

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
J.T.P. CORP.)	Case No. 16-15232-MER
EIN: 45-5245686)	
)	Chapter 11
Debtor.)	

**DISCLOSURE STATEMENT TO ACCOMPANY PLAN OF REORGANIZATION
DATED NOVEMBER 22, 2016**

This Disclosure Statement ("Disclosure Statement") has been prepared by Debtor J.T.P. Corp. ("Debtor"), Debtor and Debtor-in-Possession, to accompany its Plan of Reorganization dated November 22, 2016 ("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. § 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 Plan. The Court's approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues relating to the merits of the Plan and its confirmation will be the subject of a confirmation hearing scheduled for _____, at _____, at the U.S. Custom House, 721 19th Street, Courtroom C, 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.

This Disclosure Statement is provided to you along with a copy of the 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 Plan. Each Creditor or Interest holder may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor at the address set forth below:

Robert J. Shilliday III, Esq.
Vorndran Shilliday, P.C.
1888 Sherman Street, Suite 760
Denver, CO 80203

This Ballot must be received by Vorndran Shilliday, P.C. no later than _____, 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.

Recommendation. Debtor believes the Plan represents the best alternative for providing the maximum value for creditors. **Again, the Debtor strongly believes confirmation of the Plan is in the best interests of creditors and recommends 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. The holder of an Allowed Claim in Classes 2, 3, and 4 shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. Unimpaired classes are conclusively presumed to have accepted the Plan pursuant to 11 U.S.C. § 1126(f) of the Bankruptcy Code. Class 1 is unimpaired and are deemed to have accepted the Plan. Debtor believes the Class 2 Claim held by Bluebird Mortgage Corporation also is unimpaired as BMC will be paid in full for its Allowed Secured Claim as determined by the Bankruptcy Court. Debtor will treat the Allowed Secured Claim held by Bluebird Mortgage Corporation to be impaired pending resolution of Debtor’s Adversary Proceeding as discussed more fully below.

Deemed Rejection of Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to 11 U.S.C. § 1126(g) of the Bankruptcy Code. No Classes will receive and retain nothing under the Plan.

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.

II. 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 the Chapter 11 case as Debtor-in-Possession and, following confirmation of a Plan, as a reorganized Debtor as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan 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 Debtor with an opportunity to sell the Properties in the ordinary course of business and satisfy its debts as restructured under the Plan.

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 Interests are also classified and treated alike. Five (5) 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 has set December 18, 2016 as the bar date establishing 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 ascertain whether their claims have been scheduled as disputed, contingent, or unliquidated by reviewing the Schedules and the amendments thereto filed by the Debtor in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact the Debtor or their counsel to determine how they have been scheduled.

Chapter 11 does not require each holder of a Claim or Interest 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. Since the Debtor believes that the Plan provides the best alternative for creditors, all creditors are urged to vote to accept the Plan.

Under the Bankruptcy Code, if Interest holders retain an Interest or receive anything under the Plan, the unsecured creditor Classes must either be paid the full value of their claims or vote to accept the Plan. Since the Plan allows Interest holders to retain their Interests, the Plan can be confirmed only if unsecured creditors vote to accept the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. 11 U.S.C. § 1129 sets forth the requirements for confirmation. Among other things, Section 1129 requires 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.

III. OVERVIEW OF THE PLAN AND MEANS OF EXECUTION

The Plan provides for the liquidation of Debtor's remaining assets under Chapter 11 of the Bankruptcy Code. The Plan divides creditors and Interest holders into five (5) Classes. Each Class is treated as either impaired or unimpaired under the Bankruptcy Code. Treatment of the Classes is discussed in greater detail below and in the Plan. Class 1 priority claims shall be paid in full on the Effective Date of the Plan. Classes 2 and 3 consist of the Allowed Secured Claims held by Bluebird Mortgage Corporation ("BMC") and ODS Financing, LLC ("ODS"). The Class 2 Claim held by BMC will be paid in full on its Allowed Secured Claim as determined by the Bankruptcy Court in the pending Adversary Proceeding filed by Debtor against BMC, as discussed more fully below. The Class 3 Allowed Secured Claim held by ODS will be paid in full in an amount determined by the Bankruptcy Court or upon agreement by the Parties. Class 4 general unsecured creditors will receive a pro rata distribution of their Allowed Claims based upon Proofs of Claim timely filed with the Bankruptcy Court, up to and including the full amount of each unsecured claim. The Class 5 Interests held by Doug Walters and Ann Russo will be paid to the extent funds remain after payment of Class 2, 3, and 4 Claims in full and based upon timely and valid Proofs of claim filed with the

Bankruptcy Court. Means to fund the Plan shall derive from successful litigation of the Adversary Proceeding as described below and entry of judgment determining that Sale Proceeds in the amount of \$244,700.03, as well as any additional recovery from BMC in the Adversary Proceeding, are the sole property of Debtor and may be distributed to creditors in accordance with Debtor's Plan of Reorganization.

