

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:)
) **CHAPTER 11**
LITHIA CHRISTIAN CENTER, INC.,)
) **CASE NO. 15-73029-wlh**
Debtor.

**AMENDED DISCLOSURE STATEMENT
FOR PLAN OF REORGANIZATION**

Dated this 2nd day of September, 2016

Filed by:

Lithia Christian Center, Inc.

Attorneys for Debtor
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Atlanta, Georgia 30309
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I. Introduction and General Information

This amended disclosure statement (“Disclosure Statement”) is submitted by Lithia Christian Center, Inc. (“Debtor”), to provide information to parties in interest about the Chapter 11 Plan (“Plan”) filed by Debtor. This introductory section is qualified in its entirety by the detailed explanations which follow and the provisions of the Plan.

This Disclosure Statement sets forth certain information regarding Debtor’s prepetition history and events that have occurred during Debtor’s Chapter 11 case. This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of confirmation of the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and voting procedures that holders of Claims in Impaired Classes must follow for their votes to be counted.

Parties voting on the Plan should read both the Plan and this Disclosure Statement.

A. Definitions

Unless otherwise defined, capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan. In the event of an inconsistency between the Disclosure Statement and the Plan, the terms of the Plan shall govern and such inconsistency shall be resolved in favor of the Plan. The Filing Date, as defined in the Plan, shall mean December 1, 2015 and the Effective Date, as defined in the Plan, shall mean the date that is 60 days after the entry of a Confirmation Order.

B. The Disclosure Statement

The primary purpose of this Disclosure Statement is to provide parties entitled to vote on the Plan with adequate information so that they can make a reasonably informed decision prior to exercising their right to vote to accept or reject the Plan.

The Bankruptcy Court’s approval of this Disclosure Statement constitutes neither a guaranty of the accuracy or completeness of the information contained herein, nor an endorsement of the Plan by the Bankruptcy Court.

When and if confirmed by the Bankruptcy Court, the Plan will bind Debtor and all holders of Claims against and Interests in Debtor, whether or not they are entitled to vote or did vote on the Plan and whether or not they receive or retain any Distributions or property under the Plan. Thus, you are encouraged to read this Disclosure Statement carefully. In particular, holders of Impaired Claims who are entitled to vote on the Plan are encouraged to read this Disclosure Statement, the Plan, and any exhibits to the Plan and Disclosure Statement, carefully and in their entirety before voting to accept or reject the Plan. This Disclosure Statement contains important information about the Plan, the method and manner of distributions under the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning this case.

II. Voting on the Plan and Confirmation Process

A. Voting Instructions

Accompanying this Disclosure Statement are copies of the following documents: (1) the Plan; and (2) a Ballot to be executed by holders of Claims in Classes 1 through 6 to accept or reject the Plan. The Ballot contains voting instructions. Please read the instructions carefully to ensure that your vote will count.

The Disclosure Statement, the form of Ballot, and the related materials delivered together herewith (collectively, the “Solicitation Package”), are being furnished to Holders of Claims in Classes 1 through 6 for the purpose of soliciting votes on the Plan.

If you did not receive a Ballot in your Solicitation Package, and believe that you should have received a Ballot, please contact Jones & Walden, LLC, 21 Eighth Street, NE, Atlanta, Georgia 30309, (404) 564-9300 (Attn: Cameron M. McCord, Esq.).

In order for your Ballot to count, it must be received within the time indicated on the Ballot and the Ballot must clearly indicate your Claim, the Class of your Claim and the amount of your Claim.

By enclosing a Ballot, Debtor is not admitting that you are entitled to vote on the Plan, is not admitting that your Claim is allowed as set forth on the Ballot, and is not waiving any right to object to your vote or your Claim.

B. Who May Vote

Only a holder of an Allowed Claim classified in an Impaired Class is entitled to vote on the Plan. As set forth in section 1124 of the Bankruptcy Code, a class is “Impaired” if legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified or altered.

Any class that is “unimpaired” is not entitled to vote to accept or reject a plan of reorganization and is conclusively presumed to have accepted the Plan.

A Claim must be “allowed” for purposes of voting in order for such creditor to have the right to vote. Generally, for voting purposes a Claim is deemed “allowed” absent an objection to the Claim if (1) a proof of claim was timely filed, or (ii) if no proof of claim was filed, the Claim is identified in Debtor’s Schedules as other than “disputed,” “contingent,” or “unliquidated,” and an amount of the Claim is specified in the Schedules, in which case the Claim will be deemed allowed for the specified amount. In either case, when an objection to a Claim is filed, the creditor holding the Claim cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection, or allows the Claim for voting purposes.

Debtor in all events reserves the right through the claim reconciliation process to object to or seek to disallow any claim for distribution purposes under the Plan.

C. Requirements of Confirmation

The Bankruptcy Court can confirm the Plan only if all the requirements of § 1129 of the Bankruptcy Code are met. Those requirements include the following:

1. The Plan classifies Claims and Interests in a permissible manner;
2. The contents of the Plan comply with the technical requirements of the Bankruptcy Code;
3. The Plan has been proposed in good faith and not by any means forbidden by law;
4. The disclosures concerning the Plan are adequate and include information concerning all payments made or promised in connection with the Plan, as well as the identity, affiliations, and compensation to be paid to all officers, directors, and other insiders; and
5. The principal purpose of the Plan is not the avoidance of tax or the avoidance of the securities laws of the United States.

In addition to the confirmation requirements described above, Debtor hopes that the Plan will be approved by all Impaired Classes of Claims entitled to vote. If, however, the Plan has not been approved by all Impaired Classes of Claims, the Court may nevertheless "cram down" the Plan over the objections of a dissenting Class. The Plan may be "crammed down" so long as it does not discriminate unfairly, is fair and equitable with respect to each dissenting Class of Claims, and at least one Impaired Class has voted in favor of the Plan without regard to any votes of insiders. If necessary, Debtor will seek to "cram down" the Plan.

D. Acceptance or Rejection of the Plan and Cram Down

The Class containing your Claim will have accepted the Plan by the favorable vote of a majority in number and two-thirds in amount of Allowed Claims actually voting. In the event that any Impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan if an Impaired Class accepts it and if, as to each Impaired Class that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." If you hold an Allowed Secured Claim, the Plan is fair and equitable if: (a) you retain your lien and receive deferred cash payments totaling the allowed amount of your Allowed Secured, (b) the collateral is sold and your Lien attaches to the proceeds of the sale, or (c) you are otherwise provided with the "indubitable equivalent" of your Allowed Secured Claim. If you hold a Claim that is not an Allowed Secured Claim, and is not entitled to priority under § 507 of the Bankruptcy Code, the Plan is fair and equitable if you receive property of a value equal to the allowed amount of your Claim or if no junior Class receives or retains under the Plan on account of such junior interest any property.

E. Confirmation Hearing

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan ("Confirmation Hearing") at the time indicated in the Order Approving this Disclosure Statement and providing Notice of Confirmation Hearing (the "Solicitation Order"). The Confirmation Hearing may be adjourned from time to time without further notice except for announcement at the Confirmation Hearing or notice to those parties present at the Confirmation Hearing.

F. Objections to Confirmation

As will be set forth in the Solicitation Order, any objections to confirmation of the Plan must be in writing, set forth the objector's standing to assert any such objection, and must be filed with the Bankruptcy Court and served on counsel for Debtor. The Solicitation Order contains all relevant procedures relating to the submission of objections to confirmation and should be reviewed in its entirety by any party who has an objection to confirmation.

G. Whom to Contact for More Information

If you have any questions about the procedure for voting on your Claim or the packet of materials you received, please contact Cameron M. McCord at Jones & Walden, LLC at the address indicated below or by telephone at (404) 564-9300.

