

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA**

In re:	*	
	*	
GEMMA CALLISTE	*	Case Nos.: 10-00685
EARL CALLISTE	*	13-00500
Debtors.	*	(Chapter 11)
	*	(Jointly Administered under
	*	Case No. 10-00685)
	*	
* * * * *	*	* * * * *

**DISCLOSURE STATEMENT FOR
CREDITOR JOHN MALACHI'S CHAPTER 11 PLAN**

I. INTRODUCTION

Creditor John Malachi, submits this disclosure statement (“Disclosure Statement”) pursuant to section 1125(b) of the Bankruptcy Code in connection with its Chapter 11 Plan (“Plan”) filed on October 14, 2016. The purpose of this Disclosure Statement is to provide the Debtor’s creditors with sufficient information to enable them to make an informed decision on whether to accept or reject the Plan. The summary of the Plan and the statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan. If there are inconsistencies between this Disclosure Statement and the Plan, the terms of the Plan control. All statements contained in this Disclosure Statement shall be deemed to be made for settlement purposes, and thus are inadmissible in any action, contested matter, adversary proceeding or hearing other than at the Confirmation Hearing.

Capitalized terms used in this Disclosure Statement shall have the meaning given such terms in the Plan, a copy of which is attached hereto as **Exhibit A.**

Holders of Claims should read both this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan. Parties should not rely on any other representations or inducements to secure votes to accept or reject the Plan. The financial information contained in this Disclosure Statement has not been audited. Parties may wish to consult with their own

counsel, accountants and tax advisors with respect to the legal effects and other consequences of the Plan.

Creditor John Malachi believes that this Disclosure Statement (including the exhibits attached hereto) contain “adequate information,” as that term is defined in section 1125(a)(1) of the Bankruptcy Code. The “adequate information” provided consists of information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor, that would enable a hypothetical reasonable investor typical of the holders of Claims to make an informed judgment about the Plan and about whether to accept or reject the Plan. The transmittal of this Disclosure Statement does not represent, and should not be interpreted as being, the Court’s recommendation to either accept or reject the Plan.

THE DISCRPTION OF THE PLAN IN THIS DISCLOSURE STATEMENT IS A SUMMARY ONLY AND CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THIS ENTIRE DISCLOSURE STATEMENT, THE DETAILED DESCRIPTION OF THE PLAIN CONTAINED HEREIN, AND THE PLAN ITSELF, WHICH IS ATTACHED HERETO AS EXHIBIT A, FOR A FULL UNDERSTANDING OF THE PLAN’S PROVISIONS.

NO STATEMENTS OR INFORMATION CONCERNING JOHN MALACHI, THE DEBTOR OR ANY DISTRIBUTION PURSUANT TO THE PLAN HAVE BEEN AUTHORIZED BY THE COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT, ACCORDINGLY, NO REPRESENTATIONS OR DOCUMENTS OFFERED OR MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD BE RELIED UPON IN EXERCISING THE RIGHT TO VOTE ON THE PLAN AND ANY SUCH REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED TO JOHN MALACHI’S COUNSEL. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY JOHN MALACHI AND THE INFORMATION PROVIDED HEREIN ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY.

II. GENERAL INFORMATION AND EVENTS LEADING TO THE DEBTOR'S BANKRUPTCY FILING

The debtor requested a property loan from the John Malachi to be secured by real property located at 16 Q St. NW, Washington, D.C. 20001.

The parties agreed that in exchange for the \$32,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about April 20, 2007, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$32,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

A. Breach of Contract-730 19th St. NE, Washington, D.C. 20002

The debtor requested a property loan from the John Malachi to be secured by real property located at 730 19th St. NE, Washington, D.C. 20002.

The parties agreed that in exchange for the \$47,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about April 20, 2007, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$47,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

B. Breach of Contract-732 19th St. NE, Washington, D.C. 20002

The debtor requested a property loan from the John Malachi to be secured by real property located at 732 19th St. NE, Washington, D.C. 20002.

The parties agreed that in exchange for the \$32,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about April 20, 2007, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$32,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

C. Breach of Contract-1200 Oates Street, NE, Washington, D.C. 20002

The debtor requested a property loan from the John Malachi to be secured by real property located at 1200 Oates Street, NE, Washington, D.C. 20002.

