UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION

In re:	:	CHAPTER 11
LAKEVIEW PROPERTIES II, LLC	:	CASE NO. 15-50983
Debtor	:	

DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT

1. INTRODUCTION

This is the Second Amended Disclosure Statement (the "Disclosure Statement") for the Second Amended Plan of Reorganization (the "Plan") for Lakeview Properties II, LLC. The Debtor submits this Disclosure Statement for the Plan pursuant to § 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Code"). This Disclosure Statement is to be used in connection with the solicitation of acceptances of the Plan. A copy of the Plan is attached hereto.

2. NOTICE TO HOLDERS OF CLAIMS

The purpose of this Disclosure Statement is to enable you, as a Creditor whose Claim is impaired, to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION PROPOSED BY THE DEBTOR. PLEASE READ THIS DOCUMENT WITH CARE. FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN BUT THE PLAN ITSELF, INCLUDING ANY EXHIBITS THERETO AND THE PLAN DOCUMENTS, QUALIFIES ALL

SUMMARIES. IF ANY INCONSISTENCIES EXIST BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

After notice and a hearing, the Bankruptcy Court entered an order pursuant to § 1125 of the Code approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of the solicited Classes of Claims to make an informed judgment with respect to the acceptance or rejection of the Plan.

3. NOTICE TO EQUITY SECURITY HOLDERS

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

Each holder of a Claim entitled to vote to accept or reject the Plan should read the Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and § 1125 of the Code.

If you do not vote to accept the Plan, you may still be bound by the Plan.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED BY DEBTOR'S COUNSEL NO LATER THAN 5:00 P.M., ON THE DATE SET BY THE BANKRUPTCY COURT. WHEN YOU RETURN YOUR BALLOT, YOU SHOULD INDICATE ON THE BALLOT FORM THE CLASS OR CLASSES IN WHICH YOUR CLAIMS ARE CLASSIFIED AND DESIGNATE THE DEBTOR AGAINST WHICH YOU ARE MAKING YOUR CLAIM BY MARKING THE APPROPRIATE SPACE PROVIDED ON YOUR BALLOT FOR SUCH PURPOSE. For detailed voting instructions and the names and addresses of the persons you may contact if you have questions regarding the voting procedures, see "Voting Procedures and

Requirements - Parties-In-Interest Entitled to Vote."

Pursuant to § 1128(a) of the Code, the Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan (the "Confirmation Hearing") in the Bankruptcy Court in Connecticut at the location and on the date and time set forth in the order approving this Disclosure Statement.

4. HISTORY OF THE DEBTOR AND EVENTS LEADING UP TO CHAPTER 11 CASE

The principals of the Debtor originally purchased the property located at 126 Main Street, Monroe CT (the "Property") in 1993 from Terry Lacrosse for $450,000. At the time, the Property consisted of a two family house, a separate building that housed, inter alia, a stove shop, a studio apartment, a 1 bedroom apartment in the front of the building, and a body shop.

The Ericksons began to operate their business, from a small portion of the first floor of the mixed use building. This business was expanding and as the other tenants either went out of business or vacated the Property, it took over additional space. In 1995, they also purchased the operations of SippIn Motorcycles, a nearby competitor for $300,000 in an internally funded purchase. In 1996, the company acquired several franchise operations from OEM motorcycle, off-road and ATV manufacturers, including Honda, Yamaha, Polaris and Kawasaki.

The Debtor, through the Ericksons and the company, made substantial improvements to the Property beginning in 1997. These improvements included the demolition of the two family dwelling, grade and site work, upgraded utilities and shop/repair construction. The total cost of these changes was approximately $700,000. As the Ericksons had developed a strong banking relationship with Newtown Savings Bank over the years, the business was offered a line of credit which was used to maintain that business during the winter and was repaid with spring-time sales proceeds. This line of credit was gradually increased as business operations grew.

To better manage operations, separate business entities were established for the real estate and business operations. Lakeview Properties II, LLC (the "Debtor") was formed in July 2000 and the Property was conveyed to the Debtor. Eric "Rick" Erickson and his wife, Sue Erickson, hold the membership interests in the Debtor. Newtown Savings Bank subsequently issued a line of credit secured by the Property and an unimproved lot owned by an entity owned by the Ericksons, located at 110 Main Street in Monroe. In 2001, Eric Erickson broke his ankle and underwent the first of several surgeries. This was followed by the events of September 11, 2001 which brought about a rapid decline in recreational sales for the other business. Interest payments were being made through 2010, in some instances by increasing the principal of the loan.

In late 2004, a buyer for the operating entity was found and the Property was to be leased to the prospective buyer. After extensive and prolonged negotiations, the transaction fell apart, however, due to the inability of the new buyer to obtain adequate financing and dealer/manufacturer financing. In 2006, both Eric and Susan Erickson had encountered personal issues that necessitated treatment and taking time from work. During this time, management of the operating business was assumed by established employees that lacked any business management training or skills required to properly operate a multi-million dollar business. Upon returning to the operations, additional business debts had accumulated along with operating difficulties and diminishing profits. Without the Ericksons' direct participation while they were away from the business during their recovery period, employee mismanagement, theft and loss of money contributed to the decline of that business.

Through leasing the Property to the business, Newtown Savings Bank ("NSB") had been paid on a monthly basis, but as the business of the tenant continued its decline, Rick Erickson

needed to undergo three additional surgeries, including a double knee replacement, exacerbating the situation.

In 2013, Newtown Savings Bank ("NSB") decided that it wanted to begin amortization of the full principal balance and called the interest only note. At the time, the Debtor was not in a financial position to make the payments that the new loan would have required. NSB then foreclosed on the collateral of 110 Main Street, Monroe and reduced the debt by approximately $265,000. NSB also foreclosed on the Property in 2013. On April 13, 2015, the Superior Court for the JD of Fairfield at Bridgeport found the debt owed to NSB to be $654,374.03, determined that the fair market value of the Property was $939,000.00 based on an appraisal obtained by NSB and entered a judgment of foreclosure by sale to be held on July 18, 2015.

