IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

IN RE:

CV SETTLEMENT HOLDINGS, LLC,

Debtor.

Case No. 14-03731
(Proceedings in Chapter 11)

CV SETTLEMENT HOLDINGS, LLC
FOURTH AMENDED DISCLOSURE STATEMENT
ACCOMPANYING ITS THIRD AMEENDED PLAN OF REORGANIZATION

Counsel for Debtor-in-Possession:
Marion E. Wynne
WILKINS, BANKESTER, BILES & WYNNE, P.A.
P. O. Box 1367
Fairhope, Alabam 36533
251-928-1915
twynne@wbbwlaw.com

ARTICLE I
Introduction

CV SETTLEMENT HOLDINGS, LLC, ("CVSH"), the debtor (hereinafter referred to as the "Debtor" or "CVSH") submits this Fourth Amended Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code, *11 U.S.C. Sections 101, et seq*. ("the Bankruptcy Code"), to creditors and interest holders of the Debtor (the "Claimants") to disclose information to enable the Claimants to make an informed decision in exercising their rights to accept or reject the Debtor's Plan of Reorganization (the "Plan"). The Bankruptcy Court, pursuant to Section 1128 of the Bankruptcy Code, has scheduled a hearing to consider the confirmation of the Plan (the "Hearing") for _____ at 8:30 a.m. in the Bankruptcy Court, and has directed that, on or before 5:00 p.m. Central Daylight Savings Time on _____, the ballots for acceptance or rejection of the Plan are required to be submitted in writing by the holders of all classes of claims and interests which are impaired under the Plan. (A Claimant whose legal, contractual or equitable rights are altered, modified or changed by the proposed treatment under the Plan is considered "impaired".) Claimants in impaired classes (see "Plan or Reorganization — Classification of Claims and Interests" for a description of these classes) may vote on the Plan by completing and mailing the enclosed Ballot to:

Marion E. Wynne
Wilkins, Bankester, Biles & Wynne, P.A.
P. O. Box 1367
Fairhope, AL 36533
Fax: 251-928-1967
twynne@wbbwlaw.com

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED BY 5:00 P.M. CENTRAL DAYLIGHT SAVINGS TIME ON _____.

As a Claimant, your vote on the Plan is important. The Bankruptcy Code requires as a condition to confirmation of a consensual Plan of Reorganization that each class of Claimants that is impaired under the Plan accept the Plan. The Bankruptcy Code defines "acceptance" of a Plan by a class of creditors as acceptance by holders of two-thirds in dollar amount and more than one-half in number of the claims in that class 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. Holders of administrative expense claims, priority tax claims and secured claims are not impaired and are not entitled to vote on the Plan.

If a class of Claimants does not accept the Plan, the Debtor has the right to request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code, the "cram down" provision. Section 1129(b) permits the confirmation of a plan of reorganization notwithstanding the lack of acceptance of the Plan by one or more impaired classes or interests. Under that Code section, a plan of reorganization may be confirmed by the Bankruptcy Court if it does not discriminate unfairly and is "fair and equitable" with respect to the non-accepting class. The fair and equitable rule requires absolute priority in the payment of claims and interests with respect to the dissenting class or classes. See Article VI of this document entitled "Confirmation Procedure" below.

Confirmation by the Bankruptcy Court of the Plan in accordance with the provisions of the Bankruptcy Code will be considered at the scheduled hearing on the Plan. The hearing on the Plan may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the hearing.

Any objection to the confirmation of the Plan must be in writing and served and filed as described under the caption "Confirmation Procedures — Confirmation Hearing".

Capitalized terms used in this Disclosure Statement, which are not otherwise defined in this Disclosure Statement, shall have the same meanings as given to them in the Plan of Reorganization.

ARTICLE II
DISCLAIMER

This Disclosure Statement is a solicitation by the Debtor only. It is not a solicitation by its attorneys, accountants, agents or employees. The representations made herein are those of the Debtor and not of the Debtor's attorneys, accounts, agents or employees, except where expressly stated otherwise. The financial information contained herein has not been subject to an audit.