The parties agreed that in exchange for the \$115,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about April 20, 2007, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$115,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

D. Breach of Contract- 2245 Shannon Place SE, Washington, D.C. 20020

The debtor requested a property loan from the John Malachi to be secured by real property located at 2245 Shannon Place SE, Washington, D.C. 20020.

The parties agreed that in exchange for the \$20,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about September 28, 2005, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$35,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

On or about September 28, 2005, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$45,000.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

E. Breach of Contract- 2247 Shannon Place SE, Washington, D.C. 20020

The debtor requested a property loan from the John Malachi to be secured by real property located at 2247 Shannon Place SE, Washington, D.C. 20020.

The parties agreed that in exchange for the \$25,750.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about May 22, 2006, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$27,750.00 bearing an interest rate of fifteen percent (15%) per year until paid.

On or about September 28, 2005, the parties agreed that in exchange for the \$45,000.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

As a result of the defendant's breach, the John Malachi suffered damages resulting from the non-payment of the property loan.

G. Breach of Contract- 2219 Chester Street SE, Washington, D.C. 20020

The debtor requested a property loan from the John Malachi to be secured by real property located at 2219 Chester Street SE, Washington, D.C. 20020.

The parties agreed that in exchange for the \$28,834.00 from the John Malachi, the debtor would grant the John Malachi a secured interest in the form of a Deed of Trust.

On or about November 2, 2005, the debtor and the John Malachi executed a Promissory Note and Deed of Trust, of even date, in the amount of \$28,834.00 bearing an interest rate of fifteen percent (15%) per year until paid.

The debtor failed to perform any of his obligations, including but not limited to, paying the indebtedness evidenced by the promissory note and deed of trust.

The debtor breached the agreement to pay according to the terms of the promissory note and deed of trust.

III. OVERVIEW OF ASSETS AND MAJOR SECURED CLAIMS

The Debtors' principal assets are the real estate, the corporation (which has only nominal value apart from the Debtors' real estate), as well as household goods and vehicles. There is no non-exempt equity in the cars or any other personal property. In addition, debtor's residence at 710 19th St. N.E. is exempt as his homestead. The real properties values exceed the total value of the debtor's estate. In the event of a Chapter 7 liquidation, all creditors with allowed claims will be paid in full. The debtors properties are itemized on the Schedules A, B and C.

Schedule A – Real Property (Unexempt and contemplated to be sold under the plan)

11016 Lake Victoria Lane, Bowie, MD

1200 Oates St. NE, Washington, D.C.

1535 4h St. NW, Washington, D.C.

16 Q St. NW, Washington, D.C.

1659 Montello Ave. NE, Washington, D.C.

2219 Chester St. SE, Washington, D.C.

2245 Shannon Pl. SE, Washington, D.C.

2247 Shannon Pl. SE, Washington, D.C.

404 Florida Ave. NW, Washington, D.C.

509 Rhode Island Ave. NW, Washington, D.C.

710 19th St. NE, Washington, D.C.

730 19th St. NE, Washington, D.C.

732 19th St. NE, Washington, D.C.

The Secured Claims against these properties, as identified below, are held by Wells Fargo, America's Servicing Company, Capital Bank, Ocwen, Nationstar and John Malachi.

I. SIGNIFICANT EVENTS DURING THE DEBTORS CHAPTER 11 CASE

The debtor Gemma Calliste filed a Voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code on July 7, 2010. The bankruptcy case was identified as Case No. 10-00685. The debtor Earl Calliste filed a Voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code on August 13, 2013. The bankruptcy case was identified as Case No. 13-00500. The debtors have languished in Bankruptcy and have yet to file a confirmable Disclosure Statement and Chapter 11 plan.

The debtors, husband and wife, individual bankruptcy cases were consolidated on July 22, 2015. The cases are jointly administered under the case no. 10-00685.

The Debtors have filed the following Plans of Reorganization post consolidation:

Filed in Case No. 13-00500

Docket Entry #60 Disclosure Statement

Docket Entry #61 Plan

Docket Entry #75 Plan and Disclosure Statement Withdrawn

Filed in Case No. 10-00685

Docket Entry #173 Plan

Docket Entry #174 Disclosure Statement

Docket Entry #193 Order Striking Disclosure Statement and Plan

On December 4, 2015, the Bankruptcy Court entered Docket Entry #197 required the debtor to file a Disclosure Statement and Plan by March 11, 2016. To date, no such Disclosure Statement or Plan has been filed.