Upon information and belief, NSB sold its rights shortly thereafter to the judgment and to the extent it remains after the judgment, the mortgage debt on the Property at a discount to South Main Street Newtown Associates LLC ("SMSNA" or "SMS"). By this time, the Debtor had secured or were in the process of securing additional tenants (some of whom are insiders) for the Property and made the decision that the Property was viable and worth saving. The Debtor then commenced the chapter 11 bankruptcy case to reorganize.

5. THE BANKRUPTCY CASE.

Since the filing, the Debtor has attended to its responsibilities. It was delayed initially in part due to injuries sustained by Mr. Erickson and subsequent rehabilitation, but the Debtor has been filing its operating reports and has attempted to negotiate with its principal secured creditor and the IRS. In the fall of last year, the Debtor entered in an agreement with SMSNA for use of cash

collateral and to comply with section 362, and has been promptly paying $3,000 per month to SMSNA since October 2015. The Debtor is in the process of increasing the payment to $3,500 per month going forward.

Prior to the filing and since the filing, the Debtor has continued to stabilize the Property with a varied mix of tenants, two of whom are insiders. The Property is now being rented to four (4) entities and can demonstrate economic viability. Management of the Debtor has successfully improved current rental income to $8,250 monthly with four tenants.

The present rent roll is:

Rick's Engineering and Restoration, LLC	Unit #1	service bays and showroom	$2,000/month
CT Auto	Unit #2	Office space	$400/month
GRRMX, LLC	Unit #3	showroom and inside storage	$3,000/ month
Fiore Powersports, LLC	Unit #4	Office space and outside storage, service bays	$3,000 per month
Projected Monthly Rental Income			$8,400

Effective October 1, 2016, the monthly rent for GRRMX and Rick's Engineering, LLC and Restoration will be increased to $4,000 and $2,578 respectively. In addition CT Auto's rent has increased to $400 per month so the total monthly rent for the Property as of October 1, 2016 will be $9,978.00. In addition, GRRMX will reduce its rental space from 5450 square feet to 4400 square feet and Rick's Engineering and Restoration, LLC will reduce its rental space from 3210 square feet to 2578 square feet beginning October 1, 2016 so the Debtor will have additional space to lease which it intends to do. While the Debtor and GRRMX and Ricks Engineering and Restoration

believed they were paying market rent based on the space they were occupying and bills related to the Property they were paying, the Debtor's appraiser concluded they were paying $2-3 per square foot below market. By increasing the rents and reducing the rentable space to these two tenants, the Debtor believes that not only are these tenants now paying market rates, but the increased income and the additional space provides opportunities for future income from additional tenants and enhances feasibility. The Debtor is going to attempt to lease the remaining space.

The Debtor also intends to increase the rent of Fiore Powersports by 3% on January 1, 2017.

GRRMX, LLC is an entity owned by Rick Erickson's son and sells high performance Motocross equipment and apparel via a brick and mortar store at 126 Main Street, a highly rated EBay store and Amazon. This business has flourished and its gross sales grew to $2.6 million last year.

Rick's Engineering and Restoration, LLC is owned by Rick and Sue Erickson. It focuses on service and repair work for performance motor craft like ATVs, Moto Cross bikes and street motorcycles.

The Property provides critical space for the businesses located on it. Two of the businesses currently employ at least nine individuals and the principals. If the debts are restructured and the tenants, who all want the Debtor to remain the landlord, these businesses have plans to increase employment by up to 5 additional employees.

Lakeview Properties, II, LLC has paid and is current on all real estate taxes to the Town of Monroe. While the Debtor initially scheduled a liability to the town for taxes, that obligation has been satisfied. The Debtor believes the budgets of the tenants are sufficient to carry their operating expenses and proper debt service and pay rent payments to the Debtor.

The Debtor also is interested in capital improvements and refurbishments to the second story and roof of the Property, which may also provide the opportunity for additional revenue streams to be achieved through additional rentals. Before injecting substantial additional capital, Lakeview must first confirm its plan to ensure that the business plan remains unchanged. There were roof repairs that the Debtor has now corrected.

6. FINANCIAL ANALYSIS AND LIQUIDATION ANALYSIS

Liquidation Analysis.

The Debtor believes that unsecured creditors might NOT receive any distribution if the Debtor's property were sold in liquidation. The Debtor's assets consist of office equipment, furnishings, and supplies of approximately $1,000.00, the Property valued by the Debtor as of August 1, 2016 to be $925,000.00 (subject to liens), cash in the approximate amount of $12,565 as of July 31, 2016 and receivables due from tenants in the approximate amount of $50,000 (including approximately $3,000 held by an attorney).

In liquidation, unsecured creditors might not get paid or get paid in full. The Debtor's real estate appraised at $925,600 as of August 1, 2016.. However, in forced sale liquidation, the Property might not generate enough to pay a real estate broker, a chapter 7 trustee commission or US Trustee quarterly fee, attorneys' fees and closing costs. Even though there is equity in the Property, liquidation sales drive down the value achieved. In addition, SMSNA asserts a lien of approximately $780,000, and the Debtor disputes amounts in excess of the judgment amount plus the appropriate interest less payments made. Further, there is at least one attachment that is disputed that the Debtor does not believe has any value and there is a small DRS priority unsecured claim that would need to be paid, which could also undermine unsecured creditors efforts to be paid.

