

JOSEPH M. MEIER ISB #3314
COSHO HUMPHREY, LLP
800 PARK BLVD., STE. 790
BOISE, ID 83712
PO BOX 9518
BOISE, ID 83707-9518
Telephone (208) 344-7811
Facsimile (208) 338-3290
E-mail: jmeier@cosholaw.com

Attorneys for Chapter 11 Trustee

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF IDAHO

In re:) Chapter 11
) Case No. 10-42241-JDP
Gables Management, LLC)
)
)
)
)
 Debtor.)
_____)

PLAN OF REORGANIZATION

The Chapter 11 Trustee hereby proposes this Plan of Reorganization (“Plan”) for the Debtor. In summary this Plan proposes to pay secured creditors the allowed value of their secured Claims and those creditors holding valid Claims who do not get paid hereunder shall receive stock in the new entity created by this Plan. It is important that you read this Plan carefully and in conjunction with the Trustee’s Disclosure Statement to evaluate the impact such Plan will have upon your Claim or equity security interest.

DEFINITIONS

Unless the context otherwise requires, the following terms, when used in the Plan of Reorganization shall have the following meanings:

1. Administrative Claim: A cost or expense of administration of this Chapter 11 case, including any actual, necessary expense of preserving or liquidating the estate, any actual, necessary expense of operating the business of Debtor, and all allowances approved by the Court in accordance with the Code.

2. Allowed Claim: "Allowed Claim" shall mean a Claim (i) in respect of which a proof of Claim has been filed with the Court on or prior to the Bar Date; or (ii) which is scheduled in the Debtor's schedules of assets and liabilities and statement of financial affairs filed with the Court pursuant to §521 of the Bankruptcy Code and which has not been listed (or is no longer listed on the Confirmation Date, if previously so listed) as disputed, contingent or unliquidated; or (iii) in respect of which a proof of Claim has been filed with the Court with §502(h) or §502(i) of the Bankruptcy code; and in any case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Bankruptcy Rule or an order of the Court, or as to which, if objections has been interposed, the Claim has been determined by order of the Court.

3. Avoidance Actions: "Avoidance Actions" shall mean those adversary proceedings instituted by the Trustee or the Plan Administrator to avoid prepetition transfers made by the Debtor. It shall also include any remaining Claim objections which are not resolved on the Effective Date of the Plan.

4. Bankruptcy Code: "Bankruptcy Code" or "Code" shall mean the United States Bankruptcy Code, 11 U.S.C. §101 et seq., and any amendments thereof.

5. Claim: "Claim" shall mean any right to payment or right to an equitable remedy against Debtor for breach of performance if such breach gives rise to a right to payment, whether or not such right to payment or right to an equitable remedy is reduced to judgment, or whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured.

6. Class: "Class" shall mean any class into which Claims or Interests are classified pursuant to Article I of the Plan.

7. Confirmation Date: "Confirmation Date" is the first business day occurring on or after the (14th) day after the Order of Confirmation is entered by the Court provided, however, that if a stay of the order confirming the Plan is in effect on such first business day, then the Confirmation Date shall be the first business day thereafter on which (i) no stay of the order confirming the Plan is in effect and (ii) the order confirming the Plan has not been vacated.

8. Contested Claim: "Contested Claim" shall mean any Claim which is listed on the schedules filed by the Debtor as contingent, unliquidated or disputed or is, or becomes, the subject of an objection filed with the Court in accordance with the provisions of the Bankruptcy Code and which remains unresolved on the Effective Date.

9. Court: "Court" shall mean the United States Bankruptcy Court for the District of Idaho, presiding over the cases or, if necessary the United States District Court for said district having original jurisdiction over bankruptcy cases and the judges thereof.

10. Effective Date: "Effective Date" of the plan is the Confirmation Date.

11. New Company: “New Company” shall mean the C Corporation formed after the Effective Date of the Plan. Unsecured creditors shall receive shares in this New Company based on their allowed unsecured Claims and so long as they are not the small holders of unsecured Claims. The New Company shall likely be named the “Gables Assisted Living, Inc.”.

12. New Shareholders: “New Shareholders” shall mean those members of Class 14 who shall eventually receive shares from the Plan Administrator.

13. Plan Administrator: “Plan Administrator” shall mean the individual appointed under the Chapter 11 Plan to run the Debtor until the case closes. Wayne Klein shall be the Plan Administrator and shall serve until the shares of the New Company are transferred to the New Shareholders.

14. Property Definitions: The following property described in the Plan shall be defined as follows, which includes all real and personal property owned by Debtor at the respective location:

14.1. Blackfoot Property: This real property and personal property is located at 2815 Hunters Loop, Blackfoot, Idaho, which is legally described as the E1/2 of Lot 5 and Lot 6 in Block 2 of Cottonwood Park, Bingham County, Idaho, as shown on the plat recorded November 25, 2003, as instrument No. 524950, and re-recorded January 21, 2004, as instrument No. 536643.

