

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION  
[www.flsb.uscourts.gov](http://www.flsb.uscourts.gov)

In Re:

THE INVERRARY RESORT HOTEL  
CONDOMINIUM ASSOCIATION, INC., *et al.*,  
  
Debtors.

Case No. 16-17792-JKO  
(Jointly Administered)<sup>1</sup>  
Chapter 11

**DEBTORS’ JOINT DISCLOSURE STATEMENT**

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<sup>1</sup> Jointly Administered with Nirvana Inverrary Lofts, Inc., Case No. 16-17799-JKO and Alrames S.A. de C.V. Corp., Case No. 16-17802-JKO.

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## DEFINITIONS

**“Allowed Claim”** shall mean any Claim which is not a Disputed Claim for which an Allowed Amount has been finally determined in such Allowed Amount.

**“Alrames Property”** shall mean the real property located at 6300 Racquet Club Drive, Lauderhill, FL 33319 which real property located in Broward County, Florida with Florida Real Property Tax IDs: 4941 2201 0075; 4941 2302 0010; and 4941 2301 0052, together with all improvements thereon and appurtenances thereunto.

**“Appointment Date”** shall mean the date, August 5, 2016, that the Bankruptcy Court, pursuant to an Order [ECF No. 126] appointed Maria Yip as the Chapter 11 Trustee (the “Trustee”) in the Inverrary Bankruptcy Case, Alrames Bankruptcy Case and the Nirvana Bankruptcy Case.

**“Bankruptcy Code” or “Code”** shall refer to title 11 of the United States Code.

**“Bar Date”** shall refer to the deadline for non-governmental units to file a proof of claim, as set forth in Fed. R. Bankr. P. 3001, which passed on September 26, 2016.

**“Court”** shall refer to the United States Bankruptcy Court for the Southern District of Florida.

**“Debtors”** shall refer to The Inverrary Resort Hotel Condominium Association, Inc. (“Inverrary”) (Case No. 16-17792-JKO), Nirvana Inverrary Lofts, Inc. (“Nirvana”) (Case No. 16-17799-JKO) and Alrames S.A. de C.V. Corp. (“Alrames”) (Case No. 16-17802-JKO), pending before the United States Bankruptcy Code for the Southern District of Florida.

**“Disclosure Statement”** shall refer to this document, the disclosure statement filed on January 22, 2018.

**“Effective Date”** shall have the meaning set forth in the Plan.

**“Face Amount”** shall mean with respect to a particular claim, (a) if the holder of such claim has not filed a proof of claim with the Court within the applicable period of limitation fixed by the Court pursuant to Rule 3003(c)(3), the amount of such claim that was listed in the Schedules (as amended) as not disputed, contingent or unliquidated; or (b) if the holder of such claim has filed a proof of claim with the Court within the applicable period of limitation fixed by the Court pursuant to Rule 3003(c)(3), the amount stated in such proof of claim, or (c) with respect to a Fee Request, the net amount to which the applicant would be entitled if its application were to be granted in full.

**“Fee Request”** shall mean an application or request for payment by the Estate of fees, compensation for services rendered or reimbursement of expenses, pursuant to Rule 2016 or other applicable provision of the Bankruptcy Code.

**“Impaired”** shall mean an Allowed Claim that is Impaired within the meaning of section 1124 of the Bankruptcy Code.

**“Insider(s)”** shall mean those Persons defined in section 101(31)(B) of the Bankruptcy Code.

**“Inverrary Property”** shall mean the real property located at 3501 Inverrary Boulevard, Lauderdale, FL 33319 which real property located in Broward County, Florida with Florida Real Property Tax ID: 4941 22 06 0020; together with all improvements thereon and appurtenances thereunto.