In addition, the Debtor will also accrue professional fees for his attorney, appraiser

and expert witness in chapter 11, which together with operating expenses and chapter 7 trustees fees, commissions, attorneys' fees if this case were to be converted, would result in there not being sufficient funds to pay unsecured creditors (especially when the secured creditor also seeks its fees and expenses). The Debtor also believes it has and will retain the rights to pursue SMS and its principal Joe Voll, for conduct in attempting to chill creditor support for the Plan and adversely influence the Debtor's appraisal by contacting creditors and making misrepresentations about the Debtor's viability and b contacting the Debtor's appraiser. As liquidation values of this type of litigation are difficult to quantify and will be more expensive to pursue in liquidation because the Debtor will not be operating, the Debtor does not ascribe a liquidation value to these claims. After paying an estimated 10% for conveyance taxes, closing cost and broker fees and realizing a liquidated sale of between $875,000-925,000 there would not be sufficient funds to pay professional fees and creditors in full. Therefore, in liquidation the net proceeds after paying alleged secured claims and priority claims and after commissions, professional fees, and other expenses, payment to unsecured creditors would likely be less than 100%. There might also be no or insufficient funds to pay priority claims to the DRS which must be paid in full before general unsecured claims can be paid. In short, there likely would be **NO** distribution to general non-priority unsecured creditors in liquidation, after payment of the Chapter 7 administrative claims of the Trustee and his/her professionals, then the unpaid fees and expenses of the Chapter 11 Debtor's attorneys (and accountant, if any), and then to any priority claims. Given the liens and the priority claim of the DRS, the Debtor believes holders of unsecured claims would receive NO distribution in a Chapter 7 case. Conversely, the Debtor proposes to pay its unsecured creditors 100 of their allowed claims in full over a period of seven years.

7. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS

All Claims against and Equity Interests in the Debtor, of whatever nature, whether or not scheduled, liquidated or unliquidated, absolute or contingent, including all Claims arising from transactions with either of the Debtors and all Equity Interests arising from the ownership of the

stock of either of the Debtors, whether resulting in an Allowed Claim or not, shall be bound by the provisions of the Plan. The Claims and Equity Interests are classified as follows:

Class 1 Allowed Secured Claim of South Main Street Newtown Associates

Class 2 Allowed Allowed Unsecured Claims

Class 3 Equity Interests

8. IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS

8.1 Impaired Classes of Claims. All Classes of Claims are impaired under the Plan.

8.2 Impaired Classes of Equity Interests. All Classes of Equity Interests are unimpaired under the Plan.

8.3 Impairment Controversies. If a controversy arises as to whether any Claim or Equity Interest, or any Class of Claims or of Equity Interests, are impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversies.

9. DEFINITIONS

The following terms, when used in this Plan, shall have the following meanings as set forth below:

Administrative Claim. Means a claim for payment of an administrative expense of a kind specified in § 503(b) of the Code and referred to in § 507(a)(1) of the Code, including, without limitation, the actual and necessary costs and expenses incurred after the commencement of the Chapter 11 Cases of preserving the estate and operating the business of the Debtors, including wages, salaries or commissions for services, compensation for legal and other services and reimbursement of expenses awarded under §§ 330(a) or 331 of the Code, and all fees and charges assessed against the estates under 28 U.S.C. § 1930.

Allowed. When used in connection with any type of "Claim" or "Equity Interest", means: (a) a Claim or Equity Interest, proof of which was timely filed pursuant to the Orders of the Bankruptcy

Court establishing the applicable "bar dates" for the filing of Claims against the Debtor, and, as to which no timely objection to allowance has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or as to any such timely objection a Final Order of allowance has been entered; (b) a Claim or Equity Interest allowed by a Final Order; (c) a Claim or Equity Interest listed in either of the Debtor's Schedules filed in connection with the Chapter 11 Cases and not identified as contingent, unliquidated or disputed; (d) a Claim or Equity Interest which is fixed and agreed to in amount in writing between the Debtors and any Claimant and allowed by a Final Order or (e) any Claim which is deemed an Allowed Claim pursuant to the provisions of this Plan.

Allowed Secured Claim. Means an Allowed Claim arising on or before the Petition Date (December 14, 2014) that is secured by a valid Lien on property of the Debtor which is not void or voidable under any state or federal law, including any provision of the Code or an Allowed Claim for which the holder asserts a setoff under Section 553 of the Code, to the extent of the value (which is either agreed to by either Debtor pursuant to this Plan, or in the absence of an agreement, has been determined in accordance with Section 506(a) or 1111(b) of the Code) of the interest of the holder of such Allowed Claim in either of the Debtor's property, or an Allowed Claim that is treated as an Allowed Secured Claim pursuant to this Plan. That portion of such Allowed Claim exceeding the value of security held therefore shall be an Allowed Unsecured Claim.

Allowed Unsecured Claim. Means an Allowed Claim which is not an Administrative Claim, a Priority Tax Claim, a Priority Non-Tax Claim, or a Secured Claim.

Ballot. Means the ballot accompanying the Disclosure Statement upon which holders of Impaired Claims or Impaired Interests entitled to vote on the Plan shall indicate their acceptance or rejection of the Plan in accordance with the instructions regarding voting.

Bankruptcy Court. Means the United States Bankruptcy Court for the District of Connecticut, or such other Court as may hereafter have jurisdiction over the Debtors' Chapter 11 Cases.

Bankruptcy Rules. Means the Federal Rules of Bankruptcy Procedure, as prescribed by the United States Supreme Court pursuant to 28 U.S.C. § 2075.

Business Day. Means any day other than a Saturday, Sunday, or "legal holiday" as defined in Bankruptcy Rule 9006(a).

Cash. Means currency of the United States of America, or checks payable in immediately available funds of such currency.

Chapter 11 Cases. Means the above-captioned Chapter 11 bankruptcy case of the Debtor.

Claim. Has the meaning set forth in Section 101(5) of the Code.

Class. Means Claims or Equity Interests which are substantially similar to the other Claims or Equity Interests in such Class as classified pursuant to Section 4 of the Plan.

Code. Means the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., and all amendments thereto which are applicable to the case.

Confirmation Date. Means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket maintained by the clerk's office.

Confirmation Hearing. Means the hearing at which the Bankruptcy Court considers confirmation of the Plan pursuant to Sections 1128 and 1129 of the Bankruptcy Code.

Confirmation Order. Means the order entered by the Bankruptcy Court confirming the Plan in accordance with Chapter 11 of the Code.

Consummation. Means the occurrence of the Effective Date.

Debtor or Debtor in Possession. Means Lakeview Properties II, LLC.

Disallowed Claim. Means any Claim or portion thereof:

(a) which is scheduled or proof of which is filed and an objection thereto has been sustained by a Final Order; or

(b) which is scheduled as disputed, contingent or unliquidated and as to which either (i) no proof of claim has been timely filed, or (ii) proof of which has been timely filed and an objection thereto has been sustained by a Final Order.

