IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

In re:	)	**Chapter: 11**
	)	
	)	**Case No. 13-80740**
Steve and Celeste Murphy,	)	
	)	**Judge: Hon. Thomas M. Lynch**
	)	
Debtors.	)	

THIRD AMENDED DISCLOSURE STATEMENT FOR PLAN OF LIQUIDATION FILED BY DEBTOR

Pursuant to Section 1125 of the U.S. Bankruptcy Code (the "Code"), Steve and Celeste Murphy, Debtors In Possession (the "Debtor"), submit this Third Amended Disclosure Statement for Court approval and distribution to creditors.

I. INTRODUCTION

A. Introductory Narrative

The Debtors own a portfolio of real estate holdings and currently hold cash in the amount of $10,800,000 consisting of sales proceeds of $10,000,000 from the sale of 23 of the minority interests the Debtor owned (the "23 LLC Sale"), and $800,000 currently being held in the Debtor in Possession account.

Among the assets of the Estate remaining after the 23 LLC Sale are 7 LLC Membership Interests in which the Debtor owns a minority interest. Pursuant to a Joint Stipulation Regarding Sale Of Membership Interests (the "Joint Stipulation") entered into between the other Members of the Membership Interests (the "NDM's") and the Debtor, the Debtor was permitted to market Membership Interests for a period of six months from January 1, 2016 subject to a right of first refusal by the other Members. The marketing period resulted in the 23 LLC Sale, leaving seven of the Debtors Membership interests..

Because of limitations in the Operating Agreements and the lapse of the period in which the Joint Stipulation allowed the marketing of the Membership Interests, only the Non Debtor Members may purchase the 7 remaining Membership Interests in which the Debtor has a minority interest. Subject to Court approval, the Debtor proposes to sell the Membership Interests to Buyer for the purchase price of $1,837,500 upon order of this Court approving such sale pursuant to the terms of the Offer to Purchase. The Membership Interests will be conveyed to Buyer pursuant to the Offer to Purchase and pursuant to the terms of the Operating Agreements.

The proceeds from the 23 LLC Sale, and the sale of the remaining 7 LLC Interests subject to restrictions in the Operating Agreements will provide sufficient funds to pay all Unobjected to, Allowed claims as defined by the Plan attached hereto in full.

The classes in the Plan are as follows:

Administrative Claims - Administrative claims under Section 507(a)(2), (a)(3) and (a)(8) of the U.S. Bankruptcy Code (the "Code") includes attorneys, accountants, and other professionals whose retention and fees are approved by the Bankruptcy Court. It also includes any claims against the estate since the filing of this Chapter 11 case including unpaid tax claims owed to governmental units and any fees owed to the U.S. Trustee's Office. All Trustee's fees will be paid as they come due. Claims incurred during the bankruptcy but as yet unpaid other than Trustee's fees will be paid in full upon Court approval of the Plan ("confirmation"). Administrative claims are currently estimated to be $150,000 for Debtors attorney, $40,000 for attorneys for Wayne Erickson and George Ralph, approximately $12,000 owed to Howard Sorensen as the accountant for the Debtor and $100,000 for Quick Liquidity's fees for due diligence all to be payable upon the filing of fee applications and approved by the Court. $27,860.93 is due to the IRS for

post petition taxes, interest and penalties. Administrative Claim Creditors are not impaired under the Plan.

Secured claims –The Internal Revenue Service has filed an un-objected to proof of claim indicating an amount owed as a secured of $4,465,568. This claim will be paid in full from the proceeds of the funds currently being held by the Debtor within 14 days of the entry of an Order confirming the Plan. This claim is not impaired under the Plan.

The Claims of Unsecured Priority Claimants – These claims exist in the amount of $495,701 and consist of the Internal Revenue Service unsecured priority claim of $7,961 pursuant to their un-objected to proof of claim; the Wisconsin Department of unsecured priority claim of $428,567 pursuant to their un-objected to proof of claim; and the Illinois Department of Revenue unsecured priority claim of $59,173 pursuant to their un-objected to proof of claim. These claims will be paid in full within 10 days of confirmation of a Plan. These claims are not impaired under the Plan.

