the Master Lease, which will be modified as
 17 necessary to conform to circumstances as of the Effective Date, including paying all
 18 expenses relating to the General Automotive Building and paying rent to Reorganized Debtor
 19 pursuant to the Master Lease. These transactions were contemplated by the loan documents
 20 between Debtor and HomeStreet and Debtor and PDC and will have no material economic
 21 impact on Reorganized Debtor or its ability to perform its obligations under this Plan.

22 **9. DESCRIPTION OF PLAN OF REORGANIZATION**

23 **9.1. BRIEF EXPLANATION OF CHAPTER 11**

24 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
 25 Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
 26 creditors and equity holders. In addition to permitting rehabilitation of the debtor, another

goal of Chapter 11 is to promote equality of treatment of creditors and equity holders of equal rank with respect to the distribution of a debtor's assets. In furtherance of these two goals, upon the filing of the reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect debts or enforce liens that arose prior to commencement of the debtor's case under Chapter 11.

The confirmation of a plan of reorganization is the principal objective of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor and any equity holder of the debtor. Subject to certain limited exceptions provided by the Bankruptcy Code and except as specifically provided in the plan of reorganization, the confirmation order discharges the debtor from any debt that arose prior to the date of such confirmation and order and substitutes therefor the obligations specified in the plan.

9.2. SOLICITATION AND CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

9.2.1. General. Pursuant to Section 1123(a)(1) of the Bankruptcy Code, a plan of reorganization must designate classes of claims and classes of interest. The plan classifies all Claims and Interests into ten classes, including a class of Small Unsecured Claims for administrative convenience pursuant to Section 1122(b) of the Bankruptcy Code. The classification of Claims and Interests is made for the purpose of voting on the plan and making distributions thereunder, and for ease of administration of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of such different Class. A Claim or Interest

1 is entitled to vote in a particular Class and to receive distribution in such Class only to the
 2 extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and
 3 has not been paid prior to the Effective Date. Under the Plan, a Claim or Interest is an
 4 Allowed Claim against or an Allowed Interest in Debtor to the extent that (a) proof of the
 5 Claim or Interest was (a) timely filed or (b) deemed filed under applicable law by reason of
 6 an order of the Bankruptcy Court; or (c) scheduled by Debtor on its Schedules of Liabilities
 7 as neither contingent, unliquidated or disputed; and (b) (a) no party in interest has filed an
 8 objection within the time fixed by the Bankruptcy Court; or (b) the Claim or Interest is
 9 allowed by Final Order; and (c) with respect to an application for compensation or
 10 reimbursement of an Administrative Expense Claim, the amount of Administrative Expense
 11 Claim of which has been approved by the Bankruptcy Court.

12 9.2.2. Unclassified Claims. Administrative Expense Claims and Priority
 13 Tax Claims are not classified. An Administrative Expense Claim is a claim against Debtor
 14 constituting an expense of administration of the Bankruptcy Case allowed under
 15 Section 503(b) of the Bankruptcy Code, including, without limitation, the actual and
 16 necessary costs and expenses of preserving the estate and operating the business of Debtor
 17 during the case, any indebtedness or obligations incurred by Debtor during the pendency of
 18 the case in connection with the conduct of, the acquisition or lease of property by, or the
 19 rendition of services to, Debtor and compensation for legal and other professional services
 20 and reimbursement of expenses and statutory fees payable to the United States Trustee.

21 A "Priority Tax Claim" is a claim of a governmental unit of the kind entitled to
 22 priority under Section 507(a)(8) of the Bankruptcy Code. Debtor does not believe it owes
 23 any significant amount of Priority Tax Claims.

24 Pursuant to the Plan, Administrative Expense Claims will be paid in full on the later
 25 of the Effective Date or the date on which any such Administrative Expense Claim becomes
 26 an Allowed Claim; provided, however, that the Administrative Expense Claim representing

liabilities incurred in the ordinary course of business (including amounts owed to vendors and suppliers that have sold products or furnished services to Debtor after the Petition Date) will be paid in accordance with the terms and conditions of the particular transactions and any other agreements relating thereto. Debtor will provide a list of unpaid ordinary course administrative expenses to the Court at the confirmation hearing on Debtor's Plan.

Priority Tax Claims will be paid as allowed by Section 1129(a)(9) within 30 days following the Effective Date or the date the claim is Allowed, whichever first occurs.

9.2.3. Classified Claims. The following summary of distributions under the Plan to Classified Claims does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Plan attached hereto as **Exhibit 1**.

9.2.3.1. Class 1 - Allowed Other Priority Claims. An "Other Priority Claim" is a claim against Debtor entitled to priority under Section 507(a) of the Bankruptcy Code (other than an Administrative Expense Claim or Priority Tax Claim). Debtor is unaware of any unpaid Other Priority Claim. However, pursuant to the Plan, unless otherwise agreed by any holder of an Allowed Other Priority Claim, any such holder shall be paid in full on the latest to occur of (1) the Effective Date, (2) the date such claim becomes an Allowed Claim and (3) the date that the such claim becomes due and owing.

9.2.3.2. Class 2 – R&H Construction. Class 2 consists of the Allowed Secured Claim of R&H Construction. Debtor believes that R&H Construction holds an Allowed Secured Claim secured by a perfected lien in the real property located at 411 NW Park Ave., Portland, Oregon. R&H Construction will be paid the full amount of its Allowed Secured Claim up to \$178,000 on the Effective Date (or, pursuant to Article 6 of the Plan, on the date the secured claim is Allowed). In the event the Allowed Secured Claim of R&H Construction exceeds \$178,000, then the unpaid balance will continue to be secured by the assets of Reorganized Debtor to the same extent and with the same priority as on the Petition Date and will be paid together with interest at the rate of 4.5% per annum on the

second anniversary of the Effective Date. R&H Construction asserts that its lien is entitled to priority over HomeStreet's Secured Claim pursuant to ORS 87.025 because the lien is not for the alteration or repair of an improvement. Rather, R&H Construction asserts it is for the making or partial construction of an improvement. Although Debtor agrees with R&H Construction, Park & Flanders has objected to the R&H Construction Secured Claim and has filed an adversary proceeding seeking a determination of the validity and priority of the R&H Construction lien. In the event that Park & Flanders prevails or settles and satisfies R&H Construction's secured claim, then R&H Construction will not have an Allowed Secured Claim and the R&H Construction claim will be a General Unsecured Claim.

Class 2 is impaired and R&H Construction is entitled to vote on the Plan.

9.2.3.3. Class 3 – HomeStreet's Secured Claim. Class 3 consists of the Allowed Secured Claim of HomeStreet. HomeStreet's Allowed Secured Claim is secured by a perfected security interest in substantially all of Debtor's assets, including rents. HomeStreet will retain its interests in its Collateral with the same priority that it had as of the Petition Date. HomeStreet will retain its interests in the Tenant Leases notwithstanding Debtor's assignment of those leases pursuant to section 9.2.3.8. HomeStreet's claim will be an Allowed Secured Claim up to the value of the property securing the claim as agreed by the parties or set by the Court. HomeStreet's Allowed Secured Claim will be paid in full, together with interest at a fixed rate of 4.5%, or at such other rate fixed by the Court at confirmation. Commencing on the Effective Date, HomeStreet will be paid monthly payments of interest only for 12 months. Commencing on the first day of the thirteenth month following the Effective Date, HomeStreet will be paid equal, monthly amortizing payments of principal and interest based upon a 30-year amortization schedule with a balloon payment of the unpaid principal plus accrued interest due on the tenth anniversary of the Effective Date. Reorganized Debtor will maintain and insure the General Automotive Building and promptly pay all real property taxes as they come due.

1 Class 3 is impaired and HomeStreet is entitled to vote on the Plan.

2 9.2.3.4. Class 4 – General Unsecured Claims. Commencing on
 3 the last business day of July, 2013 and continuing on the last business day of each October,
 4 January, April, and July thereafter until paid or satisfied as hereafter provided, Reorganized
 5 Debtor shall pay to each holder of a Class 4 claim an amount equal to its pro rata share of
 6 Reorganized Debtor's Excess Cash as of the last day of the prior calendar quarter. Payments
 7 shall continue until the (a) holders of Class 4 Claims have been paid in full, together with
 8 interest at the Federal Judgment Rate; or (b) the last day of April 2023, whichever shall first
 9 occur, provided, however that, in the event that holders of Class 4 Claims have received
 10 payments totaling at least 60% of their Class 4 Claim on or before April 30, 2018, then the
 11 Class 4 Claims will be deemed to have been paid and satisfied in full and Reorganized
 12 Debtor will have no further payment obligations. Debtor believes that General Unsecured
 13 Claims, excluding Insider claims and General Auto Lessee's claim could total up to
 14 \$2,800,000. If the 1111(b) election of Park & Flanders relating to the PDC Claim is valid,
 15 then General Unsecured Claims will total approximately \$1,300,000.

16 Class 4 is impaired and General Unsecured Creditors are entitled to vote on the Plan.

17 9.2.3.5. Class 5 – Multnomah County's Secured Claim. Class 5
 18 consists of the Allowed Secured Claim of Multnomah County. Multnomah County has a lien
 19 on the General Auto Building for unpaid real property taxes. Multnomah County's Secured
 20 Claim will be paid in full prior to the Effective Date. Debtor anticipates that Multnomah
 21 County will have no money owing to it on the Effective Date and, in turn, no Allowed Claim.
 22 Class 5 is unimpaired.

23 9.2.3.6. Class 6 – Small Unsecured Claims. Class 6 consists of
 24 all Allowed Unsecured Claims in the amount of \$6,000 or less, or that have been reduced to
 25 \$6,000 by election of the holders thereof. There are approximately \$18,750 of Class 6
 26 Claims excluding those creditors who may elect to be included in Class 6. Small Unsecured

1 Creditors will be paid 60% of their Allowed Claim in cash on the later of the Effective Date,
2 or the date on which the Claim is Allowed.

3 Class 6 is impaired and Small Unsecured Creditors are entitled to vote on the Plan.

4 9.2.3.7. Class 7 – Insider Claims. Insider Claims will be
5 subordinated to Class 4 Claims and no payment will be made on or in respect of Insider
6 Claims unless and until all Class 4 Claims have been paid as provided in Section 5.3 of the
7 Plan. Debtor believes that the Insider Claims exceed \$1,700,000.

8 Class 7 is impaired and Insider Claims are entitled to vote on the Plan.

9 9.2.3.8. Class 8 – General Auto Lessee. General Auto Lessee's
10 Allowed Unsecured Claim will be satisfied by Reorganized Debtor's performance as follows:
11 On the Effective Date, (a) Debtor will assign all Tenant Leases to General Auto Lessee
12 subject to HomeStreet Bank's interests in the Tenant Leases and (b) Debtor and General Auto
13 Lessee will amend the Master Lease by modifying the annual base rent schedule set forth in
14 Section 4.1 of the Master Lease to be consistent with projected revenue from General
15 Automotive Building and Reorganized Debtor's obligations under this Plan and by modifying
16 the terms on which the Master Lease may be terminated. Debtor and General Auto Lessee
17 will execute an amendment in substantially the form and with substantially the content of the
18 amendment attached as Exhibit 2 to the Plan. General Auto Lessee will release any claims it
19 has against Debtor for Debtor's failure to assign Tenant Leases to General Auto Lessee and
20 Debtor will release any claims it has against General Auto Lessee for General Auto Lessee's
21 failure to make rent payments to Debtor. Debtor believes that the releases benefit the Estate
22 because the effect of such releases is that General Auto Lessee will release its claim for
23 approximately \$776,600 filed in this Chapter 11 Case.

24 Class 8 is impaired and General Auto Lessee is entitled to vote on the Plan.

25 9.2.3.9. Class 9 - Interests. The Plan provides that holders of
26 Class 9 Interests will be extinguished.

1 Class 9 is deemed to have rejected the Plan.

2 9.2.3.10. Class 10 – PDC. Class 10 consists of the Allowed Claim
 3 of PDC. PDC has made an election under 11 U.S.C. § 1111(b). Unless the Court
 4 determines that the Claim of PDC must be treated as an unsecured claim, the Class 10 Claim
 5 will be satisfied by the following payments: (a) on the Effective Date, PDC will be paid an
 6 amount equal to the value as of the Petition Date of its interest in Debtor's interest in PDC's
 7 Collateral; (b) annual payments of \$14,000 each commencing on May 1, 2014 and
 8 continuing on the first day of each May thereafter; and (c) the unpaid balance of PDC's
 9 Allowed Claim will be paid in full on the earlier of the closing of a sale of the General
 10 Automotive Building or the 15th anniversary of the Effective Date. Debtor believes this
 11 treatment satisfies the requirements of 11 U.S.C. §§ 1111(b) and 1129(b)(2)(A)(II) because
 12 PDC will receive payments equal to the full amount of its Allowed Claim with a present
 13 value equal to not less than the value of PDC's interest in Debtor's interest in PDC's
 14 Collateral. PDC will retain its interests in its Collateral with the same priority that it had as
 15 of the Petition Date. Debtor shall have the right to refinance the General Automotive
 16 Building subject to PDC's lien. PDC's lien shall be subordinated to any debt incurred in
 17 connection with a refinance of the HomeStreet Secured Claim so long as the principal
 18 balance owing on the refinanced loan does not exceed the then-principal amount owing on
 19 the HomeStreet Secured Claim. If the Court finds that PDC's interest in Debtor's interest in
 20 PDC's Collateral is of inconsequential value such that PDC was not entitled to make an
 21 election under 11 U.S.C. § 1111(b), then PDC's Allowed Claim will be treated as a Class 4
 22 Claim.

23 **10. RECAPITALIZATION AND OFFER OF MEMBERSHIP INTERESTS**

24 The Plan provides that all existing membership interests in Debtor will be cancelled
 25 on the Effective Date. All Creditors and Insiders are offered the opportunity to invest in the
 26 Reorganized Debtor and acquire newly issued membership interests. Such investments may

1 be made in \$50,000 increments. North Park Development has executed a subscription
 2 agreement and agreed to purchase a \$400,000 membership interest on the Effective Date.
 3 Any other Creditor or Insider that wishes to acquire a membership interest in the
 4 Reorganized Debtor must execute a subscription agreement in the form attached as Exhibit 1
 5 to the Plan and deliver it to Debtor's counsel on or before the date set for the return of ballots
 6 accepting or rejecting the Plan. Membership Interests in the Reorganized Debtor will be
 7 allocated on a pro rata basis based on the total amount of new investments.

8 **11. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9 The Bankruptcy Code gives debtors the right, after commencement of their
 10 Chapter 11 Cases, subject to the approval of the Bankruptcy Court, to assume or reject
 11 executory contracts and unexpired leases. Generally, an "executory contract" is a contract
 12 under which material performance (other than the payment of money) is still due by each
 13 party. The Plan provides for the assumption by the Debtor of all executory contracts and
 14 unexpired leases that are not expressly rejected or subject to a motion for rejection filed on or
 15 before the Confirmation Date.

16 If an executory contract or unexpired lease is or has been rejected, the other party to
 17 the agreement may file a Proof of Claim for damages resulting from such rejection. The Plan
 18 provides that a Proof of Claim with respect to any such Claim must be filed within 30 days of
 19 approval of the Bankruptcy Court of the rejection of the relevant executory contract or
 20 unexpired lease. Any such Claim shall constitute a Class 4 or Class 6 Claim to the extent
 21 that such Claim is finally treated as an Allowed Claim. To the extent Debtor rejects an
 22 unexpired lease of nonresidential real property, the Claim for damages resulting from such
 23 rejection will be limited to the amount allowed under the Bankruptcy Code.

24 Upon assumption of an executory contract or unexpired lease, Debtor must cure or
 25 provide adequate assurance of prompt cure of any monetary defaults. The Plan provides that
 26 Reorganized Debtor will promptly cure all monetary defaults. Debtor is in default with

regards to one of the aforementioned residential leases with tenant (Lapchi). Debtor owes a prepetition balance to Lapchi, which monetary default will be cured upon the Effective Date.

12. EFFECT OF CONFIRMATION

12.1.1. Discharge. The treatment of, and consideration received by, holders of Allowed Claims and Allowed Interests pursuant to the Plan of Reorganization will be in full satisfaction, release and discharge of their respective Claims against or interests in the Debtor. Confirmation Orders shall discharge Debtor from any liability that arose before the Effective Date as provided in Sections 524 and 1141 of the Bankruptcy Code and any debt and liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such debt or liability is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based on such debt or liability is Allowed; or (c) the holder of the Claim based on such debt or liability has accepted the Plan.

12.1.2. Revesting, Operation of Business. All property of the estate shall revert in the Reorganized Debtor on the Effective Date free and clear of all rights, claims, liens, charges, encumbrances and interests, except as otherwise provided in the Plan.

12.1.3. Injunction. Except as otherwise expressly provided in the Plan, all persons who have held, hold, or may hold Claims or who may have held, hold or may hold any Interest are permanently enjoined from and after the Effective Date from (a) commencing or continuing in any manner any action or other proceedings of any kind with respect to any Claims or Interests against Reorganized Debtor; (b) enforcing, attaching, collecting or recovering by any manner or any means any judgment, award, decree or order against Reorganized Debtor; (c) creating, perfecting or enforcing any encumbrances of any kind against Reorganized Debtor with respect to any such Claim except as specifically set forth in the Plan; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor or their property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not

1 comply with, or is inconsistent with the provisions of the Plan or the order confirming the
2 Plan.

3 12.1.4. Event of Default. Upon the occurrence of an Event of Default, the
4 holder of an Allowed Claim to whom performance is due shall have all rights and remedies
5 granted by law (namely, state law breach of contract rights), this Plan or any agreement
6 between the holder of such Claim and Debtor or Reorganized Debtor.

7 12.1.5. Utility Deposits. The Plan provides that all utilities holding a Utility
8 Deposit shall immediately after the Effective Date return or refund such Utility Deposit to
9 Reorganized Debtor. At the sole option of Reorganized Debtor, Reorganized Debtor may
10 apply any Utility Deposit that has not been refunded to Reorganized Debtor in satisfaction of
11 any payments due or to become due from Reorganized Debtor to a utility holding such a
12 Utility Deposit.

13 12.1.6. Modification of the Plan; Revocation or Withdrawal of the Plan.

14 Subject to Section 1127 of the Bankruptcy Code, Debtor reserves the right to alter,
15 amend or modify the Plan before its substantial consummation so long as the treatment of
16 holders of Claims and Interests under the Plan is not adversely affected.

17 12.1.7. Retention of Jurisdiction. Notwithstanding the entry of the
18 Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain
19 exclusive jurisdiction over all matters arising out of or relating to the Chapter 11 Case,
20 including but not limited to the following matters to: (a) hear and determine any pending
21 applications for the rejection of executory contracts or unexpired leases, and the allowance of
22 Claims resulting therefrom; (b) determine any adversary proceedings, applications, contested
23 matters or other litigation matters pending on the Effective Date; (c) insure that distributions
24 to holders of Allowed Claims are accomplished; (d) hear and determine objections to or
25 requests for estimations of Claims, including any objections to the classification of any Claim
26 and to allow, disallow and/or estimate any Claim in whole or in part; (e) enter and implement

such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated; (f) issue any appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order and/or the discharge, or the effect of such discharge, provided to Debtor; (g) hear and determine any applications to modify the Plan, to cure any defective or omission or to reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order; (h) hear and determine all applications for compensation and reimbursement of expenses of professionals under the Bankruptcy Code; (a) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan; (j) hear and determine other issues presented or arising under the Plan; (k) hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and (l) enter a final decree closing the Chapter 11 Case.

12.1.8. U.S. Trustee Fees. Reorganized Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted or dismissed. After confirmation, Reorganized Debtor shall serve on the United States Trustee a financial report for each quarter, or portion thereof, that the case remains open. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

13. LIQUIDATION ANALYSIS

A Plan of Reorganization cannot be confirmed unless the Bankruptcy Court finds the Plan is in the "best interest of creditors" of holders of claims against, and interests in, debtor subject to such plan. The best interest test is satisfied if the plan provides each dissenting or non-voting member of each impaired Class with a recovery not less than the recovery such member would receive if the debtor was liquidated in a hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 Trustee. Debtor believes the holders of impaired Claims will receive more than they would receive under a Chapter 7 liquidation. In applying

the "best interest" test, the Bankruptcy Court would ascertain the hypothetical recovery in a Chapter 7 proceeding to secured Creditors, priority claimants, general Unsecured Creditors and equity interest holders. The hypothetical Chapter 7 recoveries would then be compared with the distribution offered to each Class of Claims or Interests under the Plan to determine that the Plan satisfied the "best interest" test set forth in the Bankruptcy Code.

In a liquidation, it is likely that Multnomah County (Class 5) would be paid in full (to the extent it is owed any money), R&H Construction (Class 2) would be paid in full, HomeStreet's Secured Claim (Class 3) would be paid at least in part from the proceeds of its Collateral, and General Unsecured Claims (Class 4) Small Unsecured Claims (Class 6), General Auto Lessee (Class 8), and PDC (Class 10) would receive nothing. The following chart demonstrates this:

Total Assets (Liquidation Value of Building)	\$10,800,000 ¹
Less Selling Expenses (10%)	\$1,080,000
Net Available to Creditors	\$9,720,000
Less Secured Claims:	
Multnomah County	\$0
R&H Construction	\$178,000
HomeStreet	\$9,966,398
Net Available After Payment of Secured Claims	(\$424,398)
Other Claimants:	
Administrative Expenses	\$275,000
Unsecured Claims	\$4,539,000
Projected Distributions Other Than To Secured Creditors:	0%

14. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Internal Revenue Service Circular 230 Notice

¹ Debtor believes the liquidation value of the General Automotive Building would likely be less than \$10,800,000, making even less money available to creditors if the building were to be liquidated.

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE
INTERNAL REVENUE SERVICE, EACH CREDITOR AND EACH MEMBER IS
HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN
THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED
UPON, AND CANNOT BE RELIED UPON BY ANY CREDITOR OR MEMBER, FOR
PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH
CREDITOR OR MEMBER UNDER THE INTERNAL REVENUE CODE OF 1986, AS
AMENDED; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION
OF THE PLAN; AND (C) EACH CREDITOR AND EACH MEMBER SHOULD SEEK
ADVICE BASED ON SUCH CREDITOR'S OR MEMBER'S PARTICULAR
CIRCUMSTANCE FROM AN INDEPENDENT TAX ADVISOR.

14.1 INTRODUCTION

Implementation of the Plan may have federal, state, local and foreign tax
consequences to the Debtor, Creditors and Members. No tax opinion or ruling has been
sought or will be obtained with respect to any tax consequences of the Plan, and the
following discussion does not constitute and is not intended to constitute either a tax opinion
or tax advice to any person.

The following discussion is based upon the provisions of the Internal Revenue Code
of 1986, as amended (the "IRC"), the Treasury regulations promulgated thereunder, and
published rulings and court decisions in effect as of the date hereof, all of which are subject
to change, possibly retroactively, and such changes could modify or adversely affect the
federal income tax consequences summarized below. There can be no assurance that the
Internal Revenue Service will agree with the federal income tax consequences described
below.

The federal income tax consequences of the Plan are complex. Each Creditor and
each Member is strongly urged to consult its own tax advisors as to the particular federal,

1 state, local and foreign income and other tax consequences of the transactions contemplated
2 by the Plan.

3 **14.2 CANCELLATION OF DEBT INCOME: GENERAL RULE**

4 Subject to certain exceptions, a debtor realizes income (referred to herein as
5 "cancellation of debt" or "COD" income) upon the discharge or cancellation of its
6 outstanding indebtedness in an amount equal to the excess (if any) of (a) the amount of the
7 indebtedness discharged over (b) the amount of cash plus the issue price of any new
8 indebtedness issued plus the fair market value of any other consideration given in satisfaction
9 of the indebtedness.

10 One of the exceptions to this general rule provides that a debtor is not required to
11 include COD income in gross income if the debtor is under the jurisdiction of the court in a
12 Title 11 case and the discharge is granted by the court or the discharge is pursuant to a plan
13 approved by the court (the "Bankruptcy Exception"). Instead, the amount excluded from
14 gross income is applied to reduce certain tax attributes of the debtor in a specified order. Tax
15 attributes generally are reduced by one dollar for each dollar excluded from gross income,
16 except that tax credits are reduced by one-third of the amount excluded from gross income.
17 Notwithstanding the general order of attribute reduction, the IRC provides a debtor with an
18 election to reduce its tax basis in depreciable assets prior to reducing net operating losses.
19 The reduction in tax attributes generally takes place after the federal income tax is
20 determined for the tax year in which the debt discharge occurs. As Debtor is a partnership
21 for federal income tax purposes, the COD rules will apply at the Member level only.

22 **14.3 GENERAL DISCUSSION AND CANCELLATION OF DEBT** 23 **INCOME: DEBTOR AND MEMBERS**

24 The Debtor is classified as a partnership for federal income tax purposes. Section
25 1399 of the IRC provides that no separate taxable entity is created as a result of a partnership
26 in bankruptcy. Therefore, the commencement of a bankruptcy proceeding by or against the

Debtor will not result in the creation of a new taxable entity, nor will the commencement of the proceedings result in the recognition of any income, gain or loss to the Debtor, or result in the acceleration of any income or recapture of any tax benefits to the Debtor or its Members. Moreover, following the cancellation and extinguishment of the Interests and the issuance of new membership interests, income and deductions of the Reorganized Debtor will continue to flow through to each Member in the same manner as before the bankruptcy except to the extent that there has been a change in the percentage of outstanding membership interests owned by the Member.

Under the IRC, any cancellation of debt income recognized by the Debtor flows through to the ultimate beneficial owners of membership interests in the Debtor. Because the IRC exclusions from cancellation of debt income for discharge of debt in a Title 11 bankruptcy case or with respect to an insolvent taxpayer are applied at the ultimate beneficial owner level, they are not available with respect to a Member's allocable share of cancellation of debt income of the Debtor, unless that ultimate beneficial owner is itself the subject of a Title 11 bankruptcy case or is insolvent.

14.4 HISTORIC TAX CREDITS

Debtor and General Auto Lessee, LLC previously entered into certain agreements whereby (a) Debtor leased the General Automotive Building to General Auto Lessee, LLC and (b) Debtor elected to pass through to General Auto Lessee, LLC certain rehabilitation tax credits. The five-year recapture period for the pass-through rehabilitation tax credits has not yet expired.

The rehabilitation tax credit is subject to recapture if the rehabilitation tax credit property is disposed of, or otherwise ceases to be rehabilitation tax credit property with respect to the taxpayer, before the close of the recapture period. With respect to rehabilitation tax credits for which a pass-through election has been made by a lessor, the lessee is the "taxpayer" at issue. Accordingly, no recapture event is deemed to have occurred

with respect to the General Automotive Building on account of the transactions contemplated by the Plan because (a) the Master Lease is being assumed by Debtor (with the effect that no disposition of the property has been made by General Auto Lessee, LLC, as lessee) and (b) the General Automotive Building does not cease to be rehabilitation tax credit property (i.e., the business use of the General Automotive Building has not changed and all of the new membership interests in Debtor will be held by persons that do not disqualify the property as rehabilitation tax credit property). The bankruptcy of Debtor, as lessor, is not a recapture event.

14.5 INFORMATION REPORTING AND BACKUP WITHHOLDING

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor to the IRS. Moreover, under certain circumstances, a holder of a Claim may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such holder either (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (b) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the holder is a United States person, the taxpayer identification number is correct, and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the holder's United States federal income tax liability, and the holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

14.6 GENERAL DISCLAIMER

The federal income tax consequences of the Plan are complex. The foregoing discussion is not intended to be a substitute for careful tax planning, particularly since certain of the federal income tax consequences of the Plan will not be the same for all Creditors or

Members due to their individual circumstances. Each Creditor and each Member is strongly urged to consult with its own tax advisors in determining the federal, state, local, and foreign income and other tax consequences of the transactions contemplated by the Plan.

15. ACCEPTANCE AND CONFIRMATION OF THE PLAN

15.1. CONFIRMATION HEARING

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan on _____ at _____ Pacific Time. The hearing will be held at the United States Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth Avenue, Portland, Oregon 97204, before the Honorable Elizabeth L. Perris, United States Bankruptcy Judge. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interest of Creditors and Interest holders of Debtor. Debtor will submit a report to the Bankruptcy Court at that time concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote thereon. Any objection to confirmation of the Plan must be timely filed as stated above.

15.2. REQUIREMENTS OF CONFIRMATION

At the hearing on confirmation, the Bankruptcy Court will determine whether the provisions of Section 1129 of the Bankruptcy Code have been satisfied. If all of the provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the Plan. Debtor believes the Plan satisfies all of the requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and is made in good faith.

15.2.1. The Best Interests of Creditors - Liquidation Alternative.

Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan the Bankruptcy Court must determine that the Plan meets the requirements of Section 1129(a)(7) of the Bankruptcy Code; that is, that the Plan is in the best interests of each holder of a Claim

1 or Interest in an impaired Class that has not voted to accept the Plan. Accordingly, if an
 2 impaired Class does not unanimously accept the Plan, the "best interests" test requires that
 3 the Bankruptcy Court find that the Plan provides to each holder of a Claim or Interest in such
 4 impaired Class a recovery on account of the holder's Claim or Interest that has a value at least
 5 equal to the value of the distribution that each such holder would receive if the debtor was
 6 liquidated under Chapter 7 of the Bankruptcy Code. In the opinion of Debtor, confirmation
 7 of the Plan is in the best interests of the holders of Claims and Interests because it provides to
 8 holders of impaired Claims a distribution having a present value as of the Effective Date of
 9 not less than the value such holders would likely receive if Debtor were liquidated under
 10 Chapter 7 of the Bankruptcy Code.

11 Debtor believes that Chapter 7 liquidation would result in a diminution in the value to
 12 be realized by holders of Claims and Interests due to, among other factors, (a) the loss of the
 13 going concern value of Debtor's assets; (b) additional costs and expenses in the appointment
 14 of a Chapter 7 trustee and attorneys, accountants and other professionals to assist such trustee
 15 in the Chapter 7 case; and (c) additional expenses and Claims, some of which would be
 16 entitled to priority in payment, which would arise by reason of the liquidation, including
 17 Claims resulting from the breach of Debtor's real estate leases and in connection with
 18 cessation of the Debtor's business. Consequently, Debtor believes the Plan, which provides
 19 for the continuation of Debtor's business, will provide a greater ultimate return to the holders
 20 of Claims and Interests than would a Chapter 7 liquidation.

21 At the confirmation hearing, the Bankruptcy Court will determine whether the holders
 22 of impaired Claims and Interests receive a distribution under the Plan that is at least as great
 23 as the distribution that such holders would receive upon liquidation of Debtor pursuant to
 24 Chapter 7 of the Bankruptcy Code.

25 15.2.2. Feasibility of the Plan. Debtor believes that confirmation of the Plan
 26 is not likely to be followed by the liquidation of Reorganized Debtor or a need for a further

1 financial reorganization of Reorganized Debtor. The projections of Debtor's post-
 2 confirmation business, attached hereto as **Exhibit 2**, show sufficient earnings, investment,
 3 and cash flow from operations to support and meet the ongoing financial needs of
 4 Reorganized Debtor, which financial needs will be paid by both Debtor and General Auto
 5 Lessee, pursuant to the Tax Credit Documents. The projections indicate that the Plan as
 6 proposed by Debtor is feasible and that Reorganized Debtor will be financially viable after
 7 confirmation of the Plan.

8 **15.3. CRAM DOWN**

9 A Court may confirm a Plan, even if it is not accepted by all impaired classes if the
 10 Plan has been accepted by at least one impaired class of claims and the Plan meets the cram
 11 down requirements set forth in Section 1129(b) of the Bankruptcy Code. In the event any
 12 impaired Class of Claims does not accept the Plan, Debtor hereby requests the Bankruptcy
 13 Court to confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or
 14 otherwise permit Debtor to modify the Plan.

15 **15.4. RISK FACTORS**

16 There are a number of risks associated with Debtor's proposed Plan. Each Creditor
 17 should carefully consider those risks in evaluating its vote on Debtor's Plan. All of the risks
 18 associated with Debtor's Plan are too numerous to identify, however, a few of those risks are
 19 set forth below.

20 15.4.1. General Financial Market Conditions. The recent disruption with
 21 numerous major financial institutions and the resulting crisis in the financial markets has
 22 rippled through the economy, and has impacted the real estate industry in particular. While
 23 the ultimate effects of this crisis on the owners and operators of buildings, such as Debtor,
 24 are as yet unclear, it is possible that this financial market will prevent even qualified
 25 borrowers from being able to obtain mortgages on affordable terms, if at all. A continued
 26 freeze of the credit markets could have a significant adverse impact on the Debtor.

15.4.2. Projected Financial Results. The Debtor's projected financial results reflect management's best estimate of Reorganized Debtor's future financial performance based on currently known facts and hypothetical assumptions about, among other matters, the timing, confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtor, and the real estate market. Many of these factors are beyond the control of the Reorganized Debtor. As a consequence, the actual financial results may differ significantly from the projections. Specifically, the Reorganized Debtor may not be able to meet the projected financial results or achieve the revenue or cash flow that it has assumed in projecting future leases and lease rates. Further, in the event that the Court fixes an interest rate on the Class 3 Claim substantially higher than 4.5% per annum, then Debtor's ability to meet the projected financial results will be jeopardized.