IV. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on May 25, 2016 ("Petition Date"). Debtor is in the business of acquiring, improving, and selling or "flipping" primarily residential real property in the Denver metropolitan area. Douglas W. Walters ("Walters") and Ann Russo ("Russo") are the sole officers and shareholders of the Debtor.

Debtor acquired prior to the Petition Date certain real property located at 2660 King Street, Denver, Colorado 80211 ("King Street Property" or "Property"). The Property was encumbered by a first-priority pre-petition deed of trust in favor of BMC. BMC commenced foreclosure proceedings against the King Street Property claiming Debtor breached an underlying note and deed of trust against the Property, forcing Debtor to seek relief under Chapter 11 of the Bankruptcy Code.

Debtor disputes the amount of the obligation owed to BMC. On August 23, 2016, this Court entered an Order ("Sale Order") authorizing Debtor to sell the King Street Property for \$850,000 pursuant to 11 U.S.C. § 363. Debtor paid BMC \$541,284.31 on September 2, 2016 from the King Street sale proceeds. As ordered by the Court, the remaining proceeds in the amount of \$244,700.03 ("Sale Proceeds") were deposited into the COLTAF Account of Vorndran Shilliday, P.C. The Sale Proceeds constitute the only remaining assets of the Debtor and cannot be used by Debtor pending further order of the Court. BMC holds a first-priority post-petition lien against the Sale Proceeds pursuant to the Sale Order. ODS holds a second-priority lien against the Sale Proceeds in the claimed amount of \$21,000.

Debtor commenced an Adversary Proceeding on November 2, 2016 to determine the validity, priority, and amount of the BMC lien encumbering the Sale Proceeds. *See JTP Corp. v. Bluebird Mortgage Corporation*, Adv. Proc. No. 16-1480-MER. Debtor alleges it is entitled to retain in full the Sale Proceeds and overpaid BMC in excess of \$91,000 in connection with sale of the King Street Property. Successful prosecution of the Adversary Proceeding will enable Debtor to fund its Plan of Reorganization and repay creditors pursuant to their Allowed Claims. Debtor has filed a motion to

allow Walters and Russo to advance up to \$115,000 in post-petition debtor-in-possession financing under 11 U.S.C. § 364(b). Walters and Russo have advanced or will advance approximately \$50,000 post-petition to complete, market, and sell the King Street Property. Debtor also has budgeted up to and additional \$50,000 for fees and costs relating to litigation of the Adversary Proceeding against BMC. Debtor will incur additional fees and expenses relating to confirmation of its Plan, including quarterly fees owed to the Office of the United States Trustee.

V. DESCRIPTION OF ASSETS

A. Summary of Debtor's Assets

Sale Proceeds. Debtor's primary remaining asset consists of the \$244,700.03 in Sale Proceeds maintained in the Vorndran Shilliday, P.C. COLTAF Trust Account maintained at Wells Fargo Bank, N.A. in Denver, Colorado. Debtor's right to own and distribute the Sale Proceeds is the subject of the pending Adversary Proceeding against BMC.

Avoidance Actions: Debtor's Adversary Proceeding also includes a claim to recover a \$91,000 overpayment made by Debtor to BMC on or about September 2, 2016 in connection with sale of the King Street Property, plus pre- and post-judgment interest. Debtor reserves the right to bring other Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state law-based fraudulent transfer claims under 11 U.S.C. § 544(b). The Debtor has and will continue to evaluate these claims to determine which claims, if any, are viable. The Debtor is believed to be solvent and intends to pay its creditors pursuant to the Plan.

VII. DESCRIPTION OF LIABILITIES

A. Priority Claims

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), excluding any Administrative Claim or Tax Claim.

