

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re Chapter 11
GTA Realty II, LLC Case no. 14-12840
Debtor.
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SECOND AMENDED DISCLOSURE STATEMENT

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY AFFECT CREDITORS' DECISIONS TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION ANNEXED HERETO AS EXHIBIT A. ALL CREDITORS ARE URGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY. ALL CAPITALIZED TERMS CONTAINED IN THIS DISCLOSURE STATEMENT SHALL HAVE THE SAME MEANING AS CAPITALIZED TERMS CONTAINED IN THE PLAN OF REORGANIZATION.

COURT APPROVAL OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE COURT APPROVAL OF THE TERMS OF THE PLAN.

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ATTORNEYS FOR THE DEBTOR

INTRODUCTION

1. The Debtor submits this Disclosure Statement ("Disclosure Statement") to explain its Plan of Reorganization ("Plan") under Chapter 11 of the United States Bankruptcy Code. A copy of the Plan is attached hereto as Exhibit A. All Creditors are urged to review the Plan, besides reviewing this Disclosure Statement. All capitalized terms used but not defined shall have the meaning set forth in the Plan.

2. This Disclosure Statement is not intended to replace a review and analysis of the Plan. Rather, it is submitted as a review of the Plan to explain the terms and implications of the Plan. To the extent a Creditor has questions, the Debtor urges you to contact its counsel and every effort will be made to assist you.

3. On _____, 2015, after notice and a hearing, the Bankruptcy Court entered an order approving this Disclosure Statement as containing information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, to enable Creditors to make an informed judgment on the Plan.

4. EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, ITS PAST OR FUTURE OPERATIONS, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN.

5. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUPPLIED BY THE DEBTOR. THE DEBTOR'S BOOKS AND RECORDS HAVE BEEN USED TO PROVIDE THE INFORMATION CONCERNING THE DEBTOR'S FINANCIAL CONDITION AS SET FORTH IN THIS DISCLOSURE STATEMENT. BASED UPON THE INFORMATION MADE AVAILABLE, DEBTOR'S COUNSEL HAS NO INFORMATION TO INDICATE THAT THE INFORMATION DISCLOSED HEREIN IS INACCURATE. NEITHER THE DEBTOR NOR ITS COUNSEL, HOWEVER, IS ABLE TO STATE DEFINITELY THAT THERE IS NO INACCURACY HEREIN OR THAT FUTURE EVENTS MAY NOT RENDER THE INFORMATION CONTAINED HEREIN INACCURATE.

6. The Bankruptcy Court has entered an Order fixing _____, 2015, at ____m., at the United States Bankruptcy Court, One Bowling Green, New York, NY 10004, as the date, time and place for the hearing on confirmation of the Plan, and fixing _____, 2015, as the last date for the filing of any objections to confirmation of the Plan.

BACKGROUND

7. On October 8, 2014, the Debtor filed a Chapter 11 petition under Title 11 of the United States Code, 11 U.S.C. 101 et seq. (the "Bankruptcy Code").

8. The Debtor owns real property located at ~~184 Prince Street, and 287 Bleeker Street, New York, New York~~ 184 Prince Street, and 287 Bleeker Street, New York, New York (the "Properties"). ~~The Prince Street property is four family building with one~~

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~~store.~~The Prince Street property is a four family building with one store. The Bleecker Street property is as an eight family building with one store. The Debtor estimates that the Prince Street property value is \$6,000,000 and the ~~Bleeker~~Bleecker Street property value is about \$12,000,000 for a combined \$18,000,000 property value.

9. U.S. Bank National Association ("Mortgagee") holds a first mortgage on the Properties in the amount of approximately \$6,250,000 as of ~~January 31~~June 30, 2015.

10. In addition, liens of record appear on the Prince Street property in favor of New York State in the amount of \$8,352 and New York City in the amount of \$102. A \$310,000 disputed mechanic's lien was placed on the Properties by a William Lougheed. Mr. Lougheed subsequently filed a proof of claim asserting a ~~\$249,760~~\$305,000 unsecured claim ~~and~~ his claim will be so treated under the Plan. A \$7,874 judgment lien appears as a matter of record in favor of Smith & Krantz, LLP, but that too is disputed because Smith & Krantz does not appear to have a judgment against the Debtor.

11. The ~~Debtor's~~Debtor's legitimate general unsecured claims total approximately ~~\$1,400,000~~\$1,916,034 on account of unsecured loans the Debtor has taken and other fees and expenses. The Debtor will ~~be file motions~~escrow amounts sufficient to cover all claims pending resolution.

~~11.~~12. The Debtor filed a motion to expunge, reduce or estimate a number of claims before claims filed by Margaux Levy, Charlene Loo and Alessio Matera. At a hearing held on June 16, 2015, the case is confirmed Court estimated the amount of Margaux Levy's claim at \$20,700 and directed the Debtor to escrow that amount pending final determination.

The Court's estimation is not a determination of the amount due, but only a determination of the amount the Debtor needs to reserve pending further review by the parties and/or litigation. The Debtor agreed to escrow the full amounts sought by Charlene Loo and Alessio Matera. The Debtor's agreement to escrow the full amounts sought is not a determination of the amounts due. The amounts due are subject to further review by the parties and/or litigation.

~~12. The Debtor's financial problem is the result of problems with the Bleecker Street insider commercial tenant which resulted in rent collection losses and ultimately mortgage defaults and a Federal Court foreclosure action. The Federal Court appointed a receiver, who has remained in control of the Properties post petition. Since filing the case, the Debtor considered a number of options and ultimately decided to sell the Bleecker Street Property to a joint venture in a private sale under the Plan. Teresa Sorkin, the daughter of the Debtor's beneficial owners will be a 50% owner of 287 Bleecker Street LLC, the new joint venture. The sale proceeds will cover (a) all creditor claims plus interest and (b) the cost of satisfying the Mortgagee's claim in full by exercising the so-called defeasance provisions of the mortgage. To defease, the Debtor must substitute U.S. Treasury securities for the Properties as collateral for the Mortgagee's note. As required by the Mortgage, those securities will generate a stream of payments to the Mortgagee equal to the remaining amounts due under the Mortgage. The Prince Street Property will be transferred by gift to Teresa Launi under the Plan and will be unencumbered after the Bleecker Street deal closes.~~

13. The Debtor's financial problem is the result of problems with the Bleecker Street insider commercial tenant which resulted in rent collection losses and ultimately mortgage

defaults and a Federal Court foreclosure action. The Federal Court appointed a receiver, who has remained in control of the Properties post-petition. Since filing the case, the Debtor considered a number of options and ultimately decided to sell the Bleecker Street Property to a joint venture in a private sale under the Plan. Teresa Sorkin, the daughter of the Debtor's beneficial owners will be a 50% owner of 287 Bleeker Street LLC, the new joint venture. The sale proceeds will cover (a) all creditor claims plus interest and (b) the cost of satisfying the Mortgagee's claim in full by exercising the so-called defeasance provisions of the mortgage. To defease, the Debtor must substitute U.S. Treasury securities for the Properties as collateral for the Mortgagee's note. As required by the Mortgage, those securities will generate a stream of payments to the Mortgagee equal to the remaining amounts due under the Mortgage. The Prince Street Property will be transferred by gift to Teresa Launi under the Plan.

DEBTOR'S PLAN OF REORGANIZATION

CLASSIFICATION AND TREATMENT OF CLAIMS

Class 1

~~13-14.~~ **Classification** -- New York City real estate tax, water, sewer and other liens. Claims total approximately \$102.

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~~14-15.~~ **Treatment** -- Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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~~15-16.~~ **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 2

~~16-17.~~ **Classification** – U.S. Bank National Association. Claim as asserted totals approximately \$6,250,000 as of January 31, 2015.

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~~17-18.~~ **Treatment** – Payment of the amounts necessary to (a) reinstate the Lender’s note and mortgage under section 1124(2) of the Bankruptcy Code, in full in cash on the Effective Date and (b) under Section 2.9 of the Loan Agreement, entry into a Total Defeasance Security Agreement for Total Defeasance Collateral (as such terms are defined in the Loan Agreement). The Mortgagee estimates that the reinstatement amount will be \$1,048,297 representing projected overdue interest, advances and costs as of January 31, 2015. The Debtor estimates the purchase price for the Total Defeasance Collateral will be \$5,000,000 representing unpaid principal and projected unpaid interest. The Debtor estimates disbursements totaling approximately \$6,250,000 to satisfy its obligations to the Mortgagee under the Plan. The Mortgagee shall be obligated to transfer its mortgage to the designee of the Purchaser of the Bleecker Street Property.

