

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA**

In re:)
)
METROPOLITAN BAPTIST CHURCH) Case No. 16-00040
) Chapter 11
Debtor.)

**THIRD AMENDED DISCLOSURE STATEMENT IN SUPPORT OF
CHAPTER 11 PLAN OF METROPOLITAN BAPTIST CHURCH**

I. INTRODUCTION

A. Purpose of the Disclosure Statement

Metropolitan Baptist Church, Debtor-in-Possession, (Metropolitan), by and through the undersigned Counsel, Webster & Fredrickson, PLLC, hereby submits this Disclosure Statement pursuant to Section 1125 of Title 11, U.S.C. (Bankruptcy Code) in connection with its Chapter 11 Plan of Reorganization (Plan). The purpose of this Disclosure Statement is to provide parties asserting claims against Metropolitan with information regarding the treatment of their claims under Metropolitan’s proposed Plan. More particularly, this Disclosure Statement should provide parties whose claims or interests are impaired under the Plan with adequate information to make an informed and prudent judgment when voting on the Plan. A copy of the Plan is attached hereto as Exhibit A.

The Disclosure Statement also sets forth certain information regarding the Church’s assets, history and the anticipated reorganization of Metropolitan’s operations moving forward. This Disclosure Statement also describes the Plan, effects of confirmation of the Plan, and the manner in which distributions will be made to creditors under the Plan. In addition, this Disclosure Statement discusses the confirmation process and voting procedures which creditors must follow to have their votes counted.

This Disclosure Statement is not meant to take the place of the Plan. Creditors and interest holders are urged to read the Plan carefully and to consult with independent legal counsel regarding the Plan

B. Disclaimer

All Creditors are advised and encouraged to read this Disclosure Statement and the Plan before voting to accept or reject the Plan. Financial information and statements made in this Disclosure Statement are explained by reference to the Plan and other exhibits.

This Disclosure Statement has been prepared in accordance with Section 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure (FRB). The information contained in the Disclosure Statement is included for purposes of soliciting acceptances of the Plan and should not be relied upon for any purpose other than to determine how to vote on the Plan.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, and describes events as well as financial information in the case. Although Metropolitan believes that the Plan and related summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents or statutory provisions. Some factual information contained in this Disclosure Statement has been provided by Metropolitan's agents, and there are no known inaccuracies. While every effort has been made to provide the most accurate information available, Metropolitan is unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission.

C. Definitions.

The terms and definitions set forth in Article I of the Plan are also applicable to and used in this Disclosure Statement unless stated otherwise. Accordingly, the capitalized terms appearing in this Disclosure Statement have the meanings given to them in the Plan, except as otherwise noted. Creditors are advised to refer to the Plan when reviewing this Disclosure Statement.

D. Official Unsecured Creditors Committee.

A Creditors Committee has not been appointed in this case.

II. VOTING AND CONFIRMATION PROCEDURES

The Plan is the method by which debtors satisfy the claims of their creditors. Whether a debtor implements a plan depends upon the acceptance of creditors and the confirmation of the plan by the Bankruptcy Court.

A. Creditors Eligible to Vote.

The Bankruptcy Code provides that only those Creditors whose Claims are “Impaired” under the Plan will be entitled to vote on acceptance or rejection of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, a class of Creditors is Impaired if the legal, equitable or contractual rights attaching to the claims of that class are modified by the Plan. Any class of Creditors that is not Impaired by the Plan is presumed to have accepted the Plan and the plan proponent is not required to solicit the votes of unimpaired classes. In determining acceptances of the Plan a vote will be counted only if submitted by the holder of an Allowed Claim. Holders of Disputed Claims are not entitled to vote on the Plan unless they request, pursuant to Rule 3018(a) of the FRB, that the Court temporarily allow their claims in appropriate amounts solely for the purpose of enabling such holders to vote on the Plan.

B. Notice to Holders of Claims.

ALL HOLDERS OF CLAIMS AGAINST METROPOLITAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR THE REJECT THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION ABOUT THE PLAN, CONSIDERATIONS PERTINENT TO ACCEPTANCE OR REJECTION OF THE PLAN AND DEVELOPMENTS CONCERNING THE CHAPTER 11 CASE.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT, AND NO PERSON HAS BEEN

AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING METROPOLITAN OR ITS PLAN, OTHER THAN THE INFORMATION CONTAINED HEREIN.