**“Late Filed Claim”** shall mean a Claim filed after the Bar Date.

**“Net Proceeds”** shall have the meaning set forth in Section 2.01.

**“Nirvana Property”** shall mean the real property located at 3366 Spanish Moss Terrace, Lauderdale, FL 33319 which real property located in Broward County, Florida, with Florida Real Property Tax IDs 4941 2307 0060 and 4941 2307 0050, together with all improvements thereon and appurtenances thereunto.

**“Petition Date”** shall refer to May 31, 2016, the date on which the Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code.

**“Plan”** or **“Plan of Reorganization”** shall refer to the joint plan of reorganization filed by the Proponent on January 22, 2018.

**“Proponent”** shall refer to the Chapter 11 Trustee, Maria Yip, appointed over the Debtors, The Inverrary Resort Hotel Condominium Association, Inc., Nirvana Inverrary Lofts, Inc. and Alrames S.A. de C.V. Corp., the proponent of the Plan.

**“Pro Rata”** shall mean proportionately, so that the ratio of the amount of consideration distributed to an account of a particular Allowed Claim to the Allowed Amount of such Claim is the same as the ratio of the amount of consideration distributed on account of all Allowed Claims of the Class in which the particular Claim is included to the amount of all Allowed Claims of that Class, unless otherwise defined in the Plan. Whenever a Disputed Claim has not been finally resolved, an appropriate reserve for payment of such Disputed Claim shall be established so that there will be sufficient consideration available to make a pro rata distribution to the holder of such Disputed Claim upon final resolution of the dispute.

**“Properties”** shall have collectively mean the Inverrary Property, the Alrames Property and the Nirvana Property.

**“Secured Claim”** shall mean a Claim secured by a Lien on property in which the Estate has an interest or that is subject to set-off under section 553 of the Bankruptcy Code to the extent of the value of the interest attributable to such Claim in the Estate’s interest in such property or to the extent of the amount subject to set-off.

“*Secured Creditor*” shall mean the holder of a Secured Claim.

“*Substantial Consummation*” shall mean that the Plan shall be deemed to be substantially consummated in accordance with sections 1101 and 1127(b) of the Bankruptcy Code.

“*Trustee*” shall mean the Chapter 11 Trustee, Maria Yip.

“*Unimpaired*” shall mean an Allowed Claim or Allowed Equity Interest that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

“*Unsecured Claim*” shall mean a Claim other than a Secured Claim, a Priority Claim, a Priority Tax Claim, or an Administrative Claim.

“*Unsecured Creditor*” shall mean the holder of an Unsecured Claim.

All other terms not otherwise defined in this Definitions Section shall have the meaning set forth in 11 U.S.C. § 101. All terms not defined in the Definitions Section or in 11 U.S.C. § 101 shall have their regular, plain-English meaning.

## **ARTICLE I. INTRODUCTION**

This is the Disclosure Statement in the chapter 11 cases of the Debtors. This Disclosure Statement contains information about the Debtors and describes the Plan of Liquidation filed by the Plan Proponent. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in ARTICLE III of this Disclosure Statement.

### **Section 1.01 Purpose of this Document.**

This disclosure statement describes:

- The Debtors and significant events in this Bankruptcy Case;
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Court will consider when deciding whether to confirm the Plan;

- Why the Proponent believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

**Section 1.02 Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

**(a) Time and Place of the Hearing to Confirm the Plan.**

The hearing at which the Court will determine whether to confirm the Plan will take place on \_\_\_\_\_, at United States Bankruptcy Court, 299 E. Broward Blvd., Courtroom 301, Fort Lauderdale, FL 33301.

**(b) Deadline for Voting to Accept or Reject the Plan.**

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the Clerk of the United States Bankruptcy Court, 299 E. Broward Blvd., Room 112, Fort Lauderdale, FL 33301. See Section 4.01 for a discussion of voting eligibility requirements.

Your ballot must be received by \_\_\_\_\_ or it will not be counted.

**(c) Deadline for Objecting to the Confirmation of the Plan.**

Objections to the confirmation of the Plan must be filed with the Court and served upon \_\_\_\_\_ by \_\_\_\_\_.