14.2. Idaho Falls Property: This real and personal property is located at 830 1st St and 840 1st St, Idaho Falls, Idaho, legally described as: Lots 1 and 2, Block 1, Beehive Homes, to the City of Idaho Falls, Bonneville County, Idaho, According to the plat recorded July 31, 1985 as instrument No. 903217.

14.3. Pocatello Property: This real and personal property is located at 2805 S. Grant Ave, Pocatello, Idaho legally described as Lot 4 (R) (R1) Block 1 Falcon Ridge Subdivision, Bannock County, Idaho, as the same appears on the official plat thereof, filed in the office of the County Recorder of Bannock County, Idaho.

14.4. Shelley Property: This real property and personal property is located at 530 River Pointe Lane, Shelley, Idaho 83274 and is legally described as Part of Lot 3 Northwest Quarter Southwest Quarter, Section 32, Township 1 North Range 37, East, Boise Meridian, Bingham County, Idaho, which is more particularly described as:

Commencing at the Southwest corner of Section 32; thence North 00°55'00" West 1580.98 feet along the Section line; thence South 90°00'00" East 24.08 feet to a point on the Easterly right-of-way line of Longhurst Road (700 East); thence North 00°57'58" West 710.35 feet along said Easterly right-of-way line to the Southerly right-of-way line of Shelly West Road; thence North 66°45'43" East 141.61 feet along said right-of-way line to the Point of Beginning. Thence North 66°45'43" East 439.15 feet continuing along said right-of-way line to the Westerly Bank of the Cedar Point Canal; thence South 46°55'58" West 132.21 feet along said Westerly Bank; thence South 31°54'00" West 362.10 feet along said Bank; thence North 58°06'00" West 62.00 feet; thence North 18°11'03" West 201.74 feet to the Point of Beginning.

15. Trustee: "Trustee shall mean the Court Appointed Chapter 11 Trustee who is Wayne Klein.

ARTICLE I **CLASSIFICATION OF CLAIMS AND INTERESTS**

All allowed Claims and allowed interests have been placed in the following Classes. The Debtor has determined which Claims fall into the Classes described below. A Proof of Claim or interest which asserts a Claim or an interest which is properly includable in more than one Class is in a Class to the extent it qualifies within the description of such class and is in a different Class to the extent it qualifies within the description of such different Class.

a. Priority Claims

1) Class 1: Class 1 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(1) or Section 507(a)(2) of the Code including reimbursement of the expenses of and compensation for services rendered by attorneys, accountants and other professional persons employed by the Debtor. This classification also includes those Claims premised on Section 503(b)(1) of the Bankruptcy Code that arose from transactions pursuant to Section 364(a) of the Bankruptcy Code. This class includes the United States Trustee's Office, the Trustee, Cosho Humphrey, LLP., the Patient Care Ombudsman and Old Town Accounting and Tax Service , Inc

2) Class 2: Class 2 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(3) through Section 507(a)(7) of the Code.

3) Class 3: Class 3 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(8) of the Code, consisting of Claims of governmental units for taxes or duties in such amounts as may be allowed by the Bankruptcy Court.

b. Secured Claims:

1) Class 4: Class 4 shall consist of the allowed secured Claims held by the Counties of Bonneville, Bingham and Bannock for unpaid real property taxes, which are secured by real property located in those respective Counties.

2) Class 5: Class 5 consists of the secured Claim of Reed Dame secured by a lien on the Pocatello Property.

3) Class 6: Class 6 consists of the secured Claim of the SBA secured by a second lien on the Pocatello Property.

4) Class 7: Class 7 consists of the undersecured Claim of Reed Dame secured by a third lien on the Pocatello Property.

5) Class 8: Class 8 consists of the secured Claim of Continental Bank and Web Bank secured by a lien on the Shelley Property.

6) Class 9: Class 9 consists of the secured Claim of Bank of Idaho secured by a lien on the Blackfoot Property.

7) Class 10: Class 10 consists of the secured Claim of Bank of Commerce secured by a lien on the Idaho Falls Property.

8) Class 11: Class 11 consists of the secured Claim of the Small Business Administration secured by a second lien on the Idaho Falls Property.

9) Class 12: Class 12 consists of all secured Claims held by the Internal Revenue Service secured by the Pocatello Property, The Idaho Falls Property, the Shelley Property and the Blackfoot Property.

c. Unsecured Claims:

1) Class 13: Class 13 consists of the Claims of all unsecured creditors holding Claims against the Debtor for amounts of less than \$3,500.00.

2) Class 14: Class 14 consists of all other unsecured Claims not included in Class 13 and also includes any undersecured Claims held by members of classes 7, 8 and 9.

d. Ownership Interests:

1) Class 15a: Class 15a consists of those creditors who have obtained an ownership monetary Claim.