On February 11, 2016, the Bankruptcy Court entered an Order establishing the Real Property Values. Docket Entry #207. The property values far exceed the values of the known and existing liens leaving substantial equity for creditors.

Creditor John Malachi is a prepetition secured creditor and has been identified as an "Allowed Secured Claim" as part of the Chapter 11 Plan of Reorganization.

The Creditor John Malachi's claims are fully secured by the values of the real property supporting his liens. The debtors have provided monthly operating reports through August of

2016. The monthly operating reports further support the debtor’s inability to fund a Chapter 11 plan.

On July 11, 2016, the Court entered an Order approving the Agreed Order between the parties requiring the debtor to file a Disclosure Statement and Chapter 11 plan by July 1, 2016. To date, the debtors have not filed a Disclosure Statement and Chapter 11 Plan.

II. SUMMARY OF PLAN

The Plan contemplates the sale of the Real Properties owned by the debtor with the exception of Debtor’s Homestead, 710 19th St. NE, Washington, D.C. Creditor John Malachi believes that holders of Allowed Claims will obtain a better recovery under the Plan than they would receive if the Debtor’s bankruptcy case in converted to a case under chapter 7. The Plan is attached hereto as Exhibit A and incorporated herein by reference. The table below summarizes the classification and treatment of Claims under the Plan.

Class	Type of Claim	Treatment	Estimated Recovery	Estimated Total Amount of Allowable Claims
	Administrative Claims	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	>\$20,000
	Priority Tax Claims	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$7,000.00
1	Wells Fargo	Unimpaired and	100%	\$12,890.64

	Allowed Secured Claim	will be paid in full from the Sale Proceeds on the Effective Date.		
2	America's Servicing Company Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$155,119.70
3	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$121,958.00
4	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$271,208.00
5	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$49,083.00
6	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$119,708.00
7	John Malachi Allowed Secured Claim	Unimpaired and will be paid in	100%	\$67,564.00

	Claim	full from the Sale Proceeds on the Effective Date.		
8	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$77,720.00
9	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$78,233.00
10	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$78,631.00
11	John Malachi Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$127,796.00
12	Capital Bank Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$6,024.00
13	D.C. Office of Tax & Revenue Allowed Secured	Unimpaired and will be paid in full from the Sale	100%	\$7,000.00

	Claim	Proceeds on the Effective Date.		
14	NationStar Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$256,894.81
15	NationStar Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$255,633.85
16	NationStar Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$348,177.30
17	NationStar Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$278,074.38
18	Ocwen Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$244,305.00
19	Ocwen Allowed Secured Claim	unimpaired and will be paid in full from the Sale Proceeds on the	100%	\$344,584.00

		Effective Date.		
20	Ocwen Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$259,878.00
21	Ocwen Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$324,769.00
22	Wells Fargo Allowed Secured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$370,000.00
23	Allowed General Unsecured Claim	Unimpaired and will be paid in full from the Sale Proceeds on the Effective Date.	100%	\$14,007.74

III. KEY PLAN TERMS

A. Classification and Non-Classification of Claims. Administrative Claims and Priority Tax Claims have not been classified and are excluded from Classes 1 through 23. Article 3 of the Plan describes the treatment of Administrative Claims and Priority Tax Claims. Holders of Allowed Claims are classified in the Plan as follows:

- 1. Class 1.** Class 1 consists of Wells Fargo’s Allowed Secured Claim.