If you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to those documents, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), please contact Jones & Walden, LLC by one of the following methods:

Via U.S. Mail:
Jones & Walden, LLC
21 Eighth Street, NE
Atlanta, GA 30309
Attn: Amanda Rich

Via Facsimile:
(404) 564-9301
Attn: Amanda Rich

Via Email:
arich@joneswalden.com

III. Historical Background

A. Current Management Description of Debtor

Debtor is a Georgia non-profit corporation founded in 1976. Debtor is located in Lithia Springs, Douglas County, Georgia. Debtor owns approximately 9.3 acres of real property located at 2478 Vulcan Drive, Lithia Springs, Georgia (the "School Property"). There are three commercial buildings located on the School Property out of which Debtor operates a pre-school as well as a kindergarten through twelfth grade primary and secondary school. There is also a church located on the School Property. The church is rented to Church at the Well, Inc., Debtor's co-borrower on the Hamilton State Bank debt (as defined below).

As to the primary and secondary school, the Debtor is accredited by the Georgia Accrediting Commission. The school is also a member of the Association of Christian Schools International. The student body of the Debtor is currently 38 students but has historically been as high as 145 students. In 2014, the Debtor experienced a decrease in enrollment when the principal at that time resigned from the school due to differences with the board of directors. From the time of this departure in 2014 until such time as new management could be put into place, the school was run by a parent/volunteer committee. Beginning in March 2016, Tyler L. Barr was employed as the Debtor's CEO, administrator and president of the board of directors. Mr. Barr has over 25 years' experience in asset management, investment banking, private equity, real estate, principal investing, and turnaround. Mr. Barr has managed business development, corporate planning, and strategic management efforts on behalf of some of America's largest corporations such as PepsiCo, General Electric, McDonalds, Raytheon, UPS, Wal-Mart, MCI, and Microsoft. Mr. Barr also serves on the board of the United Way and Boy Scouts of America. Debtor employs 14 full time employees plus substitute teachers on an as needed basis. Mr. Barr will continue to act as the Debtor's CEO, administrator and president of its board of directors subsequent to the confirmation of the Plan.

Debtor also owns four residential properties generally known as (a) 3558 Groovers Lake, Lithia Springs, Georgia, (b) 3574 Groovers Lake, Lithia Springs, Georgia, (c) 7451 W. Lake Dr., Lithia Springs, Georgia, and (d) 7499 Vulcan Drive, Lithia Springs, Georgia (the "Residential Properties"). The Residential Properties are located adjacent to the school property. The Residential Property generally known as 7451 W. Lake Dr. is occupied by one retired teacher and one teacher who are currently employed by the school. The housing is provided as a benefit to these individuals and no rent is charged. The Residential Property generally known as 3558 Groovers Lake is rented on a month to month basis for \$600.00 per month. The other Residential Properties are unoccupied. (The School Property and the Residential Properties are hereinafter referred to as the "Properties".)

It is the Debtors intention to market both the School Property and the Residential Properties for sale and to use the proceeds from the sale to satisfy the claims. The Debtor will use any excess proceeds to relocate the school and continue operating.

C. Prepetition Assets and Liabilities

a. Debtor's assets as of the Filing Date consist of (a) real property located at 2548 Vulcan Drive, Lithia Springs, Georgia valued at \$890,000.00, (b) real property located at 3558 Groovers Lake, Lithia Springs, Georgia valued at \$70,800.00, (c) real property located at 3574 Groovers Lake, Lithia Springs, Georgia valued at \$49,400.00, (d) real property located at 7451 W. Lake Dr., Lithia Springs, Georgia valued at \$54,500.00, (e) real property located at 7499 Vulcan Drive, Lithia Springs, Georgia valued at \$20,522.00, (f) a checking account at SunTrust Bank with \$977.86, (g) accounts receivable with a value of \$2,000.00, (h) various office and school furniture and equipment with a value of approximately \$10,000.00, (i) a Ford Mini Bus with a value of \$2,000.00, and (j) a 15 passenger Dodge van with a value of \$2,000.00.

b. Debtor's liabilities consist of secured claims totaling approximately \$464,257.06, priority claims of \$48,522.74 and general unsecured claims totaling approximately \$21,114.75.

Information with respect to assets and liabilities was taken from Debtor's schedules.

IV. The Chapter 11 Case

A. Reasons for Filing Chapter 11

On or about August 28, 2014, Debtor executed (i) that certain promissory note in the principal amount of \$459,142.19 and (ii) that certain promissory note in the principal amount of \$12,121.46, both in favor of Hamilton State Bank, as successor in interest to the Federal Deposit Insurance Corporation, in its capacity as Receiver for Douglas County Bank ("Notes"). The Notes are secured by that certain deed to secure debt and security agreement executed on or about April 26, 2005 by Debtor in favor of Douglas County Bank and recorded in the Superior Court of Douglas County on or about April 27, 2005 Deed Book 2144, Page 657, Douglas County, Georgia (together with any and all amendments and modifications, the "Security Deed"). The Notes and Security Deed were assigned to Hamilton by the Federal Deposit Insurance Corporation, in its capacity as Receiver for Douglas County Bank, pursuant to that certain Assignment of Security Instruments and Other Loan Documents, effective as of April 26, 2013 and recorded May 21, 2013 in Deed Book 3130, Page 179 in the real estate records of the Superior Court of Douglas County. On October 30, 2015, Hamilton sent a notice of default, acceleration and demand for repayment of indebtedness and began advertising the underlying properties for foreclosure. The instant case was filed to stop the foreclosure. The Debtor intends to sell the Properties and relocate the school, using the excess proceeds as operating capital for its new location.

B. Professionals

Debtor filed an application ("Application") requesting authorization to retain the law firm of Jones & Walden, LLC ("J&W") to serve as bankruptcy counsel in this Case. The Court approved the Application.

C. Post Filing Date Operations

Since the Filing Date, Debtor has continued to operate as a debtor in possession by (i) operating the preschool and the school, and (ii) leasing the church property located at 2548 Vulcan Drive, Lithia Springs to the Church at the Well, Inc., and (b) the Residential Properties located at 7451 W. Lake Dr. and 3558 Groovers Lake on a month to month basis. Should the Properties sell prior to the end of the 2016-2017 school year, the Properties will be sold either (a) subject to a lease back to the Debtor through the end of the school year, (b) subject to the closing of the sale transaction occurring at the end of the school year, or (c) the Debtor will relocate and lease new space contemporaneous with the closing of any sale transaction. The current enrollment of the Debtor is 38 students. The Debtor has investigated availability of commercial spaces in the area and has found that there are sufficient options that would satisfy the needs of the school in a timely manner should it be necessary to relocate the school during the school year.

V. Summary of the Plan

The following summary of the Plan provides only a brief description of its provisions. The summary is qualified in its entirety by the more detailed descriptions of the Plan in the Disclosure Statement and by the terms of the Plan itself.

The Plan provides for payments to creditors of Debtor. Debtor believes that any alternative to confirmation of the Plan, such as liquidation, would result in significant delays, litigation, job loss and/or impaired recoveries. **For these reasons, Debtor urges you to return your Ballots accepting Debtor's Plan.**

The Plan contemplates the reorganization and ongoing business operations of Debtor and the resolution of the outstanding Claims against and Interests in Debtor pursuant to sections 1129(b) and 1123 of the Bankruptcy Code. The Plan classifies all Claims against and Interests in Debtor into separate Classes.

