

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF CONNECTICUT**

In Re: Case No. 15-30546 (AMN)
LA4EVER, LLC JOINTLY ADMINISTERED
LLCD, LLC Single Asset Real Estate Cases
Debtors

**DEBTORS' DISCLOSURE STATEMENT
DATED OCTOBER 26, 2016**

1. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 cases of LA4Ever, LLC and LLCD, LLC (the "Debtors"). This Disclosure Statement contains information about the Debtors and describes Debtors' Plan of Reorganization Dated October 26, 2016 (the "Plan"). A full copy of the Plan is served upon you 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 6-8 of this Disclosure Statement. General unsecured creditors are classified in Classes 6 and 7 with Class 6 Non-Insider claims to receive payment of the full principal amount of their claims on the Effective Date of the Plan.

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 Debtors believe 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. *Time and Place of the Hearing to Confirm the Plan*

The hearing at which the court will determine whether to confirm the Plan will take place on **[Insert date]**, at **[insert time]**, at the United States Bankruptcy Court for the District of Connecticut, New Haven Division, 157 Church Street, New Haven, CT 06510.

2. *Deadline for Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot to counsel to Debtor: Carl T. Gulliver, Coan, Lewendon, Gulliver & Miltenberger, LLC, 495 Orange Street, New Haven, CT 06511; Email Cgulliver@coanlewendon.com, or Facsimile (203) 865-3673. See Section IV.A. below for a discussion of voting eligibility requirements.

3. *Deadline for Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon counsel to Debtor, Carl T. Gulliver (see paragraph 2 above for service address) by **[insert date]**.

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

If you want additional information about the Plan, you should contact counsel to Debtor, Carl T. Gulliver.

C. Disclaimer

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtors are Connecticut limited liability companies officially registered with the Secretary of State in December 2002 and January 2003. These companies were formed by and are owned by Kenneth Hill and Daphne Benas. Since their formation the Debtors have been in the business of ownership and operation of residential rental property at 325-327 St. John Street and 23 Brown Street, in New Haven, Connecticut (the "St. John Street Property" and the "Brown Street Property", and together, the "Property"). Mr. Hill and Ms. Benas also oversaw extensive rehabilitation of the Property resulting in significant improvement early on after the purchase. Many routine management and maintenance duties at the Property are handled by LABenhill, LLC, a management company formed, owned and operated by Mr. Hill and Ms. Benas.

LLCD, LLC (“LLCD”) owns the Brown Street Property at 23 Brown Street in the Wooster Square neighborhood in New Haven, Connecticut. The Brown Street Property consists of five residential units representing a current monthly rent roll of \$6,250 inclusive of two units recently vacated which vacancies are anticipated to be filled promptly. LA4Ever, LLC (“LA4Ever”) owns the St. John Street Property at 325-7 St. John Street, also in the Wooster Square neighborhood in New Haven, Connecticut. The St. John Street Property consists of six residential units representing a current monthly rent roll of \$9,875. All six units of the St. John Street Property are presently occupied.

Other than real property tax and water and sewer charges that together are secured by statutory first priority liens and total approximately \$47,000, including estimated interest, on the Property, the Brown Street Property and the St. John Street Property together secure a single note executed by both Debtors in favor of Southport Secured Funding, LLC (the “Southport Note”). The Southport Note is dated May 18, 2011, is in the principal sum of \$920,000, and calls for interest at 13% (the “Note Rate”). Subject to extension, the note matured one year later. Two mortgages were granted to secure the Southport Note, one on the St. John Street Property and one on the Brown Street Property, as well as collateral assignments of rents and leases on each. In the event of a default the mortgages call for default interest at the rate of 17%. The Southport Note was personally guaranteed by Kenneth Hill. The original maturity date was extended one additional year by the parties, to May 2013.