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~~18-19.~~ **Voting** – Unimpaired and deemed to have accepted the Plan.

Class 3

~~19-20.~~ **Classification** – Smith & Krantz LLP judgment lien. Claim totals approximately \$7,874.

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~~20-21.~~ **Treatment** – Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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21-22. **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 4

22-23. **Classification** – New York State Department of Tax and Finance. Claim

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totals approximately \$11,858.

23-24. **Treatment** – Payment in full in Cash of Allowed Amount on the Effective

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Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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24-25. **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 5

25-26. **Classification** – Priority Claims under Sections

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507(a)(2),(3),(4),(5),(6),(7) and (8) of the Bankruptcy Code. Claims total approximately \$7,794.

26-27. **Treatment** – Payment in full in Cash of Allowed Amount on the Effective

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Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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27-28. **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 6

28-29. **Classification** – General Unsecured Claims. Claims total approximately

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~~\$1,400,000~~ \$1,916,034

29-30. **Treatment** – Payment in full in case on the Effective Date plus interest at

~~the Legal Rate from the Petition Date through the payment date.~~ **Treatment** – Payment in full in

Cash on the Effective Date plus interest at the Legal Rate from the Petition Date through the payment date.

30-31. **Voting** – Unimpaired and deemed to have accepted the Plan.

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Class 7

31-32. **Classification** – ~~Interests Holders~~ Interest Holders.

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32-33. **Treatment** – Entitled to retain Interests.

33-34. **Voting** – Unimpaired and deemed to have accepted the Plan.

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ADMINISTRATIVE EXPENSES

34-35. Allowed Administrative Expenses shall be paid in full, in cash on the Effective Date, or the date such Administrative Expense becomes Allowed or as soon as practicable thereafter, except if the holder of an Allowed Administrative Expense agrees to a different treatment; provided, however, that Allowed Administrative Expenses representing obligations in the ordinary course of business or assumed by the Debtor shall be paid in full or performed by the Debtor in the ordinary course of business or under the terms and conditions of the particular transaction. The Debtor anticipates there will be unpaid Administrative Expenses totaling approximately \$~~100~~150,000.

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35-36. All outstanding United States Trustee fees shall be paid as they come due.

MEANS FOR IMPLEMENTATION

36-37. **Source of Funds** – Effective Date obligations under the Plan will be satisfied from the transfer of the Bleeker Street Property to 287 Bleeker Street LLC, an entity

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formed (the "Purchaser") by two outside investors and Teresa Sorkin, under the terms and conditions of the ~~Agreements~~Agreement annexed to the Plan as Exhibit A. Ms. Sorkin is the daughter of Nancy Launi and Rocco Launi (the Debtor's beneficial owners). The Prince Street Property will be transferred to Teresa Sorkin under the Plan as a gift from Nancy and Rocco Launi. The transfer of the Properties under the Plan shall be free and clear of liens, claims and encumbrances, with any such liens, claims and encumbrances to attach to the sale proceeds, and to be disbursed under the Plan. The Purchaser has cash on hand and mortgage financing pending to fund its purchase of the Bleecker Street Property. Annexed hereto as Exhibit C is an affidavit from one of the Purchaser's principals evidencing the Purchaser's ability to close.

~~37.38.~~ **Sale Approval** -- As part of the sale of the Bleecker Street Property under the Plan, and in order to ensure consummation of the Plan, the Confirmation Order shall contain the following findings of fact and conclusions of law: (a) that the terms and conditions of the sale are fair and reasonable, (b) that the Debtor's sale, and the Purchaser's purchase, of the Bleecker Street Property pursuant to the Plan, is non-collusive, fair and reasonable and was conducted openly and in good faith, (c) that the transfer of the Bleecker Street Property to the Purchaser represents an arm's-length transaction and was negotiated in good faith between the parties, (d) that the Purchaser, as transferee of the Bleecker Street Property, is a good faith purchaser under Bankruptcy Code § 363(m) and, as such, is entitled to the full protection of Bankruptcy Code § 363(m), (e) the sale of the Bleecker Street Property to the Purchaser was not controlled by an agreement among potential purchasers, (f) that no cause of action exists against the Purchaser or with respect to the sale of the Property to the Purchaser under Bankruptcy Code § 363(n), and (g)

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that any claims under Bankruptcy Code § 363(n) or any other claims as against the Purchaser are released, waived and discharged.

~~38,39.~~ **Stamp Tax** -- ~~Under the Plan, pursuant to Bankruptcy Code § 1146(e), (a)~~

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~~the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other Lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with, the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with the purchase of the Properties and any other transaction contemplated under the Plan or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated in the Plan, and (d) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, shall not be subject any applicable document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, or other similar tax or governmental assessment including without limitation New York City Real Property Transfer Tax and New York State Documentary Tax.~~
Under the Plan, pursuant to Bankruptcy Code § 1146(a), (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other Lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with, the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with the purchase of the Properties and

any other transaction contemplated under the Plan or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated in the Plan, and (d) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, shall not be subject any applicable document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, or other similar tax or governmental assessment including without limitation New York City Real Property Transfer Tax and New York State Documentary Tax.

39-40. Vesting -- Except as otherwise provided in the Plan, on the Effective Date all assets and properties of the Estate shall vest in the Debtor free and clear of all Liens, Claims and encumbrances and any and all liens, claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Except as otherwise provided herein, as of the Effective Date, all property of the Debtor shall be free and clear of all Claims and Interests of Creditors, except for the obligations that are imposed under the Plan or by a Final Order of the Bankruptcy Court.

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40-41. Execution of Documents -- The Debtor shall be authorized to execute, in the name of any necessary party, any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation.

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~~41-42.~~ **Recording Documents** -- Each and every federal, state and local

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governmental agency or department shall be authorized to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transaction contemplated by the Plan, including, but not limited to any and all notices of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved by the Plan, and the Confirmation Order.

~~43.~~ **Receivership.** On the Effective Date, the Receiver shall discontinue its

duties. Any and all interests and rights in all property held by, or entitled to be received by, the Receiver shall be transferred to the Debtor after payment of all outstanding debts and obligations incurred by the Receiver prior to closing in the ordinary course of business. No later than one month after the Effective Date, the Receiver (a) shall provide the Debtor with a final accounting as to all sums collected by the Receiver during the receivership and the application thereof, and (b) seek approval thereof from the Bankruptcy Court. Notwithstanding the foregoing, the Receiver may hold back from turnover to the Debtor, the claimed amount of receivership fees and expenses, including legal fees, pending approval of such fees by the Bankruptcy Court. The Debtor shall be responsible for the defense of any actions or proceedings regarding the Prince Street Property. The Purchaser shall be responsible for the defense of any actions or proceedings regarding the Bleecker Street Property.

~~42-44.~~ **Defeasance of Mortgages.** The Mortgagee objected to the Debtor's

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initial disclosure statement, which provided for partial defeasance of the mortgages. The Amended Plan provides for total defeasance with no partial defeasance option. The Debtor

believes that the Mortgagee's objection may be resolved provided the Debtor effectuates a total defeasance.

43-45. The Bleecker Street Property sale proceeds cover the cost of a total defeasance. The mechanics of effectuating a total defeasance are complicated. In its objection, the Mortgagee described a 16 step process. The Debtor has contacted Defease with Ease, a specialty financial firm that implements defeasance transactions. They have agreed to implement the defeasance on this loan for a fee of approximately \$35,000. Rather than try to master defeasance itself, the Debtor intends to retain Defease with Ease (or a similar firm) to effectuate the defeasance technicalities.

44-46. The Mortgagee ~~argues~~has argued that legally the Debtor may not be entitled to reinstate the mortgage under section 1124 of the Bankruptcy Code, which would then preclude defeasance under the mortgage. The Mortgagee has indicated that it may not object to reinstatement provided the parties can agree on the amount of the Mortgagee's Claim. The Debtor believes that it can reach such an agreement before the Confirmation Hearing.

45-47. ~~First~~Nonetheless, the Mortgagee argues first that it is "paradoxical" to both reinstate and defease. But reinstatement of an accelerated obligation under section 1124 of the Code does not require a borrower to waive any of its rights under the loan documents. The Debtor believes it is entitled to cure its defaults and simultaneously exercise its right under the loan documents to defease.