Disclosure Statement. Means the Debtor's disclosure statement of even date herewith relating to the Plan and any amendments thereto.

Disputed Claim. Means (i) every Claim that is scheduled by the Debtor as disputed, contingent or unliquidated, or (ii) every Claim, proof of which is filed and against which an objection to the allowance thereof has been interposed, which objection has not been determined by a Final Order, except for any Claim which is deemed an Allowed Claim by the provisions of this Plan.

Distribution Date. Means the later of (i) sixty days (60) after the Effective Date; (ii) the date by which an Allowed Claim is paid hereunder if other than the Effective Date, or (iii) within twenty (20) days after the date on which a Disputed Claim becomes an Allowed Claim.

Effective Date. Means the first Business Day occurring on or after the date the Confirmation Order is Final and on which (i) no stay of the Confirmation Order is in effect and (ii) all the conditions to the effectiveness of the Plan have been waived or satisfied as provided in the Plan.

Equity Interest(s). Means any "equity security" of the Debtor, as that term is defined in Section 101(16) of the Bankruptcy Code.

Final Order. Means an order or judgment of the Bankruptcy Court as entered on the docket in the Chapter 11 Case, or the order or judgment of any other court of competent jurisdiction, the operation or effect of which has not been reversed, stayed or amended, and as to

which order or judgment the time to appeal or to seek review has expired and as to which no appeal or petition for review was filed or, if filed, remains pending.

Lien. Means any charge against or interest in property to secure payment of a debt or performance of an obligation and includes, without limitation, any judicial lien, security interest, mortgage, deed of trust and statutory lien as defined in Section 101 of the Code.

Objection Deadline. Means the date by which objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of Claims, which date shall be October 14, 2016.

Person. Means any individual, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, joint stock company, joint stock company, joint venture, estate, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity.

Petition Date. Means July 17, 2015, the date on which the Debtor filed its petition commencing its Chapter 11 Case.

Plan: Means this Plan of Reorganization of Lakeview Properties II, LLC proposed by the Debtor (including all documents and supplements related hereto) either in its present form or as it may hereafter be altered, amended or modified from time to time.

Plan Documents: Means all the documents that aid in effectuating the Plan, substantially in the forms filed with the Bankruptcy Court prior to the Confirmation Hearing, as the same may be amended or modified, including, without limitation, New Senior Secured Notes, Certificate of Designation of New Common Stock and the Shareholder Agreement.

Priority Non-Tax Claim. Means any Claim that is entitled to priority in payment pursuant to Sections 507(a)(3), (4), (5), (6), (7) or (9) of the Code and that is not an Administrative Claim or a Priority Tax Claim.

Priority Tax Claim. Means an Allowed Claim which is entitled to priority pursuant to Section 507(a)(8) of the Code.

Professional Person. Means any Person retained or to be retained or to be compensated by the Debtor pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Code.

Pro Rata Share. Means the proportion that an Allowed Claim or Equity Interest in a particular Class bears to the aggregate amount of all Allowed Claims or Equity Interests in such Class, calculated in accordance with the provisions of this Plan.

Property. Means the real property located at 126 Main Street Monroe CT.

Reorganized Debtor. Means the Debtor on and after the Effective Date.

Secured Claims. Means a claim secured by a lien on collateral to the extent of the value of such collateral (a) as set forth in this Plan, (b) as agreed to by the holder of such Claim and the Debtor or (c) as determined by a Final Order in accordance with §506(a) of the Bankruptcy Code, or in the event that such Claim is subject to set off under § 553 of the Bankruptcy Code, to the extent of such setoff.

10. TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

Class 1 Allowed Secured Claim of South Main Street Newtown Associates, LLC

1. Approximate Amount: $775,000 * Disputed

2. Impaired

3. The Debtor disputes this secured claim because inter alia, South Main Street Newtown Associates, LLC ("SMS") has charged the wrong interest rate, not applied post petition payments, and miscalculated the debt and interest. The Debtor believes the debt is less than $670,000 plus post petition reasonable legal fees (not including any deduction or offset for any claims the Debtor may have against SMS). To the extent it exceeds what was permitted by the prepetition foreclosure judgment. The allowed secured claim of SMS shall be paid in equal monthly installments over three hundred (300) months commencing in the first month following the Effective Date with interest at the fixed rate of five percent (5%) per annum on the principal outstanding

balance or at such other rate and term as the Bankruptcy Court may direct at confirmation of the Plan that is feasible. The Debtor has determined the value at 5% based on the *Till* rate of the prime rate plus a risk factor of 1-3%. Notwithstanding anything in this Plan to the contrary, the Allowed Secured Claim of SMS may be paid in full or in part at any time without penalty or premium charges. Notwithstanding anything herein to the contrary, the outstanding balance of the Allowed Secured Claim shall be paid on the seven (7) year anniversary of the Effective Date or on such other date at the Bankruptcy Court may direct at confirmation of the Plan that is feasible. SMS shall retain any lien it has on the Property as of the Confirmation Date, to secure the Allowed Secured Claim to the extent SMS had a lien, to the same, extent validity and priority such lien had as of the Petition Date to secure the payments set forth in this paragraph. Such treatment shall be in complete satisfaction and discharge of the Reorganized Debtor's obligations to SMS on account of its Claim. Upon receipt of the payments set forth in this paragraph, SMS shall record and tender to the Reorganized Debtor a properly witnessed and notarized release of any liens on the Property and a general release.