ARTICLE III
BUSINESS DESCRIPTION & HISTORY

A. Business Description & Events Leading Up to Filing Chapter Eleven

CV SETTLEMENT HOLDINGS, LLC is an Alabama Limited Liability Company formed under the Alabama Limited Liability Company Law. Articles of Formation were filed with the Judge of Probate of Mobile County, Alabama on or about June 7, 2013. CVSH has its principal place of business at 50 St. Emanuel Street, Mobile, AL 36602. The mailing address is P. O. Box 8416, Mobile, AL 36689-0416. The company operations are controlled by an Operating Agreement dated August 23, 2013. The members of the company are J. Marion Uter and Paul M. Uter, each owning fifty (50%) percent of the membership interest. CVSH has two managers, James H. McDonald and Peter F. Burns.

The initial capitalization of the company was by transfer of certain real estate in Baldwin County to CVSH pursuant to the terms of a settlement agreement disposing of litigation. In 2008 UCO Construction, LLC, J. Marion Uter, Paul M. Uter and others ("the Uter entities") sued a number of defendants in Baldwin County Circuit Court. The Uters filed the complaint on January 23, 2008. The Case No. is CV-2008-900079. Alford, Clausen & McDonald, LLC represented the Uter entities in the litigation. Burns, Cunningham & Mackey, P.C. (BC&M) joined as additional counsel for the Uter entities.

A jury awarded the Uter entities $5,252,000 on December16, 2011. The Uter entities sought substantial attorney fees in post-verdict motions. The parties began settlement discussions to avoid the expense of the litigation continuing through the appellate process. They settled the case for a confidential amount to be paid partly in cash and partly by the transfer to lots in Cypress Village Subdivision to an entity to be owned by Marion Uter and Paul Uter. That entity was CV Settlement Holdings, LLC, the Debtor in this Chapter Eleven case. The Uter entities and their attorneys agreed as to the amount of attorney fees. The agreed amount of attorney fees was determined in part by a valuation of the lots in Cypress Village Subdivision transferred to the Debtor and assuming the lots would be sold off over five years. Alford, Clausen & McDonald, LLC and Burns, Cunningham & Mackey, P.C. agreed about how the attorney fee portion of the property would be divided between the two firms.

The Alford firm owed money to Bryant Bank. The firm intended to use a portion of its share of the attorney fees to pay the bank. However, the expenses of closing the transfer of the lots to CVSH did not leave enough money to pay the bank its expected amount. Bryant Bank

threatened suit against the lots in CVSH. The bank and CVSH settled the dispute by CVSH giving the bank a note and a mortgage on the lots remaining in CVSH. This mortgage was recorded on October 9, 2013 as Instrument No. 1423987 and amended by an Amendment to Real Estate Mortgage recorded December 20, 2013 as Instrument No. 1434574. The mortgagees are Bryant Bank and Burns, Cunningham & Mackey, P.C.

Even though the parties valued the lots for settlement purposes assuming a five year period for sale, Bryant Bank required its debt to be paid in full within one year. This substantially reduced the value of the lots since a forced liquidation over one year would not bring nearly the amount of money that an orderly reduction of inventory over five years could accomplish.

Bryant Bank began a foreclosure at the end of the year and CVSH filed for protection under Chapter Eleven of the Bankruptcy Code on November 13, 2014 before the foreclosure sale.

B. Events After Filing.

CVSH has retained Marion E. Wynne of Wilkins, Bankester, Biles & Wynne, P.A. as attorney for the Debtor in Possession. The Bankruptcy Court has approved his employment.

CVSH representative, Marion Uter, met with Mr. Travis Bedsole, the Bankruptcy Administrator and CVSH has complied with all the terms of the Court's Operating Order. CVSH remains in compliance with all Court requirements as set out in that Order. Debtor has filed all BA reports as required by the Operating Order.

James H. McDonald and Paul Uter closed a prepetition operating account and all funds in that account were transferred to the new Debtor in Possession account on which Paul Uter has signature authority.

CVSH filed a motion asking court to set a claim filing bar date and a motion to determine the priority, validity and extent of liens on Debtor's property.

CVSH stated in its Petition that CVSH is a "single asset real estate" debtor as that term is defined by *11 U.S.C. §101(51B).* "Single asset real estate" is "real property constituting a single property or project, other than residential real property with fewer than four residential units, which generates substantially all of the gross income of a debtor who is not a family farmer and on which no substantial business is being conducted by a debtor other than the business of operating the real property." (See *11 U.S.C. §101(51B)*). The court may grant relief from the stay provided under *11 U.S.C. §362* on request of a party whose claim is secured by an interest in such real estate with respect to a "single asset real estate" ("SARE") debtor unless the debtor files a plan of reorganization that has a reasonable possibility of being confirmed within a reasonable time, or, the debtor begins monthly interest payments that are generated from rents or other income from the property to each creditor whose claim is secured by such real property.