The Debtors arranged financing to take out the Southport loan in May and June with all contingencies fulfilled shortly thereafter. The terms of that take-out financing were to be 8.5% for 3 years, with either 5 or 6 points plus closing costs due at closing. When Mr. Hill and Ms. Benas informed the Southport principal, Dennis Boyd, that a take-out deal was in place, and shared with him the terms of that deal, he advised against that deal and said that Southport would extend its loan on comparable terms. It is Mr. Hill’s recollection that while advising Debtors Mr. Boyd could not provide an 8.5% rate, Mr. Boyd said he could lower the rate to 10% and charge a fraction of the points and fees that the take-out financing would involve -- which when added together would equal, if not better, the take-out deal. Based on these representations and assurances Debtors turned down the other deal. Nonetheless, Southport did not follow through with providing the proposed extension on such terms or on any terms. On at least two occasions, after Debtors’ inquiry, Mr. Boyd said that he would send a term sheet for extension, but did not do so. During this dispute Debtors continued to make payments to Southport through the end of 2013; however, believing that Southport had misled them, Debtors ceased making payments to Southport. Ultimately, Mr. Boyd proposed that Debtors’ members allow him to become a 51% partner in a venture that would result in the conversion of Debtors’ properties to condominiums. As Debtors balked at the proposal from Mr. Boyd, Southport commenced foreclosure.

Southport commenced its foreclosure upon a complaint filed October 29, 2014. The Debtors filed these chapter 11 proceedings on April 8, 2015, to stay the foreclosure proceedings prior to a hearing on appointment of a receiver.

B. Insiders of the Debtor

“Insiders” is defined in the Bankruptcy Code at Section 101(31) to include officers and people in control of the Debtor, and their relatives. For these Debtors insiders are the members Kenneth Hill and Daphne Benas and their management company, LA Benhill, LLC.

C. Management of the Debtors Before and During the Bankruptcy

As described above the Debtors have been managed since their formation and throughout these Chapter 11 proceedings by member, Kenneth Hill and a management company, owned and operated by the two members of the Debtors.

After the Effective Date of the Plan the Debtors will continue to be managed by Kenneth Hill, the "Post Confirmation Manager." The Post Confirmation Manager's duties and responsibilities are described in Section III.D.2. of this Disclosure Statement.

D. Significant Events During the Bankruptcy Case

The Debtors commenced the chapter 11 proceedings by the filing of voluntary petitions in the United States Bankruptcy Court for the District of Connecticut on April 8, 2015 (the "Petition Date"). The cases were assigned to Bankruptcy Judge Julie A. Manning sitting in the New Haven Division. The Debtors requested that it be authorized to retain Attorney Carl Gulliver and his firm Coan Lewendon Gulliver & Miltenberger, LLC, of New Haven, Connecticut, as Debtors' general chapter 11 counsel. The Debtors' application and counsel's statement filed herein pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Rules") disclosed that the funds for counsel's retention were provided by Debtors' members. The Court entered an order authorizing the retention on May 27, 2015. Upon Judge Ann Nevins taking the bench in New Haven in September 2016, the cases remained in the New Haven Division of the Court under her jurisdiction.

By order of April 23, 2015, upon Debtors' application, the Court ruled these cases are jointly administered. Debtors also filed cash collateral motions seeking authorization to use the rentals to operate the Property and court approval of its monthly operating budget including adequate protection payments to Southport. Said hearings were continued monthly throughout the proceedings. In addition Debtors filed monthly operating statements showing the results of operation of the Property.

In addition prior to the commencement of the cases the Brown Street Property had suffered water damage and required assistance of a public adjuster to negotiate appropriate insurance recovery. Debtor applied to seek authorization to assume the contract with the adjuster, or in the alternative, to have the adjuster determined an ordinary course engagement. Ultimately the damage, which had caused loss of a rental unit for some period of time, was repaired and all units have been rented through most of these chapter 11 proceedings.

Debtors through its members considered and investigated various possible resolutions of the Southport loan including sale, condominium development and sales, refinancing separately and together, and even refinancing in combination with non-debtor real estate. Ultimately Debtors' members located a mortgage broker with a proven track record whom they believed can close a refinance. They filed an initial motion in the court for authorization to retain, but abandoned that effort as the brokers were requiring upfront fees and other provisions that caused difficulties for retention in chapter 11. Finally in September 2016 the Debtors obtained authorization to retain said brokers with an appropriate agreement.