Class 2 The Allowed Unsecured Claims

1. Approximate Amount: $106,209

2. Impaired

3. Treatment: The Reorganized Debtor reserves the right to review and if it deems appropriate, to object, contest or otherwise challenge claims pursuant to the Plan. On a quarterly basis each year commencing on the three month anniversary of the Effective Date and continuing for seven (7) years and in full satisfaction of the allowed unsecured claims, the Reorganized Debtor shall pay each creditor holding an allowed unsecured claim their pro rata share of the sum of $3,793.18 in full and final satisfaction of all such claims. The Reorganized Debtor reserves the right to prepay any of these payments to each and/or all of these creditors in this class under the Plan without penalty and in the event of a prepayment by more than five months when such payment is otherwise due, the Reorganized Debtor may discount each such prepayment at a rate of six percent (6%) per annum. Such treatment shall be in complete satisfaction and discharge of the Reorganized Debtor's obligations to each of its unsecured creditors on account of their respective unsecured Claim against the Debtor.

Class 3 Equity Interests (Susan Erickson and Eric Erickson)

1. Approximate Amount: 100%

2. Unimpaired

3. Treatment: The holders of Equity Interests shall retain their interests in the Reorganized Debtor.

CREDITORS ARE ADVISED TO REVIEW THE PLAN IN ITS ENTIRETY FOR A DETAILED DESCRIPTION OF THE PROPOSED TREATMENT OF THE VARIOUS CLASSES IN THE PLAN. CREDITORS ARE FURTHER URGED TO CONSULT WITH THEIR RESPECTIVE LEGAL COUNSEL AND OTHER PROFESSIONAL ADVISORS CONCERNING THE PLAN AND ANY TAX RAMIFICATIONS TO THE CREDITORS AS A RESULT OF THE PLAN.

IN THE EVENT THAT THERE IS ANY DISCREPANCY BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE PLAN AND PLAN DOCUMENTS GOVERN.

11. ADMINISTRATIVE, PRIORITY TAX CLAIMS AND PRIORITY NON-TAX CLAIMS

The following section summarizes the treatment of administrative and priority tax claims:

11.1 Administrative Claims. (a) All post-petition payables and other ordinary course expenses shall be paid in the ordinary course of business as agreed between the respective vendors and the Debtor and/or Reorganized Debtor. (b) Other Administrative Claims filed prior to the Confirmation Date other than claims of Professional Persons, unless objected to by the Effective Date, which have not been paid prior to the Effective Date shall be paid in full in Cash on the Distribution Date or upon such terms as otherwise agreed between the Debtor and the holder of such Administrative Claim, (c) Professionals Persons, and any other Person who may be entitled to reimbursement of expenses or allowance of fees pursuant to §§ 503(b)(2) through §§503(b)(6) of the Code (except Counsel and any accountant to the Debtor), shall file final applications for allowance and payment of compensation and expenses not later than twenty (20) days after the Confirmation Date (except counsel to the Debtor which is not subject to such deadline). Each such Person shall be paid, in Cash, the full amount awarded by the Bankruptcy Court after notice and a hearing, within 10 days after the date on which an Order allowing such claims, fees and/or

disbursements becomes a Final Order or upon such other terms as the Parties may agree upon.

EXCEPT FOR BANKRUPTCY COUNSEL TO THE DEBTOR, ALL REQUESTS FOR PAYMENT OF ADMINISTRATIVE EXPENSES UNDER SECTIONS 503(B), 507(A)(2), AND 507(B) OF THE BANKRUPTCY CODE MUST BE FILED ON OR BEFORE TWENTY (20) DAYS AFTER THE CONFIRMATION DATE, OR SUCH ADMINISTRATIVE EXPENSES SHALL BE DISALLOWED AND FOREVER BARRED AND PRECLUDED.

EXCEPT FOR BANKRUPTCY COUNSEL TO THE DEBTOR, ALL APPLICATIONS FOR COMPENSATION FOR SERVICES RENDERED AND/OR REIMBURSEMENT OF EXPENSES INCURRED THROUGH AND INCLUDING THE EFFECTIVE DATE UNDER SECTIONS 503(B)(2) THROUGH (8) OF THE BANKRUPTCY CODE MUST BE FILED ON OR BEFORE TWENTY (20) DAYS AFTER THE CONFIRMATION DATE, OR SUCH ADMINISTRATIVE EXPENSES SHALL BE DISALLOWED AND FOREVER BARRED AND PRECLUDED. ADMINISTRATIVE CLAIMS ARE DIFFICULT TO ESTIMATE DUE TO LITIGATION, BUT THE DEBTOR PRESENTLY ESTIMATES THEY WILL TOTAL APPROXIMATELY $85,000.00.

11.2 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has agreed to different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall receive on account of such claim deferred cash payment with interest at the fixed statutory rate over a five year period. The first of such deferred cash payments shall be made on the later of thirty days (30) after the Effective Date or the date the court rules on any objection to Priority tax claims, and thereafter shall be made on the anniversary of the Distribution Date in each succeeding year up to an including the fifth anniversary of the Petition Date. The Reorganized Debtor reserves the right to object to and to pre pay all Allowed Priority Tax Claims. The Debtor is aware of the following

Priority Tax Claims:

1. CT-Department of Revenue Service $ 580.00

The Debtor has filed a request to waive the IRS penalty claim and will seek to challenge the claim if unsuccessful.

11.3 Priority Non-Tax Claims. Allowed Priority Non-Tax Claims shall be paid, in Cash, in full on the Distribution Date. The Debtor is not aware of any Priority Non-Tax Claims.

11.4 U.S. Trustee Fees. In accordance with §1129(a)(12) of the Bankruptcy Code and 28 U.S.C. §1930, all quarterly fees payable to the United States Trustee shall be paid by the Debtor in full on or before their respective due dates and shall continue to be assessed and paid until such time as a final decree closing, converting or dismissing this case is entered by the Court.

12. MEANS FOR EXECUTION AND IMPLEMENTATION

12.1 Funding of Payments Required Under the Plan. The payments required under the Plan will be made from the Debtor and Reorganized Debtor's operations leasing the Property. Attached as Exhibit A is a pro forma projection or income and expenses for two (2) years.

12.2 Person Proposed to Serve, After Confirmation of the Plan, as Manager of the Debtor.

The Debtor proposes that Eric Erickson, shall continue in his capacity as the manager of the Reorganized Debtor. The Debtor anticipates that Mr. Erickson will continue to receive monthly compensation of approximately $750 for his services provided to the Reorganized Debtor, but to ensure that the plan is feasible, will only take his fee if payments to creditors have been made that month.

