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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

NMP-GROUP, LLC,

Debtor.

Case No. 13-12269 (REG)

Chapter 11

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY
CODE FOR NMP-GROUP LLC'S PLAN OF ORDERLY LIQUIDATION**

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I. SUMMARY

THIS DISCLOSURE STATEMENT (“**DISCLOSURE STATEMENT**”) FOR NMP-GROUP, LLC’S (THE “**DEBTOR**”) PLAN OF ORDERLY LIQUIDATION, ATTACHED AS EXHIBIT A AND RELATED MATERIALS DELIVERED HERewith ARE BEING PROVIDED BY THE DEBTOR TO KNOWN HOLDERS OF CLAIMS AND EQUITY INTERESTS PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTOR’S KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

II. INTRODUCTION

A. Background

On July 10, 2013 (the “**Filing Date**”), the Debtor, a New York limited liability company, filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York. Since the Filing Date, the Debtor has remained in possession of its assets and management of its affairs as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

A joint hearing to consider the adequacy of the disclosure statement and confirmation of the Plan (the “Combined Hearing”) will be held on September __, 2013, at __: __.m., prevailing Eastern Time, before the Honorable Robert E. Gerber, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 523, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to the adequacy of the Disclosure Statement and/or confirmation of the Plan must be filed and served so that they are received on or before September __, 2013 at 5:00 p.m., prevailing Eastern Time. The Combined Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Combined Hearing or at any subsequent adjourned Combined Hearing.

Attached as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan (Exhibit A); and
- Contract of Sale and Amendment (Exhibit B)

III. GENERAL INFORMATION

A. Description of the Debtor

The Debtor is a limited liability company organized on March 8, 2007 under the laws of the State of New York. The Debtor is owned 100% by Natalia Pirogova. The Debtor was formed to acquire, own, develop, manage and operate the unimproved real property located at 172-174 and 176 Madison Avenue, New York, New York (a/k/a 21 East 33rd Street) (the “**Property**”). The Property is intended for the development of a mixed-use building for retail and condominiums.

B. The Debtor’s Pre-Petition Indebtedness

On or about November 6, 2007, 172 Madison (NY) LLC (the “**Lender**”), as assignee of and successor in interest to UBS Real Estate Securities Inc. and Stabfund (USA) Inc., loaned the Debtor the principal sum of \$29,000,000 (the “**Loan**”). The Loan was secured by a Mortgage, Security Agreement, Assignment of Rent and Fixture Filing by which the Lender was granted security interests in, *inter alia*, the Property and certain fixtures and personal property.

The Loan matured on November 9, 2009. The Debtor, however, was unable to satisfy or refinance the outstanding Loan upon its maturity. As a result and as set forth herein, the Lender commenced an action in the Supreme Court of the State of New York, County of New York for foreclosure of the mortgage. As of the Filing Date, \$51,645,270.72 was owed to the Lender.

In addition to the Lender’s mortgage on the Property, the Property is encumbered by various New York City liens in the amount of approximately \$188,752.00 and various subordinate liens in the collective amount of \$48,037.00. The Debtor has unsecured debt of approximately \$532,876.00 as well as other miscellaneous disputed, contingent and/or unliquidated unsecured claims.

C. Pre-Petition Litigation

In addition to the foreclosure action (described herein), the Debtor is aware of the following lawsuits that were pending against the Debtor as of the Filing Date: (a) Blane Fergus v. NMP Group, LLC, Index No. 2543301/2013, Supreme Court of the State of New York, County of New York and (b)

Pasargad Carpets, Inc. v. 180 Madison Prisa II LLC, et al., Index No. 158200/2012, Supreme Court of the State of New York, County of New York.

These lawsuits are stayed by the commencement of the Chapter 11 Case.

D. Events Precipitating the Chapter 11 Filing

On June 12, 2013, the Supreme Court of the State of New York, County of New York entered a Judgment of Foreclosure and Sale (the “**Foreclosure Judgment**”) against the Debtor in favor of the Lender. In accordance with the Foreclosure Judgment, a public auction of the Property was scheduled for July 10, 2013 at 2:15 p.m. Facing a foreclosure of the Property, the Debtor determined in the exercise of its business judgment that filing for Chapter 11 protection was the best option to preserve the Property so that it can proceed with a contract for sale in an orderly fashion.

