

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAKE CHARLES DIVISION

IN RE: : **CASE NO. 15-20237**
: **WHITTEN FOUNDATION** :
: : **CHAPTER 11**
: **DEBTOR** :

FIRST AMENDED DISCLOSURE STATEMENT FOR IBERIABANK'S
CHAPTER 11 PLAN DATED SEPTEMBER 9, 2015

I. INTRODUCTION AND BACKGROUND OF THE COMPANY

Whitten Foundation (“WF” or “Debtor”) is a Louisiana non-profit corporation that owns and operates two apartment/condominium properties located in Lake Charles and Baton Rouge. Shortly before the bankruptcy on March 31, 2015, WF received additional assets from related entities in order to consolidate ownership of the apartment/condominium projects. The Lake Charles property is referred to as “Embers” and the Baton Rouge property is referred to “Courtyard Orleans.” A third property, referred to as “Unit 9” is located at the Courtyard Orleans site in Baton Rouge but it is a single condominium. Together, these properties shall sometimes be referred to as “the Properties” hereinafter. The foundation for Iberia’s liquidating plan is a proposed sale of the Properties to Juniper Investment Group, Ltd. (“Juniper”) for \$12,500,000. Embers is to be sold for \$9,000,000 and Courtyard Orleans for \$3,500,000.

IberiaBank (“Iberia” or “Proponent”) holds a first mortgage on the Properties, as well as a priming security interest in rents and cash proceeds. Its total indebtedness, represented by three separate notes, is in excess of \$10.2 million, not taking into account post-petition interest and attorneys’ fees as an “oversecured” creditor within the meaning of section 506 of the Bankruptcy Code. The Small Business Administration holds a second mortgage on substantially all of the Debtor’s assets and is owed approximately \$1.5 million.

Originally, Courtyard Orleans was owned by Foundation/Courtyard Orleans, LLC, a Louisiana limited liability company whose sole member is WF. The Unit 9 property was formerly owned by Louisiana Rental Investors, LLC, whose sole member is Lamond Whitten. WF was and remains the owner of Embers. Iberia consented to the pre-petition transfers to WF to help facilitate one bankruptcy filing and a more efficient series of real estate sale transactions. Indeed, Iberia believes the value of Courtyard Orleans is substantially less than the \$3.5 million offered by Juniper if it is not included as part of a package deal with the more desirable Embers property.

The Properties are being managed currently by Multifamily Management, Inc. (“Multifamily”). Multifamily has also filed an unsecured claim for unpaid management fees in the approximate amount of \$490,000. Pat Coffey is the owner of Multifamily and is also the Debtor in Possession representative.

The Debtor cannot service its secured debts to Iberia and the SBA. A mutual decision was made that the Properties would be sold in a non-fire sale manner so that creditors could be paid as much as possible. Upon information and belief, the proposed sale to Juniper represents a reasonable market value for the Properties. One of the reasons why Iberia has filed this creditor-

sponsored plan is its understanding that the Debtor would like to continue marketing efforts rather than concentrate on consummating the sale to Juniper.

Prior to the filing of this voluntary bankruptcy, clear title to the Courtyard Orleans and Unit 9 properties was impeded by a series of tax sale purchases by Boardwalk Investors US Bank, d/b/a Boardwalk Investors (“Boardwalk”) and Josie Mack (“Mack”) in 2011. Upon information and belief, at least \$56,000 in unpaid taxes and interest have been paid by these parties. The Debtor failed to redeem the taxes within the three years allowed by applicable Louisiana law. Boardwalk filed a lawsuit in the 19th Judicial District Court for East Baton Rouge Parish styled “*Petition to Quiet Title*” (“Lawsuit”) and that is pending. Boardwalk and Mack now own these small portions of the whole and Boardwalk is demanding market value for its property rather than merely reimbursement of actual taxes paid. Upon information and belief, the value of Boardwalk’s property is somewhere between \$100,000 and \$220,000. Iberia is unaware of any demand made by Mack but the total paid by Mack, upon belief, is approximately \$1,000.00.