**(d) Identity of Person to Contact for More Information.**

If you want additional information about the Plan, you should contact Joe M. Grant, Counsel for Plan Proponent, at 197 S. Federal Hwy, Suite 200, Boca Raton, FL 33432.

**Section 1.03 Disclaimer.**

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

**ARTICLE II.  
BACKGROUND**

**Section 2.01 Description and History of the Debtors' Businesses.**

The Debtors owned real properties located at 3501 Inverrary Blvd., Lauderhill, FL 33319, 3366 Spanish Moss Terrace, Lauderhill, FL 33319 and 6300 Racquet Club Drive., Lauderhill, FL 33319 (the "Properties"). The Properties were operated as a hotel commonly known as the Inverrary Resort (the "Hotel"). The Hotel featured an 8-story building containing 207 residential units and 11 commercial suites, along with certain personal property used in the operations of the Hotel, including without limitation, furniture, telephones, linens, commercial kitchen equipment, contracts with suppliers and vendors.

Due to various financial and legal issues, the Debtors filed this bankruptcy proceeding. On August 5, 2016, the Court appointed Maria Yip as Chapter 11 Trustee. Pursuant to the Court's Order Approving Competitive Bidding and Sale Procedures [ECF No. 300] (the "Sale Procedures Order"), the Trustee scheduled an auction and Properties were sold through an online auction concluded on June 8, 2017, and a final sale hearing was held on June 9, 2017. On June 22, 2017, the Court entered an order approving the sale to GranVita 2, LLC for \$12.225 Million. [ECF No. 359]. On August 20, 2017, the sale of the Properties closed, netting \$1,583,393.78 in proceeds ("Net Proceeds") which will be used to pay administrative expenses and will fund the Plan. The current cash on hand as of January 18, 2018 is \$810,135.87. The estate has made a claim in the amount of \$150,000 against the buyer's premium contemplated in the Sale Procedures Order. Such funds if recovered would become part of the available funds.

**Section 2.02 Management of the Debtors Before and During the Bankruptcy.**

Prior to the Petition Date, the Debtors were controlled by Esther Monzon and Julian Ramirez. On August 2, 2016, the U.S. Trustee filed an Emergency Motion to Dismiss Case [ECF No. 114]. On August 4, 2016, the Court entered an Order Directing the US Trustee to Immediately Appoint a Chapter 11 Trustee [ECF No. 117]. On August 5, 2016, the US Trustee's office appointed Maria Yip as Chapter 11 Trustee [ECF No. 121]. Since that date, Maria Yip has continued to serve as Chapter 11 Trustee of the Debtors.

**Section 2.03 Events Leading to Chapter 11 Filing.**

Due to a range of legal and financial issues, the Debtors filed these bankruptcy proceedings.



**Section 2.04 Significant Events During the Bankruptcy Case.**

As described in more detail above, after the case was filed, the US Trustee's Office and secured creditor moved to dismiss the case and the convert the case to a Chapter 7. Following the appointment of Ms. Yip as Chapter 11 Trustee in August, 2016, Ms. Yip immediately worked to stabilize the hotel operations and to position the properties for a bankruptcy auction. On May 3, 2017, the Court granted the Chapter 11 Trustee's Motion to Approve Competitive Bidding and Sale Procedures [ECF No. 300] (the "Sale Procedures Order"). Pursuant to the Sale Procedures Order, the Chapter 11 Trustee conducted an online auction that concluded on June 8, 2017. On June 22, 2017, the Court entered an order approving the sale to GranVita 2, LLC for \$12.225 Million. On August 20, 2017, the sale of the Real Properties closed and the closing statement reflects approximately \$1,583,393.78 in Net Proceeds which will be used to pay administrative expenses and will fund the Plan. The current cash on hand as of January 18, 2018 is \$810,135.87.

