
**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

In Re:)
)
OAK CREEK PLAZA, L.L.C.,) NO. 16-16324
Debtor)
) Chapter 11
)
) Honorable Judge Jacqueline P. Cox

SECOND AMENDED DISCLOSURE STATEMENT

OAK CREEK PLAZA, L.L.C., Debtor and Debtor in Possession herein, by and through its attorneys Paul M. Bach and Penelope N. Bach of Bach Law Offices, files this Second Amended Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Bankruptcy Code and in conjunction with its Second Amended Plan of Reorganization (“Plan”). A copy of the Second Amended Plan is attached to this Second Amended Disclosure Statement as Exhibit A.

PREAMBLE

The Debtor filed its voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code on May 13, 2016. Prior to filing, the Circuit Court of Lake County, Illinois appointed a receiver in reference to the Subject Property. The receiver has operated the Subject Real Estate since his appointment. Debtor has performed its responsibilities as debtor-in-possession since the inception of this reorganization case pursuant to Sections 1101, 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or committee has been appointed to serve in this Chapter 11 case.

The Debtor is the proponent of this Plan as well as the Disbursing Agent. This Plan provides for distributions to the holders of allowed claims from the reorganization of its

Commercial Real Estate and funds produced by investors.

The Debtor owns approximately 22.447 acres of the 28 acres occupied by the Oak Creek Shopping Center located at 8-120 Oak Creek Plaza in Mundelein, Illinois. The property owned by the Debtor has Shopping Center Buildings, its main parking lot, three entranceways from Illinois Route 60 and certain interior driveways serving the center. The Debtor has ten (10) general unsecured creditors: Granite Creek Partners (Brian Boorstein); Dr. and Mrs. Michael Caplan; Julie M. Bordo, LLC; Law Offices of Ronald L. Boorstein; Marc A. Boorstein; Meltzer, Purtill & Stelle, LLC; Oak Creek Plaza, Ltd; Snow Systems; Storage Equity Concepts, Inc.; and SVI Properties.

PREFACE

The Plan of Reorganization provides that, within ninety (90) days of its confirmation: (i) the secured creditor Thrivent Financial for Lutherans (“Thrivent”) will be paid the full amount of the debt for which the Debtor has recourse liability as determined by this Court and (ii) all the other creditors will be paid. No consideration will be paid to the limited liability Debtor or any of its members. However, the Debtor will remain in existence and will be able to return to its business of managing real estate projects for third parties.

PLAN DETAILS

Thrivent has filed a claim in this Chapter 11 Proceeding against the Debtor for \$9,675,934.18. The Debtor has moved to have the Bankruptcy Court rule that the Debtor has recourse liability to Thrivent for only \$2,418,983.55. That is twenty five percent (25%) of Thrivent’s total claim, which is in accordance with Section 28 of the Note that is secured by Thrivent’s mortgage. The Debtor’s Objection to Thrivent’s claim is based on the long standing precedent that a lender cannot enforce an agreement which prevents a borrower from seeking

protection under the United States Bankruptcy Code.

GW Property Group, LLC (“GW”) has entered into an agreement to purchase from Oak Creek Plaza, Ltd. (the “OCP” Partnership): (i) a vacant parcel of property it owns adjacent to the western border of the Debtor’s property subject to Thrivent’s mortgage; (ii) water drainage and detention areas which serve the Debtor’s property; and (iii) outlot VI in the Oak Creek Plaza Shopping Center. The consideration for the purchase is \$2,000,000.00 and granting to the OCP Partnership certain easements, roadway rights and other accoutrements from the property GW is acquiring that are valuable to the OCP Partnership.

In order to confirm the this Second Amended Plan of Reorganization, the Bankruptcy Court must only decide the amount of the debt to Thrivent for which the Debtor has recourse liability, the value of the Debtor’s real estate and confirm the Plan of Reorganization. Within ninety (90) days, thereafter: (i) payment in full will be made to Thrivent of the entire amount of the debt to Thrivent for which the Debtor has recourse liability; (ii) all the other creditors of the Debtor will be fully satisfied; and (iii) the Debtor will move for closing of its Chapter 11 Proceeding.