2. **Class 2.** Class 2 consists of America's Servicing Company Allowed Secured Claim.
3. **Class 3.** Class 3 consists of John Malachi's Allowed Secured Claim.
4. **Class 4.** Class 4 consists of John Malachi's Allowed Secured Claim.
5. **Class 5.** Class 5 consists of John Malachi's Allowed Secured Claim.
6. **Class 6.** Class 6 consists of John Malachi's Allowed Secured Claim.
7. **Class 7.** Class 7 consists of John Malachi's Allowed Secured Claim.
8. **Class 8.** Class 8 consists of John Malachi's Allowed Secured Claim.
9. **Class 9.** Class 9 consists of John Malachi's Allowed Secured Claim.
10. **Class 10.** Class 10 consists of John Malachi's Allowed Secured Claim.
11. **Class 11.** Class 11 consists of John Malachi's Allowed Secured Claim.
12. **Class 12.** Class 12 consists of Capital Bank Allowed Secured Claim.
13. **Class 13.** Class 13 consists of D.C. Office of Tax & Revenue's Allowed Secured Claim.
14. **Class 14.** Class 14 consists of Nationstar's Allowed Secured Claim.
15. **Class 15.** Class 15 consists of Nationstar's Allowed Secured Claim.
16. **Class 16.** Class 16 consists of Nationstar's Allowed Secured Claim.
17. **Class 17.** Class 17 consists of Nationstar's Allowed Secured Claim.
18. **Class 18.** Class 18 consists of Ocwen's Allowed Secured Claim.

19. **Class 19**. Class 19 consists of Ocwen's Allowed Secured Claim.
20. **Class 20**. Class 20 consists of Ocwen's Allowed Secured Claim.
21. **Class 21**. Class 21 consists of Ocwen's Allowed Secured Claim.
22. **Class 22**. Class 22 consists of Wells Fargo's Allowed Secured Claim.
23. **Class 23**. Class 23 consists of general unsecured Allowed Claims.

B. Treatment of Unclassified Claims.

1. **Administrative Claims**. Absent contrary arrangement agreed to by the holder and approved by the Court, each Administrative Claim will be paid in full on the Effective Date from JOHN MALACHI's Sale Proceeds.
2. **Priority Tax Claims**. Absent contrary arrangement agreed to by the holder and approved by the Court, each Priority Tax Claim will be paid in full on the Effective Date from JOHN MALACHI's Sale Proceeds.

C. Treatment of Classified Claims.

1. **Class 1**. Class 1, which consists of Wells Fargo's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Wells Fargo's legal, equitable and contractual rights. Upon confirmation of the Plan, Wells Fargo's will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 1 is an unimpaired class and conclusively presumed to have accepted the Plan.

2. **Class 2.** Class 2, which consists of America Servicing Company's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters America Servicing Company's legal, equitable and contractual rights. Upon confirmation of the Plan, America Servicing Company's will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 2 is an unimpaired class and conclusively presumed to have accepted the Plan.
3. **Class 3 through Class 11.** Class 3 through Class 11, which consists of John Malachi's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters John Malachi's legal, equitable and contractual rights. Upon confirmation of the Plan, Wells Fargo's will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Class 3 through Class 11 is an impaired class and entitled to vote on the Plan. AS the Plan sponsor, John Malachi supports confirmation of the Plan.
4. **Class 12.** Class 12, which consists of Capital Bank's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Capital Bank's legal, equitable and contractual rights. Upon confirmation of the Plan, Capital Bank's will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 12 is an unimpaired class and conclusively presumed to have accepted the Plan.
5. **Class 13.** Class 13, which consists of D.C. Office of Tax & Revenue's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters D.C. Office of Tax & Revenue's legal,

equitable and contractual rights. Upon confirmation of the Plan, D.C. Office of Tax & Revenue's will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan.

Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 13 is an unimpaired class and conclusively presumed to have accepted the Plan.

6. **Class 14**. Class 14, which consists of Nationstar's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date.

Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Nationstar's legal, equitable and contractual rights. Upon confirmation of the Plan, Nationstar will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 14 is an unimpaired class and conclusively presumed to have accepted the Plan.

7. **Class 15**. Class 15, which consists of Nationstar's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date.

Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Nationstar's legal, equitable and contractual rights. Upon confirmation of the Plan, Nationstar will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 15 is an unimpaired class and conclusively presumed to have accepted the Plan.

8. **Class 16**. Class 16, which consists of Nationstar's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date.

Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Nationstar's legal, equitable and contractual rights. Upon confirmation of the Plan, Nationstar will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code,

Class 16 is an unimpaired class and conclusively presumed to have accepted the Plan.