E. The Pre-Petition Contract for Sale of the Property

Contemporaneously with the filing of its bankruptcy petition, the Debtor entered into a Contract of Sale with Madison 33 Associates, LP (the “**Sale Contract**”). The purchaser’s rights under the Sale Contract subsequently were assigned to Madison 33 Owner LLC (the “**Purchaser**”) and the Sale Contract was amended (the “**Amendment**”) on August 22, 2013. Copies of the Sale Contract and Amendment are attached collectively as Exhibit B. The substantive terms and conditions of the proposed sale pursuant to the Sale Contract are as follows:

- (a) Purchase Price. The purchase price is \$51,878,784.74, subject to adjustments as set forth in the Sale Contract (the “**Purchase Price**”).
- (b) Deposit. \$2,000,000 was paid by Purchaser to the Debtor to be held in escrow as an initial deposit.
- (c) Assumption of Liabilities. Pursuant to the Sale Contract, Purchaser shall be responsible for payment of (i) any Allowed Unsecured Claim that is not paid by the Debtor because the Purchase Price is otherwise insufficient to pay in full all of the Claims and (ii) Allowed Administrative Claims, including attorneys’ fees that are approved by the Bankruptcy Court under Sections 327, 330 and 331 of the Bankruptcy Code; provided, however, Debtor’s counsel shall first apply its retainer in the amount of \$76,943.18. The total assumption of liabilities that cannot be paid from the Purchase Price (the “**Assumed Liabilities**”) shall not exceed \$2,000,000 in the aggregate. No later than three (3) Business Days before the Combined Hearing, the Purchaser shall fund the Escrow with counsel for the Debtor to secure the Purchaser’s obligations under the Sale Contract to pay the Assumed Liabilities. Any unused portion of the Escrow shall be refunded to the Purchaser.
- (d) Closing. The closing will take place within five (5) business days of the date the Bankruptcy Court enters an Order approving the sale (or, at Purchaser’s option, such sale order having become final and no longer subject to appeal), with time being of the essence.
- (e) Mechanic’s Liens, ECB and Other Liens. All mechanic’s liens, environmental control board liens and other liens affecting the Property shall be satisfied at the closing.

In connection with the Sale Contract, the Purchaser obtained a commitment for pre-development and acquisition financing from German American Capital Corp. or an affiliate thereof in the maximum amount of \$45,000,000.00.

The Purchaser is a joint venture of (a) an entity formed and affiliated with Luiza Dubrovsky, the Debtor's manager, (b) an entity formed and affiliated with Tessler Developments LLC and (c) one or more additional parties. Pursuant to the JV Documents, Luiza Dubrovsky will be an indirect owner of 40% of the equity of the Purchaser.

IV. THE CHAPTER 11 CASE

The following is a brief description of certain major events that have occurred during this Chapter 11 Case.

A. Claims Process and Bar Date

1. Section 341(a) Meeting of Creditors

On August 14, 2013, the Office of the United States Trustee for the Southern District of New York presided over the Section 341(a) meeting of creditors in the Chapter 11 Case.

2. Schedules and Statements

The Debtor filed with the Bankruptcy Court its Statements of Financial Affairs, Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases and Lists of Creditors and Equity Holders (collectively, the "**Schedules**") on July 24, 2013.

3. Bar Date

The Bankruptcy Court fixed September 27, 2013 as the date by which Creditors had to file Proofs of Claims in this Chapter 11 case. The deadline for filing a Proof of Claim by a governmental unit (as defined by Section 101(27) of the Bankruptcy Code) is January 10, 2014.

B. Retention of Counsel

On August 1, 2013, the Court approved the Debtor's retention of Cole, Schotz, Meisel, Forman & Leonard, P.A. as bankruptcy counsel effective as of the Filing Date.

V. SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF, OR A SUBSTITUTE FOR, THE PLAN. CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANING SET FORTH IN THE PLAN.

A. Introduction

In formulating the Plan, the Debtor's goal was to find an acceptable method for satisfying the Claims of Creditors in accordance with the priorities and requirements of the Bankruptcy Code to allow

the Debtor to emerge from Chapter 11. As set forth in the plan, the Plan provides for payments of all Claims, in full, together with interest. Therefore, the Plan maximizes value for the benefit of creditors.

B. No Solicitation of Ballots

All creditors are deemed to have accepted the Plan. Ballots, therefore, will not be solicited.