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 estate 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 §546(c)(2)(A) of the Bankruptcy Code. Debtor anticipates the following Administrative Claims:

Professional Fees. The Debtor retained Robert J. Shilliday III and Vorndran Shilliday, P.C. (“Bankruptcy Counsel”) as their bankruptcy counsel. The Court approved Debtor’s application to employ Bankruptcy Counsel on June 17, 2016. As of October 31, 2016, Bankruptcy Counsel incurred fees in the amount of \$18,280 and costs in the amount of \$2,374.39, including payment of the \$1,717 Chapter 11 filing fee. Debtor anticipates additional fees and costs will be incurred by Bankruptcy Counsel in the amount of approximately \$45,000 to litigate the Adversary Proceeding against BMC through trial and judgment, as well as additional fees and costs of no more than \$5,000 to confirm a Chapter 11 Plan.

Section 364(b) DIP Financing. Debtor has sought approval from the Bankruptcy Court for Walters and Russo, Debtor’s sole officers and shareholders, to advance up to \$115,000 in post-petition debtor-in-possession financing to fund litigation of the Adversary Proceeding, confirm Debtor’s Chapter 11 Plan, and to pay ongoing expenses, including quarterly fees owed to the Office of the United States Trustee. Debtor has requested that such post-petition debtor-in-possession financing be allowed as an Administrative Claim under Sections 364(b) and 503(b) of the Bankruptcy code. A determination by the Bankruptcy Court is pending.

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). Debtor believes it owes no Tax Claims at the present time.

Employee Claims. Pursuant to 11 U.S.C. § 507(a)(4), wages, salaries, and commissions, including vacation, severance, and sick leave pay owing to employees and commissions owing to qualifying independent sales representatives up to \$10,950 per employee earned within 180 days prior to the Petition Date are entitled to priority. The Debtor does not have any employees and do not anticipate any employee Claims.

B. Secured Claims

Bluebird Mortgage Corp. BMC holds a first-priority secured claim against the \$244,700.03 in Sale Proceeds pursuant to the Sale Order. Debtor believes BMC’s Allowed Secured Claim does not exceed \$571,687.87. Debtor paid BMC \$152,250.38 during the loan and paid BMC an additional \$541,284.31 on September 2, 2016. Debtor believes

BMC's Allowed Secured Claim has been paid in full and that BMC is obligated to disgorge \$91,036.85 in overpayments made to BMC in connection with sale of the King Street Property.

ODS Financing, LLC. ODS holds a second-priority secured claim against the \$244,700.03 in Sale Proceeds pursuant to the Sale Order. ODS believes its Allowed Secured Claim may be as much as \$36,450. Debtor has to date not had an opportunity to review the documents and calculations supporting ODS' Secured Claim. Debtor will pay ODS' Secured Claim in full from proceeds from the Adversary Proceeding in an amount agreed by the Parties or as determined by further order of the Bankruptcy Court.

C. Non-Priority Unsecured Claims. Debtor believes Class 4 general unsecured claims will not exceed approximately \$178,000. Payment of Class 4 general unsecured claims depends solely upon the success of Debtor in prosecuting its claims against BMC in the Adversary Proceeding. Debtor believes it may recover over \$335,000 from BMC pursuant to the Adversary Proceeding, including the right to retain in full the \$244,700.03 in Sale Proceeds maintained by Debtor's counsel in its COLTAF Trust Account. Class 4 unsecured creditors will receive nothing under the Plan if Debtor fails to recover sufficient funds from the Adversary Proceeding to pay the BMC and ODS Allowed Secured Claims in full.

VIII. DESCRIPTION OF THE PLAN

A. General Description

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on November 22, 2016. The Plan provides for the liquidation of Debtor's remaining assets under Chapter 11 of the Bankruptcy Code. The Plan may be amended prior to confirmation. Pursuant to the Plan, Debtor will use property of the bankruptcy estate recovered in the Adversary Proceeding to pay the Allowed Secured Claims held by BMC and ODS in full. Any remaining proceeds from successful litigation of the Adversary will be used to pay pro rata Allowed Claims held by Class 4 general unsecured creditors, up to and including the full amount of timely and valid Proofs of Claim filed by such Class 4 creditors unless objected to by Debtor. Any remaining proceeds from successful litigation of the Adversary Proceeding will be paid the Class 5 Interests held by Walters and Russo. The Adversary Proceeding alleges BMC has already been paid in full its Allowed Secured Claim as of September 2, 2016. Debtor believes successful litigation of

the Adversary Proceeding will enable Debtor to pay the Allowed Secured Claim held by ODS and Class 4 general unsecured claims in full. 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 11 U.S.C. § 1123(a)(1) of the Bankruptcy Code, the Priority, Administrative, and Tax Claims against the Debtor are not designated as Classes. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full on the Effective Date of the Plan.