- 9. Class 17.** Class 17, which consists of Nationstar's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Nationstar's legal, equitable and contractual rights. Upon confirmation of the Plan, Nationstar will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 17 is an unimpaired class and conclusively presumed to have accepted the Plan.
- 10. Class 18.** Class 18, which consists of Ocwen's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Ocwen's legal, equitable and contractual rights. Upon confirmation of the Plan, Ocwen will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 18 is an unimpaired class and conclusively presumed to have accepted the Plan.
- 11. Class 19.** Class 19, which consists of Ocwen's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Ocwen's legal, equitable and contractual rights. Upon confirmation of the Plan, Ocwen will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 19 is an unimpaired class and conclusively presumed to have accepted the Plan.
- 12. Class 20.** Class 20, which consists of Ocwen's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Ocwen's legal, equitable and contractual rights. Upon confirmation of the

Plan, Ocwen will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 20 is an unimpaired class and conclusively presumed to have accepted the Plan.

13. Class 21. Class 21, which consists of Ocwen's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Ocwen's legal, equitable and contractual rights. Upon confirmation of the Plan, Ocwen will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 21 is an unimpaired class and conclusively presumed to have accepted the Plan.

14. Class 22. Class 22, which consists of Wells Fargo's Allowed Secured Claim, will be paid in full from the Sale Proceeds on the Effective Date. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters Wells Fargo's legal, equitable and contractual rights. Upon confirmation of the Plan, Wells Fargo will be entitled to exercise any legal, equitable or contractual rights it may have, notwithstanding confirmation of the Plan. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 22 is an unimpaired class and conclusively presumed to have accepted the Plan.

15. Class 23. Class 23, which consists of general unsecured Allowed Claims, will be paid in full with interest at the applicable contract rate or at the federal judgment rate as determined by the Court. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan alters the legal, equitable and contractual rights of Allowed Claims in Class 23. Class 23 may be paid from any sources available to John Malachi at any time before the Effective Date or from John Malachi's Sale Proceeds on the Effective Date. Pursuant to sections 1124 and 1126(f) of the Bankruptcy Code, Class 23 is an unimpaired class and conclusively presumed to have accepted the Plan.

IV. MEANS OF EFFECTUATING AND IMPLEMENTING THE PLAN

A. **Generally.** The Plan will be executed and implemented pursuant to a sale of the debtor's real Property free and clear of all liens, claims, encumbrances and other interests pursuant to section 363(f) of the Bankruptcy Code and on an "as is, where is" basis, without representations or warranties of any kind, nature or description. The Confirmation Order will approve the retention of the Broker to market and sell the Property in accordance with the terms of the Plan and the Confirmation Order. The terms of the Broker's engagement will be set forth in the Listing Agreement, which will be approved by the Court in the Confirmation Order.

B. **Marketing and Sale of the Property.** After the Confirmation Date, the Broker will actively market the Property until the Offer Deadline (*i.e.*, the last day to submit Offers to the Broker), including by (a) preparing marketing materials, (b) advertising the Property by listing it for sale on a multiple listing service (MLS), in addition to any other methods, (c) placing a "For Sale" sign on the Property indicating how to contact the Broker, (d) showing the Property to the interested buyers or holding an "open house" to show the Property, and (e) assisting with the sale of the Property.

As explained further in the Plan, the credit bid rights of Capital Bank, Wells Fargo, America's Servicing Company, Ocwen, Nationstar and John Malachi pursuant to section 363(k) of the Bankruptcy Code are fully preserved. Additionally, notwithstanding anything in the Debtor's schedules or amended schedules or any objections to John Malachi's Allowed Secured Claims, John Malachi may credit bid the full amount of John Malachi's Allowed Secured Claim unless objected to and disallowed by the Court.

On the Offer Selection Date, the highest and best Offer will be selected by John Malachi in consultation with the Broker. No later than seven (7) calendar days

after the Offer Selection Deadline, the Sale Hearing will be held to approve the Sale to the party selected on the Offer Selection Date. On the Offer Selection Date, John Malachi in consultation with the Broker may select one or more back-up Offers and may seek approval at the Sale Hearing to consummate the Sale to the parties making such back-up Offers if the party with the highest and best Offer is unable to consummate the Sale for any reason. A timeline showing the marketing and sale process is attached hereto as **Exhibit B**.

- C. Recordation and Other Taxes Covered by Section 1146(a).** Pursuant to section 1146(a) of the Bankruptcy Code, the making or delivery of an instrument of transfer under the Plan (including in connection with the Sale) will not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.
- D. Procedures for Enforcing Plan.** If the Debtor does not comply with or obstructs actions to consummate the Plan, the Confirmation Order or the Sale Order, then John Malachi will be entitled to file a Certificate of Non-Compliance and schedule a hearing thereon asking the Court to enter an order compelling the Debtor's compliance with the terms of the Plan, the Confirmation Order or the Sale Order.