46-48. The Mortgagee argues that the Bankruptcy Court lacks jurisdiction to permit defeasance. But nothing in the Bankruptcy Code prohibits a Debtor from proposing defeasance under a plan, nor has the Mortgagee cited authority for its argument.

47-49. The Mortgagee's biggest concern was the Debtor's estimate of the monetary arrears. The Plan provides for payment of the amount necessary to reinstate. The estimate is not binding on either the Debtor or the Mortgagee. For this Amended Disclosure Statement, the Debtor has used the Mortgagee's estimate, understanding that the estimated amount is not binding.

48-50. In addition, the Mortgagee argued there are nonmonetary historical defaults incapable of cure: entry into leases with insiders, failure to provide periodic reports, failure to deposit rents into a lockbox and failure to timely cure building violations. Since the Debtor is proposing to implement a total defeasance rather than a partial defeasance, the Mortgagee will no longer be subject to risk from any such defaults and the Debtor therefore believes they should be deemed non-material. In addition, case law suggests that curing nonmonetary defaults is not a condition to reinstatement under section 1124(2) of the Bankruptcy Code.

49-51. Finally, the Mortgagee argues that the Mortgage prohibits the Debtor from curing outstanding monetary defaults and defeasing the mortgage simultaneously. The Mortgagee cited no mortgage section to support this argument. Section 2.8(a) of the mortgage governing total defeasance states otherwise. That section requires that no default "remain uncured," as a condition to defeasance but provides in subsection (ii)(A) that on the Total

Defeasance Date, the Borrower shall pay as a condition precedent, “. . . all payments of principal and interest due and payable on the Loan to and including the Total Defeasance Date.”

Together, those provisions mean that if no payment defaults remain “uncured” after tender of borrower’s payments, the Mortgagee must release its lien at closing.

~~50-52.~~ Again, the Debtor believes that the Mortgagee will consent to defeasance now that the Debtor has decided not exercise its partial defeasance option. But if the Debtor is mistaken, the Debtor will seek a ruling from the Bankruptcy Court that the Debtor may exercise its total defeasance rights under the loan documents and the Plan.

53. As detailed in the Objections filed by Rialto to the Debtors’ prior Disclosure Statements [Docket Nos. 26 and 91] (the “DS Objections”), Rialto contends that certain matters set forth in the Amended Plan render the Plan unconfirmable, unless and to the extent the Rialto consents in its absolute discretion. Notwithstanding Rialto’s asserted legal infirmities Rialto and the Debtor are in discussions in respect of the Proposed Transaction (as defined in the DS Objections) in the hopes of reaching a consensual resolution of issues raised by the Proposed Transaction. In the event Rialto is unable to resolve its issues with the Amended Plan, Rialto reserves its right to object to confirmation of the Amended Plan, including on the grounds described in the DS Objections.

LIQUIDATION ANALYSIS

~~51-54.~~ In a liquidation under Chapter 7 of the Bankruptcy Code, the Debtor’s assets would be sold and the sale proceeds distributed to creditors in their order of priority. The Debtor believes that the Plan provides at least an equivalent return for the Debtor’s estate as

could be achieved in a liquidation. As set forth on Exhibit B hereto, the Debtor projects that in a Chapter 7 liquidation, the return to the Debtor's estate would be reduced by an additional layer of administration legal expenses and commissions, which the Debtor estimates would total at least 15% of the sale proceeds.

LITIGATION ANALYSIS

~~52-55.~~ The Debtor knows of no pending litigation or potential litigation, except (a) a foreclosure action instituted by the Mortgagee, (b) a collection case by creditor Harrison Morgan Investments LLC, and (c) a contract dispute case by creditor Margaux Levy. The Debtor will attempt to settle or litigate those claims as part of the claims objection process. Since the Plan provides for payment in full for all creditors, the Debtor has no avoidance actions to pursue.

PAYMENT OF CLAIMS AND OBJECTIONS TO CLAIMS

~~53.— The Debtor shall be disbursing agent under the Plan without a bond. The Debtor has not yet completed its review of the Claims asserted in this case. The Debtor reserves its right to file objections to Claims in the event grounds exist to object to particular Claims, for a period of 90 days after the Effective Date. On the initial distribution date and on each distribution date as may thereafter be necessary, the Debtor shall maintain an undetermined Claims distribution reserve for the holders of undetermined claims as of such date in a sum not less than the amount required to pay each such undetermined Claim if such claim was allowed in full. To the extent that an undetermined Claim becomes an Allowed Claim, the distributions reserved for such Allowed Claim, shall be released from the undetermined claims distribution~~

~~reserve and paid to the holder of such Allowed Claim. After all the amounts of all undetermined Claims have been fixed, the balance of the undetermined Claims distribution reserve shall thereafter be paid in accordance with the Plan.~~

54.56. The Debtor shall be disbursing agent under the Plan without a bond. The Debtor shall establish an escrow account on the Effective Date in the amount of (i) all claims (including claims to which the Debtor does not intend to object), (ii) all anticipated professional fees, and all other administrative expenses and costs, such as United States Trustee fees, to be disbursed by the escrow agent upon orders of this Court. This will serve as a minimum source of cash for these expenses, though all such expenses of administration must be paid, if not by the Debtor then by the investors or new entity. The Debtor has not yet completed its review of the Claims asserted in this case. The Debtor reserves its right to file objections to Claims in the event grounds exist to object to particular Claims, for a period of 60 days after the Effective Date. The Debtor, however, shall not challenge the Loo and Matera claims by arguing that the Debtor is not liable since their claims/judgments are against the Debtor's beneficial owners rather than the Debtor. On the initial distribution date and on each distribution date as may thereafter be necessary, the Debtor shall maintain an undetermined Claims distribution reserve for the holders of undetermined claims as of such date in a sum not less than the amount required to pay each such undetermined Claim if such claim was allowed in full. To the extent that an undetermined Claim becomes an Allowed Claim, the distributions reserved for such Allowed Claim, shall be released from the undetermined claims distribution reserve and paid to the holder of such Allowed Claim. After all the amounts of all undetermined Claims have been fixed, the

balance of the undetermined Claims distribution reserve shall thereafter be paid in accordance with the Plan.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

55-57. At least 10 days prior to the Confirmation Hearing, the Debtor shall designate those Executory Contracts that the Debtor seeks to reject. Such designation shall be made by the filing of a notice in the docket of this case and by service by overnight delivery to the counterparties to such agreements. All Executory Contracts not so designated shall be deemed assumed under the Plan as of the Confirmation Date. In the event of a rejection of any Executory Contract which results in damage to the other party or parties to the Executory Contract, a Proof of Claim for such damages must be filed by the damaged party with the Court within sixty (60) days after the Effective Date. All Allowed Claims arising from the rejection of any Executory Contract shall be treated as an Unsecured Claims. Any Claim arising from the rejection of any Executory Contract or unexpired lease not timely filed with the Court shall be deemed discharged and shall not be entitled to participate in any distribution under the Plan.

FINANCIAL PROJECTIONS AND LIQUIDATION ANALYSIS

56-58. Annexed hereto as Exhibit B is a balance sheet and liquidation analysis. If a liquidation occurs, the value of the Debtor's Property would be reduced by administration expenses and a forced sale discount to fair market value.

MANAGEMENT OF THE DEBTOR

57-59. The Debtor is managed by Teresa Sorkin, Vice President of G.T.A. Realty Corp., the Debtor's sole member. Post-confirmation management shall remain unchanged.

TAX CONSEQUENCES

58-60. The Debtor does not believe there will be any negative tax consequences to the Debtor or to Creditors under the Plan. To the extent that a creditor is not paid in full under the Plan, such creditor may be entitled to a bad debt deduction. If a creditor has taken a bad debt deduction, Plan distributions may be taxable as income.

59-61. THE DEBTOR DOES NOT PURPORT, THROUGH THIS DISCLOSURE STATEMENT, TO ADVISE THE CREDITORS OR INTEREST HOLDERS REGARDING THE TAX CONSEQUENCES OF THE TREATMENT OF THE CREDITORS AND INTEREST HOLDERS UNDER THE PLAN. CREDITORS AND INTEREST HOLDER SHOULD SEEK INDEPENDENT COUNSEL CONCERNING THE TAX CONSEQUENCES OF THEIR TREATMENT UNDER THE PLAN.

