

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

In re:

AUBURN TRACE, LTD.

Debtor.

Chapter 11

Case No. 15-10317-PGH

_____ /

**NOTICE OF FILING REDLINED VERSION OF
AUBURN TRACE, LTD.'S AMENDED DISCLOSURE STATEMENT**

Auburn Trace, Ltd., (the "Debtor") by and through undersigned counsel, and files the attached redlined version of *Auburn Trace, Ltd.'s Amended Disclosure Statement* which shows the changes made from the original Disclosure Statement [ECF No. 73].

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished via Notice of Electronic Filing to those parties registered to receive CM/ECF electronic notices in this case on this the 22nd day of May, 2015.

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Florida Bar. No. 121622

UNITED STATES BANKRUPTCY COURT
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AUBURN TRACE, LTD.'S
AMENDED DISCLOSURE STATEMENT

~~April 6~~May ____, 2015

Respectfully submitted,

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ATTORNEYS FOR DEBTOR

**IMPORTANT: THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT
MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED
CHAPTER 11 PLAN. PLEASE READ THIS DOCUMENT WITH CARE.**

EXHIBIT INDEX

EXHIBIT A: Chapter 11 Plan of Reorganization

EXHIBIT B: Claims Analysis

EXHIBIT C: Rent Roll

EXHIBIT D: Liquidation Analysis

EXHIBIT E: Form Ballot

EXHIBIT F: Operating Income and Expense Projection

EXHIBIT G: Transfers in 90 Day Period Prior to the Petition Date that Exceed \$6,225 in the Aggregate

EXHIBIT H: Insider Transfers

**AUBURN TRACE, LTD.'S AMENDED DISCLOSURE STATEMENT FOR
PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**THE DEBTOR RESERVES THE RIGHT TO AMEND OR SUPPLEMENT THIS
PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE CONFIRMATION
HEARING.**

INTRODUCTION

Auburn Trace, Ltd. (the “**Debtor**”) provides this Amended Disclosure Statement (the “**Disclosure Statement**”) to all of Debtor’s Creditors in order to permit such Creditors to make an informed decision in voting to accept or reject the Debtor’s Plan of Reorganization under Chapter 11, of the Bankruptcy Code (the “**Plan**”) [ECF No. 72] filed on April 6, 2015 with the United States Bankruptcy Court for the Southern District of Florida (the “**Bankruptcy Court**”) in connection with the above-captioned case (the “**Case**”). A copy of the Plan is attached to this Disclosure Statement as **Exhibit “A.”** Capitalized terms used herein but not otherwise defined have the meanings assigned to such terms in the Plan. Whenever the words “include,” “includes” or “including” are used in this Disclosure Statement, they are deemed to be followed by the words “without limitation.”

The Disclosure Statement is presented to certain holders of Claims against the Debtor in accordance with the requirements of section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the “**Bankruptcy Code**”). Section 1125 of the Bankruptcy Code requires that a disclosure statement provide information sufficient to enable a hypothetical and reasonable investor, typical of the Debtor’s Creditors and stockholders, to make an informed judgment whether to accept or reject the Plan. The Disclosure Statement may not be relied upon for any purpose other than that described above.

THE DISCLOSURE STATEMENT AND THE PLAN ARE AN INTEGRAL PACKAGE, AND THEY MUST BE CONSIDERED TOGETHER FOR THE READER TO BE ADEQUATELY INFORMED. THIS INTRODUCTION IS QUALIFIED IN ITS ENTIRETY BY THE REMAINING PORTIONS OF THIS DISCLOSURE STATEMENT, AND THIS DISCLOSURE STATEMENT IN TURN IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ITS PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THE DISCLOSURE STATEMENT AND ITS EXHIBITS SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR, WHO

WILL IN TURN DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING ANY EXHIBITS CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR AND THE OTHER INFORMATION CONTAINED HEREIN, HAS NOT BEEN SUBJECT TO AN AUDIT OR INDEPENDENT REVIEW EXCEPT AS EXPRESSLY SET FORTH HEREIN. ACCORDINGLY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONCERNING THE DEBTOR OR ITS FINANCIAL CONDITIONS IS ACCURATE OR COMPLETE. THE PROJECTED INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PRESENTED FOR ILLUSTRATIVE PURPOSES ONLY, AND, BECAUSE OF THE UNCERTAINTY AND RISK FACTORS INVOLVED, THE DEBTOR'S ACTUAL RESULTS MAY NOT BE AS PROJECTED HEREIN.

ALTHOUGH AN EFFORT HAS BEEN MADE TO BE ACCURATE, THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS IS CORRECT. THE DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. EACH CREDITOR IS STRONGLY URGED TO REVIEW THE PLAN PRIOR TO VOTING ON IT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THE DISCLOSURE STATEMENT UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH SINCE THE DATE OF THE DISCLOSURE STATEMENT.

A STATEMENT OF THE ASSETS AND LIABILITIES OF THE DEBTOR AS OF THE DATE OF THE COMMENCEMENT OF THE CASE IS ON FILE WITH THE CLERK OF THE BANKRUPTCY COURT AND MAY BE INSPECTED BY INTERESTED PARTIES DURING REGULAR BUSINESS HOURS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW.

THIS DISCLOSURE STATEMENT WILL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISERS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Pursuant to the Bankruptcy Code, the Plan was filed with the Bankruptcy Court and this Disclosure Statement was filed thereafter. The Bankruptcy Court will schedule a hearing to consider the approval of this Disclosure Statement, and if approved, this Court will schedule a hearing on confirmation of the Plan (the “**Confirmation Hearing**”) to be held at the United States Bankruptcy Court for the Southern District of Florida, Flagler Waterview Building, 1515 North Flagler Drive, 8th Floor, Courtroom A, West Palm Beach, Florida 33401. At the Confirmation Hearing, the Bankruptcy Court will consider whether this Disclosure Statement and the Plan satisfy the requirements of the Bankruptcy Code, including whether the Plan is in the best interests of the claimants.

To obtain, at your cost, additional copies of this Disclosure Statement or of the Plan, please contact Shraiberg, Ferrara & Landau, P.A., 2385 NW Executive Center Drive, Ste. 300, Boca Raton, FL 33431, Phone: (561) 443-0800, Facsimile: (561) 998-0047.

This Disclosure Statement contains only a summary of the Plan. Each Creditor is urged to review the Plan in its entirety prior to voting. In the event of any inconsistency between the Plan and the Disclosure Statement, the provisions of the Plan will control.

The legal, contractual and equitable rights of certain Creditors are altered, modified or changed by the proposed treatment under the Plan and are therefore considered “Impaired.” Creditors with Claims that are “Impaired” are entitled to vote to accept or reject the Plan, and may vote on the Plan by completing the Ballot which is enclosed.

I. BRIEF OVERVIEW OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its financial affairs for its own benefit and that of its creditors. With this purpose in mind, businesses sometimes use chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the aim is reorganization or liquidation, a chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and interests in a debtor’s bankruptcy estate.

The commencement of a Chapter 11 case creates an estate comprised of all the legal and equitable interests that a debtor has in property as of the date that the bankruptcy petition is filed. The Code provides that a debtor may continue to manage its financial affairs and remain in possession of its property as a “debtor in possession.”

The Debtor has remained in possession of its property as Debtor-in-Possession. No Trustee or Examiner has been appointed in this Chapter 11 Case.

The filing of a Chapter 11 petition also triggers the “automatic stay” provisions of the Code. Section 362 of the Code provides for a stay or an injunction against any attempt to collect a pre-petition debt, claim or obligation from a debtor or to otherwise interfere with the debtor’s property or business. Unless the Bankruptcy Court orders otherwise, the automatic stay remains in full force and effect until the plan is confirmed.

The formulation of a plan of reorganization is the primary purpose of a Chapter 11 case. A plan sets forth the means by which a debtor will satisfy creditors who hold claims against a debtor. Although it is referred to as a plan of reorganization, it may also provide for the orderly liquidation or transfer of the debtor's assets.

After a plan is filed, the holders of claims against or interests in a debtor are requested to vote to accept or reject the plan. Before soliciting acceptances of a proposed plan, Section 1125 of the Code requires that a debtor prepare a disclosure statement which contains adequate information about a debtor, its assets and its liabilities that will enable a hypothetical, reasonable investor to make an informed decision about the plan.

Chapter 11 does not require that each holder of a claim against or an equity interest in a debtor vote in favor of a plan for the Bankruptcy Court to confirm the plan. The Code defines acceptance of a plan of reorganization by a given class of creditors holding claims against a debtor as acceptance by at least two-thirds in amount and more than one-half of the number of the holders of allowed claims in that class actually voting. The Code also defines acceptance of a plan by a class of equity interests as acceptance by holders of two-thirds of the number of interests actually voting. Holders of claims or interests who fail to vote will not be counted as having either accepted or rejected the plan.

Classes of claims or equity interests that are not "impaired" under the plan are conclusively presumed to have accepted the plan, and therefore, are not entitled to vote. Acceptances of the Plan in this Chapter 11 Case are being solicited only from those entities holding Claims in an impaired class.

Even if all of the classes of claims accept a plan of reorganization, the Bankruptcy Court may determine that a plan should not be confirmed if the plan does not meet the requirements of Section 1129 of the Code. Generally, Section 1129 requires, among other provisions, that a plan of reorganization be in the "best interest" of creditors and that it be "feasible" before being confirmed. The "best interest" test generally requires that the value of the consideration to be distributed to the holders of claims under the plan of reorganization is not less than what they would receive if the assets of the debtor were liquidated pursuant to Chapter 7 of the Code. To satisfy the "feasibility" requirement of Section 1129, the Court must also find that there is a reasonable probability that the debtor will be able to perform the obligations set forth in the plan. The Debtor believes that the "best interest" and "feasibility" requirements are satisfied by the Plan.