The Plan further provides that if the Debtor is unable or unwilling (for any reason) to execute the customary, necessary and appropriate Sale documents at Closing, then John Malachi, as the proponent of the Plan, will have the authority to execute any such documents on the Debtor's behalf. As set forth in section 5.8 of the Plan, after confirmation of the Plan, John Malachi will be entitled to inspect the Property on a monthly basis to ensure that the Property is maintained and adequately protected by the Debtor. The Plan provides that the Debtor must vacate the Property to enable the Closing of the Sale no later than the Vacation Deadline.

- E. Broker's Fees and Customary Transaction Costs.** The Sale Costs, including the fee payable to the Broker pursuant to the Listing Agreement, the fee payable

to the title insurance company and all other customary transaction costs incurred by John Malachi in connection with the Sale of the Property, will be deemed included in John Malachi's Allowed Secured Claim.

- F. Distributions to Creditors.** Distributions to holder of Allowed Claims will be sent: (a) to the address set forth on the Proof of Claim filed by each holder; (b) to the address set forth in any subsequent notice of change of address filed with the Court; (c) to the address reflected in the Schedules if no Proof of Claim or notice of change of address is filed; or (d) pursuant to the written instructions of the holder of the Allowed Claim sent to and received by John Malachi's no later than five (5) business days prior to the Sale Hearing.
- G. Disputed Claims.** Disputed claims will be handled in accordance with Article 8 of the Plan.
- H. Remaining Sale Proceeds.** After payment of the Sale Costs and all Allowed Claims pursuant to the terms of the Plan and the Confirmation Order, any remaining Sale Proceeds will be paid to the Debtor.
- I. Plan Amendments and Modifications.** John Malachi reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan or the treatment of any Claim prior to the Confirmation Date. After the Confirmation Date, John Malachi may amend or modify the Plan in accordance with sections 1127(b) of the Bankruptcy Code, or remedy any defect or omission, or reconcile any inconsistency in the Plan, in such a manner as may be necessary to carry out the purpose and intent of the Plan.

V. **EXECUTORY CONTRACTS**

- A. Rejection of Executory Contracts.** The Plan provides for the rejection of all executory contracts and unexpired leases except for any insurance policies or other contracts insuring the Property.
- B. Claims Arising From Rejection.** Any Claim arising from the rejection of an unexpired lease or executor contract shall be filed with the Court no later than thirty (30) calendar days after entry of the Confirmation Order. If not timely filed, then such Claim will be waived and forever barred. Any Allowed Claim arising from the rejection of an executor contract or an unexpired lease will be a Class 22 Claim.

VI. CLAIMS FILING BAR DATES

The following bar dates apply under the terms of the Plan: (1) for any Claim by a person that is not a governmental unit (other than for Claims arising from the rejection of an executor contract or unexpired lease), December 27, 2013; (2) for any Claim by a governmental unit, February 9, 2014; (3) for any Claim arising from the rejection of an executor contract or unexpired lease, the date which is thirty (30) calendar days after entry of the Confirmation Order; and (4) for applications or requests for payment of Administrative Claims, including final applications of Professional Persons for compensation and expenses reimbursement for services rendered or expenses incurred on or before the Confirmation Date, the date which is thirty (30) calendar days after entry of the Confirmation Order.

VII. RETENTION OF JURISDICTION

- A. Pre-Confirmation.** Prior to confirmation of the Plan, the Court shall retain its existing jurisdiction, including jurisdiction over the Debtor and the Debtor's assets. Notwithstanding anything to the contrary contained in the Plan, the Court does not have jurisdiction over the matters or claims that were or could have been litigated in the Superior Court Case or in connection with John Malachi Claim No. 22.
- B. Post-Confirmation.** After confirmation of the Plan, the Court shall retain jurisdiction to ensure that the terms of the Plan are carried out. As explained further

in section 11.2 of the Plan, the Court's jurisdiction shall be over any and all disputes and litigation pending on the Confirmation Date, any controversies that may arise thereafter, and any controversies that may affect the consummation of the Plan.