2) Class 15b: Class 15b consists of the existing members of the Debtor who are Reed Dame and Continental Bank.

ARTICLE II
BASIC PLAN FOR DEBT RETIREMENT

1. The Trustee proposes to negotiate with priority creditors who have indicated a willingness to negotiate with the Debtor concerning the payment of a priority Claim in accordance with the requirements of the Bankruptcy Code.

2. The reorganized Debtor shall continue to operate the facilities located on the Blackfoot Property, the Shelley Property, the Pocatello Property and, if the dispute with Niguel Sante is not resolved, the Idaho Falls Property.

3. The Trustee reserves the right to sell any of the Properties prior to closing of the case. In the event the Trustee elects to sell then he shall seek approval of the Court of any terms of sale after notice and hearing.

4. On the Effective Date of the Plan the Trustee shall pay from cash available to him the Claims in the following classes in full in the following order:

- a. Class 1
- b. Class 2
- c. Class 3
- d. Class 4 and Class 12
- e. Class 13

Trustee may hold such cash as he deems reasonable to pay for costs and expenses of the Avoidance Actions and other administrative expenses including his fees and professional fees. To the extent, on the Effective Date of the Plan there is insufficient cash available to pay all these classes in full, then the Plan Administrator shall promptly complete those payments thereafter from cash generated in the continued operation of the business and once the assets are transferred to the New Company from any excess cash after payment of the operating expenses and the monthly payments to secured creditors described in Class 5 through 11.

5. The Plan creates a Plan Administrator who shall continue to pursue all Avoidance Actions identified in the Disclosure Statement until the New Shareholders receive their shares. The proceeds of any avoidance Claims shall be paid as follows: First prorata to all members of Class 1; then to Class 2; then to Class 3; then to class 12; then to class 4; then to class 13. The balance of proceeds, if any, shall be left in New Company to be addressed by the management elected by the New Shareholders. The Plan Administrator shall be the Trustee who shall be paid in the same manner as he is currently paid as Trustee. The Plan Administrator shall manage the New Company until all members of Classes 1, 2, 3, 4, 12 and 13 are paid in full. Once those classes are paid in full and all outstanding Claims Objections are resolved then Plan Administrator will transfer shares to the New Shareholders and immediately thereafter resign.

6. After the Effective Date of the Plan, the Plan Administrator shall form a New Company under Idaho law which shall hold title to the Shelley Property, the Blackfoot Property, the Pocatello Property and the Idaho Falls Property, unless a Property has been sold prior to the Effective Date of the Plan. In the event a sale is pending on a Property then the Plan Administrator shall not transfer that property to the New Company. In the event any sale does not

close then that Property shall be transferred to the New Company. The New Company shall operate these properties and pay all secured debt as described in this Plan. The eventual holders of the common stock of this New Company shall be the members of Class 14. Each member of Class 14 shall receive one share of common stock for any allowed unsecured Claim (or undersecured Claim) in the amount of \$100. For each multiple Claim that is not \$100 a share shall be issued to dollar amounts over \$50 and none shall be issued for any dollar amount under \$50. By way of illustration if a Claim holder holds a \$151.00 Claim then that holder shall receive 2 shares. If another Claim holder holds a \$148.00 Claim then he shall receive 1 share. The stock shall be fully transferable by a stockholder under Idaho law. Once all shares are transferred to Class 14, the New Company shall have five directors who shall serve on the board to be elected by the stockholders in accordance with bylaws consistent with Idaho law. The Trustee, as Plan Administrator, shall operate the New Company until the transfer of Stock to the New Shareholders and a Board of Directors has been elected by these New Shareholders. The Trustee shall, as Plan Administrator, be compensated in the same manner as he is currently compensated as Trustee. The reorganized Debtor and New Company shall indemnify and hold Plan Administrator and his professionals harmless from any acts conducted by him in conformance with this Plan unless those actions are grossly negligent or fraudulent in nature.

7. Until the transfer of shares to the New Shareholders, the Plan Administrator shall pursue all Avoidance Actions as the real party in interest for the Debtor and New Company. All assets, including the Avoidance Actions and the Properties shall be transferred into the New Company after the Effective Date of the Plan. If any Avoidance Actions are unresolved at the time the Plan Administrator transfers the shares to the New Shareholders, then New Company's

Board of Directors shall determine how to proceed with those actions. If any Claim objection is unresolved and is still part of an Avoidance Action then that Claim holder's stock shall be held until the Claim objection has been resolved.

ARTICLE III
DESIGNATION AND TREATMENT OF UNIMPAIRED CLASSES

The following classes are not impaired by the Debtor's Plan and are, therefore, not required to vote either for acceptance or rejection of the Debtor's Plan.

