

IN THE UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re:	)	
	)	Case No. 10-52722
Countryview MHC Limited Partnership,	)	Chapter 11
an Illinois limited partnership,	)	Chief Judge Carol A. Doyle
	)	
Debtor/Debtor-in-Possession.	)	

**DEBTOR'S DISCLOSURE STATEMENT**

**DEBTOR'S COUNSEL:**

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**DEBTOR'S DISCLOSURE STATEMENT**

Countryview MHC Limited Partnership, an Illinois limited partnership, Debtor and Debtor-in-Possession herein ("Debtor"), by and through its Attorneys, submits its Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code and in conjunction with its Plan of Reorganization ("Plan"). A copy of the Plan is attached to this Disclosure Statement as **Exhibit A.**<sup>1</sup>

**INTRODUCTION**

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on November 29, 2010 ("Petition Date"). The Debtor is operating its business and managing its financial affairs as Debtor-in-Possession pursuant to Sections 1101, 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or committee of unsecured creditors has been appointed to serve in this Chapter 11 Case. The Plan was filed within the exclusive period established under Section 1121(b) of the Bankruptcy Code. The Debtor is the owner of a manufactured home community, consisting of approximately 275 sites, situated on approximately 59.02 acres, located at 1199 Hospital Road, Franklin,

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<sup>1</sup>Capitalized terms not defined in this Disclosure Statement shall have the meanings ascribed to them in the Plan.

Indiana ("Property").

The Debtor is the proponent of the Plan. The Plan provides for distributions to the holders of Allowed Claims from funds realized from the continued operation of the Debtor's business as well as from existing cash deposits and cash resources of the Debtor. To the extent necessary, the payment to Bank of America, as successor by merger to LaSalle Bank National Association, in its capacity as Trustee for the registered holders of LB-UBS Commercial Mortgage Trust 2006-C4, Commercial Mortgage Pass-Through Certificate, Series 2006-C4, ("Lender"), as required by the Plan, may be paid from the proceeds of the refinancing of the underlying mortgage indebtedness due to Lender or from the sale of the Property.

#### **SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

The Plan has one (1) category of Administrative Claims, one (1) category of Tax Claims, five (5) Classes of creditors (Classes 1, 2, 3, 4, and 5) and one (1) Class of Interests (Class 6). These Claims and Interests, and the treatment thereof, under the Plan consist of the following:<sup>2</sup>

##### **Administrative Claims**<sup>3</sup>

Administrative Claims are provided for in Article IV, Section 4.1 of the Plan, are

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<sup>2</sup>This chart is intended to provide the information required by Rule 3016-1 of the Local Rules of this Court.

<sup>3</sup>Since the Debtor's Chapter 11 Case was commenced as a voluntary proceeding, no claims under Sections 507(a)(3) and 502(f) of the Bankruptcy Code exist.

unimpaired under the Plan and primarily consist of Allowed Claims comprised of fees and expenses of the various professionals employed pursuant to Orders entered by the Bankruptcy Court. These fees and expenses are projected as follows:

<u>Professional</u>	<u>Amount</u> <sup>4</sup>
Crane, Heyman, Simon, Welch & Clar Debtor's Counsel	\$40,000.00

The amounts projected to professionals holding Allowed Administrative Claims are in addition to amounts previously paid as retainers to such professionals. The retainers previously allowed and paid to these professionals are as follows:

<u>Professional</u>	<u>Retainer</u>
Crane, Heyman, Simon, Welch & Clar Debtor's Counsel	\$25,000.00

No professional shall be paid unless and until the Bankruptcy Court has entered appropriate Orders allowing the compensation and reimbursement of expenses requested by such professionals.

Also included in this category of Administrative Claims are post-petition trade payables. Under the Plan, post-petition trade payables will be paid in the ordinary course of business pursuant to the credit terms existing at the time the Claim was incurred.