16. ALTERNATIVES TO CONFIRMATION OF THE PLAN

If a Plan is not confirmed, Debtor or another party in interest may attempt to formulate or propose a different Plan or Plans of Reorganization. Such Plans might involve a reorganization and continuation of Debtor's business, a sale of Debtor's business as a going concern, an orderly liquidation of Debtor's assets or any combination thereof. If no Plan of Reorganization is determined by the Bankruptcy Court to be confirmable, the Chapter 11 case may be converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

In a liquidation, a Chapter 7 Trustee would be appointed with the purpose of liquidating the assets of Debtor. Typically, in a liquidation, assets are sold for less than their going concern value and, accordingly, the return to Creditors and Interest holders is less than the return in a reorganization, which derives the value to be distributed in a Plan from the business as a going concern. Proceeds from liquidation would be distributed to Creditors and Interest holders of Debtor in accordance with the priorities set forth in the Bankruptcy Code.

Debtor believes there is no currently available alternative that would offer holders of Claims and Interests in Debtor greater than the Plan. In fact, the likely alternative to confirmation of the Plan is that Park & Flanders will foreclose on the General Automotive Building and no unsecured creditor will be paid anything. Debtor urges all parties entitled to vote on the Plan to vote to accept the Plan.

17. CONCLUSION

Please read this Disclosure Statement and the Plan carefully. After reviewing all the information and making an informed decision, please vote by using the enclosed ballot.

DATED this ~~23rd~~ 11th day of ~~January~~ February, 2013.

GENERAL AUTO BUILDING, LLC

By: North Park Development, LLC, a Washington
limited liability company, Its Manager

By _____
Robert C. Brewster, Jr., Manager

Presented by:

TONKON TORP LLP

By _____
Albert N. Kennedy, OSB No. 821429
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Portland, OR 97204

7 Attorneys for Debtor

10 UNITED STATES BANKRUPTCY COURT

11 DISTRICT OF OREGON

12 In re

13 General Auto Building, LLC,

14 Debtor.

Case No. 12-31450-elp11

**DEBTOR'S FIFTH AMENDED
DISCLOSURE STATEMENT
(FEBRUARY 11, 2013)**

16 **1. INTRODUCTION**

17 On March 2, 2012 (the "Petition Date"), General Auto Building, LLC ("Debtor") filed
18 a voluntary petition under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy
19 Code"). This Disclosure Statement ("Disclosure Statement") describes various transactions
20 contemplated under the Plan, including the manner in which Claims and Interests will be
21 satisfied. A copy of the Plan is attached hereto as **Exhibit 1**. You are urged to review the
22 Plan and, if appropriate, consult with counsel about the Plan and its impact upon your legal
23 rights before voting on the Plan. Capitalized terms used but not defined in this Disclosure
24 Statement shall have the meanings assigned to such terms in the Plan or the Bankruptcy
25 Code.

1 This Disclosure Statement has been prepared by Debtor based on information
2 contained in its books and records. The information contained herein has been prepared in
3 good faith, based upon information available to it. The information concerning the Plan has
4 not been subject to a verified audit. Debtor believes this Disclosure Statement complies with
5 the requirements of the Bankruptcy Code.

6 The statements contained in this Disclosure Statement are made as of the date hereof,
7 unless another time is specified herein, and the delivery of this Disclosure Statement shall not
8 imply there has been no change in the facts set forth herein since the date of this Disclosure
9 Statement and the date of the material relied on in preparation of this Disclosure Statement
10 was compiled. The description of the Plan contained in this Disclosure Statement is intended
11 as a summary only and is qualified in its entirety by reference to the Plan itself. If any
12 inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan are
13 controlling. Each holder of a Claim is encouraged to read, consider, and carefully analyze
14 the terms and provisions of the Plan. This Disclosure Statement may not be relied on for any
15 purpose other than to determine how to vote on the Plan. Nothing contained herein shall
16 constitute an admission of any fact or liability by any party, or be admissible in any
17 proceeding involving Debtor or any other party, or be deemed conclusive advice on the tax or
18 other legal effects of the reorganization on the holders of Claims or Interests.

19 This Disclosure Statement is submitted in accordance with Section 1125 of the
20 Bankruptcy Code and Bankruptcy Rule 3016. The Bankruptcy Court has scheduled a
21 hearing on confirmation of the Plan to commence on _____, 2013 at _____. That
22 hearing will be held at the United States Bankruptcy Court for the District of Oregon,
23 Courtroom 1, 1001 SW Fifth Avenue, Portland, Oregon 97204 before the Honorable
24 Elizabeth L. Perris. The hearing on confirmation may be adjourned from time to time by the
25 Bankruptcy Court without further notice, except for an announcement made at the hearing or
26 any adjournment thereof.

1 A ballot has been enclosed with this Disclosure Statement for use in voting on the
2 Plan. In order to be tabulated for purposes of determining whether the Plan has been
3 accepted or rejected, ballots must be received at the address indicated on the ballot no later
4 than 4:00 p.m. Pacific Time on _____, 2013.

5 **2. SUMMARY OF PLAN**

6 A copy of the Plan is attached hereto as **Exhibit 1** and discussed in detail later in this
7 Disclosure Statement. The following description of the Plan is intended as a summary only
8 and is qualified in its entirety by reference to the Plan. Debtor urges each holder of a Claim
9 to carefully review the entire Plan, together with this Disclosure Statement, before voting on
10 the Plan.

11 **2.1. GENERAL**

12 Generally, the Plan provides that (a) all membership interests in Debtor will be
13 cancelled on the Effective Date; (b) North Park Development will purchase a \$400,000
14 membership interest in Reorganized Debtor; (c) all Insiders and Creditors of Debtor are
15 offered the opportunity to purchase membership interests in Reorganized Debtor in \$50,000
16 increments; (d) membership interests in Reorganized Debtor will be allocated pro rata among
17 all new investors; and (e) Debtor will operate in the ordinary course and pay all Creditors in
18 full or in part over time pursuant to the Plan from revenue generated by operations, from cash
19 savings, and from the new investment in Debtor.

20 **2.2. SECURED CREDITORS**

21 Reorganized Debtor will pay its Secured Creditors, R&H Construction, Multnomah
22 County, and HomeStreet Bank as follows.

23 2.2.1. R&H Construction filed a proof of claim in the amount of
24 \$146,946.80. The proof of claim asserts that the claim is secured by a construction lien
25 arising from certain improvements made to the General Automotive Building. R&H
26 Construction believes it is owed the claim amount plus (a) interest accruing at the rate of

1 18% per annum until the Effective Date and (b) costs and reasonable attorneys' fees. The
 2 Plan provides that R&H Construction will be paid the full amount of its Allowed Secured
 3 Claim up to \$178,000 on the Effective Date. Any unpaid balance will be payable together
 4 with interest at 4.5% per annum on the second anniversary of the Effective Date. Park &
 5 Flanders filed an objection to the R&H Construction claim and initiated an adversary
 6 proceeding seeking a determination of the validity and priority of the R&H Construction lien.
 7 In the event that Park & Flanders prevails, then the R&H Construction claim may not be an
 8 Allowed Secured Claim. Pursuant to the Stipulated Order Extending Interim Use of Cash
 9 Collateral entered on September 5, 2012 [Dkt. #159], Park & Flanders was granted relief
 10 from stay to settle or satisfy the mechanic's lien claim of R&H Construction. In the event
 11 that Park & Flanders' settles or satisfies the Allowed Secured Claim of R&H Construction,
 12 any amounts paid by Park & Flanders to R&H Construction will be added as a protective
 13 advance to either the Class 3 or Class 10 Claim. The balance of R&H Construction's
 14 Allowed Claim will be treated as a Class 4 Claim.

15 2.2.2. As of the Petition Date, Multnomah County had a lien on the
 16 General Automotive Building for unpaid real property taxes in the approximate amount of
 17 \$90,000. Multnomah County's Secured Claim will be paid in full prior to the Effective Date.
 18 Debtor anticipates that Multnomah County will have no money owing to it on the Effective
 19 Date and, in turn, no Allowed Claim.

20 2.2.3. HomeStreet Bank's ("HomeStreet") Allowed Secured Claim is
 21 secured by a perfected security interest in substantially all of Debtor's assets, including rents.
 22 HomeStreet will retain its interests in its Collateral with the same priority that it had as of the
 23 Petition Date. HomeStreet will retain its interests in the Tenant Leases notwithstanding
 24 Debtor's assignment of those leases pursuant to Section 9.2.3.8. HomeStreet's Claim will be
 25 an Allowed Secured Claim up to the value of HomeStreet's interest in the property securing
 26 the Claim. In September of 2012, the Bankruptcy Court valued the General Auto Building at

1 \$10,800,000. HomeStreet's Allowed Secured Claim will be paid in full, together with
 2 interest at a fixed rate of 4.5%, or at such other rate fixed by the Court at confirmation.
 3 Commencing on the first day of the first month following the Effective Date and continuing
 4 on the first day of the following 11 months, HomeStreet will be paid monthly payments of
 5 interest only. Commencing on the first day of the thirteenth month following the Effective
 6 Date and continuing on the first day of each month thereafter, HomeStreet will be paid equal,
 7 monthly amortizing payments of principal and interest based upon a 30-year amortization
 8 schedule with a balloon payment of the unpaid principal plus accrued interest due on the
 9 tenth anniversary of the Effective Date. This means that Debtor will pay HomeStreet
 10 approximately \$39,938 per month in interest payments for 12 months, and then pay
 11 HomeStreet approximately \$53,962 per month in interest and principal for nine years. A
 12 balloon payment of approximately \$8,551,418 will then be paid to HomeStreet. After the
 13 Petition Date, HomeStreet assigned its claim to Park & Flanders. Reorganized Debtor will
 14 maintain and insure the General Automotive Building and promptly pay all real property
 15 taxes as they come due.

16 2.2.4. PDC assigned its claim to Park & Flanders. Park & Flanders has
 17 filed a notice of its election to have the PDC claim treated as a secured claim pursuant to
 18 11 U.S.C. § 1111(b)(2). If the election is valid under the statute, then the PDC claim of
 19 \$1,477,000 will be treated as a secured claim.

20 **2.3. UNSECURED CREDITORS**

21 2.3.1. Commencing on the last business day of July 2013, and continuing
 22 on the last business day of each July, October, January, and July thereafter until paid or
 23 satisfied as hereafter provided, Reorganized Debtor shall pay to each holder of a Class 4
 24 claim an amount equal to its pro rata share of Reorganized Debtor's Excess Cash as of the
 25 last day of the prior calendar quarter. Payments shall continue until the (a) holders of Class 4
 26 Claims have been paid in full, together with interest at the Federal Judgment Rate; or (b) the

last day of April 2023, whichever shall first occur; provided, however that, in the event that holders of Class 4 Claims have received payments totaling at least 60% of their Class 4 Claim on or before April 30, 2018, then the Class 4 Claims will be deemed to have been paid and satisfied in full and Reorganized Debtor will have no further payment obligations. If Park & Flanders prevails on its objection to the R&H Construction secured claim, then the R&H Construction claim will be a General Unsecured Claim, in whole or in part. In the event that the PDC § 1111(b)(2) election is not upheld, then the PDC claim will be a Class 4 unsecured claim.

2.3.2. Small Unsecured Creditors (creditors with claims of \$6,000 or less) will be paid 60% of their Allowed Claim in cash on the later of the Effective Date of the Plan or the date on which the Claim is Allowed. Small Unsecured Creditors will not receive any interest payment.

2.3.3. General Auto Lessee's Allowed Unsecured Claim will be satisfied by Reorganized Debtor as follows: On the Effective Date, Debtor will assign all Tenant Leases to General Auto Lessee subject to HomeStreet Bank's interests in the Tenant Leases and Debtor and General Auto Lessee will enter into an amendment to the Master Lease that will (a) amend the schedule of base rent provided in Section 4.1 of the Master Lease as necessary given Debtor's projected financial performance; (b) clarify Debtor's rights to terminate the Master Lease; and (c) release Debtor and General Auto Lessee from any Pre-Effective Date Claims arising under the Master Lease. Debtor and General Auto Lessee reaffirm their rights and obligations arising from and after the Effective Date under the Tax Credit Documents.

2.3.4. The Allowed Unsecured Claims of Insiders will be subordinated to the payment of all other allowed unsecured claims.

2.4. EQUITY INTERESTS

The Plan provides that existing equity interests in the Debtor will be extinguished.

1 **2.5. LEASES AND EXECUTORY CONTRACTS**

2 All unexpired leases and executory contracts will be treated as set out in Section 8.1
3 below.

4 **2.6. MISCELLANEOUS**

5 The Effective Date of the Plan shall be the first day of the first month following the
6 date that the Confirmation Order becomes a Final Order..

7 In the event any Class does not accept the Plan, Debtor reserves the right to request
8 that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the
9 Bankruptcy Code or otherwise modify the Plan.

10 **3. BRIEF EXPLANATION OF CHAPTER 11**

11 Chapter 11 of the Bankruptcy Code is the principal reorganization provision of the
12 Bankruptcy Code. Pursuant to Chapter 11, a debtor attempts to reorganize its business for
13 the benefit of the debtor, its creditors, and other parties in interest.

14 The formulation and confirmation of a plan of reorganization is the principal purpose
15 of a Chapter 11 case. A plan of reorganization sets forth a proposed method for
16 compensating the holders of claims and interests in the debtor. A claim or interest is
17 impaired under a plan of reorganization if the plan provides that the legal, equitable, or
18 contractual rights of the holder of such claim or interest are altered. A holder of an impaired
19 claim or interest is entitled to vote to accept or reject the plan. Chapter 11 does not require
20 all holders of claims and interests to vote in favor of a plan in order for the Bankruptcy Court
21 to confirm it. However, the Bankruptcy Court must find that the plan meets a number of
22 statutory tests before it may approve the plan. These tests are designed to protect the
23 interests of holders of claims or interests who do not vote to accept the plan, but who will
24 nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

25 An official committee of unsecured creditors may be appointed by the trustee in
26 Chapter 11 cases to, among other things, negotiate the plan of reorganization on behalf of the

1 unsecured creditors of the debtor. A committee of unsecured creditors has not yet been
2 appointed by the United States Trustee in this case.

3 **4. VOTING PROCEDURES AND CONFIRMATION OF A PLAN**

4 **4.1. BALLOTS AND VOTING DEADLINE**

5 A ballot to be used for voting to accept or reject the Plan is enclosed with each copy
6 of this Disclosure Statement mailed to all Creditors entitled to vote. After carefully
7 reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your
8 acceptance or rejection of the Plan by voting in favor or against the Plan on the enclosed
9 ballot as directed below.

10 The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for
11 the acceptance or rejection of the Plan must be received no later than 4:00 p.m. Pacific Time,
12 on _____, 2013 by Debtor at the following address:

13 Tonkon Torp LLP,
14 Attention: Ava L. Schoen
15 1600 Pioneer Tower
888 S.W. Fifth Avenue
Portland, OR 97204-2099

16 Holders of each Claim scheduled by Debtor or with respect to which a Proof of Claim
17 has been filed will receive ballots and are permitted to vote based on the amount of the Proof
18 of Claim. If no Proof of Claim has been filed, then the vote will be based on the amount
19 scheduled by Debtor in its Schedules. Holders of disputed Claims who have settled their
20 dispute with Debtor are entitled to vote the settled amount of their Claim. The Bankruptcy
21 Code provides that such votes will be counted unless the Claim has been disputed,
22 disallowed, disqualified or suspended prior to computation of the vote on the Plan. The
23 Claim to which an objection has been filed is not allowed to vote unless and until the
24 Bankruptcy Court rules on the objection. The Bankruptcy Code provides that the Bankruptcy
25 Court may, if requested to do so by the holder of such claim, estimate or temporarily allow a
26 disputed claim for the purposes of voting on the Plan.

1 If a person holds claims in more than one class entitled to vote on the Plan, such
 2 person will be entitled to complete and return a ballot for each Class. If you do not receive a
 3 ballot or if a ballot is damaged or lost, please contact:

4 Tonkon Torp LLP,
 5 Attention: Ava L. Schoen
 6 1600 Pioneer Tower
 888 S.W. Fifth Avenue
 Portland, OR 97204-2099

7 All persons entitled to vote on the Plan may cast their vote for or against the Plan by
 8 completing, dating and signing the ballot accompanying this Disclosure Statement and
 9 returning it, by First Class Mail or hand delivery, to Debtor at the address indicated above.
 10 In order to be counted, all ballots must be executed and received at the above address no later
 11 than 4:00 p.m. Pacific Time on _____, 2013. Any ballots received after 4:00 p.m. Pacific
 12 Time on _____, 2013 will not be included in any calculation to determine whether the
 13 parties entitled to vote on the Plan have voted to accept or reject the Plan.

14 When a ballot is signed and returned without further instruction regarding acceptance
 15 or rejection of the Plan, the signed ballot shall be counted as a vote accepting the Plan. When
 16 a ballot is returned indicating acceptance or rejection of the Plan but is unsigned, the
 17 unsigned ballot will not be included in any calculation to determine whether parties entitled
 18 to vote on the Plan have voted to accept or reject the Plan. When a ballot is returned without
 19 indicating the amount of the Claim, the amount shall be as set forth on Debtor's Schedules or
 20 any Proof of Claim filed with respect to such Claim.

21 **4.2. PARTIES ENTITLED TO VOTE**

22 Pursuant to Section 1126 of the Bankruptcy Code, each class of impaired claims or
 23 interests that is not deemed to reject the Plan is entitled to vote to accept or reject the Plan.
 24 Any holder of an Allowed Claim that is in an impaired class under the Plan, and whose Class
 25 is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless the legal,
 26 equitable and contractual rights of the holders of claims in that Class are left unaltered by the

Plan or if the Plan reinstates the Claims held by members of such Class by (1) curing any defaults, (2) reinstating the maturity of such claim, (3) compensating the holder of such claim for damages that result from the reasonable reliance on any contractual provision of law that allows acceleration of such claim and (4) otherwise leaving unaltered any legal, equitable or contractual right of which the Claim entitles the holder of such claim. Because of their favorable treatment, classes that are not impaired are conclusively presumed to accept the Plan. Accordingly, it is not necessary to solicit votes from the holders of claims in classes that are not impaired.

Classes of Claims or Interests that will not receive or retain any money or property under a Plan on account of such Claims or Interests are deemed, as a matter of law under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not entitled to vote on the Plan. Class 9 (Interests) are deemed to have rejected Debtor's Plan.

Class 1 (Other Priority Claims) and Class 5 (Multnomah County) are not impaired and therefore are deemed to have accepted the Plan. All other Classes of Claims, Classes 2 through 4, Classes 6 through 8, and Class 10, are impaired under the Plan and persons holding Class 2 through 4, Classes 6 through 8, and Class 10 Claims are entitled to vote to accept or reject the Plan. Class 9 Interests is deemed to have rejected the Plan because holders of Class 9 Interests will receive nothing in consideration of their Interests.

4.3. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Interests accept the Plan, subject to the exceptions described below in the section entitled "Cram Down of the Plan." At least one impaired Class of Claims must accept the Plan in order for the Plan to be confirmed.

For a Class of Claims to accept a plan, Section 1126 of the Bankruptcy Code requires acceptance by Creditors that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class, in both cases counting only those claims

1 actually voting to accept or reject the plan. The holders of Claims who fail to vote are not
2 counted as either accepting or rejecting the Plan. If the Plan is confirmed, the Plan will be
3 binding with respect to all holders of Claims and Interests in each Class, including Classes
4 and members of Classes that did not vote or that voted to reject the Plan.

5 **4.4. "CRAM DOWN" OF THE PLAN**

6 If the Plan is not accepted by all the impaired Classes of Claims, the Plan may still be
7 confirmed by the Bankruptcy Court pursuant to Section 1129(b) of the Bankruptcy Code's
8 "Cram Down" provision if the Plan has been accepted by at least one Impaired Class of
9 Claims, without counting the acceptances of any insiders of Debtor, and the Bankruptcy
10 Court determines, among other things, that the Plan "does not discriminate unfairly" and is
11 "fair and equitable" with respect to each non-accepting Impaired Class of Claims or Interest.

12 **4.5. CONFIRMATION HEARING**

13 The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to take
14 place on _____, 2013 at _____ Pacific Time. The Confirmation Hearing will be held at the
15 United States Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth
16 Avenue, 8th Floor, Portland, Oregon, before the Honorable Elizabeth L. Perris, United States
17 Bankruptcy Judge. At the hearing, the Bankruptcy Court will consider whether the Plan
18 satisfies the various requirements of the Bankruptcy Code, including whether it is feasible
19 and whether it is in the best interest of the creditors of Debtor. At that time, Debtor will
20 submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection of
21 the Plan by the persons entitled to vote thereon.

22 Section 1128(b) of the Bankruptcy Code provides that any party in interest may
23 object to confirmation of the Plan. Any objections to confirmation of the Plan must be made
24 in writing and filed with the Bankruptcy Court and received by counsel for Debtor no later
25 than _____, by _____ Pacific Time. Unless an objection to confirmation is timely
26 filed and received, it may not be considered by the Bankruptcy Court.

1 **5. BACKGROUND AND GENERAL INFORMATION**

2 **5.1. DEBTOR**

3 Debtor is an Oregon limited liability company formed in 2007 with its principal place
4 of business in Spokane, Washington. Debtor was formed to renovate and lease commercial
5 property located at 411 NW Park Avenue, Portland, OR 97205 (the "General Automotive
6 Building"). The General Automotive Building includes 40,000 square feet divided into
7 thirteen units of varying sizes. As of the Petition date, Debtor has developed virtually all of
8 the General Automotive Building and has leased approximately 98% of the building's space
9 to retail and commercial tenants. Debtor continues to seek tenants for the remaining spaces.

10 **5.2. DEBTOR'S BUSINESS STRATEGY**

11 Debtor's strategy was and is to lease commercial and retail units in a beautifully
12 restored and well-managed former industrial building at competitive rental rates. The
13 General Automotive Building offers desirable space to tenants and potential tenants: it is
14 located in the heart of the Pearl District, provides abundant natural light with views of the
15 adjacent North Park Blocks, and offers flexible work space. Debtor has obtained LEED Gold
16 designation.

17 **5.3. MANAGEMENT**

18 Debtor is a limited liability company made up of four members: North Park
19 Development, LLC; Revonoc LLC; KTP Development LLC; and David Sniderman. North
20 Park Development is the managing member of Debtor. Pursuant to the Plan, all Interests in
21 Debtor will be extinguished on the Effective Date and North Park Development will invest
22 \$400,000 of new money in Reorganized Debtor. North Park has executed a subscription
23 agreement reflecting its anticipated investment. North Park Development will be the initial
24 managing member of Debtor. All Creditors and Insiders will also have the opportunity to
25 invest in the Reorganized Debtor and acquire newly issued membership interests (see Section
26 10 of this Disclosure Statement).

1 North Park Development or its successor managing member will be entitled to
2 compensation not to exceed \$2,000 per month and reimbursement of expenses not to exceed
3 \$1,000 per month. In addition, North Park Development (and any other entities that elect to
4 acquire membership interest in the Reorganized Debtor pursuant to the Plan, will be entitled
5 to distributions necessary to pay any federal, state, or local income taxes arising from taxable
6 income of the Reorganized Debtor.

7 Since filing for bankruptcy protection, Debtor has retained a third-party property
8 management company, Deering Management Group, Inc. ("Deering"). Deering was formed
9 in 1992. It manages approximately 75 assets in Oregon and Washington. Its services include
10 asset and facility management for office, retail, and mixed use facilities. Prior to forming
11 Deering, its president, Mariann Deering, spent 28 years in Portland, Oregon with companies
12 such as CB Commercial Real Estate Group, Inc., Prendergast and Associates, Cushman and
13 Wakefield, and First Interstate Bank. Debtor has no ownership interest in Deering and
14 Deering has no ownership interest in Debtor. Deering acts as Debtor's exclusive agent for
15 purposes of managing and operating the General Automotive Building. Deering's
16 responsibilities include ensuring that repairs are made; entering into service contracts;
17 collecting and segregating rent; and paying expenses, taxes and insurance. Deering renders
18 monthly statements to the managing member; these statements reflect income, operating and
19 non-operating expenses, an activity reconciliation report (which includes details of rent
20 payments), and an accounts payable distribution (which provides details on payments made).
21 For its services, Deering is paid 2-1/2% of General Automotive Building's gross income each
22 month. As of the Effective Date and consistent with the Tax Credit Documents, Deering will
23 be retained by General Auto Lessee to carry out its work as property manager of the General
24 Automotive Building.

25 Debtor has also engaged Apex Real Estate Partners ("Apex") as its exclusive listing
26 agent to help secure satisfactory tenants for any units in the General Automotive Building

1 that are vacant or become vacant. Apex has considerable experience as a leasing agent and
 2 extensive knowledge of the neighborhood in which the General Automotive Building is
 3 located. Debtor anticipates that General Auto Lessee will continue to engage Apex as its
 4 leasing agent.

5 To the extent no other Insiders or Creditors invest in the Reorganized Debtor, North
 6 Park Development will be the Reorganized Debtor's sole member and its managing member.
 7 North Park Development and Deering have in-depth experience in the commercial real estate
 8 industry and with the rental market in Portland, Oregon. North Park Development's members
 9 will include Robert Brewster, Sr., Robert Brewster, Jr. and David Sniderman.

10 **5.4. FINANCIAL PERFORMANCE**

11 Attached as **Exhibit 2** is a spreadsheet that presents in summary fashion the actual
 12 operating results for Debtor from the Petition Date and the projected operating results for
 13 Debtor through fiscal year 2022 on a monthly basis. **Exhibit 2** reflects that Debtor has had
 14 financial success leasing units in the General Automotive Building and that Debtor projects
 15 that it will have adequate funds with which to repay its creditors.

16 Debtor's projections are based on the following:

- 17 • The projections reflect the projected operating performance of the General
 18 Automotive Building. They do not reflect the Master Lease with General
 19 Auto Lessee (see Section 7.2.6 of this Disclosure Statement and Exhibit 2
 20 to the Plan) because Debtor anticipates that the Master Lease will be
 21 terminated in the first half of 2015, prior to projected distributions to
 22 General Unsecured Creditors and, upon termination, all leases and
 23 reserves will be assigned and transferred to Reorganized Debtor. There
 24 will be no material impact on the projected results of operations. If you
 25 would like detailed information on the Master Lease, please contact:
 26

Tonkon Torp LLP,
Attention: Ava L. Schoen
1600 Pioneer Tower
888 S.W. Fifth Avenue
Portland, OR 97204-2099
Telephone: (503) 802-2143

- At least \$400,000 in new equity will be invested in Reorganized Debtor on the Effective Date.
- All existing tenants will perform their obligations on existing leases.
- With the exception of Shop Ignitor's lease, the existing leases are at market and the space will be leased at the end of each existing term, with annual rent increases of 3%.
- In November of 2013, rent payable on the Shop Ignitor space will increase to \$17,500 per month from \$11,844 per month. Thereafter, the rent will increase at 3% per year.
- Vacancy and collection loss will be 5%.
- The vacant retail space will be rented at \$24 per square foot on a triple net basis. The Tenant Improvement allowance will be \$50 per square foot and a leasing commission of 6% will be paid.
- Pixel Pool and Motorola will renew their leases and no leasing commissions or tenant improvement allowances will be required.
- Except for the Motorola lease, the Pixel Pool lease, and the retail space, each new lease or lease renewal will involve a leasing commission of 6% on a five-year lease and a tenant improvement allowance of \$5 per square foot.
- A 5% annual increase in property taxes through November of 2015 and 3% thereafter.
- A 3% annual increase in insurance.

- 1 • A 2% annual increase in other expenses.
- 2 • The HomeStreet secured claim is assumed to be \$10,800,000. Park &
- 3 Flanders disagrees with that assumption and asserts that HomeStreet's
- 4 secured claim will be \$11,000,000 or more. If HomeStreet is correct, then
- 5 the debt service payable to Park & Flanders will be greater than projected.
- 6 • The HomeStreet secured claim will accrue interest at 4.5% per annum.
- 7 Park & Flanders disagrees with this assumption and asserts that the
- 8 interest rate should be significantly higher. An increase in the interest rate
- 9 would result in an increase in debt service.
- 10 • The projections do not incorporate the \$14,000 annual payment on the
- 11 PDC Claim projected in the plan in the event that the 1111(b) election is
- 12 valid. The Court has not determined if the election is valid and the annual
- 13 payments would have little impact on the amount payable to unsecured
- 14 creditors.
- 15 • The Master Lease with General Auto Lessee is not reflected because it
- 16 will be terminated within two years and will have no impact on the
- 17 projected financial performance of Reorganized Debtor or the projected
- 18 distributions to Unsecured Creditors.

19 Debtor believes the projections are reasonable and achievable, but there are many
 20 variables that can and will affect the actual financial results that are achieved by Reorganized
 21 Debtor. Significant distributions to General Unsecured Creditors should begin by 2016.
 22 Assuming the Park & Flanders 1111(b) election is valid, Debtor's projections reflect that
 23 General Unsecured Creditors will be paid in full over the 10-year term of the plan payments.
 24 Absent additional new investment or financing, it is unlikely that Reorganized Debtor will be
 25 able to elect to satisfy General Unsecured Claims within five years by paying a total of 60%
 26 of the amount of each Claim. On the other hand, if the plan is not confirmed, unsecured

creditors will receive nothing because Park & Flanders will foreclose the lien it acquired from HomeStreet Bank.

6. THE BANKRUPTCY CASE

6.1. THE FILING

Debtor obtained a loan from HomeStreet in June 2008 in the principal amount of \$10,200,000 ("HomeStreet Loan"). Pursuant to an agreement between Debtor and HomeStreet in September 2010, the principal amount of the loan was reduced to \$10,000,000. To secure the obligations under the HomeStreet Loan, Debtor granted to HomeStreet a Line of Credit Commercial Deed of Trust, Assignment of Rents and Leases, and Security Agreement and Fixture Filing. The loan was originally due to mature on January 1, 2010, but was extended several times by agreement between HomeStreet and the Debtor.

Debtor also obtained a loan from PDC in June 2008 in the principal amount of \$1,400,000 ("PDC Loan"). To secure the obligations under the PDC Loan, Debtor granted to PDC a Line of Credit Commercial Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents. The loan was due to mature on June 1, 2019. Pursuant to a Subordination, Nondisturbance and Attornment Agreement, the PDC Loan is subordinate to the HomeStreet Loan.

In early 2012, debtor hired R&H Construction to perform work at the General Automotive Building and authorized tenant improvements for tenants based on an additional anticipated loan of \$225,000 from PDC. PDC ultimately did not fund that loan. Due to PDC's failure to fund the additional loan, the difficult economic and real estate markets in which Debtor was developing the General Automotive Building, and unanticipated rent concessions and tenant improvement costs, Debtor was unable to remain current on its payments to HomeStreet and PDC and defaulted on the HomeStreet Loan and PDC Loan. In January 2012, PDC demanded payment of the full loan balance from Debtor and in February

1 2012, HomeStreet demanded payment of the full loan balance from Debtor. Debtor was
2 unable to make such payments. HomeStreet, in turn, commenced a non-judicial foreclosure
3 of the deed of trust and filed a motion for appointment of a receiver.

4 In order to keep Debtor operating, and protect Debtor's creditors, Debtor resolved to
5 seek the protection of Chapter 11 Bankruptcy.

6 **6.2. TRANSFER OF CLAIMS TO PARK & FLANDERS**

7 On May 29, 2012, HomeStreet transferred to Park & Flanders all HomeStreet's right,
8 title and interest in and to HomeStreet's claims against the Debtor. On that same day, PDC
9 transferred to Park & Flanders all of PDC's right, title and interest in and to PDC's claims
10 against the Debtor.

11 On June 29, 2012, Park & Flanders filed a proof of claim for (a) \$10,529,361.87
12 based upon the claim transferred to it by HomeStreet and (b) \$1,477,761.30 based upon the
13 claim transferred to it by PDC.

14 **6.3. MOTION FOR RELIEF FROM STAY**

15 Prior to transferring its claims to Park & Flanders, HomeStreet filed a motion for
16 relief from the automatic stay seeking to terminate the automatic stay to permit HomeStreet
17 to complete a non-judicial foreclosure of the General Automotive Building. Debtor filed a
18 brief in opposition to the motion and Park & Flanders (having at this point become the
19 transferee of HomeStreet's claim) filed a brief in support of the motion. On June 15, 2012,
20 the Bankruptcy Court entered an order, which (a) neither granted nor denied the motion for
21 relief from stay and (b) determined that a final hearing on the motion for relief from stay will
22 be held immediately following the confirmation hearing. Debtor believes that if the motion
23 for relief from stay is granted, Park & Flanders will foreclose on the General Automotive
24 Building. If a foreclosure takes place, there will be no money available to make payments to
25 any creditors other than Park & Flanders.

1 In November of 2012, Park & Flanders filed a second motion for relief from stay,
2 which the Court denied.

3 **6.4. VALUATION OF THE GENERAL AUTOMOTIVE BUILDING**

4 On June 26, 2012, Park & Flanders filed a motion with the Bankruptcy Court seeking
5 an evidentiary hearing to determine the value of the General Automotive Building.
6 Thereafter, on August 27, August 29 and September 6, 2012 a hearing was held to determine
7 the value of the General Automotive Building. The Bankruptcy Court heard and considered
8 evidence, including the testimony of witnesses, expert appraisal reports, and other
9 documentary evidence, and considered the arguments of counsel for the Debtor and Park &
10 Flanders. The Bankruptcy Court valued the General Automotive Building at \$10,800,000.