C. Ballots and Voting Deadline.

A ballot to be used for voting to accept or reject the Plan will be distributed, along with this Disclosure Statement and Plan, upon approval of the Disclosure Statement by the Bankruptcy Court. Creditors must (1) carefully review the ballot and instructions; (2) execute the ballot; and (3) return the completed ballot to Webster & Fredrickson, PLLC, Attn: Wendell W. Webster, Esq., 1775 K Street, NW, Suite 600, Washington, D.C. 20006, so as to be received by 5:00 p.m. (Eastern Time) on **April 19, 2017**. Ballots received after the deadline may not be considered.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED TO UNDERSIGNED COUNSEL FOR THE DEBTOR WITHIN THE TIME PRESCRIBED FOR VOTING ON THE PLAN.

D. Confirmation of the Plan

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the requirements of Chapter 11 of the Bankruptcy Code and that disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised by Metropolitan in connection with the Plan and that the Plan has been proposed in good faith and not by any means forbidden by law. Pursuant to Rule 3020(b)(2) of the FRB, the Court may do so without receiving evidence if no objection is timely filed in particular, the Bankruptcy Code requires the Bankruptcy Court to find, among other things, that: (1) the Plan has been accepted by the requisite votes of all classes of Impaired claims and interests (i.e. two-thirds in dollar amount of Allowed Claims and greater than one-half in number of allowed claims voting in a class) unless approval will be sought under Section 1129(b) of the bankruptcy Code in spite of the dissent of one or more such classes; (2) the Plan is feasible, which means that after

Confirmation, the debtor will be able to perform its obligations under the Plan and continue to operate without further financial reorganization or liquidation; and (3) the Plan is in the best interest of the holders of all claims or interests, which means that such holders will receive at least as much under the Plan as they would in a liquidation under Chapter 7 of the Bankruptcy Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan, thus even if all classes of Impaired claims vote for the Plan, the Court must make an independent finding that the Plan conforms to the requirements of the Bankruptcy Code.

The Court has scheduled a hearing at 10:30 am on April 26, 2017 to consider whether the Disclosure Statement and Plan satisfy the various requirements of the Bankruptcy Code, including whether the Plan is feasible.

METROPOLITAN BELIEVES THAT THE PLAN PROVIDES THE GREATEST POSSIBLE RECOVERY TO ALL CREDITORS AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS AND RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

III. HISTORY OF METROPOLITAN & EVENTS LEADING TO BANKRUPTCY

Metropolitan Baptist Church is a not-for-profit religious corporation, originally incorporated in the District of Columbia on June 23, 1892. Since its inception, Metropolitan has been operated exclusively for religious purposes. As a religious institution, Metropolitan is exempt from Federal Income tax under section 501 (c) (3) of the Internal Revenue Code. Moreover, the Church has been recognized by the Internal Revenue Service as a public charity to which contributions are deductible under section 170 of the Code. Metropolitan has been served by only six pastors over the life of the Church. Currently, Dr. Maurice Watson serves as pastor. Dr. Watson brings 33 years of pastoral experience to Metropolitan. Dr. Watson joined Metropolitan in 2015, after the retirement of Dr. H. Beecher Hicks, Jr., who served Metropolitan as pastor for 37 years.

In 2006, Metropolitan issued a series of mortgage bonds to acquire 34 acres of land on Capital Court in Largo Maryland and fund the construction of a new worship sanctuary and consolidated facilities for educational and administrative operations (Capital Court Project). The Capital Court Project was designed to include a 3000 seat sanctuary; educational and administrative offices with classrooms, a multipurpose center and a performing arts studio and small chapel. The mortgage bonds were issued in two series. The first mortgage bonds were issued in January of 2006 in the principal amount of \$20,000,000. The second series of supplemental first mortgage bonds were issued in December of 2006 in the principal amount of \$11,000,000. However, the Capital Court Project ran out of funds in the fall of 2008 and construction ceased at that time. Despite efforts to secure additional financing, Metropolitan defaulted on bonds in 2011.

As a fair and equitable means of addressing the default, Metropolitan consented to the foreclosure sale of the land. The property was offered for sale by public auction on June 27, 2014. Metropolitan did not object or otherwise attempt to block the foreclosure sale of the property. The property was sold for the sum of \$6,500,000. The foreclosure sale was ratified and confirmed by Order of the Circuit Court for Prince George's County, Maryland on October 10, 2014. The sale resulted in a deficiency, owed by Metropolitan, in the amount of \$29,638,779.27.