The Bankruptcy Court may confirm a plan of reorganization even though fewer than all of the classes of impaired claims accept it. For a plan of reorganization to be confirmed despite the rejection of one or more classes of impaired claims, the proponent of the plan must show, among other requirements, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims that has not accepted the plan. The Bankruptcy Court must also determine, pursuant to Section 1129(b) of the Code, that the economic terms of the plan of reorganization do not unfairly discriminate with respect to an objecting class. The Debtor believes that the economic terms of the Plan do not unfairly discriminate with respect to any of the impaired classes.

II. EVENTS DURING CHAPTER 11

A. The Filing of the Case

The Debtor is a Florida limited partnership that owns affordable homes in Delray Beach, Florida. The Debtor owns and operates a multifamily apartment complex that was constructed in 1990 as a 256-unit multifamily development with a free-standing commercial space. The complex was developed and expected to operate in compliance with Section 42 of the Internal Revenue Code of 1986, as amended by virtue of being financed by a SAIL (State Apartment Incentive Loan Program) loan issued by the Florida Housing Finance Corporation. In addition, the project met the qualifications necessary to obtain tax-exempt bond housing credits (“LIHTC”) and provide affordable housing at restricted maximum rental rates to qualified, low-income residents which will be no greater than 60% of the area median income. The southern portion of the original site was sold in 2010, which was razed and redeveloped with another LIHTC property known as Village at Delray. All 152 of the complex’s current units have restricted rents based on 60% of the area median income. As of the date of this filing, the Debtor’s physical occupancy is at approximately 98% and 100% leased. The Debtor’s physical occupancy as of June 2014 was 97% and 99% leased. The Debtor’s 2013 physical occupancy was consistent with the 2014 occupancy rates.

As of the Petition Date, the Debtor’s workforce consisted of approximately nine (9) employees. The Debtor’s owners as of the Petition Date were as follows: Brian J. Hinnners (99% - Limited Partner); and Auburn Trace Joint Venture (1% - General Partner). During the one year period prior to the Petition Date, Brian J. Hinnners’s salary and benefits during the one year period prior to the Petition Date totaled \$0.00; and Auburn Trace Joint Venture’s salary and benefits during the one year period prior to the Petition Date totaled \$0.00. The Debtor’s estimated gross income for 2014 was approximately \$1,550,588.44 and for 2013 was \$1,733,999.00.

The Debtor owns the real property located at 625 Auburn Circle W., Delray Beach, Florida 33444 (the “**Real Property**”). The Debtor estimates the value of the Real Property ranges from \$9,300,000 to \$10,700,000 based on the values of several appraisals, including the following:-(i) the appraisal of the Real Property prepared by Walter B. Duke, III, MAI, CCIM with Clodus McLemore & Duke Inc. for Pillar Multifamily, LLC and determined that the “as is” market value leased at the restricted rental rates to qualify for low-income housing tax credits as of June 10, 2014 was \$10,735,000 and that the “as is” market value leased at prevailing unrestricted market rental rates for the units was \$18,525,000; (ii) the appraisal of the Real Property prepared by Integra Realty Resources for First Housing Development Corporation of Florida and determined the “as-is” market value as of March 20, 2012 was \$7,800,000 and that the restricted value “after rehabilitation” was \$9,900,000 and the market value “after rehabilitation” was \$15,000,000; and (iii) the appraisal of the Real Property prepared by Aucamp, Dellenback & Whitney for IberiaBank and determined that “as is” market value as of September 28, 2011 was \$9,300,000.

Iberia Bank is the holder of the first position mortgage on the Real Property, the City of Delray Beach is the holder of the second position mortgage, and US Small Business Administration is the holder of the third mortgage. The Debtor’s primary asset is the Real Property that is encumbered by a Lien in favor of Iberia Bank in the amount of \$4,221,557.73, a Lien in favor of the City of Delray Beach in the amount of \$4,231,816.22, a Lien in favor of the U.S. Small

Business Administration in the amount of \$199,514.54; and a Lien in favor of the Palm Beach County Tax Collector in the amounts of \$135,967.22, \$16,019.49 and \$135,967.32 for 2014 and 2015 real property taxes. Upon information and belief, Iberia Bank is the only entity with a lien on the Debtor's cash collateral is Iberia Bank. The City of Delray Beach has consistently maintained that it too has a lien on the Debtor's cash collateral. See ECF Nos. 30, 65 & 84. The Debtor reserves the right to challenge the validity, priority and extent of the Secured Creditors' Liens against the Debtor's Assets. A Claims Analysis is attached to the Disclosure Statement as **Exhibit "B"**.

The loan with Iberia Bank matured on June 14, 2014 and the Debtor did not presently have the funds to pay the total outstanding loan balance in full. The Debtor's attempted negotiations with Iberia Bank to extend the maturity date prior to the Petition Date were unsuccessful. Thus, the Debtor filed this case to give it the opportunity to continue operations, restructure its secured debt, maximize the value of its Assets, and provide a Distribution to Creditors.

B. Meeting of Creditors and Monthly Operating Reports

The 341 meeting of creditors took place on February 10, 2015. See ECF No. 16. The Debtor will file its Monthly Operating Reports throughout the duration of this case. A copy of the Debtor's monthly operating reports can be reviewed at the office of the Clerk, United States Bankruptcy Court, Southern District of Florida or electronically through the Official Court Electronic Document Filing system maintained by PACER at www.flsb.uscourts.gov.

C. Retention and Compensation of Professionals

The Debtor filed an application to retain Shraiberg, Ferrara & Landau, P.A. as its general bankruptcy counsel on January 9, 2015. See ECF No. 11. Said application was approved by this Court. See ECF No. 38. This Court approved the Debtor's application to employ and retain the Law Offices of Lowenhaupt & Sawyers as special eviction litigation counsel to the Debtor on March 20, 2015. See ECF Nos. 53 & 63. The special eviction counsel agreed to perform the requested representation at their ordinary and usual rates of \$387 to \$412 during the first stage of an eviction case depending on how many occupants are over the age of eighteen in the household and the second stage is \$135, which includes the fee to pay the Sheriff to come to the property, and \$275 per each case scheduled for mediation.

On March 20, 2015, this Court approved the Debtor's application to employ and retain Kenneth Dennison, CPA and Dauby, O'Connor & Zeleski, LLC as the Debtor's accountant to perform ordinary and necessary accounting services required to prepare the Debtor's 2014 audit and the Debtor's 2013 and 2014 tax returns. See ECF Nos. 46 & 62. Pursuant to the Order authorizing said employment, the Debtor was authorized to pay the Firm the sum of \$8,000 to prepare the Debtor's 2014 audit and \$2,600 to prepare the Debtor's 2013 and 2014 tax returns and personal property returns.

D. Claims

The Bankruptcy Code provides a procedure for all persons who believe they have a claim against a debtor to assert such claims, so that such claimant can receive distributions from the

debtor's bankruptcy case. The Court establishes a "bar date" – a date by which creditors must file their claims, or else such creditors will not participate in the bankruptcy case or any distribution. After the filing of all claims, the debtor evaluates such claims and can raise objections to them. These claims objections allow the debtor to minimize claims against it, and thereby maximize the recovery to creditors. The Bankruptcy Court established the deadline for filing proofs of Claims against the Debtor, other than claims of governmental units and Administrative Claims, as May 11, 2015 (the "**Claims Bar Date**"). The last date for governmental unit claimants to file Proofs of Claims in the Case is July 6, 2015 (the "**Governmental Claims Bar Date**").

The Debtor has been reviewing, analyzing and resolving Claims on an ongoing basis as part of the claims reconciliation process. Nonetheless, additional claims may be asserted against the Debtor subsequent to the expiration of their respective Claims Bar Dates and the actual ultimate aggregate amount of Allowed Claims may differ significantly from the amounts used for the purposes of Debtor's estimates. Accordingly, the distribution amount that will ultimately be received by any particular holder of an Allowed Claim may be adversely affected by the outcome of the claims resolution process.

The Debtor will request the Court to fix an Administrative Bar Date by which Administrative Claims must be filed by an Administrative Claimant at a later time. Any person or entity that was required to file a proof of claim or interest and failed to do so on or before the Claims Bar Date or Governmental Claims Bar Date, as applicable, is not entitled with respect to such Claim or interest to receive any payment or Distribution of property from the Debtor, their successors or assigns, and is forever barred from asserting such Claim or interest against the Debtor's Estate. The Debtor reserves the right to file objections to all objectionable proofs of claim. Nothing herein shall constitute a waiver of Debtor's right to amend this narrative prior to solicitation or Debtor's right to object to other claims that it later determines are objectionable for some reason. Attached to the Disclosure Statement as **Exhibit "B"** is the Debtor's Claims Analysis.

E. The Debtor's Assets and Income.

As listed on the Debtor's Statement of Financial Affairs, the Debtor's gross income in 2013 totaled \$1,733,999 and totaled \$1,742,342.30 in 2014. The Debtor derives its income from the rental income collected from the Real Property. Attached to the Disclosure Statement as **Exhibit "C"** is a copy of the Debtor's rent roll. A summary description of the Debtor's assets is reflected on the Liquidation Analysis attached to the Disclosure Statement as **Exhibit "D."**

F. Confidential Settlement Agreement

The Debtor filed the *Motion for Approval of Confidential Settlement Agreement Pursuant to Rule 9019* (the "**Motion to Approve Settlement Agreement**") [ECF No. 61]. The parties to the underlying settlement agreement (the "**Confidential Stipulation**") are the Debtor, Auburn Development, LLC ("**Auburn Development**"), Auburn Management, Inc. ("**Auburn Management**"), Village at Delray GP, LLC ("**Withdrawn General Partner**"), Brian Hinnners, Thomas G. Hinnners ("**Thomas Hinnners**"), Village at Delray, Ltd. ("**Partnership**"), Columbia Housing SLP Corporation ("**Special Limited Partner**"), and PNC Institutional Fund 44 Limited Partnership ("**Investment Limited Partner**").