The refinance proposed pursuant to the Plan, on information and belief, will provide sufficient funds to pay all obligations under the Plan in full or as may be agreed between the debtors and certain of the parties in interest including their counsel. Even as this Statement is drafted Debtors have no information on the payoff demanded by Southport so the funding requirement remains an estimate.

E. Avoidable Transfers

Debtors believe, after review of their records, that there are no avoidable transfers.

F. 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. Any objection to claims shall be filed not later than thirty (30) days after the Effective Date.

G. Financial Information

The assets of this estate consist of the Brown Street Property, the St. John Street Property, the cash flow the two properties generate, and trivial personal property consisting of items such as stoves and other appliances located in each unit. Southport obtained an appraisal of the St. John Street Property as of November 2014 of \$600,000 and of the Brown Street Property in the sum of \$463,000 in the context of the pre-bankruptcy foreclosure action.

Debtor's principals, who have substantial experience in the residential rental real estate market in the City of New Haven including the Wooster Street neighborhood, believe that the appraisals from the foreclosure case could be appropriate as liquidation valuations. Debtors have scheduled the St. John Street Property and the Brown Street Property, as of the Petition Date, at \$1,100,000 and \$650,000, respectively for a total value of \$1,750,000. These valuations are the members' estimate of fair market value. Debtors have not obtained an appraisal of either property since the commencement of this case.

The difference between the Debtors' values and the foreclosure appraisals is significant to creditors. If the appraisal valuations were realized in an immediate sale, after an estimated ten percent (10%) costs of sale deduction only the senior position real property tax, and water and sewer charges would be paid in full, the Southport Note would receive only partial payment, with nothing remaining for the other other claims.

A copy of the Debtors' most recent monthly operating statements filed with the Court is appended as Exhibit A. Debtors' operating budget, which is based on long experience with operation of the Property, and which Debtors have shown over the months of post-petition operation to be substantially accurate, is set forth therein.

III. SUMMARY OF THE DEBTOR'S CHAPTER 11 PLAN 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 largest component of the Administrative Expenses in this case is the fees owed to the Debtor’s chapter 11 counsel, Coan Lewendon Gulliver & Miltenberger, LLC. Said counsel received from the personal funds of the Debtors’ principals a retainer for costs and fees of \$10,000 prior to the filing of the original petitions commencing these cases and at that date held the balance of \$5,430. Post-petition counsel received an additional \$5,000 as disclosed in supplemental fee disclosures. Counsel estimates that total fees and costs from April 2014 through the Confirmation might be about \$45,000 leaving a balance due and owing of about \$38,500. Counsel anticipates that Debtors and counsel may agree to pay such fees as may be allowed, to the extent Effective Date funds are insufficient, over time from future income or outside sources.

Note that amounts of Administrative Expenses of Debtor’s chapter 11 professional set forth herein are estimated for convenience only. Amounts of such Administrative Expenses set forth herein are projected and estimated, based on a relatively straightforward path to confirmation, and ultimately are fully subject to review and approval of the Bankruptcy Court. Actual amounts through Confirmation may be more or less. Administrative Expenses in connection with confirmation, particularly if disputed, can be significant and any estimate would be speculative and could be misleading.

The following Chart lists the Debtor’s estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount	Proposed Treatment
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
Professional fees, subject to approval by the Court, estimated at Effective Date after application of retainer	\$38,500	Paid after Allowance, on or after the Effective Date of the Plan, in accordance with agreement that maybe reached between Debtor’s principal and counsel
Clerk’s Office fees	\$0	Paid in full on the Effective Date of the Plan
Other Administrative expenses	\$0	Paid in full on the Effective Date of the Plan or According to separate written agreement
Chapter 11 Quarterly Fees	\$650	Paid in full on the Effective Date of the Plan
Total	\$39,150	

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 claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the order of relief. In this case the one priority claim will be paid in full upon the closing of the sale contemplated in the plan.