Following the foreclosure sale, Metropolitan continued negotiations with the bond trustee in an effort to work out terms for a fair and equitable agreement for the settlement and satisfaction of the deficiency. The parties recognized that the Church would not be able to pay the deficiency in full and that any attempt to collect the full amount of the deficiency would serve no purpose other than to put an end to the Church. Accordingly, Metropolitan and TMI Trust Company, as successor trustee to the first mortgage bondholders, have agreed to the settlement of the deficiency under the following terms:

- 1) Metropolitan has agreed to pay a "Monthly Payment" each month based upon the prior month's gross revenue and applicable expenses as follows: $\text{Monthly Payment} = (30\% \times \text{Church's gross revenue}) - (\text{base monthly rent [under the Mercantile Lease], additional rent [under the Mercantile Lease], taxes and utilities})$;

- 2) **TMI Trust Company, acting as paying agent, will receive the Monthly Payment and distribute the Monthly Payment, on pro rata basis, to the holders of all Allowed Unsecured Claims;**
- 3) the Monthly Payments will be paid by Metropolitan over a period of eight years;
- 4) upon the completion of all Monthly Payments, Metropolitan will be released of any further obligation to its Unsecured Creditors, all such debts being fully discharged;
- 5) the settlement is conditioned upon the confirmation of a chapter 11 plan of reorganization providing for the settlement and satisfaction of all Church debt; and
- 6) Metropolitan has agreed to begin the Monthly Payments not later than 60 days from the date of a final order confirming Metropolitan's chapter 11 plan.

Having negotiated a feasible settlement agreement for the payment and satisfaction of the deficiency, Metropolitan has moved forward with plans for the continued operation of the Church. Commencing June 1, 2015, Metropolitan leased 30,829 square feet of space for the operation of all Church activities at 1200 Mercantile Lane in Largo, Maryland. The space required renovation in order to be utilized as a religious facility. The first phase of the renovation consisted of the creation of a 400 seat sanctuary, including approximately 7,000 square feet. This phase was completed in September, 2015 and Metropolitan began worship services at the site on September 20, 2015. Metropolitan has obtained a permit to begin construction with respect to the remaining 24,000 square feet. The goal is to consolidate all programs and operations, i.e. worship services, ministries, classes and offices at the 1200 Mercantile Lane location in the near future. This will enable the Church to expand membership while reducing significant overhead costs. See Metropolitan's 2016/2017 Proposed Operating Budget, attached hereto as Exhibit B.

IV. PROCEDURAL POSTURE OF CHAPTER 11 BANKRUPTCY CASE

A. Commencement of Chapter 11 Case

Metropolitan commenced this case with the filing of a voluntary petition under chapter 11 of the Bankruptcy Code on February 5, 2016. By Order of the Bankruptcy Court dated March 2, 2016, Metropolitan has remained in possession of its assets and continues to operate as a debtor-in-possession. Metropolitan has employed the law firm of Webster & Fredrickson, PLLC as counsel in this case.

B. Assumption of Lease

On March 29, 2016, Metropolitan requested Bankruptcy Court approval to assume the lease for the premises located at 1200 Mercantile Lane in Largo, Maryland (Mercantile Lease). Commencing June 1, 2015, Metropolitan leased a total of 30,829 square feet of commercial space at a base monthly rental of \$29,544.46 (currently \$30,356.93), plus Metropolitan's proportionate share of additional rent, i.e. real estate taxes, utilities and operating costs. Guardian Fund II- Largo 95, LLC (Guardian) is the landlord under the Mercantile Lease. Currently, Metropolitan's total monthly rent is approximately \$45,000.00, including additional rent under the Mercantile Lease. The lease term is for 10 years and 8 months.

The Mercantile Lease has provided Metropolitan the base necessary to stabilize operations and continue its religious services and programs. Metropolitan looks to complete its build-out of its facilities at Mercantile Lane and increase the congregation accordingly. Metropolitan requested Bankruptcy Court approval to assume the Mercantile Lease in connection with the reorganization process. Guardian consented to Metropolitan's assumption of the Mercantile Lease and the Church's continued operation of the rental facilities in this Case. The Bankruptcy Court approved Metropolitan's assumption of the Mercantile Lease on May 5, 2016. Metropolitan has commenced payment of rent and has made 11 consecutive timely monthly payments.

C. Disposition of Real Estate & Liquidation of Secured Debt

Metropolitan's only remaining real property was a condominium unit located at 1210 R. Street, NW, Washington D.C. 2005, together with six parking spaces assigned to the condominium (together, the "Property"). Prior to leasing 1200 Mercantile Lane, Metropolitan used the Property for administrative offices. The Property was owned by Metropolitan, subject to a line of credit loan from Industrial Bank in the maximum amount of \$500,000. The loan was secured by a first priority lien and security interest in the Property, held by the bank. The loan was originally due in 2014. As of June 16, 2016, the total outstanding balance due on the loan was \$411,323.66. With the consent of Industrial Bank and by Order of the

Bankruptcy Court dated July 26, 2016, the maturity date of the loan was extended to December 31, 2016. Commencing April 1, 2016 Metropolitan was obligated to continue monthly interest payments in the amount of \$3,550, with a final balloon payment consisting of all outstanding amounts due under the loan on December 31, 2016. The loan continued to bear an annual interest at the rate of 6.00%.