The Stipulation, which is attached to the motion to approve same, fully sets forth all of the terms of the agreement between the Parties. The pertinent terms of the Stipulation are set forth below for summary and notice purposes only, and to the extent any terms are inconsistent with the Stipulation, the Stipulation controls.

a. **Payment to Withdrawn General Partner:** Within ten days of the entry of the Approval Order¹, the Partnership shall pay to the trust account of Sweetapple Broeker & Varkas, P.L., counsel for the Withdrawn General Partner, Auburn Development, Auburn Management, Brian Hinnners and the Debtor, the total sum of \$1,000,075 (“**Payment**”) by wire transfer.

b. **Lawsuit Dismissed with Prejudice:** The Parties to the Confidential Stipulation agreed and stipulated that, conditioned upon the Bankruptcy Court’s approval of same, the Lawsuit shall be dismissed, with prejudice, with each party bearing its own attorneys’ fees and costs.

c. **Relinquishment of all Claims in the Lawsuit:** The Parties to the Confidential Stipulation agreed and stipulated that they are waiving and relinquishing, with prejudice, all of their claims and defenses in the Lawsuit.

d. **General Releases in Favor of the Partnership and Related Persons:** Except with respect to the obligations of the Partnership, Invested Limited Partner, and Special Limited Partner under the Stipulation, Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners, and the Debtor, for good and valuable consideration, forever released and discharged the Partnership, Special Limited Partner, Investment Limited Partner, and PNC Bank and all of their successors, assigns, representatives, directors, officers, past, present and future shareholders, partners, subsidiaries, affiliated companies, affiliates, joint venture partners, attorneys and agents from any and all claims, damages, causes of action, actions, debts and liabilities of any kind whatsoever, in law or in equity, whether now or subsequently existing, known or unknown, patent or latent, which they ever had, now have, or may hereafter have, or which any of their successors, heirs or assigns now have or may hereafter have, from the beginning of the world to the date of the Stipulation, including but not limited to, all claims and damages arising out of or in any pertaining to (i) the subject matter of the Lawsuit, (ii) all claims and defenses in the Lawsuit, (iii) the Partnership Agreement, (iv) the Development Agreement, (v) the Side Letter Agreement, (vi) all documents referred to in paragraph E of the Stipulation, (vii) the Project and/or (viii) the Closing Statement **BUT NOT AS TO** the causes of action, claims and defenses as detailed in the pleadings in the lawsuit captioned *Groves GP, LLC v. PNC Real Estate Tax Credit Capital Institutional Fund 46 Limited Partnership, et al.*, in the United States District Court for the Southern District of Florida, Case No. 9:14-CV-80902-Brannon (“**Groves GP Litigation**”). Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners and the Debtor acknowledged that the General Release in the Stipulation is a full discharge of all claims regardless of the nature and

¹ All capitalized terms in this section shall have the meaning ascribed to them in the Confidential Stipulation, unless otherwise indicated herein.

extent of any damages to them and regardless of whether any of the released parties is liable for said damages.

e. **General Releases in Favor of the Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners and the Debtor:** Except with respect to the obligations of the Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners, and the Debtor under the Stipulation, the Partnership, the Invested Limited Partner, and Special Limited Partner, for good and valuable consideration, forever released and discharged Auburn Development, Auburn Management, Withdrawn General Partners, Brian Hinnners, Thomas Hinnners, and the Debtor and all of their successors, assigns, representatives, directors, officers, past, present and future shareholders, partners, subsidiaries, affiliated companies, affiliates, joint venture partners, attorneys and agents from any and all claims, damages, causes of action, actions, debts and liabilities of any kind whatsoever, in law or in equity, whether now or subsequently existing, known or unknown, patent or latent, which they ever had, now have, or may hereafter have, or which any of their successors, heirs or assigns now have or may hereafter have, from the beginning of the world to the date of the Stipulation, including but not limited to, all claims and damages arising out of or in any pertaining to (i) the subject matter of the Lawsuit, (ii) all claims and defenses in the Lawsuit, (iii) the Partnership Agreement, (iv) the Development Agreement, (v) the Side Letter Agreement, (vi) all documents referred to in paragraph E of the Stipulation, (vii) the Project and/or (viii) the Closing Statement **BUT NOT AS TO** the causes of action, claims and defenses as detailed in the pleadings in the Groves GP Litigation. The Partnership, the Invested Limited Partner, and Special Limited Partner acknowledged that the General Release in the Stipulation is a full discharge of all claims regardless of the nature and extent of any damages to them and regardless of whether any of the released parties is liable for said damages.

f. **Release of Funds:** Without limiting any other provision of the Stipulation, Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners, and the Debtor forever released and discharged all claims of any kind to any funds being held pursuant to, or causes of action, arising out of, the Auburn Development Deposit Agreement, the PNC Pledge Agreement, SLP Pledge Agreement, Incentive Agreement, Partnership Management Agreement, Purchase Option Agreement, Closing Statement, or any other agreement pertaining to the Partnership that may inure to the benefit of Auburn Development, Auburn Management, Withdrawn General Partner, Brian Hinnners, Thomas Hinnners and/or the Debtor.

In negotiating the terms of the Stipulation, the Debtor and its counsel carefully evaluated the risks of litigation and the defenses that could be raised in its sound business judgment. Approval of the Stipulation will avoid the necessity of further litigation and avoid the concomitant fees and costs. Further, the Debtor was not a party to the underlying lawsuit, the Debtor does not assert claims against the Invested Limited Partner or the Special Limited Partner, the Debtor did not list claims against the Invested Limited Partner or the Special Limited Partner, and the Debtor only listed the potential unliquidated claim against the Partnership in the amount of \$10,499.15 on its Schedules.

On April 9, 2015, The City of Delray Beach filed an objection to the Motion to Approve

Settlement Agreement [ECF No. 74]. The basis of the objection include, *inter alia*, that: (i) the ramifications to the Debtor of the settlement are impossible to discern and that a review of documents that were not included in the filing would be required; (ii) the settlement involves a payment in excess of \$1,000,000 that is not being paid to the estate; (iii) the settlement requires the Debtor to execute releases, which is improper because the Debtor is receiving no consideration; (iv) there is no explanation provided as to why the Debtor has agreed to release claims with regard to a scheduled asset for no consideration; (v) there is no discussion attributing a value to the asset or a need for litigation to recover the asset; and (vi) the Debtor needs to provide a more thorough analysis to explain that each of the *Justice Oaks* factors have been satisfied. The Court shall rule on the Motion to Approve Settlement Agreement and the aforementioned objection prior to the Confirmation Hearing.

G. Entities the Debtor Holds a Substantial or Controlling Interest In

As is reflected in the *Periodic Report Regarding Value, Operations and Profitability of Entities in which the Estate of David Ross Holds a Substantial or Controlling Interest* (the “**Periodic Financial Report**”) [ECF No. 27], the Debtor does not hold a substantial or controlling interest in any entities.

III. SUMMARY OF PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY AND IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN AND THE PLAN DOCUMENTS. CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THE MORE DETAILED DESCRIPTION OF THE PLAN CONTAINED IN SECTION IV OF THIS DISCLOSURE STATEMENT AND THE PLAN ITSELF. THE PLAN IS ATTACHED AS EXHIBIT A TO THIS DISCLOSURE STATEMENT. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN CONTROLS.

For purposes of the Plan, the Claims of Creditors shall be classified as follows:

A. Unclassified Claims

1. “Administrative Claims” shall consist of Allowed Claims for liabilities incurred by the Debtor in the ordinary course during the Chapter 11 Case including the Administrative Claims of professionals.

2. “Priority Tax Claims” shall consist of those Allowed Claims asserted by the Internal Revenue Service which are given priority under Section 507(a)(8) of the Bankruptcy Code.

3. “U.S. Trustee’s Fees” shall consist of those fees due to the United States Trustee as required pursuant to 28 U.S. C. § 1930(a)(6).

B. Classified Claims

<u>Class</u>	<u>Description</u>	<u>Status</u>	<u>Voting Status</u>
Class 1	Allowed Secured Real Property Tax Claims	Impaired	Yes
Class 2	Allowed Secured Claim of Iberia Bank	Impaired	Yes
Class 3	Allowed Secured Claim of The City of Delray Beach	Unimpaired	No. Deemed Accepted.
Class 4	Allowed Secured Claim of US Small Business Administration	Impaired	Yes
Class 5	Allowed General Unsecured Claims	Impaired	Yes
Class 6	Allowed Equity Interests	Impaired	No. Deemed Rejected.

IV. CHAPTER 11 PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE MORE SIGNIFICANT MATTERS CONTEMPLATED BY OR IN CONNECTION WITH THE CONFIRMATION OF THE PLAN. THUS, THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A. THIS SUMMARY ONLY HIGHLIGHTS CERTAIN SUBSTANTIVE PROVISIONS OF THE PLAN. CONSIDERATION OF THIS SUMMARY WILL NOT, NOR IS IT INTENDED TO, YIELD A THOROUGH UNDERSTANDING OF THE PLAN. SUCH CONSIDERATION IS NOT A SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO REVIEW THE PLAN CAREFULLY. THE PLAN, IF CONFIRMED, WILL BE BINDING ON DEBTOR AND ALL HOLDERS OF CLAIMS AND INTERESTS.

A. Treatment of Unimpaired Claims

The following Allowed Administrative Claims, Allowed Priority Claims and United States Trustee's Fees are Unimpaired under the Plan and will be treated as follows:

1. Allowed Administrative Claims.**a. Ordinary Course Claims.**

Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the Debtor shall be paid in full and performed by the Reorganized Debtor in the ordinary course of business consistent with past practices and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

b. Professional Fees and Expense Claims.

Compensation of professionals and reimbursement of expenses incurred by professionals are Administrative Claims pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Code (the "**Professional Fees and Expenses Claims**"). All payments to Professionals for Professional Fees and Expenses Claims will be made in accordance with the procedures established by the Code, the Rules and the Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Court will review and determine all applications for compensation for services rendered and reimbursement of expenses. SFL estimates its total outstanding fees and costs through Confirmation will total approximately \$20,000, which shall be paid on or before Confirmation, unless otherwise agreed to by SFL. As of the date of this filing, to the best of the Debtor's knowledge, there are no additional estimated Professional Fees and Expenses Claims or other administrative expense claims. To the extent there are any other chapter 11 administrative expenses that are non-professional fees, the Debtor will file a supplemental notice to disclose same.