VI. Description of the Plan

A. Retention of Property by Debtor

Upon confirmation, Debtor will retain all of the property of the estate free and clear of liens, claims, and encumbrances not expressly retained by Creditors. Debtor will have the rights and powers to assert any and all Causes of Action (defined as all causes of action, choses in action, claims, rights, suits, accounts or remedies belonging to or enforceable by Debtor, including Avoidance Actions, whether or not matured or unmatured, liquidated or unliquidated, contingent or noncontingent, known or unknown, or whether in law or in equity, and whether or not specifically identified in Debtor's schedules). Debtor specifically reserves any cause of action against any of Debtor's account debtors related to underpayment or non-payment of any fees, or other monies or receivables due. Neither the Disclosure Statement nor Plan shall be deemed a waiver of any right of Debtor to collect any receivable or right to payment under any applicable laws. Debtor expressly reserves the right to exercise any and all remedies available to Debtor regarding its accounts receivable or rights to payment at law or in equity, at such time or times as Debtor from time to time may elect. The Disclosure Statement and Plan are filed with a full reservation of rights.

B. Parties Responsible for Implementation of the Plan

Upon confirmation, Debtor will be charged with administration of the Case. Debtor will be authorized and empowered to take such actions as are required to effectuate the Plan. Debtor will file all post-confirmation reports required by the United States Trustee's office. Debtor will also file the necessary final reports and will apply for a final decree as soon as practicable after substantial consummation, the completion of the claims analysis and objection process. Debtor shall be authorized to reopen this case after the entry of a Final Decree to enforce the terms of the Plan including for the purpose of seeking to hold a party in contempt or to enforce the confirmation or discharge injunction or otherwise afford relief to Debtor. The fee associated with the Debtor's motion to reopen Debtor's case may be waived, and Debtor may not be

responsible for payment of such to the Clerk of Court for the Bankruptcy Court of the Northern District of Georgia or otherwise.

C. Liabilities of Debtor

Debtor will not have any liabilities except those expressly assumed under the Plan. Debtor will be responsible for all ongoing expenses and payments due and owing under the confirmed Plan upon the terms provided in the confirmed Plan.

D. Funding of the Plan

The source of funds for the payments pursuant to the Plan is the sale of the Properties (as defined below), the continued operations of Lithia Christian Center, Inc. as a non-profit school and any rental income from the rental of the residential properties or the church.

E. Provisions Regarding Executory Contracts

Debtor is not a party to any unexpired leases other than month to month leases on the Residential Property located at 7451 W. Lake Dr. as well as the church property located at 2548 Vulcan Drive, Lithia Springs, Georgia which the Debtor will assume on the Effective Date as a month to month obligation.

Any unexpired leases or executory contracts which are not assumed herein or are the subject of a pending motion to assume as of the Effective Date shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code on the Effective Date. A proof of claim for damages arising from such rejection must be filed in compliance with the Bankruptcy Rules on or before sixty (60) days after the Confirmation Date. Any claims which are not timely filed will be disallowed and discharged.

F. Avoidance Actions and Retained Rights

The Plan provides that Debtor shall retain all rights of action against others. The Plan also provides that Debtor shall retain "Avoidance Actions" under Chapter 5 of the Bankruptcy Code.

Debtor may also have Claims against others which are retained. Notwithstanding the foregoing, Debtor is reviewing records and is not aware of any preference claims or fraudulent conveyance claims.

G. Treatment of Claims and Interests

A brief summary of the Classes, the treatment of each Class, and the voting rights of each Class is set forth below. A complete description of the treatment of each Class is set forth in Article 4 of the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims.

Debtor reserves the right to pay any claim in full at any time in accordance with the terms of the Plan (i.e. at the percentage distribution designated in the Plan and including any accrued and unpaid interest, if any) without prepayment penalty.

6.1 Class 1: Priority Claim of Douglasville-Douglas Co. Water & Sewer

Class 1 consists of the priority claim of the Douglasville-Douglas Co. Water & Sewer (“Douglas County”) in the amount of \$4,664.34 (such amount plus interest accruing pursuant to this paragraph is referred to as the “Douglas County Claim”). Interest shall accrue at the annual rate of 4% per annum or such lesser rate agreed to by the Douglas County until paid in full. The Debtor shall make regular quarterly installment payments in the amount of \$100.00 per quarter beginning the 15th day of the third month following the Effective Date and continuing on the 15th day of each following quarter. Debtor shall pay any unpaid balance of the Douglas County Claim with the Net Proceeds remaining from the sale of the Properties after the satisfaction of the Hamilton Secured Claim as set forth and defined in Class 2 and payment of the IRS Claim as set forth and defined in Class 4. Douglas County shall share payment pro-rata with the GDR Priority Claim as defined in Class 6. Any third party payments or payments in excess of the scheduled monthly distribution pursuant to Class 1 received by Douglas County shall be applied to the principal obligation owed by Debtor pursuant to Class 1. Notwithstanding any other term of the Plan, the Douglas County Claim shall be paid in full by the 60th month following the Petition Date.

There shall be no pre-payment penalty. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims for any reason.

The Holder of the Class 1 Claim is impaired and entitled to vote to accept or reject the Plan. Debtor reserves the right to object to any and all claims.

6.2 Class 2: Secured Claim of Hamilton State Bank

Class 2 consists of the secured claim of Hamilton State Bank (“Hamilton”) in the approximate amount of \$485,079.75 (the aggregate total of such amount plus interest accruing on the terms herein or such other amount allowed by the Court is hereinafter referred to as the “Hamilton Secured Claim”). The Hamilton Secured Claim shall continue to accrue interest at the non-default rate of 5.75% per annum and be entitled to other reimbursable fees and expenses

under the Hamilton loan documents. The Hamilton Secured Claim arises from that certain Promissory Note dated August 28, 2014 executed by Debtor in favor of Hamilton in the maximum principal amount of \$459,142.19 (“Note A”) and that certain Promissory Note dated August 28, 2014 executed by Debtor in favor of Hamilton in the maximum principal amount of \$12,121.46 (“Note B”). The Hamilton Secured Claim is fully secured by those certain real properties commonly known as follows: (a) 2548 Vulcan Drive, Lithia Springs, Georgia, (b) 3558 Groovers Lake, Lithia Springs, Georgia, (c) 3574 Groovers Lake, Lithia Springs, Georgia, (d) 7451 W. Lake Dr., Lithia Springs, Georgia, (e) 7499 Vulcan Drive, Lithia Springs, Georgia (the “Properties”). The Properties are more fully described in that certain deed to secure debt and security agreement executed on or about April 26, 2005 by Debtor in favor of Douglas County Bank and recorded in the Superior Court of Douglas County on or about April 27, 2005 Deed Book 2144, Page 657, Douglas County, Georgia (together with any and all amendments and modifications, the “Security Deed”). The Security Deed was assigned to Hamilton by the Federal Deposit Insurance Corporation, in its capacity as Receiver for Douglas County Bank, pursuant to that certain Assignment of Security Instruments and Other Loan Documents, effective as of April 26, 2013 and recorded May 21, 2013 in Deed Book 3130, Page 179 in the real estate records of the Superior Court of Douglas County. Debtor shall pay on a timely basis all ad valorem taxes with respect to the Properties. Debtor shall keep the Properties fully insured in accordance with the Hamilton loan documents.