Other than post-petition trade payables, all Administrative Claims, to the extent

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<sup>4</sup> All of these amounts are merely the Debtor's estimates and are, therefore, subject to change. Furthermore, in projecting these amounts, the Debtor does not expect a contested Confirmation hearing. In the event of a contested Confirmation hearing, Administrative Claims of professionals will significantly increase.

allowed, will be paid in full in cash on the Effective Date or as soon as practicable thereafter (and in the case of professionals, after allowance by the Bankruptcy Court) or as agreed to by the holder of each Allowed Administrative Claim. The source of funds for payment of such Administrative Claims will be the cash resources of the Debtor or such other cash as may be generated by the Debtor from the operation of its business in the ordinary course.

### **Tax Claims**

The Plan has a specific provision for the payment of taxes which are of the type entitled to priority under Section 507(a)(8) of the Bankruptcy Code (Article IV, Section 4.2 of the Plan). The Plan provides that to the extent any Tax Claim is allowed, such Tax Claims shall be paid in full, in cash inclusive of interest at the applicable statutory interest rate on the Effective Date, unless the holder of a Tax Claim agrees to a different treatment. This treatment of Allowed Tax Claims is intended to comply with the requirements of Section 1129(a)(9)(C) of the Bankruptcy Code. The Debtor believes that there are no Allowed Tax Claims.

### **The Allowed Secured Claim of Lender**

Lender is the holder of the Allowed Class 1 Claims. The Class 1 Claims are impaired under the Plan and are provided for in Article VI, Section 6.1 of the Plan. Lender has filed a proof of claim in this Chapter 11 Case in the purported approximate amount of \$11,704,158.04, plus unpaid interest, costs, expenses and other charges, as of November 29, 2010, with respect to its mortgage indebtedness. The actual allowed

amount of the Class 1 Claims may be determined pursuant to further Order of the Bankruptcy Court if the Debtor has objections to the allowance of the Class 1 Claims.

Under the Plan, the Allowed Class 1 Claims are treated in the following manner:

A. **Application of Adequate Protection Payments:** Adequate Protection Payments received by Lender during the course of this Chapter 11 case shall be applied in the following priority:

1. Payment of interest due to Lender on the principal indebtedness due at the non-default interest rate provided for in its loan documents;
2. Payment of any pre-petition unpaid arrearage due to Lender under its loan documents;
3. Payment of Lender's professional fees and costs to the extent allowable under its loan documents, and approved by the Court;<sup>5</sup> and,
4. Payment of the balance, if any, to reduce the principal balance due on the Allowed Class 1 Claims.
5. To the extent that the Adequate Protection Payments received by Lender are not sufficient to satisfy amounts due under subparagraphs **A1, A2 or A3** above, any deficiency shall be added to the unpaid principal balance due Lender, and shall be paid in accordance with subparagraph **B1b** below:

B. **Treatment:** In full satisfaction, settlement, release, and discharge of and in exchange for the Allowed Claims in Class 1:

1. The holder of the Allowed Class 1 Claims shall receive and/or retain:
  - a. Its liens on the real and personal property owned by the

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<sup>5</sup>The reasonable fees and expenses of Lender's attorneys and other professionals (to the extent allowed) incurred in connection with the consummation, administration, and enforcement of the Plan shall be considered additional Class 1 Claims.

Debtor, to the same extent and with the same validity, enforceability, perfection and priority as it had on the Petition Date and as may have been acquired by Lender during the course of this Chapter 11 Case pursuant to Orders entered by the Bankruptcy Court, until the Allowed Class 1 Claims are paid in full;