Except to the extent that a claim is already allowed pursuant to a final, non-appealable

order, Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld.

On July 14, 2015, CVSH, with approval of the Bankruptcy Court, sold fifteen lots to Truland Homes, LLC for $675,000. CVSH paid Bryant Bank $320,425 and Burns, Cunningham & Mackey $270,425 from the net sale proceeds.

The Court granted a sale of the remaining property of the Debtor. (Doc. 359). The sale of lots is scheduled over time with certain lots being transferred on April, 30, 2017, September 30, 2017, and December 31, 2017. For a more detailed explanation of the sale terms the reader is referred to the Court Order dated February 23, 2017. (Doc. 359).

C. Proposed Liquidation Under Chapter 11.

Given the large amount of claims in this case versus the limited amount of property available to satisfy those claims, the debtor proposes to forgo further attempts to reorganize and to simply liquidate its remaining assets. The liquidation has already been accomplished by the order approving sale of property dated February 23, 2017.

In all future sales, pursuant to the court's order, the net sale proceeds shall be payable to Beatus Investments, LLC[1] ("Beatus") and Burns, Cunningham & Mackey, less amounts payable for the bankruptcy administrator quarterly fees and a reserve for earned and approved but not paid attorney fees for debtor's counsel in the amount of $2500 per closing.

A copy of the Court Order approving the sale of Debtor's assets is attached hereto as Exhibit 1.

On July 7, 2017, the Court entered an Order determining that the claims of Portside Realty, LLC were disallowed. Therefore, Portside will not be paid as a secured creditor or an unsecured creditor in the Plan.

ARTICLE IV
FINANCIAL INFORMATION

A. Assets

The Debtor owns the following substantial assets:

(1) Seventy-three (73) lots and/or units in Cypress Village Subdivision and Cypress Village Courtyard Cottages in Orange Beach, Alabama, southeast of "The Wharf" and near the Foley Beach Expressway. These lots allow building of single family residential houses, town homes, and cottage homes. The development includes facilities and amenities including a swimming pool and lazy river as well as extensive landscaping with nature trails. The larger

[1] Beatus Investments, LLC purchased the claim of Bryant Bank.

thirty-one lots are valued at $60,000 each and the smaller 42 lots are valued at $45,000 each. If CVSH were allowed to sell the lots over five years, CVSH estimates the gross sale price of the 73 lots would be $3,075,000. A quick sale of all the lots would bring a gross sale price of about $1,875,000. These estimates of value are based on three factors: the opinion of J. Marion Uter, an experienced real estate developer with substantial knowledge of the real estate market in the area, an appraisal of 75 single family lots and 66 cottage lots done by Valbridge Property Advisors with a valuation date of September 31, 2014, and the ongoing negotiations with buyers interested in a bulk transfer.

B. Liabilities

The Debtor owes administrative claims of approximately $17,000.00 to Wilkins, Bankester, Biles & Wynne, P.A., as attorneys for the Debtor. The Debtor will also owe approximately $_____ in *28 U.S.C. §1930* quarterly fees which will be deposited with Wilkins, Bankester, Biles & Wynne, P.A. for payment of the quarterly fees which will become due on September 30, 2017.

CVSH recently learned that the Internal Revenue Service claims UCO Construction, LLC ("UCO") owes $366,112 for civil penalties for failure to file W-2s in 2006 and 2007. Since CVSH acquired all the assets of UCO, CVSH has concerns that this tax claim may pass through to CVSH. The penalty portion of this disputed tax claim against UCO may be abated when the missing W-2s are filed. This is about 95% of the claim. Since the IRS did not file a claim in this case, the Debtor has determined it is not responsible for this debt, and the debt is not considered in the plan.

The debt to the Baldwin County Revenue Commissioner for unpaid real estate taxes is approximately $16,060. Pursuant to Alabama law, this debt is secured by the real estate on which the tax claims are based.

