

B25B (Official Form 25B) (12/08)

**United States Bankruptcy Court
Western District of Arkansas**

In re Sassafras Hill Communications, Inc.

Debtor(s)

Case No. 5:14-bk-71225Chapter 11

**SASSAFRAS HILL COMMUNICATIONS, INC.'S DISCLOSURE STATEMENT, DATED MAY
12, 2017**

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of Sassafras Hill Communications, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the **Plan of Reorganization** (the "Plan") filed by Sassafras Hill Communications, Inc. on May 12, 2017.. A full copy of the Plan is distributed with this Disclosure Statement. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 4-6 of this Disclosure Statement. The Debtor has no unsecured creditors.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Deadline For Objecting to the Adequacy of Disclosure Statement*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Bond Law Office, PO Box 1893, Fayetteville, AR 72701 within 28 days as explained in the Notice of Opportunity to Object attached to this Disclosure Statement.

2. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Bond Law office at PO Box 1893, Fayetteville, AR 72701.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a Corporation. Since 1998, the Debtor has been in the business of **cell tower leasing**. The Debtor owns real property, a portion of which is leased to Verizon upon which a cell phone tower was built. The Debtor receives a monthly Lease Payment of \$5819.79 for the use of the land.

B. Insiders of the Debtor

There are three insiders of the Debtor as defined in §101(31) of the United States Bankruptcy Code (the "Code"). Julian and Jane Archer are the sole shareholders of the corporate Debtor, however, upon the filing of the Archer's personal bankruptcy and conversion to Chapter 7, Ray Fulmer (hereinafter "Fulmer") was assigned as Trustee and he is now in control of the shares of the Debtor. Fulmer is now the principal party in interest. Prior to the filing of the Archer personal case, the Lease Payments were used in the operation of the Archer business. Once the case was filed, Lease Payments were taken by Simmons Bank, NLACo to pay towards the debt owed to them.

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were Julian and Jane Archer.

The Managers of the Debtor during the Debtor's chapter 11 case have been: Julian and Jane Archer until the conversion to Chapter 7, when Trustee Ray Fulmer became the principal party in interest.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be: Elisabeth Archer if exit financing is approved or Ray Fulmer if it is not. The responsibilities and compensation of these Post Confirmation Managers are described in section III.D.2. of this Disclosure Statement.

D. Events Leading to Chapter 11 Filing

Simmons Bank had started foreclosure proceedings on all debts that were owed to them by all Archer entities, including the Debtor.

E. Significant Events During the Bankruptcy Case

The Debtor has appropriately hired its attorneys and accountants through the court. Debtor is operating stably and profitably and expects to continue to do so.

The Debtor has filed a Motion to use Cash Collateral which was approved with adequate protection going to Simmons Bank and its successor in interest, NLACo.

A Motion to Dismiss the Debtor was filed by the United State Trustee. This was settled with a strict compliance period where the Debtor was required to file complete and timely monthly operating reports and pay all US Trustee fees as due. The Debtor is in compliance with this order.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions because it has none.

However, should any transfer become apparent and a party received a payment or other transfer within 90 days of bankruptcy, or other transfer avoidable under the code, the Debtor may seek to avoid such a transfer and reserves all rights to do so.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the 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. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Schedules A/B and G found in the Appendix. The valuations are based on the Debtor's books and records and depreciation and amortization schedules filed with the Debtor's taxes.

The Debtor's most recent Chapter 11 Monthly Operating Reports can be found in the Appendix.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$20,000	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	\$0	Paid in full on the effective date of the Plan

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Other administrative expenses	\$0	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$325	Paid in full on the effective date of the Plan
TOTAL	\$20,325	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
NONE			

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will [be classified as a general unsecured claim].

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class #	Description	Insider ? (Yes or No)	Impairment	Treatment

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Class #	Description	Insider ? (Yes or No)	Impairment	Treatment
1	<p><i>Secure claim of:</i> Name = NLACo</p> <p>Collateral Description = .23 acres of real estate and Verizon Communications cell tower on Markham Hill in Fayetteville, AR</p> <p>Allowed Secured Amount = \$ <u>67,377.56</u></p> <p>Priority of lien = first</p> <p>Principal owed = \$ <u>67,377.56</u></p> <p>Total claim = \$ <u>67,377.56</u></p>	No	This class is impaired.	<p>Monthly payment = \$5744.89</p> <p>Pmts Begin = 7/2017</p> <p>Pmts End = 7/2018</p> <p>Interest rate % = 4.25% per annum</p> <p>This class of claims will be paid via the Exit Financing mechanism set forth in Article X of the Plan. Alternatively, this claim will be paid via the Alternative Method as set forth in Article X of this Plan if the Exit Financing is not approved. It is the alternative means that is set forth in this section.</p>

2. *Class of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
	Priority unsecured claims: The Debtor has no priority unsecured claims.		