Debtor has listed the Properties for sale with the following listing prices: (a) 2548 Vulcan Drive, Lithia Springs, Georgia - \$890,000.00, (b) 3558 Groovers Lake, Lithia Springs, Georgia - \$70,000.00, (c) 3574 Groovers Lake, Lithia Springs, Georgia - \$45,000.00, (d) 7451 W. Lake Dr., Lithia Springs, Georgia - \$65,000.00, and (e) 7499 Vulcan Drive, Lithia Springs, Georgia - \$25,000.00. Debtor has employed Maximum One Realty Greater Atlanta for the purposes of marketing the Properties for sale. Debtor anticipates that the Properties will sell within twelve (12) months of the Effective Date. Except as otherwise specifically provided for in this Plan, Debtor has the right to sell the Properties free and clear of any liens including but not limited to that of Hamilton for a gross cash sale price of not less than 80% (or such lesser percentage as Hamilton may agree to in writing) of the foregoing listing prices. Debtor shall remit to Hamilton any offer received on any of the Properties within seven (7) days of receipt of the same. In the event of a scheduled closing, no less than ten (10) business days before such closing of any of the Properties, Debtor shall cause a closing statement to be sent to Hamilton for its review and written approval. Upon the sale of any of the Properties, Debtor shall remit payment of the Net Proceeds to Hamilton until such time as the Hamilton Secured Claim is paid in full. “Net Proceeds” shall mean the purchase price less any customary closing costs (including, but not limited to, all outstanding ad valorem taxes existing on the Properties) paid by Debtor as seller at a closing for one or more of the Properties. Upon receipt of the Net Proceeds, Hamilton shall release its lien on the property sold. To the extent that the Hamilton Secured Claim is satisfied in full, Hamilton shall release its lien on any of the remaining Properties. To the extent that there are excess Net Proceeds after the satisfaction of the Hamilton Secured Claim, the Debtor shall retain such excess Net Proceeds in accordance with the Plan terms.

Should the Properties not sell within twelve (12) months following the Effective Date, Debtor shall auction the Properties by the fifteenth (15) month following the Effective Date. Debtor shall use the Net Proceeds from the auction to satisfy the Hamilton Secured Claim. To the extent

that there are excess Net Proceeds after the satisfaction of the Hamilton Secured Claim, the Debtor shall retain such excess Net Proceeds. All Properties may be auctioned on an absolute basis, except for 2548 Vulcan Drive, Lithia Springs, Georgia; the auction reserve price for 2548 Vulcan Drive, Lithia Springs shall be an amount sufficient to generate Net Proceeds necessary to pay and satisfy the outstanding balance of the Hamilton Secured Claim, together with post-petition interest, fees and expenses. To the extent the Hamilton Secured Claim has not been paid in full by the fifteenth (15) month, Hamilton may exercise its rights and remedies under its loan documents without further order of the Bankruptcy Court.

Adequate protection payments made by the Debtor to Hamilton pursuant to the cash collateral orders shall be applied to the Hamilton Secured Claim. Hamilton and the Debtor shall reconcile the amount of the Hamilton Secured Claim prior to the entry of any Confirmation Order and address any changes in the amount of such claims in the Confirmation Order. After the entry of the Confirmation Order, Debtor shall continue to make monthly payments to Hamilton in the amount of \$2,000.00 month until the earlier of (i) the payment in full of the Hamilton Secured Claim (together with post-petition interest, fees and expenses) or (ii) the 30th day of the fifteenth (15) month following the Effective Date. The first payment shall be due and payable on the fifteenth (15) day of the calendar month following entry of the Confirmation Order. All such payments shall be applied to the Hamilton Secured Claim. Any third party payments or payments in excess of the scheduled monthly distribution received by Hamilton shall be applied to the principal obligation owed by Debtor pursuant to Class 2.

Except as otherwise specifically provided for in this Plan, all provisions of the Hamilton loan documents and all remedies available to Hamilton under such loan documents shall remain in full force and effect; provided that, unless and until there is an uncured event of default under the Plan, Hamilton will forbear from the exercise of any rights or remedies under the loan documents. On the Effective Date, the Plan shall constitute a release of any and all Avoidance Actions and other causes of action against Hamilton as set forth more fully in Section 6.8 of this Plan. The Hamilton Secured Claim shall be an Allowed Secured Claim upon entry of the Confirmation Order. Hamilton shall retain its liens in the Properties until the earlier of the Properties being sold as set forth herein, or the Hamilton Secured Claim is paid in full, together with post-petition interest, fees and expenses.

Upon the occurrence of any Event of Default by Debtor under the Hamilton Secured Claim, Hamilton must send written notice to Debtor at the addresses of record for Debtor as reflected on the docket for this Bankruptcy Case, unless Debtor has served such Hamilton a written notice of a change of address for Debtor, as applicable. Hamilton must send such Notice to Debtor via certified mail with a courtesy copy via email and regular mail to Cameron M. McCord at the address reflected in the then current directory of the State of Bar of Georgia. Receipt by the Debtor's Attorney is for courtesy notice only and shall not be deemed receipt by the Debtor of the required Notice. If such default is a monetary default, the Notice must include the basis of the default, the monetary amount of the default and the address where Debtor shall send funds to cure the default. Debtor shall have ten (10) Business Days from the Debtor's receipt of the notice of default to cure such default. Hamilton may not enforce any Event of Default unless Debtor has failed to cure any such Event of Default within such 10 days. If the default is not cured within ten (10) Business Days, (a) Debtor shall not make any further

payments or Distributions to other Holders of Claims unless and until such default has been cured in its entirety or waived in writing by Hamilton, and (b) Hamilton may exercise its rights and remedies under its loan documents without further order of the Court.

There shall be no pre-payment penalty. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims for any reason.

The holder of a Class 2 Secured Claim is impaired and entitled to vote to accept or reject the Plan.

6.3 Class 3: Priority and Secured Claims of Governmental Units.

Class 3 shall consist of any priority or secured claim of a governmental unit entitled to priority under 11 U.S.C. § 507(a)(8) not otherwise provided for herein (“Class 3 Governmental Unit Claim”). The amount of any claim of a Governmental Unit that is not assessed or assessable on or prior to the Effective Date, and the right of the particular governmental unit, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of the particular governmental unit would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to Section 1141 of the Bankruptcy Code if applicable. Debtor reserves the right to pay any Class 3 Governmental Unit claim in full at any time.

Debtor is not aware of any Class 3 Governmental Unit Claim. In the event Debtor is liable for an allowed Class 3 Governmental Unit Claim, Debtor shall pay the Holder of such Class 3 Claim equal monthly payments commencing on the Effective Date with interest accruing at the applicable statutory amount or such lesser rate agreed to by the particular governmental unit so that 100% of such Class 3 Governmental Unit Claim shall be paid by the 60th month following the Effective Date. Any general unsecured claim for penalties or otherwise will be classified and treated in accordance with Class 5 as applicable.

A failure by the Debtor to make a payment under Class 3 to a governmental unit pursuant to the terms of the Plan shall be an event of default. If the Debtor fails to cure an event of default as to governmental unit payments under Class 3 within twenty (20) days’ notice of default by the particular governmental unit to the Debtor and Debtor’s counsel, then the governmental unit may (a) enforce the entire amount of its claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The Holder of an allowed Class 3 Governmental Unit Claim is impaired and entitled to vote to accept or reject the Plan. Nothing contained herein shall prohibit the Debtor from objecting to the Class 3 Claims for any reason.

6.4 Class 4: Priority Tax Claim of the Internal Revenue Service.

Class 4 consists of the secured tax claim of the Internal Revenue Service (“IRS”). Pursuant to Proof of Claim No. 4, the IRS holds a secured tax claim in the amount of \$41,589.00 (the “IRS Claim”). The IRS Class 4 claim shall accrue interest from the Effective Date calculated at the fixed rate of 3.00% per annum. The Debtor shall make regular quarterly installment payments in the amount of \$100.00 per quarter beginning the 15th day of the third month following the Effective Date and continuing on the 15th day of each following quarter. Debtor shall pay the unpaid balance of the IRS Claim in full with the proceeds from the sale of the Properties as set forth and defined in the Plan and Class 2. Notwithstanding any other term of the Plan, the IRS Claim shall be paid in full by the 60th month following the Petition Date.