The Un-objected to Claims of Unsecured Non-priority Claimants – Unsecured non-priority creditors of the Debtor are owed $6,217,828 as follows:

Creditor	Transferee	Claim
Chase		$ 937.18
Blackhawk		$ 366,520.00
IRS		$ 692,252.00
GE Capitol Cl 5	Recovery Mngm	$ 725.09
GE Capitol Cl 6	Recovery Mngm	$ 2,406.83
Capitol One	Portfolio Rec	$ 1,334.31
MJ Goldman		$ 5,350.00
Assoc Bank	Cadles of Grassy	$ 4,822,303.35
WDOR		$ 95,215.00
IDOR		$ 5,785.00
Quick Liquidity		$ 112,500.00
Wayne H. Erickson		$ 112,500.00
Total		$ 6,217,828.76

The Debtor scheduled certain claims as un-disputed, certain claims as disputed and certain claims as disputed and unknown, with a bar date being set to file proofs of claim. After the filing of claims, the review of those filed claims, and the resolution of certain of the filed claims upon objection by the Debtor, the amount undisputed, un-objected to, or resolved claims is owed as stated. The Unsecured Non-Priority Creditors will be paid in full, 85% of their claim from the Proceeds of the current cash on hand and the balance from liquidation of the remaining Debtors Property. The Claims of Unsecured Non-priority Claimants are impaired under the Plan because they were not paid according to their terms, but will be paid in full.

The Objected to Claim of First National Bank and Northwest Bank of Rockford – Northwest Bank of Rockford filed secured Claim # 9-1 of $352,748 based on the personal guaranty of the Debtor. First National Bank filed secured Claims #11-1 for $425,234, Claim #12-1 for #2,855,648, Claim #13-1 for $631,615 and #14-1 for $631,615 all based on the personal guarantee of the Debtor as to certain real estate owned by the Debtor or the Debtors. The claim against the Debtor does not become viable unless the property is foreclosed on or payments have not been made. The Debtor has kept current on its payments and the properties have not been foreclosed on. The Debtor filed objections to the claims of Northwest Bank of Rockford and First National Bank, all of which were sustained and the claims disallowed. As a result of the objections to claims filed by the Debtor and the disallowance of these claims, they are owed nothing and will not be paid under the Plan.

The foregoing is a summary only, and creditors are urged to read the Plan.

Because the Debtor proposes a Plan of Liquidation which pays 100 cents on the dollar, Local Rule 3016-1 for the Northern District of Illinois does not require projected cash flow or financial statements of the Debtor.

B. Summary of Plan Payments

Creditors	Amounts Due	When Paid
Professional fees	Est. $302,000	Effective Date after being Approved
Administrative claim of taxing Authorities	Est. $27,860	Paid in full within 14 days of entry of a final and non-appealable order confirming Plan
Secured Claim of IRS	$4,465,568	Paid in full within 14 days of entry of a final and non-appealable order confirming Plan
Priority claims of Taxing Auth.	$495,701	Paid in full within 14 days of entry of a final and non-appealable order confirming Plan
Pre-bankruptcy unobjected to Unsecured creditors	$6,217,828	Paid in full within 14 days of entry of a final and non-appealable order confirming Plan; remainder upon sale of final properties

C. Other Information Regarding the Disclosure Statement and Plan

Steve and Celeste Murphy, the Debtors, provides this Disclosure Statement to all of the creditors listed on the schedules filed in connection with the above cases to disclose the information deemed by them to be material, important, and necessary for the creditors to arrive at a reasonably informed decision in exercising their right to vote on the Plans of Reorganization presently on file with the Bankruptcy Court. This case was commenced on March 7, 2013 when the Debtors filed a voluntary petition under Chapter

11 of the Bankruptcy Code. No trustee has been appointed. The Debtor has continued to manage its business and assets and to administer the affairs of its estate as debtor in possession in accordance with 11 U.S.C. §§1107 and 1108. A copy of the Plan for the Debtor accompanies this Statement.