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 2, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
2	General Unsecured Class- The Debtor has no unsecured claims.		

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class #	Description	Impairment	Treatment
3	Equity interest holders	This class is impaired.	The interest of this class shall not be altered by the confirmation of this Plan, but the interests shall have no right to dividends of corporate income until all other creditors are paid in full or have agreed otherwise.

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the following:

Exit financing as described in the Plan or Lease Payments from Verizon Wireless.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Ray Fulmer	Trustee of the Archer Estate	yes	Manager	none
Elisabeth Archer	Exit financing provider	yes	Manager	none

E. Risk Factors

The proposed Plan has the following risks:

None anticipated, however national economic collapse, acts of God, or force majeure.

F. Executory Contracts and Unexpired Leases

The Plan, in the Appendix, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract is sixty (60) days post-confirmation. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan: None are expected, but payments to creditors may be considered ordinary income to that creditor.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that class 1 is impaired and that the holder of the claim in this class is therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that there are no classes that are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was July 1, 2014.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

holders of claims and equity interests that have been disallowed by an order of the Court;

holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

holders of claims or equity interests in unimpaired classes;
holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section B.2..

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis may be found in the Appendix.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Debtor believes that the monthly lease payment from Verizon in the amount of \$5819.79 will pay off the loan to NLACo by August of 2018.

The Plan Proponent has provided projected financial information. Those projections are listed in the Appendix.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$0. The final Plan payment is expected to be paid on 8/2018.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

A. **Exit Financing:** The Debtor's only secured debt, owed to NLACo, will be paid on the Effective Date. The means of payment will be the extension of unsecured credit from Elisabeth Archer. Elisabeth Archer is the daughter of the Debtor's principals Jane Archer and Julian Archer. The source of funds provided by Elisabeth Archer is a line of credit extended to her personally by her banking institution Boeing Employees Credit Union (BECU). Said line of credit has been in existence since October 2016 and is in good-standing and with sufficient credit remaining to perform the Exit Financing as set forth herein. Proof of the line of credit and its status are in the Appendix. The payment of the NLACo secured debt will be made to NLACo at its address appearing in its proof or claim or as otherwise designated by NLACo in writing delivered to Debtor's legal counsel at least seven (7) days before the Effective Date.

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B. **Alternative to Exit Financing:** In the event the Exit Financing as set forth hereinabove fails or is not approved, the Debtor will pay the debt owed to NLACo as follows:

Amount of Secured Claim (as of 03/01/17):	= \$67,377.56
Monthly payment:	= \$5,744.89
Begin date:	= 07/2017
End date:	= 08/2018
Interest rate:	= 4.25% <i>per annum</i>

The source of the payments to NLACo will continue to be the Lease Payment. Additionally, any refunds to Debtors Jane Archer and Julian Archer made from the Archer Estate may be applied to the NLACo claim. In regard to the Lease Payment, NLACo will continue to receive directly the full sum of the Lease Payment, applying said payment as set forth above and according to the amortization schedule appearing in the Appendix. By receiving and retaining the full Lease Payment as set forth herein the claim of NLACo will have been overpaid. When the NLACo debt is paid in full, NLACo will remit to the Debtor the full sum of the overpayments and the Debtor shall not be entitled to interest on the overpayments. Additionally, after full payment, NLACo will file a release of all liens, encumbrances, and interests in and to the Cell Tower Lease and provide the Debtor proof of the debt being satisfied. It is anticipated that the NLACo debt will be paid off in approximately twelve (12) months or less after Confirmation of this Plan, but in any event NLACo will continue to receive the Lease Payment until the NLACo debt is satisfied after which time NLACo will remit to the Debtor the overpayments, file a release of all liens, encumbrances and interests in and to the Cell Tower Lease and provide the Debtor documentary proof of the debt being satisfied.

/s/ Ray Fulmer, Trustee of Julian and Jane Bankruptcy Estate
Sassafras Hill Communications, Inc.