Priority Claims, Class 1 and Class 2. The holders of allowed Claims in these classes shall, except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, receive cash in the amount of such allowed Claim from the Debtor as soon as is practical on or after the Effective Date or at the option of the Debtor, the legal, equitable and contractual rights to which such allowed Claims entitle the holder thereof shall remain unaltered by the Plan. Any such claim representing a liability incurred in the ordinary course of business by the Debtor may be paid by the Debtor in the ordinary course of business.

ARTICLE IV
TREATMENT OF UNIMPAIRED CLAIMS

The unimpaired classes of Claims, Classes 1 and 2, shall receive the distributions set forth in Article VI on account and in complete satisfaction of all such allowed Claims.

ARTICLE V
TREATMENT OF IMPAIRED CLASSES

All impaired classes of Claims shall receive the distributions set forth in Article VI on account and in complete satisfaction of all such allowed Claims. The Claims specified herein are impaired pursuant to Section 1124 of the Bankruptcy Code.

- a. Priority Claims described in Class 3.
- b. Secured Claims, Class 4 through 12.
- c. Unsecured Claims, Class 13 and 14.
- d. Equity Interests described in Class 15.

ARTICLE VI
DISTRIBUTIONS

a. Priority Claims

1) Class 1: Class 1 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(1) or Section 507(a)(2) of the Code including reimbursement of the expenses of and compensation for services rendered by attorneys, accountants and other professional persons employed by the Debtor. This classification also includes those Claims premised on Section 503(b)(1) of the Bankruptcy Code that arose from transactions pursuant to Section 364(a) of the Bankruptcy Code. This class also includes the United States Trustee's Office, the Trustee and any other professional appointed by the Court, including Cosho Humphrey, LLP, the Patient Care Ombudsman and Old Town Accounting and Tax Service, Inc.

The creditors in this class shall be paid in full on the Effective Date of the Plan unless the member of the class agrees to different treatment of its Claim. This is to be paid as described in Article II of this Plan. This Class shall also be required to render services to the Debtor after the Effective Date of the Plan. The members of this class, except the United States Trustee shall apply to the court for permission to be paid and shall be paid upon court approval after notice and hearing.

2) Class 2: Class 2 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(3) through Section 507(a)(7) of the Code. These Claims, to the extent they exist, shall be paid in full on the Effective Date of the Plan, without interest. The members of this class include those individuals owed rent refunds that were not repaid. The members of this class and the amount to be paid are the following:

- (A) Archie Service (Claim No. 6): \$2,925.00;
- (B) Elizabeth Cobia (Claim No.15): \$1,907.09;
- (C) Elaine Goodwin (Claim No. 18): \$935.76; and
- (D) Dorothy Ikard (Claim No. 44): \$1,323.28.

3) Class 3: Class 3 consists of all allowed Claims against the Debtor entitled to priority pursuant to Section 507(a)(8) of the Code, consisting of Claims of governmental units for taxes or duties in such amounts as may be allowed by the Bankruptcy Court. These shall be paid as described in Article II above with interest at 3% per annum from the Petition Date. In any event the members of this class shall be paid in full before December 1, 2013. The Trustee and the Internal Revenue Service have reached a compromise regarding the treatment of its priority and unsecured Claim. The Trustee shall pay the Internal Revenue Service priority Claim in full on or before December 31, 2013. In exchange the Internal Revenue Service has agreed to withdraw its entire unsecured Claim amount of \$43,809.39. The Internal Revenue Service shall not receive any distribution on its unsecured Claim. It shall be paid its priority Claim and its secured Claim (see Class 12) in full with interest at 3% per annum by December 31, 2013.

The Trustee and the State of Idaho Tax Commission have also reached an agreement that if its priority Claim is paid in full by December 31, 2013 that the unsecured Claim of \$499.25

(Claim 1-2) held by the State of Idaho Tax Commission will not receive any distribution under this Plan.

The discharge granted by 11 USC § 1141(d) shall be and the same is modified as to the State of Idaho and Internal Revenue Service tax debt provided for in this Plan, and discharge of any tax debt under this Plan shall not be effective until all taxes provided for under this Plan have been paid in full.

If the State Tax Commission or Internal Revenue Service declares the Debtor or Debtor's successor in interest to be in default of the obligations under the Plan, then the entire pre-petition liability shall become due and payable immediately upon written demand to the Debtor or the Debtor's successor in interest as described herein. A default shall also include the failure to make any deposits of any currently accruing post-petition employment tax liability or failure to make payment of any tax within thirty (30) days of the due date of such deposit or payment. A further default shall be the Debtor's failure to file any required tax return within thirty (30) days of the due date of such return. Failure to declare a default does not constitute a waiver by either the Internal Revenue Service or the State Tax Commission of the right to declare a timely default in the future.