The Plan divides the creditors into separate Classes. The Classes are set forth as follows:

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

Class 2- The Allowed Secured Claim held by BMC.

Class 3- The Allowed Secured Claim held by ODS.

Class 4- The Allowed Claims held by general unsecured creditors.

Class 5- The Allowed Interests held by Walters and Russo.

B. Claims

1. Unclassified Priority Claims

Administrative Claims. The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, costs and expenses of administration, 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 treated as otherwise agreed by the particular holders of such Claims. Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon allowance. The Debtor expects the following creditors will hold Claims which constitute unpaid cost and expense of administration claims as of the Confirmation Date of the Plan: Vorndran Shilliday, P.C. has incurred \$18,280 in fees and costs of \$2,374.39 as of October 31, 2016. Debtor has paid Vorndran Shilliday

\$18,500 to date. Debtor anticipates it will incur an additional \$55,000 in fees and costs to Vorndran Shilliday, P.C. to litigate the Adversary Proceeding through trial, confirm its Chapter 11 Plan, and to pay ongoing expenses, including quarterly fees owed to the Office of the United States Trustee. Debtor intends to pay for these additional expenses through post-petition debtor-in-possession financing from Walters and Russo and as allowed by the Bankruptcy Court under Section 364(b) and 503(b) of the Bankruptcy code. As set forth above, Debtor seeks approval for Walters and Russo to advance up to \$115,000 in post-petition financing and to have said advances paid as Administrative Claims under 11 U.S.C. § 364(b) and § 503(b). Such Administrative Claims may reduce the ability for Debtor to satisfy Class 4 general unsecured claims. However, unless Debtor pursues its claims asserted in the Adversary Proceeding and successfully litigates said claims to judgment, Class 4 general unsecured creditors will receive nothing from sale of the King Street Property and the Sale Proceeds.

The amount of legal fees payable to the Debtor's Bankruptcy Counsel may substantially increase depending on the levels of future activity in these Chapter 11 proceedings. All Administrative Claims of professionals are subject to Court approval on notice to creditors with an opportunity for a hearing. Certain professional fees may be paid pursuant to interim fee applications and upon Court allowance. The fees set forth above are the total fees expected in the case as of the estimated Confirmation Date of the Plan, assuming minimal litigation over the Plan.

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). Debtor does not anticipate the filing of Allowed Tax Claims.

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. The Debtor's obligation to file post-confirmation quarterly reports pursuant to 28 U.S.C. § 1930(a)(7) continues until the Chapter 11 case is dismissed, converted, or closed. Since it is expected the case will be closed and a Final Decree entered shortly after the Effective Date, it is not expected that the fees will be a material post-petition obligation. Post-confirmation payments due to the United States Trustee are estimated to be less than \$325 per quarter. Additional payments in connection with the sale of real estate assets will be paid from the

proceeds of the sale of such assets. The Debtor will be responsible for preparing and filing post-confirmation quarterly reports.

2. Classified Priority Claims

Class 1, Priority Claims. The Allowed Class 1 Priority Claims, if any, shall be paid in full on the Effective Date of the Plan. The Class 1 Claims for certain pre-petition wages and employee claims are more particularly described in 11 U.S.C. §§ 507(a)(3), 507(a)(4), and 507(a)(5). The Debtor will not have any Claims in this category.

3. Secured Claims

Bluebird Mortgage Corp. As set forth above, BMC holds a first-priority secured claim against the \$244,700.03 in Sale Proceeds pursuant to the Sale Order. Debtor believes BMC's Allowed Secured Claim does not exceed \$571,687.87. Debtor paid BMC \$152,250.38 during the loan and paid BMC an additional \$541,284.31 on September 2, 2016. Debtor believes BMC's Allowed Secured Claim has been paid in full and that BMC is obligated to disgorge \$91,036.85 in overpayments made to BMC in connection with sale of the King Street Property.

ODS Financing, LLC. ODS holds a second-priority secured claim against the \$244,700.03 in Sale Proceeds pursuant to the Sale Order. ODS believes its Allowed Secured Claim may be as much as \$36,450. Debtor has to date not had an opportunity to review the documents and calculations supporting ODS' Secured Claim. Debtor will pay ODS' Secured Claim in full from proceeds from the Adversary Proceeding in an amount agreed by the Parties or as determined by further order of the Bankruptcy Court.

