

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
Charlottesville Division

IN RE:

SIGNAL HILL CROSSROADS, LLC  
Debtor

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CASE NO. 10-60365

DISCLOSURE STATEMENT

This Disclosure Statement is provided by the Debtor to its known creditors in order to disseminate information necessary for those creditors to arrive at a reasonably informed decision in exercising their right to vote for the acceptance of the Debtor's Plan of Reorganization (the Plan) which will be filed, together with this Disclosure Statement, in the United States Bankruptcy Court for the Western District of Virginia, Charlottesville Division. A copy of the combined Disclosure Statement and Plan shall be mailed to the Debtor's creditors. Approval by the Bankruptcy Court of this Disclosure Statement is not a decision by the Court on the merits of the Plan.

Creditors who have filed claims or who have been deemed to file claims under Bankruptcy Code section 501 may vote on the Plan by filling out and mailing the acceptance form, which will accompany the Plan, to the Debtor's attorney. Votes must be received no later than ten (10) calendar days before the hearing in this Court on acceptance of the Plan. Creditors will receive separate notice of the time and place of such hearing. As a creditor, your acceptance is important. In order for the Plan to be deemed accepted, creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims in each impaired class of creditor must vote for acceptance. In addition, two thirds in amount of the allowed interests constituting the class, if any, of equity security holders must accept the Plan. If a class of claims rejects the Plan, the Debtor will nevertheless seek approval of the Plan, and the Plan may be confirmed by the Bankruptcy Court notwithstanding the rejection by that class, provided that at least one impaired class of creditors has accepted the Plan. In addition, the Court must determine that, with respect to each impaired class that has not accepted the Plan, the holders of claims in that class will receive or retain property of a value not less than the amount such holders would receive if the debtor were liquidated under Chapter 7. The Court must also find that the Plan does not discriminate unfairly, and is fair and equitable, with respect to each impaired class that does not accept the Plan. With regard to a class of allowed unsecured claims, this means, in addition, that if the Creditors in such class do not receive property with a value equal to the allowed amount of their claim, then no junior class can receive any distribution under the Plan. With regard to a class of allowed secured claims, this means that the Creditors in such class must retain their liens upon the debtor's property, and that such Creditors receive in deferred payments an amount at least equal to the present value of the Creditor's secured claims.

No representations concerning the Debtor (particularly as to the future business operations or the value of the property) are authorized by the Debtor other than as set forth in this statement. Any representations or inducements made to secure your acceptance which are other

than as contained in this statement or in the Plan should not be relied upon by you in making your decision. Any additional representations and inducements should be reported to counsel for the Debtor and to the Office of the United States Trustee, 210 First Street, S.W., Suite 505, Roanoke, VA 24011.

With the Plan and Disclosure Statement, each creditor will receive a ballot. The ballot, when completed should be mailed to the Debtor's counsel, whose address is shown at the end of this document, and not to the United States Trustee's Office or to the Bankruptcy Court.

## BACKGROUND

The Debtor is a Virginia limited liability company with its principal place of business in Culpeper, Virginia. The members of the company are two other limited liability companies: Agpro, LLC, whose principal is Gregory Olinger; and BRS Partners, LLC, whose principal is Stephen C. Vento. Mr. Vento is the individual who is currently in charge of the Debtor's business operations. The Debtor has no employees.

The Debtor owns a parcel of real estate in Culpeper County, Virginia consisting of approximately 81 acres. It is located at the intersection of Route 29 and Route 3, with road frontage on both highways. Route 29 is a major four lane north-south artery, connecting the northern Virginia, Washington, D.C. area with central and southern Virginia. The property is zoned for commercial development, and the Debtor's plans for the property have been, since its acquisition, for the development of a major retail shopping center.

The property was purchased by the Debtor in May, 2009 for a total of 4.4 million dollars. Most of the purchase price was financed by a loan from S.F.C. II, L.L.C, which has a first lien deed of trust on the property. This debt is guaranteed by the members of the Debtor LLC and by Mr. Vento. The Debtor was unable to make its monthly payments on this debt, beginning in August, 2010, and the lender accordingly commenced foreclosure proceedings. The foreclosure was stayed by the filing of the Debtor's Chapter 11 petition on February 14, 2011.