The purpose of this Disclosure Statement is to provide a summary of the Plan to the holders of claims or interests identified in the Plan. This written Disclosure Statement may only be approved after a notice and hearing by the court pursuant to 11 U.S.C. §1125 if it contains adequate information. Adequate information is defined in 11 U.S.C. §1125 as follows:

> ...information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan

Court may approve, but not endorse the Disclosure Statement, pursuant to the above stated standards.

As a creditor, your vote is important. Creditors, whose claims are "impaired", as 11 U.S.C. §1124 defines that term, will receive ballots upon which they may signify their acceptance or rejection of the Plan. The Court will set a time within which ballots must be returned to the Court. Creditors whose claims are not impaired less than 11 U.S.C. §1124 are deemed to have accepted the Plan, and will not receive ballots or vote. Only the votes of the impaired classes, and the non-insider creditors will be counted in connection with Confirmation of the Plan. Designation of impairment or no impairment is set forth in this Disclosure Statement and the Plan.

Creditors entitled to vote may vote for or against the Plan by completing, dating, signing and mailing or delivering the accompanying Ballot for Accepting or Rejecting the Debtor's Plan of Reorganization (the "Ballot") to the United States Bankruptcy Court, 327 South Church St., Rockford, Illinois 61101. In order for a vote to be counted, such Ballot must be received on or before the date set by the Court.

After the Disclosure Statement is approved by the Court, the approved Disclosure Statement, together with the Plan and the Ballot, will be sent to all creditors entitled to vote on the Plan along with a date set by the Bankruptcy Court, for the hearing to determine whether the Plan has been accepted by the requisite number of holders and whether the other requirements set forth below for Confirmation of the Plan have been satisfied. When each creditor receives the approved disclosure statement and ballot, it should be returned to the U.S. Bankruptcy Court, Ballot Department on the address provided for on the ballot. A Sample Ballot is attached.

Each creditor whose claim is impaired may vote on the Plan. 11 U.S.C. §1126 provides that if two-thirds in amount and more than one-half in number of all allowed claimants voting in a class of claimants accept the Plan, that class has accepted the Plan provided that the vote of any creditor that is designated by the Bankruptcy Court as an entity whose acceptance or rejection was not in good faith or was not solicited or procured in good faith or not in accordance with the Code will not be counted. If every impaired class accepts the Plan, and if certain technical requirements set forth in 11 U.S.C. §1129 are met, the Court will confirm the Plan. If one or more classes dissent, the Debtors may ask the Court to confirm the Plan if at least one class has accepted and if the Debtors can meet the requirements of 11 U.S.C. §1129(b).

At the Confirmation hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each class of holders whose claims

or interests are impaired under the Plan according to the above stated requirements. In addition to determining whether the voting requirements described above have been satisfied, the Bankruptcy Court may confirm the Plan only if it determines that Confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors. Further, unless there is unanimous acceptance of the Plan by an impaired class, the Bankruptcy Court must also determine that under the Plan members of each such class will receive or retain property of a value, as of the Effective Date, that is not less than the amount that such members would receive or retain if the Debtors were liquidated under Chapter 7 of the Code on such date.

If one impaired class has accepted the Plan, but all impaired classes have not accepted the Plan, the Court must determine whether to cram the Plan down on the dissenting class or classes. The Court may only do this if the Plan does not discriminate unfairly as to each class of claims, and if the Plan is fair and equitable as to each class of claims. Whether a Plan is fair and equitable as to a class of claims is determined by the standards set out in Sec. 1129(b)(2) of the Code.