The IRS holds a tax lien against Debtor’s Properties. Debtor has listed the Properties for sale with the following listing prices: (a) 2548 Vulcan Drive, Lithia Springs, Georgia - \$890,000.00, (b) 3558 Groovers Lake, Lithia Springs, Georgia - \$70,000.00, (c) 3574 Groovers Lake, Lithia Springs, Georgia - \$45,000.00, (d) 7451 W. Lake Dr., Lithia Springs, Georgia - \$65,000.00, and (e) 7499 Vulcan Drive, Lithia Springs, Georgia - \$25,000.00. Debtor has employed Maximum One Realty Greater Atlanta for the purposes of marketing the Properties for sale. Debtor anticipates that the Properties will sell within twelve (12) months of the Effective Date. Debtor shall have the right to sell the Properties free and clear of any liens including but not limited to that of Hamilton and the IRS for a gross cash sale price of not less than 80% (or such lesser percentage as Hamilton may agree to in writing) of the listing price. Upon the sale of any of the Properties, Debtor shall remit payment of the Net Proceeds to Hamilton until such time as the Hamilton Secured Claim is paid in full. After the Hamilton Secured Claim has been paid in full, Debtor shall remit payment of the Net Proceeds to the IRS until such time as the IRS Claim is paid in full. “Net Proceeds” shall mean the purchase price less any customary closing costs (including, but not limited to, all outstanding ad valorem taxes existing on the Properties) paid by Debtor as seller at a closing for one or more of the Properties. Upon receipt of any Net Proceeds to which the IRS is entitled under the Plan, the IRS shall release its lien on the property sold. To the extent that the IRS Claim is satisfied in full, the IRS shall release its lien on any of the remaining Properties. To the extent that there are excess Net Proceeds after the satisfaction of the IRS Claim, the Debtor shall retain such excess Net Proceeds in accordance with the Plan terms. Any third party payments or payments in excess of the scheduled distribution pursuant to Class 4 received by the IRS shall be applied to the IRS Claim owed by Debtor pursuant to Class 4.

Should the Properties not sell within twelve (12) months following the Effective Date, Debtor shall auction the Properties by the fifteenth (15) month following the Effective Date. Debtor shall use the Net Proceeds from the auction first to satisfy the Hamilton Secured Claim and second to satisfy the IRS Claim. To the extent that there are excess Net Proceeds after the satisfaction of the Hamilton Secured Claim and the IRS Claim, the Debtor shall retain such excess Net Proceeds.

The amount of any IRS Claim that is not otherwise assessed or assessable on or prior to the Effective Date, and the right of the IRS, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of the IRS would

have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to Section 1141 of the Bankruptcy Code. Debtor reserves the right to pay any tax claim in full at any time.

A failure by the Debtor to make a Class 4 payment to the IRS pursuant to the terms of the Plan shall be an event of default. If the Debtor fails to cure an event of default as to Class 4 tax payments within twenty (20) days' notice of default by the IRS to the Debtor and Debtor's counsel, then the IRS may (a) enforce the entire amount of its Class 4 tax claim; (b) exercise any and all rights and remedies it may have under applicable state law; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The Holder of the Class 4 Claim is impaired and entitled to vote to accept or reject the Plan. Nothing contained herein shall prohibit the Debtor from objecting to the Class 4 Claim for any reason.

6.5 Class 5: General Unsecured Claims

Class 5 shall consist of General Unsecured Claims. Holders of Class 5 General Unsecured Claims shall be paid in full with the Net Proceeds remaining from the sale of the Properties after the satisfaction of the (i) Hamilton Secured Claim as set forth and defined in Class 2, (ii) the IRS Secured Claim as set forth and defined in Class 4, and (iii) the GDR Priority Claim as set forth and defined in Class 6, and (iv) the Douglas County Priority Claim as set forth and defined in Class 1. Debtor anticipates but does not warrant the following constitutes the Holders of Class 5 Claims:

Holder	Scheduled Claim	Proof of Claim	POC No.
A Beka Book	\$1,864.13	\$1,864.13	5
American InfoSource LP as agent for T Mobile		\$3,141.41	2
Assoc. of Christian Schools	\$1,426.14		
Barbara Merckling	\$2,000.00		
EOS CCA	\$311.76		
Georgia Department of Revenue		\$4,352.94	3
Franklin & Lois Stubbs	\$10,000.00	\$10,000.00	6

Lanier & Sherri Motes	\$2,000.00		
LifeTouch	\$2,030.02		
Lithia Springs ACE Hardware	\$31.37		
Orkin	\$500.00		
Wilcomp Software, LLC	\$874.33		
TOTAL UNSECURED CLAIMS	\$25,390.69		

The Claims of the Class 5 Creditors are Impaired by the Plan and the holders of Class 5 Claims are entitled to vote to accept or reject the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of the Class 5 Claim. Debtor reserves the right to object to any and all claims.

6.6 Class 6: Priority Tax Claim of the Georgia Department of Revenue.

Class 6 consists of the priority tax claim of the Georgia Department of Revenue (“GDR”). Pursuant to Proof of Claim No. 3, the GDR holds a priority tax claim in the amount of \$19,301.42 (the “GDR Claim”). The GDR’s Class 6 claim shall accrue interest from the Effective Date calculated at the fixed rate of 12.00% per annum. The Debtor shall make regular quarterly installment payments in the amount of \$100.00 per quarter beginning the 15th day of the third month following the Effective Date and continuing on the 15th day of each following quarter until such time as the GDR Claim is paid in full. Debtor shall pay any unpaid balance of the GDR’s Claim with the Net Proceeds remaining from the sale of the Properties after the satisfaction of the Hamilton Secured Claim as set forth and defined in Class 2 and payment of the IRS Claim as set forth and defined in Class 4. The GDR shall share payment pro-rata with the Douglas County Priority Claim as defined in Class 1. Notwithstanding any other provision of the Plan, the GDR Claim shall be paid in full by the 60th month following the Petition Date. Any third party payments or payments in excess of the scheduled distribution pursuant to Class 6 received by the GDR shall be applied to the principal tax obligation owed by Debtors pursuant to Class 6.

The amount of any GDR Claim that is not otherwise assessed or assessable on or prior to the Effective Date, and the right of the GDR, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of the GDR would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to Section 1141 of the Bankruptcy Code. Debtor reserves the right to pay any tax claim in full at any time.

A failure by the Debtor to make a Class 6 payment to the GDR pursuant to the terms of the Plan shall be an event of default. If the Debtor fails to cure an event of default as to Class 6

tax payments within twenty (20) days' notice of default by the GDR to the Debtor and Debtor's counsel, then the GDR may (a) enforce the entire amount of its Class 6 tax claim; (b) exercise any and all rights and remedies it may have under applicable state law; and (c) seek such relief as may be appropriate in the Bankruptcy Court. Notice to Debtor's counsel alone shall not constitute valid notice to Debtor.

The Holder of the Class 6 Claim is impaired and entitled to vote to accept or reject the Plan. Nothing contained herein shall prohibit the Debtor from objecting to the Class 6 Claims for any reason.

VII. Administrative Expenses

Treatment of administrative expense claims is set forth in Article 5 of the Plan and summarized below.

7.1 Summary. Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims against Debtor are not classified for purposes of voting on, or receiving Distributions under the Plan. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance with Article 5 of the Plan and in accordance with the requirements set forth in section 1129(a)(9)(A) of the Bankruptcy Code.

With respect to potential Administrative Expense Claims, Debtor, pursuant to Court order, retained the law firm of Jones & Walden, LLC ("Firm") to serve as bankruptcy counsel. As set forth in the employment application and supporting documents, the Firm received a prepetition retainer in the amount of \$23,717.00. As of the date hereof, the fees and expenses incurred by the Firm have exceeded the retainer. Debtor shall pay any unpaid allowed Administrative Expense Claim held by the Firm on the Effective Date unless otherwise agreed to by the Firm. Debtor is paying post-petition bills and does not expect any claims for unpaid post-petition goods and services other than possible professional fees. Debtor will incur quarterly trustee fees which Debtor intends to pay when due.