C. Confirmation Procedure

1. Combined Hearing

A hearing before the Honorable Robert E. Gerber, United States Bankruptcy Judge, has been scheduled for the _____ day of August __, 2013, at __:__ __.m., at the United States Bankruptcy Court, One Bowling Green, New York, New York 10004 to consider adequacy of the Disclosure Statement and confirmation of the Plan. The Combined Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Combined Hearing.

2. Procedure for Objections

Any objection to the Disclosure Statement or confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served on the Debtor's counsel and all parties who have filed a notice of appearance by 5:00 p.m. prevailing Eastern Time on September __, 2013. Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court.

3. Requirements for Confirmation

The Bankruptcy Court will confirm the Plan only if it meets all the applicable requirements of Section 1129 of the Bankruptcy Code. Among the requirements for confirmation in this Chapter 11 Case are that the Plan be: (i) accepted by all impaired classes of Claims and Equity Interests or, if rejected by an impaired class, that the Plan "does not discriminate unfairly" against and is "fair and equitable" with respect to such class; and (ii) feasible. The Bankruptcy Court must also find that:

- The Plan has classified claims and interests in a permissible manner;
- The Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and
- The Plan has been proposed in good faith.

4. Classification of Claims and Interests

Section 1122 of the Bankruptcy Code requires the Plan to place a claim or equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Plan creates separate classes to deal respectively with secured claims, unsecured claims and equity interests. The Debtor believes that the Plan's classifications place substantially similar claims or equity interests in the same class and thus, meet the requirements of Section 1122 of the Bankruptcy Code.

5. Voting and Acceptance of the Plan

Classes of claims or equity interests that are not “impaired” under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. All Classes of Claims under the Plan are not unimpaired and, therefore, are not entitled to vote.

6. The Feasibility Test

The “feasibility” test requires the Bankruptcy Court to find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further reorganization of the Debtor. As set forth above, the Purchaser has received a financing commitment relating to its purchase of the Property. Additionally, the Debtor believes the Sale Proceeds, coupled with the Escrow, demonstrate the Debtor’s ability to make all payments required under the Plan. The Debtor reasonably estimates that Allowed Administrative Claims and Allowed General Unsecured Claims total less than \$2,000,000.

7. Other Requirements of Section 1129

The Debtor believes that the Plan meets all the other technical requirements of Section 1129 of the Bankruptcy Code, including that the Plan has been proposed in good faith.

D. Classification of Claims and Interests and Their Treatment Under the Plan

The Plan classifies Claims and Equity Interests separately in accordance with the Bankruptcy Code and provides different treatment for different Classes of Claims and Equity Interests. As described more fully below, the Plan provides, separately for each Class, that Holders of Claims and Equity Interests will receive various types of or no distributions under the Plan.

1. Unclassified Claims

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Claims of a kind specified in Sections 507(a)(2) or (a)(8) of the Bankruptcy Code are not to be designated in a class. Thus, Administrative Expense Claims and Priority Tax Claims against the Debtor shall be treated separately as unclassified Claims.

(a) Administrative Expense Claims. Except to the extent that any entity entitled to payment of an Allowed Administrative Expense Claim agrees to a different treatment, each Holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim seven (7) Business Days after the entry of a Final Order Allowing such Administrative Expense Claim, or as soon thereafter as is practicable.

(b) Priority Tax Claims. The Debtor does not believe that Priority Tax Claims exist but is providing for treatment of such Claims in an abundance of caution. Each Holder of an Allowed Priority Tax Claim, if any, shall receive in full satisfaction of such Allowed Priority Tax Claim payment in Cash equal to the unpaid portion of such Allowed Priority Tax Claim seven (7) Business Days after such Allowed Priority Tax Claim becomes an Allowed Claim or soon thereafter as is practicable; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to the Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtor or its Estate. Payment of Statutory Fees. All fees payable pursuant to section 1930 of the title 28 of the United States Code, to the extent unpaid through the Confirmation Date, shall be paid in Cash from the funds in the DIP account within seven (7) Business Days after the Effective Date.

VI. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS; VOTING

A. Classification

Claims, other than Administrative Expense Claims and Priority Tax Claims, are classified for all purposes, including voting and distribution under the Plan as follows:

<u>Class</u>	<u>Status</u>
Class 1 – Real Estate Tax and Other In rem Governmental Lien Claims.....	Unimpaired
Class 2 – Mortgagee Claims.....	Unimpaired
Class 3 – Subordiante Lien Claims.....	Unimpaired
Class 4 – Other Priority Claims.....	Unimpaired
Class 5 – General Unsecured Claims.....	Unimpaired
Class 6 – Equity Interests.....	Unimpaired

VII. TREATMENT OF CLAIMS

A. Treatment of Claims

1. CLASS 1 – REAL ESTATE TAX AND OTHER IN REM GOVERNMENTAL LIEN CLAIMS.

(a) Classification. Class 1 consists of real estate tax and other in rem governmental Lien Claims against the Debtor. The Class 1 Claims total approximately \$188,752.00.