If full payment is not made within thirty (30) days of such demand, or the Plan Administrator does not cure any other specified default within thirty (30) days of such demand or other arrangement agreed in writing, then the Internal Revenue Service or State Tax Commission may collect any unpaid liabilities through the administrative collection provisions of the Internal

Revenue Service or the Idaho Tax Commission. The Debtor and the Debtor's property shall be liable for such unpaid liabilities.

b. Secured Claims:

1) Class 4: Class 4 shall consist of the allowed secured Claim of Bannock County, Bingham County and Bonneville County secured by the Liens on the Pocatello Property (for Bannock County); the Shelley Property and the Blackfoot Property (for Bingham County) and the Idaho Falls Property for Bonneville County. These obligations shall be paid as described in Article II of this Plan, including interest allowed by Idaho law. In the event the Trustee does not have sufficient funds on hand to pay off these Claims then the New Company shall pay these Claims monthly from its income in periodic payments sufficient to retire all allowed Claims plus interest, as allowed by Idaho law, over time. It is the intent of the Plan Administrator to retire these Claims in full as promptly after the Effective Date as appropriate. In any event, all Claims will be paid in full on or before December 10, 2015. New Company may prepay the Claims of this class at anytime without penalty. The Counties shall retain their respective liens on the applicable Property until the Claims are paid in full. In the event a Property is sold then the county holding the Claim secured by the Property to be sold shall have its Claim paid in full from the sales proceeds.

2) Class 5: Class 5 consists of the allowed secured Claim of Reed Dame whose Claim is secured by the Pocatello Property. Reed Dame holds a secured Claim of \$859,606.01 (Claim No 51). This Claim shall be paid in full with interest at 5% per annum as follows. First Reed Dame

shall credit against the Claim all adequate protection payments received by him from the Debtor or the Trustee since the case was filed. Reed Dame shall also be entitled to his reasonable attorney's fees and costs incurred in this case. On or before the Effective Date of the Plan, Reed Dame shall file a statement of the amount of his Claim after subtracting all adequate protection payments and asserting the amount of attorney's fees and costs. If the Plan Administrator does not object to that written Claim within 45 days of its filing then this shall be the allowed secured Claim of this class. The allowed secured Claim so calculated shall then be paid with interest by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. Reed Dame shall retain his lien regarding this class until paid.

3) Class 6: Class 6 consists of the allowed secured Claim of the Small Business Administration whose Claim is secured by a second lien in the Pocatello Property. SBA holds a secured Claim of \$469,420.23 (Claim No 54). After the Bankruptcy Petition was filed Trustee and this class entered a Stipulation (Docket No. 360) determining that it's total Claim is \$505,215.98 before any offset for adequate protection payments. This shall be SBA's Allowed Secured Claim. This Allowed Secured Claim shall be paid in full with interest at 5% per annum as follows. First SBA shall credit against the Allowed Secured Claim all adequate protection payments received by it from the Debtor or the Trustee since the case was filed. The Allowed Secured Claim shall then be paid with interest at 5% per annum by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. SBA shall retain its lien until paid. **Trustee estimates the payment to this class shall be \$3,335.00 per month.**

3) Class 7: Class 7 consists of the second Claim of the Reed Dame whose Claim is secured by a fourth lien in the Pocatello Property. Reed Dame's Claim is undersecured in that the Pocatello Property has a value of \$1,400,000. Subtracting the allowed Claims of Bannock County in Class 4, the lien of Class 5 and then the lien of Class 6, leaves a small amount of value to secure the Claim of Reed Dame. The total after subtracting the allowed secured Claims of Bannock County in Class 4, the Allowed Secured Claim of Class 5 and the Allowed Secured Claim of Class 6 shall be the allowed secured Claim of this Class 7. This class is not entitled to interest or attorney fees. Trustee calculates that this secured Claim may be approximately \$62,000.00. The balance of his Claim of \$434,286.75 (Claim No 52) shall be treated in Class 14 as an unsecured Claim. This small allowed secured Claim shall be paid with interest at 5% per annum by the New Company in equal monthly payments based on a twenty (20) year amortization. New Company shall have the right to prepay the obligation at any time without penalty. Reed Dame shall retain his third lien until paid.