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY, OR THE VALUE OF ANY PROMISSORY NOTES TO BE ISSUED UNDER THE PLAN, OTHER THAN AS SET FORTH IN THIS STATEMENT, ARE AUTHORIZED. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED ON BY YOU IN REACHING YOUR DECISION, AND ANY SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR OR THE UNITES STATES TRUSTEE, WHO, IN TURN, SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR RELY FOR THEIR ACCURACY UPON BOOKKEEPING PERFORMED BOTH INTERNALLY AND BY OUTSIDE SERVICES. EVERY REASONABLE EFFORT HAS BEEN MADE TO PRESENT ACCURATE FIGURES. HOWEVER, BECAUSE OF THE COMPLEXITY OF THE DEBTOR'S AFFAIRS, ONLY A CERTIFIED AUDIT CAN ASSURE ACCURACY. MOST OF THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE INFORMATION OBTAINED BY COUNSEL FOR THE DEBTOR FROM RECORDS KEPT BY THE DEBTOR AND OTHER SOURCES DESCRIBED IN THE DISCLOSURE STATEMENT ARE NOT WARRANTED OR REPRESENTED TO BE ACCURATE, ALTHOUGH ALL SUCH INFORMATION IS ACCURATE TO THE DEBTOR'S BEST KNOWLEDGE, INFORMATION AND BELIEF.

II. History And Business Of The Debtor Prior To The Filing Of The Case

Though both Debtors were required to file bankruptcy, the primary catalyst for the filing of this case was Steve Murphy ("Debtor"). The Debtor began his construction and real estate development career in the early 90's, and his primary real estate ownership phase in 1997 with the acquisition of his first build to suit Walgreen's store at 230 Belvidere Rd., in Belvidere, Illinois (the "Belvidere Store")

The Belvidere Store was typical of the 29 Walgreens stores the Debtor had an interest in. A piece of property would be acquired at a commercially viable location, a build to suit agreement would be entered into with Walgreen's to lease the store, a store would be built to Walgreen's specifications, and, upon completion, Walgreens would enter into either a triple

net or double net 25 year lease, making fixed payments. The legal form used was a Member-Managed LLC and the Debtor had other members, two of which were Wayne Erickson ("Erickson") and George Ralph ("Ralph"). The Debtor's percent interest in the LLC's differed slightly with each new LLC, but was it was always a minority interest. The various Walgreen's stores were located in Illinois, Michigan and Wisconsin, with the majority of stores located in Wisconsin.

The growth of the Walgreen's relationship started in 1997 and lasted through 2005, resulting in separate LLC's for 29 Walgreens stores. In addition, the Debtor formed 5 additional LLC's in which the Debtor had a minority interest to develop properties that were not exclusively dedicated to a Walgreens on essentially the same terms. These acquisitions took place between 2001 and 2007.

The Debtor also acquired 7 rental residential properties located in Rockford, Illinois between 2002 and 2008, 5 pieces of commercial land through an entity known as Tri States Investment Inc., of which the Debtor controls 100%, a home in Rockford, Illinois, a free standing Walgreens store owned by KMD of Illinois LLC, and the Debtors residence in Las Vegas, Nevada where the Debtor currently resides. This constitutes all the property acquired prior to the filing of the case.

III. Events During The Bankruptcy Case

The Debtor initially filed a Plan that required the liquidation of the Debtors various real estate holdings to pay creditors in full. Because the majority of the Debtors holdings were subject to transfer restrictions in the LLC Operating Agreements in which the Debtor was a minority interest holder, it was necessary to determine whether applicable bankruptcy law allowed the sale of the minority interests notwithstanding the restrictions in the Operating Agreements. The Debtor filed an adversary proceeding asking for a declaratory

judgment that applicable bankruptcy law allowed the Debtor to sell the minority interests. The issue was resolved when the non-Debtor Members and the Debtor entered in a Joint Stipulation that allowed the minority interests to be marketed for a period of 6 months. from January 1, 2016, subject to a right of first refusal by the Non-Debtor Members.

During the Sale period, the Debtor received an offer to purchase the Membership Interest from Quick Liquidity ("QL") for $15,000,000 (the "QL Offer"), subject to due diligence and QL's qualification that it be deemed a "Bona fide third party purchaser" as defined in the Joint Stipulation. QL produced a letter of intent from Bloomfield Capital for financing subject to the completion of due diligence and a proposed close date prior to July 30, 2016, which was beyond the time required to close set out in the Joint Stipulation. As a result, the Debtor sought to modify the Order entering the Joint Stipulation and extend the close date.