The Debtor has commissioned Appraisal Research Counselors, LLC (“ARC”) to prepare an independent appraisal of the current fair market value of the Debtor’s property subject to the Thrivent mortgage. That appraisal is scheduled to be issued on or before November 30, 2016. For the payment due to Thrivent, GW will pay up to an amount equal to the lesser of \$2,500,000.00 or the fair market value established by the ARC appraisal. The balance due to Thrivent, if any, will be paid by the OCP Partnership. Also, all amounts to be paid to the other creditors of the Debtor and the expenses for concluding the Debtor’s Chapter 11 Proceeding will

be paid by the OCP Partnership.

Interforum Holdings, Inc. (“Interforum”) has obligated itself to proceed in the place and stead of GW, if for any reason, GW is unable, or unwilling, to carry out the proposal it has made. If GW does proceed as described above, which is most likely, Interforum has obligated itself to purchase for \$1,000,000.00 the portion of the OCP Partnership property that GW will not be acquiring. The total of \$3,000,000.00 that the OCP Partnership will be receiving for its property should provide sufficient funds to satisfy all of its obligations pursuant to the Plan of Reorganization. However, OCP Partnership does have access to other funds.

INTRODUCTION

Since its original organization in 1998 through 2014, Oak Creek Plaza, LLC, was retained to manage commercial real estate projects for owners and as a court appointed receiver. When foreclosure litigation was commenced in 2014 against the Debtor by Thrivent Financial for Lutherans (“Thrivent”), the Debtor was forced to cease performing management services for others. Consequently, at this time, for the Debtor to formulate a Plan of Reorganization it must be based almost entirely on utilization of its most substantial, principal asset, the real estate which is subject to Thrivent’s mortgage (the “Thrivent Parcel”). After it is reorganized, the Debtor can and will once again seek assignments to manage commercial projects for others.

A viable Plan of Reorganization based on the real estate subject to Thrivent’s mortgage must provide for the release of the lien of Thrivent’s mortgage. Therefore, it is essential to determine what Thrivent must receive to justify having its mortgage lien released. The current amount of Thrivent’s claim is \$9,675,934.18. Section 28 of the note which Thrivent’s mortgage secures provides that the recourse liability of the Debtor for the mortgage debt is limited to

twenty five percent (25%). (A copy of the note is attached as Exhibit C). That means the Debtor's personal liability can be no more than \$2,418,983.54 ($\$9,675,934.18 \times 25\%$).

However, Thrivent has contended that, because the Debtor has filed this Chapter 11 Bankruptcy Proceeding, Thrivent is entitled to claim the Debtor's liability is quadrupled to one hundred percent (100%). Thrivent's contention that it is entitled to increase the liability of the Debtor from twenty five percent (25%) to one hundred percent (100%) because the Debtor has sought Chapter 11 Bankruptcy protection is contrary to public policy. This Bankruptcy Court must decide whether Thrivent's attempt to penalize the Debtor for taking advantage of the United States Bankruptcy Code violates public policy. That is not a decision that could be or should be made by a State court.

The recourse liability of the Debtor is actually limited to twenty five percent (25%) of the principal amount of the mortgage loan that was unpaid as of the date of the default, which was \$5,426,237.10. That means the recourse liability of the Debtor is actually only for \$1,356,559.20. Thrivent contends that the Debtor should have recourse liability for one hundred percent (100%) of the entire deficiency after the mortgaged property has been sold pursuant to the foreclosure. It is not necessary for this Bankruptcy Court to resolve the difference between Thrivent and the Debtor on that issue. The Debtor will propose herein a Plan of Reorganization that is viable even if the recourse liability of the Debtor were as much as \$2,418,983.54, twenty five percent (25%) of the total claim Thrivent has advanced.