4) Class 8: Class 8 consists of the allowed secured Claim of Continental Bank and Web Bank whose combined Claims are secured by the Shelley Property. These Banks are allowed a total secured Claim of \$1,400,000.00 less the allowed secured Claim, plus accrued interest of Bingham County contained in Class 4, secured by the Shelley Property (Allowed Secured Claim of Class 8). As these Claims are undersecured they shall not be allowed interest or attorneys fees and costs on the Claims. The balance of any Claim (Claim 17) shall be treated as an unsecured Claim in Class 14. This Allowed Secured Claim of Class 8 shall be paid in full with interest at 5% per annum as follows. First this class shall credit against the Allowed Secured Claim of Class 8 all adequate protection payments received by them from the Debtor or the Trustee since the case

was filed. On or before the Effective Date of the Plan, this class shall file a statement of the amount of the Allowed Secured Claim of Class 8 after subtracting all adequate protection payments and deducting the real property taxes. If the Plan Administrator does not object to that written Claim within 45 days of its filing then this shall be the Allowed Secured Claim of Class 8. The Allowed Secured Claim of Class 8 so calculated shall then be paid with interest by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. This class shall retain its lien against the Shelley Property until paid. **The estimated monthly payment to be made to this class is \$9,240.00.**

5) Class 9: Class 9 consists of the allowed secured Claim of Bank of Idaho whose Claim is secured by the Blackfoot Property. This class is allowed a total secured Claim of \$1,400,000.00 less the allowed secured Claim plus accrued interest of Bingham County contained in Class 4 secured by the Blackfoot Property (“Allowed Secured Claim of Class 9”). As this Claim is undersecured it shall not be allowed interest or attorneys fees and costs on the Claims. The balance of any Claim (Claim no 5 filed for \$1,532,374.30) shall be treated as an unsecured Claim in Class 14. This Allowed Secured Claim of Class 9 shall be paid in full with interest at 5% per annum as follows. First this class shall credit against the Allowed Secured Claim of Class 9 all adequate protection payments received by it from the Debtor or the Trustee since the case was filed. On or before the Effective Date of the Plan, this class shall file a statement of the amount of the Allowed Secured Claim of Class 9 after subtracting all adequate protection payments and the applicable real property taxes. If the Plan Administrator does not object to that written Claim within 45 days of its filing then this shall be the Allowed Secured Claim of Class 9. The allowed

secured Claim so calculated shall then be paid with interest by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. This class shall retain its lien against the Blackfoot Property until paid. **The estimated monthly payment to be made to this class is \$9,240.00.**

6) Class 10: Class 10 consists of the allowed secured Claim of Bank of Commerce whose Claim is secured by the Idaho Falls Property. Bank of Commerce holds a secured Claim of \$380,457.30. If this Claim has not been paid in full from the proceeds of the sale of the Idaho Falls Property, this Claim shall be paid in full with interest at 5% per annum as follows. First Bank of Commerce shall credit against the Claim all payments received by it for this loan since the case was filed. This includes all payments received from the Debtor, the Trustee or Niguel Sante. Bank of Commerce shall also be entitled to its reasonable attorney's fees and costs incurred in this case. On or before the Effective Date of the Plan, Bank of Commerce shall file a statement of the amount of its Claim after subtracting all payments received and asserting the amount of attorney's fees and costs. If the Plan Administrator does not object to that written Claim within 45 days of its filing then this shall be the Allowed Secured Claim of this class. The allowed secured Claim so calculated shall then be paid with interest by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. Bank of Commerce shall retain its lien until paid.

7) Class 11: Class 11 consists of the allowed secured Claim of the Small Business Administration whose Claim is secured by a second lien in the Idaho Falls Property. SBA holds a

secured Claim of \$251,254.44. If this Claim has not been paid from the proceeds received from the sale of the Idaho Falls Property then this Claim shall be paid in full with interest at 5% per annum as follows. First SBA shall credit against the Claim all payments received by it on this loan since the case was filed. This includes all payments received from the Debtor, the Trustee or Niguel Sante. SBA shall also be entitled to its reasonable attorney's fees and costs incurred in this case. On or before the Effective Date of the Plan, SBA shall file a statement of the amount of its recalculated Claim after subtracting all payments and asserting the amount of attorney's fees and costs. If the Plan Administrator does not object to that written Claim within 45 days of its filing then this shall be the Allowed Secured Claim of this class. The allowed secured Claim so calculated shall then be paid with interest by the New Company in equal monthly payments based on a twenty year amortization. New Company shall have the right to prepay the obligation at any time without penalty. SBA shall retain its lien until paid.

8) Class 12: Class 12 shall consist of the allowed secured Claim of the IRS secured by the Liens on the Pocatello Property, the Shelley Property, the Blackfoot Property and the Idaho Falls Property. These obligations shall be paid as described in Article II of this Plan, including interest of 3% per annum. In the event the Trustee does not have sufficient funds on hand to pay off these Claims then the New Company shall pay these Claims monthly from its operations in payments as promptly as possible plus interest at 3% per annum so the Claim is paid in full on or before December 31, 2013. New Company may prepay the Claims of this class at anytime without penalty. The Internal Revenue Service shall retain its respective liens on the applicable Property until the Claims are paid in full. See above Internal Revenue Service priority and unsecured treatment contained in Class 3. If the Idaho Falls Property is sold prior to the

completion of the payments as described in Article II, then the allowed secured claim of the Internal Revenue Service shall be paid from those sales proceeds.

c. Unsecured Claims:

1) Class 13: Class 13 consists of all allowed unsecured Claims in the Debtor's case in the total allowed amount of \$3,500 or less. Plan Administrator shall pay these Claims in full as promptly as he can but before December 31, 2014. Payments shall not commence until after the Claims of Classes 1, 2, 3, 4 and 12 are paid in full. The members of this class are described on Exhibit "13" attached hereto. These are being classified differently from those in class 14 as an administrative convenience. If partial payments are made then the Plan Administrator shall pay such Claims prorata based on the percentage each class member holds compared to the total Claims in this class.