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

Description	Claim Amount	Notes	Treatment
Dept. of the Treasury Internal Revenue Service	\$2,500	Estimated, unfiled corp. income tax	Cash on Effective Date
State of Connecticut Department of Revenue Services	\$1,120	Estimated unfiled Corporation Tax with interest to Petition Date	Cash on Effective Date

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. In this case the collateral for each of the secured classes 1 – 4 is Debtors’ real property, and, for Southport, rentals therefrom. (Classes 1 through 3 represents liabilities to the specified entities secured either by first liens on the Brown Street Property or by the St. John Street Property. In a liquidation or refinance of the two properties separately the claims would have be separated accordingly, but in this plan Classes 1, 2 and 3 must be paid in full prior to payment of Class 4 and therefore are combined for purposes of presentation of distribution hereunder.) Amounts are approximate and estimated as of the date of this Statement.

Class #	Description	Impairment	Treatment
1	City of New Haven, Secured, Statutory Lien <ul style="list-style-type: none"> • Brown Street, Approx. \$16,800 • St. John, Approx. \$26,100 	Impaired	Cash on Effective Date with interest of 18% on principal from Petition Date until date of payment; Class 1 Claims shall retain their respective liens upon the Property until paid.
2	WPCA, Statutory Lien <ul style="list-style-type: none"> • Brown Street, Approx. \$1,000 • St. John, Approx. \$620 • St. John, Approx. \$790 	Impaired	Cash on Effective Date with interest of 18% on principal from Petition Date until date of payment; Class 2 Claims shall retain their respective liens upon the Property until paid.

3	RWA, Statutory Lien <ul style="list-style-type: none"> Both Properties, Approx. \$2,300 	Impaired	Cash on Effective Date with interest of 18% on principal from Petition Date until date of payment; Class 3 Claims shall retain their respective liens upon the Property until paid.
4	Southport, Secured Mortgage <ul style="list-style-type: none"> Approx. \$1,125,000 	Impaired	Cash on Effective Date with interest of 13% on principal from Petition Date until date of payment; Class 4 Claims shall retain their respective liens upon the Property until paid.

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 Classes 5 and 6 which contain general unsecured claims against the Debtor. At the date of this Disclosure Statement claims included in classes 5 and 6, subject to objection and Allowance, are listed in Exhibit B appended hereto.

5	General Unsecured Claims, Excluding Insiders <ul style="list-style-type: none"> LA4Ever, \$5,101.74 LLCD, \$5992.22 	Impaired	Cash on Effective Date to the extent of Allowed Claims, without interest
6	Insider Unsecured Claims <ul style="list-style-type: none"> LA4Ever, \$410,123 LLCD, \$293,931 	Impaired	Said clams shall receive no payment under the Plan until all other claims are fully paid.

4. *Class of Equity Interest Holders*

Class 7 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.

In this case 70% of the membership interests are held by Kenneth Hill and 30% by Daphne Benas. The following chart sets forth the Plan’s proposed treatment of the class of equity interest holders:

7	Equity Interests	Impaired	Members shall maintain their Equity Interests but subject to management obligations under the Plan.
---	------------------	----------	---

D. Means of Implementing the Plan and Feasibility of the Plan

The Debtors shall close on a refinance of the Property netting, after set asides, broker’s fees, , closing costs, any applicable points, and fees, after normal adjustments, a minimum satisfactory to fund the plan, within fourteen (14) days after the order confirming this plan becomes final or the next

Business Day thereafter if such date is not a Business Day. The terms of said refinance are described in the Letter of Intent appended hereto as Exhibit C.

The Plan Administrator shall be Kenneth Hill.

Through or under the direction of the Plan Administrator, from cash on hand at the Effective Date and future proceeds of its operations or proceeds of a refinance of the Property, or any combination thereof, Reorganized Debtor shall disburse funds as provided herein to Allowed Priority Tax Claims, all classes of claims, and to professionals holding Allowed Administrative Expenses.

The company assumes and shall pay its normal operating costs and business expenses, whether pending at confirmation or arising thereafter, as and when due. The Reorganized Debtor will pay its post-confirmation legal fees and costs when billed without the necessity of further Court authority.

