

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)
)
CHALFONT ROCK, LLC) Case No. 16-12343-HRT
)
) Chapter 11
Debtor.)

**DISCLOSURE STATEMENT REGARDING JOINT PLAN OF
REORGANIZATION DATED NOVEMBER 11, 2016**

INTRODUCTION

This Disclosure Statement (“Disclosure Statement”) has been prepared by Chalfont Rock, LLC (the “Debtor” or “Chalfont”), the Debtor and Debtor-in-Possession to accompany the Joint Chapter 11 Plan of Reorganization dated November 11, 2016 and brought pursuant to Chapter 11, Title 11 of the United States Code (the “Plan”). This Disclosure Statement is being provided to all creditors and interest holders of the Debtor. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. Section 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and interest holders to determine whether to accept the Debtor’s Plan. The Court’s approval of this Disclosure Statement does not constitute a decision on the merits of the Debtor’s Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing, which is scheduled for _____, _____ 201____ at ____ a.m. in Courtroom ___, at the United States Customs House, 721 19th Street, 5th Floor, Denver, Colorado. 80202.

**THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR
DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE
COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY
OF THIS DISCLOSURE STATEMENT.**

The Plan of Reorganization is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the Plan and this Disclosure Statement, the Plan supersedes the Disclosure Statement and will be the sole Court approved document that governs the post-confirmation relationship and agreements between the parties.

This Disclosure Statement is provided to you along with a copy of the Debtor's Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against the Debtor's Plan. Each creditor or interest holder may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor:

Aaron A. Garber
Buechler & Garber, LLC
999 18th Street, Suite 1230-S
Denver, CO 80202
Fax: 720-381-0382
Email: aaron@bandglawoffice.com

This Ballot must be received by the appropriate counsel designated above by no later than **5:00 P.M. ON _____** which date has been set by the Court as the last day to vote on the Plan. Terms contained in this Disclosure Statement, which are defined in the Plan, have the same meaning as set forth in the definitional section of the Plan, Article II. **WARNING: IF YOU ARE A CREDITOR YOUR RIGHTS MAY BE IMPAIRED BY THE PLAN.**

Recommendation. As discussed more fully below, the Debtor firmly believes that the Plan represents the best alternative for providing the maximum value for creditors. The Plan proposes a payment to unsecured creditors over time through the Debtor's earnings to achieve the maximum recovery for its creditors. Again, the Debtor strongly believes that confirmation of the Plan is in the best interests of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.

Voting Requirements. Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted

the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting.

Voting Classes. Each holder of an Allowed Claim in Class 2, 3, 4, 5, and 6, are deemed impaired and shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. The Plan treats Class 7 as unimpaired. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

Deemed Rejection of Plan. The Plan does not provide for any Class of creditors that shall receive and retain nothing under the Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code.

One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

OVERVIEW OF THE PLAN

The Debtor is a Colorado Limited Liability Company (“LLC”) that owns two rental properties located in Boulder, Colorado and commonly known as 661 Concord Ave., Boulder, CO 80304 and 445 Highland Ave., Boulder, CO 80302 (the “Rental Properties”). The Rental Properties have positive cash flow and have historically enjoyed virtually 100% continual occupancy in the Boulder rental market. The Plan provides for the reorganization of the encumbrances against Debtor’s Rental Properties and financial affairs under Chapter 11 of the Bankruptcy Code.

CHAPTER 11 AND PLAN CONFIRMATION

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the Debtor to retain its assets during administration of its Chapter 11 case as Debtor-in-Possession and following confirmation of a Plan as reorganized Debtor or as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan of Reorganization is the permanent restructuring of the Debtor’s financial obligations. The Plan also provides a means through which

the Debtor will restructure or repay its obligations. The Plan will provide the Debtor with an opportunity to restructure its debt through its office supply operations.

The Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member Interests are also classified and treated alike. Each Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the class is entitled. Alternatively, a claimant is unimpaired if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

The Bankruptcy Court set a bar date establishing September 26, 2016 as the last date for filing Proofs of Claim. The Plan provides that Claims and Interests of all Classes shall be allowed only if evidenced by a timely filed Proof of Claim or Interest or which otherwise appear in the Schedules filed by the Debtor and are not scheduled as disputed, contingent or unliquidated unless subsequently allowed by the Court. Creditors may check as to whether or not their claims have been scheduled as disputed, contingent or unliquidated by reviewing the Schedules filed by the Debtor in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtor directly in order to determine how they have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor to vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least one impaired Class of Claims by a majority in number and two thirds in amount, without including insider acceptance, of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable, with respect to each Class of Claims or Interests that is impaired under and has not accepted the Plan. Generally, a plan unfairly discriminates against a class if another class of equal priority will receive greater value under the plan than the nonaccepting class without reasonable justification.

The fair and equitable requirement typically refers to the "absolute priority rule." The Bankruptcy Code requires that if interest holders retain an interest or receive anything under the Plan, then the unsecured creditor classes must either be paid the full value of their claims or vote to accept

the Plan. Since the Debtor believes that the Plan provides the best alternative for creditors, all creditors are urged to vote to accept the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtor.

BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

Chalfont Rock, LLC was formed in July of 2011 primarily for the purposes of buying and owning investment rental real estate. Chalfont is 100% owned by Carol Grasse.

The Debtor's current financial difficulties center around a title dispute with LSF9 Master Participation Trust (LSF9") and money damages sought by the Debtor, all as described in the Verified Complaint filed by Chalfont in District Court for the County of Boulder, in March of 2016. LSF9 has filed a disputed Lis Pendens against the property located at 445 Highland Ave., Boulder, CO and has attempted to foreclose a Deed of Trust against the property located as 661 Concord, Boulder, Co after the six year statute of limitation period to collect on the underlying Promissory Note had expired. The LSF9 litigation has caused damages and financial troubles for the Debtor and was a large factor leading to the Debtor's decision to seek relief under Chapter 11 of the Bankruptcy Code.

CURRENT MANAGEMENT

Ms. Grasse will remain the sole member and manager of the Debtor upon the Effective Date of the Plan. Ms. Grasse receives no salary from the Debtor. Ms. Grasse has actively managed the Debtor and the Rental Properties and is best situated to continue to manage them.

CURRENT BUSINESS OPERATIONS

The Debtor's current business operations are premised upon its ongoing ownership and receipt of rental income from the Rental Properties. At this time, the Debtor does not maintain any employees but does use independent contractors, as needed, for maintenance and repairs to

the Rental Properties.

HISTORICAL PERFORMANCE OF CHALFONT

Attached hereto as Exhibit A is a summary of Debtor's cash flow since January of 2016 to date, which covers the period of this Chapter 11 filing. The Debtor anticipates the same basic cash flow and expenditures post confirmation of its Plan, with the addition of payments under the Plan being made.

DESCRIPTION OF ASSETS

The values for the Debtor's primary assets, as of September 31, 2016, are as follows:

<u>Asset</u>	<u>Market Value</u>
Cash:	\$ 33,989
Claim against LSF9	\$ Unknown
445 Highland Ave	\$1,700,000
661 Concord Ave	\$1,200,000
 Total:	 \$2,933,989

The Debtor's assets have the values listed above. Any security deposits are from tenants which have no liquidation value as the deposit holders would be entitled to a return of the depots as the rental payments are current. The cash is available for creditors upon liquidation. The Debtor's Rental Properties are encumbered by approximately \$1,500,000 in liens, of which the LSF9 claim for \$407,900.94 and the judgment lien of US Capital Funding for \$55,966.76 are disputed. The Debtor is reserving the right to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state law based fraudulent conveyance actions. Based upon the Statement of Financial Affairs there were no payments made within the avoidance period.

DESCRIPTION OF LIABILITIES

A. Priority Claims

1. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, excluding any Administrative Claim or Tax Claim.

2. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in §503(b) or §1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to §507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the businesses of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under §503(b) of the Bankruptcy Code. The Administrative Claims, including the professional fees incurred during the case which remain unpaid, are as follows:

The Debtor retained Kutner Brinen Garber, P.C. ("KBG"), now known as Kutner Brinen, P.C. as its original bankruptcy counsel. The Debtor provided KBG with a retainer in the amount of \$20,000 for post-petition services. On or around June 1, 2016, substitute counsel, Buechler & Garber LLC ("B&G") entered its appearance for the Debtor and the retainer balance of \$15,149.74 was transferred over. The Debtor estimates that the total legal fees and costs to its counsel, B&G, as of the estimated date on which the Plan will become effective, February 1, 2017, will be at least \$20,000 depending upon the level of litigation in the future. The Debtor estimates that B&G will hold an Administrative Claim for unpaid legal fees of at least \$5,000 on the Effective Date of the Plan. The legal fees could increase or decrease depending on the level of litigation over these issues and creditor claims.

The Debtor has paid its other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe there will be any other material administrative claims asserted against the estate.

Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11

U.S.C. §507(a)(8). The Debtor did not schedule any Tax Claims and none have been asserted against the estate.

B. Secured Claims

1. Bank of America, N.A. The Class 2 secured claimant holds a first priority secured on the property commonly known as 445 Highland Ave., Boulder, Co 80302 pursuant to certain loan documents. The Debtor scheduled the claim in the amount of approximately \$540,000. Bank of American did not file a Proof of Claim. The collateral securing the claim has a value of approximately \$1,700,000.

2. Carol Grasse. The Class 3 Secured claimant holds a second priority secured claim on the properties commonly known as 661 Concord Ave., Boulder, CO 80304 and 445 Highland Ave., Boulder, CO 80302. The claims are each for \$300,000 per property. The collateral securing the claims has a value of \$1,200,000 and \$1,700,000 respectively.

3. LSF9 Master Participation Trust c/o US Bank Trust National Association. The Class 4 secured claimant asserts a first priority secured claim against the property commonly known as 661 Concord Ave., Boulder, CO 80304. The Debtor has scheduled the claim in the amount of approximately \$408,000, but as contingent and disputed. The Class 4 claimant has filed a Proof of Claim in the amount of \$800,000. The collateral securing the claim has a value of \$1,200,000.

4. US Capital Funding LLC. The Class 5 secured claimant asserts a judgment lien against the property commonly known as 445 Highland Ave., Boulder, CO 80302. The Debtor has listed the claim in the amount of 55,966.78.17 but disputed. The Class 5 claimant has filed a Proof of Claim in the amount of \$101,196.31.

C. Non-Priority Unsecured Creditors

The Debtor has a number of unsecured pre-petition creditors. Unsecured creditors may have filed proofs of Claim as of the bar date set in this case for filing claims which was September 26, 2016. The Debtor has compiled a list of the Claims which it scheduled in the bankruptcy case and the Claims filed by creditors. To the extent that a creditor who was

scheduled by the Debtor filed a Claim, the amount of the Claim as filed by the creditor is considered in the analysis. Given no secured creditors filed a Proof of Claim as of the Bar Date, below is a list of the Class 6 claimants:

Mark Hofgard:	\$4,375
Adams Law, LLC:	\$375.50
City of Boulder (utilities):	\$101.56

E. Leases and Executory Contracts

Contracts and Leases

The Debtor is, under the terms of the Plan, assuming all executory contracts and unexpired leases previously assumed by the Debtor pursuant to Court Order or for which a motion to assume has been filed and is pending. The Debtor is also assuming those executory contracts and unexpired leases not previously rejected or listed on Exhibit A to the Plan as being rejected under the Plan. The Debtor maintains the right to modify Exhibit A of the Plan through the fifteenth day prior to the hearing to consider confirmation of the Plan. Confirmation of the Plan shall constitute a determination that the payments to be made to creditors of assumed leases or executory contracts pursuant to the Plan satisfies all conditions precedent set forth in 11 U.S.C. § 365.