CVSH owes Beatus, as assignee of Bryant Bank, approximately $633,788 as of August 1, 2015. The note accrues interest at 12% per annum. Bryant Bank has a Real Estate Mortgage recorded October 9, 2013 as Instrument Number 1423987 in the records of the Judge of Probate of Baldwin County, Alabama. The parties amended the Mortgage and recorded an Amendment to Mortgage on December 20, 2013 as Instrument Number 1434574. The same mortgages secure a debt to Burns, Cunningham & Mackey, P.C. in the amount of $1,572,647 with interest at 15% per annum as of August 1, 2015. Both the Beatus debt and the Burns, Cunningham & Mackey, P.C. debts are secured by the same mortgages described above. These debts are secured by the lots and units listed on Schedule A of the Bankruptcy Petition. The value of the collateral is less than the balance owed. The collateral value is $1,722,000 as determined by the Court approved sale to Truland Homes, LLC. The debts to Beatus and to BC&M are impaired in the plan.

C. Executory Contracts and Unexpired Leases

Debtor is not a party to any leases. Assumption means that Debtor has decided to continue to perform the obligations under these leases and to cure defaults that must be cured

pursuant to the Bankruptcy Code. Debtor denies that it has an executory contract with Portside Realty, LLC. However, if the Court finds that such a contract does exist, Debtor hereby rejects it.

ARTICLE V
SUMMARY OF THE PLAN

Classification of Claims and Treatment of Classes In Implementation of Plan

All Allowed Claims and Allowed Interests are placed in the following classes. The payment of all Classes will be derived from the proceeds of the continued sale of the Debtor's lots and distributed in accordance with the Bankruptcy Code's priority scheme to the extent that funds are available. Sufficient funds should exist for substantial payment of all claims of creditors which are not related to the Debtor.

A. ADMINISTRATIVE CLAIMS

Class One: CREDITORS HOLDING ADMINISTRATIVE CLAIMS.

This class shall consist of creditors having any claim entitled to administrative priority under Section 507(a) (1) of the Code, all fees payable under *28 U.S.C. §1930*, and all claims for compensation of professionals pursuant to Section 330 of the Code. Administrative creditors are those professionals approved for employment by the Bankruptcy Court on behalf of the Debtor or Unsecured Creditors Committee of any special committee as well as those persons who have claims based on debt incurred post-petition in the ordinary course of the Debtor's business.

No motion for allowance of an administrative claim has been filed by any party and the Debtor is unaware of any such claims except claims for professional compensation and possible and fees payable under *28 U.S.C. §1930.* The only known claim in this category is the claim of Wilkins, Bankester, Biles & Wynne, P. A. which has acted as attorneys for the Debtor in this proceeding and is estimated to be $17,000.

Any other claims which may be made for professional compensation and reimbursement of expenses shall be filed within thirty days of the entry of an Order confirming the Plan. Any objection to a request for allowance of professional fees and for reimbursement of expenses must be filed within 20 days after the filing and request for payment of the claim for fees and expenses.

The Debtor proposes to pay administrative claims which are approved by the court in full on the Effective Date of the Plan, or as soon as practical after court approval, or as agreed to by Debtor and Claimants. Class One claims are not impaired.

B. Class Two: PRIORITY CLAIMS

The claim of the Baldwin County Revenue Commissioner is a priority claim and shall be

paid in full with interest as lots are sold. The unpaid tax on each lot plus interest shall be deducted from the gross sale price of that lot at closing and paid in full. This claim is impaired.

C. SECURED CLAIMS

Class Three: Partially Secured Claim of Beatus Investments, LLC and Burns, Cunningham & Mackey, P.C.

This Class consists of the allowed partially secured claim of Beatus in the amount of $633,788 as of August 1, 2015 and the partially secured claim of Burns, Cunningham & Mackey, P.C. ("BC&M") in the approximate amount of $1,572,647 as of the same date. These claims are secured by the 58 undeveloped lots in Cypress Village Subdivision and Cypress Village Courtyard Cottages, a condominium. The value of this collateral is $1,722,000 as determined by the Court approved sale to Truland Homes. Debtor is contesting the validity of the interest rate in the mortgage securing this claim and Debtor will only pay this claim as provided for below if the Court determines the interest rate complies with applicable bankruptcy law regarding interest rates.