- b. Pursuant to Plan H, the initial plan as proposed by the Debtor, interest on its Allowed Class 1 Claims shall be paid at the pre-petition, non-default contract rate of 5.66%, with interest computed based on an actual/360 interest calculation. The first eight months of interest only payments will be offset by the Lender's interest reserve credit discussed in footnote 19 of the notes to Plan H, which is part of Group Exhibit 1 to the Plan. Thereafter, the Debtor will make interest only payments through year 7. Monthly principal and interest payments commence in year 8 based on a 5.66% annual interest rate and 35 year amortization schedule. Monthly principal and interest payments reset in year 10 and are based upon the outstanding principal balance at the end of year 9, a 30 year amortization schedule and a 5.66% annual interest rate. A final balloon payment is due on the last day of year 11 in the amount of \$11,170,037.54. All loan payments are made monthly in arrears payable on the 15<sup>th</sup> day of each month with the first payment due on the 15<sup>th</sup> day of the month following the Effective Date.

Upon the occurrence of the "Trigger Event" a new plan will be implemented allowing for earlier principal reduction in earlier years commencing the month following the "Trigger Date". The "Trigger Event" shall be defined as a net absorption or net increase in occupancy of 5 sites per month or 30 sites for a trailing six (6) month period for months 6-78 and shall be reduced to 4 sites per month or 24 sites for a trailing 6 month period for months 79-114, all excluding new or preowned homes purchased or abandoned homes refurbished by the Debtor and either leased to tenants or sold and financed to tenants on retail installments contracts. ***The Trigger Event is a single event that may only occur once.*** The "Trigger Date" shall be the last day of the last month in the trailing six month calculation.

The plan to be implemented is based on the month the Trigger Date occurs and is as follows:

- Plan A – Months 6 through 42
- Alternative Plan B – Months 43 through 54
- Alternative Plan C – Months 55 through 66
- Alternative Plan D – Months 67 through 78
- Alternative Plan E – Months 79 through 90
- Alternative Plan F – Months 91 through 102
- Alternative Plan G – Months 103 through 114

The plan implemented due to the Trigger Event will be in effect until the Allowed Class 1 Claims are paid in full, which shall occur prior to the implemented plan's maturity date upon the occurrence of the refinancing or sale of the Property. Increases in scheduled payments in accordance with the newly implemented plan only apply to scheduled monthly payments after the Trigger Date.

The alternative plans, A-G, are described in further detail in Group Exhibit 1 to the Plan.

2. To the extent not otherwise modified by the terms of this Plan, the Debtor and Lender shall continue to be bound by and shall perform the terms and conditions contained in the loan documents between Lender and the Debtor; and,

3. Payment of the unpaid amount of the Allowed Class 1 Claims may be made in whole or in part, from time to time, without penalty or charge at the sole and exclusive option of the Debtor.

**C. Other Provisions:**

1. The Debtor, at its sole and exclusive option, may accelerate payments to the holder of the Allowed Class 1 Claims. All unaccrued interest shall be deemed waived and no penalty shall be chargeable to the Debtor in the event that the Debtor elects to accelerate payments.

2. The Debtor, at its sole and exclusive option, may purchase, finance, sell and/or rent new or used manufactured homes, regardless of any provision contained in the loan documents of Lender.

3. Upon completion of the payments under the Plan to Lender on account of the Allowed Class 1 Claims, all of the liens, security interests and Claims of Lender shall be deemed released and discharged. To the extent requested by the Debtor, once the Allowed Class 1 Claims are paid in full as required by the Plan, Lender shall prepare and file any and all documents that may be reasonably necessary to effectuate the termination of such liens and security interests. Any right of any party



under Section 506(c) of the Bankruptcy Code as against the holder of the Allowed Class 1 Claims or its collateral shall be preserved and shall survive Confirmation of the Plan.

4. The Plan shall supersede and replace the terms and conditions of the loan documents establishing the Allowed Class 1 Claims to the extent the loan documents are inconsistent with this Plan.

5. The holder of the Allowed Class 1 Claims shall only be entitled to the reimbursement of reasonable attorneys' and professionals' fees and costs arising after Confirmation in the event that the Debtor is in default of the payments required under the Plan on account of the Allowed Class 1 Claims (which default remains uncured after ten (10) days written notice to the Debtor and Debtor's Counsel from the holder of the Allowed Class 1 Claims as required by the Plan) and in the further event that the underlying note provides for such fees.