RELEASES

62. **Releases by the Debtor.** Pursuant to section 1123(b) of the Bankruptcy Code, and except for such liabilities and obligations otherwise assumed or provided hereunder, for good and valuable consideration provided by the Released Parties to the Effective Date and effective as of the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all direct, indirect or derivative claims, obligations, rights, suits, judgments, indemnification, and all other claims, causes of action, controversies of every type, kind, nature, description or character whatsoever, including any derivative claims asserted on behalf of the Estate, whether known or unknown, foreseen or unforeseen, liquidated or liquidated, contingent or fixed, currently existing or hereafter arising, in law, at equity, whether for tort, fraud, contract or otherwise, that the Debtor would have been legally entitled to assert, including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest of the Released Parties that is treated in the Plan, the business or contractual arrangements between the Debtor, on the one hand, and any Released Party, on the other hand, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Effective Date, other than in each case claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence; provided, however, that nothing in this section or in the Plan shall be deemed to release any Released Party from liability for acts or omissions that are the result of actual fraud, gross negligence, willful misconduct, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful

violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice. Except as set forth in Section 11.15 of this Plan, nothing in this Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in this Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action or other proceedings against the Released Parties for any liability whatever, including without limitation, any Claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in this Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties.

63. **Injunction.** On the Effective Date, the Debtor shall be permanently enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind, including asserting any setoff, right or subrogating, contribution, indemnification or recoupment of any kind, directly or indirectly, or proceeding in any manner in any place inconsistent with the releases granted by the Debtor and its Estate to the Released Parties pursuant to the Plan. The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan.

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64. **Exculpation.** On the Effective Date, other than such liabilities and obligations otherwise assumed or provided hereunder, (a) the Debtor, and its direct and indirect parents, subsidiaries and affiliates, together with each of its shareholders, members, managers, general partners, limited partners, officer, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) and (b) the Released Parties, and all of their respective direct and indirect parents and subsidiaries, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) shall be deemed to release each of the other, and the Released Parties shall be deemed released by all holders of Claims and Equity Interests of and from any claims, obligations, rights, causes of action and liabilities for any act or omission occurring through the date immediately preceding the Effective Date that arise from or are related to the Property and the ownership thereof, including, without limitation, any act or omission occurring during or relating to the Chapter 11 Case, commencement of the Chapter 11 Case, the solicitation of acceptances of this Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute fraud, willful misconduct, gross negligence, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice,

and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code.

65. **Confirmation Injunction.** Other than such liabilities and obligations otherwise assumed or provided hereunder, and as set forth in the Confirmation Order, (a) the rights afforded herein and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction and release of, all Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor shall satisfied and released in full, and (c) all Persons shall be precluded from asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) against the Debtor, its assets or properties, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

66. **No Discharge.** Pursuant to section 1141(d)(3), the Debtor will not receive a discharge upon confirmation of the Plan.

VOTING PROCEDURES AND REQUIREMENTS

~~60-67.~~ There are no impaired classes under the Plan so the Debtor will not be soliciting votes.

CONFIRMATION OF THE PLAN

~~61-68.~~ Section 1128(a) of the Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). Section 1128(b) provides that any party in interest may object to confirmation of the Plan.

~~62-69.~~ By order of the Bankruptcy Court dated ~~▲~~ ~~▲~~, 2015, the Confirmation Hearing has been scheduled for ~~▲~~ ~~▲~~, 2015, at ~~▲~~ ~~▲~~.m., in the Honorable Robert E. Gerber's Courtroom, United States Bankruptcy Court, One Bowling Green, New York, NY 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjourned Confirmation Hearing. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court with proof of service and served upon the following by _____, 2015: Backenroth Frankel & Krinsky, LLP, 800 Third Avenue, New York, New York 10022, Attn: Mark A. Frankel, Esq. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

~~63-70.~~ At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied to enter an order confirming the Plan. The applicable requirements are: (a) The Plan complies with the applicable provisions of the Bankruptcy Code, (b) the Debtor has complied with the applicable provisions of the Bankruptcy Code; (c) the Plan has been proposed in good faith and not by any means forbidden by law, (d) any payment made or promised or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Bankruptcy Case, or in connection with the Plan and incident to the Bankruptcy Case,

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has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable, (e) the Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a Plan with the Debtor, or a successor to the Debtor under the Plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of Creditors and equity security holders and with public policy, and the Debtor has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation for such insider, (f) with respect to each class of impaired Claims, either each holder of a Claim or interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or interest property of a value, as of the Effective Date of the Plan, an amount that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code, (g) each class of Claims or interests has either accepted the Plan or is not impaired under the Plan, (h) except if the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Expenses and priority Claims will be paid in full on the Effective Date, (i) at least one class of impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such class, and (j) confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtor or any successors to the Debtor under the Plan unless such liquidation or reorganization is proposed in the Plan.

64-71. The Debtor believes that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the requirements of Chapter 11, and that the proposals contained in the Plan are made in good faith.

65-72. Since all creditors are unimpaired under the Plan and the Debtor will not be invoking the cram down provisions under section 1129(b) of the Bankruptcy Code.

CONCLUSION

The Debtor urges the Debtor's Creditors to support the Plan.

Dated: New York, New York
~~April 24~~ June 30, 2015

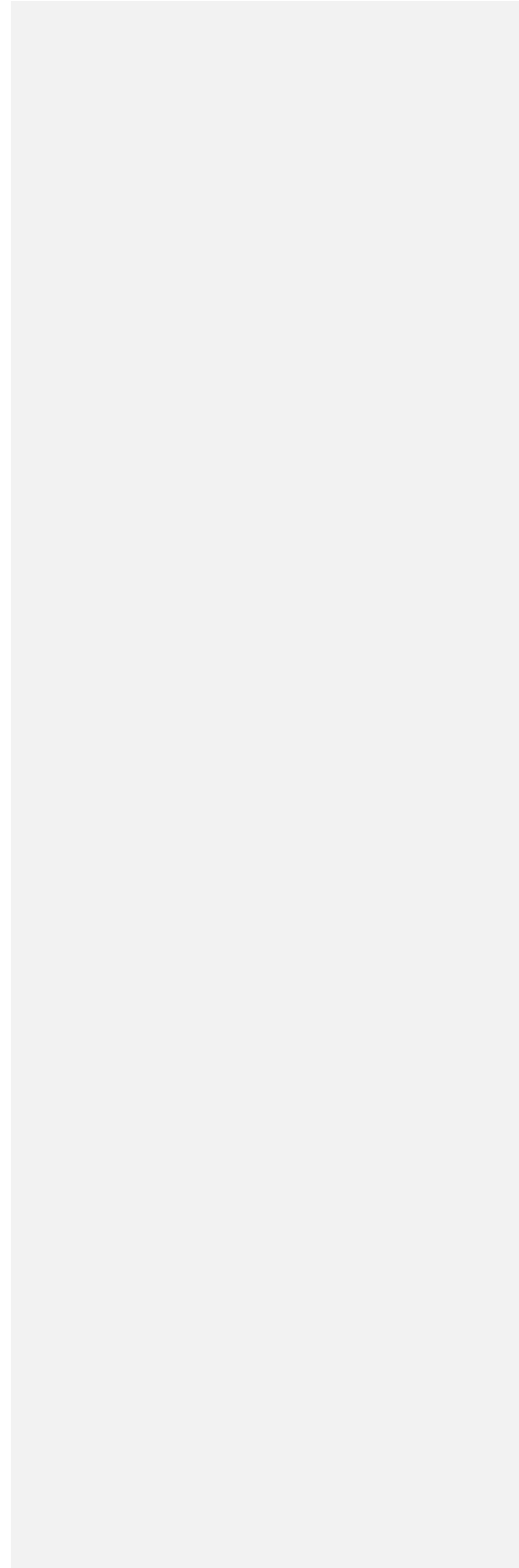
GTA Realty II, LLC
Debtor and Debtor in Possession

By: s/ Teresa Sorkin, Vice President of G.T.A.
Realty Corp., the Debtor's sole member

BACKENROTH FRANKEL & KRINSKY, LLP
Attorneys for Debtor

By: s/Mark Frankel
800 Third Avenue
New York, New York 10022
(212) 593-~~1101~~ 1100