CVSH will pay the secured portion of this debt by selling units and applying 90% of the net sale proceeds to the Debt. The net sale proceeds would be the amount remaining after payment of the costs of sale and the sold unit's share of association dues and property taxes. Attorney fees and the 28 U.S.C. § 1930 fees shall also be deducted from gross sale proceeds. The unsecured portion of the debt shall be paid with the general unsecured class, Class Six. Class 3 is impaired. The Debtor will keep the collateral insured with a policy of liability insurance from a reputable company and will name Beatus and BC&M as additional loss payees. If the Court finds the mortgage to be a valid and enforceable document, Beatus and BC&M will retain their lien on the subject property until the secured portion of the debt is paid in full. Once the secured portion is paid pursuant to the provisions of this plan, Beatus and BC&M will cancel and release the mortgage lien and any other lien in they or either of them may have on the subject property. This claim is impaired.

CVSH will pay the remaining portion of this debt by selling lots, and applying 90% of the net sale proceeds from the sale of lots and units to the Debt. The net sale proceeds would be the amount remaining after payment of normal closing costs including real estate commissions, property taxes, 28 U.S.C. §1930 fees, and attorney fees to Debtor's counsel. Beatus and BC&M will release lots and units as they are sold pursuant to the terms set out herein. Once the debt is paid pursuant to the provisions of this plan, Beatus and BC&M will cancel and release their mortgage lien and any other lien they may have on the subject property.

The sales will be conducted in accord with the terms of the Court Order allowing them. (Doc. 359).

If the Court determines that the mortgage is not enforceable, these creditors will be treated as General Unsecured Creditors in Class Four, set out herein below.

D. UNSECURED CLAIMS

Class Four: General Unsecured Creditors.

This class is comprised of all Claimants who hold Allowed Unsecured Claims against the Debtor arising prior to the Petition Date, together with those creditors who held claims against the Debtor either secured by a mortgage or by a claim of lien against property of the Debtor which is subject to the lien of Beatus and BC&M. The property is worth $1,722,000 based on the Court approved sale to Truland Homes, LLC. Therefore, pursuant to Section 506(a)(1) of the Bankruptcy Code the unsecured portion of the Beatus and BC&M note shall be treated as a general unsecured obligation. If any proceeds are available from the sale of the Debtor's assets, then the creditors in this class will be paid the balance of the proceeds in a single pro-rata distribution. This class is impaired.

Class Five: Unsecured Claim of Principals and Insiders.

This Class consists of the Allowed, unsecured claims of the members of CVSH in the amount of approximately $150,000. The Class Five claims will be canceled on the Effective Date of the Plan.

Other creditors in this class are Canal Road Homes, LLC for $250,000, Cypress Village Development Company, LLC for $100,000. These creditors are owned and controlled by J. Marion Uter and/or Paul Uter. Marion Uter owns 100% of the membership interest in Cypress Village Development Company, LLC. Canal Road Homes, LLC is owned 50% by Paul Uter and 50% by J. Marion Uter. These creditors lent money to CVSH so CVSH could make necessary payments to Bryant Bank. This class is impaired but will not be considered to be impaired for voting purposes. Again, all creditors in this class will have their respective claims canceled upon the Effective Date of the Plan.

E. LLC Members' Ownership Interest in LLC.

Class Six: Ownership interest of LLC Members.

The members of the LLC will have their existing membership interests canceled upon the Effective Date of the plan. The interest holder will not be paid nor will they receive or retain any property on account of their equity interest unless and until the creditors in Class 3 are paid in full.

Treatment of Classes in Implementation of the Plan

The Debtor will continue to operate its business, sell property and apply all future income to the payment of necessary business expenses and payment to the creditors as set forth in this plan.

Summary: **Impaired Classes under the Plan.**

The classes of creditors impaired under the Plan are Classes Two, Three and Four. Classes Five and Six are insider classes, and the creditors therein consent to the impairment of their positions as Proponents of the Plan.

