

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

IN RE:)	
)	Case No. 10-33988
Greenwood Estates MHC, LLC, a)	Chapter 11
Delaware Limited Liability Company,)	Judge Susan Pierson Sonderby
)	
Debtor/Debtor-in-Possession.)	

DEBTOR'S DISCLOSURE STATEMENT

DEBTOR'S COUNSEL:

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DEBTOR'S DISCLOSURE STATEMENT

Greenwood Estates MHC, LLC, a Delaware Limited Liability Company, Debtor and Debtor-in-Possession herein ("Debtor"), by and through its Attorneys, submits this 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**.¹

INTRODUCTION

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 30, 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 periods established under Sections 1121(b) and 1121(d) of the Bankruptcy Code and the prior Orders of the Bankruptcy Court. The Debtor is the owner of a manufactured home community, consisting of 594 sites,

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

situated on 96.358 acres located at 1598 US 31 South, Greenwood, Indiana ("Real Estate).

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 payments to Capmark Finance, Inc. ("Capmark"), as well as other secured and unsecured creditors, required under the Plan, may be made from the proceeds of the refinancing or sale of the Real Estate.

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, 5 Classes of creditors (Classes 1 through 5) and one (1) Class of Interests (Class 5). These Claims and Interests, and the treatment thereof, under the Plan consist of the following:²

Administrative Claims³

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

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

³Since 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.

Bankruptcy Court. These fees and expenses are projected as follows:

<u>Professional</u>	<u>Amount</u> ⁴
Crane, Heyman, Simon, Welch & Clar Debtor's Counsel	\$75,000.00

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

<u>Professional</u>	<u>Retainer</u>
Crane, Heyman, Simon, Welch & Clar Debtor's Counsel	\$60,000.00

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 allowed, will be paid in full in cash on the Effective Date or as soon as practicable

⁴ This amount is merely the Debtor's estimate and is, therefore, subject to change. Furthermore, in projecting this amount, the Debtor does not expect a contested Confirmation hearing. In the event of a contested Confirmation hearing, Administrative Claims of professionals will significantly increase.

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 Capmark

Capmark 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.

Capmark has filed a proof of claim in this Chapter 11 Case asserting a claim in the principal amount of \$25,000,000.00, unpaid interest in the amount of \$133,682.73, exit fee in the amount of \$250,000.00, custodial and administrative expenses in the amount of \$310.00, default interest in the amount of \$211,805.56, late charges in the

amount of \$6,654.52, pre-petition legal fees and costs in the amount \$50,859.91, for a total claim in the amount of \$25,653,312.72, 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 Capmark during the course of this Chapter 11 case shall be applied in the following priority:

1. Payment of interest due to Capmark on the principal indebtedness due;
2. Payment of any pre-petition unpaid arrearage due to Capmark under its loan documents;
3. Payment of Capmark's professional fees and costs to the extent allowable under its loan documents, and approved by the Court;⁵ and,
4. Payment of the balance, if any, to reduce the principal balance due on the Allowed Class 1 Claim.
5. To the extent that the Adequate Protection Payments received by Capmark 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 Capmark, and shall be paid in accordance with subparagraph **B1c** below:

⁵The reasonable fees and expenses of Capmark'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.

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 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 Capmark 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. Interest only on its Allowed Class 1 Claim, at the initial rate of 2.127% for year one, increasing to 3.127% in year two, increasing to 4.127% in year three, increasing to 5.127% in year four, increasing to 6%, plus principal based upon an amortization of 30 years, in years five and six, payable in monthly installments on the 15th day of each month; and,
 - c. Payment of the unpaid balance of the Allowed Class 1 Claim due it on the sixth (6th) anniversary of the Effective Date;
2. Payments shall commence on the 15th day of the month following the Effective Date;
3. To the extent not otherwise modified by the terms of this Plan, the parties shall continue to be bound by and shall perform the terms and conditions contained in the loan documents between Capmark and the Debtor; and,
4. Payment of the unpaid amount of the Allowed Class 1 Claim 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 Capmark.