Parties in interest will be noticed of any additional Professional Fees and Expenses Claims, including the fees and expenses of special eviction counsel, because aAll entities seeking an award by the Court of ~~Professional Fees and Expenses~~said fees and expenses shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date pursuant to section 330 of the Code and Rule 2016 by the date that is ten (10) days after the Effective Date or such other date as may be fixed by the Court.

The time for filing objections to applications for allowance and payment of Professional Fees and Expenses, and the date and time for a hearing in respect of such applications and the related objections, if any, shall be set forth in the Confirmation Order or other order of the Court.

Notwithstanding anything herein to the contrary, all Professional Fees and Expenses that are awarded by the Court shall become Allowed Administrative Claims and shall be paid in full in Cash on the later of the Effective Date of the Plan, the date on which such Professional Fees and Expense Claim becomes an Allowed Administrative Claim by Final Order of the Court or as soon thereafter as is reasonably practicable.

2. Priority Tax Claims.

Each holder of an Allowed Priority Tax Claim shall receive deferred cash payments over a period not to exceed five years following the Order for Relief, of a value, as of the Effective Date of the Plan, equal to the amount of the Allowed Priority Tax Claim, plus statutory interest, except to the extent that a holder of an Allowed Priority Tax Claim under section 507(a)(8) of the Code has been paid by the Debtor prior to the Effective Date or agrees to a different treatment. Prior to the Effective Date, the Debtor shall have the right, in its sole discretion, to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature. The Debtor estimates the amount of Florida Department of Revenue's Allowed Priority Tax Claim is approximately \$367.92.

3. United States Trustee's Fees.

The Reorganized Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) through Confirmation on the Effective Date. The Reorganized Debtor shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time periods set forth in 28 U.S.C. §1930(a)(6), until the earlier of the closing of this Case by the issuance of a Final Decree by the Court, or upon entry of an order of this Court dismissing this Case, or converting this Case to another chapter under the Code, and the Reorganized Debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating disbursement for the relevant periods.

B. Treatment of Classified Claims

Class 1 – Allowed Secured Tax Claims

(a) Description. Class 1 consists of the Allowed Secured Tax Claims on the Real Property in the amount of approximately \$16,019.49 (POC No. 7) and \$135,967.32 (POC No. 6) for 2014 and \$135,967.32 in 2015; the 2014 non-ad valorem property taxes in the amount of \$129.83 (POC No. 9); and the 2014 tangible personal property Allowed Secured Tax Claims in the amount of \$3,134.46. The Debtor estimates the value of the Real Property ranges between \$9,300,000 and \$10,700,000.

(b) Treatment. Except to the extent that the holders of the Allowed Secured Tax Claims have been paid by the Debtor or some other party prior to the Effective Date or agrees to a different treatment, the Class 1 Claimholders shall be paid 100% of the Allowed Amount of the Claim. The Class 1 Claimholders shall receive equal monthly payments, with interest at the statutory rate, over a period not to exceed five (5) years from the Petition Date, in accordance with 11 U.S.C. § 1129(a)(9)(D). In addition to the foregoing monthly payments, the Class 1 Claimholders shall receive an annual payment in the amount equal to the Debtor's Net Annual Profits on January 15th of each year until the Allowed Class 1 Claims are paid in full.

(c) Impairment. The Class 1 Claims are Impaired and the Class 1 Claimholders are entitled to vote to accept or reject the Plan.

Class 2 – Allowed Secured Claim of Iberia Bank

(a) Description. Class 2 consists of the Allowed Secured Claim of Iberia Bank as it relates to the first position mortgage on the Real Property in the amount of \$4,221,557.73 (Acct. No. 752147203101). This loan was formerly serviced by Orion Bank. The Debtor estimates the value of the Real Property ranges between \$9,300,000 and \$10,700,000. Since the inception of this case through the date of this filing, the holder of the Allowed Class 2 Claim has not received any payment from the Debtor.

(b) Treatment. Except to the extent that the holder of the Allowed Class 2 Claim has been paid prior to the Effective Date or agrees to a different treatment, in full satisfaction,

settlement, release and extinguishment of the Allowed Class 2 Claim, the Debtor shall pay Iberia Bank as follows:

- (i) Commencing on the Effective Date, or as soon thereafter as is reasonably practicable, for a period of twelve (12) months, the Debtor shall pay interest only monthly payments to Iberia Bank at a fixed interest rate based at 1 percentage point above the current Prime Rate as published in the Wall Street Journal (3.25% + 1%), amortized over thirty (30) years.
- (ii) Upon completion of the interest only payments described above, the Debtor shall make equal principal and interest monthly payments for a period of four (4) years at a fixed interest rate based at 1 percentage point above the current Prime Rate as published in the Wall Street Journal (3.25% + 1%), amortized over thirty (30) years.
- (iii) In addition to the foregoing monthly payments, the Class 2 Claimholder shall receive an annual payment in the amount equal to the Debtor's Net Annual Profits, less the amounts paid to the Class 1 Claimholder, on January 15th of each year until the Allowed Class 2 Claim is paid in full.
- (iv) To the extent the Class 2 Claim is not paid in full based on the payments referenced in the preceding paragraphs, the entire outstanding principal balance, together with accrued, but unpaid interest, shall be due and payable on the fifth (5th) annual anniversary of the Effective Date.

The Debtor will not pay default rate interest or any penalties resulting from the bankruptcy filing. The Debtor will not compensate the holder of the Allowed Class 2 Claim for any damages incurred as a result of any reasonable reliance by such holder on any contractual provision or applicable law that entitles the holder of such claim to receive accelerated payment of such claim after the occurrence of a default.

During the life of the Plan, the Debtor shall continue to maintain insurance and fund taxes on the Real Property. There shall be no prepayment penalty on the aforementioned payments.

Iberia Bank shall retain any and all Liens on the Debtor's Real Property and other rights until such time as the proposed payments herein have been satisfied. In addition to retaining said Liens, Iberia Bank shall be granted a Lien on the Allowed Equity Interests retained by Auburn Trace Joint Venture and Brian J. Hinners. Upon completion of the payments described herein, Iberia Bank shall release its Liens on all property retained by the Debtor, including the Real Property, and Iberia Bank shall no longer have a Lien on such Allowed Equity Interests. Within thirty (30) days of completion of the aforementioned payments, Iberia Bank shall file and record in the public records, a satisfaction of Lien, or any other document(s) necessary to release the Liens in favor of Iberia Bank against the Debtor that are encumbering any assets of the Debtor.

In the event Iberia Bank opposes the Debtor's proposed Plan treatment, there is a potential that there will be a contested Confirmation Hearing.

(c) Impairment. The Class 2 Claim is Impaired and the Class 2 Claimholder is entitled to vote to accept or reject the Plan.

Class 3 – Allowed Secured Claim of The City of Delray Beach

(a) Description. Class 3 consists of the Allowed Secured Claim of The City of Delray Beach as it relates to the second position mortgage on the Real Property in the amount of \$4,231,816.22. The Debtor estimates the value of the Real Property ranges between \$9,300,000 and \$10,700,000. At the time of the bankruptcy filing, the Debtor's obligation to The City of Delray Beach was in default in the amount of approximately \$149,243.50. The default occurred once the loan to Iberia Bank matured on June 14, 2014 and the Debtor did not have the funds to pay the total outstanding loan balance due to Iberia Bank in full. The instance case was filed after the Debtor's attempted negotiations with Iberia Bank to extend the maturity date were unsuccessful. Since the inception of this case through the date of this filing, the holder of the Allowed Class 3 Claim has not received any payment from the Debtor.

(b) Treatment. Except to the extent that the holder of the Allowed Class 3 Claim has been paid prior to the Effective Date or agrees to a different treatment, in full satisfaction, settlement, release and extinguishment of the Allowed Class 3 Claim, upon the Effective Date, or as soon thereafter as is reasonably practicable, Auburn Trace Joint Venture and Brian J. Hinner's, or their assigns, as part of their New Value Payment, shall make a lump sum payment in the amount of \$149,243.50 to the Allowed Class 3 Claimholder, which amount represents the Prepetition cure amount in default. In addition, the maturity date of the Allowed Class 3 Claim shall be reinstated as such maturity existed before such default; the Debtor shall compensate the Allowed Class 3 Claimholder for any damages incurred as a result of any reasonable reliance by the Allowed Class 3 Claimholder on such contractual provision or such applicable law; and the Confirmation of the Debtor's Plan shall otherwise leave the holder of the Allowed Class 3 Claim with its legal, equitable and contractual rights unaltered. To the extent any portion of the Allowed Class 3 Claim arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), the Debtor shall compensate the holder of the Allowed Class 3 Claim for any actual pecuniary loss incurred by such holder as a result of such failure.

In addition to the foregoing, the Class 3 Claimholder shall receive an annual payment in the amount equal to the Debtor's Net Annual Profits, less the amounts paid to the Class 1 and Class 2 Claimholders, on January 15th of each year until the Allowed Class 3 Claim is paid in full.

During the life of the Plan, the Debtor shall continue to maintain insurance and fund taxes on the Real Property. The City of Delray Beach shall retain any and all Liens on the Real Property and other rights until such time as the proposed payments herein have been satisfied. Upon completion of the payments described herein, The City of Delray Beach shall release its Liens on all property retained by the Debtor, including the Real Property. Within thirty (30) days of completion of the aforementioned payments, The City of Delray Beach shall file and record in the

public records, a satisfaction of Lien, or any other document(s) necessary to release the Liens in favor of The City of Delray Beach against the Debtor that are encumbering any assets of the Debtor.

(c) Impairment. The Class 3 Claim is Unimpaired and the Class 3 Claimholder shall be deemed to have accepted the Plan.

Class 4 – Allowed Secured Claim of US Small Business Administration

(a) Description. Class 4 consists of the Allowed Secured Claim of US Small Business Administration as it relates to the third position mortgage on the Real Property in the amount of \$199,514.54. The Debtor estimates the value of the Real Property ranges between \$9,300,000 and \$10,700,000. Since the inception of this case through the date of this filing, the holder of the Allowed Class 4 Claim has not received any payment from the Debtor.