Iberia’s Plan presupposes a settlement of the Lawsuit with Boardwalk and any ownership claims by Mack in order to complete the \$12.5 million sale to Juniper. Iberia has committed to making a post-petition super-priority loan to the Debtor in the amount of no more than \$150,000 for that purpose, with further consent to the use of its cash collateral to make up any difference over and above \$150,000. Based on the last operating report by the Debtor, the Debtor has in excess of \$100,000 in cash on hand.

In essence, Iberia’s Plan is a two-step approach - the settlement with the tax purchasers and the sale to Juniper. Iberia submits this *Disclosure Statement for Iberia’s Chapter 11*

Liquidating Plan dated September 2, 2015, ("Disclosure Statement") pursuant to Section 1125 of title 11 of the United States Code (the "Bankruptcy Code") to holders of Claims and Interests against the Debtor. The Disclosure Statement is submitted in connection with (i) the solicitation of acceptances or rejections of Iberia's Plan with the United States Bankruptcy Court for the Western District of Louisiana (the "Bankruptcy Court") and (ii) the hearing to consider approval of Iberia's Plan (the "Confirmation Hearing") scheduled for the date set forth in the accompanying notice. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in Iberia's Plan.

II. SUMMARY OF IBERIA'S PLAN

Iberia's Plan, a copy of which is attached hereto as **Exhibit A**, incorporates a contemplated settlement with the tax purchasers funded in primary part by Iberia and proposes to sell substantially all the assets of the Debtor for \$12,500,000. Consummation of the sale will be sufficient to pay all allowed administrative claims, priority claims, and secured claims in full together with a meaningful dividend to unsecured creditors of perhaps 25-35%, depending on the real estate commission and other closing costs to be incurred. This dividend could also be impacted significantly by any decision by the Debtor on whether to assume or reject the management contracts with Multifamily Management, Inc. By Court Order dated June 25, 2015, the Court granted the Debtor's motion to assume the management contracts with Multifamily. In the motion, the Debtor represented that Multifamily would continue managing the Properties without the cure of the default. In the absence of an Order to the contrary, Iberia's Plan calls for rejection of those management contracts.

The claims of Lamond Whitten and Louisiana Rental Investors, LLC have been separately classified in Class 5. Those claims were disputed by the Debtor in its schedules and Class 5 members failed to file proofs of claim before the expiration of the July 31 bar date. Accordingly, these insider claims will receive nothing under Iberia's plan if the sale to Juniper is consummated. Similarly, any equity interest in the Debtor, a non-profit corporation with no shareholders, shall be terminated with nothing paid on account of those interests.

Given the existing offer by Juniper, which Iberia believes is representative of market value, Iberia submits that no alternative to Iberia's Plan, including "more marketing" by the Debtor or conversion to chapter 7, would yield a better result. Iberia does not believe spending further scarce resources to conduct an auction, which would further delay this matter to the detriment of creditors, is advisable.

The offer by Juniper is a fair price for the Debtor's assets. Any alternative to this Plan must generate a greater return for creditors. Iberia does not believe such an alternative exists, certainly within a reasonable period of time acceptable to Iberia.

A. VOTING AND OTHER PROCEDURES

Ballots for the acceptance or rejection of Iberia's Plan are enclosed with the Disclosure Statement submitted to the holders of Claims and Interests that are entitled to vote to accept or reject Iberia's Plan.

After notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtor's creditors to make an informed judgment whether to accept or reject (including whether to change their acceptance or rejection

of) the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. ALL CREDITORS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims and interests in classes of claims and interests that are impaired under the terms and provisions of a Chapter 11 plan are entitled to vote to accept or reject the plan. Classes of claims in which the holders of claims or interests are unimpaired under a Chapter 11 plan are deemed to have accepted the Plan and also are not entitled to vote to accept or reject the plan.

The Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the Claims that cast ballots for acceptance or rejection of the plan. A class of interests has accepted a plan if such plan has been accepted by holders of such interests that hold at least two-thirds in amount of the allowed interests of such class held by holders of such interests that have accepted or rejected such plan.