11 In subsequent pleadings, Park & Flanders has asserted that the value of the General
12 Automotive Building has increased since the September valuation as a result of Debtor's
13 leasing efforts. Debtor anticipates that Park & Flanders will seek to revisit the valuation of
14 the building at the confirmation hearing.

15 **6.5. PARK & FLANDERS' OBJECTIONS TO DISCLOSURE** 16 **STATEMENTS**

17 Park & Flanders filed an objection to Debtor's original disclosure statement (filed
18 May 31, 2012). Park & Flanders states that the May 31, 2012 disclosure statement was not
19 adequate because it, (a) does not provide adequate disclosure regarding the terms of the
20 Master Lease and General Auto Lessee's ability to make payments pursuant to the Master
21 Lease, (b) does not state the correct value of the General Automotive Building, (c) fails to
22 adequately treat secured and super priority claims transferred from the PDC to and asserted
23 by Park & Flanders, (d) does not explain why R&H Construction's lien is senior to Park &
24 Flanders' liens, (e) does not reflect property taxes paid by Debtor, and (f) does not adequately
25 disclose North Park Development's willingness or ability to purchase a membership interest
26

1 in the Reorganized Debtor. Debtor believes that it has addressed all of Park & Flanders'
2 objections.

3 Park & Flanders further argues that it will not support Debtor's Plan and that the Plan
4 should not be confirmed because it, (a) "transmutes" existing tenant leases into subleases,
5 (b) does not satisfy the "cram down" provisions applicable to secured creditors, (c) violates
6 the "absolute priority rule," (d) fails to properly treat Park & Flanders' secured and super
7 priority claims, (v) is not feasible, and (vi) was not filed in good faith. Debtor disagrees with
8 all of Park & Flanders' objections to confirmation.

9 Debtor filed a first amended disclosure statement on October 5, 2012, a second
10 amended disclosure statement on November 27, 2012, a third amended disclosure statement
11 on December 17, 2012, and a Fourth Amended Disclosure Statement on January 23, 2013.
12 Park & Flanders has objected to each disclosure statement asserting virtually the same
13 positions. Park & Flanders continues to assert that the Plan is not confirmable. Debtor
14 continues to believe that the Plan is confirmable. If the Plan is not confirmed, Park &
15 Flanders will foreclose the deed of trust it acquired from HomeStreet and unsecured creditors
16 will receive nothing.

17 **7. ASSETS AND LIABILITIES**

18 **7.1. ASSETS**

19 Debtor's principal asset is the commercial property and real estate located at 411 NW
20 Park Avenue, Portland, OR 97205 (the General Automotive Building). As described above,
21 the Bankruptcy Court has valued the General Automotive Building at \$10,800,000.

22 Debtor generates revenue from the leases with its tenants. Currently, Debtor is a
23 party to twelve leases with its tenants generating approximately \$80,000 per month in
24 revenues.
25
26

1 **7.2. LIABILITIES**

2 7.2.1. R&H Construction. R&H Construction performed construction in
3 and upon the General Automotive Building for which it was not paid. R&H Construction
4 recorded a claim of construction lien in Multnomah County on February 27, 2012. The
5 amount of debt owing to R&H Construction as of the Petition Date was \$146,946.80. If
6 R&H Construction holds a valid first priority lien, then R&H Construction is an oversecured
7 creditor and R&H Construction is entitled to post-petition contract interest and attorney fees
8 allowed by Oregon statute. Debtor believes that R&H Construction has a valid first priority
9 lien because the improvements constructed by R&H Construction were not repairs or
10 alterations. Park & Flanders has objected to the R&H Construction secured claim and has
11 commenced an adversary proceeding seeking a determination that the R&H Construction lien
12 is not valid and is subordinate to the Park & Flanders' secured claim. If Park & Flanders
13 prevails, then R&H Construction will not have an Allowed Secured Claim and will hold a
14 General Unsecured Claim. In the event that Park & Flanders and R&H Construction reach a
15 settlement on the validity and priority of R&H Construction's lien then the R&H
16 Construction Secured Claim may be satisfied and R&H Construction will have an unsecured
17 claim for any unpaid balance.

18 7.2.2. Multnomah County Assessment & Taxation. On the Petition Date,
19 Multnomah County was a secured creditor of Debtor. The amount of debt owing to
20 Multnomah County was approximately \$90,000. The obligations of Debtor to Multnomah
21 County were secured by a lien on the Property. All property taxes for the 2012-2013 and
22 2011-2012 tax years and prior years have been paid.

23 7.2.3. HomeStreet Bank. According to the proof of claim filed by Park &
24 Flanders (the successor to HomeStreet's Claim), the principal amount of debt owing to
25 HomeStreet as of the Petition Date is \$9,966,398.01 and the total debt owing to HomeStreet
26 as of the Petition Date is \$10,529,361.87. The obligations of Debtor to HomeStreet are

1 secured by a perfected security interest in the General Automotive Building and rents.
 2 HomeStreet is a secured creditor of Debtor up to the value of the collateral. In September of
 3 2012, the Bankruptcy Court found the value of the General Automotive Building to be
 4 \$10,800,000. Park & Flanders has asserted that the value of the building has increased since
 5 the Court's determination.

6 HomeStreet is undersecured. HomeStreet's secured claim will be allowed in an
 7 amount equal to HomeStreet's interest in Debtor's interest in the property securing
 8 HomeStreet's claim. The claim will be determined at the Confirmation Hearing. Park &
 9 Flanders disagrees with Debtor's characterization that HomeStreet's secured claim is
 10 undersecured.

11 Debtor is analyzing the implications of HomeStreet's management of draw requests
 12 and disbursements of funds in a manner that was inconsistent with Debtor's instructions.
 13 Debtor has not determined whether it has a valid claim against HomeStreet.

14 7.2.4. Portland Development Commission. The principal amount of debt
 15 owing to PDC as of the Petition Date is \$1,400,000. PDC filed a claim for \$1,478,000.
 16 Debtor believes the PDC's Allowed Claim is fully unsecured because the PDC Loan is
 17 subordinate to the HomeStreet Loan and the R&H Construction lien and because PDC's
 18 interest in the estate's interest in PDC's Collateral had no value on the Petition Date or at any
 19 time thereafter. By contrast, PDC believes that its claim is secured in part and it has made an
 20 election under 11 U.S.C. § 1111(b) as described below in section 9.2.3.10. The § 1111(b)(2)
 21 election is not available to PDC if its claims in its Collateral are of inconsequential value.
 22 The Plan proposes alternative treatments for PDC's Claim depending on whether the
 23 § 1111(b)(2) election is available to PDC.

24 7.2.5. Unsecured Creditors. Debtor owes approximately \$3,060,000 to
 25 unsecured creditors excluding the claim of PDC, General Auto Lessee, and any unsecured
 26 claim of HomeStreet. Approximately \$1,740,000 of that amount is owed to Insiders.

1 7.2.6. General Auto Lessee. General Auto Lessee filed a proof of claim
2 asserting an unsecured claim of \$776,612.79 for damages arising from Debtor's default under
3 the Master Lease and the HTC Pass-Through Agreement, both executed by and between
4 Debtor and General Auto Lessee. The Tax Credit Documents were executed simultaneously
5 with the PDC and HomeStreet loan agreements and were an integral part of the financing
6 package that funded the development and rehabilitation of the General Automotive Building.
7 Both HomeStreet and PDC contemplated and approved the execution by Debtor of its
8 agreements with General Auto Lessee and relied on the payment by General Auto Lessee of
9 its obligations under the agreements. The General Auto Lessee claim is treated as the Class 8
10 Claim.

11 On June 13, 2008, Debtor executed loan agreements with HomeStreet and PDC.
12 Simultaneously, Debtor executed the Tax Credit Documents with General Auto Lessee: the
13 Master Lease, the HTC Pass-Through Agreement (the "Pass-Through Agreement") and the
14 Tenant Improvement and Commission Payment Agreement (the "Payment Agreement").
15 The three agreements between Debtor and General Auto Lessee resulted in the payment by
16 General Auto Lessee of approximately \$700,000 to Debtor for the development of the
17 General Automotive Building. The General Auto Lessee financing was essential to the
18 development and was relied upon by both HomeStreet and PDC in their investment
19 decisions.

20 Debtor rehabilitated the General Automotive Building in a manner that qualified for
21 the 10% historical rehabilitation tax credit (the "Historic Tax Credit") described in Section 47
22 of the Internal Revenue Code. Debtor leased the Building to General Auto Lessee pursuant
23 to the Master Lease, and General Auto Lessee was to operate the Building as a commercial
24 Property. The Pass-Through Agreement provided for the pass-through of the Historic Tax
25 Credit to General Auto Lessee. The Payment Agreement provided for the payment of an
26 amount that ultimately approximated \$700,000 by General Auto Lessee to Debtor.

1 Simultaneously with the execution of the three agreements between Debtor and
2 General Auto Lessee, several agreements were executed relating to the capitalization,
3 ownership, and control of General Auto Lessee, including the General Auto Lessee, LLC
4 Operating Agreement, a Purchase Agreement, and a Guarantee Agreement. Debtor is not a
5 party to any of those agreements. TCC and General Auto Development Manager are parties
6 to all three agreements. Robert C. Brewster, Jr. ("Brewster") is a party to the Guarantee
7 Agreement. Generally, the Agreements provide that TCC will own 99.9% of General Auto
8 Lessee in exchange for a capital investment approaching \$800,000. General Auto
9 Development Manager owns .1% and is the manager of General Auto Lessee. Pursuant to
10 the Purchase Agreement, General Auto Development Manager has the right and obligation to
11 purchase the interest of TCC in General Auto Lessee under certain conditions from and after
12 January 1, 2015. It is contemplated that General Auto Development Manager will acquire
13 the interests of TCC in General Auto Lessee in the first half of 2015. The Guarantee
14 Agreement provides that Brewster guarantees for the benefit of TCC that General Auto
15 Lessee and General Auto Development will perform their obligations to TCC.

16 After the PDC loan documents, HomeStreet loan documents, and General Auto
17 Lessee agreements were executed by Debtor, Debtor commenced the rehabilitation and
18 development of the General Automotive Building. The rehabilitation took longer and cost
19 more than were originally projected. The General Automotive Building certificate of
20 occupancy was issued in October of 2009 and the building was placed into service at that
21 time. The start date for the first lease of space in the building was June 1, 2010.

22 The Master Lease provided that, after the "Possession Date," Debtor was to assign all
23 Existing Leases to General Auto Lessee, and General Auto Lessee was to operate the General
24 Automotive Building and pay rent to Debtor. The "Possession Date" coincided with the
25 completion of "Landlord's Work." Both terms are defined in the Master Lease. The delay in
26 completion of the project raises ambiguities relating to adjustments to the rent schedule in the

1 Master Lease. Further, Debtor continued to enter into leases in its own name and the
 2 operation of the Building was not transitioned to General Auto Lessee. Consequently, rental
 3 income did not flow through General Auto Lessee and General Auto Lessee did not make
 4 lease payments to Debtor, although General Auto Lessee did pay approximately \$700,000 to
 5 Debtor pursuant to the Payment Agreement.

6 Article 31 of the Master Lease contains very broad exculpation provisions. Article 31
 7 provides that in the case of a default by Debtor or General Auto Lessee, the parties can look
 8 solely to the assets of the other party, including its interests in the Building and leases. No
 9 member of either party will have any liability. General Auto Lessee has no significant assets
 10 other than its leasehold interests under the Master Lease and its claim against Debtor.

11 General Auto Lessee filed its claim for \$776,612.79 principally because the default
 12 by Debtor in the performance of its obligations under the Master Lease may, unless
 13 remedied, result in the recapture of the Historic Tax Credit from General Auto Lessee and its
 14 members. The Plan treatment of the General Auto Lessee claim reflects a settlement
 15 between the parties whereby (a) Debtor will assign the Tenant Leases to General Auto
 16 Lessee; and (b) the Master Lease will be amended by modifying the rent schedule and
 17 clarifying the terms on which the Master Lease may be terminated. Debtor and General Auto
 18 Lessee also release each other from claims arising from the failure of Debtor to assign leases
 19 and turn over the operation of the General Automotive Building to General Auto Lessee and
 20 the failure of General Auto Lessee to pay the rent originally scheduled in the lease.

21 Debtor believes that the Plan's treatment of General Auto Lessee's claim and the
 22 settlement is in the best interests of Debtor, its estate, and its creditors for the following
 23 reasons:

- 24 • The \$776,612 claim of General Auto Lessee will be released to the benefit
- 25 of all unsecured creditors.
- 26 • General Auto Lessee and TCC will receive the benefit of their bargain.

- Park & Flanders will retain all of the security interests in property of the estate that it had prior to the Effective Date because (a) the Tenant Leases will be assigned to General Auto Lessee subject to the security interests and liens of Park & Flanders; (b) Park & Flanders will have a security interest and lien on the Master Lease, all subleases hereafter entered into by General Auto Lessee, and rents, proceeds, and profits generated by such leases, including all cash of General Auto Lessee.
- The claims and causes of action against General Auto Lessee that are being released have absolutely no value because (a) Debtor's default in failing to assign leases and transfer operations to General Auto Lessee excused General Auto Lessee's failure to pay rent; (b) the terms of the Master Lease explicitly limit any claim for damages against General Auto Lessee to its interests in the Master Lease and its other assets. Absent settlement, General Auto Lessee will have no assets other than the Master Lease and its claim against Debtor. After settlement, Debtor and Park & Flanders will have a security interest in all the assets of General Auto Lessee and, in the event of a default, all such assets will be available to Debtor or Park & Flanders.
- The Master Lease is a pass-through. The rent schedule is designed to require the payment of rent to Debtor that is substantially equal to the net operating income received by General Auto Lessee after payment of operating expenses.
- The Master Lease will be terminable within approximately two years.
- The Pass-Through Agreement and the Payment Agreement are not being modified.

- The effect of the delay in the occurrence of the Completion Date, the Credit Commencement Date, and the Possession Date on General Auto Lessee's rent obligations is uncertain and the settlement will eliminate the possibility of unnecessary and expensive litigation.

It should also be noted that the Operating Agreement, Purchase Agreement, and Guarantee are not being modified. Debtor is not a party to those agreements and the rights of other parties in or to those agreements will not be modified by the Plan. In particular, the guarantee of Brewster pursuant to the Guarantee of Brewster pursuant to the Guarantee Agreement is not modified.

8. ADMINISTRATIVE EXPENSES

Debtor has retained Tonkon Torp LLP as its counsel in this case. Debtor has retained Apex Real Estate Partners to provide leasing services and anticipates retaining Anton Collins Mitchell LLP to provide tax services. Debtor anticipates it will incur approximately \$275,000 in professional fees and expenses through confirmation of the Plan.

Park & Flanders has asserted that the PDC loan is entitled to a super priority administrative expense claim pursuant to section 507(b) of the Bankruptcy Code because of a failure of adequate protection. Debtor disputes that assertion because, among other things, PDC's claim was unsecured as of the Petition Date because secured claims with priority over the secured claim of PDC exceeded the value of PDC's collateral as of the Petition Date. Therefore, PDC's interest in Debtor's interest in PDC's collateral had no value and is not entitled to adequate protection. In the event that PDC is entitled to a super priority administrative expense claim pursuant to Section 507(b) of the Bankruptcy Code, the claim will be paid on the Effective Date. The Plan provides for the payment in full to PDC on the Effective Date of the value as of the Petition Date of PDC's interest in Debtor's interest in PDC's Collateral.

1 **8.1. EXECUTORY CONTRACTS**

2 Debtor is a party to (a) a contract with Kone for elevator maintenance (b) leases with
3 the tenants in the General Automotive Building, and (c) a Master Lease with General Auto
4 Lessee.

5 Debtor will assume its contract with Kone and cure any default of that contract on the
6 Effective Date.

7 Debtor is in default of the lease with tenant Lapchi due to unreimbursed tenant
8 improvements owed by Debtor to Lapchi. On the Effective Date, Debtor will assume all
9 Tenant Leases, including the lease with Lapchi, assign all Tenant Leases to General Auto
10 Lessee subject to HomeStreet Bank's interests in the Tenant Leases, and cure the default in
11 the Lapchi lease by paying the outstanding balance owing to Lapchi. Nothing in the terms of
12 the Tenant Leases prohibits Debtor from assigning those leases to General Auto Lessee.
13 Thereafter, General Auto Lessee will collect rent from all tenants of the General Automotive
14 Building and perform its obligations under the Master Lease, which will be modified as
15 necessary to conform to circumstances as of the Effective Date, including paying all
16 expenses relating to the General Automotive Building and paying rent to Reorganized Debtor
17 pursuant to the Master Lease. These transactions were contemplated by the loan documents
18 between Debtor and HomeStreet and Debtor and PDC and will have no material economic
19 impact on Reorganized Debtor or its ability to perform its obligations under this Plan.

20 **9. DESCRIPTION OF PLAN OF REORGANIZATION**

21 **9.1. BRIEF EXPLANATION OF CHAPTER 11**

22 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
23 Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
24 creditors and equity holders. In addition to permitting rehabilitation of the debtor, another
25 goal of Chapter 11 is to promote equality of treatment of creditors and equity holders of
26 equal rank with respect to the distribution of a debtor's assets. In furtherance of these two

goals, upon the filing of the reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect debts or enforce liens that arose prior to commencement of the debtor's case under Chapter 11.

The confirmation of a plan of reorganization is the principal objective of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor and any equity holder of the debtor. Subject to certain limited exceptions provided by the Bankruptcy Code and except as specifically provided in the plan of reorganization, the confirmation order discharges the debtor from any debt that arose prior to the date of such confirmation and order and substitutes therefor the obligations specified in the plan.

9.2. SOLICITATION AND CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

9.2.1. General. Pursuant to Section 1123(a)(1) of the Bankruptcy Code, a plan of reorganization must designate classes of claims and classes of interest. The plan classifies all Claims and Interests into ten classes, including a class of Small Unsecured Claims for administrative convenience pursuant to Section 1122(b) of the Bankruptcy Code. The classification of Claims and Interests is made for the purpose of voting on the plan and making distributions thereunder, and for ease of administration of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is entitled to vote in a particular Class and to receive distribution in such Class only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and

has not been paid prior to the Effective Date. Under the Plan, a Claim or Interest is an Allowed Claim against or an Allowed Interest in Debtor to the extent that (a) proof of the Claim or Interest was (a) timely filed or (b) deemed filed under applicable law by reason of an order of the Bankruptcy Court; or (c) scheduled by Debtor on its Schedules of Liabilities as neither contingent, unliquidated or disputed; and (b) (a) no party in interest has filed an objection within the time fixed by the Bankruptcy Court; or (b) the Claim or Interest is allowed by Final Order; and (c) with respect to an application for compensation or reimbursement of an Administrative Expense Claim, the amount of Administrative Expense Claim of which has been approved by the Bankruptcy Court.

9.2.2. Unclassified Claims. Administrative Expense Claims and Priority Tax Claims are not classified. An Administrative Expense Claim is a claim against Debtor constituting an expense of administration of the Bankruptcy Case allowed under Section 503(b) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses of preserving the estate and operating the business of Debtor during the case, any indebtedness or obligations incurred by Debtor during the pendency of the case in connection with the conduct of, the acquisition or lease of property by, or the rendition of services to, Debtor and compensation for legal and other professional services and reimbursement of expenses and statutory fees payable to the United States Trustee.

A "Priority Tax Claim" is a claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code. Debtor does not believe it owes any significant amount of Priority Tax Claims.

Pursuant to the Plan, Administrative Expense Claims will be paid in full on the later of the Effective Date or the date on which any such Administrative Expense Claim becomes an Allowed Claim; provided, however, that the Administrative Expense Claim representing liabilities incurred in the ordinary course of business (including amounts owed to vendors and suppliers that have sold products or furnished services to Debtor after the Petition Date)

1 will be paid in accordance with the terms and conditions of the particular transactions and
 2 any other agreements relating thereto. Debtor will provide a list of unpaid ordinary course
 3 administrative expenses to the Court at the confirmation hearing on Debtor's Plan.

4 Priority Tax Claims will be paid as allowed by Section 1129(a)(9) within 30 days
 5 following the Effective Date or the date the claim is Allowed, whichever first occurs.

6 9.2.3. Classified Claims. The following summary of distributions under
 7 the Plan to Classified Claims does not purport to be complete and is subject to, and is
 8 qualified in its entirety by reference to, the Plan attached hereto as **Exhibit 1**.

9 9.2.3.1. Class 1 - Allowed Other Priority Claims. An "Other
 10 Priority Claim" is a claim against Debtor entitled to priority under Section 507(a) of the
 11 Bankruptcy Code (other than an Administrative Expense Claim or Priority Tax Claim).
 12 Debtor is unaware of any unpaid Other Priority Claim. However, pursuant to the Plan, unless
 13 otherwise agreed by any holder of an Allowed Other Priority Claim, any such holder shall be
 14 paid in full on the latest to occur of (1) the Effective Date, (2) the date such claim becomes
 15 an Allowed Claim and (3) the date that the such claim becomes due and owing.

16 9.2.3.2. Class 2 – R&H Construction. Class 2 consists of the
 17 Allowed Secured Claim of R&H Construction. Debtor believes that R&H Construction
 18 holds an Allowed Secured Claim secured by a perfected lien in the real property located at
 19 411 NW Park Ave., Portland, Oregon. R&H Construction will be paid the full amount of its
 20 Allowed Secured Claim up to \$178,000 on the Effective Date (or, pursuant to Article 6 of the
 21 Plan, on the date the secured claim is Allowed). In the event the Allowed Secured Claim of
 22 R&H Construction exceeds \$178,000, then the unpaid balance will continue to be secured by
 23 the assets of Reorganized Debtor to the same extent and with the same priority as on the
 24 Petition Date and will be paid together with interest at the rate of 4.5% per annum on the
 25 second anniversary of the Effective Date. R&H Construction asserts that its lien is entitled to
 26 priority over HomeStreet's Secured Claim pursuant to ORS 87.025 because the lien is not for

1 the alteration or repair of an improvement. Rather, R&H Construction asserts it is for the
 2 making or partial construction of an improvement. Although Debtor agrees with R&H
 3 Construction, Park & Flanders has objected to the R&H Construction Secured Claim and has
 4 filed an adversary proceeding seeking a determination of the validity and priority of the R&H
 5 Construction lien. In the event that Park & Flanders prevails or settles and satisfies
 6 R&H Construction's secured claim, then R&H Construction will not have an Allowed
 7 Secured Claim and the R&H Construction claim will be a General Unsecured Claim.

8 Class 2 is impaired and R&H Construction is entitled to vote on the Plan.

9 9.2.3.3. Class 3 – HomeStreet's Secured Claim. Class 3 consists
 10 of the Allowed Secured Claim of HomeStreet. HomeStreet's Allowed Secured Claim is
 11 secured by a perfected security interest in substantially all of Debtor's assets, including rents.
 12 HomeStreet will retain its interests in its Collateral with the same priority that it had as of the
 13 Petition Date. HomeStreet will retain its interests in the Tenant Leases notwithstanding
 14 Debtor's assignment of those leases pursuant to section 9.2.3.8. HomeStreet's claim will be
 15 an Allowed Secured Claim up to the value of the property securing the claim as agreed by the
 16 parties or set by the Court. HomeStreet's Allowed Secured Claim will be paid in full,
 17 together with interest at a fixed rate of 4.5%, or at such other rate fixed by the Court at
 18 confirmation. Commencing on the Effective Date, HomeStreet will be paid monthly
 19 payments of interest only for 12 months. Commencing on the first day of the thirteenth
 20 month following the Effective Date, HomeStreet will be paid equal, monthly amortizing
 21 payments of principal and interest based upon a 30-year amortization schedule with a balloon
 22 payment of the unpaid principal plus accrued interest due on the tenth anniversary of the
 23 Effective Date. Reorganized Debtor will maintain and insure the General Automotive
 24 Building and promptly pay all real property taxes as they come due.

25 Class 3 is impaired and HomeStreet is entitled to vote on the Plan.
 26

9.2.3.4. Class 4 – General Unsecured Claims. Commencing on the last business day of July, 2013 and continuing on the last business day of each October, January, April, and July thereafter until paid or satisfied as hereafter provided, Reorganized Debtor shall pay to each holder of a Class 4 claim an amount equal to its pro rata share of Reorganized Debtor's Excess Cash as of the last day of the prior calendar quarter. Payments shall continue until the (a) holders of Class 4 Claims have been paid in full, together with interest at the Federal Judgment Rate; or (b) the last day of April 2023, whichever shall first occur, provided, however that, in the event that holders of Class 4 Claims have received payments totaling at least 60% of their Class 4 Claim on or before April 30, 2018, then the Class 4 Claims will be deemed to have been paid and satisfied in full and Reorganized Debtor will have no further payment obligations. Debtor believes that General Unsecured Claims, excluding Insider claims and General Auto Lessee's claim could total up to \$2,800,000. If the 1111(b) election of Park & Flanders relating to the PDC Claim is valid, then General Unsecured Claims will total approximately \$1,300,000.

Class 4 is impaired and General Unsecured Creditors are entitled to vote on the Plan.

9.2.3.5. Class 5 – Multnomah County's Secured Claim. Class 5 consists of the Allowed Secured Claim of Multnomah County. Multnomah County has a lien on the General Auto Building for unpaid real property taxes. Multnomah County's Secured Claim will be paid in full prior to the Effective Date. Debtor anticipates that Multnomah County will have no money owing to it on the Effective Date and, in turn, no Allowed Claim. Class 5 is unimpaired.

9.2.3.6. Class 6 – Small Unsecured Claims. Class 6 consists of all Allowed Unsecured Claims in the amount of \$6,000 or less, or that have been reduced to \$6,000 by election of the holders thereof. There are approximately \$18,750 of Class 6 Claims excluding those creditors who may elect to be included in Class 6. Small Unsecured

1 Creditors will be paid 60% of their Allowed Claim in cash on the later of the Effective Date,
2 or the date on which the Claim is Allowed.

3 Class 6 is impaired and Small Unsecured Creditors are entitled to vote on the Plan.

4 9.2.3.7. Class 7 – Insider Claims. Insider Claims will be
5 subordinated to Class 4 Claims and no payment will be made on or in respect of Insider
6 Claims unless and until all Class 4 Claims have been paid as provided in Section 5.3 of the
7 Plan. Debtor believes that the Insider Claims exceed \$1,700,000.

8 Class 7 is impaired and Insider Claims are entitled to vote on the Plan.

9 9.2.3.8. Class 8 – General Auto Lessee. General Auto Lessee's
10 Allowed Unsecured Claim will be satisfied by Reorganized Debtor's performance as follows:
11 On the Effective Date, (a) Debtor will assign all Tenant Leases to General Auto Lessee
12 subject to HomeStreet Bank's interests in the Tenant Leases and (b) Debtor and General Auto
13 Lessee will amend the Master Lease by modifying the annual base rent schedule set forth in
14 Section 4.1 of the Master Lease to be consistent with projected revenue from General
15 Automotive Building and Reorganized Debtor's obligations under this Plan and by modifying
16 the terms on which the Master Lease may be terminated. Debtor and General Auto Lessee
17 will execute an amendment in substantially the form and with substantially the content of the
18 amendment attached as Exhibit 2 to the Plan. General Auto Lessee will release any claims it
19 has against Debtor for Debtor's failure to assign Tenant Leases to General Auto Lessee and
20 Debtor will release any claims it has against General Auto Lessee for General Auto Lessee's
21 failure to make rent payments to Debtor. Debtor believes that the releases benefit the Estate
22 because the effect of such releases is that General Auto Lessee will release its claim for
23 approximately \$776,600 filed in this Chapter 11 Case.

24 Class 8 is impaired and General Auto Lessee is entitled to vote on the Plan.

25 9.2.3.9. Class 9 - Interests. The Plan provides that holders of
26 Class 9 Interests will be extinguished.

1 Class 9 is deemed to have rejected the Plan.

2 9.2.3.10. Class 10 – PDC. Class 10 consists of the Allowed Claim
 3 of PDC. PDC has made an election under 11 U.S.C. § 1111(b). Unless the Court
 4 determines that the Claim of PDC must be treated as an unsecured claim, the Class 10 Claim
 5 will be satisfied by the following payments: (a) on the Effective Date, PDC will be paid an
 6 amount equal to the value as of the Petition Date of its interest in Debtor's interest in PDC's
 7 Collateral; (b) annual payments of \$14,000 each commencing on May 1, 2014 and
 8 continuing on the first day of each May thereafter; and (c) the unpaid balance of PDC's
 9 Allowed Claim will be paid in full on the earlier of the closing of a sale of the General
 10 Automotive Building or the 15th anniversary of the Effective Date. Debtor believes this
 11 treatment satisfies the requirements of 11 U.S.C. §§ 1111(b) and 1129(b)(2)(A)(II) because
 12 PDC will receive payments equal to the full amount of its Allowed Claim with a present
 13 value equal to not less than the value of PDC's interest in Debtor's interest in PDC's
 14 Collateral. PDC will retain its interests in its Collateral with the same priority that it had as
 15 of the Petition Date. Debtor shall have the right to refinance the General Automotive
 16 Building subject to PDC's lien. PDC's lien shall be subordinated to any debt incurred in
 17 connection with a refinance of the HomeStreet Secured Claim so long as the principal
 18 balance owing on the refinanced loan does not exceed the then-principal amount owing on
 19 the HomeStreet Secured Claim. If the Court finds that PDC's interest in Debtor's interest in
 20 PDC's Collateral is of inconsequential value such that PDC was not entitled to make an
 21 election under 11 U.S.C. § 1111(b), then PDC's Allowed Claim will be treated as a Class 4
 22 Claim.

23 **10. RECAPITALIZATION AND OFFER OF MEMBERSHIP INTERESTS**

24 The Plan provides that all existing membership interests in Debtor will be cancelled
 25 on the Effective Date. All Creditors and Insiders are offered the opportunity to invest in the
 26 Reorganized Debtor and acquire newly issued membership interests. Such investments may

1 be made in \$50,000 increments. North Park Development has executed a subscription
 2 agreement and agreed to purchase a \$400,000 membership interest on the Effective Date.
 3 Any other Creditor or Insider that wishes to acquire a membership interest in the
 4 Reorganized Debtor must execute a subscription agreement in the form attached as Exhibit 1
 5 to the Plan and deliver it to Debtor's counsel on or before the date set for the return of ballots
 6 accepting or rejecting the Plan. Membership Interests in the Reorganized Debtor will be
 7 allocated on a pro rata basis based on the total amount of new investments.

8 **11. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9 The Bankruptcy Code gives debtors the right, after commencement of their
 10 Chapter 11 Cases, subject to the approval of the Bankruptcy Court, to assume or reject
 11 executory contracts and unexpired leases. Generally, an "executory contract" is a contract
 12 under which material performance (other than the payment of money) is still due by each
 13 party. The Plan provides for the assumption by the Debtor of all executory contracts and
 14 unexpired leases that are not expressly rejected or subject to a motion for rejection filed on or
 15 before the Confirmation Date.

16 If an executory contract or unexpired lease is or has been rejected, the other party to
 17 the agreement may file a Proof of Claim for damages resulting from such rejection. The Plan
 18 provides that a Proof of Claim with respect to any such Claim must be filed within 30 days of
 19 approval of the Bankruptcy Court of the rejection of the relevant executory contract or
 20 unexpired lease. Any such Claim shall constitute a Class 4 or Class 6 Claim to the extent
 21 that such Claim is finally treated as an Allowed Claim. To the extent Debtor rejects an
 22 unexpired lease of nonresidential real property, the Claim for damages resulting from such
 23 rejection will be limited to the amount allowed under the Bankruptcy Code.

24 Upon assumption of an executory contract or unexpired lease, Debtor must cure or
 25 provide adequate assurance of prompt cure of any monetary defaults. The Plan provides that
 26 Reorganized Debtor will promptly cure all monetary defaults. Debtor is in default with

regards to one of the aforementioned residential leases with tenant (Lapchi). Debtor owes a prepetition balance to Lapchi, which monetary default will be cured upon the Effective Date.

12. EFFECT OF CONFIRMATION

12.1.1. Discharge. The treatment of, and consideration received by, holders of Allowed Claims and Allowed Interests pursuant to the Plan of Reorganization will be in full satisfaction, release and discharge of their respective Claims against or interests in the Debtor. Confirmation Orders shall discharge Debtor from any liability that arose before the Effective Date as provided in Sections 524 and 1141 of the Bankruptcy Code and any debt and liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such debt or liability is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based on such debt or liability is Allowed; or (c) the holder of the Claim based on such debt or liability has accepted the Plan.

12.1.2. Revesting, Operation of Business. All property of the estate shall revert in the Reorganized Debtor on the Effective Date free and clear of all rights, claims, liens, charges, encumbrances and interests, except as otherwise provided in the Plan.