(b) Treatment. Except to the extent that the holder of the Allowed Class 4 Claim has been paid prior to the Effective Date or agrees to a different treatment, in full satisfaction, settlement, release and extinguishment of the Allowed Class 4 Claim, the Debtor shall pay US Small Business Administration as follows:

(i) Commencing on the Effective Date, or as soon thereafter as is reasonably practicable, for a period of twelve (12) months, the Debtor shall pay interest only monthly payments to US Small Business Administration at a fixed interest rate based at 1 percentage point above the current Prime Rate as published in the Wall Street Journal (3.25% + 1%), amortized over thirty (30) years.

(ii) Upon completion of the interest only payments described above, the Debtor shall make equal principal and interest monthly payments for a period of four (4) years at a fixed interest rate based at 1 percentage point above the current Prime Rate as published in the Wall Street Journal (3.25% + 1%), amortized over thirty (30) years.

(iii) In addition to the foregoing monthly payments, the Class 4 Claimholder shall receive an annual payment in the amount equal to the Debtor's Net Annual Profits, less the amounts paid to the Class 1, 2, and 3 Claimholders, on January 15th of each year until the Allowed Class 4 Claim is paid in full.

(iv) To the extent the Class 4 Claim is not paid in full based on the payments referenced in the preceding paragraphs, the entire outstanding principal balance, together with accrued, but unpaid interest, shall be due and payable on the fifth (5th) annual anniversary of the Effective Date.

The Debtor will not pay default rate interest or any penalties resulting from the bankruptcy filing. The Debtor will not compensate the holder of the Allowed Class 4 Claim for any damages

incurred as a result of any reasonable reliance by such holder on any contractual provision or applicable law that entitles the holder of such claim to receive accelerated payment of such claim after the occurrence of a default.

During the life of the Plan, the Debtor shall continue to maintain insurance and fund taxes on the Real Property. There shall be no prepayment penalty on the aforementioned payments.

US Small Business Administration shall retain any and all Liens on the Real Property and other rights until such time as the proposed payments herein have been satisfied. Upon completion of the payments described herein, US Small Business Administration shall release its Liens on all property retained by the Debtor, including the Real Property. Within thirty (30) days of completion of the aforementioned payments, US Small Business Administration shall file and record in the public records, a satisfaction of Lien, or any other document(s) necessary to release the Liens in favor of US Small Business Administration against the Debtor that are encumbering any assets of the Debtor.

(c) Impairment. The Class 4 Claim is Impaired and the Class 4 Claimholder is entitled to vote to accept or reject the Plan.

Class 5 – Allowed General Unsecured Claims

(a) Description. Class 5 consists of the Allowed General Unsecured Claims. Pursuant to the Debtor's Schedules, the Debtor estimates the aggregate amount of Allowed General Unsecured Claims is approximately \$599,649.68. If all timely filed proofs of claims are deemed Allowed, the Debtor estimates the aggregate Class 5 Claims total \$604,497.17. Upon Confirmation of this Plan, Florida Affordable Housing, Inc., an Insider, with Claims against the Debtor that aggregate \$507,966.54, and Auburn Group Company, LLC, an Insider with Claims against the Debtor in the amount of \$55,000 have agreed to subordinate payment of its Claims until all Allowed Claims in Classes 1 through 4 are paid in full in accordance with the terms of the Plan. The agreement by Florida Affordable Housing, Inc. and Auburn Group Company, LLC to subordinate their Claims is expressly conditioned upon the Confirmation of this Plan.

(b) Treatment. Except to the extent that the holder of the Allowed Class 5 Claim has been paid prior to the Effective Date, or agrees to a different treatment, at the election of each Holder of an Allowed Claim in Class 5, such Claimholder will receive payment pursuant to one of the following two options:

(Election A): Commencing on the date that is the second annual anniversary of the Effective Date, the holders of Allowed Class 5 Claims shall be paid 100% of the Allowed Amount of such Claim, without interest, by receiving equal monthly payments for a period of thirty-six (36) months. In addition to the foregoing payments, each Class 5 Claimholder that elects Election A shall receive a pro rata annual payment in the amount equal to the Debtor's Net Annual Profits, less the amounts paid to the Class 1, 2, 3 and 4 Claimholders, on January 15th of each year until the Allowed Class 5 Claims have been in full.

OR

(Election B): Within thirty (30) days of the Effective Date, the Allowed Class 5 Claims will be completely and fully satisfied by the payment in an amount equal to sixty-five percent (65%) of the Allowed amount of such Claim to be funded by Auburn Trace Joint Venture and Brian J. Hinner's, or their assigns, as part of their New Value Payment. The Debtor estimates the amount of this payment to holders of Allowed Class 5 Claims that select Election B may range from \$0 to \$26,994.91.

In the event the holder of an Allowed Class 5 Claim fails to make an election on the Ballot and file same Ballot with the Court by the Ballot Deadline, the Class 5 Claimholder will automatically receive the Election A treatment. A copy of the form Ballot is attached to the Disclosure Statement as **Exhibit "E"**.

(c) **Impairment.** The Class 5 Claims are Impaired and Class 5 Claimholders are entitled to vote to accept or reject the Plan.

Class 6 – Allowed Equity Interests

(a) **Description.** Class 6 consists of the Allowed Equity Interests in the Debtor, which includes interests in any share of preferring stock, common stock or other instrument evidencing ownership interest in the Debtor, whether or not transferable, and any option, warranty, right, contractual or otherwise, to acquire any such interest.

(b) **Treatment.** On the Effective Date, in exchange for Auburn Trace Joint Venture and Brian J. Hinner's, or their assigns, providing the funds for the New Value Payment², the holder of the Allowed Equity Interests shall retain their Equity Interests in the Debtor and shall receive no Distribution under the Plan on account of such Equity Interests, and the following parties will own the Reorganized Debtor: Auburn Trace Joint Venture as the General Partner shall own a one percent (1%) interest in the Reorganized Debtor and Brian J. Hinner's as the Limited Partner shall own a ninety-nine percent (99%) interest in the Reorganized Debtor. The newly issued stock in the Reorganized Debtor shall be held in escrow until the payments required under the Plan have been repaid in full with an escrow agent to be designated by a notice of filing prior to the Confirmation Hearing. Upon completion of the Plan payments to holders of Allowed Claims in Classes 1 through 5, the stock shall be released from escrow.

(c) **Impairment.** The Class 6 Claims are Impaired, but Class 6 Claimholders are not entitled to vote to accept or reject the Plan, as Class 6 Claimholders shall be deemed to have rejected the Plan.

C. Means of Implementation of the Plan

1. Vesting of the Property of the Estate

² As provided in more detail in the definitional section of the Plan and Section 7.03 of the Plan, the Debtor estimates the New Value Payment may range from \$192,719.09 to \$219,714.

Except as otherwise provided in the Plan, pursuant to section 1141 of the Code, the Property of the Estate of the Debtor shall revert in the Reorganized Debtor on the Effective Date, free and clear of all Liens, Claims and interests of holders of Claims, except as otherwise provided in the Plan or the Confirmation Order.

2. Source of Plan Funding & Feasibility

Funds to be used to make cash payments under the Plan shall derive from the Debtor's monthly income. In addition, Auburn Trace Joint Venture and Brian J. Hinner's, or their assigns, agree to fund the New Value Payment. As defined in the definition section of the Plan, the New Value Payment means the funding of the initial Plan payments to be paid within thirty (30) days of the Effective Date to be provided by Brian J. Hinner's and Auburn Trace Joint Venture, or their assigns.

The Debtor estimates the New Value Payment will total approximately \$206,216.54, which is comprised as follows: (i) the initial payment to the holder of the Allowed Priority Tax Claims that the Debtor estimates totals \$7.67; (ii) the initial payments to the holders of Allowed Secured Tax Claims in Class that the Debtor estimates totals \$7,809.96 (\$4,077.83 toward 2014 real estate taxes, \$84.10 toward 2014 tangible property taxes; and \$3,648.03 toward 2015 real estate taxes); (iii) the initial payment to the holder of the Allowed Class 2 Secured Claim of Iberia Bank that the Debtor estimates totals \$14,951.35; (iv) the initial payment to the holder of the Allowed Class 3 Secured Claim of The City of Delray Beach in the amount of \$149,243.50; (v) the initial payment to the holder of the Allowed Class 4 Secured Claim of US Small Business Administration that the Debtor estimates totals \$706.61; and (vi) the initial payment to the holder of the Allowed Class 5 General Unsecured Claims that select Election B that the Debtor projects may total approximately \$26,994.91. For purposes of the Debtor's projection as it relates to the estimated amount of the initial Plan payment to be paid to holders of Allowed Class 5 General Unsecured Claims that select Election B, the Debtor estimated 50% of the Allowed Class 5 Claims would select Election A and the remaining 50% would select Election B. The Debtor estimates this initial Plan payments to the holders of Allowed Class 5 Claims that select Option B may range from \$0 to \$26,994.91, which means the Debtor estimates the New Value Payment may range from \$192,719.09 to \$219,714.

Not later than (10) days prior to the Confirmation Hearing, Auburn Trace Joint Venture and/or Brian J. Hinner's, or their assigns, shall file a notice of filing to demonstrate proof of available funds necessary to make the New Value Payment, as well as the source of funds. In the event the New Value Payment is paid to the Debtor prior to the Confirmation Hearing, the Debtor shall file a receipt of same not later than (10) days prior to the Confirmation Hearing to disclose the source of funds or any financing contingency, if applicable, that could impact the Debtor.

As demonstrated in the projected operating income and expenses budget, which is attached to the Disclosure Statement as **Exhibit "F"**, the Debtor is cash flow positive and has the funds available to perform the obligations under the Plan. In order to assist in funding the Debtor's business operations under the Plan, the Debtor may retain its Cash on hand, the funds in its bank accounts, and may retain amounts received from accounts receivable to pay accounts payable.