## CURRENT STATUS

Since the filing of its petition in Chapter 11, the Debtor has continued in possession of its property, and has continued its plans for the development of the property. The Debtor is currently negotiating for the sale of a 54 acre portion of its property, which would become a major retail shopping mall. The sale price would be approximately \$8,820,900. However, before this sale could be completed, the Debtor would be obligated to grade the property and bring water and sewer in; the cost of this construction is expected to be between 4 and 5 million dollars. The Debtor would need to borrow this money, and such borrowing would have to be approved by the Bankruptcy Court.

The Debtor's plans also call for the lease by the Debtor of seven parcels along the road frontage to retail stores. Presently, the Debtor has letters of intent for such leases from 12 potential tenants. The income from these properties, when leased, is expected to be 910,000 per year with a sales cap value between \$11,000,000. and \$13,000,000.

The remaining 15 acres of the Debtor's property will be retained by the Debtor for a ground lease to a future tenant. The Debtor will not incur any costs for the lease of this property. The Debtor's only current income is from the rental of two residential houses on the property. This income amounts to \$1,350.00 per month.

### LIQUIDATION ANALYSIS

As the Debtor's sole asset consists of the 81 acre parcel of real estate, the value of the asset would determine the extent to which creditors would get paid in the event of a liquidation. Culpeper County has assessed the property for tax purposes at approximately 4 million dollars. However, the Debtor believes that the property is worth significantly more. Based upon a sale in 2010 of nearby property with similar characteristics, the Debtor believes that the property could be worth as much as 12 million dollars. However, at a forced sale, the property would likely bring much less than that. The Debtor believes that there would be sufficient value in a forced sale to pay the secured lender, the real estate taxes and possibly the Debtor's other creditors as well, but much would depend upon the conditions existing at the time of such sale. There are no recent appraisals of the property.

### PLAN SUMMARY

The Debtor's Plan of Reorganization contemplates the satisfaction of the claims of all of the Debtor's creditors from the development and sale or leasing of the property, as set forth above.

The Plan divides its creditors into five classes: (1) Post petition administrative claimants; (2) The secured claim of the County of Culpeper for real estate taxes; (3) The secured claim of S.F.C. II, L.L.C; (4) General unsecured creditors. (5) Insider creditors. The claims of all classes are impaired.

This is a summary of the Debtor's Plan; the Plan itself, if approved by the Court, is a legally binding arrangement which should be read in its entirety. Creditors should not rely on this summary but should read the entire Plan before submitting a vote.

### MISCELLANEOUS

Insider and affiliate claims and transactions. Two of the Debtor's unsecured creditors would be considered insiders: Agpro, LLC (a member of the Debtor) in the amount of \$300,000.00; and BRS Partners, LLC (a member) in the amount of \$188,750.00.

Legal proceedings. With the exception of this Chapter 11 proceeding, the Debtor is not a party to any other legal proceedings.

Disputed claims. The Debtor does not intend to dispute the claim of any creditor.

Cram down provisions. There are no cram down provisions in the proposed plan.

Tax consequences. The Debtor makes no representations as to the tax consequences of the Plan upon creditors. Creditors should consult their own tax advisors regarding such consequences.

U. S. Trustee's Fees. All fees will continue to be paid until this case is converted, dismissed, or closed.

Administrative expenses. The only administrative expenses in this proceeding are the Debtor's attorney's fees and the quarterly fee of the United States Trustee. The Debtor received a retainer prior to filing in the amount of \$11,461.00. Total fees are not expected to exceed \$15,000.00. The Plan provides that fees above the retainer amount will be paid pro rata with the insider creditor claims.

Respectfully submitted,

SIGNAL HILL CROSSROADS, LLC

By: /s/Stephen C. Vento  
Manager, BRS Partners, LLC

/s/Douglas E. Little

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