ARTICLE VI
CONFIRMATION PROCEDURES

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

A. Solicitation of Votes

As required by the Bankruptcy Code, the Debtor is soliciting acceptance of all Classes of Claimants which are impaired under the Plan. The Bankruptcy Code defines acceptance of a Plan by a class of creditors as acceptance by holders of two-thirds in dollar amount and more than one-half in number of the claims of that class who actually cast ballots for acceptance or rejection of the Plan; that is, acceptance occurs only if two-thirds in amount and more than one-half in number of the claims voting cast their ballots in favor of acceptance. Any creditors of an impaired class (a) whose claim has been scheduled by the Debtor in the schedules filed with the Bankruptcy Court (provided such claim has not been scheduled as disputed, contingent, or unliquidated) or (b) who has filed a proof of claim unless such claim has been disallowed or disallowed for voting purposes by the Bankruptcy Court, is entitled to vote. IN THE EVENT THAT A CLASS OF CREDITORS FAILS TO SUBMIT ANY BALLOTS, THE FAILURE TO VOTE WILL BE CONSTRUED AS A VOTE BY THE NONVOTING CLASS TO ACCEPT THE PLAN.

B. Confirmation Hearing

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing on confirmation of the Plan at which any party in interest may object to confirmation.

The hearing has been scheduled for _____ at 8:30 a.m. The hearing on the Plan may be adjourned from time to time by the Bankruptcy Court without further notice except by announcement made at the hearing. Any objection to confirmation must be in writing and filed with the Bankruptcy Court and served upon the following on or before _____:

Marion E. Wynne
Wilkins, Bankester, Biles & Wynne, P.A.
P. O. Box 1367
Fairhope, AL 36533
Fax: 251-928-1967
twynne@wbbwlaw.com

Objections to confirmation of the Plan are governed by Rule 9019 of the *Federal Rules*

of Bankruptcy Procedure.

C. Confirmation.

At the hearing on the Plan, the Bankruptcy Court shall confirm the Plan only if all of the requirements of *11 U.S.C. §1129* are met. Those requirements are:

1. Best Interest Test.

With respect to each impaired class of creditors, each Claimant either (a) has accepted the Plan, or (b) will receive and retain under the Plan on account of its claim property of a value, as of the Effective Date of the Plan, that is not less than the amount such Claimant would receive or retain if the Debtor was liquidated under Chapter Seven of the Bankruptcy Code.

The Debtor's cost of liquidation under Chapter Seven would include fees payable to a trustee in bankruptcy, fees that might be incurred by additional attorneys and professionals that such a trustee may engage, and the expenses of an auctioneer or real estate agent that are allowed in the Chapter Seven case.

The foregoing types of claims and such other claims which may arise in a Chapter Seven liquidation case would be paid in full from the proceeds of the liquidation of the Debtor's assets before the balance of those proceeds would be made available to pay the Chapter Eleven claims.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the sale of the Debtor's assets and properties, after subtracting the amounts attributable to the aforesaid Chapter Seven claims, are then compared with the present value offered to each of the classes of claims under the Plan.

In the absence of a contrary determination by the Bankruptcy Court, all pre-petition Chapter Eleven general unsecured creditor claims which have the same rights upon liquidation would be treated as one class for the purposes of determining the potential distribution of the liquidation proceeds resulting from Chapter Seven cases of the Debtor. The distributions from the liquidations proceeds would be calculated pro rata according to the amount of the claim held by each creditor. After consideration of the effects that a Chapter Seven liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter Eleven case, including the costs and expenses of the liquidation under Chapter Seven, the Debtor has determined that a Chapter Eleven liquidation would yield substantially less for unsecured creditors. The Debtor also believes that the value of any distribution from the liquidation proceeds to each class of Allowed Claims in Chapter Seven would be less than the value of distributions under the Plan because such distributions in Chapter Seven would not occur for a substantial period of time. Further, it is likely that distribution of the proceeds of any liquidation could be delayed for many months in order to resolve claims and prepare for distributions. In the event litigation was necessary to resolve claims asserted, the delay could be prolonged.

Based on the foregoing analysis and given the elimination of the uncertainties inherent under Chapter Seven, the Debtor believes that confirmation of the Plan will provide each

Claimant with greater recovery than it would receive pursuant to liquidation of the Debtor under Chapter Seven of the Bankruptcy Code.

2. Acceptance.

Each impaired class of Claimants must accept the Plan or the "Fair and Equitable Test" described below must be met with respect to each impaired Class that does not accept the Plan by the requisite vote.