(b) Impairment and Voting. Class 1 is unimpaired by the Plan. The Holders of Class 1 Claims are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

(c) Distributions. Each Holder of an Allowed Class 1 Claim shall be paid at the Closing or as soon thereafter as is practicable, in full, final and complete satisfaction of its Class 1 Claim, Cash from the Sale Proceeds equal to one hundred (100%) percent of its Allowed Claim, with interest at the applicable statutory rate as it accrues from the Commencement Date through the date of payment.

2. CLASS 2 - MORTGAGEE

(a) Classification. Class 2 consists of the Mortgagee's claims against the Debtor. The Class 2 Claims total approximately \$51,645,271.00.

(b) Impairment and Voting. Class 2 is unimpaired by the Plan. The Mortgagee is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

(c) Distributions. The Mortgagee shall be paid at the Closing, in full, final and complete satisfaction of its Class 2 Claim, Cash from the Sale Proceeds equal to one hundred (100%)

percent of its Allowed Claim, with post-Commencement Date attorneys' fees and interest at the rate specified in the Foreclosure Judgment as it accrues from the Commencement Date through the date of payment; provided, however, the Debtor reserves all rights with respect to the Mortgagee's claim for attorneys' fees pursuant to Section 506(b) of the Bankruptcy Code. In exchange for full, final and complete satisfaction of its Class 2 Claim, at the Closing, the Mortgagee shall provide for an assignment of the UBS Mortgage on the Property to the Purchaser's designee.

3. CLASS 3 – SUBORDINATE LIEN CLAIMS

(a) Classification. Class 3 consists of subordinate Lien Claims against the Debtor. The Class 3 Claims total approximately \$48,037.00.

(b) Impairment and Voting. Class 3 is Unimpaired by the Plan. Holders of Class 3 Claims are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

(c) Distributions. Holders of Allowed Class 3 Claims shall be paid at the Closing or as soon thereafter as is practicable, in full, final and complete satisfaction of their Class 3 Claims, be paid in Cash from the Sale Proceeds equal to one hundred (100%) percent of their Allowed Claim, with interest at the statutory rate as it accrues from the Commencement Date through the date of payment.

4. CLASS 4 – OTHER PRIORITY CLAIMS

(a) Classification. Class 4 consists of other priority Claims against the Debtor pursuant to Section 507 of the Bankruptcy Code. The Debtor does not believe there are any Class 4 Claims and has created this class in an abundance of caution.

(b) Impairment and Voting. Class 4 is Unimpaired by the Plan. Holders of Class 4 Claims are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

(c) Distributions. Holders of Allowed Class 4 Claims, if any, shall be paid within seven (7) Business Days of the Effective Date or as soon thereafter as is practicable, in full and final satisfaction of their Class 4 Claims, Cash equal to one hundred (100%) of their Allowed Claims, with interest at the applicable statutory rate as it accrues from the Commencement Date through the date of payment.

5. CLASS 5 – GENERAL UNSECURED CREDITORS

(a) Classification. Class 5 consists of General Unsecured Claims against the Debtor.

(b) Impairment and Voting. Class 5 is Unimpaired by the Plan. Holders of Class 5 Claims are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote to accept or reject the Plan.

(c) Distributions. Holders of Allowed Class 5 Claims shall be paid, in full and final satisfaction of their Class 5 Claims, Cash equal to one hundred (100%) of their Allowed Claims, with interest at the Legal Rate as it accrues from the Commencement Date through the date of payment, seven (7) Business Days after such General Unsecured Claim becomes an Allowed Claim, or as soon thereafter as is practicable.

6. **CLASS 6 – EQUITY INTERESTS**

(a) Classification. Class 6 consists of the Equity Interests in the Debtor.

(b) Impairment and Voting. Class 6 is Unimpaired under the Plan. The Holder of the Class 6 Equity Interests is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

(c) Treatment. The Holder of the Class 6 Equity Interest shall retain its Equity Interest in the Debtor.