If the Reorganized Debtor fails to close on a refinance in a net amount satisfactory, with any other funds then available to Debtors, to fund the Plan within the time allotted, any applicable stay of creditors' state court remedies shall expire and creditors shall be free to exercise any state law remedies as are available to them. The net amount of the refinance means after the following: a) the set aside of funds required to pay the Debtor's duly approved mortgage brokers who shall receive such payment the court may allow pursuant to appropriate application therefore, b) reasonable attorney fees for Debtors' closing counsel shall be set aside prior to determination of net amount of the refinance, and c) all normal adjustments, any required points and all closing costs shall be paid at closing.

Secured Creditors whose claims are fully paid shall provide to the closing attorney at said claimant's expense, a recordable originally executed release.

If all of the applicable requirements of Bankruptcy Code § 1129(a), other than § 1129(a)(8) thereof, are met with respect to the Plan, the Debtor requests that the Bankruptcy Court, pursuant to § 1129(b), confirm the Plan notwithstanding the requirements of § 1129(a)(8) if the Plan does not discriminate unfairly and is fair and equitable with respect to each rejecting class.

The Reorganized Debtor may file an application to the Court for entry of a final decree at any time after substantial consummation.

The Post-Confirmation Manager of the Debtor, who also serves as Plan Administrator, shall be as follows:

Name	Affiliation	Insider (Y or N?)	Position	Compensation
Kenneth Hill	Member	Yes	Manager	None

Mr. Hill has been in control of and will be fully responsible for management including rental collection, leasing, eviction, all disbursements, and routine maintenance and for causing the Debtors to close on the refinance contemplated herein.

Feasibility of the Plan is based on a successful refinance within the time limitations set forth herein. Debtors are reasonably certain that the refinance described in the appended Letter of Intent and therefore believe feasibility is highly likely.

E. Risk Factors

The proposed Plan has the following risks:

- As in any rental property, the stability of tenants is critical. Risks include tenants vacating the Property or tenants failing to pay rent.
- As the success of the Plan requires a timely refinance, it is possible the Debtor will be unable to close the loan in the sum required or within the required time.

F. Executory Contracts and Unexpired Leases

The Plan, in Section 6, describes executory contracts and unexpired leases. The Debtor anticipates assuming each tenant's lease under the Plan. Assumption means that the Debtor elects 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. The Debtor believes that no such default on landlord's part exists. Schedule 6.01 to the Plan lists each contract or lease to be assumed. Others, if any, are rejected.

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 Schedule 6.01 to the Plan 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 on a Claim Arising from the Rejection of a Lease or Contract is shall be thirty days after the Confirmation Date. 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 Debtor has no opinion of tax counsel or accounting professional, and no rulings of any federal, state, or local taxing authority has been or will be requested in connection with this Plan.

Implementation of the contemplated Plan also may result in federal and state tax consequences to creditors and equity holders. The tax consequences may vary depending on the particular circumstances or facts regarding the claim and claimant or equity holder. Consequently, creditors and holders of equity securities are urged to consult with their own tax professionals in order to determine the tax implications of the Plan under applicable law.

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 all classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. Classes 6 and 7 are composed entirely of insiders.

q

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 all creditors except governmental units to file a proof of claim in these cases was July 29, 2015.

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.

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 below 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 conformation 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 is attached to this Disclosure Statement as Exhibit D using as a value for Debtor’s Property the appraisal valuations from the prepetition foreclosure action of Southport. As indicated only classes 1 through 4 would receive recovery, with Class 4 receiving only partial recovery.

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 re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provide 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

(Balance of Page Intentionally Left Blank)

Dated this 26th day of October 2016.

Respectfully submitted,

LA4Ever, LLC and LLCD, LLC

By: /s/ Kenneth Hill
Kenneth Hill, Member
Duly Authorized

Counsel LA4Ever, LLC and LLCD, LLC

/s/Carl T. Gulliver
Carl T. Gulliver, Esquire
Coan, Lewendon, Gulliver & Miltenberger, LLC
495 Orange Street
New Haven, CT 06511
Telephone: (203) 624-4756
Facsimile: (203) 865-3673
cgulliver@coanlewendon.com

Exhibits

- A. Most Recent Monthly Operating Report filed with the Court
- B. Lists of Unsecured Claims
 - a. Class 5: General Unsecured Claims
 - b. Class 6: Insider Unsecured Claims
- C. Letter of Intent
- D. Liquidation Analysis