If a Class of Claims or Interests rejects Iberia’s Plan or is deemed to reject the Plan, the Proponent has the right to request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of such plan by one or more impaired classes of claims or interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class. If one or more of the Classes

entitled to vote on Iberia's Plan votes to reject Iberia's Plan, the Proponent may request confirmation of Iberia's Plan over the rejection of Iberia's Plan by such Class or Classes, or may, alternatively, seek leave to amend Iberia's Plan.

After carefully reviewing this Disclosure Statement, including any Exhibits, each holder of an Allowed Claim entitled to vote may vote whether to accept or reject Iberia's Plan. Sample ballots for voting on Iberia's Plan accompany this Disclosure Statement (**Exhibit B**). If you hold a Claim in more than one Class and you are entitled to vote Claims or Interests in more than one Class, you may receive a ballot or ballots which will permit you to vote in all appropriate Classes of Claims or Interests.

Please vote and return your ballot(s) to the "Balloting Agent" as follows:

Balloting Agent for Iberia

TAYLOR, PORTER, BROOKS & PHILLIPS, L.L.P.
Michael A. Crawford
Post Office Box 2471, Baton Rouge, LA 70821-2471
450 Laurel Street, 8th Floor, Baton Rouge, LA 70801
(225) 387-3221 Tel./ (225) 346-8049 Fax

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN, AS THE CASE MAY BE, MUST BE RECEIVED NO LATER THAN THE TIME AND DATE SET FORTH IN THE ACCOMPANYING NOTICE.

If you are entitled to vote on Iberia's Plan and you did not receive a ballot, received a damaged ballot or lost your ballot, or if you have any questions concerning the procedures for voting on the Plan, please call Cindy Hughes, assistant to Michael A. Crawford (counsel to Iberia) at the telephone number set forth above.

Pursuant to Section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on the date and at the time set forth in the accompanying notice before the Honorable Robert R. Summerhays, United States Bankruptcy Judge, at the United States Bankruptcy Court, 611 Broad Street, Edwin F. Hunter, Jr. Federal Building, Lake Charles, Louisiana 70601. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received on or before the time and date set forth in the accompanying notice. The Confirmation 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 Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

B. DISCLAIMERS AND ENDORSEMENTS

This Disclosure Statement contains information about Iberia's Plan and contains multiple exhibits, including but not limited to: (i) Iberia's Plan, including therein a detailed listing of all known liens and encumbrances against the estate assets, and (ii) the Debtor's Schedules and Statement of Financial Affairs. Creditors and Interest Holders are urged to study Iberia's Plan carefully to determine Iberia's Plan's impact on their claims and/or interests.

Nothing contained in this Disclosure Statement or Iberia's Plan shall be deemed an admission or statement against interest that can be used against Iberia in any pending or future litigation.

Creditors are advised that objections to the allowance of any claim may be filed after confirmation of Iberia's Plan, regardless of whether any particular claimant or class of claimants accepts or rejects Iberia's Plan.

Certain statements and assertions in this Disclosure Statement may be subject to dispute by parties in interest.

This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission (“SEC”) nor has the SEC passed upon the accuracy or adequacy of the statements contained herein.

Because this is a creditor-sponsored plan, the factual information contained in this Disclosure Statement is necessarily based on third hand information, including the books and records of the Debtor, allegations made in pleadings filed both in the Bankruptcy Court and in lawsuits filed pre-petition, operating reports filed by the Debtor in Possession, proposed sale agreements between the Debtor and Juniper, and the Schedules and Statement of Financial Affairs filed in this case.

III. BANKRUPTCY

A. WHY BANKRUPTCY?

As described above, WF was not paying its secured creditors. Iberia notified WF of its intent to commence foreclosure proceedings, which prompted the bankruptcy filing. Early on, liquidation was deemed by the Debtor as the only viable option.