**Section 2.05 Projected Recovery of Avoidable Transfers.**

The Trustee does not intend to pursue the avoidance of any transfers.

**Section 2.06 Current and Historical Financial Conditions.**

The most recent post-petition Trustee in Possession monthly operating reports filed in the Debtors' bankruptcy cases are set forth in **Exhibit B**.

**ARTICLE III.**  
**SUMMARY OF THE PLAN OF REORGANIZATION AND**  
**TREATMENT OF CLAIMS AND EQUITY INTERESTS**

**Section 3.01 What is the Purpose of the Plan of Reorganization?**

As required by the Bankruptcy Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

**Section 3.02 Claims Paid at Closing.**

At the closing of the sale of the Properties on August 20, 2017, consistent with the order approving the sale [ECF No. 359], the following parties were paid at closing in full satisfaction of their claims against the estate: Broward County Tax Collector (with respect to its secured claim), City of Lauderdale, GranVita 2, LLC, Nasr Bawi, and Hunter Realty Associates, Inc. Unless specifically noted otherwise herein and in the Plan, those creditors will not receive any additional distribution under the Plan.

The Debtors' scheduled certain purported secured creditors: (i) Broward County Board of Commissioners in the amount of \$6,413.53; (ii) City of Lauderhill in the amount of \$17,000.00; and the Small Business Administration in the amount of \$90,011.88 for a total combined amount of \$113,425.41. The purported secured claims did not appear in a title search for the Real Properties; nor did they file proofs of claim filed, and therefore were not paid at closing on the Real Properties. The holders of these purported secured claims are being provided notice of the Disclosure Statement and Plan and will not receive a distribution based upon these purported claims pursuant to the Plan.

### **Section 3.03 Unclassified Claims.**

Certain types of claims are automatically entitled to specific treatment under the Bankruptcy Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Bankruptcy Code. As such, the Plan Proponent has not placed the following claims in any class:

#### **(a) Administrative Expenses.**

Administrative expenses are costs or expenses of administering the Debtors' Chapter 11 case which are allowed under § 507(a)(2) of the Bankruptcy Code. The Bankruptcy Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtors' estimated administrative expenses, and their proposed treatment under the Plan:

| <b><u>Type</u></b>   | <b><u>Estimated Amount Owed</u></b> | <b><u>Proposed Treatment</u></b>                |
|--|-------------------------------------|---|
| Professional Fees of Chapter 11 Trustee, as approved by the Court (20% holdback from First Interim Fee Application and Additional Compensation)            | \$95,000.00                         | Paid in full on the effective date of the Plan. |
| Professional Fees of Chapter 11 Trustee's Counsel, as approved by the Court. (20% holdback from First Interim Fee Application and Additional Compensation) | \$150,000.00                        | Paid in full on the effective date of the Plan. |
| Professional Fees of Yip Associates, as approved by the Court. (20% holdback from First Interim Fee Application and Additional Compensation)               | \$168,000.00                        | Paid in full on the effective date of the Plan. |
| <b>TOTAL</b>   | <b>\$413,000.00</b>                 |   |

**(b) Priority Tax Claims.**

Priority tax claims are unsecured income, employment, and other taxes described by §507(a)(8) of the Bankruptcy Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The following chart lists the Debtors' estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

| Description<br>(name and type of tax) | Estimated Amount Owed | Treatment  |
|---------------------------------------|-----------------------|------------|
| IRS                                   | \$200.00              | Unimpaired |
| State of Florida                      | \$150.00              | Unimpaired |

**Section 3.04 Classes of Claims and Equity Interests.**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

**(a) Classes of Priority Unsecured Claims.**

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code are required to be placed in classes. The Bankruptcy Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Bankruptcy Code and their proposed treatment under the Plan:

|         |                           |            |                  |
|---------|---------------------------|------------|------------------|
| Class 1 | Priority Unsecured Claims | Unimpaired | Deemed to Accept |
|---------|---------------------------|------------|------------------|

Claims in Class 1 will be paid in full on the Effective Date.