The Debtor is rejecting all executory contracts and unexpired leases: (a) previously rejected by Court Order, (b) subject to a pending motion to reject, or (c) listed on Exhibit A to the Plan. All proofs of Claim with respect to Claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Court within twenty (20) days after the earlier of (i) the date of the Court order approving the Debtor's rejection of such executory contract or unexpired lease or (ii) the Confirmation Date.

DESCRIPTION OF THE PLAN

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on November 11, 2016. The Plan provides for the reorganization of the Debtor. Funding of the Plan will be derived through a restructuring of the Debtor's debt, to be satisfied from

ongoing business operations. The Debtor's Plan provides for a full 100% payout over time to creditors from the cash flow of the Rental Properties, which the Debtor believes is a superior result for the creditors of the estate to a forced foreclosure or distressed sale.

The Plan provides for the specification and treatment of all creditors and Interest holders of the Debtor. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between the Debtor and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail. In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan govern.

As provided in § 1123(a)(1) of the Code, the Priority, Administrative and Tax Claims against the Debtor are undesignated. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full.

The classes of creditors are set forth in the Plan as follows, other than those Claims of a kind specified in Sections 507(a)(2), 507(a)(3) or 507(a)(8) of the Code.

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2 - The Allowed Secured Claim held by Bank of America, N.A.

Class 3 – The Allowed Secured Claim held by Carol Grasse.

Class 4 – The Allowed Secured Claim held by LSF9 Master Participation Trust.

Class 5 – The Secured Claim of US Capital Funding.

Class 6 – The Allowed Claims held by general unsecured creditors

Class 7 - The Interest holders of Chalfont.

TREATMENT OF CLAIMS

Unclassified Priority Claims

1. Administrative Claims

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the Allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular

holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or if agreed to by the claim holder, in full from the Unsecured Creditor Account established pursuant to paragraph 4.2 of Article 4 of the Plan. Section 507(a)(2) Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon Allowance. The Debtor has paid all other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe that any other material administrative claims exist against the estate.

Each month for five years following the Effective Date of the Plan, Debtor will deposit 5% of Net Revenues into the Unsecured Creditor Account. Every time three deposits have been made into the account, the balance of the account will be distributed to the holders of Allowed Administrative Claims on a Pro Rata basis until such time as all holders of Allowed Administrative Claims have been paid in full.

The Allowed Claims of a type specified in Section 507(a)(8) of the Code, Tax Claims of governmental taxing authorities, shall be paid in monthly payments on an amortized basis over a period that does not exceed five years from the Petition Date with interest at the appropriate rate set by applicable statute or as otherwise agreed to by the Debtor and the taxing authority.

2. Tax Claims

The allowed Claims of a type specified in Section 507(a)(8) of the Code, Claims of unsecured governmental taxing authorities, shall be paid on the Effective Date. The Debtor did not schedule, and no taxing authority, asserted a Tax Claim against the estate.

3. United States Trustee Fees

The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed.

4. Priority Claims

Class 1, Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The

Class 1 claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. The Debtor has not scheduled any Class 1 claims and none have been asserted against the estate.

5. Secured Claims

A. Bank of America, N.A.:

The Class 2 Secured Claim on the property commonly known as 445 Highland Ave., Boulder, Co 80302 is impaired and shall be treated under the Plan as follows:

- a. The secured amount of the Class 2 claim will be allowed in an amount of \$540,000, or if the Class 2 claimant timely objects to such amount in writing and serves a copy of such objection on the Debtor, an amount determined by the Court at the confirmation hearing, or an amount as agreed upon by Debtor and the Class 2 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. § 506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance.
- b. The Class 2 Claim will bear interest at (i) the lower rate of the current contract rate or 5% per annum commencing on the Effective Date of the Plan; or (ii) if the Class 2 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class 2 claimant.
- c. The Class 2 claimant will retain all liens that secure its Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.
- d. The obligations to the Class 2 claimant shall be amortized over a 30 year period commencing with the Effective Date with a 10 year balloon payment and may be pre-paid and satisfied at any time without any fees, costs or penalties.
- e. The obligor on the loan underlying the Class 2 claim shall be deemed to be Chalfont.
- f. All other provisions of the loan documents underlying the Class 2 Allowed Secured Claim are unmodified by this Plan.

g. Ms. Grasse, either personally or through any entity owned by her, shall cause to be listed for sale the property located at 3056 6th Street, Boulder, Colorado by July 1, 2016 and shall continue to be marketed until sold. Ms. Grasse, either personally or through any entity owned by her, shall cause to pay to the Class 2 claimant 25% of the net proceeds received from the sale of the 3056 6th Street property.