7.2 Administrative Expense Claims.

7.2.1 Subject to the provisions of sections 328, 330(a) and 331 of the Bankruptcy Code, each holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash on the latest of (1) the Effective Date, (ii) as soon as practicable after the date on which such Claim becomes an Allowed Administrative Expense Claim, (iii) upon such other terms as may be agreed upon by such holder and Debtor, or (iv) as otherwise ordered by the Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims representing obligations incurred by Debtor in the ordinary course of business, or otherwise assumed by Debtor on the Effective Date pursuant to this Plan, including any tax obligations arising after the Effective Date, will be paid or performed by Debtor when due in accordance with the terms and conditions of the particular agreements or non-bankruptcy law governing such obligations.

7.2.2 Except as otherwise provided in this Plan, any Person holding an Administrative Expense Claim, other than an Administrative Expense Claim arising from the operation by Debtor of its business in the ordinary course of business, shall file a proof of such Administrative Expense Claim with the Bankruptcy Court within thirty (30) days after the Confirmation Date. At the same time any Person files an Administrative Expense Claim, such Person shall also serve a copy of the Administrative Expense Claim upon counsel for Debtor. Any Person who fails to timely file and serve a proof of such Administrative Expense Claim shall be forever barred from seeking payment of such Administrative Expense Claims by Debtor or the Estate.

7.2.3 Any Person seeking an award by the Bankruptcy Court of Professional Compensation shall file a final application with the Bankruptcy Court for allowance of Professional Compensation for services rendered and reimbursement of expenses incurred through the Effective Date within thirty (30) days after the Confirmation Date or by such other deadline as may be fixed by the Bankruptcy Court.

The Plan provides that Debtor may pay professional fees incurred after confirmation of the Plan without Court approval. Debtor shall pay all pre-confirmation fees of professionals as payment of same is approved by the Court unless otherwise agreed by such professionals.

VIII. Tax Consequences

Tax consequences resulting from confirmation of the Plan can vary greatly among the various Classes of Creditors and holders of Interests, or within each Class. Significant tax consequences may occur as a result of confirmation of the Plan under the Internal Revenue Code and pursuant to state, local, and foreign tax statutes. Because of the various tax issues involved, the differences in the nature of the Claims of various Creditors, the taxpayer status and methods of accounting and prior actions taken by Creditors with respect to their Claims, as well as the possibility that events subsequent to the date hereof could change the tax consequences, this discussion is intended to be general in nature only. No specific tax consequences to any Creditor or holder of an Interest are represented, implied, or warranted. Each holder of a Claim or Interest should seek professional tax advice.

The proponent assumes no responsibility for the tax effect that consummation of the Plan will have on any given Holder of a Claim or Interest. Holders of Claims or Interest are strongly urged to consult their own tax advisors covering the federal, state, local and foreign tax consequences of the Plan to their individual situation.

IX. Liquidation Analysis

Debtor's Plan provides for liquidation of Debtor's Properties. Holders of claims would not receive any greater return in a liquidation of Debtor's assets in any manner other than the Debtor's Plan. Moreover, in liquidation under chapter 7, the chapter 7 trustee would incur costs

associated with liquidation, such as broker fees, attorneys fees and statutory trustee fees¹. Under the Plan, general unsecured creditors will be paid in full and the estate will not incur the aforementioned fees.

X. Procedures for Treating and Resolving Disputed Claims

A. Objection to Claims

The Plan provides that Debtor shall be entitled to object to Claims, provided, however, that Debtor shall not be entitled to object to Claims (i) that have been Allowed by a Final Order entered by the Bankruptcy Court prior to the Effective Date or (ii) that are Allowed by the express terms of the Plan.

B. No Distributions Pending Allowance

Except as otherwise provided in the Plan, no Distributions will be made with respect to any portion of a Claim unless and until (i) the Debtor has determined that no objection to such Claim will be filed, or (ii) any objection to such Claim has been settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court.

C. Estimation of Claims

Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to the Bankruptcy Code regardless of whether Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another.

¹ 11 USC §326(a) states that a Chapter 7 trustee would incur trustee's fees equal to 25% of the first \$5,000.00 of Liquidation Value of Assets; 10% of amount in excess of \$5,000.00 but not in excess of \$50,000.00 of Liquidation Value of Assets; 5% of any amount in excess of \$50,000.00 but not in excess of \$1,000,000.00; 3% of any amount in excess of \$1,000,000.00 of the Liquidation Value of Asset, and commissions for auctioneers for personal property generally is equivalent to ten (10%) percent of the gross sales price and commissions for real property brokers is generally six percent (6%) of the gross sales price. In addition, the attorney for the Chapter 7 trustee would incur attorney's fees as would the current Chapter 11 attorneys.

D. Resolution of Claims Objections

On and after the Effective Date, Debtor shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Claims without approval of the Bankruptcy Court.

XI. Conditions Precedent to the Effective Date

A. Conditions to Confirmation

The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Article 11.3 of the Plan: (a) the Bankruptcy Court shall have approved a Disclosure Statement with respect to the Plan; and (b) the Confirmation Order shall have been signed by the Bankruptcy Court and entered on the docket of the Bankruptcy Court.

B. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Article 11.2 of the Plan.

- (a) The Confirmation Order shall not have been vacated, reversed or modified and, as of the Effective Date, shall not be stayed.
- (b) All documents and agreements to be executed on the Effective Date or otherwise necessary to implement the Plan shall be in form and substance that is acceptable to Debtor, in its reasonable discretion.
- (c) Debtor shall have received any authorization, consent, regulatory approval, ruling, letter, opinion, or document that may be necessary to implement this Plan and that is required by law, regulation, or order as determined by Debtor.

Under the Plan, each of the conditions set forth above may be waived, in whole or in part, by Debtor without any notice to any other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Confirmation Date or the Effective Date may be asserted by Debtor in its sole discretion regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by Debtor in its sole discretion). The failure of Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

XII. Certain Effects of Confirmation

A. Vesting of Debtor's Assets

Except as otherwise explicitly provided in the Plan, upon the Court's entry of the Confirmation Order, all property comprising the Estate (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in Debtor free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders, except as specifically provided in the Plan. As of the earlier of the Effective Date and the entry of a Final Decree, Debtor may operate its business and use, acquire, and dispose of property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order.

B. Discharge of Debtor

Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in the Plan or in the Confirmation Order, the Distributions and rights that are provided in the Plan shall be in complete satisfaction, discharge, and release of all Claims and Causes of Action, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in Debtor or its Estate that arose prior to the Effective Date regardless of whether a claimant accepted or rejected the Plan.

C. Setoffs

Debtor may, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that Debtor may have now or in the future against such Holder; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by Debtor of any such claim that Debtor may have against such Holder.

D. Releases of Claims by Holders of Claims

Except as otherwise specifically provided for in the Plan, upon the entry of a Confirmation Order (a) each Person that votes to accept the Plan or is presumed to have voted for the Plan pursuant to Section 1126(f) of the Bankruptcy Code; and (b) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each Entity or Person, that has held, holds, or may hold a Claim or interest (each, a "Release Obligor"), in consideration for the obligations of Debtor under the Plan and the case, shall have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged Debtor from any Claim or causes of action existing as of the Effective Date arising from, based on or relating to, in whole or in part, the subject matter of, or the transaction or event giving rise to the Claim or claim for relief of such Release Obligor, and any act, omission, occurrence or event in any manner related to such subject matter, transaction or obligation.

