

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF INDIANA  
LAFAYETTE DIVISION

IN RE:	)	
	)	
LOST ACRES, LLC	)	CASE NO. 15-40390
	)	CHAPTER 11
Debtor	)	

**AMENDED DISCLOSURE STATEMENT**

I. Introduction

Lost Acres, LLC, Debtor, provides this Amended Disclosure Statement to all of its known creditors in order to disclose that information deemed by the Debtor to be material, important and necessary for their creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance of the Amended Plan of Reorganization (hereinafter "the Amended Plan") presently on file with the U. S. Bankruptcy Court. A copy of the Amended Plan accompanies this Statement.

The Court has set \_\_\_\_\_, 20\_\_\_\_ at \_\_\_\_\_o'clock \_\_\_m. for a hearing on the acceptance of the Amended Plan of Reorganization. Creditors may vote on the Amended Plan by filling out and mailing the accompanying Acceptance Form to David A. Rosenthal, 410 Main Street, Lafayette, IN 47901, or may attend such hearing and present the Acceptance in person at that time. As a creditor, your vote is important. In order for the Amended Plan to be deemed accepted, of the ballots cast, creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims of all impaired classes must vote for the Amended Plan.

NO REPRESENTATIONS CONCERNING THE DEBTORS (PARTICULARLY AS TO THEIR FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY, OR THE VALUE OF ANY PROMISSORY NOTES TO BE ISSUED UNDER THE PLAN) ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR

INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND UPON ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE DISTRICT COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTORS ARE DEPENDENT UPON INTERNAL ACCOUNTING PERFORMED BY THE DEBTORS. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE COMPLEXITY OF THE DEBTORS' FINANCIAL MATTERS, THE INFORMATION CONTAINED HEREIN IS NOT WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

## II. Background

Debtor was formed as an Indiana LLC in 2003 by David Pavy, a Colorado resident, who then developed the Lost Acres RV and Campground on 78 acres in White County previously described in the original plan. Pavy unexpectedly died in 2007, leaving Lost Acres ownership in the Pavey Trust for the benefit of his 3 children. Aunt Shera Pavy Stropko retained 10% interest in the LLC. Since 2007, Angela Holbrook, Pavy's oldest child has assumed responsibility for development and operation of Lost Acres. Lost Acres continues to be open and viable.

## III. Assets and Liabilities of Debtor

Debtor owns 78 acres in White County and operates the Lost Acres RV Park and Campground on 58 acres, and 20 acres is cash rented at \$3,500.00 per annum paid in April. The park has 237 spaces for annual renters and 40 spaces for less than seasonal renters each with sewer, water and electricity. The semi-annual rental is paid by deposit of \$350 by October 1st and the remainder of \$1,600.00 is due by March 1st. Less than seasonal renters pay up-front rent of \$47.00 per day or more depending on length of stay. The Park is improved by a home resided in by two employees all year, though the park is only open from May 1st through October 31st. The Park has a value of approximately 1,089,000 to 1,450,000.00 based on appraisals of creditors and as stipulated value in Adv Proc. 16-4001.

Lost Acres also owns a RV resided in by family members when they work at the park, a New Holland tractor, mowing equipment, an old truck and 2 golf carts and tools. Also, the

Debtor operates a general store on premises and has \$1500.00 of inventory. Lost Acres has no other assets

David Pavy developed Lost Acres by a mortgage loan with Bank of Wolcott (Bank) granted in 2002 and Jeri Lynn Harmon in 2005 and 2006. A line of credit was arranged with Bank in 2008 and Harmon subordinated her lien to Bank. Doug McGill and David Pavy sometime in 2004 met and McGill, with others, submitted plans and Specs to the Indiana Board of Health to develop about 850 camping units and initially designed 450. McGill also provided labor and material for the improvement of Lost Acres. In 2013, Douglas McGill filed a Mechanic's Lien and Treasurer of White County and Twin Lakes Sewer District had liens for unpaid tax and sewer/water bill.