B. Modification of Treatment of Claims and Interests

The Debtor reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Claim at any time after the Effective Date upon the consent of the Holder of the Claim whose Allowed Claim is being adversely affected.

VIII. PROVISIONS REGARDING THE DISBURSING AGENT

A. Appointment of the Disbursing Agent.

The Debtor's counsel, Cole, Schotz, Meisel, Forman & Leonard, P.A., shall serve as the Disbursing Agent to carry out the provisions of the Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

B. Rights and Powers of the Disbursing Agent.

The Disbursing Agent shall, in addition to any powers and authority specifically set forth in other provisions of the Plan, be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (ii) establish, as necessary, disbursement accounts for the deposit and distribution of the Escrow; (iii) make Distributions in accordance with the Plan, (iv) object to Claims as appropriate, (v) employ and compensate professionals to represent it with respect to its responsibilities, and (vi) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof. The Disbursing Agent may take any and all actions which it deems reasonably necessary or appropriate to vigorously defend against any Claim, including, without limitation, the right to: (i) exercise any and all judgment and discretion with respect to the manner in which to defend against or settle any Claim, including, without limitation, the retention of professionals, experts and consultants; and (ii) enter into a settlement agreement or agreements, provided that such settlement is entered into by the Disbursing Agent in good faith and upon advance notice to the Purchaser. The Disbursing Agent shall not compromise or settle any General Unsecured Claim without the approval of Yitzchak Tessler.

C. Cooperation with the Purchaser

The Disbursing Agent shall keep the Purchaser informed as to any objections of, and the resolution, settlement or compromise of, any General Unsecured Claim. If the Purchaser desires that the Disbursing Agent object to a General Unsecured Claim, it shall provide the Disbursing Agent with notice of the objection and the basis for such objection. The Disbursing Agent shall not take any action to settle or compromise any General Unsecured Claim without providing advance notice to the Purchaser and the

opportunity for the Purchaser to participate in such settlement or compromise at the sole cost and expense of the Purchaser. The Debtor, the Disbursing Agent and the Purchaser shall cooperate with each other in any response to and defense of any General Unsecured Claim including any action or proceeding which is or may be the subject of a General Unsecured Claim.

D. Post Confirmation Date Expenses of the Disbursing Agent.

The Disbursing Agent shall receive reasonable compensation for services rendered pursuant to the Plan at the Disbursing Agent's ordinary and customary hourly rate without further Court order. In addition, except as otherwise ordered by the Bankruptcy Court, the amount of reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes, reasonable attorney and professional fees and expenses) shall be paid without further Court order from the Escrow after submission of an invoice to the Debtor and Yitzchak Tessler.

IX. PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN

A. Method of Payment.

Unless otherwise expressly agreed, in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank.

B. Objections to and Resolution of Claims.

The Debtor and/or Disbursing Agent shall have the right to file objections to Claims after the Effective Date. All objections shall be litigated to entry of a Final Order; provided, however, that the Debtor and the Disbursing Agent shall have the authority to compromise, settle, otherwise resolve or withdraw any objections, without approval of the Bankruptcy Court.

C. Objection Deadline.

The Debtor and/or the Disbursing Agent shall file and serve any objection to any Claims no later than sixty (60) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

D. No Distribution Pending Allowance.

Notwithstanding any other provision of the Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order.

E. Escrow of Cash Distributions.

On any date that Distributions are to be made under the terms of the Plan, the Disbursing Agent shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto, including, but not limited to (i) Disputed Claims that may be entitled to treatment as Administrative Expense Claims pursuant to sections 503 and 507 of the Bankruptcy Code and (ii) any amount due but not payable on the Effective Date on account of Administrative Expense Claims pursuant to section 503 and 507 of the Bankruptcy Code). The Disbursing Agent shall also segregate any interest, dividends or proceeds of such Cash. Such

Cash together with any interest, dividends or proceeds thereof, shall be held in trust for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

F. Distribution After Allowance.

Within the later of 15 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a Holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim.

G. Investment of Segregated Cash and Property.

To the extent practicable, the Disbursing Agent may invest any Cash or other property segregated on account of a Disputed Claim, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by section 345 of the Bankruptcy Code; provided, however, that the Disbursing Agent shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property or proceeds.

H. Delivery of Distributions.

Except as provided in sections 6.12, 6.13 and 6.14 of the Plan, distributions to Holders of Allowed Claims shall be made: (1) at the addresses set forth on the respective Proofs of Claim or Proofs of Interests Filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim or Proof of Interest is filed and the Disbursing Agent has not received a written notice of a change of address.