6. In the event of a default by the Debtor under the Plan with respect to the treatment of the Allowed Class 1 Claims, the holder of the Allowed Class 1 Claims shall provide written notice of such default as required by the underlying loan documents and to the Debtor by transmitting such default notice by first class mail and telefax to the Debtor at its place of business to the attention of Richard Klarchek, and in the same manner to Debtor's Counsel, Eugene Crane, Crane, Heyman, Simon, Welch & Clar, 135 S. LaSalle St., Suite 3705, Chicago, Illinois 60603 ("Default Notice").

### **Real Estate Tax Claims**

The holder of Allowed Class 2 Claims for accrued and unpaid pre-petition Real Estate Tax Claims is the Johnson County Indiana Treasurer ("Other Secured Creditor"). Under the Plan, Allowed Class 2 Claims, in the approximate amount of \$82,032.73, are impaired and are provided for in Article VI, Section 6.2 of the Plan.

The Plan provides that the holder of the Allowed Class 2 Claim shall receive and/or retain:

- A. Its lien on the real property owned by the Debtor, with the same validity, enforceability, perfection and priority as it had on the Petition Date and, until the Allowed Class 2 Claims are paid in full; and
- B. Under all plans, the Allowed Class 2 Claims, totaling approximately

\$82,032.73 shall accrue interest at an annual rate of 8% from the Petition Date and shall be paid interest only on a monthly basis for 4.25 years computed on actual days/360 day year. The principal and all accrued and unpaid interest will be paid in full at the end of month 51 in a balloon payment.

- C. Payment of the unpaid amount of the Allowed Class 2 Claims may be made in whole or in part, from time to time, without penalty or charge at the sole and exclusive option of the Debtor.

### **Security Deposit Claims**

Tenants at the Property may have provided security deposits to the Debtor in conjunction with their leases with the Debtor. The Plan has a specific provision relating to these Claims for security deposits (Article V, Section 5.1 of the Plan). These Class 3 Claims are unimpaired under the Plan.

Tenants shall be paid 100% of the allowed amount of their Class 3 Claims in cash without interest as required by the terms of the lease between the Debtor and each respective Tenant.

### **Unsecured Creditors**

Unsecured Creditors, in the estimated amount of \$86,220.63, are the holders of Allowed Class 4 Claims and are impaired under the Plan. The treatment of the Allowed Class 4 Claims is set forth in Article VI, Section 6.3 of the Plan. Allowed Class 4 Claims shall be paid as follows:

- A. Pursuant to plan H, the Allowed Class 4 Claims shall accrue interest at an annual rate of 5.66% and shall be paid interest only on a monthly basis for 5 years computed on actual days/360 day year. Monthly principal and interest payments commence in year 6 based on a 5.66% annual interest rate and an 8 year amortization schedule with a final balloon payment of approximately \$25,331.90

due the last day of year 11.

Upon the occurrence of a "Trigger Event", as described above,<sup>6</sup> a new plan will be implemented allowing for an earlier balloon payment, pursuant to the alternative plans A-G described above. All interest payments are made monthly in arrears payable on the 15<sup>th</sup> day of each month with the first payment due on the 15<sup>th</sup> day of the month following the Effective Date.

The plan implemented due to the Trigger Event will be in effect until the Allowed Class 4 Claims are paid in full, which shall occur prior to the implemented plan's maturity date upon the occurrence of the refinancing or sale of Property. Increases in scheduled payments in accordance with the newly implemented plan only apply to scheduled monthly payments after the Trigger Date.

- B. Payment of the unpaid amount of the Allowed Class 4 Claims may be made in whole or in part, from time to time, without penalty or charge at the sole and exclusive option of the Debtor.