E. Injunction

Upon entry of a Confirmation Order in this case, except as provided for in this Plan, the Confirmation Order shall act as a permanent injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action except as provided for under this Plan against: (1) Debtor, or (2) against any property of Debtor. Such injunction shall survive the closure of the Bankruptcy Case and this Court shall retain jurisdiction to enforce such injunction.

F. Miscellaneous Plan Provisions

1. Modification of Plan

Debtor shall be allowed to modify the Plan pursuant to section 1127 of the Bankruptcy Code to the extent applicable law permits. Subject to the limitations contained in the Plan, pursuant to Article 13.1 of the Plan, Debtor may modify the Plan, before or after confirmation, without notice or hearing, or after such notice and hearing as the Bankruptcy Court deems appropriate, if the Bankruptcy Court finds that the Modification does not materially and adversely affect the rights of any parties in interest which have not had notice and an opportunity to be heard with regard thereto. In the event of any modification on or before confirmation, any votes to accept or reject the Plan shall be deemed to be votes to accept or reject the Plan as modified, unless the Bankruptcy Court finds that the modification materially and adversely affects the rights of parties in interest which have cast said votes. Debtor reserves the right in accordance with section 1127 of the Bankruptcy Code to modify the Plan at any time before the Confirmation Date.

2. Retention of Jurisdiction

The Plan provides that subsequent to the Effective Date, the Bankruptcy Court shall have or retain jurisdiction for the following purposes:

- (a) To adjudicate objections concerning the allowance, priority or classification of Claims and any subordination thereof, and to establish a date or dates by which objections to Claims must be filed to the extent not established in the Plan;
- (b) To liquidate the amount of any disputed, contingent or unliquidated Claim, to estimate the amount of any disputed, contingent or unliquidated claim, to establish the amount of any reserve required to be withheld from any distribution under the Plan on account of any disputed, contingent or unliquidated claim;
- (c) To resolve all matters related to the rejection, assumption and/or assignment of any Executory Contract or Unexpired Lease of Debtor;

- (d) To hear and rule upon all Retained Actions, Avoidance Actions and other Causes of Action commenced and/or pursued by Debtor, including the Adversary Proceeding;
- (e) To hear and rule upon all applications for Professional Compensation;
- (f) To remedy any defect or omission or reconcile any inconsistency in the Plan, as may be necessary to carry out the intent and purpose of the Plan;
- (g) To construe or interpret any provisions in the Plan and to issue such orders as may be necessary for the implementation, execution and consummation of the Plan, to the extent authorized by the Bankruptcy Code;
- (h) To adjudicate controversies arising out of the administration of the Estate or the implementation of the Plan;
- (i) To make such determinations and enter such orders as may be necessary to effectuate all the terms and conditions of the Plan, including the Distribution of funds from the Estate and the payment of claims;
- (j) To determine any suit or proceeding brought by Debtor to recover property under any provisions of the Bankruptcy Code;
- (k) To hear and determine any tax disputes concerning Debtor and to determine and declare any tax effects under the Plan;
- (l) To determine such other matters as may be provided for in the Plan or the Confirmation Order or as may be authorized by or under the provisions of the Bankruptcy Code;
- (m) To determine any controversies, actions or disputes that may arise under the provisions of the Plan, or the rights, duties or obligations of any Person under the provisions of the Plan;
- (n) To adjudicate any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of, or in connection with, any agreement pursuant to which Debtor sold any of its assets during the Bankruptcy Cases; and
- (o) To enter a final decree.
- (p) To enforce and interpret any order or injunctions entered in this Bankruptcy Case.

3. Distributions

- (a) Disbursing Agent. Unless otherwise provided for herein, all Distributions under this Plan shall be made by Debtor or its agent.

- (b) Distributions of Cash. Any Distribution of Cash made by Debtor pursuant to this Plan shall, at Debtor's option, be made by check drawn on a domestic bank or by wire transfer from a domestic bank or in any other form of cash or cash equivalent.
- (c) No Interest on Claims or Interests. Unless otherwise specifically provided for in this Plan, the Confirmation Order, or a postpetition agreement in writing between the Debtor and a Holder, postpetition interest shall not accrue or be paid on Claims, and no Holder shall be entitled to interest accruing on or after the Filing Date on any Claim. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final determination is made when and if such Disputed Claim becomes an Allowed Claim.
- (d) Delivery of Distributions. The Distribution to a Holder of an Allowed Claim shall be made by Debtor (a) at the address set forth on the proof of claim filed by such Holder, (b) at the address set forth in any written notices of address change delivered to Debtor after the date of any related proof of claim, (c) at the addresses reflected in the Schedules if no proof of claim has been filed and Debtor has not received a written notice of a change of address, or (d) if the Holder's address is not listed in the Schedules, at the last known address of such Holder according to the Debtor's books and records. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until Debtor is notified by such Holder in writing of such Holder's then-current address, at which time Debtor shall recommence Distributions to such Holder without interest but further provided that (i) any distributions not claimed within 6 months of return shall be irrevocably retained by Debtor and (ii) such Holder shall waive its right to such Distributions. All Distributions returned to Debtor and not claimed within six (6) months of return shall be irrevocably retained by Debtor notwithstanding any federal or state escheat laws to the contrary.

If any Distribution on an Unsecured Claim ("Unsecured Distribution") is tendered by Debtor to a Holder of an Unsecured Claim and returned, refused or otherwise improperly returned ("Unsecured Distribution Refusal"), Debtor shall not be responsible for making any further Unsecured Distribution on account of such Unsecured Claim. Accordingly, in the event of an Unsecured Distribution Refusal, Debtor shall be relieved of any obligation to make said payment or Distribution and Debtor is relieved of any obligation to make further payments or Distributions on such Unsecured Claim under the Plan.

If any Distribution on a Secured Claim or Priority Claim ("Secured or Priority Distribution") is tendered by Debtor to a Holder of a Secured Claim or Priority Claim and returned, refused or otherwise improperly returned ("Secured or Priority Distribution Refusal"), the Holder of such Secured Claim or Priority

Claim, as applicable, shall be deemed to have waived its right to such tendered payment or Distribution and such tendered payment or Distribution shall be deemed satisfied. In the event of a Secured or Priority Distribution Refusal, any obligation of Debtor to make any additional or further payment on such Secured Claim or Priority Claim shall be tolled until such time as: (i) notice is provided to Debtor that the Holder of such Secured Claim or Priority Claim seeks to receive payments from Debtor on the Secured Claim or Priority Claim or otherwise seeks to enforce Debtor's obligations under the Plan or otherwise enforce the Secured Claim or Priority Claim and (ii) any dispute regarding the Secured or Priority Distribution Refusal and its implications is resolved by agreement of the parties or the Bankruptcy Court (the "Tolling Period"). Only in the event of such notice to Debtor shall Debtor's obligations to perform as to the applicable Secured Claim or Priority Claim resume. The Tolling Period shall: (i) extend the term of the payments on such Secured Claim or Priority Claim and (ii) bar any interest from accruing on the Secured Claim or Priority Claim until such time as any dispute regarding the Secured or Priority Distribution Refusal shall be finally resolved. Notwithstanding anything in the Plan or otherwise to the contrary, no provision allowing the imposition of late fees, default interest, late charges, damages, or costs and fees against the Debtor or the Debtor's property shall be applicable during the Tolling Period or any period during which a dispute regarding a Tolling Period is being resolved. For purposes of clarification, Debtor shall not be required to make any lump sum cure of payments or Distributions which would have otherwise come due during the Tolling Period or any period during which a dispute regarding a Tolling Period is unresolved, and Debtor shall recommence Distributions upon the resolution of such on the terms in the Plan as tolled.