Pursuant to the terms of the extension agreement, Metropolitan agreed to attempt to sell the Property by December 31, 2016. On June 30, 2016, the Metropolitan executed a contract for the sale of the Property for \$435,000.00, all cash. Metropolitan received a purchase money deposit from the contract purchaser in the amount of \$10,000.00. The contract provided that the deposit would be applied toward the payment of Metropolitan's monthly debt service payments in the amount of \$3,550. The purchase of the Property was contingent upon approval of a zoning modification, allowing for the conversion of the Property to three (3) separate residential condominium units. The sale of the Property was approved by order of the Bankruptcy Court on August 31, 2016. Settlement under the Contract was originally scheduled to take place not later than December 30, 2016. However, the settlement date was extended to give the contract purchaser the opportunity to complete the zoning modification. The zoning modification was finalized and the settlement on the sale of the Property was completed on February 8, 2017. All claims held by Industrial Bank have been paid in full and the bank has released all liens against the Property.

D. Chapter 11 Plan

On June 6, 2016, Metropolitan requested an extension of the 120-day exclusive period for the Church to file a chapter 11 plan in this case. In support of the request for additional time, Metropolitan pointed to the significant progress made toward the reorganization of the Church. Specifically, Metropolitan noted the relocation of the Church to permanent facilities under the 1200 Mercantile Lease, the agreement with Industrial Bank providing for the sale of its remaining real property and the liquidation and likely full payment of its only secured debt and the settlement providing for the payment and satisfaction of the bond deficiency. Based upon this progress, Metropolitan requested an additional 90

days to prepare and file its disclosure statement and chapter 11 plan. The motion was granted and the exclusive period for Metropolitan to file its disclosure statement and plan in this case was extended to September 28, 2016.

V. VALUE OF METROPOLITAN'S ASSETS

A. Assets

Metropolitan's assets and liabilities are listed in the schedules of assets and liabilities (Schedules) filed with the Bankruptcy Court. To the best of Metropolitan's knowledge, information and belief, the Schedules reflect an accurate summary of the Church's financial condition, as of the date of the filing of the petition commencing this case. As of the Petition Date, Metropolitan's assets consist of:

1.	1210 R Street, NW, Washington, D.C. Condominium meeting room with 6 parking Spaces.	\$ 388,710 (tax assessed value)
2.	Furniture & chairs	\$ 30,220
3.	Used vehicles (3)	\$ 31,687
4.	Bank account deposits	\$ 669,001
5.	Investment account	\$ 4,567
6.	Security Deposit	\$ <u>125,856</u>
		\$1,250,041

B. Liquidation Value of Metropolitan's Assets

A comparison of the amounts to be paid under the Plan and the amounts that would be available for distribution to Creditors in the event of the liquidation of Metropolitan's assets under Chapter 7 demonstrates that the Plan is fair and equitable and in the best interest of the Creditors. Under Chapter 7, a trustee would be appointed to liquidate Metropolitan's assets for distribution of the proceeds to Creditors holding Allowed Claims. Metropolitan's Schedules reflect an estimated asset value of \$1,250,041, as of the Petition Date. However, the real estate was subject to a \$400,000 lien. Consequently, the value of the real estate, i.e. \$388,710, was excluded from the projected liquidation analysis, leaving an estimated asset value of \$861,331. The cash proceeds realized from the liquidation of assets in a Chapter 7 bankruptcy case is generally less than the fair market value of the assets. Moreover, there are significant costs associated with the liquidation of assets in the context of a Chapter 7 bankruptcy case. Costs such as the trustee's

compensation, attorney's fees and expenses of sale, such as brokerage commissions and marketing fees, reduce the net proceeds realized from a Chapter 7 liquidation. Accordingly, the funds available for distribution to Metropolitan's creditors in a Chapter 7 case would, in all likelihood, be less than \$500,000.

VI. CHAPTER 11 REORGANIZATION PLAN OF METROPOLITAN

The Plan contemplates monthly cash payments by Metropolitan to the holders of Allowed Unsecured Claims. Plan payments will consist of Monthly Payments (as set forth in Section III). The payments will be allocated among all Allowed Unsecured Claims on a pro rata basis. Monthly Payments under the Plan will commence not later than thirty (30) days from the Effective Date of the Plan. The "Effective Date" of the Plan is defined as the 30th day after the date on which the Confirmation Order becomes a Final Order, or if an appeal from the Confirmation Order is timely filed, the Effective Date is the 30th business day on which implementation of the Plan has not been stayed pending appeal.