I. Undeliverable Distributions.

If the distribution to the Holder of any Claim is returned to the Disbursing Agent as undeliverable, no further distribution shall be made to such holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address. Undeliverable distributions shall remain in the possession of the Disbursing Agent until the earlier of (i) such time as a distribution becomes deliverable or (ii) such undeliverable distribution becomes an unclaimed distribution pursuant to section 6.10 of the Plan.

Until such time as an undeliverable distribution becomes an unclaimed distribution pursuant to section 6.9 of the Plan, within 30 days after the end of each calendar quarter following the Effective Date, the Disbursing Agent shall make distributions of all Cash and property that has become deliverable during the preceding quarter. Each such distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such distribution would have been due had it then been deliverable to the date that such distribution becomes deliverable.

Nothing contained in the Plan shall require the Disbursing Agent to attempt to locate any Holder or an Allowed Claim.

J. Unclaimed Distributions.

Any Cash or other property to be distributed under the Plan shall revert to the Disbursing Agent if it is not claimed by the Entity (an "**Unclaimed Distribution**") entitled thereto before the later of (i) three

months after the Effective Date or (ii) thirty days after an Order allowing the Claim of that Entity becomes a Final Order, and such Entity's claim shall be deemed to be reduced to zero. Any Unclaimed Distribution shall be returned to the Purchaser.

K. Set-Off.

The Disbursing Agent may, but shall not be required to, set-off against the distributions to be made pursuant to the Plan the claims, obligations, rights, causes of action and liabilities of any nature that the Debtor or the Disbursing Agent may hold against the holder of an Allowed Claim, provided, however, that neither the failure to effect such a set-off nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor or the Disbursing Agent of any such claims, obligations, rights, causes of action and liabilities that the Debtor or the Disbursing Agent has or may have against such holder.

X. MEANS FOR EXECUTION OF THE PLAN

A. Means for Implementation of the Plan. In addition to the provisions set forth elsewhere in the Plan, the following shall constitute the means for implementation of the Plan:

1. Sale of Property. On the Closing, the Debtor shall sell the Property to the Purchaser in accordance with the Sale Contract. The proceeds of Sale shall be used to satisfy the Class 1 and Class 2 Claims in accordance with the Sale Contract.
2. Transfer of the Property. On the Closing, the Property shall be transferred to the Purchaser free and clear of all Liens, Claims and encumbrances with all Allowed Liens to attach to the proceeds of Sale in the order of priority as they existed on the Commencement Date.
3. Assumption of Liabilities. Pursuant to the Sale Contract, Purchaser has agreed to assume and be responsible for payment of (i) any Allowed General Unsecured Claim that is not paid by the Debtor because the Purchase Price is otherwise insufficient to pay in full all of the Claims secured by the Property, all of the Allowed Administrative Claims, and all such Allowed General Unsecured Claims, and (ii) administrative claims for attorneys' fees that are approved by the Bankruptcy Court under Sections 327, 330 and 331 of the Bankruptcy Code, that exceed \$100,000 in amount (but not to exceed \$2,000,000 in the aggregate), and that cannot be paid from the Purchase Price (the "Assumed Liabilities"). No later than three (3) Business Days before the Combined Hearing, the Purchaser shall fund the Escrow with counsel for the Debtor to secure Purchaser's obligations under the Sale Contract to pay the Assumed Liabilities. Any unused portion of the Escrow shall be refunded to the Purchaser after all Assumed Liabilities have been adjudicated and/or otherwise Allowed and paid by the Disbursing Agent.
4. Sale Approval. The Confirmation Order the Plan shall contain findings of fact, conclusions of law and specific provisions: (a) authorizing the sale of the Property to Purchaser pursuant to the Sale Contract, free and clear of any and all claims, liens, encumbrances and interests (and, to the extent necessary, assuming the Sale Contract); (b) finding that the Purchaser is a "good faith purchaser" pursuant to Section 363(m) of the Bankruptcy Code, and that none of the grounds set forth in Section 363(n) exist with respect to the sale of the Property to the Purchaser; (c) finding that one or more of the grounds for a sale free and clear pursuant to Section 363(f) of the Bankruptcy Code has been met as to each claim, lien encumbrance or interest in the Property, and transferring

any and all claims, liens, encumbrances and interests in or upon Property to the proceeds of the sale; (d) finding that adequate and proper notice of the sale and the Plan and the relief granted in the Confirmation Order has been given to all parties entitled thereto; (e) authorizing payment of the Purchase Price to the Mortgagee in full and complete satisfaction of (I) the indebtedness secured by the UBS Mortgage and (II) the Foreclosure Judgment; (f) authorizing payment of any surplus proceeds to the bankruptcy estate of the Debtor for the payment of other allowed claims; and (g) providing such other relief as Purchaser shall reasonably require.

5. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the transfer of the Property and the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any agreements, deeds, bills of sale or assignments executed in connection with the sale of the Property contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. Corporate Action; Effectuating Documents; Further Transactions. On the Effective Date, all matters and actions provided for under the Plan that would otherwise require approval of the member or managers of the Debtor shall be deemed to have been authorized and effective in all respects as provided herein and shall be taken without any requirement for further action by the member and managers of the Debtor. The Debtor is authorized to execute, deliver, file or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.
7. 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.

XI. DISCHARGE AND INJUNCTION

A. Term of Bankruptcy Injunction or Stays.

All injunctions or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order or a separate Order of the Bankruptcy Court, all Entities who have held, hold, or may hold Claims against or Equity Interest in the Debtor, are permanently enjoined, on and after the Confirmation Date, from (A) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (B) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtor on account of any such Claim or Equity Interest, (C) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest and (D) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest.

B. Exculpation.

The Debtor and the Disbursing Agent and their respective members, managers, partners, officers, directors, employees and agents (including any attorneys retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with, or arising out of the Chapter 11 Case, the Plan, the solicitation of votes for and 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 willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

XII. CAUSES OF ACTION

A. Preservation of Causes of Action.

Except as otherwise provided in the Plan, the Confirmation Order or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtor will retain all Causes of Action. The Debtor may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any and all Causes of Action. The failure of the Debtor to specifically list any claim, right of action, suit, proceeding or other Cause of Action in the Plan does not, and will not be deemed to, constitute a waiver or release by the Debtor of such claim, right of action, suit, proceeding or other Cause of Action and the Debtor will retain the right to pursue such claims, rights of actions, suits, proceedings or other Causes of Action in its sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such claim, right of action, suit, proceeding or other Cause of Action upon or after the Confirmation or consummation of the Plan.

XIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases. On the Effective Date, all Executory Contracts and unexpired leases not assumed before the Confirmation Date will be deemed rejected. The Confirmation Order shall constitute an order approving such rejection as of the Effective Date.

B. Deadline for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan.

If the rejection by the Debtor, pursuant to the Plan or otherwise, of an Executory Contract or unexpired leases gives rise to a Claim, a Proof of Claim must be filed with the Bankruptcy Court and served upon the Clerk and the Debtor's counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after the later of (i) notice of entry of the Confirmation Order and (ii) other notice that the Executory Contract or unexpired lease has been rejected. Any Proofs of Claim not filed and served within such time periods will be forever barred from assertion against the Debtor and its estate. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under the Plan.

XIV. CONDITIONS TO THE EFFECTIVE DATE

A. Conditions Precedent to the Effective Date.

The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived:

- a. The Closing shall have occurred.
- b. The JV Documents shall have been executed.
- c. The Confirmation Order shall have become a Final Order.
- d. The Disbursing Agent shall be duly appointed, qualified and acting in that capacity.

B. Effect of Failure of Conditions.

If each condition to the Effective Date has not been satisfied or duly waived within twenty-one (21) days after the Confirmation Date, then upon motion by any party in interest, made before the time that each of the conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived by the Debtor before the Bankruptcy Court enters a Final Order granting such motion. If the Confirmation Order is vacated pursuant to this Section, the Plan shall be deemed null and void in all respects including, without limitation, the discharge of Claims pursuant to section 1141 of the Bankruptcy Code and nothing contained herein shall (A) constitute a waiver or release of any Claims by or against the Debtor or (B) prejudice in any manner the rights of the Debtor.

C. Waiver of Conditions to Confirmation and Effective Date.

Each of the conditions to the Effective Date may be waived in writing, in whole or in part, by the Debtor, without notice or an Order of the Bankruptcy Court. The failure to satisfy or to waive any condition may be asserted by the Debtor regardless of the circumstances giving rise to failure of such condition to be satisfied (including any action or inaction by the Debtor). The failure of the Debtor to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each such right will be deemed an ongoing right that may be asserted at any time.