12.1.3. Injunction. Except as otherwise expressly provided in the Plan, all persons who have held, hold, or may hold Claims or who may have held, hold or may hold any Interest are permanently enjoined from and after the Effective Date from (a) commencing or continuing in any manner any action or other proceedings of any kind with respect to any Claims or Interests against Reorganized Debtor; (b) enforcing, attaching, collecting or recovering by any manner or any means any judgment, award, decree or order against Reorganized Debtor; (c) creating, perfecting or enforcing any encumbrances of any kind against Reorganized Debtor with respect to any such Claim except as specifically set forth in the Plan; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor or their property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not

1 comply with, or is inconsistent with the provisions of the Plan or the order confirming the
2 Plan.

3 12.1.4. Event of Default. Upon the occurrence of an Event of Default, the
4 holder of an Allowed Claim to whom performance is due shall have all rights and remedies
5 granted by law (namely, state law breach of contract rights), this Plan or any agreement
6 between the holder of such Claim and Debtor or Reorganized Debtor.

7 12.1.5. Utility Deposits. The Plan provides that all utilities holding a Utility
8 Deposit shall immediately after the Effective Date return or refund such Utility Deposit to
9 Reorganized Debtor. At the sole option of Reorganized Debtor, Reorganized Debtor may
10 apply any Utility Deposit that has not been refunded to Reorganized Debtor in satisfaction of
11 any payments due or to become due from Reorganized Debtor to a utility holding such a
12 Utility Deposit.

13 12.1.6. Modification of the Plan; Revocation or Withdrawal of the Plan.

14 Subject to Section 1127 of the Bankruptcy Code, Debtor reserves the right to alter,
15 amend or modify the Plan before its substantial consummation so long as the treatment of
16 holders of Claims and Interests under the Plan is not adversely affected.

17 12.1.7. Retention of Jurisdiction. Notwithstanding the entry of the
18 Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain
19 exclusive jurisdiction over all matters arising out of or relating to the Chapter 11 Case,
20 including but not limited to the following matters to: (a) hear and determine any pending
21 applications for the rejection of executory contracts or unexpired leases, and the allowance of
22 Claims resulting therefrom; (b) determine any adversary proceedings, applications, contested
23 matters or other litigation matters pending on the Effective Date; (c) insure that distributions
24 to holders of Allowed Claims are accomplished; (d) hear and determine objections to or
25 requests for estimations of Claims, including any objections to the classification of any Claim
26 and to allow, disallow and/or estimate any Claim in whole or in part; (e) enter and implement

such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated; (f) issue any appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order and/or the discharge, or the effect of such discharge, provided to Debtor; (g) hear and determine any applications to modify the Plan, to cure any defective or omission or to reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order; (h) hear and determine all applications for compensation and reimbursement of expenses of professionals under the Bankruptcy Code; (a) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan; (j) hear and determine other issues presented or arising under the Plan; (k) hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and (l) enter a final decree closing the Chapter 11 Case.

12.1.8. U.S. Trustee Fees. Reorganized Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted or dismissed. After confirmation, Reorganized Debtor shall serve on the United States Trustee a financial report for each quarter, or portion thereof, that the case remains open. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

13. LIQUIDATION ANALYSIS

A Plan of Reorganization cannot be confirmed unless the Bankruptcy Court finds the Plan is in the "best interest of creditors" of holders of claims against, and interests in, debtor subject to such plan. The best interest test is satisfied if the plan provides each dissenting or non-voting member of each impaired Class with a recovery not less than the recovery such member would receive if the debtor was liquidated in a hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 Trustee. Debtor believes the holders of impaired Claims will receive more than they would receive under a Chapter 7 liquidation. In applying

the "best interest" test, the Bankruptcy Court would ascertain the hypothetical recovery in a Chapter 7 proceeding to secured Creditors, priority claimants, general Unsecured Creditors and equity interest holders. The hypothetical Chapter 7 recoveries would then be compared with the distribution offered to each Class of Claims or Interests under the Plan to determine that the Plan satisfied the "best interest" test set forth in the Bankruptcy Code.

In a liquidation, it is likely that Multnomah County (Class 5) would be paid in full (to the extent it is owed any money), R&H Construction (Class 2) would be paid in full, HomeStreet's Secured Claim (Class 3) would be paid at least in part from the proceeds of its Collateral, and General Unsecured Claims (Class 4) Small Unsecured Claims (Class 6), General Auto Lessee (Class 8), and PDC (Class 10) would receive nothing. The following chart demonstrates this:

Total Assets (Liquidation Value of Building)	\$10,800,000 ¹
Less Selling Expenses (10%)	\$1,080,000
Net Available to Creditors	\$9,720,000
Less Secured Claims:	
Multnomah County	\$0
R&H Construction	\$178,000
HomeStreet	\$9,966,398
Net Available After Payment of Secured Claims	(\$424,398)
Other Claimants:	
Administrative Expenses	\$275,000
Unsecured Claims	\$4,539,000
Projected Distributions Other Than To Secured Creditors:	0%

¹ Debtor believes the liquidation value of the General Automotive Building would likely be less than \$10,800,000, making even less money available to creditors if the building were to be liquidated.

14. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Internal Revenue Service Circular 230 Notice

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE
INTERNAL REVENUE SERVICE, EACH CREDITOR AND EACH MEMBER IS
HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN
THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED
UPON, AND CANNOT BE RELIED UPON BY ANY CREDITOR OR MEMBER, FOR
PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH
CREDITOR OR MEMBER UNDER THE INTERNAL REVENUE CODE OF 1986, AS
AMENDED; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION
OF THE PLAN; AND (C) EACH CREDITOR AND EACH MEMBER SHOULD SEEK
ADVICE BASED ON SUCH CREDITOR'S OR MEMBER'S PARTICULAR
CIRCUMSTANCE FROM AN INDEPENDENT TAX ADVISOR.

14.1 INTRODUCTION

Implementation of the Plan may have federal, state, local and foreign tax
consequences to the Debtor, Creditors and Members. No tax opinion or ruling has been
sought or will be obtained with respect to any tax consequences of the Plan, and the
following discussion does not constitute and is not intended to constitute either a tax opinion
or tax advice to any person.

The following discussion is based upon the provisions of the Internal Revenue Code
of 1986, as amended (the "IRC"), the Treasury regulations promulgated thereunder, and
published rulings and court decisions in effect as of the date hereof, all of which are subject
to change, possibly retroactively, and such changes could modify or adversely affect the
federal income tax consequences summarized below. There can be no assurance that the
Internal Revenue Service will agree with the federal income tax consequences described
below.

1 The federal income tax consequences of the Plan are complex. Each Creditor and
 2 each Member is strongly urged to consult its own tax advisors as to the particular federal,
 3 state, local and foreign income and other tax consequences of the transactions contemplated
 4 by the Plan.

5 **14.2 CANCELLATION OF DEBT INCOME: GENERAL RULE**

6 Subject to certain exceptions, a debtor realizes income (referred to herein as
 7 "cancellation of debt" or "COD" income) upon the discharge or cancellation of its
 8 outstanding indebtedness in an amount equal to the excess (if any) of (a) the amount of the
 9 indebtedness discharged over (b) the amount of cash plus the issue price of any new
 10 indebtedness issued plus the fair market value of any other consideration given in satisfaction
 11 of the indebtedness.

12 One of the exceptions to this general rule provides that a debtor is not required to
 13 include COD income in gross income if the debtor is under the jurisdiction of the court in a
 14 Title 11 case and the discharge is granted by the court or the discharge is pursuant to a plan
 15 approved by the court (the "Bankruptcy Exception"). Instead, the amount excluded from
 16 gross income is applied to reduce certain tax attributes of the debtor in a specified order. Tax
 17 attributes generally are reduced by one dollar for each dollar excluded from gross income,
 18 except that tax credits are reduced by one-third of the amount excluded from gross income.
 19 Notwithstanding the general order of attribute reduction, the IRC provides a debtor with an
 20 election to reduce its tax basis in depreciable assets prior to reducing net operating losses.
 21 The reduction in tax attributes generally takes place after the federal income tax is
 22 determined for the tax year in which the debt discharge occurs. As Debtor is a partnership
 23 for federal income tax purposes, the COD rules will apply at the Member level only.
 24
 25
 26

1 **14.3 GENERAL DISCUSSION AND CANCELLATION OF DEBT**
 2 **INCOME: DEBTOR AND MEMBERS**

3 The Debtor is classified as a partnership for federal income tax purposes. Section
 4 1399 of the IRC provides that no separate taxable entity is created as a result of a partnership
 5 in bankruptcy. Therefore, the commencement of a bankruptcy proceeding by or against the
 6 Debtor will not result in the creation of a new taxable entity, nor will the commencement of
 7 the proceedings result in the recognition of any income, gain or loss to the Debtor, or result
 8 in the acceleration of any income or recapture of any tax benefits to the Debtor or its
 9 Members. Moreover, following the cancellation and extinguishment of the Interests and the
 10 issuance of new membership interests, income and deductions of the Reorganized Debtor
 11 will continue to flow through to each Member in the same manner as before the bankruptcy
 12 except to the extent that there has been a change in the percentage of outstanding
 13 membership interests owned by the Member.

14 Under the IRC, any cancellation of debt income recognized by the Debtor flows
 15 through to the ultimate beneficial owners of membership interests in the Debtor. Because the
 16 IRC exclusions from cancellation of debt income for discharge of debt in a Title 11
 17 bankruptcy case or with respect to an insolvent taxpayer are applied at the ultimate beneficial
 18 owner level, they are not available with respect to a Member's allocable share of cancellation
 19 of debt income of the Debtor, unless that ultimate beneficial owner is itself the subject of a
 20 Title 11 bankruptcy case or is insolvent.

21 **14.4 HISTORIC TAX CREDITS**

22 Debtor and General Auto Lessee, LLC previously entered into certain agreements
 23 whereby (a) Debtor leased the General Automotive Building to General Auto Lessee, LLC
 24 and (b) Debtor elected to pass through to General Auto Lessee, LLC certain rehabilitation tax
 25 credits. The five-year recapture period for the pass-through rehabilitation tax credits has not
 26 yet expired.

1 The rehabilitation tax credit is subject to recapture if the rehabilitation tax credit
 2 property is disposed of, or otherwise ceases to be rehabilitation tax credit property with
 3 respect to the taxpayer, before the close of the recapture period. With respect to
 4 rehabilitation tax credits for which a pass-through election has been made by a lessor, the
 5 lessee is the "taxpayer" at issue. Accordingly, no recapture event is deemed to have occurred
 6 with respect to the General Automotive Building on account of the transactions contemplated
 7 by the Plan because (a) the Master Lease is being assumed by Debtor (with the effect that no
 8 disposition of the property has been made by General Auto Lessee, LLC, as lessee) and
 9 (b) the General Automotive Building does not cease to be rehabilitation tax credit property
 10 (i.e., the business use of the General Automotive Building has not changed and all of the new
 11 membership interests in Debtor will be held by persons that do not disqualify the property as
 12 rehabilitation tax credit property). The bankruptcy of Debtor, as lessor, is not a recapture
 13 event.

14 **14.5 INFORMATION REPORTING AND BACKUP WITHHOLDING**

15 Certain payments, including the payments with respect to Claims pursuant to the
 16 Plan, are generally subject to information reporting by the payor to the IRS. Moreover, under
 17 certain circumstances, a holder of a Claim may be subject to "backup withholding" with
 18 respect to payments made pursuant to the Plan, unless such holder either (a) comes within
 19 certain exempt categories (which generally include corporations) and, when required,
 20 demonstrates this fact, or (b) provides a correct United States taxpayer identification number
 21 and certifies under penalty of perjury that the holder is a United States person, the taxpayer
 22 identification number is correct, and that the taxpayer is not subject to backup withholding
 23 because of a failure to report all dividend and interest income. Backup withholding is not an
 24 additional tax. Amounts withheld under the backup withholding rules may be credited
 25 against the holder's United States federal income tax liability, and the holder may obtain a
 26

1 refund of any excess amounts withheld under the backup withholding rules by filing an
2 appropriate claim for refund with the IRS.

3 **14.6 GENERAL DISCLAIMER**

4 The federal income tax consequences of the Plan are complex. The foregoing
5 discussion is not intended to be a substitute for careful tax planning, particularly since certain
6 of the federal income tax consequences of the Plan will not be the same for all Creditors or
7 Members due to their individual circumstances. Each Creditor and each Member is strongly
8 urged to consult with its own tax advisors in determining the federal, state, local, and foreign
9 income and other tax consequences of the transactions contemplated by the Plan.

10 **15. ACCEPTANCE AND CONFIRMATION OF THE PLAN**

11 **15.1. CONFIRMATION HEARING**

12 The Bankruptcy Court has scheduled a hearing on confirmation of the Plan on
13 _____ at _____ Pacific Time. The hearing will be held at the United States
14 Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth Avenue, Portland,
15 Oregon 97204, before the Honorable Elizabeth L. Perris, United States Bankruptcy Judge.
16 At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various
17 requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the
18 best interest of Creditors and Interest holders of Debtor. Debtor will submit a report to the
19 Bankruptcy Court at that time concerning the votes for acceptance or rejection of the Plan by
20 the parties entitled to vote thereon. Any objection to confirmation of the Plan must be timely
21 filed as stated above.

22 **15.2. REQUIREMENTS OF CONFIRMATION**

23 At the hearing on confirmation, the Bankruptcy Court will determine whether the
24 provisions of Section 1129 of the Bankruptcy Code have been satisfied. If all of the
25 provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the
26 Plan. Debtor believes the Plan satisfies all of the requirements of Chapter 11 of the

1 Bankruptcy Code, that it has complied or will have complied with all of the requirements of
2 Chapter 11, and that the Plan has been proposed and is made in good faith.

3 15.2.1. The Best Interests of Creditors - Liquidation Alternative.

4 Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan the
5 Bankruptcy Court must determine that the Plan meets the requirements of Section 1129(a)(7)
6 of the Bankruptcy Code; that is, that the Plan is in the best interests of each holder of a Claim
7 or Interest in an impaired Class that has not voted to accept the Plan. Accordingly, if an
8 impaired Class does not unanimously accept the Plan, the "best interests" test requires that
9 the Bankruptcy Court find that the Plan provides to each holder of a Claim or Interest in such
10 impaired Class a recovery on account of the holder's Claim or Interest that has a value at least
11 equal to the value of the distribution that each such holder would receive if the debtor was
12 liquidated under Chapter 7 of the Bankruptcy Code. In the opinion of Debtor, confirmation
13 of the Plan is in the best interests of the holders of Claims and Interests because it provides to
14 holders of impaired Claims a distribution having a present value as of the Effective Date of
15 not less than the value such holders would likely receive if Debtor were liquidated under
16 Chapter 7 of the Bankruptcy Code.

17 Debtor believes that Chapter 7 liquidation would result in a diminution in the value to
18 be realized by holders of Claims and Interests due to, among other factors, (a) the loss of the
19 going concern value of Debtor's assets; (b) additional costs and expenses in the appointment
20 of a Chapter 7 trustee and attorneys, accountants and other professionals to assist such trustee
21 in the Chapter 7 case; and (c) additional expenses and Claims, some of which would be
22 entitled to priority in payment, which would arise by reason of the liquidation, including
23 Claims resulting from the breach of Debtor's real estate leases and in connection with
24 cessation of the Debtor's business. Consequently, Debtor believes the Plan, which provides
25 for the continuation of Debtor's business, will provide a greater ultimate return to the holders
26 of Claims and Interests than would a Chapter 7 liquidation.

1 At the confirmation hearing, the Bankruptcy Court will determine whether the holders
2 of impaired Claims and Interests receive a distribution under the Plan that is at least as great
3 as the distribution that such holders would receive upon liquidation of Debtor pursuant to
4 Chapter 7 of the Bankruptcy Code.

5 15.2.2. Feasibility of the Plan. Debtor believes that confirmation of the Plan
6 is not likely to be followed by the liquidation of Reorganized Debtor or a need for a further
7 financial reorganization of Reorganized Debtor. The projections of Debtor's post-
8 confirmation business, attached hereto as **Exhibit 2**, show sufficient earnings, investment,
9 and cash flow from operations to support and meet the ongoing financial needs of
10 Reorganized Debtor, which financial needs will be paid by both Debtor and General Auto
11 Lessee, pursuant to the Tax Credit Documents. The projections indicate that the Plan as
12 proposed by Debtor is feasible and that Reorganized Debtor will be financially viable after
13 confirmation of the Plan.

14 **15.3. CRAM DOWN**

15 A Court may confirm a Plan, even if it is not accepted by all impaired classes if the
16 Plan has been accepted by at least one impaired class of claims and the Plan meets the cram
17 down requirements set forth in Section 1129(b) of the Bankruptcy Code. In the event any
18 impaired Class of Claims does not accept the Plan, Debtor hereby requests the Bankruptcy
19 Court to confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or
20 otherwise permit Debtor to modify the Plan.

21 **15.4. RISK FACTORS**

22 There are a number of risks associated with Debtor's proposed Plan. Each Creditor
23 should carefully consider those risks in evaluating its vote on Debtor's Plan. All of the risks
24 associated with Debtor's Plan are too numerous to identify, however, a few of those risks are
25 set forth below.
26

1 15.4.1. General Financial Market Conditions. The recent disruption with
 2 numerous major financial institutions and the resulting crisis in the financial markets has
 3 rippled through the economy, and has impacted the real estate industry in particular. While
 4 the ultimate effects of this crisis on the owners and operators of buildings, such as Debtor,
 5 are as yet unclear, it is possible that this financial market will prevent even qualified
 6 borrowers from being able to obtain mortgages on affordable terms, if at all. A continued
 7 freeze of the credit markets could have a significant adverse impact on the Debtor.

8 15.4.2. Projected Financial Results. The Debtor's projected financial results
 9 reflect management's best estimate of Reorganized Debtor's future financial performance
 10 based on currently known facts and hypothetical assumptions about, among other matters, the
 11 timing, confirmation and consummation of the Plan in accordance with its terms, the
 12 anticipated future performance of the Reorganized Debtor, and the real estate market. Many
 13 of these factors are beyond the control of the Reorganized Debtor. As a consequence, the
 14 actual financial results may differ significantly from the projections. Specifically, the
 15 Reorganized Debtor may not be able to meet the projected financial results or achieve the
 16 revenue or cash flow that it has assumed in projecting future leases and lease rates. Further,
 17 in the event that the Court fixes an interest rate on the Class 3 Claim substantially higher than
 18 4.5% per annum, then Debtor's ability to meet the projected financial results will be
 19 jeopardized.

20 **16. ALTERNATIVES TO CONFIRMATION OF THE PLAN**

21 If a Plan is not confirmed, Debtor or another party in interest may attempt to
 22 formulate or propose a different Plan or Plans of Reorganization. Such Plans might involve a
 23 reorganization and continuation of Debtor's business, a sale of Debtor's business as a going
 24 concern, an orderly liquidation of Debtor's assets or any combination thereof. If no Plan of
 25 Reorganization is determined by the Bankruptcy Court to be confirmable, the Chapter 11
 26 case may be converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

In a liquidation, a Chapter 7 Trustee would be appointed with the purpose of liquidating the assets of Debtor. Typically, in a liquidation, assets are sold for less than their going concern value and, accordingly, the return to Creditors and Interest holders is less than the return in a reorganization, which derives the value to be distributed in a Plan from the business as a going concern. Proceeds from liquidation would be distributed to Creditors and Interest holders of Debtor in accordance with the priorities set forth in the Bankruptcy Code.

Debtor believes there is no currently available alternative that would offer holders of Claims and Interests in Debtor greater than the Plan. In fact, the likely alternative to confirmation of the Plan is that Park & Flanders will foreclose on the General Automotive Building and no unsecured creditor will be paid anything. Debtor urges all parties entitled to vote on the Plan to vote to accept the Plan.

17. CONCLUSION

Please read this Disclosure Statement and the Plan carefully. After reviewing all the information and making an informed decision, please vote by using the enclosed ballot.

DATED this 11th day of February, 2013.

GENERAL AUTO BUILDING, LLC

By: North Park Development, LLC, a Washington
limited liability company, Its Manager

By /s/ Robert C. Brewster, Jr.
Robert C. Brewster, Jr., Manager

Presented by:

TONKON TORP LLP

By /s/ Ava L. Schoen
Albert N. Kennedy, OSB No. 821429
Ava L. Schoen, OSB No. 044072
Attorneys for Debtor

EXHIBIT 1
TO THE FIFTH AMENDED
DISCLOSURE
STATEMENT

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7 Attorneys for Debtor

10 UNITED STATES BANKRUPTCY COURT

11 DISTRICT OF OREGON

12 In re

13 General Auto Building, LLC,

14 Debtor.

Case No. 12-31450-elp11

**DEBTOR'S FIFTH AMENDED PLAN
OF REORGANIZATION
(February 11, 2013)**

DEBTOR'S FIFTH AMENDED PLAN OF REORGANIZATION (February 11, 2013)

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General Auto Building, LLC, as debtor and debtor in possession, proposes this Fifth Amended Plan of Reorganization (the "Plan") pursuant to Section 1121(a) of Title 11 of the United States Code:

This Plan provides for the repayment of Debtor's obligations to its Creditors. The Plan provides for payment to all Creditors in part or in full over time as set forth below. A Disclosure Statement is enclosed herewith to assist you in understanding this Plan and making an informed judgment concerning its terms.

ARTICLE 1

DEFINITIONS

Definitions of certain terms used in this Plan are set forth below. Other terms are defined in the text of this Plan or the text of the Disclosure Statement. In either case, when a defined term is used, the first letter of each word in the defined term is capitalized. Terms used and not defined in this Plan or the Disclosure Statement shall have the meanings given in the Bankruptcy Code or Bankruptcy Rules, or otherwise as the context requires. The meanings of all terms shall be equally applicable to both the singular and plural, and masculine and feminine, forms of the terms defined. The words "herein," "hereof," "hereto," "hereunder," and others of similar import, refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. Captions and headings to articles, sections and exhibits are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of the Plan. The rules of construction set forth in Section 102 of the Bankruptcy Code shall apply. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any capitalized term that is not defined herein but is defined in the Bankruptcy Code shall have the meaning ascribed to such term in the Bankruptcy Code.

1.1. "Administrative Expense Claim" means any Claim entitled to the priority afforded by Sections 503(b) and 507(a)(1) of the Bankruptcy Code.

1.2. "Allowed" means, with respect to any Claim, proof of which has been properly Filed or, if no Proof of Claim was so Filed, which was or hereafter is listed on the Schedules as liquidated in amount and not disputed or contingent, and, in either case, a Claim as to which no objection to the allowance thereof, or motion to estimate for purposes of allowance, shall have been Filed on or before any applicable period of limitation that may be fixed by the Bankruptcy Code, the Bankruptcy Rules and/or the Bankruptcy Court, or as to which any objection, or any motion to estimate for purposes of allowance, shall have been so Filed, to the extent allowed by a Final Order.

1.3. "Allowed Secured Claim" means an Allowed Claim that is secured by a lien, security interest or other charge against or interest in property in which Debtor has an interest or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value (as set forth in the Plan, or if no value is specified, as determined in accordance with Section 506(a) of the Bankruptcy Code or, if applicable, Section 1111(b) of the Bankruptcy Code) of the interest of the holder of such Claim in Debtor's interest in such property or to the extent of the amount subject to setoff, as the case may be.

1.4. "Allowed Unsecured Claim" means an Allowed Claim that is not an Allowed Secured Claim.

1.5. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time, set forth in Sections 101 et seq. of Title 11 of the United States Code.

1.6. "Bankruptcy Court" means the United States Bankruptcy Court for the District of Oregon, or such other court that exercises jurisdiction over the Bankruptcy Case or any proceeding therein, including the United States District Court for the District of Oregon, to the extent that the reference to the Bankruptcy Case or any proceeding therein is withdrawn.

1.7. "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure, as amended and promulgated under Section 2075, Title 28, of the United States Code, and the local rules and standing orders of the Bankruptcy Court.

1.8. "Business Day" means a day other than a Saturday, Sunday or other day on which banks in Portland, Oregon are authorized or required by law to be closed.

1.9. "Cash" means lawful currency of the United States of America.

1.10. "Chapter 11 Case" means the case under Chapter 11 of the Bankruptcy Code with respect to the Debtor, pending in the District of Oregon, administered as *In re General Auto Building, LLC*, Case No. 12-31450-elp11.

1.11. "Claim" means (a) any right to payment from Debtor arising before the Effective Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy against Debtor arising before the Effective Date for breach of performance if such breach gives rise to a right of payment from Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.12. "Class" means one of the classes of Claims defined in 2.1. hereof.

1.13. "Collateral" means any property in which Debtor has an interest that is subject to a lien or security interest securing the payment of an Allowed Secured Claim.

1.14. "Confirmation Date" means the date on which the Confirmation Order is entered on the docket by the Clerk of the Bankruptcy Court.

1.15. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.16. "Creditor" means any entity holding a Claim against Debtor.

1.17. "Debtor" means General Auto Building, LLC, as Debtor and Debtor-in-Possession in the Bankruptcy Case, and as lessor under the Master Lease with General Auto Lessee.

1.18. "Disclosure Statement" means Debtor's Fifth Amended Disclosure Statement as amended, modified, restated or supplemented from time to time, pertaining to the Plan.

1.19. "Disputed Claim" means a Claim with respect to which a Proof of Claim has been timely Filed or deemed timely Filed under applicable law, and as to which an objection, timely Filed, has not been withdrawn on or before the Effective Date or any date fixed for filing such objections by order of the Bankruptcy Court, and has not been denied by a Final Order and which Claim has not been estimated or temporarily allowed by the Bankruptcy Court on timely motion by the holder of such Claim. If an objection related to the allowance of only a part of a Claim has been timely Filed or deemed timely Filed, such Claim shall be a Disputed Claim only to the extent of the objection.

1.20. "Effective Date" means the first day of the first month following the date that the Confirmation Order becomes a Final Order.

1.21. "Excess Cash" means cash held by Reorganized Debtor and/or General Auto Lessee measured as of the last day of each calendar quarter after payment of or allowance for all operating and non-operating expenses, including debt service and tax distributions to members pursuant to Section 7.2 of this Plan, in excess of a \$300,000 reserve for maintenance, repair, capital expenses, tenant improvements, leasing commissions, real property taxes and insurance.

1.22. "Federal Judgment Rate" means the rate payable on federal judgments as of the Effective Date pursuant to 28 USC § 1961.

1.23. "Filed" means filed with the Bankruptcy Court in the Bankruptcy Case.

1.24. "Final Order" means an order or judgment entered on the docket by the Clerk of the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and the parties that has not been reversed, stayed, modified or amended and as to which the time for filing a notice of appeal, or petition for certiorari or request for certiorari, or request for rehearing shall have expired.

1.25. "General Auto Development Manager" means General Auto Development Manager, LLC the managing member of General Auto Lessee.

1.26. "General Auto Lessee" means General Auto Lessee, LLC, the lessee under the Master Lease with Debtor.

1.27. "General Automotive Building" means the building and real property located at 411 NW Park Avenue, Portland, Oregon, 97209.

1.28. "Homestreet" means Homestreet Bank, its successor Park & Flanders, and any other successors and assigns.

1.29. "Insider" shall have the meaning ascribed to it by Section 101(31) of the Bankruptcy Code.

1.30. "Interests" means all rights of the owners of the membership interests of Debtor.

1.31. "Master Lease" means the lease between General Auto Building, LLC and General Auto Lessee dated June 13, 2008.

1.32. "North Park Development" means North Park Development, LLC, its successors and assigns, or another entity formed by the members of North Park Development.

1.33. "Other Priority Claim" means any Claim for an amount entitled to priority in right of payment under Section 507(a)(3), (4), (5), (6), or (7) of the Bankruptcy Code.

1.34. "Park & Flanders" means Park & Flanders LLC, the successor and transferee to the Claim of Homestreet and the Claim of PDC.

1.35. "PDC" means Portland Development Commission, its successor Park & Flanders, and any other successors and assigns.

1.36. "Petition Date" means March 2, 2012, the date on which the petition commencing the Chapter 11 Case was Filed.

1.37. "Plan" means this Fifth Amended Plan of Reorganization, as amended, modified, restated or supplemented from time to time.

1.38. "Priority Tax Claim" means a Claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be entitled to priority but for the secured status of the Claim.

1.39. "QRE" means qualified rehabilitation expenditures as such term is defined in Section 47(c)(2) of the Internal Revenue Code of 1986.

1.40. "QRE Completion Date" means the date on which the last QRE with respect to the General Automotive Building is placed in service for purposes of Section 47 of the Internal Revenue Code of 1986.

1.41. "R&H Construction" means R&H Construction Co. and its successors and assigns.

1.42. "Reorganized Debtor" means the Debtor from and after the Effective Date.

1.43. "Restated Articles of Organization" means the restated articles of organization and restated operating agreement ("Organizational Document") of Debtor, which shall modify and amend Debtor's Organizational Documents to prohibit the issuance of non-voting equity securities to the extent required by Section 1123(a)(6) of the Bankruptcy Code.

1.44. "Scheduled Amounts" means the Claim amounts as set forth in Debtor's Bankruptcy Schedules.

1 1.45. "Schedules" means the Schedules of Assets and Liabilities and the
2 Statement of Financial Affairs Filed by Debtor pursuant to Section 521 of the Bankruptcy
3 Code, as amended, modified, restated or supplemented from time to time.

4 1.46. "Secured Claim" means any Claim against Debtor held by any entity,
5 including, without limitation, an Affiliate or judgment creditor of Debtor, to the extent
6 such Claim constitutes a secured Claim under Sections 506(a) or 1111(b) of the
7 Bankruptcy Code.

8 1.47. "Small Unsecured Claims" means any Allowed Unsecured Claim that is
9 equal to or less than \$6,000, or that has been reduced by election in writing to \$6,000,
10 provided that such written election shall be served on Debtor no later than the first date
11 fixed by the court for the filing of acceptances or rejections of the Plan.

12 1.48. "TCC" means TCC Historic Tax Credit Fund VII L.P.

13 1.49. "Tax Credit Documents" means the following documents and all
14 amendments and modifications thereto: (i) the Master Lease; (ii) HTC Pass-Through
15 Agreement between General Auto Building, LLC and General Auto Lessee, LLC dated
16 June 13, 2008; and (iii) the Tenant Improvement and Commission Payment Agreement
17 between Debtor and General Auto Lessee.

18 1.50. "Tenant Leases" means all leases between Debtor and tenants of the suites
19 located in the General Automotive Building.

20 1.51. "Unsecured Claim" means an unsecured Claim that is not an
21 Administrative Claim, a Secured Claim, a Tax Claim, or an Other Priority Claim.

22 1.52. "Unsecured Creditor" means a holder of an Allowable Unsecured Claim.

23 1.53. "Utility Deposits" means deposits with utilities made by Debtor after the
24 Petition Date pursuant to Section 366(b) of the Bankruptcy Code.
25
26

1 **ARTICLE 2**

2 **UNCLASSIFIED CLAIMS**

3 2.1. Administrative Expense Claims. Each holder of an Allowed
 4 Administrative Expense Claim shall be paid by Debtor in full in Cash on the later of
 5 (a) the Effective Date or (b) the date on which such Claim becomes Allowed, unless such
 6 holder shall agree in writing to a different treatment of such Claim (including, without
 7 limitation, any different treatment that may be provided for in any documentation, statute
 8 or regulation governing such Claim); provided, however, that Administrative Expense
 9 Claims representing obligations incurred in the ordinary course of business by Debtor
 10 during the Bankruptcy Case shall be paid by Debtor or Reorganized Debtor in the
 11 ordinary course of business and in accordance with any terms and conditions of the
 12 particular transaction, and any agreements relating thereto. Debtor will provide a list of
 13 unpaid ordinary course administrative expenses to the Court at the confirmation hearing
 14 on Debtor's Plan.

15 2.2. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall
 16 be paid by Debtor the full amount of its Allowed Priority Tax Claim as allowed by
 17 11 USC § 1129(a)(9)(C) and (D) on the Effective Date or the date the claim is Allowed,
 18 whichever first occurs.

19 2.3. Bankruptcy Fees. Fees payable by Debtor under 28 USC § 1930, or to the
 20 Clerk of the Bankruptcy Court, will be paid in full in Cash on the Effective Date. After
 21 confirmation, Reorganized Debtor shall continue to pay quarterly fees of the Office of the
 22 United States Trustee and to file quarterly reports with the Office of the United States
 23 Trustee until this case is closed by the Court, dismissed or converted. This requirement
 24 is subject to any amendments to 28 USC § 1930(a)(6) that Congress makes retroactively
 25 applicable to confirmed Chapter 11 cases.
 26

1 **ARTICLE 3**

2 **CLASSIFICATION**

3 For purposes of this Plan, Claims and Interests are classified as provided below. A
 4 Claim is classified in a particular Class only to the extent that such Claim qualifies within the
 5 description of such Class, and is classified in a different Class to the extent that such Claim
 6 qualifies within the description of such different Class.

7 3.1. Class 1 - Other Priority Claims. Class 1 consists of Allowed Other
 8 Priority Claims.

9 3.2. Class 2 – R&H Construction's Secured Claim. Class 2 consists of the
 10 Allowed Secured Claim of R&H Construction.

11 3.3. Class 3 – Homestreet Bank's Secured Claim. Class 3 consists of the
 12 Allowed Secured Claim of Homestreet Bank.