The payments to the holders of Allowed Class 4 Claims under the Plan shall be made in full and complete satisfaction of such Claims.

### **Other Unsecured Creditor**

The holder of the Allowed Class 5 Claim, Richard J. Klarchek ("Other Unsecured Creditor"), has filed a claim in the amount of \$13,103,921.00. The treatment of the Allowed Class 5 Claim is set forth in Article VI, Section 6.4 of the Plan. No payments shall be made on that claim until all other Creditors as described in this Plan are paid in full pursuant to the terms of the Plan.

### **Equity Interests**

The Debtor's general partner, Countryview MHC Corp., which holds a 1%

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<sup>6</sup>See pages 6-7 of this Disclosure Statement.

interest and the Debtor's limited partner, The Klarcheck Family Trust, which holds a 99% Interest are the holders of the Allowed Class 6 Interests. Under the Plan, they will retain their equity interests in the Debtor after Confirmation of the Plan.

### **Claims Objections**

Except as otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan, the Debtor shall file any and all objections to the allowance of Claims or Interests on or within one hundred and twenty (120) days after Confirmation of this Plan unless extended by Order of the Bankruptcy Court. Cause shall not be a requirement for an extension of this deadline.

### **PURPOSE OF DISCLOSURE STATEMENT**

This Disclosure Statement is provided to all of the known holders of Claims against and Interests in the Debtor who are entitled to vote their acceptance or rejection of the Plan. This Disclosure Statement is disseminated in connection with the solicitation of acceptances of the Plan filed by the Debtor. The purpose of this Disclosure Statement is to provide such information as would enable a hypothetical, reasonable investor, typical of the holder of Claims and Interests which are impaired under the Plan, to make an informed judgment about the Plan. The Debtor's exclusive period to solicit acceptances of the Plan under Section 1121(d) expires on May 27, 2011.

The information contained in this Disclosure Statement has been submitted by the Debtor unless specifically stated to be from other sources. No representations

concerning the Debtor or the Plan, other than those set forth in this Disclosure Statement, have been authorized by the Debtor. The Debtor believes that all of the information contained in this Disclosure Statement is accurate. However, the Debtor is unable to warrant that there are no inaccuracies.

**Under the Bankruptcy Code, a Class of Claims is considered to have accepted the Plan if both a majority in number and two-thirds (2/3) of the dollar amount of those actually voting vote to accept the Plan. The Claims of those who do not vote are not counted in determining whether the requisite statutory majority in number and dollar amount have voted for acceptance. Acceptance by the statutory majority will bind the minority who dissent and those who fail to vote.**

**The Plan requires that the holders of Allowed Claims in Classes 1, 2, 4 and 5 vote on Confirmation of the Plan. Ballots and objections to confirmation of the Plan must be filed by \_\_\_\_\_, 2011 with the Clerk of the United States Bankruptcy Court, Dirksen Federal Building, 219 South Dearborn, Chicago, IL 60604. The Bankruptcy Court shall conduct a hearing on confirmation of the Plan on \_\_\_\_\_, 2011 at \_\_\_\_\_.**

### **HISTORY & BACKGROUND**

The Debtor is an Illinois Limited Partnership that is the owner and operator of a residential manufactured home community located at 1199 Hospital Road, Franklin, Indiana, known as "Countryview". The Debtor's principal office is care of Capital First

Realty, Inc., 875 N. Michigan Avenue, Suite 3800, Chicago, IL 60611. The Debtor is operating its business and managing its financial affairs as a Debtor-In-Possession.

The Property was purchased by the Debtor in 1987 for \$2,317,000. Countryview consists of a 275 site manufactured home community on 59.02 acres, resulting in a low density of 4.66 homesites per acre.

In 2004, a new 2,800 square foot clubhouse was installed and a new swimming pool with pool deck was constructed. Other amenities at the Property are a playground, basketball court, centralized mailboxes, and recreational vehicle storage area. The roads are publically dedicated and are maintained by the city of Franklin. Please refer to photographs attached as **Group Exhibit "B"**.