3. Upon completion of the payments under the Plan to Capmark on account of the Allowed Class 1 Claims, all of the liens, security interests and Claims of Capmark 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, Capmark 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. This 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 this 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 Treasurer. Under the Plan, Allowed Class 2 Claims are unimpaired and are provided for in Article V, Section 5.1 of the Plan. Either

the Debtor or Capmark paid the Allowed Class 2 Claims. To the extent Capmark paid such Allowed Class 2 Claims, Capmark, on information and belief, has added the amount thereof to the balance due to Capmark on account of its Class 1 Claim. As a result, the Debtor believes that there are no Allowed Class 2 Claims.

To the extent any Allowed Class 2 Claim exists, 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 as may have been acquired during the course of this Chapter 11 Case pursuant to Orders entered by the Bankruptcy Court, until the Allowed Class 2 Claims are paid in full; and,
- B. Payment of the entire unpaid balance of the Allowed Class 2 Claim, including any accrued statutory interest, shall be paid on the Effective Date.⁶

Security Deposit Claims

Tenants at the Real Estate 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 5.2 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.

⁶The Debtor believes that there are no Allowed Class 2 Claims.

Other Secured Claims

In full satisfaction, settlement, release and discharge of each and every Allowed Claim in Class 4, each holder of an Allowed Class 4 Claim shall be paid in full in cash as follows: FPC Financial f.s.b. with a claim in the approximate amount of \$638.41, and NorStates Bank with a claim in the approximate amount of \$8,448.53, shall receive interest only payments in year 1 at an interest rate of 2.127% and interest only payments in year 2 at 3.127%. Holders of Allowed Class 4 Claims shall be paid in full at the end of year 2, and their liens shall be released.

Unsecured Creditors

Unsecured Creditors, in the estimated amount of \$428,394.84, are the holders of Allowed Class 5 Claims and are impaired under the Plan. The treatment of the Allowed Class 5 Claims is set forth in Article VI, Section 6.3 of the Plan. The holders of Allowed Class 5 Claims shall receive 100% of the allowed amount of their Class 5 Claims paid at the initial rate of 2.127% for year one, increasing to 3.127% in year two, increasing to 4.127% in year three, increasing to 5.127% in year four, increasing to 6%, plus principal based upon an amortization of 30 years, in years 5 and 6, payable in monthly installments on the 15th day of each month, with a balloon payment of the balance due on the sixth (6th) anniversary of the Effective Date.

Payment of the unpaid indebtedness 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 5 Claims under the Plan shall be made in full and complete satisfaction of such Claims.

Equity Interests

The Debtor's sole member, Southwood Estates, LLC is the holder of the Allowed Class 6 Interests. Under the Plan, Southwood Estates, LLC, shall retain its equity interest 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 of 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 January 26, 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 this 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, 4 and 5 vote on Confirmation of the Plan.

HISTORY AND BACKGROUND

_____The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 30, 2010 ("Petition Date"). The Debtor is a Delaware limited liability company, that is the owner and operator of a residential manufactured home community located in Greenwood, Indiana, known as "Greenwood Estates". 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 Debtor-in-Possession.

The Real Estate was purchased by the Debtor in 2001 for \$14,000,000. In addition to regular maintenance, the Debtor has expended in excess of \$3.48 million in capital improvements at Greenwood Estates. This includes construction of the \$1.6+ million, 5,031 square foot clubhouse, with a 945 square foot main entertaining room with 9.5 foot ceilings and an oversized fireplace, with a 960 square foot pool and landscaping which were completed in 2004. The amount expended also included a new \$37,000 playground and new \$100,000 centralized mailboxes completed in 2004. Greenwood Estates was developed in phases and is split by a public thoroughfare, East Stop 18. Part of the zoning variances granted in April 2002 discussed below require the installation of a right turn lane into the parcel located on the South Side of East Stop 18. Planned capital improvements include a \$125,000 eastbound right turning lane into the property off of Stop 18. Other planned capital improvements that may be expended out of the reserve account for home purchase and set up (as stated in six year cash budget) are: 1) utility main reconfiguration/extension/replacement on the north side of Stop 18 to serve the 76 sites yet to be reconfigured as well as road work for these sites, if any; and 2) utility water main upgrade/replacement on the south side of Stop 18. The property is currently (as of November 2010) 68% leased. Given the demand for (moderate income) manufactured housing the property should substantially be leased up by the end of year six.