As described more fully below, the Plan designates two classes of claims. Class B is "Impaired." The treatment provided for Allowed Claims under the Plan is in full settlement, satisfaction, and discharge of all claims.

A. Designation of Classes of Claims

Class A: Class A consists of the Secured Claim of Industrial Bank, in the stated amount of \$417,013.82 as of the Petition Date, secured by a first priority deed of trust on Metropolitan's real property. In accordance with the order of the Bankruptcy Court dated August 31, 2016, this claim has been paid in full.

Class B: Class B consists of all Unsecured Claims, including but not limited to the Deficiency Claim of TMI Trust Company and the litigation claims of JE Dunn and SRP Development. The stated amount of TMI Trust Company's claim is \$29,638,779.27. The stated amount of JE Dunn's claim is \$4,220,953.00. The stated amount of SRP Development's claim is \$3,575,000.00.

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Metropolitan has not designated any class of Administrative Expense Claims under Sections 507(a)(2) or 507(a)(8) of the Bankruptcy Code. The Plan contemplates that such claims shall be afforded treatment and payment as provided by the Bankruptcy Code and or the prior orders of the Bankruptcy Court.

B. Treatment of Claims

Unclassified Claims: Administrative Expense Claims approved and allowed by the Bankruptcy Court shall be paid in full, in cash, by Metropolitan in accordance with any order approving the payment thereof,

but not later than the effective Date, unless a different treatment is agreed upon by Metropolitan and the Claimant. Administrative Claims which by their terms are not due and payable on or before the Effective Date shall be paid as and when due.

In accordance with the order of the Bankruptcy Court dated November 2, 2016, a total of \$32,145.00 in legal fees and \$527.62 in expenses has been paid by Metropolitan in full payment of all administrative expenses for legal fees and costs incurred to date in this chapter 11 case. The Debtor is unaware of any other unpaid Administrative Expense Claims. Within this Class are all pre-confirmation fees payable to the U.S. Trustee pursuant to Section 1930(a) (6) of Title 28 U.S.C., which shall be paid as due on or before the Effective Date. After confirmation, and until the Case is closed, Metropolitan shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a) (6).

Class A Claim: The Class A Claim consists of the Secured Claim of Industrial Bank. The bank's Claim was secured by certain condominium property, formerly used by Metropolitan for administrative services. Industrial Bank has been paid in full.

Class B Claim: The Class B Claim consists of all Unsecured Claims, including but not limited to the Deficiency Claim of TMI Trust Company and the litigation claims of JE Dunn and SRP Development. Allowed Unsecured Claims shall be paid as follows:

- 1) Metropolitan will pay a "Monthly Payment" each month based upon the prior month's gross revenue and applicable expenses as follows: $\text{Monthly Payment} = (30\% \times \text{Church's gross revenue}) - (\text{base monthly rent [under Mercantile Lease], additional rent [under Mercantile Lease], taxes and utilities})$. The Monthly Payment shall be paid for a period of ninety-six (96) months and the Deficiency Claim shall be deemed fully paid and satisfied upon completion of the Monthly Payments.
- 2) TMI Trust Company, acting as paying agent, will receive the Monthly Payments and distribute the Monthly Payment, on a pro rata basis, among the holders of all Allowed Unsecured Claims.
- 3) The payment of all Unsecured Claims, including the deficiency, shall be contingent upon the approval and confirmation of Debtor's Plan.
- 4) The payment of Unsecured Claims, including the deficiency, under the confirmed Plan shall commence not later than sixty (60) days from the date of a Final Order confirming the Plan.

Class B is Impaired.

Metropolitan's Schedules represent prima facie evidence as to the Claims which have been listed, except to the extent disputed, amended or in the event an objection to Claim is filed. To the extent any Proof of Claim filed by a Claimant alters or amends the Claim of such Person, Metropolitan may file an

Objection to Claim which shall place such Disputed Claim into litigation, producing a potentially Disallowed Amount, irrespective of the Schedules.

No treatment provided or described herein as to any Claim shall preclude an objection to such Claim should grounds exist pursuant to Section 502(b) of the Code. Upon objection, such Claim shall be a Disputed Claim until resolution by the Bankruptcy Court.