THE THRIVENT PARCEL

The Thrivent Parcel is a 22.447 acre site on which the majority of the Oak Creek Plaza Shopping Center (the "Shopping Center") has been located, In addition to the land and buildings

on the Thrivent Parcel, the Shopping Center requires the parking area and water detention and drainage in the 4.5 acres of adjacent land owned by Oak Creek Plaza, Ltd. (the “OCP Partnership”). Solely for water detention the Thrivent Parcel utilizes another 2 acres of property owned by the OCP Partnership. (Attached hereto as Exhibit D is a plat of survey on which the Thrivent Parcel and all of the adjacent 14 acres owned by the OCP Partnership are depicted).

The only public highway or road to which the Shopping Center has access is Illinois Route 60. Except for vehicle entryways, the Shopping Center has no frontage on Illinois Route 60, other than 200 feet on an outlet owned by the OCP Partnership. That is the only out-lot in front of the Shopping Center which does not have a building on it that blocks the visibility of the Shopping Center from that highway. Because of its lack of frontage on Illinois Route 60 and its limited visibility from that highway, on a standalone basis the Thrivent Parcel is more likely to be used as an industrial or warehouse and office site than for a retail development which would require better access to and visibility from Illinois Route 60. The comparable values for similar property within 5 miles of the Thrivent Parcel are less than \$3.00 per square foot.

As part of the Shopping Center the Thrivent Parcel relies on 4.5 acres of parking and water detention and drainage and another 2 acres of additional water detention area that is provided by property owned by the OCP Partnership. Consequently, if the Thrivent Parcel were developed without the availability of that parking area and water detention and drainage, its usable area would be reduced by 6.5 acres to 16 acres. With a value of no more than \$3.0 per square foot, the maximum fair market value of the Thrivent Parcel as vacant land is \$2,100,000, or less. After deducting \$100,000 to \$200,000 for the cost of removing the existing buildings and other improvements, the net fair market value of the Thrivent Parcel is clearly less than \$2,000,000.00.

(Attached hereto as Exhibit E is an economic analysis of the possibility of redeveloping the Thrivent Parcel on a standalone basis as a retail center.). The analysis demonstrates that, as a standalone property, the Thrivent Parcel cannot be profitably redeveloped as a retail center which leases retail spaces to a number of small operators. The analysis has been prepared by Ronald L. Boorstein, the managing member of the Debtor. Mr. Boorstein is a knowledgeable and experienced real estate developer. For this analysis he reviewed a great deal of current data. Nevertheless, when a hearing is held in which the Thrivent Parcel is evaluated, other real estate professionals will present their independent evaluation of all of the prospects for redeveloping the Thrivent Parcel and the data, research and computations on which their evaluations are based.

The attached Exhibit B lists each creditor and states the class and the amount of the allowed claim(s) of each creditor. After determining, based on Exhibit B, the class of a particular creditor the chart below will show the total dollar amounts and timing of payments to be made under the plan. This chart identifies all classes of claims, the total amount of claims to each class, and the amount (dollar and percentages) to be paid to each class. Exhibit B (as well as the general description on the attached chart) shows the composition of each class.

	TOTAL \$ AMOUNT TO BE PAID	TIMING OF PAYMENTS	NUMBER OF CLAIMS AND AMOUNT TO BE PAID IN PLAN
Administrative Claims	\$80,000.00 (estimated)	Effective date of Plan	Debtor's attorney and United States Trustee (100%)
Class 1 - Thrivent	25 % of \$9,675,934.18 or \$2,418,983	One Payment	One claim to be paid
Class 2 – Unsecured See Exhibit B	\$100,452.50	Paid within 90 days	Five claims to be paid
Class 3 - Insider See Exhibit B	\$1,065,196.43	Paid within 90 days	Five claims to be paid

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER PLAN

The Debtor's Plan of Reorganization (the "Plan") provides that on the Effective Date, the Debtor will retain all of its assets until such time as the assets have been sold in accordance with the terms of the Plan of Reorganization, and will thereafter be responsible for paying the Claims of its creditors, as provided below.