13 3.4. Class 4 – General Unsecured Claims. Class 4 consists of all Allowed
 14 Unsecured Claims other than Administrative Expense Claims, Priority Tax Claims, Other
 15 Priority Tax Claims, and Small Unsecured Claims.

16 3.5. Class 5 – Multnomah County's Secured Claim. Class 5 consists of the
 17 Allowed Secured Claim of Multnomah County.

18 3.6. Class 6 – Small Unsecured Claims. Class 6 consists of all Allowed Small
 19 Unsecured Claims.

20 3.7. Class 7 – Insider Claims. Class 7 consists of all Allowed Unsecured
 21 Claims held by Insiders.

22 3.8. Class 8 – General Auto Lessee. Class 8 consists of the Allowed
 23 Unsecured Claim of General Auto Lessee.

24 3.9. Class 9 - Interests. Class 9 consists of the Interests of the holders of
 25 Debtor's membership interests.

26 3.10. Class 10 – PDC. Class 10 consists of the Allowed Claim of PDC.

ARTICLE 4

TREATMENT OF UNIMPAIRED CLASSES

4.1. Class 1 (Other Priority Claims). Each holder of an Allowed Class 1 Claim shall be paid in full in cash the amount of its Allowed Class 1 Claim on the latest to occur of (1) the Effective Date, (2) the date such claim becomes an Allowed Claim, or (3) the date that the such claim becomes due and owing, unless such holder shall agree in writing or has agreed to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, agreement, contract, statute, law or regulation creating and governing such Claim).

4.2. Class 5 (Multnomah County's Secured Claim). On the Petition Date, Multnomah County had a lien on the General Automotive Building for unpaid real property taxes. Multnomah County's Secured Claim has been paid in full. Debtor anticipates that Multnomah County will have no money owing to it on the Effective Date and, in turn, no Allowed Claim.

ARTICLE 5

TREATMENT OF IMPAIRED CLASSES

5.1. Class 2 (R&H Construction's Secured Claim). R&H Construction will be paid the full amount of its Allowed Secured Claim up to \$178,000 on the Effective Date (or, pursuant to Article 6 of the Plan, on the date the Secured Claim is Allowed). In the event R&H Construction's Allowed Secured Claim exceeds \$178,000, then the remaining unpaid balance will continue to be secured by a security interest in Reorganized Debtor's assets to the same extent and with the same priority it had as of the Petition Date and will be paid together with interest at 4.5% per annum on or before the second anniversary of the Effective Date.

5.2. Class 3 (Homestreet's Secured Claim). Homestreet's Allowed Secured Claim is secured by a perfected security interest in substantially all of Debtor's assets,

including rents. Homestreet will retain its interests in its Collateral with the same priority that it had as of the Petition Date. Homestreet will retain its interests in the Tenant Leases notwithstanding Debtor's assignment of those leases pursuant to section 5.6 of the Plan. Homestreet's Claim will be an Allowed Secured Claim (including interest and fees as provided in section 506(b) of the Bankruptcy Code) up to the value of Homestreet's interest in the estate's interest in the Collateral securing the Claim as agreed by the parties or determined by the Court. Homestreet's Allowed Secured Claim will be paid in full together with interest at a fixed rate of 4.5%, or at such other rate fixed by the Court at confirmation. Commencing on the first day of the first month following the Effective Date and continuing on the first day of the following 11 months, Homestreet will be paid monthly payments of interest only. Commencing on the first day of the thirteenth month following the Effective Date, and continuing on the first day of each month thereafter, Homestreet will be paid equal, monthly amortizing payments of principal and interest based upon a 30-year amortization schedule with a balloon payment of the unpaid principal plus accrued interest due on the tenth anniversary of the Effective Date. Reorganized Debtor will maintain and insure the General Automotive Building and promptly pay all real property taxes as they come due. Homestreet will cooperate with Reorganized Debtor, General Auto Lessee, General Auto Development Manager, and TCC in connection with the implementation of the transaction contemplated by the Tax Credit Documents.

5.3. Class 4 –General Unsecured Claims. Commencing on the last business day of July, 2013 and continuing on the last business day of each October, January, April and July thereafter until paid or satisfied as hereafter provided, Reorganized Debtor shall pay to each holder of a Class 4 claim an amount equal to its pro rata share of Reorganized Debtor's Excess Cash as of the last day of the prior calendar quarter. Payments shall continue until the (a) holders of Class 4 Claims have been paid in full together with

1 interest at the Federal Judgment Rate; or (b) the last day of April, 2023, whichever shall
 2 first occur, provided, however that, in the event that holders of Class 4 Claims have
 3 received payments totaling at least 60% of their Class 4 Claim on or before April 30,
 4 2018, then the Class 4 Claims will be deemed to have been paid and satisfied in full and
 5 Reorganized Debtor will have no further payment obligations.

6 5.4. Class 6 (Small Unsecured Claims). Small Unsecured Creditors will be
 7 paid 60% of their Allowed Claim in cash on the later of the Effective Date, or the date on
 8 which the Claim is Allowed.

9 5.5. Class 7 (Insider Claims). Insider Claims will be subordinated to Class 4
 10 Claims and no payment will be made on or in respect of Insider Claims unless and until
 11 all Class 4 Claims have been paid as provided in Section 5.3 of this Plan.

12 5.6. Class 8 (General Auto Lessee). General Auto Lessee's Allowed
 13 Unsecured Claim will be satisfied as follows: On the Effective Date, (a) Debtor will
 14 assign all Tenant Leases to General Auto Lessee, subject to Homestreet's interests in such
 15 Tenant Leases; (b) Debtor and General Auto Lessee will execute a First Amendment to
 16 Lease in substantially the form and with substantially the content of the First Amendment
 17 to Lease attached to this Plan as Exhibit 2. The First Amendment to Lease will amend
 18 the Master Lease by modifying the annual base rent set forth in Section 4.1 of the Master
 19 Lease to adjust the annual base rent as appropriate in recognition of the projected net
 20 operating income of the General Automotive Building and the Reorganized Debtor's
 21 obligations under this Plan and by modifying the terms on which the Master Lease may
 22 be terminated. Debtor and General Auto Lessee will execute such mutual releases of pre-
 23 Effective Date claims and such modifications as are necessary or appropriate to
 24 effectuate the intent of the Tax Credit Documents and conform the Tax Credit
 25 Documents to circumstances as of the Effective Date.

26 5.7. Class 9 (Interests). All Interests are cancelled as of the Effective Date.

5.8. Class 10 (PDC). Unless the Court finds that PDC is not entitled to make an election under 11 U.S.C. § 1111(b)(2), the Class 10 Claim of PDC will be paid and satisfied by the following payments: (a) on the Effective Date, PDC will be paid an amount equal to the value of its interest in Debtor's interest in PDC's Collateral as of the Petition Date; (b) annual payments of \$14,000 each commencing on May 1, 2014 and continuing on the first day of each May thereafter; and (c) the balance of PDC's Allowed Claim will be paid in full on the earlier of the closing of a sale of the General Automotive Building or the fifteenth anniversary of the Effective Date and PDC will retain its interests in its Collateral with the same priority that it had as of the Petition Date. Debtor shall have the right to refinance the General Automotive Building subject to PDC's lien. PDC's Class 10 Claim shall be subordinated to any debt incurred in connection with any refinance of the HomeStreet Class 3 Claim so long as the principal balance owing on the refinanced loan does not exceed the then-principal amount owing on the HomeStreet Class 3 Claim. If the Court finds that the value of PDC's interest in Debtor's interests in PDC's Collateral as of the Petition Date was of inconsequential value such that PDC was not entitled to make an election under 11 U.S.C. § 1111(b), then PDC's Allowed Class 10 Claim will be treated as a Class 4 Claim.

ARTICLE 6

DISPUTED CLAIMS; OBJECTIONS TO CLAIMS

Disputed Claims; Objections to Claims. Only Claims that are Allowed shall be entitled to distributions under the Plan. Debtor reserves the right to contest and object to any Claims and previously Scheduled Amounts, including, without limitation, those Claims and Scheduled Amounts that are specifically referenced herein, are not listed in the Schedules, are listed therein as disputed, contingent and/or unliquidated in amount, or are listed therein at a different amount than the Debtor currently believes is validly due and owing. Unless otherwise ordered by the Bankruptcy Court, all objections to Claims and Scheduled Amounts

(other than Administrative Expense Claims) shall be Filed and served upon counsel for Debtor and the holder of the Claim objected to on or before the later of (a) thirty (30) days after the Effective Date or (b) sixty (60) days after the date (if any) on which a Proof of Claim is Filed in respect of a Rejection Claim. The last day for filing objections to Administrative Expense Claims shall be set pursuant to an order of the Bankruptcy Court. All Disputed Claims shall be resolved by the Bankruptcy Court, except to the extent that (a) Debtor may otherwise elect consistent with the Plan and the Bankruptcy Code or (b) the Bankruptcy Court may otherwise order.

ARTICLE 7

IMPLEMENTATION OF THE PLAN

7.1. General.

7.1.1. Reorganized Debtor will pay Allowed Claims pursuant to the Plan.

7.1.2. All equity interests in Debtor will be extinguished as of the Effective Date.

7.1.3. On the Effective Date, North Park Development, LLC will purchase a membership interest in Reorganized Debtor in the amount of \$400,000. North Park Development, LLC shall be the initial manager of the Reorganized Debtor.

7.1.4. All Insiders and Creditors of Debtor will have the right and opportunity to purchase on the Effective Date a membership interest in Reorganized Debtor in \$50,000 increments. The membership interests in Reorganized Debtor shall be allocated pro rata based on the amount invested pursuant to this Section 7.1. The offer may be accepted by executing and delivering, on or before the first date set for the hearing on confirmation of this Plan, to Reorganized Debtor a subscription agreement in a form substantially similar to the Subscription Agreement attached to this Plan as **Exhibit 1**. Anyone who invests in Reorganized Debtor pursuant to this paragraph shall execute an

1 amendment to Reorganized Debtor's operating agreement to reflect the capital accounts and
2 ownership interests of all such investors.

3 7.2. Member Compensation and Distributions.

4 7.2.1. The manager of Reorganized Debtor or its nominee shall be entitled to
5 compensation for management services, in an amount not to exceed \$2,000 per month and
6 reimbursement of expenses in an amount not to exceed \$1,000 per month.

7 7.2.2. Members of Reorganized Debtor shall be entitled to distributions
8 necessary to pay any federal, state or local income tax obligations arising from taxable
9 income of Reorganized Debtor.

10 7.2.3. Until all Allowed Claims have been paid as provided in this Plan,
11 Members shall not be paid or receive any further or additional dividends, distributions or
12 compensation of any kind from the Reorganized Debtor.

13 7.3. Termination of Master Lease. General Auto Development Manager will
14 purchase TCC's membership interest in General Auto Lessee on January 1, 2015, or as
15 soon thereafter as is practicable. Immediately thereafter, (i) General Auto Development
16 Manager will transfer all of its rights and interests to the Reorganized Debtor, (ii) General
17 Auto Lessee will terminate the Master Lease, and (iii) leases between General Auto
18 Lessee and tenants of the General Automotive Building will be assigned to Reorganized
19 Debtor as landlord. Debtor, TCC, General Auto Development Manager, and General
20 Auto Lessee will execute such other and further documents as are necessary or
21 appropriate to effectuate the transactions set out in this paragraph.

22 7.4. Restated Articles of Organization. Reorganized Debtor shall be deemed to
23 have adopted the Restated Articles of Organization on the Effective Date and shall
24 promptly thereafter cause the same to be filed with the Secretary of State of the State of
25 Oregon. After the Effective Date, Reorganized Debtor may amend the Restated
26

1 Organizational Documents and may amend its bylaws in accordance with the Restated
2 Articles of Organization, such bylaws and applicable state law.

3 7.5. Setoffs. Debtor may, but shall not be required to, set off against any
4 Claim and the distributions to be made pursuant to the Plan in respect of such Claim, any
5 claims of any nature whatsoever which Debtor may have against the holder of such
6 Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall
7 constitute a waiver or release of any such claim Debtor may have against such holder.

8 7.6. Corporate Action. Upon entry of the Confirmation Order by the Clerk of
9 the Bankruptcy Court, all actions contemplated by the Plan shall be authorized and
10 approved in all respects (subject to the provisions of the Plan), including, without
11 limitation, the following: (a) the adoption and filing with the Secretary of State of the
12 State of Oregon the Restated Articles of Organization, and (b) the execution, delivery and
13 performance of all documents and agreements relating to the Plan and any of the
14 foregoing. On the Effective Date, the appropriate officers of Reorganized Debtor are
15 authorized and directed to execute and deliver the agreements, documents and
16 instruments contemplated by the Plan and the Disclosure Statement in the name of and on
17 behalf of Reorganized Debtor.

18 7.7. Saturday, Sunday or Legal Holiday. If any payment or act under the Plan
19 is required to be made or performed on a date that is not a Business Day, then the making
20 of such payment or the performance of such act may be completed on the next
21 succeeding Business Day, but shall be deemed to have been completed as of the required
22 date.

23 7.8. Utility Deposit. All utilities holding a Utility Deposit shall immediately
24 after the Effective Date return or refund such Utility Deposit to Reorganized Debtor. At
25 the sole option of Reorganized Debtor, Reorganized Debtor may apply any Utility
26 Deposit that has not been refunded to Reorganized Debtor in satisfaction of any payments

1 due or to become due from Reorganized Debtor to a utility holding such a Utility
2 Deposit.

3 7.9. Event of Default; Remedy. Any material failure by Reorganized Debtor
4 to perform any term of this Plan, which failure continues for a period of five Business
5 Days following receipt by Reorganized Debtor of written notice of such default from the
6 holder of an Allowed Claim to whom performance is due, shall constitute an event of
7 Default. Upon the occurrence of an Event of Default, the holder of an Allowed Claim to
8 whom performance is due shall have all rights and remedies granted by law, this Plan or
9 any agreement between the holder of such Claim and Debtor or Reorganized Debtor. An
10 Event of Default with respect to one Claim shall not be an Event of Default with respect
11 to any other Claim.

12 **ARTICLE 8**

13 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

14 8.1. Assumption. Except as may otherwise be provided, all executory
15 contracts and unexpired leases of Debtor, which are not otherwise subject to a prior
16 Bankruptcy Court order or pending motion before the Bankruptcy Court are assumed by
17 Reorganized Debtor on the Effective Date. The Confirmation Order shall constitute an
18 order authorizing assumption of all executory contracts and unexpired leases except those
19 otherwise specifically rejected or otherwise provided for or subject to other Court Order
20 or pending motion. Reorganized Debtor shall promptly pay all amounts required under
21 Section 365 of the Bankruptcy Code to cure any defaults and assume the executory
22 contracts.

23 On the Effective Date, Debtor will (a) assume all Tenant Leases and assign the
24 Tenant Leases to General Auto Lessee, and (b) cure Debtor's default under the Lapchi
25 lease by paying the outstanding balance owing to Lapchi for unreimbursed tenant
26 improvements.

8.2. Assignment. To the extent necessary and except as may otherwise be provided, all executory contracts and unexpired leases shall be deemed assigned to Reorganized Debtor as of the Effective Date. The Confirmation Order shall constitute an order authorizing such assignment of executory contracts and unexpired leases, and no further assignment documentation shall be necessary to effectuate such assignment.

8.3. Rejection Claims. Rejection Claims must be Filed no later than 30 days after the entry of the order rejecting the executory contract or unexpired lease or 30 days after the Effective Date, whichever is sooner. Any such Rejection Claim not Filed within such time shall be forever barred from assertion against Debtor, Reorganized Debtor, and its property and estates. Each Rejection Claim resulting from such rejection shall constitute a Class 4 Claim or a Class 6 Claim, as appropriate.

ARTICLE 9

EFFECT OF CONFIRMATION

9.1. Injunction. The effect of confirmation shall be as set forth in Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable to entities against (a) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against Reorganized Debtor that was or could have been commenced before the entry of the Confirmation Order, (b) the enforcement against Reorganized Debtor or its assets of a judgment obtained before the Petition Date, and (c) any act to obtain possession of or to exercise control over, or to create, perfect or enforce a lien upon all or any part of the assets.

9.2. Discharge. Except as otherwise expressly provided herein, the confirmation of the Plan shall, provided that the Effective Date shall have occurred, discharge all Claims, to the fullest extent authorized or provided for by the bankruptcy

Code, including, without limitation, to the extent authorized or provided for by sections 524 and 1141 thereof.

ARTICLE 10

RETENTION OF JURISDICTION

10.1. Jurisdiction of the Bankruptcy Court. Notwithstanding the entry of the Confirmation Order, the Court shall retain jurisdiction of this Chapter 11 Case pursuant to and for the purposes set forth in Section 1127(b) of the Bankruptcy Code and

10.1.1. to classify the Claim or interest of any Creditor or stockholder, reexamine Claims or Interests which have been owed for voting purposes and determine any objections that may be Filed to Claims or Interests,

10.1.2. to determine requests for payment of Claims entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including compensation and reimbursement of expenses in favor of professionals employed at the expense of the Estate,

10.1.3. to avoid transfers or obligations to subordinate Claims under Chapter 5 of the Bankruptcy Code,

10.1.4. to approve the assumption, assignment or rejection of an executory contract or an unexpired lease pursuant to this Plan,

10.1.5. to resolve controversies and disputes regarding the interpretation of this Plan,

10.1.6. to implement the provisions of this Plan and enter orders in aid of confirmation,

10.1.7. to adjudicate adversary proceedings and contested matters pending or hereafter commenced in this Chapter 11 Case, and

10.1.8. to enter a final decree closing this Chapter 11 proceeding.

10.2. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising

under, arising in or related to the Chapter 11 Case, this Article shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

ARTICLE 11

ADMINISTRATIVE PROVISIONS

11.1. Modification or Withdrawal of the Plan. Debtor may alter, amend or modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the time that the Bankruptcy Court has signed the Confirmation Order. After such time, and prior to the substantial consummation of the Plan, Debtor may, so long as the treatment of holders of Claims and Interests under the Plan is not adversely affected, institute proceedings in Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002.

11.2. Revocation or Withdrawal of Plan.

11.2.1. Right to Revoke. Debtor reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date.

11.2.2. Effect of Withdrawal or Revocation. If Debtor revokes or withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against Debtor or any other Entity or to prejudice in any manner the rights of Debtor or any Entity in any further proceeding involving Debtor.

11.3. Nonconsensual Confirmation. Debtor shall request that the Bankruptcy Court confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if the

1 requirements of all provisions of Section 1129(a) of the Bankruptcy Code, except
2 subsection 1129(a)(8), are met.

3 **ARTICLE 12**

4 **MISCELLANEOUS PROVISIONS**

5 12.1. Revesting. Except as otherwise expressly provided herein, on the
6 Effective Date, all property and assets of the estate of Debtor shall revest in Reorganized
7 Debtor, free and clear of all claims, liens encumbrances, charges and other Interests of
8 Creditors arising on or before the Effective Date, and Reorganized Debtor may operate,
9 from and after the Effective Date, free of any restrictions imposed by the Bankruptcy
10 Code or the Bankruptcy Court.

11 12.2. Rights of Action. Except as otherwise expressly provided herein, any
12 rights or causes of action (including, without limitation, any and all avoidance actions)
13 accruing to Debtor shall remain assets of Reorganized Debtor. Reorganized Debtor may
14 pursue such rights of action, as appropriate, in accordance with what is in its best
15 interests and for its benefit.

16 12.3. Governing Law. Except to the extent the Bankruptcy Code, the
17 Bankruptcy Rules or other federal laws are applicable, the laws of the State of Oregon
18 shall govern the construction and implementation of the Plan, and all rights and
19 obligations arising under the Plan.

20 12.4. Withholding and Reporting Requirements. In connection with the Plan
21 and all instruments issued in connection therewith and distributions thereon, Debtor and
22 Reorganized Debtor shall comply with all withholding, reporting, certification and
23 information requirements imposed by any federal, state, local or foreign taxing
24 authorities and all distributions hereunder shall, to the extent applicable, be subject to any
25 such withholding, reporting, certification and information requirements. Entities entitled
26 to receive distributions hereunder shall, as a condition to receiving such distributions,

1 provide such information and take such steps as Reorganized Debtor may reasonably
2 require to ensure compliance with such withholding and reporting requirements, and to
3 enable Reorganized Debtor to obtain the certifications and information as may be
4 necessary or appropriate to satisfy the provisions of any tax law.

5 12.5. Time. Unless otherwise specified herein, in computing any period of time
6 prescribed or allowed by the Plan, the day of the act or event from which the designated
7 period begins to run shall not be included. The last day of the period so computed shall
8 be included, unless it is not a Business Day, in which event the period runs until the end
9 of the next succeeding day which is a Business Day.

10 12.6. Section 1146(c) Exemption. Pursuant to Section 1146(c) of the
11 Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or
12 the execution, delivery or recording of an instrument of transfer pursuant to, in
13 implementation of or as contemplated by the Plan, or the revesting, transfer or sale of any
14 real property of Debtor or Reorganized Debtor pursuant to, in implementation of or as
15 contemplated by the Plan, shall not be taxed under any state or local law imposing a
16 stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder
17 of deeds or similar official for any city, county or governmental unit in which any
18 instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be
19 ordered and directed to accept such instrument without requiring the payment of any
20 documentary stamp tax, deed stamps, transfer tax, intangible tax or similar tax.

21 12.7. Severability. In the event that any provision of the Plan is determined to
22 be unenforceable, such determination shall not limit or affect the enforceability and
23 operative effect of any other provisions of the Plan. To the extent that any provision of
24 the Plan would, by its inclusion in the Plan, prevent or preclude the Bankruptcy Court
25 from entering the Confirmation Order, the Bankruptcy Court, on the request of Debtor,
26 may modify or amend such provision, in whole or in part, as necessary to cure any defect

1 or remove any impediment to the confirmation of the Plan existing by reason of such
2 provision.

3 12.8. Binding Effect. The provisions of the Plan shall bind Debtor,
4 Reorganized Debtor and all holders of Claims and Interests, and their respective
5 successors, heirs and assigns.

6 12.9. Recordable Order. The Confirmation Order shall be deemed to be in
7 recordable form, and shall be accepted by any recording officer for filing and recording
8 purposes without further or additional orders, certifications or other supporting
9 documents.

10 12.10. Plan Controls. In the event and to the extent that any provision of the Plan
11 is inconsistent with the provisions of the Disclosure Statement, or any other instrument or
12 agreement contemplated to be executed pursuant to the Plan, the provisions of the Plan
13 shall control and take precedence.

14 12.11. Effectuating Documents and Further Transactions. Debtor and
15 Reorganized Debtor shall execute, deliver, file or record such contracts, instruments,
16 assignments, and other agreements or documents, and take or direct such actions, as may
17 be necessary or appropriate to effectuate and further evidence the terms and conditions of
18 this Plan.

19 DATED this 11th day of February, 2013.

20 General Auto Building, LLC

21
22 By: North Park Development, LLC, a
Washington limited liability company, Its
23 Manager

24 By: /s/ Robert C. Brewster, Jr.
Robert C. Brewster, Jr., Manager
25
26

1 Presented by:

2 TONKON TORP LLP

3
4 By: /s/ Ava L. Schoen

Albert N. Kennedy, OSB No. 821429

5 Ava L. Schoen, OSB No. 044072

6 Of Attorneys for Debtor

EXHIBIT 1
TO THE FIFTH AMENDED
PLAN OF
REORGANIZATION

**GENERAL AUTO BUILDING, LLC,
an Oregon limited liability company**

SUBSCRIPTION AGREEMENT

This Subscription Agreement To Acquire _ % of capital Ownership Interests (this "Agreement"), is effective on the Effective Date as defined in Section ____ of the Plan of Reorganization filed by General Auto Building, LLC or any modifications thereto (the "Plan") and is between General Auto Building, LLC, an Oregon limited liability company ("Company"), and _____ ("New Member"). Unless otherwise stated, each initially-capitalized term will have the definition ascribed to it in the Limited Liability Operating Agreement, dated April 23, 2007, and the Amendments thereto (the "Operating Agreement"), copies of which are attached hereto, without schedules and exhibits.

This Agreement is expressly conditioned upon confirmation of the Plan and will have no legal effect if the Plan is not confirmed.

Company and New Member agree as follows:

1. Prior to the Effective Date, New Member may assign this Agreement to an Affiliated Entity controlled by New Member provided Affiliated Entity is an accredited investor as provided in rule 501 and Affiliated Entity executes this same form of agreement. An Affiliated Entity is any entity in which the New Member has an interest, if the relationship of the New Member and the entity would be as described in Section 267(b) or 707(b) of the Internal Revenue Code of 1986 as amended, except that 90% shall be substituted for 50% wherever 50% is used in those sections.

2. On the Effective Date:

(a) Company will issue and New Member will purchase _____% of the Company's Ownership Interests ("Ownership Interest");

(b) New Member will contribute \$_____ to Company.

(c) The subscription evidenced by this Agreement is hereby declared irrevocable. The New Member will have no right or power to amend, cancel or revoke all or part of the subscription or this Agreement without the consent of the Company, which consent may be withheld in the Company's discretion.

3. New Member represents and warrants to Company that:

(a) it has the authority required to execute, deliver and perform this Agreement, and to acquire the Ownership Interest.

(b) if and only if the New Member is an individual, the New Member is at least 18 years of age, is a bona fide resident of the state set forth next to the New Member's signature and maintains the New Member's principal residence there.

(c) if and only if the New Member is a corporation, partnership, trust or other entity, the New Member is validly organized under the laws of the state set forth next to the name of the New Member on the signature page, is currently operating and is in good standing in that state. The New Member has not been organized for the specific purpose of acquiring the Ownership Interest, but the New Member is duly authorized and otherwise qualified to acquire the Ownership Interest, has all requisite legal or other power to enter into this Agreement, to purchase the Ownership Interest hereunder and to perform its obligations under the terms of this Agreement. The New Member and person signing on behalf of the New Member represent and warrant that the person signing has been duly authorized to execute this Agreement and all other instruments in connection with the subscription, that such person's signature is binding on the New Member, and this Agreement when executed and delivered by the New Member will constitute a valid and legally binding obligation of the New Member, enforceable in accordance with its terms.

(d) is acquiring the Ownership Interest based on its own investigation.

(e) has received all information about the Company that New Member considers appropriate to decide whether to purchase the Ownership Interest. New Member has had an opportunity to ask questions and receive satisfactory answers from Company regarding the terms and conditions of the offering of the Ownership Interest and the Company's business, properties, prospects and financial condition. New Member has also had access to all other materials, books, records, documents and information relating to the Company that New Member desires, and has been able to verify the accuracy of the information contained in those materials. New Member understands that the Company has been the subject of a Plan of Reorganization filed by General Auto Building, LLC. New Member has had the opportunity to review the Operating Agreement and has been informed that New Member should have the same reviewed by counsel for the New Member.

(f) is acquiring the Ownership Interest for its own account for investment, and not with a view to sell or otherwise distribute any Ownership Interest in violation of applicable securities laws.

(g) is experienced in evaluating and investing in private placement transactions of securities or ownership interests of companies in an early stage of development such as the Company. New Member is able to bear the economic risk of a complete loss of the its investment in the Company. New Member has the knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of purchasing the Ownership Interest.

(h) understands that: (i) there is no public market for the Ownership Interest and none is expected to develop; (ii) it may sell or otherwise transfer the Ownership Interest only in compliance with the terms of the Operating Agreement; and (iii) it may not sell

or otherwise transfer the Ownership Interest without registration under the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state securities laws, or an exemption therefrom; and (iv) in the absence of an effective registration statement covering the Ownership Interest or an available exemption from registration under the Securities Act and applicable state securities laws, the Ownership Interest must be held indefinitely.

(i) the New Member acknowledges that this subscription has not been reviewed by the SEC or by any state securities agency or similar regulatory authority and that none of such agencies have passed upon or made any recommendation or endorsement of the Company, this transaction or the offering of the Ownership Interest.

(j) the New Member acknowledges that the New Member has had the opportunity to review this Agreement and the transactions contemplated by this Agreement with the New Member's own legal counsel. The New Member is relying solely on such counsel and not on any statements or representations of the Company or any of its agents for legal advice with respect to this investment or the transactions contemplated by this Agreement.

(k) the New Member acknowledges that neither the Company nor any person acting on behalf of the Company offered to sell the Ownership Interest to the New Member by means of any form of general advertising.

(l) is___ is not ___ an "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933, as amended, as noted below **(Please initial all that apply):**

_____ An individual whose individual net worth, or joint net worth with that person's spouse, at the time of the purchase exceeds \$1,000,000;

_____ An individual who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects to reach the same income level in the current year;

_____ A corporation or partnership, not formed for the specific purpose of acquiring the securities or ownership interests, with total assets in excess of \$5 million; or

_____ An entity in which all of the equity owners are accredited investors as set forth above.

As used in this Section 2(l), the term:

(i) "net worth" means the excess of total assets over total liabilities. For purposes of this Agreement, the value of your primary residence must be excluded as an asset in all cases. You may exclude any liabilities secured by your primary residence, up to the value of the primary residence, unless those liabilities were incurred (a) in the 60 days preceding this subscription and (b) for reasons other than to acquire the residence. However, indebtedness

secured by your residence that exceeds the fair market value of the residence must be considered a liability when calculating your net worth.

(ii) "income" means actual economic income, which may differ from adjusted gross income for income tax purposes. Accordingly, New Member should consider whether it should add any or all of the following items to its adjusted gross income for income tax purposes in order to reflect more accurately his actual economic income: any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, and alimony payments.

4. This Agreement will be construed and enforced in accordance with the laws of the State of Oregon, to the extent not governed or preempted by federal laws.

5. If the New Member is a resident of a community property state, the New Member's spouse hereby consents to this Agreement and hereby appoints the New Member the spouse's true and lawful attorney-in-fact, for the spouse and the spouse's name, place and stead, and for the spouse's use and benefit, to agree to any amendment or modification of this Agreement and to execute such further instruments and take such further actions as may reasonably be necessary to carry out the intent of this Agreement. The New Member's spouse further gives and grants to the New Member as the spouse's attorney-in-fact full power and authority to do and perform every act necessary and proper to be done in the exercise of any of the foregoing powers as fully as the spouse could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that the New Member will lawfully do and cause to be done by virtue of this power of attorney.

6. The Ownership Interest will not be certificated.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Company and New Member have executed this Agreement as of the Effective Date.

GENERAL AUTO BUILDING, LLC

By North Park Development, LLC, Manager

By: _____
Robert C. Brewster, Jr., Manager

Individual New Member

(to be completed by all individuals with interests in the subscription):

Corporation, Partnership, Trust or Other Entity:

Print Name of New Member

Print Name of New Member

Signature of New Member

State of Organization

Street Address

Signature

City

State

Zip Code

Print Name of Person Signing

Print Name of **Joint New Member, if any**

Title

Signature of Joint New Member, if any

Address of New Member:

Street Address

Street Address

City

State

Zip Code

City

State

Zip Code

Spouse's Signature, if New Member is a Resident of a Community Property State

New Member's Employer Identification Number

Print Name of Spouse

EXHIBIT 1

TO THE SUBSCRIPTION AGREEMENT

LIMITED LIABILITY COMPANY OPERATING AGREEMENT

OF

General Auto Building, LLC

This Operating Agreement ("*this Agreement*") is made as of April 23, 2007 between North Park Development, LLC a Washington limited liability company ("*NPD*"), and the persons listed on the attached Schedule A. NPD and the persons listed on Schedule A may each be referred to as a "*Member*" and collectively as "*the Members*".

RECITAL:

The Members, who are all the members of General Auto Building, LLC ("*the Company*"), a Delaware limited liability company for which articles of organization were filed on or about April 23, 2007, want to establish and agree upon the terms and conditions for regulating and managing the Company's affairs and the conduct of the Company's business.

THE MEMBERS AGREE:

1. Place of Business, Perpetual Term, Title to Property, Assumed Business Name, and Nature of Business of Company.

(a) Principal Place of Business. The principal place of business of the Company will be at the office of NPD, which is currently at 9 South Washington, Suite 515, Spokane, WA 99201. The business of the Company may also be conducted at any other or additional place or places as the Manager may designate from time to time.

(b) Term of Company. The Company will be perpetual, as provided in its articles of organization which were filed with the Delaware Corporation Commissioner, unless the Company is earlier dissolved in accordance with Section 8 of this Agreement.

(c) Title. Title to the property and assets of the Company shall be held in the name of the Company.

(d) Assumed Business Name. The Company may register "General Auto Building" or variants thereof as assumed business names and transact business under those names.

(e) Nature of Business. The sole purpose and business of the Company is to own, develop and operate commercial real estate ("*the Project*") located at 809 NW Flanders, Portland, OR commonly known as the General Auto Building, legally described at **Exhibit A** attached hereto ("*the Property*"). The Company may also engage in any lawful business permitted by the Delaware Limited Liability Company Act ("*the Act*") or the laws of any jurisdiction in which the Company may do business that is related to the Project and the

Property, but may not engage in any business unrelated to the Project or the Property. Subject to this restriction, the Company shall have the authority to do all things necessary or convenient to accomplish its purposes and operate its business.

2. Management of Business.

(a) Manager; Financing. The Manager is NPD.