Exhibit A to Disclosure Statement



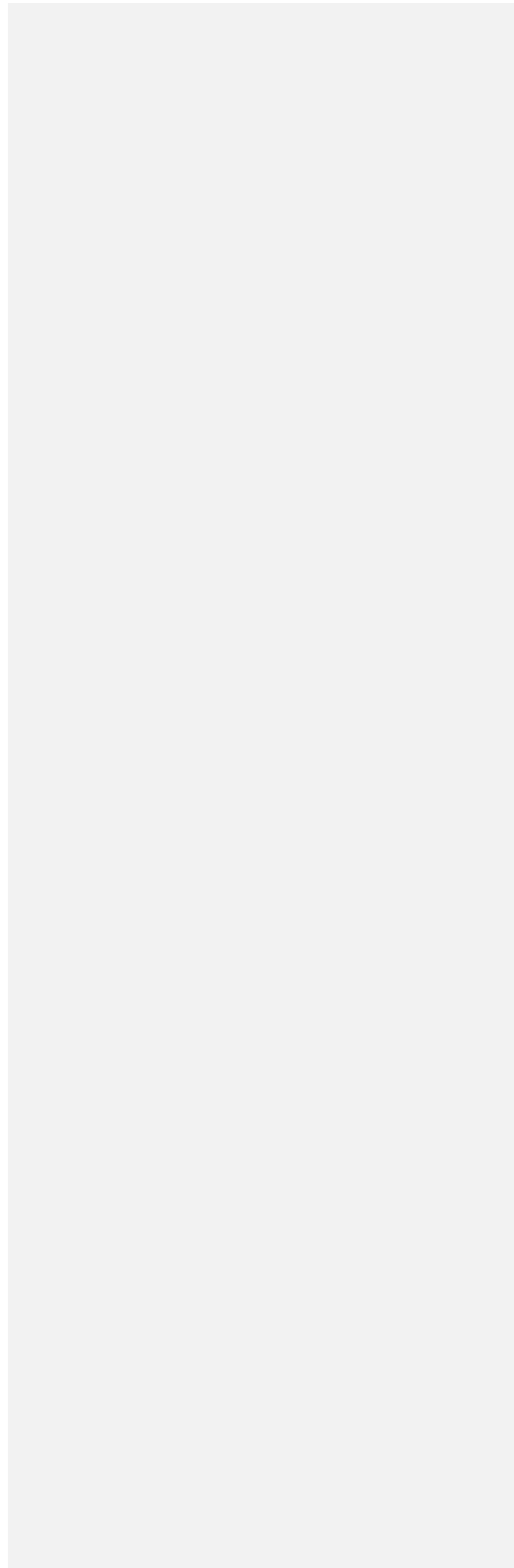
UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
In re Chapter 11
GTA Realty II, LLC Case no. 14-12840
Debtor.
-----x

SECOND AMENDED PLAN OF REORGANIZATION

Mark A. Frankel
BACKENROTH FRANKEL & KRINSKY, LLP
800 Third Avenue
New York, New York 10022
Telephone: (212) 593-1100
Fascimile: (212) 644-0544

ATTORNEYS FOR THE DEBTOR



INTRODUCTION

GTA Realty II, LLC (“Debtor”), proposes this Plan of Reorganization to its Creditors. UPON CONFIRMATION, THIS PLAN SHALL BE A BINDING OBLIGATION BETWEEN AND AMONG THE DEBTOR AND EACH OF THE DEBTOR'S CREDITORS (AS SUCH TERMS ARE DEFINED BELOW).

DEFINITIONS

As used in this Plan, the following terms will have the meanings hereinafter set forth:

1. "Administrative Expense" Any cost or expense of administration of the Bankruptcy Case entitled to priority under section 507(a)(1) and allowed under section 503(b) of the Bankruptcy Code, and any fees or charges assessed against the Debtor's Estate under Chapter 123, Title 28, United States Code.
2. "Administrative Expense Claim" shall mean claim for payment of an Administrative Expense.
3. "Allowance Date" shall mean the date which a Disputed Claim becomes an Allowed Claim by Final Order.
4. "Allowed Amount" shall mean the amount of a Claim: (a) if a Proof of Claim is filed timely or, with leave of the Court late filed which (i) no party in interest files an objection or (ii) which is allowed by a Final Order; or (b) which is listed on the Debtor's

schedules or any amendments thereto but which is not listed as disputed, unliquidated or contingent.

5. "Allowed Claim" shall mean a Claim: (a) if a Proof of Claim is filed timely or, with leave of the Court late filed which (i) no party in interest files an objection or (ii) which is allowed by a Final Order; or (b) which is listed on the Debtor's schedules or any amendments thereto but which is not listed as disputed, unliquidated or contingent.

6. "Allowed Secured Claim" shall mean a Secured Claim to the extent it is an Allowed Claim.

7. "Allowed Unsecured Claim" shall mean an Unsecured Claim to the extent it is an Allowed Claim.

8. "Bankruptcy Case" shall mean this Chapter 11 bankruptcy case.

9. "Bankruptcy Code" shall mean Title 11 of the United States Code (11 U.S.C. § 101 et. seq.

10. "Bankruptcy Court" shall mean the Court as defined below.

11. "Bar Date" shall mean March 5, 2015 at 5:00 p.m. Eastern Time.

12. "Cash" shall mean all cash and cash equivalents which evidence immediately available funds in United States dollars.

13. "Claim" shall mean a right to payment as set forth in § 101(5) of the Bankruptcy Code.

14. "Claimant" shall mean the holder of a Claim.

15. "Confirmation Date" shall mean the date of the entry of the Confirmation Order.

16. "Confirmation Hearing" shall mean the hearing under the Bankruptcy Code Section 1128 before the Bankruptcy Court regarding the proposed confirmation of the Plan.

17. "Confirmation Order" shall mean the order confirming the Plan.

18. "Court" shall mean the United States Bankruptcy Court for the SOUTHERN District of New York.

19. "Creditor" shall mean any entity that holds a Claim against the Debtor.

20. "Debtor" shall mean GTA Realty II, LLC.

21. "Disputed Claim" shall mean the whole or any portion of any claim against the Debtor to which an objection is timely filed as to which a Final Order has not been entered allowing or disallowing such Claim or any portion thereof.

22. "Effective Date" shall mean the Date upon which the Confirmation Order is a Final Order, or such other date after the Confirmation Date as may be practicable-, provided however, that absent further order of the Bankruptcy Court, the Effective Date shall be no later than August 31, 2015.

23. "Estate" shall mean the estate of the Debtor created upon the commencement of the Bankruptcy Case under Section 541 of the Bankruptcy Code.

24. "Executory Contracts" shall mean "executory contracts" and "unexpired leases" as such terms are used within Section 365 of the Bankruptcy Code.

25. "Final Order" shall mean an order that has not been reversed, modified, amended or stayed, and as to which the time to appeal or to seek review or certiorari thereof has expired, and as to which no appeal, review or rehearing is pending.

26. "Interest" shall mean an existing ownership interest in the Debtor.

27. "Interest Holder" shall mean a holder and owner of an existing Interest in the Debtor.

28. "Legal Rate" shall mean the applicable interest rate in 28 U.S.C. §1961 as of the Petition Date.

29. "Lien" shall mean a charge against or interest in property to secure payment of a debt or performance of an obligation.

30. "Loan Documents" shall mean the agreements between the Debtor and the Mortgagee.

31. "Mortgage" shall mean the Mortgagee's mortgage on the Properties.

32. "Mortgagee" shall mean U.S. Bank National Association.

33. "Petition Date" shall mean October 8, 2014.

34. "Plan" shall mean this Plan of Reorganization, and all modifications and/or amendments hereto.

35. "Properties" shall mean ~~184 Prince Street, and 287 Bleeker Street, New York, New York~~ 184 Prince Street, and 287 Bleeker Street, New York, New York.

36. "Purchaser" shall mean 287 Bleeker Street LLC.

1. "Receiver" shall mean GlassRatner Management & Realty Advisors LLC.

2. "Released Parties" shall mean, collectively: (a) the Debtor (b) the Creditors' Committee and its members in their capacity as Committee members, and (c) the Court retained professionals in this case; provided, however, that as to such professionals, only with respect to services related to this case and the transactions contemplated by the Plan.

37.3. "Secured Claim" shall mean a Claim secured by a Lien on property included within the Debtor's Estate.

38.4. "Secured Creditor" shall mean the owner or holder of a Secured Claim.

39.5. "Unsecured Claim" shall mean a claim for which the Claimant does not hold (a) a valid, perfected and enforceable Lien, security interest or other interest in or encumbrance against Debtor or the Debtor's Estate; (b) a right to setoff to secure the payment of such Claim. An Unsecured Claim includes, but is not limited to, a Claim for damages resulting from rejection of any Executory Contract under Section 365 of the Bankruptcy Code, and does not include administrative or priority claims.

40.6. "Unsecured Creditor" shall mean the owner or holder of an Unsecured Claim.