The entire outstanding principal balance owed to Iberia Bank and the US Small Business Administration on account of their respective Class 2 and 4 Allowed Secured Claims shall be due and payable in full on or around the fifth (5th) anniversary of the Effective Date. The Debtor estimates the aforementioned balloon payments will total approximately \$4,110,184.16 in the aggregate. This estimate does not include a reduction of any amounts paid to Classes 2 and 4 from the Debtor's Net Annual Profits. The balloon payment to The City of Delray Beach is due on August 1, 2022. The Debtor will fund the respective balloon payments by refinancing and renovating the Real Property. The Debtor intends to apply for tax credit equity, bond financing through the state or county, and soft secondary mortgage financing, as well as federal grants for affordable housing. If the Debtor is unsuccessful at obtaining local or state bond financing, the Debtor will apply for conventional bank financing and the Debtor's principals are prepared to make an equity paydown to assure their ability to refinance. Based on the foregoing, the Debtor asserts that it is able to perform all of its obligations under the Plan, and as such, the Debtor's Plan satisfies section 1129(a)(11) of the Code.

3. Disputed Claims

On the initial Distribution Date and each subsequent Distribution Date, the Reorganized Debtor shall reserve from the Distributions to be made on such dates to the holders of Allowed Claims, an amount equal to One Hundred Percent (100%) of the Distributions to which holders of Disputed Claims would be entitled under the Plan as of such dates if such Disputed Claims were Allowed Claims in their Disputed Claim Amounts or as estimated by the Debtor or the Court in accordance with Section 5.07 of the Plan (the "**Disputed Claims Reserve**").

The holder of a Disputed Claim that becomes an Allowed Claim subsequent to the initial Distribution Date shall receive distributions of Cash and any other consideration from the Disputed Claims Reserve from the Reorganized Debtor within ten (10) days following the date on which such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such Distributions shall be made in accordance with the Plan.

4. Unclaimed Distributions

To the extent that a Disputed Claim is not Allowed or becomes an Allowed Claim in an amount less than the Disputed Claim Amount, the excess of Cash and any other consideration in the Disputed Claims Reserve over the amount of Cash and any other consideration actually distributed on account of such Disputed Claim shall vest in the Reorganized Debtor.

5. Determination of Tax Liability

The Debtor reserves the right to seek determination of any tax liabilities pursuant to 11 U.S.C. § 505.

V. CONFIRMATION AND CONSUMMATION PROCEDURES'

A. Acceptance Or Rejection Of Plan

1. Impaired Classes to Vote

The Bankruptcy Code entitles only holders of Impaired Claims or Equity Interests who receive some distribution under a proposed plan to vote to accept or reject that plan. Claims in Classes 1, 2, 4, 5 and 6 are Impaired under this Plan. Holders of Claims or Equity Interests that are Unimpaired under a proposed plan are conclusively presumed to have accepted that plan and are not entitled to vote on it (Class 3). Holders of classes of Claims or Equity Interests that will receive no distributions under a proposed plan (Class 6) are conclusively presumed to reject that plan and, therefore, also not entitled to vote on it.

Each holder of an Allowed Claim that is entitled to vote on the Plan pursuant to the Code shall be entitled to vote separately to accept or reject the Plan as provided in such order as may be entered by the Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Court. Holders of Claims valued at an unknown amount, and holders of Disputed Claims, shall not be entitled to vote on the Plan, unless otherwise provided for in the Plan.

Any Ballot not filed in accordance with the filing instructions on the Ballot pertaining to this Plan shall not be counted for voting purposes. A from Ballot is attached to the Disclosure Statement as **Exhibit “E”**.

2. Acceptance by Class of Creditors

An Impaired Class of creditors is deemed to have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half (2) in number of the Allowed Claims of such Class.

3. Cramdown

In the event that any Impaired Class of creditors with claims against the Debtor’s Estate fail to accept the Plan in accordance with section 1129(a) of the Code, the Debtor will request this Court to confirm the Plan in accordance with section 1129(b) of the Code (“**Cramdown Provisions**”). For purposes of seeking Confirmation of the Plan under the Cramdown Provisions, the Debtor reserves the right to modify or vary the terms of the Plan or the treatment of the Claims of those Classes that rejected the Plan so as to comply with the requirements of the Cramdown Provisions.

4. Confirmation Hearing

The Bankruptcy Court shall schedule the Confirmation Hearing to consider the final approval of this Disclosure Statement and confirmation of the Plan before the Honorable Paul G. Hyman, Judge for the United States Bankruptcy Court for the Southern District of Florida, located at the United States Bankruptcy Court, Flagler Waterview Building, 1515 N. Flagler Drive, 8th Floor, Courtroom A, West Palm Beach, Florida 33401. The Confirmation Hearing may be

adjourned from time to time without notice except as given at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing. The Bankruptcy Court shall set forth a deadline to file objections, if any, to the approval of this Disclosure Statement or the confirmation of the Plan.

VI. EFFECTS OF CONFIRMATION OF PLAN

As of the Effective Date, all persons who have held, hold or may hold Claims against the Debtor, will be enjoined from taking any of the following actions or affecting the Reorganized Debtor, the Debtor's estate, the assets or properties of the Reorganized Debtor, other than actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against the Reorganized Debtor, the Debtor's estate or the assets or properties of the Reorganized Debtor; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against the Reorganized Debtor or the Debtor's estate or the assets or properties of the Reorganized Debtor or the Debtor's estate; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Reorganized Debtor or the Debtor's estate or the assets or properties of the Reorganized Debtor or the Debtor's estate or any direct or indirect successor-in-interest to the Reorganized Debtor, or any assets or properties of any such transferee or successor other than as contemplated by the Plan; (iv) asserting any set off, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Reorganized Debtor or the Debtor's estate or the assets or property of the Reorganized Debtor, or any direct or indirect transferee of any assets or property of, successor-in-interest to, the Reorganized Debtor; and (v) proceeding in any manner in any place whatsoever that does not conform or comply with the provisions of the Plan.

VII. VOIDABLE TRANSFERS

The Debtor has reviewed all transfers in the aggregate of \$6,225 or more to a particular transferee made during the ninety (90) day period prior to the filing and does not believe any of the transfers are voidable. The Debtor believes any such payments were made in the ordinary course and were made from exempt assets. Attached to the Disclosure Statement as **Exhibit "G"** is a list of payments the Debtor made in the ninety day period prior to the Petition Date in the aggregate of \$6,225 or more. Any remaining transfers are of inconsequential value, and the Debtor does not plan to pursue any Avoidance Actions as the cost of litigating such transfers will outweigh the possible recovery. **Exhibit "H"** attached to the Disclosure Statement contains lists of transfers made to Insiders within one (1) year prior to the Petition Date.

After the Effective Date, the Reorganized Debtor shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon or dismiss all such Actions with the approval of the Court. In order to obtain Court approval of a settlement, the Reorganized Debtor shall file and serve on all known creditors, a motion to approve the settlement, pursuant to Rule 9019, to give the creditors the opportunity to review any such proposed settlement. Prior to Confirmation, the Debtor shall file a schedule of potential Avoidance Actions, if any.

VIII. TAX IMPLICATIONS OF THE PLAN

The tax consequences of the implementation of the Plan to a specific Creditor will depend on a number of factors, including whether the Creditor's Claim constitutes a "security" for federal income tax purposes, whether a Creditor has already taken a deduction of loss with respect to its Claim and the timing of any distributions under the Plan. It is possible that certain Creditors will recognize gain or income as a result of distributions under the Plan. There also may be state, local or foreign tax considerations applicable to particular holders of Claims, none of which are discussed herein. Each holder of a Claim or any other party in interest in this case is strongly urged to consult with their tax advisor regarding the federal, state and local income and other tax consequences that the implementation of this Plan may have on them.

IX. LIQUIDATION

Notwithstanding acceptance of the Plan by each Impaired Class, in order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Interest in any such Impaired Class who has not voted to accept the Plan. Accordingly, if an Impaired Class does not unanimously accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such Class member would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each Impaired Class of unsecured creditors and equity security holders would receive if the Debtor was liquidated under Chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtor's Assets if this Chapter 11 Case was converted to a Chapter 7 case under the Bankruptcy Code and the Assets were liquidated by a Trustee in bankruptcy (the "**Liquidation Value**" of such Assets). The Liquidation Value would consist of the net proceeds from the disposition of Debtor's Assets and would be augmented by any Cash held by Debtor. As detailed in the Liquidation Analysis, attached hereto as **Exhibit "D"**, the Debtor's Liquidation Value would not allow holders of Allowed General Unsecured Claims to receive any distribution, and the Debtor's Plan proposes holders of Allowed General Unsecured Claims with the option to be paid in full over the life of the Plan.— Accordingly, the Distributions under the Plan will provide at least the same recovery to holders of Allowed Claims against the Debtor on account of such Allowed Claims as would Distributions by a Chapter 7 Trustee.

X. MISCELLANEOUS

A. Modifications

The Debtor reserves the right to revoke or withdraw the Plan in its sole discretion, at any time before the Confirmation Date, or, if for any reason the Plan cannot be consummated after the Confirmation Date, at any time up to and including the Effective Date. If the Plan is revoked and withdrawn, then (a) nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the estate or to prejudice in any manner the rights of any person in any further proceedings in the Chapter 11 Case or otherwise; and, (b) any provision of the Confirmation

Order shall be null and void and all such rights of or against the estate shall exist as though the Plan had not been filed and no actions were taken to effectuate it.

The Debtor may modify the Plan, in its sole discretion, either pre- or post-confirmation in accord with the Bankruptcy Code, or, if for any reason the Plan cannot be consummated after the Confirmation Date, at any time up to and including the Effective Date.

B. Confirmation Order Controls

To the extent the Disclosure Statement is inconsistent with the Plan, the Plan shall control. To the extent that the Plan, the Disclosure Statement or any agreement entered into between or among the Debtor and any third party is inconsistent with the Confirmation Order, the Confirmation Order shall control.

C. Effectuating Documents and Further Transactions

The Debtor or Reorganized Debtor, as the case may be, is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to implement, effectuate and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan.