12.3 Incurrence of New Indebtedness and Obligations

Effective on the Effective Date, the Reorganized Debtor is authorized to incur new indebtedness and obligations, if any, without the need for any further corporate action and without any further action by holders of Claims or Equity Interests.

13. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

(a) General Assumption and Assignment. All executory contracts and unexpired leases of Lakeview Properties II, LLC (including all leases of the Property) shall be assumed by Reorganized Debtor upon entry of the Confirmation Order unless specifically modified and assumed by agreement with the Lessor or contracting party or rejected by order entered on or prior to the Confirmation Date or unless a motion to reject any such executory contract or unexpired lease is pending before the Bankruptcy Court on the Confirmation Date.

(b) Bar to Rejection Damages. If the rejection of an executory contract or unexpired lease by either of the Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not previously evidenced by a filed proof of Claim or barred by a Final Order, shall be forever barred and shall not be enforceable against the Debtor or Reorganized Debtor, or their properties or agents, successors, or assigns, unless a proof of Claim relating thereto is filed with the Bankruptcy Court within thirty (30) days after the later of (i) the entry of a Final Order authorizing such rejection and (ii) the Confirmation Date, or within such shorter period as may be ordered by the Bankruptcy Court.

(c) Cure of Defaults for Executory Contracts and Unexpired Leases. Each executory contract and unexpired lease to be assumed pursuant to the Plan shall be reinstated and rendered unimpaired in accordance with §§ 1124(2) and 365(b)(1) of the Code. In connection therewith, Reorganized Debtor obligated on each such contract and lease to be assumed pursuant to the Plan shall cure or provide adequate assurance that it will cure any monetary default (other than of the kind

specified in § 365(b)(2) of the Bankruptcy Code), by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such executory contract or unexpired lease may otherwise agree, compensate, or provide adequate assurance that the Reorganized Debtor will promptly compensate, parties to such contract or lease for any actual pecuniary loss to such parties resulting from such default and provide adequate assurance of future performance under such contract or lease. In the event of a dispute regarding: (i) the amount of any cure payments, (ii) the ability of Reorganized Debtor or any of its assignees to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, the cure payments or performance required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

14. FEDERAL TAX CONSEQUENCES

14.1 Introduction. The following discussion is a summary of certain of the more significant Federal Income tax consequences of the Plan to the Debtor and holders of Claims and Equity Interests. This discussion does not address the particular Federal Income Tax consequences that may be relevant to certain types of taxpayers subject to special treatment under the Federal Income Tax laws (such as Life Insurance companies, tax-exempt organizations and taxpayers who are not citizens or residents of the United States), nor does it discuss any aspect of state, local, foreign or other tax laws that may be applicable to particular taxpayers. The tax consequences to holders of Claims and Equity Interests may vary based on the individual circumstances of each holder. Moreover, the tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal precedent and the possibility of changes in the law. No ruling has been sought or obtained from the Internal Revenue Service with respect to any of the tax aspects of the Plan, and no opinion of counsel has

been requested or obtained by the proponents with respect to any such aspects. There can be no assurance that the Internal Revenue Service will not challenge any or all of the tax consequences of the Plan, or that such a challenge, if asserted, would not be sustained. Accordingly, each holder of a Claim or Equity Interest treated by the Plan is strongly urged to consult with its own tax advisor regarding the federal, state and local tax consequences of the Plan.

14.2 Tax Consequences to the Debtor.

(a) Current Tax Attributes. The Debtor could have substantial net operating loss carryovers (**"NOLs"**) which may, in whole or part, be available to offset future income of Reorganized Debtor. Other tax attributes of the Debtors which may exist, such as capital/loss carryovers and tax credit carryovers, are not material. The Plan contemplates that those tax attributes including NOLs, to the extent that they exist, may be preserved in the Reorganized Debtor.

(b) Discharge of Indebtedness. Under the Tax Code, a taxpayer must generally include in gross income the amount of any discharged indebtedness realized during the taxable year, except to the extent that the payment of such indebtedness would have given rise to a deduction. However, Tax Code Section 108 provides that, in a case under Chapter 11 of the Bankruptcy Code, where the discharge of indebtedness is granted by the Bankruptcy Court or pursuant to a plan approved by the Court, the amount of discharged indebtedness which would otherwise have been required to be included in the taxpayer's income will be applied instead to reduce certain tax attributes of the taxpayer, in the following order: NOLs; general business credit carryovers; capital loss carryovers; the basis of the taxpayer in depreciable property; and foreign tax credit carryovers.

(c) Utilization of Tax Attributes.

(i) Tax Code Section 382. Section 382 of the Internal Revenue Code of 1986, as amended (Title 26, United States Code) (**"Tax Code"**), establishes rules governing the availability of a

corporation's NOLs after significant changes in the ownership of the corporation's stock. Tax Code Section 382 provides that following an ownership change (defined below) in a corporation having NOLs (a **"loss corporation"**), the amount of the loss corporation's annual taxable income that may be offset by its NOLs cannot exceed an amount equal to the value of the loss corporation immediately before the ownership change multiplied by the long-term tax-exempt rate, which is published monthly by the IRS. Because NOLs expire if not utilized within fifteen (15) years, such an annual limitation could have the effect of eliminating a significant portion of a loss corporation's NOL.

An "ownership change" within the meaning of Tax Code Section 382 (**"Ownership Change"**) occurs when the percentage of outstanding stock (determined on the basis of value) owned by one or more holders of at least five percent (5%) of such stock has increased by more than 50 percentage points from the lowest percentage of stock that was owned by such 5% shareholders at any time during the applicable "testing period." The testing period ordinarily is the three-year period which immediately precedes the date of testing. A person may be a 5% shareholder either directly through ownership of stock or other interest in a loss corporation or individually through ownership of stock or interests in other entities. In general, all shareholders holding less than 5% of the value of the loss corporation's stock are treated in the aggregate as a single 5% shareholder.