VII. MEANS OF EXECUTION OF THE PLAN

The Plan is a reorganization plan under Section 1129(a) and (b) of the Bankruptcy Code and is premised upon a pre-petition settlement agreement entered into between Metropolitan and its principal Creditor providing for the payment and full satisfaction of a \$29 million deficiency. The settlement agreement acknowledges the fact that Metropolitan would not be able to pay the deficiency and reflects the parties desire to work cooperatively toward the formulation of a fair and equitable agreement for the settlement of the Claim. The settlement agreement establishes a fund for the payment of the deficiency from Metropolitan's revenue, while reserving sufficient revenue for Metropolitan to continue to operate its religious programs and to function as a viable non-profit organization. The settlement provides that the fund shall be used for the payment of all Allowed Unsecured Claims on a pro rata basis.

VIII. LIQUIDATION OF METROPOLITAN'S ASSETS UNDER CHAPTER 7

A. Distributions Under the Metropolitan Plan

Metropolitan proposes the Monthly Payment to the holders of all Allowed Unsecured Claims. Currently, Metropolitan's total monthly rent is approximately \$45,000. Based upon the Church's gross revenue for the months of February, March, April, May, June and July 2016, the monthly payment to Creditors would be approximately \$43,656. This would result in an annual payment of approximately \$523,872. The Plan provides for Monthly Payments for eight years, which would result in total payments in the amount of \$4,190,976, as shown in the calculation below:

<u>Monthly Operating Report</u>	<u>Gross Revenue</u>
February, 2016	\$335,661
March, 2016	\$284,761
April, 2016	\$293,830
May, 2016	\$332,758
June, 2016	\$245,644
July, 2016	<u>\$280,488</u>
Total Gross Revenue	\$ 1,773,142
Average Monthly Gross Income	\$ 295,523
30%	<u>x .3</u>
	\$ 88,656
Monthly Rental Exp.	<u>-\$ 45,000</u>
Monthly Payment	\$ 43,656
Annual Payment	\$ 523,872
Total Estimated Plan Payment	\$ 4,190,976

Also, for example, based on Metropolitan’s February, 2016 gross revenue, the Monthly Payment to be made in March, 2016 would be as follows: Monthly Payment = (30% x \$335,661) - \$45,000 = \$55,698.30.

B. Distributions Under Chapter 7

If a Chapter 11 plan cannot be confirmed under Section 1129(a) and (b) of the Bankruptcy Code, the Case may be converted to Chapter 7 of the Bankruptcy Code, in which event a Chapter 7 trustee would be appointed to liquidate any remaining assets of the estate for distribution to Creditors pursuant to Chapter 7 of the Bankruptcy Code. In the event this Case is converted to Chapter 7, Creditors will receive significantly less than they would receive under Metropolitan’s Plan. As noted above, the funds available for distribution to Creditors in this Case as a result of a Chapter 7 liquidation will in all likelihood be less than \$500,000.

IX. CRAMDOWN

In order to confirm the Plan, among other things, Metropolitan must establish that, in accordance with Section 1129(a)(8) of the Bankruptcy Code, each Class of Claims either (i) has accepted the Plan or (ii) is not Impaired under the Plan. In the event that this requirement cannot be satisfied, however, and all other applicable requirements for confirmation under Section 1129(a) of the Bankruptcy Code are met, Metropolitan may invoke the “cram down” procedure for the confirmation of its Plan, pursuant to Section

1129(b) of the Bankruptcy Code. Under this procedure the Bankruptcy Court may confirm the Plan notwithstanding the non-acceptance by an Impaired Class if at least one Impaired Class votes to accept the Plan, the Plan does not discriminate unfairly and the Plan is fair and equitable to the non-accepting Class or Classes.

X. MODIFICATION OF PLAN

Metropolitan may modify this Plan at any time pursuant to Section 1127(a) of the Bankruptcy Code. If so modified, after Metropolitan files the modification with the Bankruptcy Court, the Plan as modified becomes the Plan.

Metropolitan may modify the Plan at any time before substantial consummation pursuant to Sections 1101(2) and 1127(b) of the Bankruptcy Code. The Plan as so modified becomes the Plan only if the Bankruptcy Court, after notice and a hearing, confirms such Plan as modified under Section 1127 of the Bankruptcy Code.

Before or after the Confirmation Date, or in the Confirmation Order, the Debtor or the Bankruptcy Court may remedy any defect or omission, or reconcile any inconsistencies in the Plan or amend the Plan in such a manner as may be necessary to carry out the provisions, purposes and effect of the Plan.

XI. DISCHARGE

A. Effect of Discharge

Upon Confirmation, Metropolitan shall be entitled to a discharge of and from all debts dischargeable under Section 1141(d) of the Bankruptcy Code. Upon the Effective Date, the Plan shall be binding upon the holders of a Claim against Metropolitan and such holder's respective successors and assigns, whether or not the Claim of such holder is Impaired under the Plan and whether or not such holder has voted to accept the Plan.