**(b) Classes of Secured Claims.**

Allowed secured claims are claims secured by property of the Estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Bankruptcy Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

|         |                |                 |            |                  |
|---------|----------------|-----------------|------------|------------------|
| Class 2 | Secured Claims | \$10,641,606.22 | Unimpaired | Deemed to Accept |
|---------|----------------|-----------------|------------|------------------|

Allowed claims in Class 2 were paid at the closing on August 20, 2017. Class 2 Interests are unimpaired and are deemed to accept the Plan.

The Debtors' scheduled certain purported secured creditors: (i) Broward County Board of Commissioners in the amount of \$6,413.53; (ii) City of Lauderhill in the amount of \$17,000.00; and the Small Business Administration in the amount of \$90,011.88 for a total combined amount of \$113,425.41. The purported secured claims did not appear in a title search for the Real Properties; nor did they file proofs of claim filed, and therefore were not paid at closing on the Real Properties. The holders of these purported secured claims are being provided notice of the Disclosure Statement and Plan and will not receive a distribution based upon these purported claims pursuant to the Plan.

(c) **General Unsecured Claims.**

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Bankruptcy Code. The following chart identifies the Plan's proposed treatment of general unsecured claims against the Debtors:

|         |                          |                              |          |                      |
|---------|--------------------------|------------------------------|----------|----------------------|
| Class 3 | General Unsecured Claims | \$22,677,376.00 <sup>2</sup> | Impaired | Not Deemed to Accept |
|---------|--------------------------|------------------------------|----------|----------------------|

Allowed claims in Class 3 shall receive in full satisfaction, release and exchange for such Allowed Claim, a Pro Rata share of the available funds, after payment of any Class 1 claims and after payment of all administrative expenses, U.S. Trustee fees and other payment required to be made under the Plan.

(d) **Classes of Equity Interest Holders.**

|         |              |          |                  |
|---------|--------------|----------|------------------|
| Class 4 | Equity Class | Impaired | Deemed to Reject |
|---------|--------------|----------|------------------|

Class 4 Interests are impaired. The holders of Class 4 Interests will receive no distribution. On the Effective Date, the holders of Class 4 Interests will be deemed cancelled, null and void and of no force and effect. The holders of Class 4 Interests are deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

**Section 3.05 Means of Implementing the Plan.**

(a) **Claims against the Estate.**

As of the Bar Date, there was a total of \$350.00 in Class 1 claims against the Estate. There was a total of \$10,641,606.22 in Class 2 claims against the Estate. There was a total of \$22,677,376.00 in Class 3 claims against the Estate.

(b) **Available Funds.**

All payments necessary to achieve confirmation of this Plan and to fund payment to creditors required by this Plan shall be funded from the available funds which is comprised of the remaining Net Proceeds.

<sup>2</sup> Pursuant to two Court Orders [ECF Nos. 327 and 408], two purported creditors, Cherie Rewis and Peter Harris, are seeking recovery against applicable insurance proceeds and not the estate.

(c) **Disbursing Agent.**

The Chapter 11 Trustee, Maria Yip, shall serve as Disbursing Agent and shall make distributions as provided in the Plan.

**Section 3.06 Risk Factors.**

The Plan has very little risk, as the available funds are the only remaining asset left after the sale of the Properties and will pay a pro rata share to all allowed unsecured claims.

**Section 3.07 Executory Contracts and Unexpired Leases.**

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases will be rejected under the Plan. The Trustee shall have been conclusively deemed to have rejected any unexpired leases or executory contracts. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

**Section 3.08 Tax Consequences of Plan.**

*Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisers.*

**ARTICLE IV.**

**CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Bankruptcy 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.

**Section 4.01 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.

**(a) 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 Debtors have scheduled the claim on the Debtors' 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.