2) Class 14: Class 14 consists of all other unsecured Claims and the undersecured Claims held by the members of Class 7, 8 and 9. The members and the amount of these Claims are described on the attached Exhibit "14" to this Plan and the Trustee has described the nature of any dispute and the amount he believes the Debtor owes on these claims. The Plan Administrator reserves the right to object to the Claims to the extent the Plan Administrator disputes any of those Claims or portion thereof. Upon the formation of the New Company and completion of the payments required for Classes 1, 2, 3, 4, 12 and 13 then each member of this Class shall receive a share of common stock for each \$100.00 in Claims held by the member of the class. See Article II for the description of how dollar amounts that do not equal multiples of \$100.00 are addressed.

A Claim will be allowed if the Trustee or Plan Administrator does not dispute the claim.

No interest is being paid on these claims. The shares shall be recorded on the books of New

Company and verification of the number of shares issued will be sent to the New Shareholders as promptly as possible. Notice of the transfer of shares will be mailed to the class member at the address described in the Claim or the Debtor's schedules if a Claim is not filed. The unsecured creditor shall have the obligation to notify New Company of any change in address during the term of this Plan. All Claims that are held by creditors who are defendants in an adversary proceeding shall be deemed to hold a disputed Claim until the adversary proceeding is completed with a final judgment.

d. Ownership Interests:

1) Class 15a: Class 15a consist of all holders who have a Claim adjudicated that is a monetary Claim related to ownership of the Debtor. The members of this class may include June Geiger, Ernie Geiger, Pat Garrett, David Anderson, Clayton Armstrong and Mike and Abby Armstrong. If these members are determined to hold a dollar Claim related to their equity investment then they shall receive 1 share of common stock for every \$300.00 of equity debt they hold. In the event these creditors are determined by the Court to hold a general unsecured Claim then they shall be treated in Class 14. Finally, if these members are determined to only own equity then they are treated in Class 15b.

2) Class 15b: Class 15b consist of Reed Dame and Continental Bank, which Trustee has been advised purchased the member interests from the Bankruptcy Estate of Keith Rasmussen. It also includes any equity interest of any member of Class 15a who has received an order of the Court determining that they hold equity only. There are also assertions by certain creditors that they may hold equity or ownership in the Debtor. Creditors asserting they have an equity or

ownership interest shall also be members of this class. The members of this class shall receive no distribution under this Plan on account of their member or ownership interests.

ARTICLE VII
PROVISIONS FOR IMPLEMENTATION OF THE PLAN AND
FOR MEANS FOR EXECUTION OF THE PLAN

See Article II of this Plan. The Trustee also reserves all rights after confirmation to pursue any avoidance of Claims and recovery of any transfers or damages, including, but not limited to continuing the existing Avoidance Actions on the Effective Date of the Plan. These causes of action, Claim objections and Avoidance Actions shall be pursued by Plan Administrator and New Company once they are transferred to that New Company. Nothing herein shall be construed as a limitation on the Plan Administrator or New Company from pursuing causes of action under 11 U.S.C. §§ 544, 545, 546, 547, 548 or 550 of the Bankruptcy Code against any transferee or any cause of action under state law for damages related to prepetition actions taken against Debtor.

ARTICLE VIII
PROPERTY TO BE DEALT WITH BY THE PLAN

All property of the Debtor is dealt with in the Plan. Secured creditors shall retain their security interest or lien in the property of the Debtor, subject to the provisions of the Bankruptcy Code and this Plan except those creditors whose lien is avoided by written agreement or order of the bankruptcy court.

ARTICLE IX
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All employee agreements currently existing shall be assumed. All current patient or residence contracts shall be assumed. The following additional contracts are assumed:

- 1) The Lease of the Blackfoot Office Space.

ARTICLE X
DISCHARGE

Except as otherwise provided for in the Plan or in the Order of Confirmation, entry of the Order of Confirmation acts as a discharge effective as of the Effective Date of the Plan, of (i) any and all Claims arising or occurring prior to the Effective Date , and (ii) any and all Claims of the kind specified in §§ 502(g), 502(h), or 502(i) of the Code. Such discharge will be effective under Section 1141 of the Code whether or not a Proof of Claim is filed or deemed filed, such Claim is allowed, or the holder of such Claim has accepted the Plan.