VIII. 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 classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that Class 1 is unimpaired and that holders of claims in this class, therefore, do not have the right to vote to accept or reject the Plan.

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

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

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:

- a.) holders of claims and equity interests that have been disallowed by an order of the Court;
- b.) 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.
- c.) holders of claims or equity interests in unimpaired classes;
- d.) holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- e.) holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- f.) holders of administrative claims

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

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

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

B. Votes Necessary to Confirm the Plan

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

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

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

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

2. *Treatment of Nonaccepting Classes*

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

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

IX. FEASIBILITY OF PLAN

To confirm the Plan, the Bankruptcy Code requires that the Court find the Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor unless contemplated by the Plan. The Plan provides for the sale of Real Property and provides for payment of all claims in full. Consequently, the Plan is feasible and is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

X. TAX CONSEQUENCES OF PLAN

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF CLAIMS FOR THE PURPOSE OF AVOIDING PENALITIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. General. A description of the United States federal income tax consequences of the Plan is provided below. This description is based on the Internal Revenue Code, Treasury Regulations issued thereunder, judicial decisions and Internal Revenue Service and administrative determinations, all as in effect on the date of the Disclosure Statement and all subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below.

The United States federal income tax consequences of the Plan may be complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service; no opinion has been requested from John Malachi's counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The description that follows does not cover all aspects of the United States federal income taxation that may be relevant to the Debtor or holders of Claims. For example, description does not address issues of special concern for certain types of taxpayers, such as dealers in securities, life insurance companies, financial institutions, tax exempt organizations and non-U.S. taxpayers. In addition, the description does not discuss state, local or non-U.S. tax consequences.

For these reasons, the description that follows is not a substitute for careful tax planning and professional tax advice based on the individual circumstances of each holder of a Claim. Holders of Claims are urged to consult with their own tax advisors regarding the federal, state, local and non-U.S. tax consequences of the Plan.

B. United States Federal Income Tax Consequences of Payment of Allowed Claims

Pursuant to Plan. The United States federal income tax consequences of Plan implementation to the holders of Allowed Claims will depend on, among other things, the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receive distributions under the Plan in more than one taxable year, whether the holder's Claim is allowed or disputed on the Effective Date, and whether the holder has taken a bad debt reduction or worthless security deduction with respect to its Claim.

1. Recognition of Gain or Loss.

- a. Generally.** In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the holder's basis in the Claim. Any gain or loss recognized in the exchange may be long-

term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitation. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date or subsequent distribution date, less the amount (if any) allocable to Claims for interest.

- b. Post-Effective Date Cash Distributions.** Because certain holders of Allowed Claims, including those of Disputed Claims that ultimately become Allowed Claims, may receive distributions subsequent to the Effective Date of the Plan, the imputed interest provisions of the Internal Revenue Code may apply to treat a portion of the subsequent distribution as imputed interest. Additionally, because holders may receive distributions with respect to any Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their Claims.
- c. Bad Debt Deduction and Worthless Securities Deduction.** A holder who, under the Plan, receives in respect of a Claim an amount less than the holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under section 166(a) of the Internal Revenue Code or a worthless securities deduction under section 165(g) of the Internal Revenue Code. The rules governing the character, timing and amount of bad debt or worthless securities deductions place

considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Claims are urged to consult their tax advisors with respect to their ability to take such any such deductions.

2. **Pending Payments.** Cash and other assets that a trust account (if any, for applicable federal income tax purposes) holds as a pending payment after the Effective Date may be deemed to have been paid to the holder of the Claim entitled to receive such pending payment on the date that it is received by such trust account. Thus the holder may recognize gain or loss based upon the amount deemed received and contributed on the Effective Date, and any income subsequently realized by any such trust account with respect to any such pending payment may be reported by the trustee as income of the beneficiary in the year realized, prior to the actual distribution of the pending payment to the holder of the Allowed Claim. The actual receipt of any pending payments from a trust account would not be a taxable event.
3. **Payments Others Than Pending Payments.** If any payment other than a pending payment is to be made out of any trust account, such payment may not be deemed to have been made to any recipient until, and to the extent that, the amount to which the payee is entitled has been determined and distributed. Any income realized by any trust account prior to such time may be reported as income of and taxable to such trust account.