**(b) 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 Bankruptcy Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

**(c) Who is Not Entitled to Vote?**

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Bankruptcy Code;

- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan Proceedings and Orders.***

**(d) 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.

**Section 4.02 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 a cramdown on non-accepting classes, as discussed later in Section 4.02 (b).

**(a) 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.

**(b) 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 Bankruptcy Code. A plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Bankruptcy 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 Bankruptcy 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.***

**Section 4.03 Liquidation Analysis.**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim or equity interest holders would receive in a chapter 7 liquidation. Under both a Chapter 7 and the proposed plan, all Allowed Claims will receive a pro rata distribution of the available funds, after payment of all administrative claims, U.S. Trustee fees and other payments pursuant to the Plan. As such, it follows that claimants will receive at least as much through the Plan as such a claimant would receive in a Chapter 7 liquidation. Because the Plan purports to pay all allowed claims a pro rata distribution from the available funds and all of the Debtors' assets were sold at auction, the Proponent submits that no further liquidation analysis is necessary.

**Section 4.04 Feasibility.**

**(a) Ability to Fund Plan.**

The Plan Proponent believes that the available funds are sufficient to pay a pro rata portion of all of the claims and all of the expenses that are entitled to be paid on the Effective Date.

**(b) Ability to Make Future Plan Payments and Operate Without Further Reorganization.**

Because all of the Debtors' assets were sold, including the Properties, the Plan Proponent believes that the available funds are sufficient to pay all the claims and expenses that are entitled to be paid on the Effective Date. All payments will be made timely and further reorganization will not be necessary.<sup>3</sup>

**ARTICLE V.  
EFFECT OF CONFIRMATION OF THE PLAN**

**Section 5.01 Discharge of Debtors.**

**(a) Discharge.**

The Debtors will not receive a discharge under the Plan in accordance with Section 1141 of the Bankruptcy Code.

**(b) Modification of Plan.**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

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<sup>3</sup> The merchant account with Retriever Merchant Solution has been provided a copy of this Disclosure Statement and Plan and will no longer be able to make any claims for chargebacks or otherwise upon confirmation of the Plan.



(c) **Final Decree.**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

**Section 5.02 Substantive Consolidation.**

Except as otherwise provided in the Plan, on the Effective Date of the Plan, the Debtors shall be deemed merged into one debtor, The Inverrary Resort Hotel Condominium Association, Inc. (“Inverrary Hotel”) and: (i) all assets and all liabilities of the Debtors shall be deemed merged into Inverrary Hotel, (ii) all guaranties of any Debtors of the payment, performance, or collection of obligations of another Debtors shall be eliminated and canceled, (iii) any obligation of any Debtors and all guaranties thereof executed by one or more of the other Debtors shall be treated as a single obligation, and such guaranties shall be deemed a single claim against the consolidated Debtors, (iv) all joint obligations of two or more Debtors, and all multiple claims against such entities on account of such joint obligations shall be treated and allowed only as a single claim against the consolidated Debtors, and (v) each General Unsecured Claim filed in the Chapter 11 cases of any Debtors shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the effective date.

**Section 5.03 Term of Bankruptcy Injunction or Stays.**

All injunctions or stays provided for in this Case under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the confirmation date, shall remain in full force and effect until the Effective Date.

**Section 5.04 Injunction Related to Discharge.**

Except as otherwise expressly provided in the Plan, the confirmation order or a separate order of the Court, all persons who have held, hold or may hold claims against or equity interests in the Debtors and/or the Estate’s assets, are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim or equity Interest, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Debtors on account of any such claim or equity Interest, (iii) creating, perfecting or enforcing any lien or asserting control of any kind against the Debtors or against the property or interests in property of the Debtors on account of any such claim or equity interest and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors on account of any such claim or equity interest.

Dated this 22<sup>nd</sup> day of January, 2018.

/s/ Maria Yip  
Chapter 11 Trustee

/s/ Joe M. Grant  
Attorney for the Chapter 11 Trustee