Upon substantial consummation of the Plan, the Case shall be closed, but shall be subject to reopening to enforce the terms of the Plan. Except for the ratified Mercantile Lease and as otherwise provided herein, upon the Confirmation Date, the entry of the Confirmation Order shall supersede any prior

orders entered by the Bankruptcy Court, or any other court, to the extent such prior orders are inconsistent with the terms of the Plan.

B. Discharge Injunction

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, (A) ON THE EFFECTIVE DATE, METROPOLITAN SHALL BE DEEMED DISCHARGED AND RELEASED PURSUANT TO SECTION 1141 OF THE BANKRUPTCY CODE FROM ALL CLAIMS, INCLUDING, BUT NOT LIMITED TO DEMANDS, LIABILITIES AND CLAIMS THAT AROSE BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN SECTIONS 502(g), 502(h) AND 502(i) OF THE BANKRUPTCY CODE, WHETHER OR NOT (I) A PROOF OF CLAIM BASED ON SUCH CLAIM OR DEBT HAS BEEN FILED OR DEEMED FILED PURSUANT TO SECTION 501 OF THE BANKRUPTCY CODE, (II) A CLAIM BASED ON SUCH CLAIM OR DEBT IS ALLOWED PURSUANT TO SECTION 502 OF THE BANKRUPTCY CODE, OR (III) THE HOLDER OF SUCH CLAIM HAS ACCEPTED THE PLAN; AND (B) ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST METROPOLITAN, ITS RESPECTIVE SUCCESSORS, OR THEIR RESPECTIVE ASSETS OR PROPERTIES ANY OTHER OR FURTHER CLAIMS BASED UPON ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED PRIOR TO THE EFFECTIVE DATE. EXCEPT AS OTHERWISE PROVIDED HEREIN, CONFIRMATION OF THE PLAN SHALL VOID ANY JUDGMENT AGAINST METROPOLITAN AT ANY TIME OBTAINED TO THE EXTENT THAT IT RELATES TO A CLAIM DISCHARGED. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ON THE EFFECTIVE DATE, THE PLAN SHALL OPERATE AS AN INJUNCTION PURSUANT TO SECTION 524 OF THE BANKRUPTCY CODE. ON AND AFTER THE EFFECTIVE DATE, ALL ENTITIES WHO HAVE HELD, OR HOLD ON THE CONFIRMATION DATE A DEBT OR CLAIM AGAINST METROPOLITAN OR ITS PROPERTY OR ASSETS THAT COULD HAVE BEEN ASSERTED PRIOR TO THE CONFIRMATION DATE ARE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF ANY SUCH DEBT OR CLAIM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING AGAINST METROPOLITAN OR ITS SUCCESSORS OR ASSIGNS OR THEIR PROPERTY; (B) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST METROPOLITAN, ITS SUCCESSORS OR ASSIGNS OR AGAINST THEIR ASSETS OR PROPERTY; (C) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE AGAINST METROPOLITAN, ITS SUCCESSORS OR ASSIGNS OR THEIR ASSETS OR PROPERTY; AND (D) COMMENCING OR CONTINUING ANY ACTION, IN ANY MANNER, IN ANY PLACE THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN OR CONFIRMATION ORDER. THIS INJUNCTION SPECIFICALLY DOES NOT APPLY TO ANY CLAIMS THAT ARISE FROM ACTS OF DEFAULTS THAT OCCUR AFTER THE CONFIRMATION DATE. ANY ENTITY, INCLUDING BUT NOT LIMITED TO METROPOLITAN, INJURED BY ANY WILFUL VIOLATION OF ANY INJUNCTION IMPOSED BY THE PLAN OR CONFIRMATION ORDER SHALL BE ENTITLED TO RECOVER ACTUAL DAMAGES, INCLUDING COSTS AND ATTORNEYS' FEES, AND, IN APPROPRIATE CIRCUMSTANCES, MAY RECOVER PUNITIVE DAMAGES, FROM THE WILFUL VIOLATOR. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN

ALTERS OR AFFECTS THE RIGHTS OF PARTIES WITH ALLOWED CLAIMS TO RECEIVE THE DISTRIBUTIONS TO WHICH THEY ARE OTHERWISE ENTITLED UNDER THE PLAN.

XII. EXECUTORY CONTRACTS

Any and all executory contracts and unexpired leases within the meaning of Section 365(a) of the Bankruptcy Code which have not been assumed or rejected shall be deemed to have been rejected by Metropolitan upon the Confirmation of the Plan.