XV. RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

1. To hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
2. To enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
3. To issue such Orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;
4. To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
5. To hear and determine all Fee Applications;
6. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
7. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
8. To hear any other matter not inconsistent with the Bankruptcy Code;
9. To enter a final decree closing the Chapter 11 Case;
10. To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
11. To decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtor that may be pending on the Effective Date;
12. 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 or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided herein;
13. To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;
14. To enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);
15. To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and

16. To resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Case, the Bar Date, the hearing on the approval of the Disclosure Statement, the hearing on the confirmation of the Plan for the purpose of determining whether a Claim, or Equity Interest is discharged hereunder or for any other purpose.

XVI. MISCELLANEOUS PROVISIONS

A. Amendment or Modification of the Plan.

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor, at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code.

B. Severability.

In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interest as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

C. Revocation or Withdrawal of the Plan.

The Debtor reserves the right to revoke or withdraw the Plan before the Confirmation Date. If the Debtor revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or Disbursing Agent or to prejudice in any manner the rights of either of the Debtor or Disbursing Agent in any further proceedings involving the Debtor.

D. Binding Effect.

The Plan shall be binding upon and inure to the benefit of the Debtor, the Holders of Claims, and the Holders of Equity Interests, and their respective successors and assigns.

E. Notices.

All notices, requests and demands to or upon the Debtor to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

NMP-Group, LLC
c/o Ilana Volkov, Esq.
Cole, Schotz, Meisel, Forman & Leonard, P.A.
900 Third Avenue
New York, New York 10022
(212) 752-8000
(212) 752-8393 (Facsimile)

F. Governing Law.

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law of such jurisdiction.

G. Withholding and Reporting Requirements.

In connection with the consummation of the Plan, the Debtor and Disbursing Agent shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

H. Allocation of Plan Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

I. Headings.

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

J. Exhibits/Schedules.

All exhibits and schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

K. Filing of Additional Documents.

On or before substantial consummation of the Plan, the Debtor shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

L. No Admissions.

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

M. Successors and Assigns.

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

N. Reservation of Rights.

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision

contained herein, or the taking of any action by the Debtor with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtor, Holders of Claims or Equity Interest before the Effective Date.

O. Implementation.

The Debtor shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in the Plan.

P. Inconsistency.

In the event of any inconsistency among the Plan, the Disclosure Statement, or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall govern.

Q. Closing of Case.

Upon substantial consummation, the Debtor may move for a final decree to close the Chapter 11 Case and to request such other order as may be just.

R. Dissolution of Debtor. Upon a final decree closing the Chapter 11 Case, the Debtor shall be deemed dissolved under applicable law without the need for filing any documents.

S. Compromise of Controversies.

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate and all Holders of Claims and Equity Interest against the Debtor.

XVII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN OF THE MORE SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO THE DEBTOR AND HOLDERS OF CLAIMS OR EQUITY INTERESTS BASED ON THE TAX LAWS IN EFFECT AS OF THE DATE OF THIS DISCLOSURE STATEMENT. THIS DISCUSSION DOES NOT ADDRESS THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES THAT MAY BE RELEVANT TO CERTAIN TYPES OF TAXPAYERS SUBJECT TO SPECIAL TREATMENT UNDER THE FEDERAL INCOME TAX LAWS (SUCH AS LIFE INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS AND TAXPAYERS WHO ARE NOT U.S. DOMESTIC CORPORATIONS OR CITIZENS OR RESIDENTS OF THE UNITED STATES), NOR DOES IT DISCUSS ANY ASPECT OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS THAT MAY BE APPLICABLE TO PARTICULAR TAXPAYERS. THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND INTERESTS MAY VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER.

AS OF THE DATE OF THIS DISCLOSURE STATEMENT, NO RULING HAS BEEN OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE

TAX CONSEQUENCES OF THE PLAN. THE DEBTOR HAS NOT OBTAINED AN OPINION OF COUNSEL WITH RESPECT TO ANY OF THE TAX CONSEQUENCES DESCRIBED BELOW. THEREFORE, NO REPRESENTATION IS BEING MADE WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN AS TO ANY CREDITOR. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF THE PLAN.

DATED: August 22, 2013

Respectfully submitted,

NMP GROUP, LLC

By: /s/ Luiza Dubrovsky
LUIZA DUBROVSKY, MANAGER