CLAIMS CLASSIFICATION AND TREATMENT

Class 1

~~41.7.~~ **Classification** – New York City real estate tax, water, sewer and other liens. Claims total approximately \$102

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~~42.8.~~ **Treatment** -- Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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~~43.9.~~ **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 2

~~44.10.~~ **Classification** – U.S. Bank National Association Claim as asserted totals approximately \$6,250,000 as of January 31, 2015.

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~~45.11.~~ **Treatment** – Payment of the amounts necessary to (a) reinstate the Lender's note and mortgage under section 1124(2) of the Bankruptcy Code, in full in cash on the Effective Date and (b) under Section 2.9 of the Loan Agreement, entry into a Total Defeasance Security Agreement for Total Defeasance Collateral (as such terms are defined in the Loan Agreement). The Mortgagee estimates that the reinstatement amount will be \$1,048,297 representing projected overdue interest, advances and costs as of January 31, 2015. The Debtor estimates the purchase price for the Total Defeasance Collateral will be \$5,000,000 representing unpaid principal and projected unpaid interest. The Debtor estimates disbursements totaling approximately \$6,250,000 to satisfy its obligations to the Mortgagee under the Plan. The Mortgagee shall be obligated to transfer its mortgage to the designee of the Purchaser of the Bleecker Street Property.

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~~46-12.~~ **Voting** – Unimpaired and deemed to have accepted the Plan.

Class 3

~~47-13.~~ **Classification** – Smith & Krantz LLP judgment lien. Claim totals approximately \$7,874.

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~~48-14.~~ **Treatment** – Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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~~49-15.~~ **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 4

~~50-16.~~ **Classification** – New York State Department of Tax and Finance. Claim totals approximately \$11,858.

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~~51-17.~~ **Treatment** – Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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~~52-18.~~ **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 5

~~53-19.~~ **Classification** – Priority Claims under Sections 507(a)(2),(3),(4),(5),(6),(7) and (8) of the Bankruptcy Code. Claims total approximately \$7,794.

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~~54-20.~~ **Treatment** – Payment in full in Cash of Allowed Amount on the Effective Date, plus interest at the applicable statutory rate as it accrues from the Petition Date through the date of payment.

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~~55-21.~~ **Voting** -- Unimpaired and deemed to have accepted the Plan.

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Class 6

~~56-22.~~ **Classification** – General Unsecured Claims. Claims total approximately \$1,400,000\$1.916.034

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~~57-23.~~ **Treatment** – Payment in full in case on the Effective Date plus interest at the Legal Rate from the Petition Date through the payment date. **Treatment** – Payment in full in Cash on the Effective Date plus interest at the Legal Rate from the Petition Date through the payment date.

~~58-24.~~ **Voting** – Unimpaired and deemed to have accepted the Plan.

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Class 7

~~59-25.~~ **Classification** – ~~Interests Holders~~Interest Holders.

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~~60-26.~~ **Treatment** – Entitled to retain Interests.

~~61-27.~~ **Voting** – Unimpaired and deemed to have accepted the Plan.

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ADMINISTRATION CLAIMS

~~62-28.~~ Allowed Administrative Expenses shall be paid in full in Cash on the Effective Date, or the date such Administrative Expense becomes Allowed, except if the holder of an Allowed Administrative Expense agrees to a different treatment; provided however, that

Allowed Administrative Expenses representing obligations incurred in the ordinary course of business or assumed by the Debtor shall be Paid in full or performed by the Debtor in the ordinary course of business or under the terms and conditions of the particular transaction. Any outstanding U.S. Trustee fees shall be paid in full in Cash on the Effective Date. United States Trustee fees will be paid, and operating reports will be filed as they come due by the Debtor.

MEANS FOR IMPLEMENTATION

~~63-29.~~ **Source of Funds** – Effective Date obligations under the Plan will be satisfied from the transfer of the Bleeker Street Property to 287 Bleeker Street LLC, an entity formed (the “Purchaser”) by two outside investors and Teresa Sorkin, under the terms and conditions of the ~~Agreements~~Agreement annexed to the Plan as Exhibit A. Ms. Sorkin is the daughter of Nancy Launi and Rocco Launi (the Debtor’s beneficial owners). The Prince Street Property will be transferred to Teresa Sorkin under the Plan as a gift from Nancy and Rocco Launi. The transfer of the Properties under the Plan shall be free and clear of liens, claims and encumbrances, with any such liens, claims and encumbrances to attach to the sale proceeds, and to be disbursed under the Plan.

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~~64. **Sale Approval** – As part of the sale of the Bleeker Street Property under the Plan, and in order to ensure consummation of the Plan, the Confirmation Order shall contain the following findings of fact and conclusions of law: (a) that the terms and conditions of the sale are fair and reasonable, (b) that the Debtor's sale, and the Purchaser's purchase, of the Bleeker Street Property pursuant to the Plan, is non-collusive, fair and reasonable and was conducted openly and in good faith, (c) that the transfer of the Bleeker Street Property to the Purchaser~~

~~represents an arm's length transaction and was negotiated in good faith between the parties, (d) that the Purchaser, as transferee of the Bleecker Street Property, is a good faith purchaser under Bankruptcy Code § 363(m) and, as such, is entitled to the full protection of Bankruptcy Code § 363(m), (e) the sale of the Bleecker Street Property to the Purchaser was not controlled by an agreement among potential purchasers, (f) that no cause of action exists against the Purchaser or with respect to the sale of the Property to the Purchaser under Bankruptcy Code § 363(n), and (g) that any claims under Bankruptcy Code § 363(n) or any other claims as against the Purchaser are released, waived and discharged.~~

~~30. Stamp Tax—Under the Plan, pursuant to Bankruptcy Code § 1146(c), (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other Lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with, the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with the purchase of the Properties and any other transaction contemplated under the Plan or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated in the Plan, and (d) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, shall not be subject any applicable document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, or other similar tax or governmental assessment including without limitation New York City Real Property Transfer Tax and New~~

~~York State Documentary Tax.~~ **Sale Approval** -- As part of the sale of the Bleecker Street Property under the Plan, and in order to ensure consummation of the Plan, the Confirmation Order shall contain the following findings of fact and conclusions of law: (a) that the terms and conditions of the sale are fair and reasonable, (b) that the Debtor's sale, and the Purchaser's purchase, of the Bleecker Street Property pursuant to the Plan, is non-collusive, fair and reasonable and was conducted openly and in good faith, (c) that the transfer of the Bleecker Street Property to the Purchaser represents an arm's-length transaction and was negotiated in good faith between the parties, (d) that the Purchaser, as transferee of the Bleecker Street Property, is a good faith purchaser under Bankruptcy Code § 363(m) and, as such, is entitled to the full protection of Bankruptcy Code § 363(m), (e) the sale of the Bleecker Street Property to the Purchaser was not controlled by an agreement among potential purchasers, (f) that no cause of action exists against the Purchaser or with respect to the sale of the Property to the Purchaser under Bankruptcy Code § 363(n), and (g) that any claims under Bankruptcy Code § 363(n) or any other claims as against the Purchaser are released, waived and discharged.

65-31. Stamp Tax -- Under the Plan, pursuant to Bankruptcy Code § 1146(a), (a) the issuance, transfer or exchange of any securities, instruments or documents, (b) the creation of any other Lien, mortgage, deed of trust or other security interest, (c) the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, pursuant to, in furtherance of, or in connection with, the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with the purchase of the Properties and any other transaction contemplated under the Plan or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated in the

Plan, and (d) the issuance, renewal, modification or securing of indebtedness by such means, and the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the Confirmation Order, shall not be subject any applicable document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, or other similar tax or governmental assessment including without limitation New York City Real Property Transfer Tax and New York State Documentary Tax.

~~66.32.~~ **Release of Liens** – Except as otherwise provided for in the Plan, on the Effective Date, (a) each holder of a Secured Claim, shall on the Effective Date (x) turn over and release to the Debtor any and all Collateral that secures or purportedly secures such Claim, as they pertain to the properties currently owned by the Debtor or such Lien shall automatically, and without further action by the Debtor, be deemed released, and (y) execute such documents and instruments as necessary to evidence such Claim holder's release of such property or Lien.

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~~67.33.~~ **Execution of Documents** -- The Debtor shall be authorized to execute, in the name of any necessary party, any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation.