XIII. RETENTION OF JURISDICTION

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Case or the Plan, or (c) that relates to the following:

(i) to hear and determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date, or that, pursuant to the Plan, may be instituted by Metropolitan.

(ii) to hear and determine any objections to the allowance of Claims, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification of any claim and to allow, disallow or estimate any contested Claim in whole or in part;

(iii) to issue such orders in aid of execution of the Plan to the extent authorized or contemplated by Section 1142 of the Bankruptcy Code;

(iv) to consider any modifications of the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order.

(v) to hear and determine all fee applications;

(vi) to hear and determine all controversies, suits and disputes that may relate to, impact upon, or arise in connection with the Plan and Confirmation Order (and all documents, instruments, agreements, schedules, and exhibits thereto) or its interpretation, implementation, enforcement, or consummation;

(vii) to the extent that Court approval is required, to consider and act on the compromise and settlement of any Claim or cause of action by or against the Estate;

(viii) to hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with any setoff and/or recoupment rights of Metropolitan or any Person;

(ix) to hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with a cause of action commenced by Metropolitan on before or after the Effective Date;

(x) to enter an Order or Final Decree closing the Chapter 11 Case;

(xi) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(xii) to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of the Plan.

THE FOREGOING CONSTITUTES ONLY A SUMMARY OF THE ESSENTIAL PROVISIONS OF THE PLAN. HOLDERS OF CLAIMS ARE ADVISED TO REVIEW THE COMPLETE PLAN IN ITS ENTIRETY.

XIV. TAX CONSEQUENCES

Metropolitan is not qualified to advise Creditors of the specific tax ramifications to it of confirmation of the Plan, and therefore makes no representations in this regard. However, Metropolitan is not aware of any potential material federal tax consequences to Creditors that would result from confirmation of the Plan. Each Creditor is urged to consult with a tax advisor as to such matters. No material tax consequences to Metropolitan are anticipated as a result of confirmation of the Plan.

XV. FINANCIAL INFORMATION

Metropolitan's 2016/2017 Proposed Operating Budget, is attached hereto as Exhibit B. Actual income and expenses earned and incurred by Metropolitan during the first 6 months of the Case are attached hereto in Exhibit C.

XVI. OBJECTIONS TO CLAIMS

Any objections to Claims must be filed within thirty (30) days of the Effective Date of the Plan. Metropolitan, or the holder of any Allowed Claim, shall have the right to file an objection to the allowance of any Claim, either as currently filed or as may be amended, or any other appropriate motion or adversary proceeding with respect to allowance of any Claim. All such objections or actions shall be litigated to Final order, provided, however, that any objection or action may be compromised or settled by any method approved by the Bankruptcy Court. Metropolitan may, at any time, request that the Bankruptcy Court estimate any Claim under Section 502(c) of the Bankruptcy Code, regardless of whether such Claim has been previously objected to or whether the Bankruptcy Court has ruled on any such objection. In order to expedite payments to Creditors, Metropolitan seeks confirmation notwithstanding the fact that certain Claims have been disputed and the fact that Metropolitan has not objected to a particular Claim does not mean that there will be no objection to such Claim. Accordingly, Metropolitan makes no representations either in the Plan or its Disclosure Statement as to the validity of a Claim filed, and Creditors should not make any assumption based upon the fact that no particular objection has yet been filed.

Notwithstanding any other provision of the Plan, no distribution shall be made to the holder of a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim by Final order. While disputes regarding Claims are pending, TMI Trust Company shall hold for the benefit of each holder of a Disputed Claim an amount equal to the distribution that would have been made to the holder of such Disputed Claim if it were an Allowed Claim, or if so determined by the Bankruptcy Court, such amount as estimated by the Bankruptcy Court under Section 502(c) of the Bankruptcy Code until such Claim becomes an Allowed Claim. As soon as practicable after a Disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim shall receive distributions to which such holder is then entitled under the Plan on

account of such Allowed Claim. After resolution of a dispute, any amount previously reserved for such Disputed Claim and not paid in connection with the resolution thereof shall be paid consistent with the terms of the Plan or any applicable order of the Bankruptcy Court.

XVII. CONCLUSION

Metropolitan submits that the Plan complies in all respects with Chapter 11 of the Bankruptcy Code and recommends that the holders of Claims who are entitled to vote on the Plan, vote to accept the Plan.

Dated: March 30, 2017

Respectfully Submitted,
Metropolitan Baptist Church

By: /s/ Harry T. Jones, Jr.
Harry T. Jones, Jr., Board Chair

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