B. Carol Grasse:

The Class 3 Secured Claim on the property commonly known as 661 Concord Ave., Boulder, CO 80304 and 445 Highland Ave., Boulder, CO 80302 is impaired and shall be treated as follows:

a. The secured amount of the Class 3 claim will be allowed in an amount of \$300,000 but shall be subordinated to Class 2 and 4 Claimants and will not receive any payments until such time as Class 2 and 3 Allowed Secured Claims are paid in accordance with the terms of this Plan.

b. The Class 3 Claim will bear interest at (i) the lower rate of the current contract rate or 5% per annum commencing on the Effective Date of the Plan; or (ii) if the Class 3 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by the Debtor and the Class 3 claimant.

c. The Class 3 claimant will retain all liens that secure its Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.

d. The Class 3 claim shall be amortized over a 30 year period commencing with the Effective Date with a 10 year balloon payment and may be pre-paid and satisfied at any time. All other provisions of the loan documents underlying the Class 3 Allowed Secured Claim are unmodified by this Plan.

C. LSF9 Master Participation Trust c/o US Bank Trust National Association, and its successors or assigns:

The Class 4 Secured Claim against the property commonly known as 661 Concord Ave., Boulder, CO 80304 is impaired and shall be treated under the Plan as follows:

- a. The secured amount of the Class 4 claim will be allowed in an amount of \$405,000 or if the Class 4 claimant timely objects to such amount in writing and serves a copy of such objection on the Debtor, an amount determined by the Court at the confirmation hearing, or an amount as agreed upon by Debtor and the Class 4 claimant on or before the Confirmation Date. Pursuant to 11 U.S.C. § 506, the claim is secured up to the value of the collateral for the claim and unsecured for the balance.
- b. The Class 4 Claim will bear interest at (i) the lower rate of the current contract rate or 5% per annum commencing on the Effective Date of the Plan; or (ii) if the Class 4 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed Debtor and the Class 4 claimant.
- c. The Class 4 claimant will retain all liens that secure its Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.
- d. The Class 4 claim shall be amortized over a 30 year period commencing with the Effective Date with a 10 year balloon payment and may be pre-paid and satisfied at any time. The obligations to the Class 4 claimant may be pre-paid and satisfied at any time without any fees, costs or penalties.
- e. The obligor on the loan underlying the Class 4 claim shall be deemed to be Chalfont.
- f. All other provisions of the loan documents underlying the Class 4 Allowed Secured Claim are unmodified by this Plan.
- g. Ms. Grasse, either personally or through any entity owned by her, shall cause to be listed for sale the property located at 3056 6th Street, Boulder, Colorado by July 1, 2016 and shall continue to be marketed until sold. Ms. Grasse, either personally or through any entity owned by her, shall cause to pay to the Class 2 claimant 25% of the net proceeds received from the sale of the 3056 6th Street property.

D. US Capital Funding LLC.

The Class 5 Secured Claim against the property commonly known as 445 Highland Ave.,

Boulder, CO 80302 is impaired and shall be treated under the Plan as follows:

- a. The Class 5 claim shall be denied in its entirety, the Class 5 claim having been satisfied outside of bankruptcy.
- b. To the extent the court determines that the Class 5 claim shall hold an Allowed Claim, such claim shall be treated as a Class 6 general unsecured claim pursuant to 11 U.S.C. § 506.
- c. To the extent the Court determines that the Class 5 claimant holds an Allowed Secured Claim, the amount of the Allowed Secured Claim shall be determined by the Court at the confirmation hearing and shall be treated as follows:
- d. The Class 5 Claim will bear interest at (i) the Colorado statutory judgement lien rate of 8% per annum commencing on the Effective Date of the Plan; or (ii) if the Class 5 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Chalfont and the Class 5 claimant.
- e. The Class 5 claimant will retain all liens that secure its Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.
- f. The Class 5 claim shall be amortized over a 30 year period commencing with the Effective Date with a 10 year balloon payment and may be pre-paid and satisfied at any time. The obligations to the Class 5 claimant may be pre-paid and satisfied at any time without any fees, costs or penalties.