- (e) Distributions to Holders as of the Effective Date. All Distributions on Allowed Claims shall be made to the holders of such Claims. As of the close of business on the Effective Date, the Claims register maintained by the Bankruptcy Court shall be closed, and there shall be no further change in the Holder of any Claim. Debtor shall have no obligation to recognize any transfer of any Claim occurring after the Effective Date. Debtor shall instead be entitled to recognize and deal for all purposes under this Plan with the holders of such claim as of the Effective Date.
- (f) Fractional Dollars. Any other provision of this Plan notwithstanding, the Debtor shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, at Debtor's option the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.
- (g) Withholding Taxes. Debtor shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and

all Distributions under this Plan shall be subject to any such withholding and reporting requirements.

XIII. Confirmation and Consummation Procedure

A. General Information

All creditors whose Claims are Impaired by the Plan may cast their votes for or against the Plan. As a condition to confirmation of the Plan, the Bankruptcy Code requires that one Class of Impaired Claims votes to accept the Plan. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a Class of Impaired Claims as acceptance by holders of at least two-thirds of the dollar amount of the class and by more than one-half in number of Claims. Holders of Claims who fail to vote are not counted as either accepting or rejecting a plan. Voting is accomplished by completing, dating, signing and returning the ballot form (the “Ballot”) by the Voting Deadline. Ballots will be distributed to all creditors entitled to vote on the Plan and is part of the Solicitation Package accompanying the Disclosure Statement. The Ballot indicates (i) where the Ballot is to be filed and (ii) the deadline by which creditors must return their Ballots.

Unless otherwise specifically provided in a class of the Plan, in the event of a default by Debtor in payments under the Plan or otherwise, the Holder of such Claim must send written notice to Debtor and Cameron M. McCord of the claimed default. Debtor shall have ten (10) days from Debtor’s and Cameron M. McCord’s receipt of the notice of default to cure such default (or the next business day if the 10th day is not a business day).

All notices under the Plan shall be in writing. Unless otherwise specifically provided herein, all notices shall be sent to Debtor via U.S. Certified Mail Return Receipt or by recognized overnight carrier to the address of record for Debtor in this Case (unless Debtor has provided such Holder with written notice of change of address for Debtor) with a copy via email and regular mail to Cameron M. McCord at the address reflected in the then current directory of the State Bar of Georgia. Receipt of notice by Cameron M. McCord shall not be deemed receipt by Debtor of the required notice.

B. Solicitation of Acceptances

This Disclosure Statement has been approved by the Court as containing “adequate information” to permit creditors and equity interest holders to make an informed decision whether to accept or reject the Plan.

C. Acceptances Necessary to Confirm the Plan

At the Confirmation Hearing, the Court shall determine, among other things, whether the Plan has been accepted by Debtor’s creditors. Impaired classes will be deemed to accept the Plan if at least two-thirds in amount and more than one-half in number of the Claims in each class vote to accept the Plan. Furthermore, in such event, unless there is unanimous acceptance of the Plan by the impaired classes, the Court must also determine that any non-accepting Class

members will receive property with a value, as of the Effective Date of the Plan, that is not less than the amount that such Class member would receive or retain if Debtor were liquidated as of the Effective Date of the Plan under Chapter 7 of the Bankruptcy Code.

D. Confirmation of Plan Pursuant to Section 1129(b)

The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all Impaired classes. To confirm the Plan without the requisite number of acceptances of each Impaired Class, the Court must find that at least one Impaired Class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly against, and is otherwise fair and equitable, to any Impaired Class that does not accept the Plan. Accordingly, if any Impaired Class does not vote to accept the Plan, Debtor will seek to confirm the Plan under the “cramdown” provisions of section 1129(b) of the Bankruptcy Code.

E. Considerations Relevant to Acceptance of the Plan

Debtor’s recommendation that all Creditors should vote to accept the Plan is premised upon Debtor’s view that the Plan is preferable to other alternatives for liquidation of Debtor’s estate. It appears unlikely to Debtor that an alternate plan of reorganization or liquidation can be proposed that would provide for payments in an amount equal or greater than the amounts proposed under the Plan. If the Plan is not accepted, it is likely that the interests of all creditors will be further diminished.

Disclaimer

This Disclosure Statement contains summaries of certain provisions of the Plan, statutory provisions, documents related to the Plan, events in Debtor’s Chapter 11 case, and financial information. Although Debtor believes that the Plan and related document summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents or statutory provisions. Factual information contained in this Disclosure Statement has been provided by Debtor’s management, except where otherwise specifically noted. Debtor is unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission. The financial data set forth herein, except as otherwise specifically noted, has not been subjected to an independent audit.

Nothing contained herein shall (1) constitute an admission of any fact or liability by any party, (2) be admissible in any nonbankruptcy proceeding involving Debtor or any other party; provided, however, that in the event Debtor defaults under the Plan, the Disclosure Statement may be admissible in a proceeding relating to such default for the purpose of establishing the existence of such default, or (3) be deemed conclusive advice on the tax or other legal effects of Debtor’s Plan as to holders of Claims or Interests. You should consult your personal counsel or tax advisor on any questions or concerns regarding tax or other legal consequences of the Plan.

Except for historical information, all the statements, expectations, and assumptions, including expectations and assumptions contained in this Disclosure Statement, involve a number of risks and uncertainties. Although Debtor has used its best efforts to be accurate in

making these statements, it is possible that the assumptions made by Debtor may not materialize. In addition, other important factors could affect the prospect of recovery to Creditors including, but not limited to, the inherent risks of litigation and the amount of Allowed Claims.

All Creditors and Interest Holders are advised and encouraged to read this Disclosure Statement and the Plan in their entirety. Plan summaries and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan, any exhibits, and the Disclosure Statement as a whole.

This Disclosure Statement has been prepared in accordance with § 1125 of the Bankruptcy Code and Rule 3016(c) of the Federal Rules of Bankruptcy Procedure and not in accordance with federal or state securities laws. This Disclosure Statement has neither been approved nor disapproved by the Securities and Exchange Commission ("SEC"), nor has the SEC passed on the accuracy or adequacy of the statements contained herein. This Disclosure Statement was prepared to provide holders of Claims and Interests in Debtor with "adequate information" (as defined in the Bankruptcy Code) so that they can make an informed judgment about the Plan.

As to contested matters, adversary proceedings, and other actions or threatened actions, this Disclosure Statement shall not constitute nor be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations.

The information contained in this Disclosure Statement is included herein for the purpose of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to make a judgment with respect to, and how to vote on, the Plan.

The representations in this Disclosure Statement are those of Debtor. No representations concerning Debtor are authorized other than as set forth in this statement. Any representation or inducement made to secure acceptance of this Plan which are other than as contained in this document should not be relied upon by any Person. The information contained herein has not been subject to a certified audit. Every effort, however, has been made to provide adequate financial information in this Disclosure Statement. The representations by Debtor are not warranted or represent to be without any inaccuracy, although every effort has been made to be accurate. Neither the Plan nor this Disclosure Statement has been designed to forecast consequences which follow from a general rejection of this Plan, although an attempt is made to state the consequences of a liquidation of Debtor.

Respectfully submitted this 2nd day of September, 2016.

LITHIA CHRISTIAN CENTER, INC.

By: /s/ Tyler Barr

Name: Tyler Barr

Title: CFO

JONES & WALDEN, LLC

/s/ Cameron M. McCord

Cameron M. McCord

Georgia Bar No. 143065

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21 Eighth Street, NE

Atlanta, Georgia 30309

(404) 564-9300

Attorneys for Debtor in Possession

CERTIFICATE OF SERVICE

I certify that on the date specified herein below I cause to be served a copy of the foregoing documents via first class United States mail in a properly addressed envelope with sufficient postage affixed thereto to ensure delivery upon the parties listed below:

Office of the United States Trustee
362 Richard B. Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, Georgia 30303

This 2nd day of September, 2016.

JONES & WALDEN, LLC

/s/ Cameron M. McCord

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