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~~68.34.~~ **Vesting of Assets** -- **Except as otherwise provided in the Plan, on the Effective Date all assets and properties of the Estate shall vest in the Debtor free and clear of all Liens, Claims and encumbrances and any and all liens, claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of**

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such date. Except as otherwise provided herein, as of the Effective Date, all property of the Debtor shall be free and clear of all Claims and Interests of Creditors, except for the obligations that are imposed under the Plan or by a Final Order of the Bankruptcy Court.

~~69-35~~. **Recording Documents** -- Each and every federal, state and local governmental agency or department shall be authorized to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transaction contemplated by the Plan, including, but not limited to any and all notices of satisfaction, release or discharge of any Lien, Claim or encumbrance not expressly preserved by the Plan, and the Confirmation Order.

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36. **Receivership.** On the Effective Date, the Receiver shall discontinue its duties. Any and all interests and rights in all property held by, or entitled to be received by, the Receiver shall be transferred to the Debtor after payment of all outstanding debts and obligations incurred by the Receiver prior to closing in the ordinary course of business. No later than one month after the Effective Date, the Receiver (a) shall provide the Debtor with a final accounting as to all sums collected by the Receiver during the receivership and the application thereof, and (b) seek approval thereof from the Bankruptcy Court. Notwithstanding the foregoing, the Receiver may hold back from turnover to the Debtor, the claimed amount of receivership fees and expenses, including legal fees, pending approval of such fees by the Bankruptcy Court. The Debtor shall be responsible for the defense of any actions or proceedings regarding the Prince Street Property. The Purchaser shall be responsible for the defense of any actions or proceedings regarding the Bleecker Street Property.

~~70-37.~~ **Preservation of Claims** -- All rights under Sections 502, 544, 545 and 546 of the Bankruptcy Code, all preference claims under Section 547 of the Bankruptcy Code, all fraudulent transfer claim under Section 548 of the Bankruptcy Code, and all claims relating to post-petition transactions under Section 549 of the Bankruptcy Code shall be preserved for the benefit of the Debtor's estate, provided, however, that the Debtor shall have sole authority for prosecuting any such claims.

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PAYMENT OF CLAIMS AND OBJECTIONS TO CLAIMS

~~71-38.~~ The Debtor shall be disbursing agent under the Plan without a bond. The Debtor has not yet completed its review of the Claims asserted in this case. The Debtor reserves its right to file objections to Claims in the event grounds exist to object to particular Claims, for a period of 90 days after the Effective Date. On the initial distribution date and on each distribution date as may thereafter be necessary, the Debtor shall maintain an undetermined Claims distribution reserve for the holders of undetermined claims as of such date in a sum not less than the amount required to pay each such undetermined Claim if such claim was allowed in full. To the extent that an undetermined Claim becomes an Allowed Claim, the distributions reserved for such Allowed Claim, shall be released from the undetermined claims distribution reserve and paid to the holder of such Allowed Claim. After all the amounts of all undetermined Claims have been fixed, the balance of the undetermined Claims distribution reserve shall thereafter be paid in accordance with the Plan. The Debtor shall be disbursing agent under the Plan without a bond. The Debtor shall establish an escrow account on the Effective Date in the amount of (i) all claims (including claims to which the Debtor does not intend to object), (ii) all

anticipated professional fees, and all other administrative expenses and costs, such as United States Trustee fees, to be disbursed by the escrow agent upon orders of this Court. This will serve as a minimum source of cash for these expenses, though all such expenses of administration must be paid, if not by the Debtor then by the investors or new entity. The Debtor has not yet completed its review of the Claims asserted in this case. The Debtor reserves its right to file objections to Claims in the event grounds exist to object to particular Claims, for a period of 60 days after the Effective Date. The Debtor, however, shall not challenge the Loo and Matera claims by arguing that the Debtor is not liable since their claims/judgments are against the Debtor's beneficial owners rather than the Debtor. On the initial distribution date and on each distribution date as may thereafter be necessary, the Debtor shall maintain an undetermined Claims distribution reserve for the holders of undetermined claims as of such date in a sum not less than the amount required to pay each such undetermined Claim if such claim was allowed in full. To the extent that an undetermined Claim becomes an Allowed Claim, the distributions reserved for such Allowed Claim, shall be released from the undetermined claims distribution reserve and paid to the holder of such Allowed Claim. After all the amounts of all undetermined Claims have been fixed, the balance of the undetermined Claims distribution reserve shall thereafter be paid in accordance with the Plan.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

72-39. At least 10 days prior to the Confirmation Hearing, the Debtor shall designate those Executory Contracts that the Debtor seeks to reject. Such designation shall be made by the filing of a notice in the docket of this case and by service by overnight delivery to

the counterparties to such agreements. All Executory Contracts not so designated shall be deemed assumed under the Plan as of the Confirmation Date. In the event of a rejection of any Executory Contract which results in damage to the other party or parties to the Executory Contract, a Proof of Claim for such damages must be filed by the damaged party with the Court within sixty (60) days after the Effective Date. All Allowed Claims arising from the rejection of any Executory Contract shall be treated as an Unsecured Claims. Any Claim arising from the rejection of any Executory Contract or unexpired lease not timely filed with the Court shall be deemed discharged and shall not be entitled to participate in any distribution under the Plan.

RELEASES

40. Releases by the Debtor. Pursuant to section 1123(b) of the Bankruptcy Code, and except for such liabilities and obligations otherwise assumed or provided hereunder, for good and valuable consideration provided by the Released Parties to the Effective Date and effective as of the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all direct, indirect or derivative claims, obligations, rights, suits, judgments, indemnification, and all other claims, causes of action, controversies of every type, kind, nature, description or character whatsoever, including any derivative claims asserted on behalf of the Estate, whether known or unknown, foreseen or unforeseen, liquidated or liquidated, contingent or fixed, currently existing or hereafter arising, in law, at equity, whether for tort, fraud, contract or otherwise, that the Debtor would have been legally entitled to assert, including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, the Plan, the subject matter of, or the transactions or events giving rise to,

any Claim or Equity Interest of the Released Parties that is treated in the Plan, the business or contractual arrangements between the Debtor, on the one hand, an any Released Party, on the other hand, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Effective Date, other than in each case claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence; provided, however, that nothing in this section or in the Plan shall be deemed to release any Released Party from liability for acts or omissions that are the result of actual fraud, gross negligence, willful misconduct, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice. Except as set forth in Section 11.15 of this Plan, nothing in this Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in this Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action or other proceedings against the Released Parties for any liability whatever, including without limitation, any Claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in this Plan exculpate any party from any liability to the United States Government or any of its agencies or

any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties.

41. **Injunction.** On the Effective Date, the Debtor shall be permanently enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind, including asserting any setoff, right or subrogating, contribution, indemnification or recoupment of any kind, directly or indirectly, or proceeding in any manner in any place inconsistent with the releases granted by the Debtor and its Estate to the Released Parties pursuant to the Plan. The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan.

42. **Exculpation.** On the Effective Date, other than such liabilities and obligations otherwise assumed or provided hereunder, (a) the Debtor, and its direct and indirect parents, subsidiaries and affiliates, together with each of its shareholders, members, managers, general partners, limited partners, officer, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) and (b) the Released Parties, and all of their respective direct and indirect parents and subsidiaries, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) shall be deemed to release each of the other, and the Released Parties shall be deemed released by all holders of Claims and Equity Interests of and from any claims, obligations, rights, causes of action and liabilities for any act or omission occurring through the

date immediately preceding the Effective Date that arise from or are related to the Property and the ownership thereof, including, without limitation, any act or omission occurring during or relating to the Chapter 11 Case, commencement of the Chapter 11 Case, the solicitation of acceptances of this Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute fraud, willful misconduct, gross negligence, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code.

43. **Confirmation Injunction.** Other than such liabilities and obligations otherwise assumed or provided hereunder, and as set forth in the Confirmation Order, (a) the rights afforded herein and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction and release of, all Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor shall satisfied and released in full, and (c) all Persons shall be precluded from asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) against the Debtor,

its assets or properties, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

44. **No Discharge.** Pursuant to section 1141(d)(3), the Debtor will not receive a discharge upon confirmation of the Plan.