6. Unsecured Claims

Class 6 consist of all general unsecured creditors of the Debtor who hold an Allowed Unsecured Claim, who shall receive payment of their Allowed Unsecured Claims as set forth below:

Holders of Class 6 Allowed Unsecured Claims shall share on a Pro Rata basis monies deposited into the Unsecured Creditor Account as set forth herein. As set forth in Article IV, paragraph 4.2 of this Plan, each month following the Effective Date of the Plan for a period of

five years, the Debtor will deposit 5% of Gross Revenues into the Unsecured Creditor Account. Every time these deposits have been made into the account, the balance of the account will be distributed to holders of Allowed Administrative Claims who have agreed to accept payment under Article IV, paragraph 4.1 of this Plan. Once the holders of Allowed Administrative Claims have been paid in full, every time thereafter these deposits have been made into the Unsecured Creditor Account, the balance of the account will be distributed to Class 6 claimants holding Allowed Claims on a Pro Rata basis.

All funds recovered by the Debtor on account of Avoidance Actions shall be distributed to Allowed Administrative Claims until paid in full and then to Class 6 claimants holding Allowed Claims on a pro-rata basis, net of attorneys' fees and costs. Whether or not the Debtor pursues any Avoidance Actions shall be up to the Debtor and the decision to pursue such claims shall be discretionary with the Debtor.

7. Interests in Chalfont

Class 7 includes the Interests in Caddo held by the pre-confirmation interest holders. Class 7 is unimpaired by the Plan.

PLAN FEASIBILITY

The Debtor believes that the Plan, as proposed, is feasible. The overall feasibility of the Plan is premised upon the restructuring of the Debtor's debts. The Debtor's ongoing business operations provide a means of funding the Plan. The restructuring of the Debtor's debt and continuing to operate in the ordinary course will allow the Debtor to maximize the distribution to creditors.

Attached to this Disclosure Statement as Exhibit B are the detailed projections of Chalfont's future income and expenses from the operation of its business, including payments to creditors under the Plan (the "Projections"). As set forth on the Projections, Debtor's gross income upon the Effective Date of the Plan, and for the remainder of the first year of the Plan will be \$38,400. Chalfont's projected expenses are \$35,988. The payment into the Unsecured Creditor Account, for the first year of the Plan is projected to be \$1,695. With respect to the second year of the Plan gross income is project to be approximately \$39,600. Chalfont's projected expenses are \$37,188. The

payment into the Unsecured Creditor Account, for the second year of the Plan is projected to be \$1,869.00. With respect to the third year of the Plan gross income is project to be approximately \$39,600. Chalfont's projected expenses are \$37,188. The payment into the Unsecured Creditor Account, for the second year of the Plan is projected to be \$1,869.00. With respect to the second year of the Plan gross income is project to be approximately \$40,800. Chalfont's projected expenses are \$38,388. The payment into the Unsecured Creditor Account, for the second year of the Plan is projected to be \$1,782.00. With respect to the fifth year of the Plan gross income is project to be approximately \$39,600. Chalfont's projected expenses are \$37,188. The payment into the Unsecured Creditor Account, for the second year of the Plan is projected to be \$1,869.00.

TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

EVENTS DURING THE CHAPTER 11 CASE

No significant events occurred during the Chapter 11 case, allowing the Debtor to focus on its reorganization efforts.

LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtor's assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets. The assets would be liquidated in a forced sale atmosphere and the proceeds distributed to creditors in the order of their priorities.

The Debtor is proposing to pay its unsecured creditors 100%. A Chapter 7 trustee could not realize a better.