(b) Manager's Specific Business Responsibilities. The Manager has the full and complete authority, power and discretion to take any and all actions which the Manager deems necessary or desirable to manage and operate the day-to-day affairs of the Project and the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Business of the Company. Without limiting the generality of the foregoing, the Manager shall have power and authority, on behalf of the Company:

(i) To acquire property and services from any Person, and the fact that a Manager or a Member is an Affiliate of such Person shall not prohibit the Manager from dealing with that Person;

(ii) To borrow money from financial institutions, the Manager, Members, or Affiliates of the Manager or Members on such terms as the Manager deems appropriate, and in connection therewith, to grant security interests in the assets of the Company (including for purposes of distributing funds to Members);

(iii) To purchase liability and other insurance to protect the Company's property and business;

(iv) To acquire, improve, manage, charter, operate, sell, transfer, exchange, encumber, pledge or dispose of the Property, the Project and any other real or personal property of the Company;

(v) To invest Company funds temporarily in time deposits, short-term governmental obligations, commercial paper or other short-term investments;

(vi) To execute instruments, documents and contracts, including without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, construction contracts, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company;

(vii) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to reasonably compensate them from Company funds, including but not limited to Conover Bond Development or any other affiliate of Manager;

(viii) To enter into any and all other agreements with any other Person for any purpose, in such form as the Manager may approve;

(ix) To admit new Members pursuant to Section 12;

(x) From time to time open bank accounts in the name of the Company;

(xi) To enter into any agreements, encumbrances or conveyances as Manager reasonably determines are beneficial or necessary for the Company in connection with any tax credit utilization by the Company or in connection with the Project, including but not limited to New Markets Tax Credits utilization; and

(xii) To do and perform all other acts as may be necessary or appropriate to the conduct of the Business of the Company.

Unless authorized to do so by the Manager, no Member, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

(c) Limitation on Manager Authority. The Manager shall not without the prior written consent of all Members, except as provided in Section 15(n), amend this Agreement.

(d) Manager Services and Compensation.

(i) Project Development and Management. Manager (or a separate entity contracted by Manager) shall act as project manager for the Property and the Project on behalf of the Company and shall manage the entitlement, design and construction process, and negotiate construction and financing for the Project. In such capacity, Manager or its contractor shall engage such architects, engineers, project managers and other providers of goods and services as are reasonably necessary for the Project and the Business of the Company. If the project manager is a separate entity, such entity may be an affiliate of Manager or of a member of Manager, including but not limited to Conover Bond Development or an affiliate of same. The Company shall pay Manager a "Development Fee" as described below in Section 3(c) as compensation for the services described in this Section.

(ii) Property Management. Manager (or a separate entity contracted by Manager) shall act as property manager for the Property and the Project on behalf of the Company ("Property Manager"). If the Property Manager is a separate entity, such entity may be an affiliate of Manager or of a member of Manager, including but not limited to Conover Bond Development or an affiliate of same. In such capacity, Property Manager may collect rents, communicate with tenants, pay expenses, purchase and maintain insurance, represent the Company in any discussions with governmental entities or adjacent landowners, and pay taxes.

(iii) Reimbursement of Manager's Expenses. The Manager shall be reimbursed by the Company for reasonable out-of-pocket expenses and liabilities incurred by the Manager in connection with the Business of the Company, including without limitation expenses incurred in the organization of the Company. In no event, however, shall the Manager be entitled to reimbursement of its own employee salary or office overhead.

(iv) Limitation on Liability; Indemnification. Neither the Manager nor any Affiliate of the Manager shall be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person, except for matters constituting gross negligence, intentional misconduct or knowing violation of the law. The

Company shall indemnify and hold harmless the Manager, and each director, officer, partner, employee or agent thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the Company or in furtherance of the Company's interests without relieving any such Person of liability for gross negligence, intentional misconduct or knowing violation of the law. No member shall have any personal liability with respect to the satisfaction of any required indemnification of the above-mentioned Persons. Any indemnification required to be made by the Company shall be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise. In addition, the Company may advance funds to a Person claiming indemnification under this Section for legal expenses and other costs incurred as a result of a legal action brought against such Person only if (i) the legal action relates to the performance of duties or services by the Person on behalf of the Company, (ii) the legal action is initiated by a party other than a Member, and (iii) such Person undertakes to repay the advanced funds to the Company if it is determined that such Person is not entitled to indemnification pursuant to the terms of this Agreement.

(v) Right to Rely on the Manager. No lender or purchaser or other Person, including any purchaser of property from the Company or any other Person dealing with the Company, shall be required to look to the application of proceeds hereunder or to verify any representation by the Manager as to the extent of the interest in the assets of the Company that the Manager is entitled to encumber, sell, or otherwise use, unless a Member has placed such Person on notice of a legal duty to so inquire. In no event shall any Person dealing with the Manager or the Manager's representative with respect to the business or property of the Company be obligated to ascertain that the terms of this Agreement have been complied with, and each such Person shall be entitled to rely on the assumptions that the Company has been duly formed and is validly in existence, that the Members have given any necessary approval incident to execution and delivery of any document or instrument of any nature whatsoever. Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by any Manager as to the identity and authority of any Manager or other Person to act on behalf of the Company or any Member.

(c) Removal of Manager from Responsibilities. The Members, by the act of those Members holding at least 75% of the Ownership Interests not held by the Manager, shall have the right, which they may exercise in their reasonable judgment, to remove the Manager from any one or more of the Manager's responsibilities only if:

(i) The Manager materially fails to fulfill or perform any duty, obligation, or responsibility under this Agreement and only after written notice of such failure is actually delivered to Manager (via certified mail, with return receipt) and Manager has not reasonably cured such failure to perform within 60 days after actual delivery of such written notice to Manager;

(ii) The Manager assigns any interest in or under this Agreement without the Company's prior written consent.

(iii) The Manager submits to the Company any false or fraudulent report or statement, including but not limited to any claims for any fee, reimbursement, or other payment by the Company (except as otherwise agreed to under this Agreement or otherwise); or

(iv) The Manager files or is the subject of any proceedings under bankruptcy law

3. Administration of Company Business.

(a) Management. The Manager shall control and direct the management and conduct of the business of the Company. Except as otherwise provided in this Agreement, any matters related to the conduct of the business of the Company or the administration of the internal affairs of the Company shall be decided by the Manager.

(b) Devotion of Time; Outside Activities. The Manager is or will be engaged in other business and activities occupying a portion of its time. Accordingly, the Manager is required to devote to the business of the Company only so much of the Manager's time and attention as the Manager reasonably deems necessary or advisable. The Manager and each Member may, during the continuance of the Company, engage in any activity for the Manager's or Member's own profit or advantage without the consent of the other Members, and neither the Company nor any Member shall have any right to any income or profit derived from the activity.

(c) Development Fee. No Member shall be entitled to any salary for services rendered to the Company other than as a regular employee of the Company. The Manager shall be entitled to take a development fee ("Development Fee") of \$250,000. The fee will be divided by the number of months projected for construction, and paid to Manager on a monthly basis starting in the month that the Company acquires the Project.

(d) Expense Account. Each of the Members, including the Manager, shall be entitled to reimbursement monthly, upon submission of an itemized account, for all items expended for the benefit of the business from the Member's separate assets.

(e) Affiliation. The Company shall maintain accounts at any banks and other financial institutions as the Manager shall determine. All funds of the Company shall be deposited in the Company's name and shall be withdrawn upon the signature of the Manager or the Manager's designees.

(f) Indemnification. Each Member shall indemnify and hold harmless the Company and each other Member from any and all expense and liability resulting from or arising out of any negligence or misconduct on the Member's part to the extent that the amount exceeds the applicable insurance carried by the Company.

(g) Advisors. The Company may select and engage the services of any advisors, consultants, contractors, accountants, attorneys, agents, and brokers as the Manager may deem to be necessary or advisable in connection with the Company's business and affairs.

(h) Rights and Obligations of Members.

(i) Limitation of Liability; Indemnification. Each Member's liability shall be limited as set forth in this Agreement and the Act. No Member shall be liable, responsible or accountable in damages or otherwise to the Company or the other Member for any act or omission by any such Person performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided that such act or omission did not constitute fraud, misconduct, bad faith or gross negligence. Members shall not be personally liable for any debts, obligations or liabilities of the Company. Members shall be liable to each other and the Company, but not to any of the Company's creditors, for fulfillment of any Capital Contribution obligations hereunder, and for any breach of the specific duties contained in this Agreement.

(ii) Liability for Company Obligations. Members shall not be personally liable for any debts, obligations or liabilities of the Company beyond their respective Capital Contributions and any obligation of the Members under Section 5 to make Capital Contributions.

(iii) Inspection of Records. Upon reasonable request, each Member shall have the right to inspect and copy at such Member's expense, during ordinary business hours the records required to be maintained by the Company pursuant to Section 4(a).

(iv) Events of Dissociation. The sole events of dissociation pursuant to which a Member will cease to be a Member of the Company shall be (1) if a Member dies, in which case the Member's heir, beneficiary, or personal representative (as appropriate) shall replace such Member, and (2) if the Member complies with the procedure described in Section 10 below. In no event shall any other event or circumstance constitute an event of dissociation for purposes of the Act.

(v) Competing Business of Members. The Members agree that any Members and the Manager may from time to time engage in real estate projects and investments, and may own, operate, or develop real estate for their own account that competes with real estate owned by the Company. Because the business of the Company is limited to the Property and the Project, no Member or Manager has a duty to offer to the Company any business or real estate opportunity. Any Manager and Member shall have the absolute right to engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to, the ownership, financing, management, employment by, lending to or otherwise participating in businesses which are similar to and competitive with the business of the Company, and neither the Company nor any of the Members shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits therefrom, or to prevent such independent ventures.

(vi) Personal Guarantees. If the Members approve a personally guaranteed borrowing on the part of the Company, each Member shall be liable to each other Member to reimburse such other Member for any amount paid by such other Member on account of any personally guaranteed debt of the Company which is in excess of such Member's Ownership

Interest of such personally guaranteed debt. Such obligation may not be enforced by any of the Company's creditors and is a direct personal obligation between each of the Members which shall survive dissolution of the Company. If the holder of the debt makes a demand on any Member with respect to any such personally guaranteed debt, such Member shall be entitled to pay all or any portion thereof and all other Members hereby waive any defense which they might have to their obligation to reimburse the paying Member which might arise out of the invalidity of the guaranteed debt, the fact that there may have been defenses to the enforcement of the guaranteed debt, or any action or omission on the part of the paying Member with respect to the lender, excluding only fraud and breach of fiduciary duty.

4. Accounting.

(a) Records and Books of Account. The Company shall keep adequate records and books of account and shall maintain them in accordance with generally accepted accounting principles. The Manager shall cause annual financial statements of the Company to be prepared, including a balance sheet, a profit and loss statement, and all supporting statements as the Manager may deem relevant from time to time. Each Member shall have access to the Company's records and books of account at all times.

(b) Method of Accounting. The Company's books of account shall be kept on a cash basis.

(c) Accounting Year. The Company's books of account shall be kept on a calendar year basis. The Company's taxable year shall be the calendar year.

(d) Income Tax Information. The Company shall furnish each Member with information pertaining to the Company's taxable income or loss, including but not limited to the Company's informational tax returns and Schedule K-1, applicable to the Member. The information shall show each Member's distributive share of each class of income, gain, loss, deduction, or credit of the Company. The information shall be furnished to the Members as soon as is practicable after the close of the Company's taxable year.

(e) Tax Matters Partner. The Manager, or if the Manager is ineligible to serve then the Member with the largest interest in Company profits, shall be the "tax matters partner" of the Company for purposes of Code Section 6221, *et seq.*, and corresponding provisions of any state or local tax law. The Company shall indemnify and reimburse the tax matters partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members attributable to the Company. The payment of all such expenses shall be made before any distributions are made to Members (and such expenses shall be taken into consideration for purposes of determining Distributable Cash) or any discretionary Reserves are set aside by the Manager. Neither the tax matters partner nor any Member shall have any obligation to provide funds for such purpose. The provisions for exculpation and indemnification of the Manager set forth in Section 2(d)(iv) of this Agreement shall be fully applicable to the Member acting as tax matters partner for the Company.

5. Capital.

(a) Initial Contributions. NPD has previously invested time and effort in obtaining for the Company the opportunity to acquire the Project and its associated real estate, all of which it will contribute to the Company as a non-cash capital contribution without any value stated in terms of dollars. The Members initially shall contribute to the Company's capital cash in the respective amount ("*Initial Contribution*") set opposite the Member's name on Schedule A. The total Initial Contributions from all Members other than the Manager is expected to be \$1,000,000. The Manager or its principals may contribute capital to bring the total capital contributions up to \$1,150,000 if required by the lender on the Project, and those capital contributions, when made in cash, will be considered Initial Contributions entitled to the Preferred Return (defined later in this Agreement) on the same terms as the Initial Contributions made by the other Members. Each Initial Contribution is due and payable within 5 days after the Member executes a counterpart of this Agreement. Any further money advanced by the Members for the acquisition of the Project may be treated as an advance and not a capital contribution at the election of the Company.

(b) Additional Contributions. If the Manager determines additional capital is necessary to improve the Property or pay the Company's obligations, then this additional capital amount will be contributed by each Member in accordance with the ownership interest percentages of each Member. If one Member cannot meet its obligation, then the other(s) may (at their sole discretion) loan the Company the capital to meet the non-paying Member's obligation. The Company shall repay Member Loans prior to any distributions of Distributable Cash, as and when Distributable Cash is available, meaning that all cash which would otherwise be Distributable Cash under the definitions used in this Agreement shall be immediately paid on account of the Member Loans (in proportion to the relative principal balances of each of them), until all Member Loans are paid in full. All such payments shall be credited first to interest and then to principal.

(c) Interest Paid. Except for the preferred returns described in this Agreement, no interest shall be paid on Initial Contributions or on any subsequent contributions to the Company's capital.

(d) Return of Contributions; No Right to Withdraw Capital. Each Member shall look solely to the Company's assets for the return of the Member's capital contributions. If the Company's assets are insufficient to return the capital contributions, no Member shall have recourse against any other Member for that purpose. Except as specifically provided in this Agreement, a Member may not withdraw capital from the Company. To the extent any amount that any Member is entitled to receive from the Company pursuant to any provision of this Agreement constitutes a return of capital, each Member consents to the withdrawal of the capital. A Member shall not have the right to demand and receive property other than cash in return for the Member's capital contribution.

(e) Interest. The Ownership Interest of each Member in the Company shall be as follows:

NAME	OWNERSHIP INTEREST
North Park Development, LLC	50%
Other Members	as identified on Schedule A

(f) Capital Accounts. The Company shall maintain a separate capital account (a "*Capital Account*") for each Member in accordance with Treasury Regulation § 1.704-1. Each Member's Capital Account shall be equal to:

(i) The amount of cash and the fair market value of the property contributed to the capital of the Company by the Member in accordance with this paragraph 5 (for which purpose no separate allowance will be made for NPD's time and effort); plus

(ii) The Member's allocable share of any profits of the Company pursuant to paragraph 6 below; less

(iii) The Member's allocable share of any losses of the Company pursuant to paragraph 6 below; and less

(iv) The amount of cash and the fair market value of property distributed to the Member.

Upon a sale, exchange, transfer, assignment, gift, or other disposition of an interest in the Company (subject to the restrictions in this Agreement on assignment and transfer), the Capital Account associated with the interest so transferred, whether the Capital Account has a positive or negative balance, shall be transferred to the transferee of the interest.

6. Allocation of Net Profits and Losses.

(a) Operating profits (profits from the general operation of the Project and interest on retained funds, after depreciation, interest expense, and other costs of operations) will be allocated as follows:

i. First to the Members, in proportion to their Initial Contributions, until they have received a 9% per annum internal rate of return (the "**Preferred Return**") on their Initial Contributions; and

ii. The remainder in proportion to the Members' Ownership Interests.

(b) Losses will be allocated in accordance with the Ownership Interests, subject to the limitation that if the allocation of losses reduces a Member's capital account to zero while the capital accounts of other Members are positive, then further losses will be specially allocated to those members with positive capital accounts in proportion to their positive capital accounts until those accounts are reduced to zero. If the capital accounts of all Members

are reduced to zero, then further losses will be allocated in accordance with the Ownership Interests until later allocations of profits increase all capital accounts above zero.

7. Distributions.

(a) Distribution of Net Cash Flow from Operations.

After any reserves deemed appropriate by the Manager or required by the Company's lenders are set aside, the net cash flow from operations (excluding cash flow from the sale or refinancing of the Project) for any particular period will be distributed to the Members in the following order of priority:

(1) first, to the Members in proportion to any capital contributions, other than the Initial Contributions, made after July 1, 2007 to the Company in response to cash shortfalls of the Company (the "Additional Capital Contributions") until the contributing Members have received an internal rate of return of nine percent (9%) on the Additional Capital Contributions;

(2) next to the Members in proportion to and in return of their Additional Capital Contributions until their Additional Capital Contribution balances have been reduced to zero;

(3) next, to the Members, in proportion to their Initial Contributions (which for this purpose will be reduced by any previous distributions made pursuant to Section 7(b)(4) below), in payment of the Preferred Return until the Preferred Return balance has been reduced to zero for all members (that is, until they have received the Preferred Return on the Initial Contributions);

(4) next, to the Members in accordance with their Ownership Interests.

(b) Distribution of Capital Proceeds.

If the Project is sold or refinanced, the resulting capital proceeds will be distributed to the Members in the following order:

(1) first, to the Members in proportion to their Additional Capital Contributions (if any) until the contributing Members have received an internal rate of return of nine percent (9%) on the Additional Capital Contributions;

(2) next, to the Members in proportion to and in return of their Additional Capital Contributions until their Additional Capital Contribution balances have been reduced to zero;

(3) next, to the Members, in proportion to their Initial Contributions (which for this purpose will be reduced by any previous distributions made pursuant to Section 7(b)(4) below), in an amount sufficient to provide them with a nine percent (9%) internal rate of return on their Initial Contributions, taking into account any payments received by them on their Preferred Return, including payments previously received by them that exceed the Preferred Return of nine percent;

(4) next, to the Members, in proportion to their Initial Contributions, in return of the Initial Contributions until their Initial Contributions have been reduced to zero, and any distributions made pursuant to this Section 7(b)(4) will be deemed to reduce the Initial Contributions of the Members to whom they are made, but not below zero, for purposes of calculating future distributions under Sections 7(a)(3) and 7(b)(3) above;

(5) next, to any Members in proportion to any positive balance in their positive capital accounts until their capital accounts have been reduced to zero; and

(6) next, to the Members in accordance with their Ownership Interests.

(c) Transfer of Company Interest. If a Member transfers all or part of the Member's interest in the Company, then the net profit or net loss of the Company allocable to the interest will be prorated between the transferor and the transferee for the fiscal year in which the transfer or adjustment occurs in proportion to the number of days in the fiscal year that each owned the interest. However, the gain or loss from any sale of the principal asset of the Company will be allocated to the persons or entities who were Members on the day that the gain or loss is realized.

8. Dissolution of Company.

(a) Events Causing Dissolution. The Company shall be dissolved only upon the Manager's decision to dissolve the Company. The Manager may not dissolve the Company if dissolution would breach any loan agreement (however titled) that then binds the Company.

9. Winding Up, Liquidation and Distribution of Assets. Upon dissolution, the Manager shall immediately proceed to wind up the affairs of the Company. The Manager shall sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind) and shall apply the net proceeds of such sale and the remaining Company assets in the following order of priority:

(a) Payment of creditors, including Members and Managers who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company, other than liabilities for distributions to Members;

(b) To establish any Reserves that the Manager deems reasonably necessary for contingent or unforeseen obligations of the Company and, at the expiration of such period as

the Manager shall deem advisable, the balance then remaining in the manner provided in Paragraph (c) below;

(c) By the end of the taxable year in which the liquidation occurs (or, if later, within 90 days after the date of such liquidation), to the Members as provided in Section 7.

(d) No Obligation to Restore Negative Capital Account Balance on Liquidation. Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), if any Member has a negative Capital Account balance (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution to the Company, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(e) Termination. The Manager shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(f) Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, the Manager shall file a certificate of cancellation as required by Section 25.15.080 of the Act. Upon filing the certificate of cancellation, the existence of the Company shall cease, except as otherwise provided in the Act.

(g) Return of Contribution Nonrecourse to Other Members. Upon dissolution each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the property remaining after the payment or discharge of liabilities of the Company is insufficient to return the contributions of members, no Member shall have recourse against any other Member.

10. Buy/Sell; Member's Right to Dissociate from the Company

(a) Right to Dissociate; Electing to Invoke Dissociation and the Buy-Sell Provisions. On and after July 1, 2012, any Member except the Manager may notify the other Members that the Member wishes to dissociate from the Company, and the Members and the Company will then follow the procedure described in this Section 10 unless the consummation of the procedure would breach any loan agreement (however titled) to which the Company is then a party. A Member electing to invoke this procedure is referred to herein as the "Initiator" and the other Members, including the Manager, are the "Respondents." The Initiator may trigger the Buy-Sell procedures set forth herein by delivering written notice (the "Election Notice") to the Respondents. In no event shall any Member have a right to deliver an Election Notice if such Member is materially in breach of its obligations hereunder, or has been disassociated from the Company.

(b) Contents of Election Notice. The Election Notice, to be valid, shall state an amount (the "Assumed Amount") which the Initiator believes (in its sole opinion) would be available for distribution to the Members under Section 7 and otherwise under this Agreement after sale of all of the assets of the Company and payment of all liabilities of the Company. The price to be paid for the Ownership Interest of the Initiator (the "Buy-Sell Price") shall equal the amount that the Initiator would receive if the Assumed Amount was allocated among the Members in accordance with Section 7 of this Agreement.

(c) Effect of Election Notice. An Election Notice shall constitute an irrevocable offer by the Initiator to sell all, but not less than all, of the Initiator's Ownership Interest to the Company or to the Respondents (in that case, to each Respondent in proportion to its Ownership Interest) for an amount equal to the Buy-Sell Price calculated for the Initiator's Interest. The terms of the Election Notice shall be irrevocable for a ninety (90) day period.

(d) Response to Election Notice. The Company and the Respondents shall respond in writing (the "Response") to the Election Notice within the ninety (90) day period by either (1) accepting the offer and indicating whether the Company or the Respondents will be the purchase of the Ownership Interest, or (2) declining the offer, in which case the Manager will forthwith organize the affairs of the Company, offer the Property for sale, and proceed to liquidate and dissolve the Company. If the Response is to purchase the Ownership Interest of the Initiator, then closing of the transfer of the Interest ("Closing") in accordance with Respondents' election shall take place no earlier than thirty (30) days and no later than ninety (90) days after receipt by the Initiator of the Response. The amount to be paid for the Ownership Interest of the Initiator shall be established as of the date of the Election Notice.

(e) Failure to Respond. If the Company and the Respondents fail to issue the Response within said ninety (90) day period, the Company and the Respondents shall be deemed to have given the Response on the last day of such period electing to sell the Property and then liquidate and dissolve the Company.

(f) Closing. The closing of the purchase and sale of the Initiator's Ownership Interest shall occur on a date and at a time mutually agreeable to the Initiator, the Company, and the Respondents, but not later than the ninetieth (90th) day following the date of the Response. Unless all parties agree on a different place for Closing, Closing will occur at the principal office of the Company. At the closing, the Company or the Respondents (as appropriate) shall pay to the Initiator, by cash, or other immediately available funds, the Buy-Sell Price as calculated for the Initiator's Ownership Interests. If there is more than one purchasing Member, the purchasing Members may acquire the selling Members' Ownership Interests in such proportion as they may separately agree or, in the absence of such agreement, in proportion to the relative Ownership Interest of each purchasing Member immediately prior to the commencement of this procedure. The Initiator shall deliver to the purchasing Members good title, free and clear of any liens, claims, encumbrances, security interests, or options (other than those created by this Agreement), to the Initiator's Ownership Interest thus purchased. In the event the purchasing Members fail to perform their obligation to purchase hereunder, the Initiator will not be obligated to sell any portion of its Ownership Interest to the purchasing Members. At the closing the Members shall execute such documents and instruments of conveyance as may be necessary or appropriate to effect the transactions contemplated hereby, including, without limitation, the transfer of the Ownership Interest of the Initiator to the purchasing Members and the assumption by each

purchasing Member of each Initiator's obligations with respect to the Initiator's Ownership Interests transferred to the purchasing Members. The reasonable costs of such Transfer and closing incurred on behalf of the Company, including, without limitation, costs to obtain any third-party consents required as a result of obligations of the Company, shall be divided equally between the Initiator (on one hand) and the purchasing Members (on the other hand). Each Member shall be responsible for its own costs in connection with such transfer and closing including, without limitation, its attorneys' and advisors' fees and costs to obtain any third-party consents required as a result of obligations of such Member (as opposed to the Company) or its Affiliates. Any real estate excise tax owing on such Transfer shall be divided equally between the Initiator and the purchasing Members.

(g) Failure to Perform. Failure of an Initiator or Respondent to perform on either side according to the provisions of this Section will result in a twenty-five percent (25%) forfeiture of the defaulting party's Ownership Interest to the non-defaulting party.

(h) Right of First Refusal. As an alternative to the Buy-Sell provisions described in this Section, if a Member desires to sell its Ownership Interest to an outside party, then the other Members are given a first right of refusal to purchase the other party's Ownership Interests. The selling party shall notify the non-selling party by written notice, certified mail, return receipt requested, and the non-selling party shall have thirty (30) days from receipt of notice to exercise his/her first right of refusal by delivering notice to the other party within such time period by written notice, certified mail, return receipt requested. In the event the right is exercised, the closing shall occur within ninety (90) days after delivery of such notice of exercise. In the event the right is not exercised, then the selling party may not sell to a third party unless agreed to by all of the non-selling Member(s). If the selling Member still wishes to sell its Ownership Interests, the selling member could do so only by commencing the Buy-Sell procedures described in this Section 10.

(i) Manager's Right to Purchase. On and after July 1, 2014, the Manager may elect to purchase, or may cause the Company to purchase, the entire Ownership Interest of any Member who is neither a tenant in the Project nor an affiliate (owner, principal, shareholder, and so forth) of a tenant in the Project, on the following terms and conditions: (1) The selling Member has received the full Preferred Return attributable to that Member's Initial Contribution; (2) the purchase price is that amount which the selling Member would receive if the Project were sold for its fair market value, the expenses of sale and the debts of the Company were paid, and the profits from the sale of the Project and remaining capital of the Company were fully distributed to the Members and the Company were liquidated. The "fair market value" is the most likely cash price that the Company would receive from a willing buyer after the Project is exposed to the market for a reasonable time, with neither the seller nor the buyer being under compulsion to sell or buy, as determined by an appraiser who is a Member of the Appraisal Institute and who has at least ten years' experience in appraising commercial property in Portland, Oregon. The Manager will pay the expense of the appraisal. If the Member disagrees with the Manager's appraisal, then the Member may commission an appraisal from a similarly qualified appraiser of the Member's choosing. If the higher appraisal is less than ten percent (10%) higher than the lower appraisal, then the average of the two appraisals shall be the deemed sale price of the Project. If the higher appraisal is ten percent or more above the lower appraisal, then the two appraisers shall select a third similarly qualified appraiser, and the third appraiser

shall appraise the Project. The middle of the three appraisals will be the deemed sale price. The selling Member will pay the cost of the appraiser selected by the selling Member. The Company will pay the cost of the third appraisal.

11. Assignment of Member's Interest.

(a) Restriction on Assignment. Except as expressly permitted under paragraph 10 above or this paragraph 11, no Member shall assign, transfer, sell, exchange, pledge, give, or otherwise dispose of or encumber in any manner or by any means whatsoever, to one who is not a Member, and whether by operation of law or otherwise, all or any part of the Member's interest in the Company, without obtaining the prior written consent of a majority in interest of the other Members, which consent must in any event include the consent of the Manager.

(b) Rights of Assignee. In accordance with ORS 63.255, no person to whom a Member's interest is transferred or assigned (other than as permitted under paragraph 10 above or this paragraph 11) shall be a Member or otherwise be entitled, during the continuance of the Company, to participate in the management or administration of the business or internal affairs of the Company, to require any information or account of Company's transactions, or to inspect the Company's books and records. The assignee shall merely be entitled to receive, in accordance with the terms of the assignment or other transfer, the profits, losses, and distributions to which the assigning or transferring Member would otherwise be entitled.

12. Admission of Additional Members. After the initial Members are admitted (which may be done by the Manager acting without the consent of the Members), then except as permitted by this paragraph 12, no person may be admitted as a Member without the execution by all Members, and by such new Member, of an amendment to this Agreement, as this Agreement may be amended, pursuant to which the existing Members agree to the admission of such new Member and the new Member agrees to be bound by all provisions of this Agreement, as amended. The Manager may, however, amend this Agreement and admit new Members without the consent of the other Members if the Manager deems it necessary to qualify the Company or the Project for the federal program commonly known as New Markets Tax Credits or other income tax credit-related financing programs. Also, Manager, or any entity controlled by Manager may transfer its interests to any new Member as manager deems necessary.

13. Meetings of Members

(a) Authority for Call; Location; Meetings. Meetings of the Members, for any purpose or purposes, may be called either by the Manager or by the Members holding at least 40% of the total Units held by all Members. The place of meeting shall be the principal office of the Company. Any Member may participate in person or by telephone.

(b) Notice of Meetings. Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than 7 nor more than 50 days before the date of the

meeting, either personally or by mail, by or at the direction of the Manager or the Members calling the meeting, to each Member entitled to vote at such meeting.. If mailed, such notice shall be deemed to be delivered five calendar days after being deposited in the United States Mail, addressed to the Member as specified on Schedule A (or to a replacement address of which the Member has given notice to the other Members), with postage thereon prepaid.

(c) Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 15, such determination shall apply to any adjournment thereof.

(d) Quorum. A Majority of the Ownership Interest represented in person or by proxy shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Ownership Interest held by Members so represented may adjourn the meeting from time to time for a period not to exceed 60 days without further notice. However, if the adjournment is for more than 60 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Units whose absence would cause less than a quorum.

(e) Manner of Acting. If a quorum is present, the affirmative vote of Members holding more than 50% of the Ownership Interests is represented at the meeting in person or by proxy shall be the act of the Members, unless the vote of a greater or lesser percentage is required by this Agreement or the Act.

(f) Proxies. At all meetings of Members a Member may vote in person or by proxy executed in writing by the Member. Such proxy shall be filed with the Manager before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

(g) Action by Members without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, executed by Members entitled to vote thereon and delivered to the Manager for inclusion in the Company's minutes. Action taken under this Section 15 is effective when all Members entitled to vote thereon have signed such consents, unless such consents specify a different effective date.

(h) Waiver of Notice. When any notice is required to be given a Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

14. Investment Representations. The Member Ownership Interests have not been registered under the Securities Act of 1933, the Securities Act of Oregon, the Securities Act of Delaware, or any other state securities laws (collectively, the "Securities Acts") because the Company is issuing the ownership interests in reliance upon the exemptions from the registration requirements of the Securities Acts, and the Company is relying upon the fact that the ownership interest are to be held by each Member as an experienced real estate investor for investment purposes. Accordingly, each Member hereby confirms the ownership interests have been acquired for such Member's own account, for investment and not with a view to the resale or distribution thereof and may not be offered or sold to anyone unless there is an effective registration or other qualification relating thereto under all applicable Securities Acts or unless such Member delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification is not required. The Members understand that the Company is under no obligation to register the ownership interests or to assist any Member in complying with any exemption from registration under the Securities Acts.

15. Miscellaneous.

(a) Waiver of Right of Dissolution by Court Decree. Each Member accepts the provisions of this Agreement as the sole and exclusive basis for dissolution of the Company and for determination of Members' relative rights and obligations from and after dissolution. Each Member waives and renounces the right to seek a decree of dissolution by a court or appointment by a court of a liquidator for the Company.

(b) Application of Oregon and Delaware Law. This Agreement, and the application and interpretation of it, shall be governed by its terms and by the substantive laws of Delaware. However, any action involving this Agreement will be brought only in the state courts of Multnomah County, Oregon, where the Project is located, and will be subject to the procedural rules of those courts.

(c) Construction. Whenever the singular number is used in this Agreement and when required by the context, it shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa. The word "including" means including without limitation or exclusion.

(d) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

(e) Execution of Additional Documents. Each Member shall execute all other and further statements of interest and holdings, designations, powers of attorney, and other instruments necessary to comply with any laws, rules, or regulations.

(f) Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

(g) Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the Party or to an executive officer or partner of the Party to whom it is directed or, if sent by mail, postage prepaid, addressed to the addresses shown on Schedule A, or to any other address the Manager or a Member may designate by notice to the other parties. Except as otherwise provided in this Agreement, any such notice shall be deemed to be given three Business Days after the date on which it was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent in accordance with this paragraph.

(h) Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

(i) Severability. If any provision of this Agreement or its application to any person or circumstance shall be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement and its application shall not be affected and shall be enforceable to the fullest extent permitted by law.

(j) Waivers. A provision of this Agreement may be waived only by a written instrument executed by the party waiving the provision. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement shall not operate as a waiver of that provision or of any other provision.

(k) Arbitration. If any controversy or claim arising out of this Agreement or the membership relationship cannot be settled, the controversy or claim shall be settled by arbitration before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect, and judgment on the award may be entered in any court having jurisdiction. Nothing in this Agreement, however, shall prevent a party from resort to a court of competent jurisdiction in those instances where injunctive relief may be appropriate.