Countryview is located one mile west of the primary commercial corridor (U.S. 31) serving the southern Indianapolis Metropolitan Area and just 20 miles south of the city of Indianapolis. The city of Franklin is located in Johnson County, which historically has been one of the fastest growing counties in the Indianapolis Metropolitan Area. Countryview has easy access to Interstate-65, which is just five miles to the east via State Route 49. Interstate-65 provides excellent access to downtown Indianapolis as well as the entire metropolitan area via the Interstate 465/74 bypass.

The Debtor's problems are due to a decline in occupancy due to the physical deterioration of older functionally obsolete homes and the lack of consumer financing for tenants to purchase new and pre-owned manufactured homes.

Primary demand has never been stronger; it is the void in the consumer financing market that has inhibited lease up of new and pre-owned homes. Since the advent of the subprime lending crisis with the proper amount of advertising,

Countryview has realized an average number of sales calls ranging from 25 to 30 per week compared against pre-subprime average weekly sales calls of 10 to 12 per week. Debtor's plan is to purchase and rent or sell (with seller financing) manufactured homes to tenants, increasing occupancy and therefore net operating income. The homes will provide an additional income stream for the Debtor and shall be additional collateral for the secured creditors. Debtor is currently not allowed to purchase and sell or rent manufactured homes. Upon the procurement of outside financing sources for the tenant/manufactured home buyer, Countryview will be able to meet market demand and experience a lease up of 7 sites per month. This stronger lease up to meet market demand will result in greater increases in net operating income in the earlier years, allowing it to emerge from reorganization much sooner. Creditors will be paid in full on sale or refinancing of the manufactured home community.

Given, it's amenities, easy access, and excellent location in close proximity to a primary commercial corridor serving the metropolitan area, Countryview is positioned as a top-tier manufactured home community within it's market.

#### **POST-PETITION ACTIVITIES**

The continued administration of this Chapter 11 Case has been primarily predicated upon the entry of a series of Cash Collateral Orders entered by the Bankruptcy Court. These Cash Collateral Orders established the framework for the continued operation of the Debtor's business and the terms under which the Debtor could use the cash and cash equivalents that serve as collateral to Lender. Notably, under these Cash Collateral Orders, the Debtor has been making contract interest (non-default

rate) payments to Lender.

The Debtor's focus has always been on proposing an exit strategy from this Chapter 11 Case that would provide a mechanism for all creditors to be paid in full, with interest. The Debtor has swiftly filed such a Plan and seeks a successful conclusion of this Chapter 11 case in a rapid fashion.

#### **OTHER ASPECTS OF THE PLAN**

The Debtor shall be the disbursing agent charged with making the payments required under the Plan to the holders of Allowed Claims. Management of the Debtor will remain unchanged after Confirmation. At the option of the Debtor, Capital First Realty may continue to serve as the agent of the Debtor with respect to the management and leasing of the Property and if so employed, shall be paid by the Debtor pursuant to the terms and conditions of the Debtor's agreement(s) with Capital First Realty except as modified herein, payable monthly and reconciled annually at the rate of five percent (5%) of total income.

Lender may be asserting Claims for reimbursement of fees and expenses paid to professionals that Lender retained in this Chapter 11 Case. To the extent that Lender is asserting a Claim(s) for reimbursement from the Debtor for professionals retained in this Chapter 11 Case which claims remain unresolved, Lender shall file such Claims with the Clerk of the Bankruptcy Court with a full and complete itemization of services rendered and expenses incurred by each such professional within forty-five (45) days of Confirmation of the Plan.

Upon Confirmation of the Plan, the Debtor shall be revested with its assets,



subject only to the terms and conditions of the Plan. The Debtor shall be entitled to continue to operate and manage its business and financial affairs without further Order of the Bankruptcy Court, except as hereinafter set forth. Payments to creditors pursuant to the Plan will be made from existing cash deposits and from funds from continued business operations. If necessary, the Debtor may borrow funds sufficient to pay the balloon payment due to Lender as required by the Plan or such earlier date as the Debtor may elect at its sole and exclusive option.