4. General Unsecured Claims

Class 4 Claims consist of any unsecured creditors pursuant to timely and valid Proofs of Claim filed with the Bankruptcy Court. Debtor reserves the right to object to any Proof of Claim filed by a Class 4 unsecured creditor. Such objections will be resolved by the Parties to the dispute or by order of the Bankruptcy Court after notice and an opportunity for a hearing on the merits. Class 4 unsecured claims will be paid pro rata from proceeds from prosecution of the Adversary Proceeding, up to and including the full amount of such Proofs of Claim filed with the Court and after payment of the Allowed Secured Claims held by BMC and ODS as well as Allowed Administrative Claims.

5. Class 5, Interests. Class 5 includes the Interests held by Walters and Russo. Class 5 Interest shall be paid from proceeds from litigation of the Adversary Proceeding only after payment in full of the Allowed Secured Claims held by BMC and ODS, satisfaction of Allowed Administrative Claims, and payment of Allowed Class 4 general unsecured claims in full.

C. Means for Execution of the Plan

The Debtor shall be empowered to take such action as may be necessary to perform its obligations under the Plan. On the Effective Date of the Plan, Ann Russo shall be appointed pursuant to 11 U.S.C. §1142(b) for the purpose of carrying out the terms of the Plan and may take all actions deemed necessary to consummate the terms of the Plan. As set forth above, litigation and any recovery from the Adversary Proceeding against BMC will fund payment of Allowed Claims and Interests under the Plan. Counsel for Debtor upon request will provide a copy of the Complaint in the Adversary Proceeding to any party-in-interest. Debtor believes it never defaulted under the terms of its pre-petition note and deed of trust with BMC, as amended and modified by the Parties. Using non-default interest under the pre-petition note, Debtor believes BMC's Allowed Secured Claim does not exceed \$571,687.87. Debtor paid BMC \$152,250.38 during the loan period and an additional \$541,284.31 on September 2, 2016 in connection with sale of the King Street Property. Debtor further alleges BMC engaged in illegal and predatory conduct in connection with the loan to Debtor for acquisition and improvement of the King Street Property. Litigation is difficult and unpredictable, but Debtor believes it is entitled to retain for the benefit of creditors and Debtor's bankruptcy estate the \$244,700.03 in Sale Proceeds maintained in the Vorndran Shilliday, P.C. COLTAF Trust Account. Debtor further believes it overpaid BMC by at least \$91,036.85 in connection with sale of the King Street Property. BMC holds a first-priority secured claim against the Sale Proceeds and believes its secured claim exceeds \$849,000. As a result, ODS and general unsecured creditors will receive nothing unless Debtor prevails in the Adversary Proceeding. Debtor believes under these circumstances that litigation of the Adversary Proceeding against BMC is in the best interest of creditors and the bankruptcy estate.

D. Administrative Claims Bar Date.

If the Plan is confirmed, all applications for allowance and payment of Administrative Claims, including Professional Fees, must be filed within thirty (30) days following the Effective Date of the Plan, unless additional time is timely requested.

IX. PLAN FEASIBILITY

The Debtor believes the Plan, as proposed, is feasible. BMC will no doubt take for itself the \$244,700.03 in Sale Proceeds and refuse to repay any overpayments made by Debtor in connection with sale of the King Street Property unless Debtor pursues to judgment its claims against BMC in the Adversary Proceeding. If successful, the Sale Proceeds and any additional judgment obtained against BMC will be more than sufficient to satisfy in full ODS' Allowed Secured Claim and Allowed Claims filed by Class 4 general unsecured creditors. Walters and Russo are willing to provide post-petition financing up to \$115,000 to fund litigation of the Adversary Proceeding, pay post-petition expenses incurred with respect to completion and sale of the King Street Property, and pay ongoing fees and expenses through confirmation of Debtor's Chapter 11 Plan. Debtor's motion to approve such post-petition debtor-in-possession financing is pending before the Bankruptcy Court. Debtor cannot guarantee it will succeed on its claims against BMC. However, there is no doubt ODS and Class 4 general unsecured creditors will receive nothing unless Debtor proceeds with the Adversary Proceeding through trial and judgment. Debtor's Plan is feasible under these circumstances. Walters and Russo seek and Administrative Priority Claim under 11 U.S.C. §364(b) and §503(b) for post-petition funds advanced to Debtor. These Administrative Claims will be paid before payments are made to Class 4 general unsecured creditors. However, if successful, the funds derived from prosecution of the Adversary Proceeding will generate sufficient funds to pay these Administrative Claims as well as the Allowed Claims in favor of ODS and Class 4 general unsecured creditors.