D. Terms of the Plan are Binding

Pursuant to Section 1141 of the Bankruptcy Code, the Plan and all of its terms, when approved and confirmed by the Bankruptcy Court, shall be binding upon, including, without limitation, the Debtor, the Debtor's estate, the Reorganized Debtor, all holders of Claims, Allowed or not, and their respective successors and assigns.

If, after the Confirmation Date, any term or provision of this Plan is determined to be unenforceable, the remaining terms and provisions of this Plan shall nonetheless continue in full force and effect.

E. Injunction

The Confirmation Order shall act as an injunction:

1. Against the filing, commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or success except as specifically authorized in the Plan;

2. Enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree or other Order against the Debtor, with respect to any property of any of the foregoing or any of the direct or indirect transferee of any property

of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferees or successor except as specifically authorized in the Plan;

3. Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any liens or encumbrances against the Debtor, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;

4. Setting-off, seeking reimbursement or contribution from or subrogation against or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to the Debtor, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing except as specifically authorized in the Plan; or

5. Proceeding in any manner and any place with regard to liquidating any Claim in any forum other than the United States Bankruptcy Court for the Southern District of Florida, or, if that Court does not have jurisdiction thereon, in the United States District Court for the Southern District of Florida, or in such forum deemed appropriate by the Debtor.

F. Compensation and Benefit Programs

Except as provided in the Plan, and other than stock option or similar plans which will be cancelled as part of the treatment of any Class of Claims under the Plan, all employment and severance practices and policies, and all compensation and benefit plans, policies, and programs of the Debtor applicable to its directors, officers, and employees who served as directors, officers and employees, respectively, on or after the Petition Date, including, without limitation, all savings plans, retirement plans (exclusive of defined benefit plans), health care plans, severance benefit plans, incentive plans, workers' compensation programs and life, disability and other insurance plans, are treated as Executory Contracts under the Plan and are hereby assumed pursuant to sections 365(a) and 1123(b)(2) of the Code; *provided, however*, that the Reorganized Debtor reserves the right to modify any and all such compensation and benefit practices, plans, policies, and programs in accordance with the terms thereof.

G. Insurance Policies

Each of the Debtor's insurance policies and any agreements, documents or instruments relating thereto, including without limitation, any retrospective premium rating plans relating to such policies, shall be treated as Executory Contracts under the Plan. Notwithstanding the foregoing, distributions under the Plan to any holder of a Claim covered by any insurance policies and related agreements, documents or instruments that are assumed hereunder, shall comply with the treatment provided under the Plan. Nothing contained in the Plan shall constitute or be deemed a waiver or release of any Action that the Debtor may hold against any entity, including, without limitation, the insurers under any of the Debtor's policies of insurance.

H. Continued Corporate Existence

The Reorganized Debtor shall continue to exist after the Effective Date with all powers of a limited partnership under the laws of the State of Florida and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under Florida law; and, following the Effective Date, the Reorganized Debtor may operate its business free of any restrictions imposed by the Bankruptcy Code, the Bankruptcy Rules or by the Court, subject only to the terms and conditions of this Plan and Confirmation Order. After the Effective Date, the Reorganized Debtor may operate its business, and may use, acquire, and dispose of its property, free of any restrictions of the Code and Rules.

The Debtor's owners as of the Petition Date were as follows: Brian J. Hinnners (99% - Limited Partner); and Auburn Trace Joint Venture (1% - General Partner). During the one year period prior to the Petition Date, Brian J. Hinnners's salary and benefits during the one year period prior to the Petition Date totaled \$0.00; and Auburn Trace Joint Venture's salary and benefits during the one year period prior to the Petition Date totaled \$0.00. Upon the Effective Date, the Reorganized Debtor shall be owned 1% by General Partner, Auburn Trace Joint Venture, and 99% by Limited Partner, Brian J. Hinnners.

I. Exemption from Transfer Taxes

Pursuant to section 1146(c) of the Code, the issuance, transfer or exchange of notes or equity securities under the Plan, including creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

XI. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

The Bankruptcy Court shall retain jurisdiction of these proceedings after the Confirmation Date of this Plan until the entry of the final decree pursuant to Bankruptcy Rule 3022 for the following purposes:

- a. to hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting, therefrom;
- b. to determine any and all adversary proceedings, motions, applications and contested matters, and other litigated matters pending on the Confirmation Date;
- c. to hear and determine any objections to or the allowance, classification, priority, compromise, estimation or payments of any Administrative Claims or Claims;
- d. to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan;
- e. to 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. to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Code;

g. to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan, the plan supplement, or any order of the Court, including, without limitation, the Confirmation Order;

h. to hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 330, 331, and 503(b) of the Code;

i. to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

j. to recover all Assets of the Debtor and Property of the Estate, wherever located;

k. to determine any Claim of or any liability to a governmental unit that may be asserted as a result of the transactions contemplated herein;

l. to enforce the Plan, the Confirmation Order and any other order, judgment, injunction or ruling entered or made in the Case, including, without limitation, the discharge, injunction, exculpation and releases provided for in the Plan;

m. to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

n. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Code (including, but not limited to, an expedited determination under section 505(b) of the Code of the tax liability of the Debtor for all taxable periods through the Effective Date for all taxable periods of the Debtor through the liquidation and dissolution of such entity);

o. to hear any other matter not inconsistent with the Code; and

p. to enter a final decree closing the Case; *provided however*, that nothing in the Plan shall divest or deprive any other court or agency of any jurisdiction it may have over the Reorganized Debtor under applicable environmental laws.

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ALTERNATIVES TO THE PLAN

Although this Disclosure Statement is intended to provide information to assist the holder of Claims in determining whether to vote for or against the Plan, a summary of the alternatives to confirmation of the Plan may be helpful.

If the Plan is not confirmed with respect to the Debtor, the following alternatives are available: (i) confirmation of another chapter 11 plan; (ii) conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code; or (iii) dismissal of the Chapter 11 Case leaving creditors to pursue available non-bankruptcy remedies. Due to the additional delays and administrative costs associated with the appointment of a Chapter 7 Trustee or state court foreclosure, these alternatives to the Plan are very limited and not likely to maximize the value of the assets of this estate which would reduce the creditor's distribution. Although the Debtor could theoretically file a new plan, the most likely result if the Plan is not confirmed is that the Chapter 11 Case will be converted to a case under chapter 7 of the Bankruptcy Code. The Debtor believes that conversion of the Chapter 11 Case to a chapter 7 case would result in significant delay in distributions to all creditors who would have received a distribution under the Plan. If the Chapter 11 Case is dismissed, the creditors would be free to pursue non-bankruptcy remedies in their attempts to satisfy claims against the Debtor.

DEBTOR IN POSSESSION:

AUBURN TRACE, LTD.

By: _____
Brian J. Hinnners, President of
Auburn Trace Joint Venture

ATTORNEY CERTIFICATION

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualifications to practice in this Court set forth in Local Rule 2090-1(A).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished via Notice of Electronic Filing by CM/ECF to all parties registered to receive such service in this case on this 6th day of April, 2015.

Respectfully submitted,

SHRAIBERG, FERRARA & LANDAU, P.A.

Attorneys for the Debtor
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Boca Raton, Florida 33431
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By: /s/ Bradley S. Shraiberg

Bradley S. Shraiberg
Florida Bar. No. 121622
Lenore M. Rosetto Parr
Florida Bar No. 064448

EXHIBIT A

PLAN OF REORGANIZATION

See Chapter 11 Plan of Reorganization filed by the Debtor as Docket Entry No.72, filed on April 6, 2015.

EXHIBIT B**CLAIMS ANALYSIS****SECURED CLAIMS ON REAL PROPERTY**

Name of Claimant	Type of Claim	POC No., if applicable	Amount on Schedules	Amount on POC, if applicable	Comments / Disputed, Contingent and/or Unliquidated?
Palm Beach County Tax Collector	Secured	Not Applicable	\$135,967.32	Not Applicable	2015 Property Tax on Real Property
<u>Palm Beach County Tax Collector</u>	<u>Secured</u>	<u>Not Applicable</u>	<u>\$129.83</u>	<u>Not Applicable</u>	<u>2014 Non-Ad Valorem Property Taxes</u>
Palm Beach County Tax Collector	Secured	8	\$3,134.46	Not Applicable	2014 Tangible Personal Property Tax Claims
Palm Beach County Tax Collector	Secured	7	\$16,019.49	\$16,019.49	2014 Property Tax on Real Property
Palm Beach County Tax Collector	Secured	6	\$135,967.32	\$135,967.32	2014 Property Tax on Real Property
Palm Beach County Tax Collector	Secured	Not Applicable	\$Unknown	Not Applicable	2015 Property Tax on Real Property
Iberia Bank	Secured	Not Applicable	\$4,221,558	Not Applicable	First Position Mortgage on Real Property
The City of Delray Beach	Secured	Not Applicable	\$4,231,816	Not Applicable	Second Position Mortgage on the Real Property
US Small Business Administration	Secured	10	\$199,515.54	\$199,974.24	Third Position Mortgage on the Real Property

TOTAL: \$8,940,972.45**PRIORITY CLAIMS**

Name of Claimant	Type of Claim	POC No., if applicable	Amount on Schedules	Amount on POC, if applicable	Comments / Disputed, Contingent and/or Unliquidated?
Florida Department of Revenue	Priority	1	\$367.92	\$367.92	Taxes