Upon Confirmation, an injunction under Section 524 of the Bankruptcy Code shall arise to prevent any party from foreclosing its lien or security interest or otherwise enforcing its Claims against the Debtor and its assets in this bankruptcy case except as authorized in the Plan. Such injunction shall not affect any secured creditor's right to foreclose upon any security interest provided in the Plan in the event of any post-Confirmation default under the Plan. This injunction will remain in effect until all distributions under the Plan have been made.

The Plan is self-executing. The Debtor shall not be required to execute any newly created documents to effectuate the terms of the Plan. Upon payment as required by the Plan, any liens supporting such Claims shall be deemed released and discharged.

All executory contracts and unexpired leases which exist between the Debtor and any other party, whether such executory contract be in writing or oral, which has not been previously assumed, assigned, rejected or otherwise terminated by the Debtor shall be assumed upon Confirmation of the Plan pursuant to Sections 365 and 1123(b)(2) of the Bankruptcy Code. Any and all Claims asserted by any party arising from the rejection of executory contracts and unexpired leases pursuant to the Plan must be filed on or within

thirty (30) days following the rejection. Further, with respect to Claims for default relating to any unexpired lease or executory contract that is assumed pursuant to the Plan, any and all such Claims must also be filed on or within thirty (30) days following Confirmation. Allowed Claims emanating from the rejection of unexpired leases and executory contracts will be treated as Class 4 Claims. Allowed Claims for default emanating from the assumption of unexpired leases and executory contracts will be treated as Administrative Claims. Any person failing to file such a Claim within the time provided in the Plan shall be forever barred from asserting such Claim and shall not receive any distribution under the Plan. The provisions for assumption, assignment and rejection shall be equally applicable to executory contracts and unexpired leases of real and personal property.

The Bankruptcy Court shall retain jurisdiction for certain specified purposes. Any distribution under the Plan that remains unclaimed sixty (60) days after the distribution is made will become property of the Debtor, and will not be recouped in subsequent distributions. The Debtor will have the right to make any distribution to creditors earlier than required by the Plan. The Debtor shall have the right, power and authority after Confirmation of the Plan to commence any preference, fraudulent conveyance or other litigation it deems appropriate.<sup>7</sup> The Bankruptcy Court shall retain jurisdiction for such litigation.

The provisions of the Plan shall bind all creditors, Interest holders and parties in interest. Except as expressly provided in the Plan or the Bankruptcy Code, no interest or

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<sup>7</sup>The Debtor has not completed an analysis of potential preference and fraudulent conveyance claims. The Debtor believes that no such litigation claims exist.

penalties accruing on or after November 29, 2010, shall be paid on any Claim nor shall any creditor claiming any such interest or penalty be entitled to have its Claim for interest or penalty allowed for payment. To the extent necessary, pursuant to Section 1129(b) of the Bankruptcy Code, the Debtor intends to request that the Bankruptcy Court confirm the Plan if all applicable requirements of Section 1129(a) of the Bankruptcy Code, other than Section 1129(a)(8), are met.

### **LIQUIDATION ANALYSIS**

Failure of the Debtor to obtain Confirmation of the Plan could result in a forced liquidation or a conversion to a case under Chapter 7 of the Bankruptcy Code and immediate termination of the Debtor's business operations. Under the Plan, all creditors are being paid 100% of the allowed amount of their Claims, with interest. With respect to Lender, Lender is being paid the allowed amount of its Claims plus the non-default blended contract rate of interest provided for in its loan documents.

As of March 29, 2011, the Debtor has approximately \$119,756.19 in cash, plus approximately \$24,721.00 in its real estate tax account. This cash and further cash generated after Confirmation are to be used by the Debtor for payment of creditors' Claims under the Plan and for costs of operation of the Debtor's business after Confirmation of the Plan.