An Ownership Change can occur as a result of, among other things, the purchase or sale of stock or options by a 5% shareholder, the issuance of stock or options (whether or not any particular shareholder holds 5% of the value of the loss corporation), or the redemption of stock or options by the loss corporation. For the purpose of determining whether an Ownership Change has occurred, options and instruments or rights that are similar to options, such as warrants and contingent rights to

acquire stock, are deemed to have been exercised if such exercise would result in an Ownership Change.

Section 382 provides that, following an ownership change with respect to a "loss corporation" such as the Company, unless the Bankruptcy Exception (described below) applies, the amount of post-ownership change annual taxable income of the loss corporation that can be offset by the loss corporation's pre-ownership change NOL carryovers generally cannot exceed an amount equal to the value of the equity of the loss corporation immediately after the ownership change (subject to various adjustments) multiplied by a prescribed long-term tax exempt rate (the "Annual Limitation").

An exception (the "Bankruptcy Exception") to the general rules imposing a limitation on the ability to utilize losses after an ownership change is set forth in Section 382(1)(5) of the Tax Code. The Bankruptcy Exception applies if, immediately after an ownership change, shareholders and qualified creditors of the old loss corporation (*e.g.*, the Company) own at least 50% of the stock of the new loss corporation (*e.g.*, the Company post-Restructuring). Qualified creditors include creditors who held their claim at least 18 months before the filing of the chapter 11 case (or, if claims are held by the public, certain public creditors), ordinary course of business trade creditors and creditors who provided working capital financing.

If the Bankruptcy Exception applies (and no election is made by the loss corporation for such exception not to apply), the amount of pre-change NOL carryovers of the old loss corporation that may be carried to a post-change year are required to be reduced by the amount of the deductions for interest (including OID) paid or accrued on the indebtedness which was converted into stock pursuant to the chapter 11 case during (i) any taxable year ending during the three-year period preceding the taxable year in which the ownership change occurs or (ii) the portion of the taxable year ending on the change date, but only to the extent that such deductions generated an NOL for

such year or other period. Moreover, if the Bankruptcy Exception applies (and no election is made for such exception not to apply), and a second ownership change occurs within a two-year period, the Annual Limitation following the second ownership change will be zero.

The Debtor believes that there are no issues as the ownership of the Debtor is not changing.

(ii) Tax Code Section 269. Notwithstanding a loss corporation's compliance with the rules described above, the IRS is authorized under Tax Code Section 269 to disallow any deduction, credit or other allowance (such as the use of NOLs) if control of a corporation was acquired principally for tax avoidance purposes. Under Tax Code Section 269, **"control"** is regarded as the ownership of stock possessing at least 50% of the total combined voting power or value of all classes of outstanding stock of the corporation.

The existence of a principal tax avoidance motive by persons acquiring control of a corporation is primarily a question of fact. Moreover, Tax Code Section 269 gives the IRS considerable power to challenge transactions involving NOLs. The Plan, however, does not contemplate or provide for the acquisition by a person or entity of "control" of Reorganized Debtor (within the meaning of Tax Code Section 269) as a result of the confirmation of the Plan and the incorporation of Reorganized Debtor.

Should a person or entity subsequently acquire control of the Reorganized Debtors, there can be no assurance that the IRS will not later challenge the utilization by Reorganized Debtor of the NOLs preserved by the Plan on the basis of Tax Code Section 269. There also is no guarantee that any such challenge, if asserted, would not be sustained.

14.3 Tax Consequences to Creditors. The tax consequences of the confirmation and implementation of the Plan to any particular Creditor will depend mainly on whether that Creditor's Claim constitutes a "security" for federal income tax purposes (referred to as **"Tax Securities"**). The

determination of whether a Claim constitutes a Tax Security depends on the facts and circumstances surrounding the origin and nature of the Claim and its maturity date. Generally, claims arising out of the extension of trade credit have been held not to be Tax Securities. Instruments with terms of five years or less also rarely qualify as Tax Securities.

(a) Claims Constituting Tax Securities. Tax Code Section 354 generally provides for the non-recognition of gain or loss by holders of Tax Securities of a corporation who exchange their Tax Securities solely for new stock pursuant to a tax-free reorganization. A Creditor would recognize gain, however, upon the receipt of Reorganized Debtor Common Stock and cash from the Creditor Trust, the fair market value of which exceeds the tax basis of the Claim of such Creditor. The amount of gain, if any, that would be required to be recognized is the lesser of (i) the excess, if any, of the cash and the fair market value of the Reorganized Debtor Common Stock received over the tax basis of the Creditor in its Claim (other than any Claim in respect of accrued interest), or (ii) the amount of such cash.

(b) Claims Not Constituting Tax Securities. A holder of a Claim that does not constitute a Tax Security will recognize gain or loss upon the receipt of Reorganized Debtor Common Stock measured by the difference between the amount realized and such holder's tax basis in the Claim. The amount realized will be the aggregate fair market value of the Reorganized Debtor Common Stock distributed to such claimant (to the extent not allocable to interest).

(c) Receipt of Interest. A Creditor who, under its accounting method, was not required to include in income interest attributable to its Claim that is accrued but unpaid will be treated as having received ordinary interest income to the extent the consideration received is allocable to such interest. This treatment results whether or not the Creditor realizes an overall gain or loss as a result of the exchange of its existing Claim. A Creditor who had previously included in income accrued

but unpaid interest attributable to its Claim will recognize a loss (generally deductible in full against ordinary income) to the extent such accrued but unpaid interest is not satisfied in full.

For purposes of the above discussion, "accrued" interest means interest which was accrued while the underlying Claim was held by the Creditor.

14.4 Importance of Obtaining Professional Tax Assistance. The preceding sections are intended only to be a summary and are not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan are complex and, in some cases, uncertain. Such consequences may also vary based upon the individual circumstances of each holder of a Claim or Interest. Accordingly, each holder of a Claim or Interest is strongly urged to consult with its own tax advisor regarding the federal, state and local tax consequences of the Plan.