RETENTION OF JURISDICTION

73-45. Retention of Jurisdiction. The Court shall have jurisdiction over all matters arising under, arising in, or relating to the Debtor's Bankruptcy Case including, but not limited to, proceedings:

- To consider any modification of the Plan under section 1127 of the Bankruptcy Code;
- To hear and determine all Claims, controversies, suits and disputes against the Debtor to the full extent permitted under 18 U.S.C. §1334 and 28 U.S.C. §157;
- To hear, determine and enforce all Claims and causes of action which may exist on behalf of the Debtor or the Debtor's estate, including, but not limited to, any right of the Debtor or the Debtor's Estate to recover assets under the Bankruptcy Code;
- To hear and determine all requests for compensation and/or reimbursement of expenses which may be made;
- To value assets of the Estate.
- To enforce the Confirmation Order, the final decree, and all injunctions;
- To enter an order concluding and terminating the Bankruptcy Case;
- To correct any defect, cure any omission, or reconcile any inconsistency in the Plan, or the Confirmation Order;

- To determine all questions and disputes regarding title to the assets of the Debtor.
- To re-examine Claims which may have been allowed for purposes of voting, and to determine objections which may be filed to any Claims.

GENERAL PROVISIONS

74.46. **Headings.** The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the meaning of the Plan.

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75.47. **Disputed Claims.** The Debtor shall hold in escrow the distribution that would be due on account of any Disputed Claim. No Disputed Claims shall be paid, nor shall distributions be made to a creditor holding a Disputed Claim, until such Claim becomes an Allowed Claim.

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76.48. **Calculation of Time Periods.** Bankruptcy Rule 9006 is incorporated to calculate the dates set forth herein.

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77.49. **Other Actions.** Nothing contained herein shall prevent the Debtor, Interest Holders, or Creditors from taking such actions as may be necessary to consummate the Plan, although such actions may not specifically be provided for within the Plan.

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78.50. **Modification of Plan.** The Debtor may seek amendments or modifications to the Plan under section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date, the Debtor may seek to remedy any defect or omission or reconcile any inconsistencies in the Plan or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and intent of the Plan.

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INJUNCTION AND PROPERTY OF THE ESTATE

51. **Effect of Failure to Consummate Plan.** If the Plan is not substantially consummated before the Effective Date deadline, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is so vacated, the Plan shall be null and void and nothing in the Plan shall constitute a waiver or release of any Claims against the Debtor or the allowance of any Administrative Expense or Claim.

~~79. **Injunction.** The confirmation of this Plan shall constitute an injunction against the commencement or continuation of any action, the employment of process, or any act, to collect, recover or offset from the Debtor or its property or properties, any obligation or debt except under the Plan.~~

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CLOSING THE CASE

80-52. Upon substantial consummation, the Debtor may move for a final decree to close the Bankruptcy Case and to request such other orders as may be just.

Dated: New York, New York
~~April 24~~ June 30, 2015

GTA Realty II, LLC

By: s/ Teresa Sorkin, Vice President of G.T.A. Realty Corp., the Debtor's sole member

BACKENROTH FRANKEL & KRINSKY, LLP
Attorneys for Debtor

By: s/Mark A. Frankel
800 Third Avenue
New York, New York 10022
(212) 593-1100

EXHIBIT B TO DISCLOSURE STATEMENT

ASSETS AND LIABILITIES

Assets	
Real Property and misc. personal property	\$18,000,000

Liabilities	
Administration Claims	\$100 150,000
New York City real estate tax, water, sewer and other liens.	\$102
U.S. Bank National Association	\$6,250,000
Smith & Krantz	\$7,874
New York State	\$11,858
Priority Claims under Sections 507(a)(2),(3),(4),(5),(6),(7) and (8) of the Bankruptcy Code.	\$7,794
General Unsecured Claims	\$1,400,000 \$1,916,034
Total	\$7,777 8,527,628

CHAPTER 7 LIQUIDATION ANALYSIS

Assets	
Real Property and misc. personal property	\$18,000,000

Liabilities	
Administration Claims	\$2,100 150,000
New York City real estate tax, water, sewer and other liens.	\$102
U.S. Bank National Association	\$7 6,250,000
Smith & Krantz	\$7,874
New York State	\$11,858
Priority Claims under Sections 507(a)(2),(3),(4),(5),(6),(7) and (8) of the Bankruptcy Code.	\$7,794
General Unsecured Claims	\$1,400,000 \$1,916,034
Interest Holders	\$10,777 6,289,656,338

Note: All claim amounts subject to objection.

EFFECTIVE DATE DISTRIBUTIONS

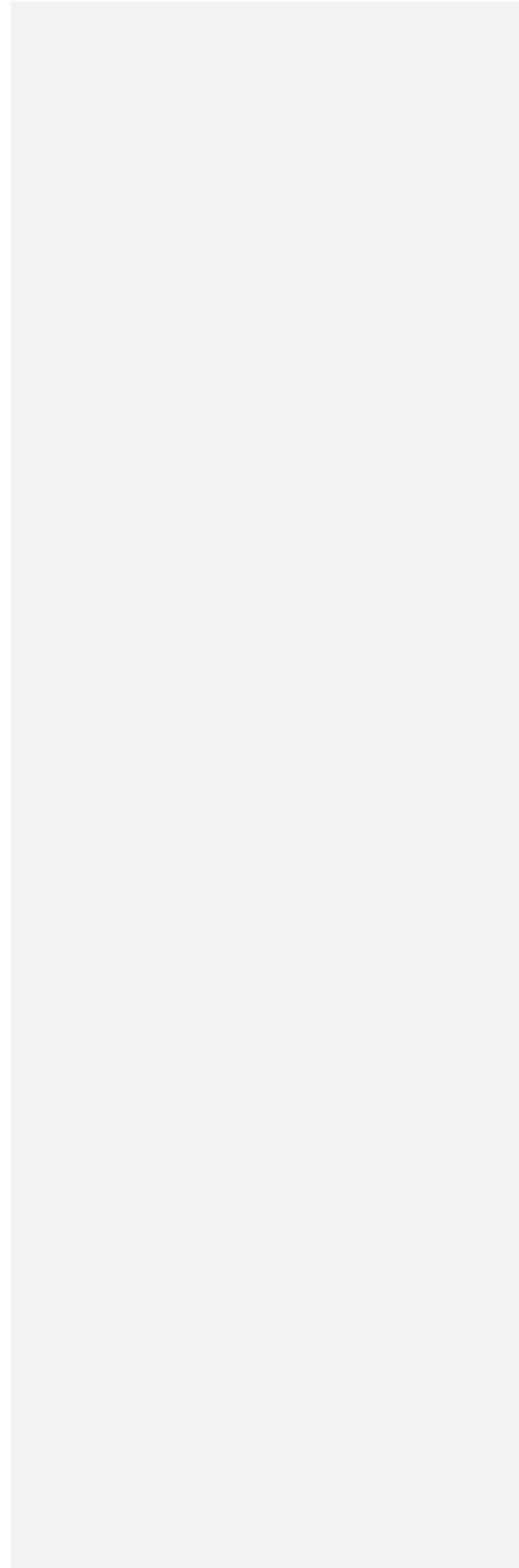
Assets	
Properties sale proceeds	\$9,000,000

Distributions	
Administration Claims	\$1,400,000 \$150,000
New York City real estate tax, water, sewer and other liens.	\$102
U.S. Bank National Association	\$6,250,000 ¹
Smith & Krantz	\$7,874
New York State	\$11,858
Priority Claims under Sections 507(a)(2),(3),(4),(5),(6),(7) and (8) of the Bankruptcy Code.	\$7,794
General Unsecured Claims	\$1,400,000 \$1,916,034
Total	\$7,777,628 \$8,343,662

Note: All claim amounts subject to objection.

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Exhibit C to Disclosure Statement



287 Bleeker Street LLC

To Whom it May Concern:

I am the managing member of Realmor Capital LLC, a member of 287 Bleeker Street LLC ("Purchaser"), the proposed purchaser of the real property owned by GTA Realty II, LLC ("GTA") at 287 Bleecker Street, New York, New York, under the sale contract dated March 2015 ("Contract") proposed to be approved as part of GTA's pending Chapter 11 plan of reorganization.

At the request of the Creditors Committee in the GTA bankruptcy case, I am writing to confirm that to fund the purchase, the Purchaser (a) has deposited \$100,000 with Kulakis & Cristoforatos as its down-payment under the Contract, (b) assembled liquid assets in bank and brokerage accounts held by the Purchaser's beneficial owners totaling \$7,800,000 and (c) has obtained mortgage financing totaling \$6,700,000.

The Contract is not contingent on the mortgage financing but I am confident, based upon the mortgage lender's commitment letter, that with some of the beneficial owner's available cash, the Purchaser has more than sufficient to funds to fund the purchase.

Dated: New York, New York
June 30, 2015

Realmor Capital LLC

By: s/Steve Schnall, as Managing Member

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