(l) Attorney Fees. If arbitration or injunctive relief is instituted to enforce or determine the Parties' rights or duties arising out of the terms of this Agreement, the prevailing party shall recover from the losing party reasonable attorney fees incurred in the proceeding to the extent permitted by the arbitrator or judge.

(m) Effectiveness; Heirs, Successors, and Assigns. This Agreement shall be effective as of the Effective Date, after it has been signed by the Manager and the Initial Members. Each and all of the covenants, terms, provisions, and agreements contained in this Agreement bind and benefit the parties and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors, and assigns.

(n) Amendment. Except for amendments entered into at or near the commencement of the Company's operations for the sole purpose of admitting the initial members (which amendments may be executed by the Manager without the consent of the Members), this Agreement may be amended, restated, or modified from time to time only by a written instrument adopted by the all the Members. The Members agree and acknowledge that the Project may involve tax credit utilization that could require that the Company and/or members agree to property transfers, leases or other transactions that could require an amendment or restatement of this Agreement or the execution of other related agreements or documents by the Company and/or Members, and the Members agree to reasonably cooperate in executing such amendments or documents. No Member shall have any vested rights in this Agreement that may not be modified through an amendment to this Agreement.

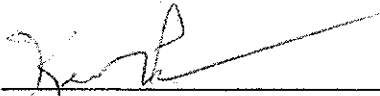
(o) Entire Agreement. This Agreement is the entire agreement between the parties with respect to its subject matter, and it supersedes and terminates any and all prior agreements between them about those matters.

MEMBERS:

:

By:

Manager


 Pres. Dent, KTP Development, LLC

MANAGER:

NPD MANAGEMENT, LLC:

By North Park Development, LLC, its manager:

By:

Bill Nootenboom, Manager

Agreement bind and benefit the parties and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors, and assigns.

(n) Amendment. Except for amendments entered into at or near the commencement of the Company's operations for the sole purpose of admitting the initial members (which amendments may be executed by the Manager without the consent of the Members), this Agreement may be amended, restated, or modified from time to time only by a written instrument adopted by the all the Members. The Members agree and acknowledge that the Project may involve tax credit utilization that could require that the Company and/or members agree to property transfers, leases or other transactions that could require an amendment or restatement of this Agreement or the execution of other related agreements or documents by the Company and/or Members, and the Members agree to reasonably cooperate in executing such amendments or documents. No Member shall have any vested rights in this Agreement that may not be modified through an amendment to this Agreement.

(o) Entire Agreement. This Agreement is the entire agreement between the parties with respect to its subject matter, and it supersedes and terminates any and all prior agreements between them about those matters.

MEMBERS:

:

By:

Manager

MANAGER:

NPD MANAGEMENT, LLC:

By North Park Development, LLC, its manager:

By:

Bill Nootenboom, Manager

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**AMENDMENT NO. 1
TO LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
GENERAL AUTO BUILDING, LLC**

This Amendment No. 1 to Limited Liability Company Operating Agreement (this "Amendment No. 1") is made as of September 20, 2007 between North Park Development, LLC a Washington limited liability company ("NPD"), David Howitt, ("Howitt"), KTP Development, L.L.C., an Oregon limited liability company ("KTP") and David Sniderman ("Sniderman"). Each may be referred to herein as a "Member" and collectively as "the Members".

The Members are all of the members of General Auto Building, LLC (the "Company"), a Delaware limited liability company for which articles of organization were filed under the name "General Automotive Building, LLC" in Delaware on April 25, 2007. The Members are all parties to that certain "Limited Liability Company Operating Agreement" of the Company, dated April 23, 2007 (the "LLC Operating Agreement").

The Members hereby agree to amend the LLC Operating Agreement as follows:

1. State of Organization. The State of organization and filing for the Company shall be changed from the State of Delaware to the State of Oregon, effective immediately upon filing of the Company articles of organization with the Secretary of State of Oregon and the termination of the Company's filing with the State of Delaware. The Members hereby authorize NPD or its agents to execute and file any documents required in connection with these Oregon and Delaware filings and hereby ratify any such actions previously completed. Any references to the State of Delaware in the LLC Operating Agreement shall be deemed to be changed to the State of Oregon. The LLC Operating Agreement and the application and interpretation of it shall be governed by the laws of the State of Oregon. The Company has not and shall not enter into any agreements or transactions prior to the termination of the Delaware company and the effective date of the Company's filing of articles of organization in Oregon.

2. Place of Business; Registered Agent. The address of the principal place of business and the address of the registered agent for the Company in Oregon shall both be changed to 5100 SW Macadam Avenue, Suite 500, Portland, Oregon 97239 in connection with the Company filing in Oregon. The registered agent in Oregon shall be NPD.

3. Name of the Company. The name of the Company is General Auto Building, LLC, notwithstanding any variations on this name set forth in the LLC Operating Agreement, in the Delaware filing or elsewhere.

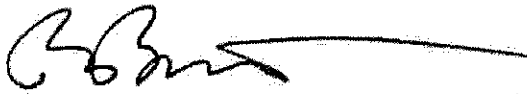
4. LLC Operating Agreement Affirmed; No Other Amendments. Except as modified by this Amendment No. 1, the LLC Operating Agreement remains in full force and

effect and has not been modified or amended.

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: 
Robert C. Brewster, Jr., Member

By: _____
William A. Nootenboom, Member


KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: _____
Its: _____

HOWITT:

DAVID HOWITT

SNIDERMAN:



DAVID SNIDERMAN

effect and has not been modified or amended.

Agreed by the Members as of the date first written above.


NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: _____
Robert C. Brewster, Jr., Member

By: _____
William A. Nootenboom, Member

KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By:  _____
Its: _____

HOWITT:

DAVID HOWITT

SNIDERMAN:

DAVID SNIDERMAN

effect and has not been modified or amended.

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: _____
Robert C. Brewster, Jr., Member

By: 
William A. Nootenboom, Member

KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: _____
Its: _____

HOWITT

DAVID HOWITT

SNIDERMAN:

DAVID SNIDERMAN

**AMENDMENT NO. 2
TO LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
GENERAL AUTO BUILDING, LLC**

This Amendment No. 2 to Limited Liability Company Operating Agreement (this "Amendment No. 2") is made as of June 5, 2008 between North Park Development, LLC a Washington limited liability company ("NPD"), David Howitt, ("Howitt"), KTP Development, L.L.C., an Oregon limited liability company ("KTP"), David Sniderman ("Sniderman") (each of which may be referred to herein as a "Member" and collectively as "the Members") and Robert C. Brewster, Jr. ("Brewster").

The Members are all of the members of General Auto Building, LLC (the "Company"), an Oregon limited liability company for which Articles of Organization were filed in Oregon effective September 20, 2007. Articles of organization were filed under the name "General Automotive Building, LLC" in Delaware on April 25, 2007 and for which a Certificate of Cancellation was filed in Delaware effective September 28, 2007. The Members are all parties to that certain "Limited Liability Company Operating Agreement" of the Company, dated April 23, 2007, as amended by that certain "Amendment No. 1 to Limited Liability Operating Agreement" dated September 20, 2007 (collectively, the "LLC Operating Agreement"). All capitalized terms shall have the meanings set forth in the LLC Operating Agreement unless otherwise defined herein.

The Members and Brewster hereby agree to amend the LLC Operating Agreement as follows:

1. New Member. The Members acknowledge and agree that Robert C. Brewster, Jr. ("Brewster") is hereby admitted to the Company as a Member. Accordingly, the "Exhibit A" (List of Members, Addresses, Contributions, and Ownership) attached to the LLC Operating Agreement is hereby deleted in its entirety and replaced with the "**Exhibit A**" List of Members, Addresses, Contributions, and Ownership attached hereto. Brewster hereby agrees to be bound by all of the provisions of the LLC Operating Agreement. The Members also acknowledge and agree that the entity identified in the deleted Exhibit A to LLC Operating Agreement as "RCB Development LLC" is not an actual entity and is not (and never was) a Member of the Company but was instead inserted as a placeholder entity name in anticipation of the admission of Brewster to the Company.

2. Development Fee. The Members agree that the \$250,000 in development fees described in the LLC Operating Agreement at Section 3(c) shall be paid as follows: (i) \$100,000 shall be paid to NPD from the HomeStreet Bank construction loan draws; and (b) the remaining \$150,000 of these development fees shall be paid to NPD as a Company operations expense prior to any distributions to other Members. These Section 3(c) development fees are separate from the "Development Fees" described in the "Development Agreement" that is to be entered into by

and between the Company and NPD in connection with the tax credit closing and Project development.

3. Representations with Respect to Legal Counsel. The parties executing this Amendment No. 2 acknowledge that Real Property Law Group PLLC has represented exclusively Robert C. Brewster, Jr. individually and in his capacity as Member of NPD in connection with this Agreement and has prepared or commented on certain other documents in connection with the Project as an accommodation to the parties and the Company. Each of the other parties acknowledges that the rights created by the LLC Operating Agreement and related transaction documents are complex and may well require the assistance of counsel to understand the full implications. Each of the Members further acknowledges and agrees that the interests created under the LLC Operating Agreement are not freely transferable and may have limited market value. Notwithstanding such fact, the interests created hereby have important legal consequences, and may well subject Members to federal income tax consequences, and each Member has been advised to seek his or her independent counsel with respect thereto. In the event of any litigation arising out of or in connection with this Agreement or the Company, Real Property Law Group PLLC may in its discretion represent only Robert C. Brewster, Jr. and each of the other Members hereby consents to such representation.

4. Counterparts. This Amendment No. 2 may be executed in any number of counterparts and transmitted electronically or by facsimile and all counterparts shall be deemed to constitute a single agreement. The execution and delivery of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. The signatures to this Amendment No. 2 may be executed on separate pages and when attached to this Amendment No. 2 shall constitute one complete document.

5. LLC Operating Agreement Affirmed; No Other Amendments. Except as modified by this Amendment No. 2, the LLC Operating Agreement remains in full force and effect and has not been modified or amended.

**SIGNATURES APPEAR ON FOLLOWING PAGE
REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: 

Robert C. Brewster, Jr., Manager

KTP:

KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: _____

Its: _____

HOWITT:

DAVID HOWITT

SNIDERMAN:

DAVID SNIDERMAN

BREWSTER:



ROBERT C. BREWSTER, JR.

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: _____
Robert C. Brewster, Jr., Manager

KTP:

KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: *Matthew Schwartz*
Its: *Managing Member*

HOWITT:

DAVID HOWITT

SNIDERMAN:

DAVID SNIDERMAN

BREWSTER:

ROBERT C. BREWSTER, JR.

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company


By: _____
Robert C. Brewster, Jr., Manager

KTP:

KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: _____
Its: _____

HOWITT:



DAVID HOWITT

SNIDERMAN:

DAVID SNIDERMAN

BREWSTER:

ROBERT C. BREWSTER, JR.

Agreed by the Members as of the date first written above.

NPD:

NORTH PARK DEVELOPMENT, LLC,
a Washington limited liability company

By: _____
Robert C. Brewster, Jr., Manager

KTP:

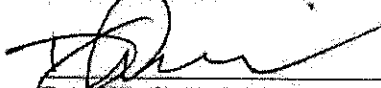
KTP DEVELOPMENT, L.L.C.,
an Oregon limited liability company

By: _____
Its: _____

HOWITT:

DAVID HOWITT

SNIDERMAN:



DAVID SNIDERMAN

BREWSTER:

ROBERT C. BREWSTER, JR.

EXHIBIT 2
TO THE FIFTH AMENDED
PLAN OF
REORGANIZATION

FIRST AMENDMENT TO LEASE

This Amendment to Lease ("Amendment") is dated _____, 2013 by and between General Auto Building, LLC ("Landlord") and General Auto Lessee, LLC ("Tenant").

RECITALS:

- A. Landlord and Tenant are parties to a certain Lease dated June 13, 2008 (the "Lease").
- B. On March 2, 2012, Landlord filed its petition under Chapter 11 of the United States Bankruptcy Code and commenced Case No. 12-31450-elp before the United States Bankruptcy Court for the District of Oregon (the "Bankruptcy Case").
- C. Landlord and Tenant desire to amend the Lease as set forth below to conform the Lease to the circumstances of Landlord, Tenant, the Building, and the Premises, and to the terms of Landlord's plan of reorganization confirmed in the Bankruptcy Case (the "Plan of Reorganization").

AGREEMENTS:

In consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto agree as follows:

- 1. The following amendments shall take effect as of the Effective Date of the Plan of Reorganization.
- 2. Landlord hereby assigns, transfers, and delivers to Tenant all of Landlord's right, title, and interest in, to, and under the leases listed on Exhibit A to this Amendment (for all purposes under the Lease and this Amendment the "Existing Leases") from and after the Effective Date, subject, however, to the security interests and liens of Park & Flanders, LLC ("Park & Flanders") as provided in the Plan of Reorganization.
- 3. Section 3.3 of the Lease is hereby replaced with the following:

Section 3.3: Landlord's Termination Option

(a) Notwithstanding the aforesaid Term, in the event of (i) a sale or other direct or indirect transfer of all of Landlord's interest in the Premises to an unrelated buyer on arms' length terms; or (ii) the exercise by General Auto Development Manager, LLC of its call option or the exercise by TCC Historic Tax Credit Fund VII, L.P. of its put option pursuant to the Purchase Agreement dated June 13, 2008, and executed by and between them, but in no other case, and except as set forth in Section 3.3(c) below, Landlord shall have the right to terminate this Lease upon the giving of notice thereof in writing to Tenant ("Lease Termination Notice"). The termination of the Lease shall be effective sixty (60) days from and after the giving of the Lease Termination Notice provided that in

the event of a sale or other direct or indirect transfer of all of Landlord's interest in the Premises to an unrelated buyer on arms' length terms, Landlord shall have made to Tenant a payment (the "Lease Termination Payment") equal to thirty percent (30%) of the amount of net proceeds actually received by Landlord from the sale or other transfer of its interest in the Premises. The amount actually received by Landlord shall be determined after payment of (i) all transactional and closing costs paid to third parties in connection with such sale; (ii) all obligations secured by the Building or Premises; and (iii) any unpaid obligations remaining owing by Landlord under the Plan of Reorganization. In the event the consideration to be received by Landlord in connection with such sale or other transfer is to be paid over time, the Lease Termination Payment shall be paid in installments (and evidenced by a note setting forth Landlord's obligations in connection therewith) proportionate to such payments as are scheduled to be actually received from time to time by Landlord after payment and satisfaction of closing costs, secured obligations, and Plan of Reorganization obligations hereinbefore described. Notwithstanding the foregoing or any other provision of this Lease, Landlord may sell or transfer all or any portion of its interest in the Premises at any time to any party at Landlord's sole discretion; provided that (i) such conveyance is not to a tax-exempt entity, or to an entity controlled by a tax-exempt entity, if such conveyance would result in a Recapture Event to Tenant and/or Investor Member; (ii) such conveyance is not to any other entity where the transfer would result in a Recapture Event to Tenant and/or Investor Member; and (iii) such transferee assumes all of Landlord's rights and obligations under the Lease, as amended by this Amendment, and so long as the provisions of this sentence are satisfied, no transfer payment or fee of any kind shall be owed to Tenant by Landlord or its transferee.

(b) In the event Landlord gives the Lease Termination Notice as provided in subparagraph (a) of this Section 3.3, then within sixty (60) days from and after the giving of the Lease Termination Notice Tenant shall (i) surrender possession of the Premises to Landlord and otherwise perform its obligations under Article 9 of the Lease; (ii) assign, surrender, or deliver to Landlord all reserves held by Tenant in connection with the Building and Premises; and (iii) assign to Landlord all leases as between Tenant and subtenants, including any remaining Existing Leases.

(c) Notwithstanding subparagraph (a) or subparagraph (b) of this Section 3.3, the Lease may not be terminated prior to the fifth anniversary of the date on which the last "qualified rehabilitation expenditures" ("QRE"), as such term is defined in Section 47(c)(3) of the Code, with respect to the Building are first placed in service (such date referred to herein as the "QRE Completion Date") without the prior written consent of Tenant signed by all the partners or members of Tenant.

4. Section 4.1 of the Lease is hereby replaced with the following:

Section 4.1: Base Rent

Tenant shall pay an annual base rent (hereinafter referred to as "Base Rent") to Landlord for the Premises per calendar year, in the amounts set forth below, payable in equal monthly installments (hereinafter referred to as "Monthly Base Rent") (prorated for any month that is not a full month) payable on the first day of each month:

Lease Year Ending	Annual Amount
December 31, 2013	576,539.45
December 31, 2014	844,431.94
December 31, 2015	876,665.60
December 31, 2016	907,538.65
December 31, 2017	942,351.62
December 31, 2018	970,622.17
December 31, 2019	999,740.83
December 31, 2020	1,029,733.06
December 31, 2021	1,060,625.05
December 31, 2022	1,092,443.80
December 31, 2023	1,125,217.12
December 31, 2024	1,158,973.63
December 31, 2025	1,193,742.84
December 31, 2026	1,229,555.12
December 31, 2027	1,266,441.78
December 31, 2028	1,304,435.03
December 31, 2029	1,343,568.08
December 31, 2030	1,383,875.12
December 31, 2031	1,425,391.38
December 31, 2032	1,468,153.12
December 31, 2033	1,512,197.71
December 31, 2034	1,557,563.64

Lease Year Ending	Annual Amount
December 31, 2035	1,604,290.55
December 31, 2036	1,652,419.27
December 31, 2037	1,701,991.85
December 31, 2038	1,753,051.60
December 31, 2039	1,805,643.15
December 31, 2040	1,859,812.45
December 31, 2041	1,915,606.82

5. Section 4.3 of the Lease is hereby replaced with the following:

Section 4.3: Modified Net Lease

(a) This Lease is called a "modified net lease," it being understood that Landlord shall receive the Base Rent set forth in Section 4.2 hereof free and clear, after the Effective Date, of any and all other Impositions (as defined in Section 5.2 below), taxes (other than property taxes), assessments, liens, charges, or expenses of any nature whatsoever in connection with the ownership, maintenance, repair, and operation of the Premises, except as otherwise provided herein. From and after the Effective Date, Tenant shall be solely responsible for and shall pay all operating charges, maintenance charges, rental under equipment or similar leases, and any other charges, costs, and expenses that arise or may be contemplated under any provisions of this Lease during the portion of the Term following the Effective Date. All such charges, costs, and expenses when due shall constitute additional rent ("Additional Rent"), even though not necessarily payable to Landlord, and upon the failure of Tenant to pay any such costs, charges, or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay Base Rent. Base Rent, Additional Rent, and all other sums payable hereunder by Tenant shall be paid (except as otherwise provided for herein) without notice or demand and without setoff, counterclaim, abatement, suspension, deduction or defense. Nothing herein contained shall obligate Tenant for the payment of any expenses payable by Landlord pursuant to Section 7.4 hereinbelow or any income or franchise taxes payable by Landlord under applicable law.

(b) Landlord shall be responsible for paying (i) property taxes for the Building and/or Premises; (ii) insurance premiums for property and casualty insurance for the Building and/or Premises; (iii) debt service pursuant to Section 7.4; (iv) costs incurred for tenant improvements associated with Existing Leases and (to the extent approved by Landlord) leases executed by Tenant with subtenants after the Effective Date; (v) lease commissions associated with Existing Leases and (to the extent approved by Landlord) leases executed by

Tenant with subtenants after the Effective Date; and (vi) any capital expenses that are not the obligation of Tenant under Section 8.2(a) or Article 13, it being understood that the cost of alterations, additions and improvements made in connection with tenant improvements and approved by Landlord shall be paid by Landlord.

6. Section 5.2 of the Lease is hereby replaced with the following:

Section 5.2: Payment by Tenant

For each calendar year during which any portion of the Term following the Effective Date falls, Tenant shall pay Landlord, as additional rent for the Premises, "Tenant's Share of Impositions." For purposes hereof, Tenant's Share of Impositions for any such calendar year shall mean all Impositions for such year (or portion of such year following the Effective Date). The term "Impositions" shall mean all taxes (except property taxes for the Building and/or Premises), and assessments, general and special, water rates, and all other impositions, ordinary and extraordinary, of every kind and nature whatsoever, which may be levied, assessed, charged, or imposed during the Term of the Lease (following the Effective Date) upon the Premises, or any part thereof, or upon any improvements at any time situated thereon. Impositions shall also include fees and costs incurred by Landlord pursuant to Section 5.6 hereinbelow during the Lease Term for the purpose of contesting or protesting Impositions, to the extent such fees and costs relate to savings anticipated by Landlord during the Term of the Lease. Impositions "for" a given calendar year shall mean Impositions that are due for payment or paid in such calendar year, regardless of when the same are assessed.

7. Section 5.3 is deleted.
8. Section 7.3 of the Lease is hereby replaced with the following:

Section 7.3: Operating Expenses

Without limitation of any other provision herein, and except as otherwise herein specified, from and after the Effective Date Tenant shall pay all expenses of operation of the Premises including, without limitation, all utility charges, operating charges, maintenance and repair charges, costs for replacements, and other charges, and all other charges, whether or not contemplated under this Lease. It is specifically acknowledged and agreed that Tenant shall be responsible for paying all amounts payable to the Project Manager under the Project Management Agreement.

9. A new Section 7.5 is hereby added to the Lease as follows:

Section 7.5: Tenant Reserves

Tenant shall deposit a minimum of \$5,000 per month to a reserve until a reserve of \$100,000 has been established. Such reserve shall be maintained for

the sole purpose of paying Base Rent. The reserve shall be available to Tenant and used only for the purpose of paying Base Rent in the event that monthly cash flow from rents is not sufficient to pay Base Rent.

10. Section 14.2 is hereby modified to be consistent with this Amendment so that alterations, additions, or improvements that are tenant improvements made in connection with an Existing Lease or the execution, renewal, or extension of a lease shall be paid by Landlord unless otherwise agreed between Landlord and Tenant.

11. Section 19.8 of the Lease is hereby replaced with the following:

Section 19.8: Grant of Security Interest by Tenant

(a) To secure its obligations under this Lease, Tenant hereby grants to Landlord a security interest in all of Tenant's right, title, and interest in, to and under the following-described property (the "Collateral"):

(i) All of Tenant's interest (whether presently existing or hereafter acquired) in all FF&E which is or becomes attached to, installed in, or used on or in connection with the Premises;

(ii) All cash, deposits, and reserves held by Tenant, including the reserve established and maintained pursuant to Section 7.5;

(iii) All security deposits held by Tenant for the benefit of subtenants;

(iv) Tenant's right, title, and interest to rent, and other payments under the Existing Leases and any and all leases or subleases hereafter entered into by or assigned to Tenant;

(v) Tenant's right, title, and interest in and under the Project Management Agreement, and any contracts to the extent they may be pledged or assigned;

(vi) Tenant's rents, revenues, incomes, proceeds, profits, and other sums or benefits paid or payable to Tenant in connection with Tenant's operation of the Premises; and

(vii) All proceeds, including insurance or condemnation proceeds, that arise out of the sale, liquidation, or other transfer of, or damage to, condemnation of, or destruction of, or sale, use, or enforcement of the above-described Collateral, or any proceeds thereof, including cash proceeds.

(b) Tenant shall execute and deliver to Landlord within twenty (20) days after Landlord's request, in form and substance satisfactory to Landlord, such financing statements as Landlord may consider reasonably necessary to create,

protect, and preserve Landlord's security interest herein granted, and Landlord may cause such statements to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

(c) The security interest granted pursuant to this Section 19.8 is a collateral security interest only, and Tenant shall have full use of and control over the Collateral prior to the occurrence of, and following the cure of, any Default by Tenant hereunder.

(d) If requested to do so by Landlord, Tenant shall enter into a separate security agreement with Landlord to provide in greater detail the details of the security interest in the Collateral.

12. Section 20.1 is hereby replaced with the following:

Section 20.1: Subordination

(a) Landlord has executed and delivered, and may hereafter from time to time execute and deliver, one or more mortgages, deeds of trust, and assignments of rents (hereinafter referred to together as a "Mortgage") against the Premises, any interest therein, the Existing Leases and any subleases hereafter executed. Tenant has entered into a subordination, non-disturbance, and attornment agreement on September 1, 2010 ("SNDA") with the predecessor-in-interest of Park & Flanders. Nothing in this Amendment is intended to alter or amend the terms of such SNDA. If Tenant is hereafter requested by a mortgagee under any Mortgage to enter into a subordination, non-disturbance, and attornment agreement with terms substantially similar to the current SNDA, Tenant will promptly execute and deliver such agreement or agreements as may be reasonably required by such mortgagee under any Mortgage in connection therewith.

(b) Tenant acknowledges and agrees that Landlord has granted to Park & Flanders, and may hereafter grant to Park & Flanders or another mortgagee, a security interest in Landlord's interest in the Collateral in which Landlord has a security interest pursuant to Section 19.8 as security for Landlord's obligations under certain loan agreements. In the event of any foreclosure under any such security interest, General Auto Building, LLC (and no subsequent Landlord hereunder) shall be obligated to pay Tenant any damages suffered by Tenant as a result of such foreclosure, including, without limitation, the fair market value of all Collateral lost by Tenant in such transaction; provided, however, that the amounts due Tenant under this paragraph shall be offset by any amounts owed by Tenant to Landlord as a result of any Default by Tenant under this Lease.

13. Article 27 is hereby replaced with the following:

Article 27: Notices

All notices and demands or requests required or desired to be given by either party to the other with respect to this Lease or the Premises shall be in writing and shall be sent by overnight courier service, prepaid, or sent by United States registered or certified mail, return receipt requested, postage prepaid, and addressed as herein provided.

Notices to or demands upon Tenant shall be addressed to:

General Auto Lessee, LLC
1157 Federal Ave. E
Seattle, WA 98102
Attention: Robert C. Brewster, Jr.

with copies to:

Tax Credit Capital, LLC
1527 Third Street
New Orleans, LA 70130
Attention: John S. Bowman, Jr.

and

Chaffe McCall, L.L.P.
2300 Energy Centre
1100 Poydras Street
New Orleans, LA 70163
Attention: Mandy Mendoza Gagliardi, Esq.

Notices to or demands upon Landlord shall be addressed to:

General Auto Building, LLC
1157 Federal Ave. E
Seattle, WA 98102
Attention: Robert C. Brewster, Jr.

with copies to:

Tonkon Torp LLP
1600 Pioneer Tower
888 SW Fifth Ave
Portland, OR 97204
Attention: Albert N. Kennedy, Esq.

Notices and demands shall be deemed given and served (i) upon receipt of or refusal to accept any such notice or demand, or (ii) one (1) business day after the deposit of any such notice or demand with an overnight courier service. Either party may change its address for receipt of notices by giving notice of such change to the other party in accordance herewith. Notices and demands from Landlord to Tenant may be signed by Landlord, its manager(s) or managing member(s), or the duly authorized agent of any of them.

14. All capitalized terms in this Amendment that are not otherwise defined in this Amendment shall have the meaning ascribed to them in the Lease.

15. Except as modified or amended by this Amendment, the terms and conditions set forth in the Lease shall be and remain in full force and effect, and shall be enforceable by their terms; provided, however, that in the event of any inconsistency or ambiguity, the terms of this Amendment shall control and the Lease shall be construed in a manner to give effect to the terms of this Amendment. To the extent any provisions of the Lease are inconsistent with or superseded by the terms of this Amendment, Landlord and Tenant each waive and release any and all rights, claims, demands, causes of action, or damages that they may have against the other, whether known or unknown, contingent or matured, asserted or unasserted, arising out of or relating to any such provisions, terms, or conditions.

16. This Amendment and the Lease constitute the entire agreement of the parties with respect to the matters described herein, and none of the foregoing may be changed or modified other than by subsequent writing executed by the parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed as of the Effective Date.

LANDLORD:

TENANT:

GENERAL AUTO BUILDING, LLC,
an Oregon limited liability company

GENERAL AUTO LEASING, LLC,
an Oregon limited liability company

By _____
Its _____

By _____
Its _____

036207/00001/4262069v1

EXHIBIT 2
TO THE FIFTH AMENDED
DISCLOSURE
STATEMENT

		BK DATE								
	SF	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
RACC	8,450	-						11,838	11,838	11,838
Suite 100	900							-	-	-
First and Last Month's Deposit								-		
Lapchi	2,801							-	4,668	4,668
Parilli Renison LLC	2,875							5,738	5,738	5,738
Mombo Media	1,565							-	3,456	3,456
First and Last Month's Deposit								6,240		
ENTP	964							-	-	2,129
ShopIgniter	7,809							11,844	11,844	11,844
Iron Horse/CBlack	2,094							4,014	4,363	
Aginsky	1,265							2,635	2,635	2,635
First and Last Month's Deposit								5,270		
Swellpath	2,265							4,666	4,805	4,805
Pixel Pool	5,299							11,478	11,478	11,478
Puppet Early Termination Fee								60,000		
Puppet Labs/Under Armour	9,300							20,000	20,000	20,600
Rental Income		42,535	57,353	85,669	69,242	69,577	79,471	143,723	80,825	79,191
Reimbursed Expenses			200	2,532	2,532	2,532	2,532	2,859	2,859	2,859
Other						(1,565)				
Vacancy and Credit Loss										
Effective Gross Income		42,535	57,553	88,201	71,774	70,544	82,003	146,582	83,683	82,049
Janitorial								4,555	4,555	4,555
Electrical Repair and Maint								200	200	200
HVAC Repair								200	200	200
HVAC Contract								1,200	-	-
Plumbing Repair								750	-	90
Elevator Contract								265	265	265
Elevator Other								200	750	-
General Building Supplies								75	75	75
Pest Control										
Painting										
Interior Repairs								275	275	275
Roof Repairs									500	500
Other Building R&M										
Electricity								7,709	7,709	7,709
Gas								350	350	350
Water/Sewer									1,400	
Sweeping/Blowing								350	350	350
Snow Removal										
Landscape										
Grounds Repair									50	
Supplies/Materials								100	100	100
Alarm Systems								150	150	150
Life Safety								-	-	-
Security Systems								500	500	500
General & Administrative										
Office Supplies										
Management Fee								3,593	2,021	1,980
Accounting Fee										
Asset Management								2,000	2,000	2,000
Postage/Shipping								25	25	25
Photocopies								25	25	25
Travel Expense								500	500	500
Taxes & Insurance										
Property Taxes								74,696		65,000
City Tax										
Building Insurance								9,900		
TOTAL OPERATING EXPENSES		4,430	24,831.00	25,201	36,335	19,792	24,340	107,618	22,000	84,849
NON-OPERATING EXPENSES										
Lease Commissions								19,829	97,650	7,664
TIs										4,820
TOTAL ALL OPERATING EXPENSES		4,430	24,831	25,201	36,335	19,792	24,340	127,447	119,650	97,333
NOI		38,105	32,722	63,000	35,439	50,752	57,663	19,135	(35,966)	(15,283)
Park & Flanders / HSB		-	-	-	-	-	-	-	-	-
Adequate Protection Payment										(34,500)
Debt Cover		-	-	-	-	-	-	-	-	-
Net Cash Flow		38,105	32,722	63,000	35,439	50,752	57,663	19,135	(35,966)	(49,783)
Amount to Reserves		38,105	32,722	63,000	35,439	50,752	57,663	19,135	(35,966)	(49,783)
Reserve Balance		38,105	70,827	133,827	169,266	220,018	277,681	296,816	260,850	211,066
Payment to Unsecured Creditors		-	-	-	-	-	-	-	-	-