In the event of a forced liquidation, such as foreclosure by Lender on its liens and security interests, any proceeds realized from the liquidation of the Debtor's assets would first be used to pay the costs of collection, which for purposes of this discussion, the Debtor has estimated to be an amount equal to 10% of the gross collection proceeds.

Once the costs of collection have been paid, Secured, Administrative and Priority Claims would be paid. Only after making the above disbursements of liquidation proceeds could any distribution be made to general unsecured creditors. Typically, in the event of a foreclosure, no creditor other than the mortgage lender (and perhaps real estate tax claimants) receives funds from the foreclosure. The Debtor asserts that such a result should be expected in a foreclosure of the Property.

Clearly, the dividend (100% plus interest) being paid to unsecured creditors under the Plan represents substantially more than such unsecured creditors would ever receive in a liquidation (which according to the above analysis is nothing). The same is also true for Lender with respect to its Allowed Class 1 Claims. Furthermore, the existing trade debt to be paid according to ordinary business terms would also be included in the pool of Administrative Claims thereby substantially increasing the total dollar amount due Administrative Claimants in a liquidation and further reducing the likelihood of any funds being available for unsecured creditors. Also, the projected amount allowable for Administrative Claims, in the event of conversion, would further increase to account for the fees and costs attributable to a Chapter 7 Trustee and his administration or Secured Creditors and the liquidation of their collateral.

Clearly, upon forced liquidation, unsecured creditors would get nothing. In fact, Lender would also likely receive substantially less than that being paid under the Plan. Accordingly, the Plan offers all creditors substantially more than such creditors would receive in a liquidation.

### **IMPLEMENTATION OF THE PLAN**

As discussed throughout this Disclosure Statement, distributions under the Plan shall be made from cash deposits existing at the time of Confirmation and from proceeds realized from the continued operation of the Debtor's business by the Debtor. The Debtor does not intend to liquidate any of its assets in order to make the payments required under the Plan. If necessary, at the point of the balloon payment coming due to Lender as required by the Plan, the Debtor may sell the Property or borrow the funds sufficient to make this balloon payment.

### **FEASIBILITY AND FAIRNESS OF PLAN**

Attached to this Disclosure Statement as **Exhibit C** is an income statement pertaining to the Debtor's business activity for the period ending December 31, 2010. The purpose of this Exhibit is to provide creditors with historical financial information concerning the Debtor's ability to make the payments required under the Plan. This income statement was prepared by the Debtor and is based upon an analysis of actual business activity.

**Group Exhibit 1**, which is attached to the Plan, include financial projections pertaining to the Debtor's projected business activity for the eleven (11) years following Confirmation of the Plan. The purpose of this Exhibit is to provide creditors with projected financial information concerning the Debtor's ability to make the payments required under the Plan. These projections were prepared by Debtor's management and are based upon an analysis of past business results and projected future business activity. These projections, coupled with the Debtor's available cash, establish that the

Plan is feasible.

The projections represent reasonable calculations based upon historical progressions of the Debtor's business. These projections clearly reflect the Debtor's ability to perform under the proposed Plan. Furthermore, the Debtor's achievements during the course of this reorganization case further indicate that the Plan is feasible.

The Debtor believes that the Plan represents an opportunity for the holders of Allowed Claims to receive substantially more than such claimants would receive in a forced liquidation. Given the conservative financial projections and the Debtor's past performance, the Plan is also fair.

### **RECOMMENDATION**

The Debtor strongly recommends that those persons entitled to vote, vote to accept the Plan.

Respectfully submitted,

Countryview MHC Limited Partnership,  
an Illinois limited partnership,  
Debtor and Debtor-in-Possession

By: /s/Eugene Crane  
One of Its Attorneys

### **DEBTOR'S COUNSEL:**

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