ARTICLE XI
VESTING OF PROPERTY IN DEBTOR

a. After the Effective Date of the Plan all Property and the Avoidance Actions shall be transferred to the New Company and shall be held and owned by the New Company, free and clear of all liens, Claims and interests of all creditors or all interest holders in the Debtor, except to the extent provided for in this Plan.

b. Pending confirmation of the Plan, unless the Court has otherwise expressly ordered or this Plan otherwise expressly provides, all creditors, will be stayed from proceeding against the Debtor, the Debtor's assets, or the assets of the estate.

ARTICLE XII
DESCRIPTION OF INSIDERS

This Plan provides for no payment to or employment of the former Insider Keith Rasmussen or any members of his family.

ARTICLE XIII
RETENTION OF JURISDICTION

Until this Plan has been fully consummated, the Bankruptcy Court shall retain jurisdiction over all matters necessary to ensure that the purposes and intent of this Plan are carried out, including but not limited to the following:

1. Determination of requests for payment of Claims entitled to priority under §507(a)(1) of the Code, including compensation of parties entitled thereto;
2. In the event an appeal is perfected from the order confirming the Plan, the Court shall also retain jurisdiction appropriate to protect the interests of the estate and to enter such orders as are necessary to protect the interests of creditors during the pendency of such appeal.
3. To hear and determine any objection to a Claim or equity security interest when such objection is filed with the Court by the Debtor;
4. To hear and determine all questions and disputes regarding title to the property of the Debtor or the Debtor's estate;
5. To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the order of confirmation as may be necessary to carry out the purpose and intent of the Plan;
6. To liquidate damages in connection with any disputed Claims;
7. To adjudicate all Claims of a security or ownership interest in any property of the estate or in any proceeds thereof;
8. To allow and classify Claims of any creditor, reexamine Claims as provided under the Code, and to hear and determine any objection to a Claim or equity security interest when such objection is filed with the Court by the Debtor;

9. To issue any order necessary to implement the Plan or order of confirmation, including, without limitation, such declaratory and injunctive orders as are appropriate to protect the Debtor, the Debtor's estate, and the reorganized Debtor in his estate from actions of creditors, equity security holders, or other parties in interest;

10. To hear and determine any dispute relating to the terms or implementation of the Plan or Order of Confirmation, or to the rights or obligations of any party in interest with respect thereto and correct any defect, cure any omission, or reconcile any consistency in the Plan or the Order of Confirmation as may be necessary to carry out the purpose and intent of the Plan;

11. To hear and determine any modification of the Plan pursuant to Section 1127 of the Bankruptcy Code;

12. To hear and determine all issues concerning release of property from the liens to enable sales of the real property.

13. To adjudicate, in an adversary proceeding if necessary, all reserved rights of the Debtor under this Plan to prosecute causes of actions under 11 U.S.C. section 544, 545, 546, 547, 548 549 and/or 550 of the United States Bankruptcy Code and applicable State Law.

14. To hear and determine any matter related to the assumption, assignment, or rejection of an executory contract or unexpired lease of the Debtor;

15. To hear any issues re the formation and issuance of stock in the New Company;

16. To continue to adjudicate the Avoidance Actions; and

17. Entry of a final decree closing this Chapter 11 case.

ARTICLE XIV
MISCELLANEOUS

a. The headings in the Plan are for the convenience of reference only and neither constitutes a portion of the Plan nor in any manner affects the construction or meaning of the provisions of the Plan.

b. The authority of the Trustee to agree to modifications, supplements or amendments of or to any agreements or instruments referred to in the Plan or utilized in the business shall be as provided in such agreement or instruments.

c. Except to the extent that the Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed and construed and enforced in accordance with the laws of the State of Idaho.

d. The rights, duties and obligations of any person named or referred to in this Plan shall be binding upon and shall inure to the benefit of the successors or assigns of such person.

e. Whenever any payment or distribution to be made under this Plan shall be due on a day other than a business day, such payment or distribution shall instead be made, without interest, on the immediately following business day.

f. Any notice, pleading, or document, required to be served by law or according to the provisions of this Plan, shall be in writing filed with the Court and shall be served in person or by Certified Mail upon the Trustee as follows: Wayne Klein at 299 South Main Street, Suite 1300, Salt Lake City, UT 84111 with a copy to its attorney of record, Joseph M. Meier, Cosho Humphrey, LLP, PO Box 9518, Boise, Idaho 83707.

THIS PLAN OF REORGANIZATION proposed by the Chapter 11 Trustee is submitted
this 17th day of May 2012.

Gables Management, LLC

/s/ Wayne Klein
By: Wayne Klein
The Chapter 11 Trustee

COSHO HUMPHREY, LLP

BY /s/ Joseph M. Meier
Joseph M. Meier
Attorney for Chapter 11 Trustee