B. RETENTION OF PROFESSIONALS BY THE ESTATE

Following the order for relief, the debtor-in-possession retained Gerald Casey as counsel for the debtor-in-possession. The Debtor has also retained Tommy Fazio as special counsel with respect to the real estate transaction with Juniper and has just recently sought approval to hire Richard Moreno as well to assist with the Juniper sales.

C. SCHEDULES AND STATEMENTS

The Debtor filed with the Clerk of the Court the Statement of Financial Affairs, Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases and Lists of Equity Security Holders (as amended from time to time, the “Schedules”). Included therein is a descriptive list of all WF’s assets, together with property descriptions and locations. A copy of the schedules and statements is attached hereto as **Exhibit C**. Detail about the finances of WF during the pending of the bankruptcy is contained in the monthly operating reports filed in this case and may be viewed via the Pacer website, <http://www.pacer.gov> or, upon request, copies may be obtained from the Debtor’s or Iberia’s counsel.

D. SIGNIFICANT POST-PETITION EVENTS

A copy of the official Court docket for this case is attached hereto as **Exhibit D**. The Debtor has secured a purchaser for all of its assets, except cash, in the amount of \$12,500,000 and Iberia has agreed to fund a post-petition loan designed to cure the title defects associated with Courtyard Orleans. It is contemplated that the Debtor will file a 9019 settlement motion that also incorporates the request for approval of the super-priority loan to be made by Iberia. Depending on the actual resolution of those defects, Iberia anticipates that that motion and confirmation may be heard at the same time. That settlement and compromise with the tax purchasers, to be funded wholly or in large part by Iberia, will pave the way for this Plan to be consummated.

Based on the liquidating nature of Iberia’s Plan, there are no future financial projections attached to this Disclosure Statement, other than the expected payments due the estate under the sale described in Iberia’s Plan.

Upon information and belief, the Debtor has determined, in its business judgment, that Juniper has the financial wherewithal to consummate the transaction. Iberia, as the primary beneficiary of the sale, is satisfied that the consideration to be paid is reasonable.

IV. IBERIA'S PLAN

Iberia has proposed a plan that contemplates the sale of substantially all the Debtor's assets following a resolution of certain critical title issues, free and clear of all liens, claims and encumbrances, with any such liens, claims and encumbrances to attach to the proceeds consistent with Iberia's Plan. **Should the sale be consummated, holders of allowed Class 2 general unsecured claims will be paid a pro rata share of the excess cash proceeds realized after payment of higher priority claims, i.e., allowed administrative priority claims, priority tax claims, the Class 3 claim of Iberia and the Class 4 Claim of the SBA.** Under the Bankruptcy Code, only holders of Allowed Claims and Interests that are impaired are entitled to vote on the Plan. If Iberia cannot obtain the necessary acceptances of this plan, Iberia may decide to withdraw the Plan altogether. In the latter instances, the case will likely be converted or dismissed.

V. CONFIRMATION AND CONSUMMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm Iberia's Plan:

A. SOLICITATION OF VOTES

As to classes of *claims* entitled to vote on a plan, the Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that have timely voted to accept or reject a plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a

hearing, that such acceptance or rejection was not solicited or procured in good faith or otherwise in accordance with the provisions of the Bankruptcy Code.

With respect to *interests*, a class of interests has accepted a plan if such plan has been accepted by holders of such interests that hold at least two-thirds in amount of the allowed interests of such class held by holders of such interests that have accepted or rejected such plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or otherwise in accordance with the provisions of the Bankruptcy Code.

Any creditor of an impaired Class (i) whose Claim has been listed by the Debtor in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated) or (ii) who filed a proof of claim on or before the Bar Date (or, if not filed by such date, any proof of claim filed within any other applicable period of limitations or with leave of the Bankruptcy Court), which Claim is not the subject of an objection, is entitled to vote. Holders of Claims that are disputed, contingent and/or unliquidated are entitled to vote their Claims only to the extent that such Claims are allowed for the purpose of voting pursuant to an order of the Bankruptcy Court.