The Debtor was current on its payments to Capmark through May 2010. The Debtor attempted to make a combined June and July payment to Capmark on July 29, 2010, but that offer was refused by Capmark. Capmark had initiated a foreclosure

proceeding in Indiana against the Debtor and sought appointment of a receiver. In response, the Debtor had no alternative but to file this Chapter 11 case.

The Debtor is in the process of completing a major reconfiguration plan of the original section of the Real Estate on the north side of East Stop 18, which was constructed in 1960. The original section of the property on the north side of East Stop 18 has been reduced from 188 sites to 115 sites, of which the vast majority will accommodate multi-sectional homes. The current vacancy level is due to the abandonment of old uninhabitable functionally obsolete physically deteriorated homes that have been removed and the lack of home financing for the home buyer to replace these tenants. In conjunction with the zoning variances granted in April 2002 for reduced set back requirements for manufactured home placement on individual sites, which allow the vast majority of the sites to accommodate larger multi-sectional homes, larger right of way dedications along the south side of East Stop 18 and the north side of Worthville Road were given. This will result in a site loss on the south side of East Stop 18 of seven sites along Worthville Road and three sites along East Stop 18. When the reconfiguration of sites on the south side of East Stop 18 is complete the property will have 584 sites, inclusive of three site-built rental homes.

The Real Estate is located along a primary commercial corridor serving south Indianapolis. The property has 2,600 linear feet of frontage along U.S. 31. Within five miles of Greenwood Estates is the Greenwood Regional Mall, power centers, community and neighborhood centers, and a variety of commercial development. Retailers include Wal-Mart, K-Mart, Sam's Club, Menards, Home Depot, Lowes, and Aldi's. Greenwood Estates has excellent visibility and accessibility and is located at the

northwest and southwest corners of East Stop 18 and U.S. 31.

The synergy created by the enhanced curb appeal of the property, amenities that surpass those of a AAA institutional grade apartment complex, coupled with its prime location, will position Greenwood Estates as the premier manufactured home community within the Indianapolis market for decades.

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 Capmark. Notably, under these Cash Collateral Orders, the Debtor has been making contract interest (non-default rate) payments to Capmark.

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 Real Estate 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, payable monthly and reconciled annually except that Capital First Realty will also be entitled to a management incentive fee payable quarterly and reconciled annually.

Capmark may be asserting Claims for reimbursement of fees and expenses paid to professionals that Capmark retained in this Chapter 11 Case. To the extent that Capmark is asserting a Claim(s) for reimbursement from the Debtor for professionals retained in this Chapter 11 Case which claims remain unresolved, Capmark 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. The Debtor shall have the right to object to any such Claim by the deadline set forth in Article XIV, Section 14.1 of the Plan and the Bankruptcy Court expressly reserves jurisdiction to hear any matters relating thereto.

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 Capmark 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 5 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.⁷ 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 penalties accruing on or after July 30, 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

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

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 Capmark, Capmark is being paid the allowed amount of its Claims plus the non-default contract rate of interest provided for in its loan documents.

As of November 24, 2010, the Debtor has approximately \$264,661.70 in cash. 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 Capmark 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) receive funds from the foreclosure. The Debtor asserts that such a result should be expected in a foreclosure of the Real Estate.

Clearly, the dividend 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 Capmark 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, Capmark 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 Capmark as required by the Plan, the Debtor may sell the Real Estate or borrow the funds sufficient to make this balloon payment.

FEASIBILITY AND FAIRNESS OF PLAN

Attached to this Disclosure Statement as **Exhibits B** is an income statement

pertaining to the Debtor's business activity for the period ending June 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.

Attached to this Disclosure Statement as **Exhibit C** are financial projections pertaining to the Debtor's projected business activity for the six (6) 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,

Greenwood Estates MHC, LLC,
Debtor and Debtor-in-Possession

By: /s/Eugene Crane
One of Its Attorneys

DEBTOR'S COUNSEL:

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