X. RISK TO CREDITORS

This Disclosure Statement contains statements which look into the future. There is no way to determine the accuracy of these statements. Debtor has used its best efforts based upon all the information available to it in determining the likelihood for a successful reorganization. The Debtor has attempted to be conservative in its analysis. Depending on the market, the actual value of the

Property may increase or decrease. The Debtor believes the Plan as proposed offers the best option for creditors. As explained below in greater detail, the principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. As indicated in the Debtor's liquidation analysis, liquidation of the Debtor may result in a distribution to creditors less than that proposed by the Plan. As set forth above, the principal risk to creditors is that Debtor will not succeed in its claims against BMC in the Adversary Proceeding. However, BMC will claim for itself the Sale Proceeds and all remaining estate assets unless Debtor pursues its claims against BMC. Creditors will therefore benefit by Debtor's pursuit of these claims against BMC through the Plan.

XI. EVENT OF DEFAULT

The Plan, upon confirmation, constitutes a new contractual relationship by and between the Debtor and its creditors. In the event of a default by the Debtor under the Plan, secured creditors shall be entitled to enforce all rights and remedies against the Debtor for breach of contract. Any secured creditor claiming a breach of the Plan by the Debtor will be able to enforce all of their rights and remedies including foreclosure of their deed of trust, security agreement, lien, or mortgage pursuant to the terms of such documents. Any creditor claiming a breach by the Debtor must provide written notice to the Debtor of the claimed default. The Notice must provide the Debtor a fifteen-day period within which to cure the claimed default. Upon the Debtor's failure to cure the default within such fifteen-day period, the creditor may proceed to exercise their rights and remedies. Under these circumstances, BMC will have the exclusive right to take possession of the Sale Proceeds in the event Debtor fails to prevail upon its claims in the Adversary Proceeding.

XII. TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice, it is not intended or written by the Debtor or their counsel to be used, and cannot be used, for the purpose of avoiding federal tax penalties.** 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.

XIII. 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 Debtor would cease all operations and the Chapter 7 Trustee would take control of the Debtor's assets. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities. If this case was converted to Chapter 7, BMC would be entitled to the \$244,700.03 in Sale Proceeds pursuant to its first-priority lien. ODS and Class 4 general unsecured creditors would receive nothing. The Plan, however, seeks to distribute the Sale Proceeds and any other funds obtained from BMC to ODS and Class 4 creditors pursuant to the Plan. Pursuit of the Adversary Proceeding through a confirmed Chapter 11 Plan is in the best interest of creditors and Debtor's Chapter 11 bankruptcy estate. Debtor therefore recommends its proposed Chapter 11 Plan be confirmed.

DATED: November 322, 2016

/S Douglas W. Walters

J.T.P. Corp.

By: Douglas W. Walters

Robert J. Shilliday III and Vorndran Shilliday, P.C. ("Bankruptcy Counsel") have acted as legal counsel to Debtor J.T.P. Corp. on bankruptcy matters during this Chapter 11 case. Bankruptcy Counsel assisted Debtor in the preparation of this Disclosure Statement based upon information provided primarily by the Debtor. The information contained herein has been approved by the Debtor. Bankruptcy Counsel have not made any separate or independent investigation as to the veracity or accuracy of the statements contained herein.

\ Douglas W. Walters

J.T.P. Corp.

Debtor and Debtor-in-Possession

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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of November, 2016, I deposited a true and correct copy of the foregoing **DISCLOSURE STATEMENT TO ACCOMPANY PLAN OF REORGANIZATION DATED NOVEMBER 22, 2016** in the United States Mail, postage pre-paid, and addressed as follows:

Joseph A. Murr Kimberly L. Martinez Murr Siler & Accomazzo, PC 410 17 th Street, Suite 2400 Denver, CO 80202	Douglas D. Koltavy 10200 East Girard Avenue Building B, Suite 120 Denver, Colorado 80231
Alan K. Motes 1961 Stout Street, Suite 12-200 Denver, CO 80294	Office of the US Trustee 1961 Stout Street, Suite 12-200 Denver, CO 80294

s/ Robert J. Shilliday III
Robert J. Shilliday III