In general, the Debtor will pay Administrative Claims (One Class) and three classes of Creditors Claims.

a. ADMINISTRATIVE CLAIMS: These claimants represent claims arising post-petition. Any Administrative Expense that is an Allowed Claim shall be paid by the Reorganized Debtor, in full, in cash or as otherwise agreed. Payment of Professional Fees shall be subject to the provisions of Section 330(a) and 331 of the Bankruptcy Code or as otherwise provided by the Plan. United States Trustee and other bankruptcy fees shall be paid in full on or before the Effective Date or as they come due thereafter. The source of payment for these amounts will be the Debtor's income from operations and from employment and advances from investors, primarily Ronald L. Boorstein. The Debtor expects Administrative Claims will be approximately \$80,000.00 as of the Effective date.

b. CREDITOR CLAIMS:

1) Thrivent has a secured claim and is being treated as secured under the Plan as to the real estate owned by the Debtor subject to the Thrivent mortgage. Therefore, it is essential to determine what Thrivent must receive to justify having its mortgage lien released. The current alleged amount of Thrivent's claim is \$9,675,934.18. Section 28 of the note which Thrivent's mortgage secures provides that the recourse liability of the Debtor for the mortgage debt is

limited to twenty five percent (25%) (Exhibit C attached hereto). That means the recourse liability of the Debtor cannot be more than \$2,418,983.54 (\$9,675,934.18 x 25%). The Plan provides for a secured claim up to that amount to be paid within ninety (90) days of confirmation with additional interest to Thrivent at 5%.

2) There are ten creditors that make up Class 2 and 3; General Unsecured Creditors will be paid in full within ninety days of confirmation.

3) The Debtor expects to pay all Claims as provided.

ANALYSIS OF THE DEBTOR'S INCOME, CURRENT ASSETS AND LIABILITIES

- a. The Debtor based its projections in consideration of the liquidation of real estate. The combination of proceeds from sale of Real Estate allows the Debtor to fund the Plan.

CLASSIFICATION OF CLAIMS AND INTERESTS

The Bankruptcy Code requires that a plan of reorganization place each classified creditor's Claim in a class with other Claims or Interests that are "substantially similar." The dollar amount of a claim is usually not a basis upon which to distinguish it from other Claims.

As stated, the Plan establishes three classes of Claims. The Bankruptcy Court must independently conclude that the Plan's classification scheme is authorized, but any creditor who believes that the Plan has improperly classified any group of Claims or Interest may object to confirmation of the Plan. The Debtor believes that the Plan's classification of Claims fully complies with the requirements of the Bankruptcy Code and applicable case law.

General Terms: All Claims submitted by creditors shall be fixed and determined in

accordance with the proof of claims filed with the Clerk of the United States Bankruptcy Court. Unless otherwise specifically provided for in this Disclosure Statement following the Petition Date:

- a. No creditor shall accrue interest on its Claim after the Petition Date;
- b. If the agreement between the parties so provides, a Creditor may accrue interest on its Claim (at the rate provided in the agreement). With the exception of the Secured Claims, if so provided in the Plan of Reorganization, the Debtor does not believe that they are required to pay any interest on any Claim.
- c. After the Petition Date, each Creditor not referred to in paragraph b waives:
 1. default interest;
 2. penalties; the right to accelerate payment; and
 3. Contractual attorney's fees.
- d. Effect of Filing and/or Not Filing Claims-Each Creditor, who has filed a proof of claim, is not bound by the Debtor's estimates of Claims against it. Any creditor, who did not file a proof of claim, is bound by the Debtor's calculation of the amount owed to that creditor. If the Debtor disputed a debt on its schedules and the Creditor in question did not file a proof of claim, the debt shall be deemed disallowed. Claims for expenses of administration may be allowed in the discretion of the Bankruptcy Court and for amounts over which the Debtor have no control.

The following classes are unimpaired by the Plan in accordance with Section 1124 of the Bankruptcy Code or are not required to be classified in this Plan of Reorganization under provisions of the Bankruptcy Code

i. Administrative Expenses.