C. **Certain Other Tax Consequences for Holders of Claims.**

1. **Receipt of Pre-Effective Date Interest.** In general, the holder of a Claim that was not previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be required to take such amount into income as taxable interest. The holder of a Claim that was previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be entitled to recognize a deductible loss to the extent that such interest is not

satisfied under the Plan. There is no assurance, however, that the Internal Revenue Service will not determine that all or a portion of amounts distributed to holders of Allowed Claims is properly allocable to prepetition interest. Holders of Claims are urged to consult their tax advisors regarding the tax treatment of their distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purpose.

2. **Installment Method.** A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of section 453B of the Internal Revenue Code.

3. **Information Reporting and Withholding.** Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates the fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding may not be an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

D. Importance of Obtaining Professional Tax Assistance. The foregoing discussion is intended only as a summary of certain United States federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's

individual circumstances. Accordingly, holders are urged to consult their tax advisors about federal, state, local and non-U.S. tax consequences of the Plan.

XI. EFFECTS OF CONFIRMATION OF THE PLAN.

- A. Binding Effect.** On and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against the Debtor.
- B. Exculpation.** Upon confirmation of the Plan, notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, neither (i) JOHN MALACHI, nor (ii) the directors, officers, partners, members, agents, representatives, accountants, financial advisors, investment bankers, or attorneys for any of the persons or entities described in clause (i) (but solely in their capacities as such) shall have or incur any liability for any claim, cause of action, or other assertion of liability for any act or omission since the Petition Date in connection with, or arising out of, the Debtor's bankruptcy case, the formulation, dissemination, confirmation, consummation, or administration of the Plan, property to be distributed under the Plan, or any other act taken or failed to be taken in connection with the Debtor's bankruptcy case, the Plan, or any contract, instrument, document or other agreement related thereto.
- C. Payment as Release.** The Tender of full payment to the holder of an Allowed Claim in any class as provided for under the Plan shall be deemed to effect a settlement and release of the Debtor and the Debtor's estate by the holder of the Allowed Claim on behalf of itself, and its successors and assigns.
- D. Discharge.** In accordance with section 727 of the Bankruptcy Code, the Debtor is eligible receiving a discharge in the above-captioned bankruptcy case because he has not been granted a discharge under section 727 in a case commenced within eight years before the Petition Date.

XII. CHAPTER 7 LIQUIDATION ANALYSIS

To confirm the Plan, the Court must determine that the Plan provides members of each impaired class a recovery that has a value at least equal to the value of the distributions that each such member would receive if the Debtor's assets were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date; the foregoing is called "the best interests of creditors test." JOHN MALACHI believes that the Plan is in the best interests of creditors because the Plan provides for the sale of the Property pursuant to a marketing process that will yield the highest and best offer for the Property. Conversely, if the Debtor's case is converted to a case under chapter 7 of the Bankruptcy Code, it is likely that the Property would be sold in a foreclosure sale or fire sale that may not yield the highest offer for the Property and may result in an offer far below the Property's fair market value leaving little, if any, recovery for unsecured creditors. In addition to providing for a reasonable marketing process, the Plan provides for the payment in full of all Allowed Claims. Consequently, holders of Allowed Claims will receive at least as much as, and probably significantly more than, they would receive in a chapter 7 liquidation and thus the plan is in the best interest of all creditors.

XIII. RECOMMENDATION

JOHN MALACHI submits that the Plan (i) is preferable to liquidation under chapter 7 of the Bankruptcy Code and (ii) will maximize the recovery of all parties. Accordingly, JOHN MALACHI encourages all parties to vote in favor of the Plan.

October 15, 2015

/s/ William C. Johnson, Jr.
William C. Johnson, Jr. #470314
1101 15th St. NW
Suite 203
Washington, D.C. 20005
(202) 525-2958

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 15, 2015, a copy of the foregoing was sent via ECF and first class mail, postage pre-paid, to the following:

Office of the U.S. Trustee
Joseph Guzinski
115 S. Union Street

Plaza Level-Suite 210
Alexandria, VA 22314

Dan Press
Chung & Press, P.C.
6718 Whittier Ave. Ste. 200
McLean, VA 22101

All parties entitled to Notice

All Creditors listed on the mailing Matrix

/s/William C. Johnson, Jr.
William C. Johnson, Jr., Esq.