15. VOTING PROCEDURES AND REQUIREMENTS

15.1 Ballots and Voting Deadlines - A ballot to be used for voting whether to accept or reject the Plan is enclosed with a copy of this Disclosure Statement and has been mailed to Creditors entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by the Debtor's counsel, Zeisler & Zeisler, P.C., 10 Middle Street, 15th floor, Bridgeport, Connecticut 0660, Attention: Matthew K. Beatman, Esq., by no later than 5:00 p.m. on the date fixed by the Bankruptcy Court. General questions regarding the ballot may be referred to Attorney Matthew K. Beatman, Zeisler & Zeisler, P.C., 10 Middle Street, 15th floor, Bridgeport, Connecticut 06604; Tel. (203) 368-4234.

15.2 Parties-In-Interest Entitled To Vote - All creditors holding Allowed Claims are entitled to vote.

15.3 Vote Required For Class Acceptance - The Code defines acceptance of a plan by class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually casts ballots for acceptance or rejection of the Plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

16. CONFIRMATION OF THE PLAN

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

16.1 Confirmation Hearing - Section 1128(a) of the Code requires the Bankruptcy Court, after notice, to hold a hearing on Confirmation of the Plan. By order of the Bankruptcy Court the confirmation hearing has been scheduled for the date listed in the order approving this Disclosure Statement, at 915 Lafayette Blvd., Room 123, Courtroom, Bridgeport, CT 06604 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128 (b) of the Code provides that any party-in-interest may object to confirmation of a plan.

Any objection to Confirmation of the Plan must be made in writing and filed with the Bankruptcy Court and served upon Debtor's counsel, Matthew K. Beatman, Esq., Zeisler & Zeisler, P.C., 10 Middle Street, Bridgeport, Connecticut 06604 no later than the date and time listed in the order approving this Disclosure Statement.

Objections to Confirmation of the Plan are governed by Rule 9014 F.R. Bankr.P.. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

16.2 Requirements for Confirmation of the Plan - At the Confirmation Hearing, the Bankruptcy Court must determine whether the Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. As set forth in § 1129 of the Code, these requirements are as follows:

(a) The plan complies with the applicable provisions of the Code.

(b) The proponent of the plan complies with the applicable provisions of the Code.

(c) The plan has been proposed in good faith and not by any means forbidden by law.

(d) Any payment made or promised by the proponent, by the Debtors, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the bankruptcy court as reasonable.

(e) 1. (A) The proponent of the plan has disclosed the identity of affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(B) the appointment to, or continuance in such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

2. the proponent of the plan has disclosed the identify of any insider that will be employed or retained by the reorganized debtor and the nature of any compensation for such insider.

(f) Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

(g) With respect to each impaired class of claims or interest:

1. each holder of a claim or interest of such class has

(A) accepted the plan; or

(B) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated on such date under Chapter 7 of the Code on such date; or

2. if § 1111(b)(2) of the Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

(h) With respect to each class of claims or interests:

1. such class has accepted the plan; or

2. such class is not impaired under the plan.

(i) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that:

1. with respect to a claim of a kind specified in § 507(a) (1) or 501(a)(2) of the Code, on the effective date of the plan, the holder of such claim will receive on account of such claim equal to the allowed amount of such claim;

2. with respect to a class of claims of a kind specified in § 507(a)(3), 507(a)(4), 507(a)(5) or 507(a) (6) of the Code each holder of a claim of such class will receive:

(A) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the Plan, equal to the allowed amount of such claim; or

(B) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(j) with respect to a claim of a kind specified in § 507(a) (7) of the Code, the holder of a claim will receive on account of such claim deferred cash payments, over a period not exceeding six (6) years after the date of such claim, of a value as of the effective date of the plan equal to the allowed amount of such claim.

(k) If a class of claims is impaired under the plan, at least one class of claims; that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

(l) Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

(m) All fees payable under 28 U.S.C. § 1930, as determined by the bankruptcy court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

(n) The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in § 1114 of the Code, at the level established pursuant to subsection (3) (1) (B) or (g) of § 1114, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all the statutory requirements of Chapter 11 of the Code, that the Debtor has complied or will have complied with all the requirements of Chapter 11, and that the Plan is proposed in good faith. The Debtor submits that holders of all Allowed Claims impaired under the Plan will receive payments under the Plan having a present value as of the

Effective Date not less than the amounts likely to be received if the Debtors were liquidated in a case under Chapter 7 of the Code. At the Confirmation Hearing the Bankruptcy Court will determine whether holders of Allowed Claims or allowed Equity Interests would receive greater distributions under the Plan than they would receive in a liquidation under Chapter 7.

16.3 Cramdown - The Bankruptcy Court may still confirm the Plan at the request of the Debtor, if, as to each impaired Class which is deemed to have rejected the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization "does not discriminate unfairly" within the meaning of the Code if no Class receives more than it is legally entitled to receive for its Claims or Equity Interests.

"Fair and equitable" has different meanings with respect to the treatment of Unsecured Claims and Equity Interests. As set forth in § 1129(b)(2) of the Code, those meanings are as follows:

(a) With respect to a class of unsecured claims:

1. the Plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claims; or

2. the holder of any such claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property.

(b) With respect to a class of equity interests:

1. the plan provides that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

2. The holder of any interest that is junior to the interest of such class will not receive or retain under the plan on account of such junior interest any property.

(c) Generally, no junior creditor would receive any distribution until all senior creditors are paid in full, with interest, and no equity holder receives any distribution unless creditors are paid under the absolute priority rule or the class of claims accepts a Plan. A plan can be confirmed non-consensually (via "cram down"), if it does not discriminate unfairly and is fair and equitable with respect to each impaired dissenting class under the plan.

The Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or Equity Interests. For the reasons set forth above, the Debtors believe the Plan does not discriminate unfairly against, and is fair and equitable with respect to each impaired Class of Claims or Equity Interests.

17. ALTERNATIVES TO THE PLAN

Liquidation of Debtor. An orderly liquidation of the assets of each of the Debtor would likely net significantly less for all parties in interest than the Plan proposes.

Dated this 5th day of October, 2016.

Lakeview Properties II, LLC

BY: _____
Eric Erickson
Member
Duly Authorized

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