B. THE CONFIRMATION HEARING

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing with respect to the accompanying Plan. The Confirmation Hearing in respect of Iberia's Plan has been scheduled for the date and time set forth in the accompanying notice before the Honorable Robert R. Summerhays, United States Bankruptcy Judge at the United States Bankruptcy Court, 611 Broad Street, Edwin F. Hunter, Jr. Federal Building, Lake Charles,

Louisiana 70601. The Confirmation 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 Confirmation Hearing. Any objection to confirmation 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 or a description of the interest in the Debtor held by the objector, and must be made in accordance with any pre-trial or scheduling orders entered by the Bankruptcy Court. Any such objection must be filed with the Bankruptcy Court (with a copy to Chambers) and served so that it is received by the Bankruptcy Court, Chambers and the following parties on or before the date and time set forth in the accompanying notice:

Counsel to Iberia: Michael A. Crawford
TAYLOR, PORTER, BROOKS & PHILLIPS, L.L.P.
P. O. Box 2471, Baton Rouge, LA 70821-2471
450 Laurel Street, 8th Floor, Baton Rouge, LA 70801
(225) 387-3221 Tel./ (225) 346-8049 Fax

C. CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will confirm Iberia's Plan only if all of the requirements of Section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all impaired classes of claims or, if rejected by an impaired class, that the plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible and (iii) in the "best interests" of creditors that are impaired under the plan.

D. UNFAIR DISCRIMINATION AND FAIR AND EQUITABLE TESTS

In general, to obtain nonconsensual confirmation of a plan, it must be demonstrated to the Bankruptcy Court that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable”. The Bankruptcy Code establishes “cram down” tests for secured creditors and unsecured creditors, as follows:

E. SECURED CREDITORS

Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments (x) totaling at least the allowed amount of the secured claim and (y) having a present value at least equal to the value of the secured creditor's collateral, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with the secured creditor's lien to attach to the proceeds of the sale and such lien on proceeds is treated in accordance with clause (i) or (ii) of this subparagraph.

F. UNSECURED CREDITORS

Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

G. FEASIBILITY

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the liquidation is, like in this case, provided for in the plan. Iberia's Plan provides for the sale of substantially all the Debtor's

assets for consideration sufficient to pay all allowed administrative, Class 1 priority and Class 3 and Class 4 secured claims, plus the potential for a meaningful dividend to general unsecured claims from the cash due at closing.

Iberia believes the Plan is feasible, provided the title defects are cured in advance of the closing. Iberia has no reason to believe that Juniper will not purchase the Properties.

H. BEST INTERESTS TEST

With respect to each impaired Class of Claims, the standards for confirmation under the Bankruptcy Code require that each holder of such a Claim either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. To determine what holders of Claims of each impaired Class would receive if the Debtor were liquidated under Chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets and properties in the context of a Chapter 7 liquidation case. Iberia believes this test is satisfied because the debtor is being liquidated through this Plan.

The cost of liquidation under chapter 7 of the Bankruptcy Code would include the fees payable to a chapter 7 trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals, such as an auctioneer or accountants, that such a trustee might engage. It is anticipated that these costs would exceed the cost of this Chapter 11 case and would necessarily cause delay. That delay could, in turn, result in the loss of the existing offer, at which point there is no guarantee that a chapter 7 trustee could find a purchaser willing and able to pay as much consideration as the current offer has.

To determine if Iberia's Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the liquidation of the Debtor's assets and properties, after subtracting the amounts attributable to the Chapter 7 and Chapter 11 administrative claims described in the preceding paragraph, are then compared with the value of the property offered to such Classes of Claims under Iberia's Plan.