The Debtor filed a Motion to Sell to be heard on June 8, 2016, based on the assertions by QL (and its assignee, QuickLiquidity XXI, LLC, collectively "QL") and their counsel that the Bloomfield Capital letter for financing allowed QL to make a bona fide offer pursuant to the terms of the Joint Stipulation and a Motion to Amend the Order which entered the Joint Stipulation asking that the time to close indicated in the Joint Stipulation be extended to July 30, 2016 (the "QL Sale Motion"). On June 3, 2016, the Non-Debtor Members filed Objections to the QL Sale Motion and the Motion to Amend the Order entering the Joint Stipulation.

Erickson, however, also filed an offer to purchase (the "Erickson Offer"). Counsel for the Debtor requested proof of funds from Erickson for the Erickson Offer and also emailed counsel for QL to request evidence of the availability of funds to close that were not contingent. Counsel for Erickson provided a firm commitment of funds to close issued by Rockford Bank and Trust that allowed closing before June 30, 2016. Counsel for QL

emailed counsel for the Debtor that the funds available to close on the QL Offer were still contingent. As a result, the Debtor sent a notice of termination to QL that the QL Sale Motion would be withdrawn. The Debtor also withdrew all Motions relating to the sale of the Membership Interests to QL. The Debtor signed the Limited Liability Company Membership Interest Purchase Agreement (the "Erickson Agreement") and filed a Motion to sell the Membership Interests to Erickson pursuant to the terms of the Erickson Agreement.

The Debtor asserted that the non-contingent sale to Erickson was in the best interests of the Estate, allowing it to comply with the terms of the Joint Stipulation without further order of Court in that the closing could be held by June 30, 2016, Erickson had non-contingent funds to close with, the sale would cease what appeared to be protracted and unresolved litigation with the Non-Debtor Members, and would provide the Estate with immediate and substantial funds with which to author a final Plan or Reorganization which would pay creditors a substantial percentage of the outstanding claims owed.

QL filed an Objection to the Erickson Sale Motion alleging that the sale would be improper because of the Non-Debtor Members' failure to provide certain information in due diligence, and if the Court allowed Erickson to purchase the interests it could not be in good faith. QL further alleged that they were entitled to their breakup fee of $450,000 and their due diligence fee of $100,000, for a total of $550,000.

In order to resolve this, the Debtor contacted QL and agreed to pay QL a breakup fee of $325,000 if QL withdrew its Objection to the Erickson Sale Motion and waived its due diligence fee of $100,000. The Debtor incorporated the terms of the settlement into a Proposed Sale Order which was filed the day before the sale hearing on June 22, 2016, and QL withdrew their Objection to the sale. At the sale hearing on June 22, 2016, however, the Court required that the settlement between the Debtor

and QL be memorialized in a separate Settlement Agreement, that it be sent out on a separate notice to creditors as a Rule 9011 Motion which settled the controversy between the parties, and that a revised Proposed Sale Order be submitted.

The parties drafted a proposed Settlement Agreement in which QL agreed to reduce its break-up fee to $225,000 which would be deemed an unsecured claim; would allow QL to apply for reimbursement of its expenses up to $100,000; grant releases to the Debtor, the Estate, the LLCs, the Non- Debtor Members and the attorneys or professionals of the Non-Debtor Members; withdraw their objection to the Erickson Sale Motion and resolve of all issues raised in the pleadings filed in relation to the Erickson Sale Motion; and allow the sale to be consummated on a timely basis in accord with the Joint Stipulation and pursuant to the revised Proposed Sale Order submitted by the Debtor. The Order Approving the Settlement was entered by the Court on June 29, 2016 (attached as Exhibit B), the Sale Order proposed by the Debtor was entered and closing was held on June 30, 2016 in which the Debtor received $10,000,000 in proceeds.

During the Debtor in Possession period, the Debtor has also sold other real estate holdings not subject to the restrictions of the Operating Agreements, which has resulted in the additional $800,000 also available for distribution to creditors.