					Confirmation	Effective Date		
	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13
RACC	11,838	11,838	11,838	11,838	11,838	11,838	-	-
Suite 100	-	-	-	-	-	-	-	-
First and Last Month's Deposit								
Lapchi	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668
Parilli Renison LLC	5,738	5,738	5,738	5,738	5,738	5,738	5,961	5,961
Mombo Media	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456
First and Last Month's Deposit								
ENTP	2,129	2,129	2,129	2,129	2,129	2,129	2,129	2,129
ShopIgniter	11,844	11,844	11,844	11,844	11,844	11,844	11,844	11,844
Iron Horse/CBlack	-	-	5,303	-	4,712	4,712	4,712	4,712
Aginsky	2,635	2,714	2,714	2,714	2,714	2,714	2,701	2,701
First and Last Month's Deposit								
Swellpath	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805
Pixel Pool	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,822
Puppet Early Termination Fee								
Puppet Labs/Under Armour	20,600	-	-	21,700	21,700	21,700	21,700	21,700
Rental Income	79,191	58,670	63,973	80,370	85,082	85,082	73,454	73,798
Reimbursed Expenses	2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859
Other								
Vacancy and Credit Loss								(3,690)
Effective Gross Income	82,049	61,529	66,832	83,229	87,940	87,940	76,313	72,967
Janitorial	4,555	4,555	4,555	4,555	4,555	4,555	4,563	4,570
Electrical Repair and Maint	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200
HVAC Contract	1,200	-	-	1,200	-	-	1,200	-
Plumbing Repair	750	-	-	750	-	-	750	-
Elevator Contract	265	265	265	265	265	265	265	265
Elevator Other	750	-	-					
General Building Supplies	75	75	75	75	75	75	75	75
Pest Control								
Painting								
Interior Repairs	275	275	275	275	275	275	275	275
Roof Repairs	500	-	-	-	-	-	-	-
Other Building R&M								
Electricity	7,709	7,709	7,709	7,709	7,709	7,709	7,722	7,735
Gas	350	350	350	350	350	350	350	350
Water/Sewer		1,400	-	-	1,400	-	-	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350
Snow Removal	150							
Landscape								
Grounds Repair		50	-	-	50	-	-	50
Supplies/Materials	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150
Life Safety	-					2,500		
Security Systems	500	500	500	500	500	500	500	500
General & Administrative								
Office Supplies								
Management Fee	1,980	1,467	1,599	2,009	2,127	2,127	1,836	1,845
Accounting Fee								
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500
Taxes & Insurance								
Property Taxes								
City Tax								
Building Insurance								
TOTAL OPERATING EXPENSES	22,609	20,196	18,878	21,238	20,856	21,906	21,086	20,615
NON-OPERATING EXPENSES								
Lease Commissions			-	21,202				
Tls		46,500		10,470				
TOTAL ALL OPERATING EXPENSES	22,609	66,696	18,878	52,910	20,856	21,906	21,086	20,615
NOI	59,441	(5,167)	47,954	30,319	67,084	66,034	55,227	52,352
Park & Flanders / HSB	-	-	-	-	-	-	(40,500)	(40,500)
Adequate Protection Payment	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	-	-
Debt Cover	-	-	-	-	-	-	1.36	1.29
Net Cash Flow	14,441	(50,167)	2,954	(14,681)	22,084	21,034	14,727	11,852
Amount to Reserves	14,441	(50,167)	2,954	(14,681)	22,084	21,034	14,727	11,852
Reserve Balance	225,507	175,340	178,293	163,612	185,697	135,755	150,482	162,334
				Payment to Unsecured and Admin on Effective Date				
				Lapchi	\$	(1,151.69)	estimate	Confirmed
				R&H Construction / PDC	\$	(178,000.00)	estimate	Estimate
				Legal and Accounting	\$	(275,000.00)	estimate	Estimate
				\$6k or Under @ 60%	\$	(16,824.13)	estimate	Estimate
				TOTAL PAID AT CONFIRMATION	\$	(470,975.82)		
				New Capital	\$	400,000.00		
Payment to Unsecured Creditors	-	-	-	-	-	-	-	-

[illegible]

[illegible]

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
RACC	12,859	12,859	13,373	13,373	13,373	13,373	13,373	13,373	13,373	13,373
Suite 100	1,854	1,854	1,910	1,910	1,910	1,910	1,910	1,910	1,910	1,910
First and Last Month's Deposit										
Lapchi	5,370	5,370	5,370	5,370	5,370	5,370	5,370	5,370	5,370	5,602
Parilli Renison LLC	6,183	6,183	6,183	6,828	6,828	6,828	6,828	6,828	6,828	6,828
Mombo Media	3,667	3,667	3,667	3,667	3,667	3,667	3,777	3,777	3,777	3,777
First and Last Month's Deposit										
ENTP	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,301	2,301
Shoplgniter	18,097	18,097	18,097	18,097	18,097	18,097	18,097	18,640	18,640	18,640
Iron Horse/CBlack	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998
Aginsky	2,769	2,769	2,769	2,769	2,907	2,907	2,907	2,907	2,907	2,907
First and Last Month's Deposit										
Swellpath	5,306	5,306	5,306	5,306	5,306	5,306	5,306	5,466	5,466	5,466
Pixel Pool	12,415	12,415	12,415	12,415	12,415	12,415	12,415	12,787	12,787	12,787
Puppet Early Termination Fee										
Puppet Labs/Under Armour	23,022	23,022	23,022	23,022	23,022	23,022	23,022	23,022	23,022	23,712
Rental Income	98,774	98,774	99,344	99,989	100,128	100,128	100,238	101,312	101,379	102,302
Reimbursed Expenses	2,974	2,974	2,974	2,974	2,974	3,034	3,034	3,034	3,034	3,034
Other										
Vacancy and Credit Loss	(4,939)	(4,939)	(4,967)	(4,999)	(5,006)	(5,006)	(5,012)	(5,066)	(5,069)	(5,115)
Effective Gross Income	96,810	96,810	97,351	97,964	98,095	98,155	98,259	99,280	99,344	100,220
Janitorial	4,730	4,737	4,745	4,752	4,760	4,768	4,775	4,783	4,790	4,798
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	-	1,200	-	-	1,200	-	-	1,200	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,005	8,017	8,030	8,043	8,056	8,069	8,082	8,095	8,107	8,120
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	1,400	-	-	1,400	-	-	1,400	-	-	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	50	-	-	50	-	-	50	-	-	50
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety		2,500								
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	2,469	2,469	2,484	2,500	2,503	2,503	2,506	2,533	2,534	2,558
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes								73,812.38		
City Tax										
Building Insurance					10,502.91					
TOTAL OPERATING EXPENSES	22,568	23,639	22,374	22,660	31,737	22,455	22,728	95,137	22,547	22,841
NON-OPERATING EXPENSES										
Lease Commissions				23,288	10,057		12,442			
TIs				28,750	6,325		15,650			
TOTAL ALL OPERATING EXPENSES	22,568	23,639	22,374	74,698	48,119	22,455	50,819	95,137	22,547	22,841
NOI	74,241	73,171	74,977	23,266	49,977	75,700	47,440	4,143	76,797	77,380
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.36	1.34	1.37	0.43	0.91	1.38	0.87	0.08	1.40	1.41
Net Cash Flow	19,519	18,449	20,255	(31,456)	(4,745)	20,978	(7,282)	(50,579)	22,075	22,658
Amount to Reserves	19,519	18,449	20,255	(31,456)	(4,745)	20,978	(7,282)	(50,579)	22,075	22,658
Reserve Balance	313,060	318,449	338,704	307,249	295,255	316,233	308,951	249,421	271,496	294,153

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
RACC	13,373	13,373	13,373	13,373	13,922	13,922	13,922	13,922	13,922	13,922
Suite 100	1,910	1,910	1,910	1,910	1,967	1,967	1,967	1,967	1,967	1,967
First and Last Month's Deposit										
Lapchi	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602
Parilli Renison LLC	6,828	6,828	6,828	6,828	6,828	7,033	7,033	7,033	7,033	7,033
Mombo Media	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,890	3,890
First and Last Month's Deposit										
ENTP	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301
Shoplgniter	18,640	18,640	18,640	18,640	18,640	18,640	18,640	18,640	18,640	19,199
Iron Horse/CBlack	4,998	4,998	5,148	5,148	5,148	5,148	5,148	5,148	5,148	5,148
Aginsky	2,907	2,907	2,907	2,907	2,907	2,907	2,995	2,995	2,995	2,995
First and Last Month's Deposit										
Swellpath	5,466	5,466	5,466	5,466	5,466	5,466	5,466	5,466	5,466	5,630
Pixel Pool	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	13,171
Puppet Early Termination Fee										
Puppet Labs/Under Armour	23,712	23,712	23,712	23,712	23,712	23,712	23,712	23,712	23,712	23,712
Rental Income	102,302	102,302	102,452	102,452	103,058	103,263	103,350	103,350	103,464	104,570
Reimbursed Expenses	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,094	3,094	3,094
Other										
Vacancy and Credit Loss	(5,115)	(5,115)	(5,123)	(5,123)	(5,153)	(5,163)	(5,168)	(5,168)	(5,173)	(5,229)
Effective Gross Income	100,220	100,220	100,363	100,363	100,939	101,133	101,216	101,277	101,385	102,436
Janitorial	4,805	4,813	4,821	4,828	4,836	4,843	4,851	4,859	4,866	4,874
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	1,200	-	-	1,200	-	-	1,200	-	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,133	8,146	8,159	8,172	8,184	8,197	8,210	8,223	8,236	8,249
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	-	-	1,400	-	-	-	1,400	-	-	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	-	-	50	-	-	50	-	-	50	-
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety				2,500						
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	2,558	2,558	2,561	2,561	2,576	2,582	2,584	2,584	2,587	2,614
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes										76,026.75
City Tax										
Building Insurance							10,818.00			
TOTAL OPERATING EXPENSES	21,411	22,632	22,906	23,976	22,712	21,587	33,778	22,780	21,654	99,078
NON-OPERATING EXPENSES										
Lease Commissions									25,000	
Tls									25,000	
TOTAL ALL OPERATING EXPENSES	21,411	22,632	22,906	23,976	22,712	21,587	33,778	22,780	71,654	99,078
NOI	78,809	77,589	77,457	76,387	78,227	79,546	67,438	78,497	29,731	3,358
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.44	1.42	1.42	1.40	1.43	1.45	1.23	1.43	0.54	0.06
Net Cash Flow	24,087	22,867	22,735	21,665	23,505	24,824	12,716	23,775	(24,991)	(51,364)
Amount to Reserves	24,087	22,867	22,735	21,665	23,505	24,824	12,716	23,775	(24,991)	(51,364)
Reserve Balance	318,241	341,108	363,843	321,665	345,170	369,994	312,716	336,491	311,500	248,636
Payment to Unsecured Creditors	-	-	63,842.84	-	-	69,993.99	-	-	11,500.01	-

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
RACC	13,922	13,922	13,922	13,922	13,922	13,922	14,514	14,514	14,514	14,514
Suite 100	1,967	1,967	1,967	1,967	1,967	1,967	2,026	2,026	2,026	2,026
First and Last Month's Deposit										
Lapchi	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	6,536	6,536
Parilli Renison LLC	7,033	7,033	7,033	7,033	7,033	7,033	7,033	7,244	7,244	7,244
Mombo Media	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890
First and Last Month's Deposit										
ENTP	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370	2,370
ShopIgniter	19,199	19,199	19,199	19,199	19,199	19,199	19,199	19,199	19,199	19,199
Iron Horse/CBlack	5,148	5,148	5,148	5,148	5,303	5,303	5,303	5,303	5,303	5,303
Aginsky	2,995	2,995	2,995	2,995	2,995	2,995	2,995	2,995	3,085	3,085
First and Last Month's Deposit										
Swellpath	5,630	5,630	5,630	5,630	5,630	5,630	5,630	5,630	5,630	5,630
Pixel Pool	13,171	13,171	13,171	13,171	13,171	13,171	13,171	13,171	13,171	13,171
Puppet Early Termination Fee										
Puppet Labs/Under Armour	23,712	23,712	24,898	24,898	24,898	24,898	24,898	24,898	24,898	24,898
Rental Income	104,639	104,639	105,825	105,825	105,979	105,979	106,630	106,841	107,865	107,865
Reimbursed Expenses	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,094	3,156
Other										
Vacancy and Credit Loss	(5,232)	(5,232)	(5,291)	(5,291)	(5,299)	(5,299)	(5,332)	(5,342)	(5,393)	(5,393)
Effective Gross Income	102,502	102,502	103,628	103,628	103,775	103,775	104,393	104,594	105,566	105,628
Janitorial	4,881	4,889	4,897	4,904	4,912	4,919	4,927	4,935	4,942	4,950
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	1,200	-	-	1,200	-	-	1,200	-	-	1,200
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,262	8,274	8,287	8,300	8,313	8,326	8,339	8,352	8,364	8,377
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	-	-	1,400	-	-	1,400	-	-	1,400	-
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
RACC	14,514	14,514	14,514	14,514	14,514	14,514	14,514	14,514	15,063	15,063
Suite 100	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,087	2,087
First and Last Month's Deposit										
Lapchi	6,536	6,536	6,536	6,536	6,536	6,536	6,536	6,536	6,536	6,536
Parilli Renison LLC	7,244	7,244	7,244	7,244	7,244	7,244	7,244	7,244	7,244	7,461
Mombo Media	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007
First and Last Month's Deposit										
ENTP	2,370	2,370	2,441	2,441	2,441	2,441	2,441	2,441	2,441	2,441
Shoplgniter	19,199	19,775	19,775	19,775	19,775	19,775	19,775	19,775	19,775	19,775
Iron Horse/CBlack	5,303	5,303	5,303	5,303	5,303	5,303	5,462	5,462	5,462	5,462
Aginsky	3,085	3,085	3,085	3,085	3,085	3,085	3,085	3,085	3,085	3,085
First and Last Month's Deposit										
Swellpath	5,630	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799	5,799
Pixel Pool	13,171	13,566	13,566	13,566	13,566	13,566	13,566	13,566	13,566	13,566
Puppet Early Termination Fee										
Puppet Labs/Under Armour	24,898	24,898	24,898	24,898	25,645	25,645	25,645	25,645	25,645	25,645
Rental Income	107,982	109,122	109,193	109,193	109,940	109,940	110,099	110,099	110,709	110,926
Reimbursed Expenses	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156
Other										
Vacancy and Credit Loss	(5,399)	(5,456)	(5,460)	(5,460)	(5,497)	(5,497)	(5,505)	(5,505)	(5,535)	(5,546)
Effective Gross Income	105,739	106,822	106,889	106,889	107,599	107,599	107,750	107,750	108,329	108,536
Janitorial	4,957	4,965	4,972	4,980	4,988	4,995	5,003	5,010	5,018	5,026
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	-	1,200	-	-	1,200	-	-	1,200	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,390	8,403	8,416	8,429	8,441	8,454	8,467	8,480	8,493	8,506
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	-	1,400	-	-	1,400	-	-	1,400	-	-
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	50	-	-	50	-	-	50	-	-	50
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety								2,500		
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	2,700	2,728	2,730	2,730	2,748	2,748	2,752	2,752	2,768	2,773
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes		78,307.55								
City Tax										
Building Insurance										
TOTAL OPERATING EXPENSES	22,012	101,718	23,233	22,103	23,493	23,313	22,187	26,058	23,394	22,269
NON-OPERATING EXPENSES										
Lease Commissions					62,496					
TIs					46,500					
TOTAL ALL OPERATING EXPENSES	22,012	101,718	23,233	22,103	132,489	23,313	22,187	26,058	23,394	22,269
NOI	83,727	5,103	83,656	84,786	(24,890)	84,286	85,563	81,692	84,936	86,266
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.53	0.09	1.53	1.55	(0.45)	1.54	1.56	1.49	1.55	1.58
Net Cash Flow	29,005	(49,619)	28,934	30,064	(79,612)	29,564	30,841	26,970	30,214	31,544
Amount to Reserves	29,005	(49,619)	28,934	30,064	(79,612)	29,564	30,841	26,970	30,214	31,544
Reserve Balance	323,156	250,381	279,316	309,379	220,388	249,952	280,793	307,763	337,976	369,521

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
RACC	15,063	15,063	15,063	15,063	15,063	15,063	15,063	15,063	15,063	15,063
Suite 100	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087
First and Last Month's Deposit										
Lapchi	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732
Parilli Renison LLC	7,461	7,461	7,461	7,461	7,461	7,461	7,461	7,461	7,461	7,461
Mombo Media	4,007	4,007	4,127	4,127	4,127	4,127	4,127	4,127	4,127	4,127
First and Last Month's Deposit										
ENTP	2,441	2,441	2,441	2,441	2,514	2,514	2,514	2,514	2,514	2,514
Shoplgniter	19,775	19,775	19,775	20,369	20,369	20,369	20,369	20,369	20,369	20,369
Iron Horse/CBlack	5,462	5,462	5,462	5,462	5,462	5,462	5,462	5,462	5,626	5,626
Aginsky	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177
First and Last Month's Deposit										
Swellpath	5,799	5,799	5,799	5,973	5,973	5,973	5,973	5,973	5,973	5,973
Pixel Pool	13,566	13,566	13,566	13,973	13,973	13,973	13,973	13,973	13,973	13,973
Puppet Early Termination Fee										
Puppet Labs/Under Armour	25,645	25,645	25,645	25,645	25,645	25,645	26,414	26,414	26,414	26,414
Rental Income	111,214	111,214	111,335	112,509	112,582	112,582	113,351	113,351	113,515	113,515
Reimbursed Expenses	3,156	3,219	3,219	3,219	3,219	3,219	3,219	3,219	3,219	3,219
Other										
Vacancy and Credit Loss	(5,561)	(5,561)	(5,567)	(5,625)	(5,629)	(5,629)	(5,668)	(5,668)	(5,676)	(5,676)
Effective Gross Income	108,810	108,873	108,987	110,103	110,172	110,172	110,903	110,903	111,059	111,059
Janitorial	5,033	5,041	5,048	5,056	5,064	5,071	5,079	5,086	5,094	5,101
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	1,200	-	-	1,200	-	-	1,200	-	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,519	8,531	8,544	8,557	8,570	8,583	8,596	8,609	8,621	8,634
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	1,400	-	-	1,400	-	-	1,400	-	-	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	-	-	50	-	-	50	-	-	50	50
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety										2,500
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	2,780	2,780	2,783	2,813	2,815	2,815	2,834	2,834	2,838	2,838
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes				80,656.78						
City Tax										
Building Insurance	11,476.81									
TOTAL OPERATING EXPENSES	35,124	23,468	22,341	104,398	23,563	22,433	23,823	23,644	22,518	26,439
NON-OPERATING EXPENSES										
Lease Commissions				15,000						
Tls				15,000						
TOTAL ALL OPERATING EXPENSES	35,124	23,468	22,341	134,398	23,563	22,433	23,823	23,644	22,518	26,439
NOI	73,686	85,405	86,646	(24,295)	86,609	87,739	87,080	87,260	88,541	84,620
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.35	1.56	1.58	(0.44)	1.58	1.60	1.59	1.59	1.62	1.55
Net Cash Flow	18,964	30,683	31,924	(79,017)	31,887	33,017	32,358	32,538	33,819	29,898
Amount to Reserves	18,964	30,683	31,924	(79,017)	31,887	33,017	32,358	32,538	33,819	29,898
Reserve Balance	318,964	349,647	381,572	220,983	252,870	285,887	318,245	350,783	384,601	329,898

[illegible]

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
RACC	15,515	15,515	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980
Suite 100	2,149	2,149	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214
First and Last Month's Deposit										
Lapchi	6,934	6,934	6,934	6,934	7,142	7,142	7,142	7,142	7,142	7,142
Parilli Renison LLC	7,685	7,685	7,685	7,916	7,916	7,916	7,916	7,916	7,916	7,916
Mombo Media	4,251	4,251	4,251	4,251	4,251	4,251	4,379	4,379	4,379	4,379
First and Last Month's Deposit										
ENTP	2,590	2,590	2,590	2,590	2,590	2,590	2,590	2,590	2,668	2,668
ShopIgniter	20,980	20,980	20,980	20,980	20,980	20,980	20,980	21,609	21,609	21,609
Iron Horse/CBlack	5,795	5,795	5,795	5,795	5,795	5,795	5,795	5,795	5,795	5,795
Aginsky	3,272	3,272	3,272	3,272	3,371	3,371	3,371	3,371	3,371	3,371
First and Last Month's Deposit										
Swellpath	6,152	6,152	6,152	6,152	6,152	6,152	6,152	6,336	6,336	6,336
Pixel Pool	14,392	14,392	14,392	14,392	14,392	14,392	14,392	14,824	14,824	14,824
Puppet Early Termination Fee										
Puppet Labs/Under Armour	27,206	27,206	27,206	27,206	27,206	27,206	27,206	27,206	27,206	27,206
Rental Income	116,921	116,921	117,451	117,681	117,987	117,987	118,115	119,361	119,438	119,438
Reimbursed Expenses	3,284	3,284	3,284	3,284	3,284	3,349	3,349	3,349	3,349	3,349
Other										
Vacancy and Credit Loss	(5,846)	(5,846)	(5,873)	(5,884)	(5,899)	(5,899)	(5,906)	(5,968)	(5,972)	(5,972)
Effective Gross Income	114,358	114,358	114,862	115,081	115,372	115,437	115,559	116,742	116,816	116,816
Janitorial	5,185	5,193	5,200	5,208	5,215	5,223	5,231	5,238	5,246	5,253
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	-	1,200	-	-	1,200	-	-	1,200	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,776	8,788	8,801	8,814	8,827	8,840	8,853	8,866	8,878	8,891
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	-	1,400	-	-	1,400	-	-	1,400	-	-
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	-	50	-	-	50	-	-	50	-	-
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety		2,500								
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	2,923	2,923	2,936	2,942	2,950	2,950	2,953	2,984	2,986	2,986
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes								85,568.77		
City Tax										
Building Insurance					12,175.75					
TOTAL OPERATING EXPENSES	22,799	26,769	24,053	22,879	36,533	24,127	22,951	110,021	24,225	23,045
NON-OPERATING EXPENSES										
Lease Commissions								45,000		
Tls								35,000		
TOTAL ALL OPERATING EXPENSES	22,799	26,769	24,053	22,879	36,533	24,127	22,951	190,021	24,225	23,045
NOI	91,560	87,589	90,809	92,202	78,839	91,310	92,608	(73,279)	92,591	93,770
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.67	1.60	1.66	1.68	1.44	1.67	1.69	(1.34)	1.69	1.71
Net Cash Flow	36,838	32,867	36,087	37,480	24,117	36,588	37,885	(128,001)	37,869	39,048
Amount to Reserves	36,838	32,867	36,087	37,480	24,117	36,588	37,885	(128,001)	37,869	39,048
Reserve Balance	407,613	332,867	368,955	406,434	324,117	360,705	398,590	171,999	209,867	248,916

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
RACC	15,980	15,980	15,980	15,980	16,460	16,460	16,460	16,460	16,460	16,460
Suite 100	2,214	2,214	2,214	2,214	2,280	2,280	2,280	2,280	2,280	2,280
First and Last Month's Deposit										
Lapchi	7,142	7,142	7,142	7,142	7,142	7,142	7,356	7,356	7,356	7,356
Parilli Renison LLC	7,916	7,916	7,916	7,916	7,916	8,153	8,153	8,153	8,153	8,153
Mombo Media	4,379	4,379	4,379	4,379	4,379	4,379	4,379	4,379	4,510	4,510
First and Last Month's Deposit										
ENTP	2,668	2,668	2,668	2,668	2,668	2,668	2,668	2,668	2,668	2,668
ShopIgniter	21,609	21,609	21,609	21,609	21,609	21,609	21,609	21,609	21,609	22,257
Iron Horse/CBlack	5,795	5,795	5,968	5,968	6,147	6,147	6,147	6,147	6,147	6,147
Aginsky	3,371	3,371	3,371	3,371	3,371	3,371	3,472	3,472	3,472	3,472
First and Last Month's Deposit										
Swellpath	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,336	6,526
Pixel Pool	14,824	14,824	14,824	14,824	14,824	14,824	14,824	14,824	14,824	15,268
Puppet Early Termination Fee										
Puppet Labs/Under Armour	28,023	28,023	28,023	28,023	28,023	28,023	28,023	28,023	28,023	28,023
Rental Income	120,255	120,255	120,428	120,428	121,153	121,391	121,706	121,706	121,837	123,121
Reimbursed Expenses	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,416	3,416	3,416
Other										
Vacancy and Credit Loss	(6,013)	(6,013)	(6,021)	(6,021)	(6,058)	(6,070)	(6,085)	(6,085)	(6,092)	(6,156)
Effective Gross Income	117,591	117,591	117,756	117,756	118,445	118,671	118,970	119,037	119,162	120,381
Janitorial	5,261	5,268	5,276	5,284	5,291	5,299	5,306	5,314	5,322	5,329
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	-	1,200	-	-	1,200	-	-	1,200	-	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	8,904	8,917	8,930	8,943	8,955	8,968	8,981	8,994	9,007	9,020
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	1,400	-	-	1,400	-	-	1,400	-	-	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	50	-	-	50	-	-	50	-	-	50
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety				2,500						
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	3,006	3,006	3,011	3,011	3,029	3,035	3,043	3,043	3,046	3,078
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes										88,135.84
City Tax										
Building Insurance							12,541.02			
TOTAL OPERATING EXPENSES	24,536	24,307	23,132	27,102	24,391	23,217	37,236	24,466	23,289	112,928
NON-OPERATING EXPENSES										
Lease Commissions									25,000	
Tls									25,000	
TOTAL ALL OPERATING EXPENSES	24,536	24,307	23,132	27,102	24,391	23,217	37,236	24,466	73,289	112,928
NOI	93,055	93,284	94,625	90,654	94,054	95,454	81,734	94,571	45,873	7,453
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.70	1.70	1.73	1.66	1.72	1.74	1.49	1.73	0.84	0.14
Net Cash Flow	38,333	38,562	39,903	35,932	39,332	40,732	27,012	39,849	(8,849)	(47,269)
Amount to Reserves	38,333	38,562	39,903	35,932	39,332	40,732	27,012	39,849	(8,849)	(47,269)
Reserve Balance	287,248	325,811	365,714	335,932	375,265	415,996	327,012	366,861	358,012	252,731
Payment to Unsecured Creditors	-	-	65,713.69	-	-	115,996.37	-	-	58,011.84	-

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
RACC	16,460	16,460	16,460	16,460	16,460	16,460	16,954	16,954	16,954	16,954
Suite 100	2,280	2,280	2,280	2,280	2,280	2,280	2,349	2,349	2,349	2,349
First and Last Month's Deposit										
Lapchi	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,356	7,577	7,577
Parilli Renison LLC	8,153	8,153	8,153	8,153	8,153	8,153	8,153	8,398	8,398	8,398
Mombo Media	4,510	4,510	4,510	4,510	4,510	4,510	4,510	4,510	4,510	4,510
First and Last Month's Deposit										
ENTP	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748
ShopIgniter	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257
Iron Horse/CBlack	6,147	6,147	6,147	6,147	6,332	6,332	6,332	6,332	6,332	6,332
Aginsky	3,472	3,472	3,472	3,472	3,472	3,472	3,472	3,472	3,576	3,576
First and Last Month's Deposit										
Swellpath	6,526	6,526	6,526	6,526	6,526	6,526	6,526	6,526	6,526	6,526
Pixel Pool	15,268	15,268	15,268	15,268	15,268	15,268	15,268	15,268	15,268	15,268
Puppet Early Termination Fee										
Puppet Labs/Under Armour	28,023	28,023	28,863	28,863	28,863	28,863	28,863	28,863	28,863	28,863
Rental Income	123,201	123,201	124,041	124,041	124,226	124,226	124,788	125,032	125,357	125,357
Reimbursed Expenses	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,485
Other										
Vacancy and Credit Loss	(6,160)	(6,160)	(6,202)	(6,202)	(6,211)	(6,211)	(6,239)	(6,252)	(6,268)	(6,268)
Effective Gross Income	120,457	120,457	121,255	121,255	121,431	121,431	121,965	122,197	122,506	122,574
Janitorial	5,337	5,344	5,352	5,360	5,367	5,375	5,382	5,390	5,397	5,405
Electrical Repair and Maint	200	200	200	200	200	200	200	200	200	200
HVAC Repair	200	200	200	200	200	200	200	200	200	200
HVAC Contract	1,200	-	-	1,200	-	-	-	1,200	-	-
Plumbing Repair	750	750	750	750	750	750	750	750	750	750
Elevator Contract	265	265	265	265	265	265	265	265	265	265
Elevator Other										
General Building Supplies	75	75	75	75	75	75	75	75	75	75
Pest Control										
Painting										
Interior Repairs	275	275	275	275	275	275	275	275	275	275
Roof Repairs	-	-	-	-	-	-	-	-	-	-
Other Building R&M										
Electricity	9,033	9,045	9,058	9,071	9,084	9,097	9,110	9,123	9,135	9,148
Gas	350	350	350	350	350	350	350	350	350	350
Water/Sewer	-	-	1,400	-	-	1,400	-	-	1,400	1,400
Sweeping/Blowing	350	350	350	350	350	350	350	350	350	350
Snow Removal	150	150	150	150	150	150	150	150	150	150
Landscape										
Grounds Repair	-	-	50	-	-	50	-	-	50	-
Supplies/Materials	100	100	100	100	100	100	100	100	100	100
Alarm Systems	150	150	150	150	150	150	150	150	150	150
Life Safety						2,500				
Security Systems	500	500	500	500	500	500	500	500	500	500
General & Administrative										
Office Supplies										
Management Fee	3,080	3,080	3,101	3,101	3,106	3,106	3,120	3,126	3,134	3,134
Accounting Fee										
Asset Management	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Postage/Shipping	25	25	25	25	25	25	25	25	25	25
Photocopies	25	25	25	25	25	25	25	25	25	25
Travel Expense	500	500	500	500	500	500	500	500	500	500
Taxes & Insurance										
Property Taxes										
City Tax										
Building Insurance									12,917.25	
TOTAL OPERATING EXPENSES	24,564	23,385	24,876	24,647	23,472	27,442	23,527	24,753	37,949	25,002
NON-OPERATING EXPENSES										
Lease Commissions										
Tls										
TOTAL ALL OPERATING EXPENSES	24,564	23,385	24,876	24,647	23,472	27,442	23,527	24,753	37,949	25,002
NOI	95,893	97,072	96,379	96,609	97,959	93,989	98,438	97,444	84,557	97,572
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)	(54,722)
Adequate Protection Payment	-	-	-	-	-	-	-	-	-	-
Debt Cover	1.75	1.77	1.76	1.77	1.79	1.72	1.80	1.78	1.55	1.78
Net Cash Flow	41,171	42,350	41,657	41,887	43,237	39,267	43,716	42,722	29,835	42,850
Amount to Reserves	41,171	42,350	41,657	41,887	43,237	39,267	43,716	42,722	29,835	42,850
Reserve Balance	293,902	336,252	341,657	383,544	426,781	339,267	382,983	425,705	329,835	372,685
									</	

	Oct-22	Nov-22	Dec-22	Jan-23			
RACC	16,954	16,954	16,954	16,954			
Suite 100	2,349	2,349	2,349	2,349			
First and Last Month's Deposit							
Lapchi	7,577	7,577	7,577	7,577			
Parilli Renison LLC	8,398	8,398	8,398	8,398			
Mombo Media	4,645	4,645	4,645	4,645			
First and Last Month's Deposit							
ENTP	2,748	2,748	2,830	2,830			
ShopIgniter	22,257	22,925	22,925	22,925			
Iron Horse/CBlack	6,332	6,332	6,332	6,332			
Aginsky	3,576	3,576	3,576	3,576			
First and Last Month's Deposit							
Swellpath	6,526	6,722	6,722	6,722			
Pixel Pool	15,268	15,726	15,726	15,726			
Puppet Early Termination Fee							
Puppet Labs/Under Armour	28,863	28,863	28,863	28,863			
Rental Income	125,493	126,814	126,897	126,897			
Reimbursed Expenses	3,485	3,485	3,485	3,485			
Other							
Vacancy and Credit Loss	(6,275)	(6,341)	(6,345)	(6,345)			
Effective Gross Income	122,703	123,958	124,036	124,036			
Janitorial	5,413	5,420	5,428	5,435			
Electrical Repair and Maint	200	200	200	200			
HVAC Repair	200	200	200	200			
HVAC Contract	-	-	-	-			
Plumbing Repair	750	750	750	750			
Elevator Contract	265	265	265	265			
Elevator Other							
General Building Supplies	75	75	75	75			
Pest Control							
Painting							
Interior Repairs	275	275	275	275			
Roof Repairs	-	-	-	-			
Other Building R&M							
Electricity	9,161	9,174	9,187	9,200			
Gas	350	350	350	350			
Water/Sewer	1,400	1,400	1,400	1,400			
Sweeping/Blowing	350	350	350	350			
Snow Removal	150	150	150	150			
Landscape							
Grounds Repair	-	50	-	-			
Supplies/Materials	100	100	100	100			
Alarm Systems	150	150	150	150			
Life Safety							
Security Systems	500	500	500	500			
General & Administrative							
Office Supplies							
Management Fee	3,137	3,170	3,172	3,172			
Accounting Fee							
Asset Management	2,000	2,000	2,000	2,000			
Postage/Shipping	25	25	25	25			
Photocopies	25	25	25	25			
Travel Expense	500	500	500	500			
Taxes & Insurance							
Property Taxes							
City Tax							
Building Insurance							
TOTAL OPERATING EXPENSES	25,026	25,130	25,102	25,122			
NON-OPERATING EXPENSES							
Lease Commissions	25,000						
Tls	25,000						
TOTAL ALL OPERATING EXPENSES	75,026	25,130	25,102	25,122			
NOI	47,677	98,829	98,934	98,914			
Park & Flanders / HSB	(54,722)	(54,722)	(54,722)	(54,722)	← \$8,551,418.97 balloon		
Adequate Protection Payment	-	-	-	-			
Debt Cover	0.87	1.81	1.81	1.81			
Net Cash Flow	(7,045)	44,107	44,212	44,192			
Amount to Reserves	(7,045)	44,107	44,212	44,192			
Reserve Balance	365,639	344,107	388,319	432,511			

CERTIFICATE of SERVICE

I hereby certify that I served the foregoing **DEBTOR'S FIFTH AMENDED DISCLOSURE STATEMENT (FEBRUARY 11, 2013)** on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, I served the foregoing on the parties indicated as "Non-ECF" on the attached List of Interested Parties by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED this 11th day of February, 2013.

TONKON TORP LLP

By /s/ Ava L. Schoen

Albert N. Kennedy, OSB No. 821429

Ava L. Schoen, OSB No. 044072

Attorneys for Debtor

036207/00001/4322672v1

LIST OF INTERESTED PARTIES

In re General Auto Building, LLC
U.S. Bankruptcy Court Case No. 12-31450-elp11

ECF PARTICIPANTS

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