DATED: November 11, 2016

CHALFONT ROCK, LLC.

By: 

Carol Grasse, Member-Manager

By: 

Carol Grasse, Individually

Buechler & Garber LLC ("B&G") has acted as legal counsel to the Debtor on bankruptcy matters during the Chapter 11 case. B&G has prepared this Disclosure Statement with information provided primarily Chalfont. The information contained herein has been approved by the Debtor. B&G has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.


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ATTORNEYS FOR DEBTOR AND DEBTOR-IN-POSSESSION

EXHIBIT A

	April	May	June	July	August	September
Income	\$0.00	\$4,300.00	\$15,195.00	\$4,300.00	\$3,200.00	\$14,338.00
Expense	\$150.00	\$60.00	\$683.00	\$1,013.00	\$1,747.00	\$4,745.00

EXHIBIT B

Chalfont Rock LLC: 5 Year Budget

661 Concord Avenue Residential Rental

Loan of \$405,000; 5% over 30 years; 10 year balloon

Year One

\$ Expense/month:

- Mortgage.....2174
- Taxes.....375
- Insurance.....150
- Maintenance and repairs.....140
- Property management fee (5% of rent).....160

Total Expense: \$2999/month

\$ Income/month

- Rent.....3200

Total income: \$3200/month

Year Two.

\$ Expense/month:

- Mortgage.....2174
- Taxes.....400
- Insurance.....185
- Maintenance and repairs.....175
- Property management fee (5% of rent).....165

Total Expense: \$3099/month

\$ Income/month

- Rent.....3300

Total income: \$3300/month

Year Three

\$ Expense/month:

- Mortgage.....2174
- Taxes.....400
- Insurance.....185
- Maintenance and repairs.....175
- Property management fee (5% of rent).....165

Total Expense: \$3099/month

\$ Income/month

- Rent.....3300

Total income: \$3300/month

Year Four

\$ Expense/month:

- Mortgage.....2174
- Taxes.....430
- Insurance.....215
- Maintenance and repairs.....210
- Property management fee (5% of rent).....170

Total Expense: \$3199/month

\$ Income/month

- Rent.....3400

Total income: \$3400/month

Year Five

\$ Expense/month:

- Mortgage.....2174
- Taxes.....430
- Insurance.....215
- Maintenance and repairs.....210
- Property management fee (5% of rent).....170

Total Expense: \$3199/month

\$ Income/month

- Rent.....3400

Total income: \$3400/month

Chalfont Rock LLC: 5 Year Budget

445 Highland Avenue Residential Rental

Loan of \$540,000; 5% over 30 years; 10-year balloon

Year One

\$ Expense/month:

- Mortgage.....2899
- Taxes.....782
- Insurance.....215
- Maintenance/Repairs.....100
- Property management fee (5% of rent).....225

Total Expense: \$4221

\$ Income:

- Rent.....4495

Total Income: \$ 4495

Year Two

\$ Expense/month:

- Mortgage.....2899
- Taxes.....805
- Insurance.....250
- Maintenance/Repairs.....150
- Property management fee (5% of rent).....225

Total Expense: \$4329

\$ Income:

- Rent.....4500

Total Income: \$ 4500

Year Three

\$ Expense/month:

- Mortgage.....2899
- Taxes.....825
- Insurance.....270
- Maintenance/Repairs.....170
- Property management fee (5% of rent).....225

Total Expense: \$4389

\$ Income:

- Rent.....4500

Total Income: \$ 4500

Year Four

\$ Expense/month:

- Mortgage.....2899
- Taxes.....850
- Insurance.....300
- Maintenance/Repairs.....200
- Property management fee (5% of rent).....230

Total Expense: \$4479

\$ Income:

- Rent.....4600

Total Income: \$ 4600

Year Five

\$ Expense/month:

- Mortgage.....2899
- Taxes.....850
- Insurance.....300
- Maintenance/Repairs.....200
- Property management fee (5% of rent).....230

Total Expense: \$4479

\$ Income:

- Rent.....4600

Total Income: \$ 4600