3. Fair and Equitable Test.

In the event any impaired class of Claimants does not accept the Plan, the Debtor must demonstrate to the Bankruptcy Court, as to each non-accepting class, that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that class. A Plan does not discriminate unfairly if no class receives more than it is entitled to for its claims or interests. The Bankruptcy Code establishes "fair and equitable" tests for unsecured creditors as follows:

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.

The Debtor may seek confirmation of the Plan even if the Plan is not accepted by a class of creditors.

4. Feasibility.

The Debtor has a proven history of real estate development and sales sufficient to make the sales to pay its creditors in full as set forth above. In addition, Debtor has contracts in the real estate sales community and arrangements with real estate sales companies that will assist in the timely sales of townhomes. Based on Debtor's history and experience, the value of debtor's assets, and the amount of claims to be paid, the Debtor's Plan is feasible. Further feasibility is supported by the fact that the real estate market in the subject area has bottomed out and is starting to improve. This will increase the chance of future sales of townhome units and the parcel of raw land.

5. Consummation.

The Plan will be consummated, and the distributions may be made if the Plan is confirmed. The Plan is to be implemented pursuant to the provisions of the Bankruptcy Code. Implementation requires an order of the Bankruptcy Court confirming the Plan.

ARTICLE VII
ALTERNATIVES TO CONFIRMATION OF THE PLAN

If the Plan is not confirmed and consummated, the theoretical alternatives include (a)

liquidation of the Debtor under Chapter Seven of the Bankruptcy Code or (b) an alternative Plan of Reorganization.

A. Liquidation Under Chapter Seven.

If no plan can be confirmed, the case could be converted to a case under Chapter Seven of the Bankruptcy Code in which a Chapter Seven trustee would be elected or appointed to administer the assets of the Debtor for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. The Debtor believes that administration of its assets under Chapter Seven would result in a diminished dividend being paid to the unsecured creditors and would result in Beatus and BC&M receiving less than the full value of their claims.

If this case were converted to one under Chapter Seven, the Debtor's principals and insiders would take the position that their claims are entitled to unsecured status and the unsecured pool of claims would then be increased. It is also anticipated that the Chapter Seven trustee would file to subordinate the insider claim and that lengthy and costly litigation would result. The Trustee may also challenge the validity of the Beatus and the BC&M mortgage. Both the trustee's attorney fees and costs of litigation would be paid from the funds realized from the liquidation of the Debtor's assets. Additionally, the time required to complete discovery, try the case and resolve any appeals which followed could take a substantial period of time. The insiders have agreed to voluntarily subordinate their claims to the other general unsecured claims if the plan is confirmed and the unsecured creditors can be paid promptly and in full. A distribution under Chapter Seven would take approximately six months without consideration of the anticipated litigation between the trustee and the shareholder. The Debtor does not believe that a conversion to Chapter Seven is in the best interest of the creditors.

B. Alternative Plan of Reorganization.

No alternative plan of reorganization is proposed or contemplated at this time. The Debtor believes the proposed plan is in the best interest of all creditors in that it presents a way for the creditors to get the most money with the least expense.

ARTICLE VIII
RECOMMENDATION

The Debtor believes that the Confirmation and implementation of the Plan is preferable to the alternatives described above because it will provide greater and timelier recoveries to claimants than those available in a Chapter Seven liquidation or under alternative plans. In addition, other alternatives could involve significant delay, uncertainty and substantial additional administration.

CV SETTLEMENT HOLDINGS, LLC states that: The foregoing represents what the Debtor believes to be a fair and accurate representation of the general terms of the proposed Plan. All creditors and interest holders are cautioned that the ability of the Debtor to perform its obligations under the Plan of Reorganization is uncertain, and accordingly, there can be no assurance given that the plan proposed will be consummated and the payments proposed to be

made will, in fact, be made by the Debtor. Nonetheless, the Debtor believes that the proposed Plan offers the best chance of recovery for all classes of creditors and interest holders and urges all creditors to vote for acceptance of the Plan.

Dated: October 13, 2017.

Respectfully submitted by,

CV SETTLEMENT HOLDINGS, LLC
Debtor in Possession

By: /s/ J. Marion Uter
J. Marion Uter, as Its Member

Marion E. Wynne, Jr.
WILKINS, BANKESTER, BILES & WYNNE, P.A.
P. O. Box 1367
Fairhope, Alabama 36533
251-928-1915
twynne@wbbwlaw.com