IV. Plan Of Reorganization

The Plan of Reorganization will repay Allowed, Unobjected to Claims of the creditors from the proceeds of the sale of the 23 LLC Sale and the Sale of the Debtor's remaining 7 LLC Interests subject to restrictions in the Operating Agreement

B. The Means For Implementing the Plan

The Debtor has received an offer to purchase the remainder of his minority LLC Interests from Wayne Erickson, one of the non-Debtor Members, for $1.837,000 million dollars. This Offer to Purchase has been accepted by the Debtor and has been noticed for

approval before the Court. The proceeds from this sale in addition to the 23 LLC Sale will provide more than sufficient funds to pay all Allowed, Unobjected to Claims of the Debtor.

All initial and subsequent disbursements will be handled by the Debtor.

C. Classes of Creditors

The Plan classifies claims of creditors into five classes, as follows:

Class 1 - Administrative claims under Section 507(a)(1-2) of the U.S. Bankruptcy Code (the "Code"). This class includes attorneys, accountants, and other professionals whose retention and fees are approved by the Bankruptcy Court and any fees owed to the U.S. Trustee's Office. All Trustee's fees will be paid as they come due. It also includes any claims against the estate since the filing of this Chapter 11 case.

Class 2 - The Secured Claim of the Internal Revenue Service.

Class 3 – The priority Claim of the Taxing Authorities

Class 4 - Claims of Pre-Bankruptcy Un-Objected to Unsecured Creditors

D. Treatment of Claims and Interests Under the Plan

Class 1 - Administrative Claims - Administrative claims under Section 507(a)(2), (a)(3) and (a)(8) of the U.S. Bankruptcy Code (the "Code") includes attorneys, accountants, and other professionals whose retention and fees are approved by the Bankruptcy Court. It also includes any claims against the estate since the filing of this Chapter 11 case including unpaid tax claims owed to governmental units and any fees owed to the U.S. Trustee's Office. All Trustee's fees will be paid as they come due. Claims incurred during the bankruptcy but as yet unpaid other than Trustee's fees will be paid in full upon Court approval of the Plan ("confirmation"). Administrative claims are currently estimated to be $150,000 for Debtors attorney, $40,000 for attorneys for

Wayne Erickson and George Ralph, $12,000 to Howard Sornesen as the accountant for the Debtor, and $100,000 for Quick Liquidity's fees for due diligence all to be payable upon the filing of fee applications and approved by the Court. $27,860.93 is due to the IRS for post petition taxes, interest and penalties. Administrative Claim Creditors are not impaired under the Plan.

Class 2 - Secured claims –The Internal Revenue Service has filed an un-objected to proof of claim indicating an amount owed as a secured of $4,465,568. This claim will be paid in full from the proceeds of the funds currently being held by the Debtor within 14 days of the entry of an Order confirming the Plan. This claim is not impaired under the Plan.

Class 3 - The Claims of Unsecured Priority Claimants – These claims exist in the amount of $495,701 and consist of the Internal Revenue Service unsecured priority claim of $7,961 pursuant to their un-objected to proof of claim; the Wisconsin Department of unsecured priority claim of $428,567 pursuant to their un-objected to proof of claim; and the Illinois Department of Revenue unsecured priority claim of $59,173 pursuant to their un-objected to proof of claim. These claims will be paid in full within 10 days of confirmation of a Plan. These claims are not impaired under the Plan.

Class 4 - The Un-objected to Claims of Unsecured Non-priority Claimants – Unsecured non-priority creditors of the Debtor are owed $6,217,828 as follows:

Creditor	Transferee	Claim
Chase		$ 937.18
Blackhawk		$ 366,520.00
IRS		$ 692,252.00
GE Capitol Cl 5	Recovery Mngmt	$ 725.09
GE Capitol Cl 6	Recovery Mngmt	$ 2,406.83
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Quick Liquidity		$ 112,500.00
Wayne H. Erickson		$ 112,500.00
Total		$ 6,217,828.76

The Debtor scheduled certain claims as un-disputed, certain claims as disputed and certain claims as disputed and unknown, with a bar date being set to file proofs of claim. After the filing of claims, the review of those filed claims, and the resolution of certain of the filed claims upon objection by the Debtor, the amount undisputed, un-objected to, or resolved claims is owed as stated. The Unsecured Non-Priority Creditors will be paid in full from the proceeds of the liquidation of the remaining Debtors Property. The Claims of Unsecured Non-Priority Claimants are impaired under the Plan because they were not paid according to their terms, but will be paid in full.