After considering the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in a Chapter 11 case, including the increased costs and expenses of a liquidation under Chapter 7 described above, Iberia believes that confirmation of Iberia's Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. Iberia's Liquidation Analysis is as follows:

1. LIQUIDATION ANALYSIS UNDER CHAPTER 7

The following Chapter 7 liquidation analysis is straightforward. Iberia's Plan calls for Juniper to pay \$12.5 million cash for the assets. The sale would lead to payment of all allowed administrative expense claims, unsecured priority claims, as well as the secured claims of Iberia and the SBA. General unsecured claims, estimated to total slightly less than \$1 million, not including any damage claim which may be asserted and ultimately allowed in favor of Multifamily, could receive a meaningful dividend of perhaps 25-35%, depending on any further pre-confirmation court order concerning assumption or rejection of the management contracts

with Multifamily¹, the real estate commission due and other closing costs.

Moreover, conversion to a chapter 7 liquidation would likely slow down the liquidation process and may diminish the value of the assets, not to mention requiring certain additional expenditures as part of the wind down of the business. Thus, a liquidation of these assets under chapter 7 would unquestionably produce less value for distribution to creditors than that recoverable under Iberia Plan.

I. CONSUMMATION

The Plan will be consummated on the Effective Date.

J. CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND ANY DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. ANY RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

1. UNCERTAINTY REGARDING OBJECTIONS TO CLAIMS

Iberia's Plan provides that objections to claims can be filed with the Bankruptcy Court as late as sixty days after confirmation. A claimant may not know that its claim will be objected to

¹ By Order dated June 25, 2015, the Debtor was authorized to assume the management contracts with Multifamily without curing the defaults thereunder to continue managing the Properties during chapter 11. As Iberia interprets the Order, the ultimate issue of rejection or assumption, together with cure obligation or damage claim, as the case may be, has not been resolved.

until after confirmation.

2. UNCERTAINTY REGARDING AMOUNTS PAYABLE UNDER THE PLAN

The ultimate recovery to unsecured creditors in Class 2 is dependent upon a number of variables, including most notably the amount necessary to settle out with the Tax Purchasers and the Debtor's decision concerning assumption or rejection of the management contracts. Certainly if Juniper does not purchase the Properties, the sale process would have to restart, with the requisite delay risk as well as the risk of a lower sale price.

VI. EXECUTORY CONTRACTS

As one would expect of a Debtor who leases apartments, the Debtor is a party to a multitude of unexpired leases with its various tenants. The list of leases is contained in the attached Schedule G (Exhibit C). All of these leases will be assumed and assigned to Juniper. Since the Debtor is the landlord on all of these leases, no cure payments are necessary to assume these contracts.

The Debtor also has management agreements with Multifamily Management, Inc. Those contracts were assumed by Court Order dated June 25, 2015, without an obligation to cure the sizable monetary defaults thereunder. Iberia recognizes that it is within the Debtor's business judgment to assume or reject such contracts and therefore anticipates a motion concerning a permanent decision being filed before confirmation. For purposes of this Plan, however, in the absence of an Order to the contrary, the contracts will be rejected. In that event, Multifamily will be provided 30 days to file and serve any damage claim for the rejection of the contracts. To the extent a damage claim is allowed, it will be classified in Class 2 and will negatively impact the pro rata distributions to Class 2. An Order authorizing the ultimate assumption of these

contracts, without a waiver of the sizable cure obligation that must be characterized as an administrative expense claim, would impact any recovery realized by Class 2 general unsecured creditors even more. Iberia takes the legal position that curing the roughly \$500,000 claim by Multifamily is not in the best interest of the estate. Indeed, should Juniper desire to retain Multifamily after the sale, it can negotiate its own deal based on market factors.

VII. CONCLUSION AND RECOMMENDATION

The Proponent believes that confirmation and implementation of Iberia's Plan is preferable to any alternative because Iberia's Plan provides the best alternative for maximizing the recoveries of creditors within a reasonable period of time. Any other alternative would involve significant delay, uncertainty and substantial additional administrative costs. Iberia urges holders of impaired Claims to vote in favor of Iberia's Plan.

Date: September 9, 2015

RESPECTFULLY SUBMITTED:

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APPROVED AND AUTHORIZED:

/S/ MARK REIBER
VICE PRESIDENT IBERIABANK
SPECIAL ASSET DEPARTMENT