McGill filed suit in White Circuit Court case 91C01-1408-PL-00052 claiming lien priority and a debt due of over \$250,000.00 ahead of the above mentioned lien holders. Due to this suit, Lost Acres could no longer borrow to pay the real estate tax and sewer bills and a tax sale was scheduled for August 30, 2015. To stay the tax sale and stop the mechanics lien suit, Lost Acres filed Chapter 11 on August 11, 2015

On September 30, 2015 Debtor commenced suit pursuant to 11 USC 506 to determine extent, validity and priority of the various liens and the amount due each lien holder. Other than the above mentioned creditors, the Court entered judgment on February 24, 2017 finding that McGill was entitled to \$100,000 but no mechanics lien. White County and Twin Lakes Reginal Sewer District had an equal first lien and Bank of Wolcott and Jeri Harmon had equal mortgages subordinate to tax and sewer liens.

Lost Acres has no other debt, except to insiders which will be paid after payment of all secured creditors. It is anticipated that David Rosenthal will have allowed legal compensation and expenses of approximately \$55,000 above the retainer of \$8,000.00, which included the filing fee.

Attached hereto as Exhibit A is an Asset and Liabilities and Liquidation Values (Exhibit A), a historical comparison of profit and loss for 20-14-16 (Exhibit B), a summary of revenue and expenses during the Chapter 11 through February 28, 2017 (Exhibit C), and a projection with assumptions of future annual income and expenses commencing in 2017 (Exhibit D).

Classification of Claims

(All classes of Creditors are Impaired and May Vote)

Class I: Administrative Claims.

Administrative Claims, including Trustee fees shall be paid in cash at confirmation but if cash is unavailable will be paid ratably over the next five years with interest at five percent (5%) secured by a mortgage on Debtor's real estate either in full at confirmation or March 1, 2018 and thereafter.

Class II: Taxes and Sewer Liens.

White County, Indiana which is owed pre-petition real estate tax and Twin Lakes Regional Sewer District is owed pre-petition sewer bills, both are secured and of equal priority, shall be paid ratably over five (5) years beginning March 1, 2018.

Class III: Secured claims.

Bank of Wolcott holds a mortgage recorded on June 27, 2008 as instrument# 080703420 to secure a debt of approximately \$170,000 plus interest and costs now about \$230,000.00. Jeri Lynn Harmon holds mortgages recorded on December 23, 2005 as instrument #051206886 and October 26, 2006 as instrument #06105385 securing a debt of about \$450,000.00., both are secured and have equal priority. The claims shall remain secured by existing mortgages which shall secure the claim and payments hereunder and are of equal priority. The claims shall be amortized ratably over 20 years payable commencing March 1, 2018 and annually thereafter and pro-rata based on the amount of the debt in level installments of \$50,000 per annum including interest from petition at 5%.

Class IV: Unsecured Creditors.

The only unsecured creditor is Doug McGill as the holder of a judgment for \$100,000 entered February 24, 2017 in Adversary Proceeding 16-4001. After the payments to the Creditors in Classes I, II and III, McGill shall receive the Net Profits until his claim has been paid in full.

Class V: The shareholders shall retain their equity.

IV. Means for Execution of the Amended Plan

Based on historical data and production of records of the Debtor, the Debtor will pay monthly and shall pay all classes from Net Profits.

If Debtor fails to make any payment due pursuant to the Amended Plan and such is not cured after 30 days written notice to Debtor and Debtor's attorney, then the Class(es) not paid shall retain Schrader Real Estate who shall sell the real estate, business, personality and fixtures to the highest bidder without reservation of bid. Creditors can credit bid their remaining claim.

V. Jurisdiction of the Court

The Court will retain jurisdiction over the proceedings for the following purposes:

A. For classification of the Claim of any creditor and the reexamination of claims which have been allowed for the purpose of voting, and the determination of such objections as may be filed to Claims. The failure by the Debtor to object to, or to examine any Claim for the purpose of voting, shall not be deemed to be waiver of the Debtor's rights to object to, or reexamine the Claim in whole or in part.

B. For determination of all questions and disputes regarding title to the assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to action pending as of the Date of Confirmation.

C. For correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in this Amended Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Amended Plan.

D. For the modification of this Plan after Confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

E. To enforce and interpret the terms and conditions of this Amended Plan.

F. To enter any Order including injunctions necessary to enforce the title, rights and powers of the Debtors and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary.

G. To determine whether a default has occurred under the Amended Plan and make such Orders as the Court may deem necessary to enforce the provisions of the Amended Plan.

H. To enter an Order concluding and terminating this case.

VI. Discharge of the Debtor

Discharge of Debtor is not requested except under the terms of the Amended Plan and upon its consummation. And then such debts shall be deemed discharged.

DATED: April 11, 2017

/s/ David A. Rosenthal  
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