IV. Financial Information Respecting the Debtor

The foregoing is a summary only, and creditors are urged to read the Plan attached hereto as Exhibit A and the more detailed discussions below for a more complete description and explanation. Because the Debtor proposes a Plan of Liquidation which pays 100 cents on the dollar, Local Rule 3016-1 for the Northern District of Illinois does not require projected cash flow or financial statements of the Debtor. The exhibits attached, along with the schedules filed in this case, constitute all of the known assets and liabilities of the Debtor.

V. Tax Consequences of the Plan

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Creditor or Equity Holder should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Interest.

The Debtors' liquidation of assets pursuant to the Plan will constitute a taxable disposition of assets. The Debtor's basis in each property calculated as the amount of the Debtor's total investment in a property for tax purposes is not fixed. It has changed over time because the Debtor has rental properties which have been depreciated over their useful life to the extent the properties have been rented. Each year, the Debtor has subtracted from each property's basis the amount of depreciation allowed for the property. The new basis which is the amount on which tax will be paid is called the adjusted basis because it reflects adjustments from the Debtor's starting basis. Reductions in basis increases tax liability when property is sold because it increases the amount of gain on which tax must be paid. Likewise, increases in basis will reduce the Debtor's gain and therefore the tax liability owed upon the sale of the Properties.

Because almost all of the property to be sold is rental property, the Debtor may owe tax on any gain realized. The Debtor's gain or loss for tax purposes is determined by subtracting each property's adjusted basis on the date of sale from the sales price received. To the extent that the gain exceeds the accumulated depreciation deductions, it will be taxed as a long-term capital gain.

It is not known at the present time whether the sale of the remaining Debtors' assets will result in any gain to the Debtors. Because the Debtor may have losses which will offset those gains, it is impossible to measure the tax impact without

looking at the total tax picture of the Debtor. If property sales result in gain and the Debtors do not have losses or loss carryforwards to offset that gain, the sale of those assets will result in federal income tax liability.

VI. Filing of Proofs of Claims and Interest

Pursuant to order of Court, a claims bar date was set. Notice was sent to all creditors to file proofs of claim. The only creditors who were required to file proofs of claim or interest with the court to receive the benefits of the Plan of Reorganization were those which:

A. Were not listed by the Debtor in the schedules filed with the Court, or

B. Were listed by the Debtor in the schedules filed with the Court but were listed as disputed, contingent, or unliquidated.

Any creditor or interest holder which has been listed by the Debtor in the schedules filed with The Court but has been listed in an incorrect amount will receive benefits under the Plan only in the amount stated in the schedules unless a proof of claim or interest setting forth the correct amount was filed. The Debtor engaged in an analysis of all claims and objected to certain proofs of claims that were filed but with which the Debtor disagreed. All objections to claims have been resolved by Order of Court.
Any creditor who was disputed in the schedules and did not file a proof of claim will not receive benefits under the Plan

VII. Liquidation Analysis

The Debtor will be paying Allowed, Unobjected to claims in full upon the closing of the sale of the 7 LLC Interests. Hence, a liquidation analysis is unnecessary.

VIII. CONCLUSION

The Debtor urges creditors to vote to accept the Plan submitted with this Disclosure Statement and to evidence such acceptance by returning your ballot to the U.S. Bankruptcy Court Ballot Department at the address listed on the ballot, so that it will be filed by the Clerk of the Court on or before , and by serving a copy thereon upon the attorney for the Debtor, Michael J. Davis, BKN Murray LLP, 2777 Finley Rd., St. 12, Downers Grove, Ill. 60515

Dated: July 29, 2016

Respectfully submitted,
Steven and Celeste Murphy

By: *Steven Murphy*
By: *Celeste Murphy*

(original Signatures on file with attorney)

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