GENERAL UNSECURED CLAIMS

Name of Claimant	POC No., if applicable	Amount on Schedules	Amount on POC, if applicable	Comments / Disputed, Contingent and/or Unliquidated?	Amount of Claim If all timely filed Proofs of Claims Deemed Allowed
A-Rite Way, Inc.	Not Applicable	\$660.00	Not Applicable		\$660.00
Auburn Group Company, LLC	Not Applicable	\$55,000.00	Not Applicable	Claimant agrees to subordinate this claim if this Plan is confirmed	\$0.00
Bermuda Landscape & Design, Inc.	Not Applicable	\$3,401.06	Not Applicable		\$3,401.06
England Logistics	Not Applicable	\$52.88	Not Applicable		\$52.88
Florida Affordable Housing, Inc.	Not Applicable	\$147,322.65	Not Applicable	Claimant agrees to subordinate this claim if this Plan is confirmed	\$0.00
Florida Affordable Housing, Inc.	Not Applicable	\$160,643.89	Not Applicable	Claimant agrees to subordinate this claim if this Plan is confirmed	\$0.00
Florida Affordable Housing, Inc.	Not Applicable	\$200,000.00	Not Applicable	Claimant agrees to subordinate this claim if this Plan is confirmed	\$0.00
For Rent Magazine	Not Applicable	\$755.00	Not Applicable		\$755.00
HD Supply	Not Applicable	\$500.12	\$3,859.86		\$3,859.86
Home Depot Credit Services	Not Applicable	\$159.18	Not Applicable		\$159.18
Hulett Environmental Services	Not Applicable	\$475.00	Not Applicable		\$475.00
IRS	3	Not Listed	\$300		\$300.00
Mobile Mini Inc.	11	\$328.38	\$771.54		\$771.54
OTA Services, LLC	Not Applicable	\$608.83	Not Applicable		\$608.83
PPG Architectural Finishes	Not Applicable	\$645.59	Not Applicable		\$645.59
Resite Online	Not Applicable	\$99.00	Not Applicable		\$99.00
Small Business Administration	Not Applicable	\$1,747.00	Not Applicable		\$1,747.00

Name of Claimant	POC No., if applicable	Amount on Schedules	Amount on POC, if applicable	Comments / Disputed, Contingent and/or Unliquidated?	Amount of Claim If all timely filed Proofs of Claims Deemed Allowed
Spok, Inc.	5	\$18.88	\$8.47		\$8.47
Sullivan Electric & Pump, Inc.	Not Applicable	\$2,371.79	Not Applicable		\$2,371.79
Sunshine Communication Services	Not Applicable	\$85.00	Not Applicable		\$85.00
The Lake Doctors	Not Applicable	\$75.00	Not Applicable		\$75.00
The Praxis Group, Inc.	Not Applicable	\$24,000.00	Not Applicable		\$24,000.00
United Advertising Publications, Inc.	2	Not Listed	\$755.00		\$755.00
Waste Management	Not Applicable	\$215.43	Not Applicable		\$215.43
WL General Services	Not Applicable	\$120.00	Not Applicable		\$120.00
Worldstar Restoration	Not Applicable	\$365.00	Not Applicable		\$365.00
		\$599,649.68			\$41,530.63

EXHIBIT C

RENT ROLL

EXHIBIT D**LIQUIDATION ANALYSIS**

Liquidation Value of Non-Exempt Assets	Estimated Amount of Liens on Same	Estimated Value of Asset as Plan Filing Date (Without Deducting Liens)	Chapter 7 - Liquidation Value (Less Liens)	Chapter 11 - Liquidation Value (Less Liens)
Real Property - 625 Auburn Circle W., Delray Beach, Florida 33444 - The Debtor had several appraisals ranging from \$9,300,000 through \$10,700,000. For purposes of this analysis, the Debtor has used the lowest value because if the Real Property were liquidated, the value would be less.	\$8,943,977.08	\$9,300,000.00	\$356,022.92	\$356,022.92
Checking Account	\$0.00	\$87,092.14	\$87,092.14	\$87,092.14
Deposit Account	\$0.00	\$29,308.58	\$29,308.58	\$29,308.58
Prepaid Property Insurance	\$0.00	\$34,007.28	\$34,007.28	\$34,007.28
Accounts Receivable	\$1.00	\$39,330.81	\$39,329.81	\$39,329.81
Due from Related Parties: Boynton Bay Ltd., The Hamlet, AMI, AD, LLC, Groves of Delray II, Village at Delray (Listed Value \$2,861,239.56)	\$0.00	\$100,000.00	Collectability Unknown	Collectability Unknown
Lawsuit against The City of Delray Beach	\$Unknown	\$Unknown	\$0.00	\$0.00
Customer Lists - Debtor's Rent Roll	\$0.00	\$0.00	\$0.00	\$0.00
Office Equipment, Furnishings and Supplies	\$0.00	\$9,115.00	\$9,115.00	\$9,115.00
Machinery, Fixtures, Equipment and Supplies used in business	\$0.00	\$8,650.00	\$8,650.00	\$8,650.00
TOTAL		\$9,607,503.81	\$563,525.73	\$563,525.73

			Chapter 7 - Priority Claims	Chapter 11 - Priority Claims
Less Priority Claims				
Priority Tax Claims of Florida Department of Revenue			\$367.92	\$367.92
TOTAL			\$367.92	\$367.92

Liquidation Related Expenses			Chapter 7 - Expenses	Chapter 11 - Expenses
Chapter 7 Trustee Fee - 3% of liquidated value of assets. See 11 U.S.C. 326			\$16,905.77	\$0.00
Chapter 7 Administrative Expenses - Estimated				\$0.00
A) Marketing Costs			\$10,000.00	
B) Brokerage Commission Fees - 3% + 3%			\$558,000.00	\$0.00
C) Documentary Stamp Tax on Deed			\$65,100.00	\$0.00
D) Lien Search			\$170.00	\$0.00
E) Title Insurance			\$25,743.33	\$0.00
F) Attorneys' Fees			\$30,000.00	\$0.00
Chapter 11 Professional Fees - Estimated			\$50,000.00	\$50,000.00
TOTAL			\$755,919.10	\$50,000.00

			Chapter 7 -	Chapter 11 -
Estimated Distribution to Holders of Allowed Class 5 General Unsecured Claims			-\$192,761.29	100% to Allowed Class 5 Claimholders that select Election A and 65% to those who select Election B

**EXHIBIT E – FORM BALLOT - UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION**

In re:

AUBURN TRACE, LTD.

Chapter 11

Debtor.

Case No.: 15-10317-PGH

_____ /

BALLOT AND DEADLINE FOR FILING BALLOT ACCEPTING OR REJECTING PLAN

TO HAVE YOUR VOTE COUNT YOU MUST COMPLETE AND RETURN THIS BALLOT BY THE DEADLINE INDICATED BELOW [AS SET PURSUANT TO LOCAL RULE 3018-1(B)]

The Plan of Reorganization dated _____, 2015 (the “Plan”) [ECF No. ---] filed by Auburn Trace, Ltd. can be confirmed by the court and thereby made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class voting on the plan. In the event the requisite acceptances are not obtained, the court may nevertheless confirm the plan if the court finds that the plan accords fair and equitable treatment to the class rejecting it. This ballot is for creditor, _____, with a last known address at _____, for the following type of claim placed in the indicated class in the indicated amount:

<i>TYPE OF CLAIM*</i>	<i>CLASS IN PLAN</i>	<i>AMOUNT OF CLAIM</i>
<input type="checkbox"/> <u>Allowed Secured Real Property Tax Claims</u>	1	\$
<input type="checkbox"/> <u>Allowed Secured Claim of Iberia Bank</u>	2	\$
<input type="checkbox"/> <u>Allowed Secured Claim of The City of Delray Beach</u>	3	\$
<input type="checkbox"/> <u>Allowed Secured Claim of US Small Business Administration</u>	4	\$
<input type="checkbox"/> <u>Allowed General Unsecured Claims</u>	5	\$

If you are the holder of an Allowed General Unsecured Claim, please elect the treatment you wish to receive under the Plan by placing an “X” to the left of either Election A or Election B.

- **(Election A)** - Commencing on the date that is the second annual anniversary of the Effective Date, the holders of Allowed Class 5 Claims shall be paid 100% of the Allowed Amount of such Claim, without interest, by receiving equal monthly payments for a period of thirty-six (36) months. In addition to the foregoing payments, each Class 5 Claimholder that elects Election A shall receive a pro rata annual payment in the amount equal to the Debtor’s Net Annual Profits, less the amounts paid to the Class 1, 2, 3 and 4 Claimholders, on January 15th of each year until the Allowed Class 5 Claims have been in full; **OR**
- **(Election B)** – Within thirty (30) days of the Effective Date, the Allowed Class 5 Claim will be completely and fully satisfied by the payment in an amount equal to sixty-five percent (65%) of the Allowed Amount of such Claim.

In the event the holder of an Allowed General Unsecured Claims fails to make an election, the holder of a General Unsecured Claim will automatically receive the Election A treatment.

The undersigned [Check One Box] Accepts Rejects the plan of reorganization of the above-named debtor.

Signed: _____ Date: _____

Print Name: _____ Phone: _____

★★★FILE THIS BALLOT ON OR BEFORE -----, 2015★★★ with:

■ Clerk of Bankruptcy Court, 1515 North Flagler Drive, 8th Floor, Courtroom A, West Palm Beach, Florida 33401; **AND**

■ Bradley S. Shraiberg, Esq., Shraiberg, Ferrara & Landau, P.A., 2385 NW Executive Center Drive, #300, Boca Raton, Fl 33431

EXHIBIT F

OPERATING INCOME AND EXPENSE PROJECTION

EXHIBIT G

**TRANSFERS IN THE NINETY DAY PERIOD PRIOR TO THE PETITION DATE
THAT EXCEED \$6,225 IN THE AGGREGATE**

THIS WILL BE SAME AS ATTACHED TO SCHEDULES

<u>Payee</u>	<u>Dates of Payments</u>	<u>Amount of Payments</u>

EXHIBIT H**INSIDER TRANSFERS**

Date	Name	Memo	Amount
10/31/2014	Auburn Development	Shared Payroll	\$1,098.00
11/6/2014	Florida Affordable Housing, Inc.	Management/Bookkeeping Fees	\$9,000.00
11/7/2014	Auburn Development	Health Insurance Reimbursement	\$4,337.08
11/24/2014	Florida Affordable Housing, Inc.	Note Payment	\$35,000.00
11/30/2014	Auburn Development	Shared Payroll	\$732.00
12/1/2014	Florida Affordable Housing, Inc.	Management/Bookkeeping Fees	\$9,000.00
12/2/2014	Auburn Development	Health Insurance Reimbursement	\$3,935.27