These claimants represent claims arising post-petition. Any Administrative Expense that is an Allowed Claim shall be paid by the Reorganized Debtor, in full, in cash or as otherwise agreed. Payment of Professional Fees shall be subject to the provisions of Section 330(a) and 331 of the Bankruptcy Code or as otherwise provided by the Plan. United States Trustee and other bankruptcy fees shall be paid in full on or before the Effective Date or as they come due thereafter. The source of payment for these amounts will be the Debtor's income from operations and from employment and advances from investors, primarily Ronald L. Boorstein. The Debtor expects Administrative Claims will be approximately \$80,000.00 as of the Effective date.

3.2 TREATMENT OF IMPAIRED CLAIMS

The claims in the Classes listed below are impaired by the Plan:

A. ALLOWED SECURED CLAIMS THAT ARE IMPAIRED

Claimants together include each Allowed Secured Claim held by a Creditor that is secured by one or more of the Debtor's Assets and is not disputed, contingent or unliquidated and allowed as of the effective date. Each creditor shall be paid as stated in the detail under each claim.

Class 1 - Secured Claim of Thrivent: Thrivent asserts in its Proof of Claim (Number 2) that it holds a perfected first mortgage on the Subject Property, in the amount of \$9,675,934.18. The claim of Thrivent is secured in an amount to be determined by this court as part of an Objection to Thrivent's Proof of Claim. As discussed previously in this Second Amended Plan of Reorganization, it will be paid as follows:

- a) GW Property Group, LLC ("GW") has entered into a contract to purchase from the OCP Partnership a portion of the vacant land adjacent to the Thrivent Parcel extending westward to Indian Creek, all of the water detention and drainage areas which serve the Thrivent Parcel and the out-lot in the Shopping Center that has frontage on Illinois Route 60 (Hereinafter the land being purchased by GW is referred to together as the "GW Land"). The 4.5 acres of land owned by the OCP Partnership which are part of the Shopping Center and the additional 2 acres of detention land serving the Shopping Center are included in the property GW has contracted to purchase. The contract of purchase is attached as Exhibit F.

- b) The Debtor has made plans to enter into a joint venture with GW to redevelop the entire, existing Shopping Center. (The qualifications of GW as developer of retail properties are attached hereto as Exhibit G). (Attached hereto as Exhibit H is an economic analysis of the proposed redevelopment of the entire, existing Shopping Center.). While the accompanying analysis has also been prepared by Mr. Boorstein, GW concurs with it. If appropriate, the analysis and conclusions will be submitted to well-qualified professionals to review and independently present their conclusions on the viability of the proposed Plan of Reorganization. A letter from GW agreeing to and binding itself to the plan terms is attached as Exhibit I.
- c) Within ninety (90) days the current fair market value of the Thrivent Parcel is determined by this Court as part of Confirmation that amount will be paid to secure release of the Thrivent mortgage lien with ninety days of plan confirmation at 5% interest. In the event there is any delay between when that determination is made and the amount thereof is paid, interest will accrue on the unpaid amount until its satisfied at such reasonable rate as this Bankruptcy Court shall set.
- d) However, once all of the debts for which the Debtor has recourse liability have been resolved, the Debtor will return to conducting its real estate management business, new funding for which will be provided by its existing members and, perhaps, several additional members. When the Debtor proceeds with that business, it intends to perform services for the OCP Partnership, GW and third parties.
- e) In order for the Debtor to be able to proceed with the Plan of Reorganization, this Bankruptcy Court must determine the actual amount of the recourse liability of the Debtor to Thrivent and the current fair market value of the Thrivent Parcel. For making those determinations, a hearing, or hearings, should be scheduled as soon as reasonably possible.

ALTERNATIVE PLAN FOR REORGANIZATION

- f) In the event the initial Plan of Reorganization does not proceed as described, the Debtor is presenting a viable alternative Plan of Reorganization.
- g) The Debtor, the OCP Partnership and Interforum Holdings, Inc. will form an alternative joint venture. (The qualifications of Interforum Holdings, Inc. are attached hereto as Exhibit J.). The alternative joint venture will undertake the redevelopment of the Thrivent Parcel and all of the property owned by the OCP Partnership. Interforum Holdings, Inc. will provide the funds necessary to carry out this Alternative Plan of Reorganization.

- h) The alternative joint venture will acquire the GW Property from GW or instead of GW and the balance of the OCP Partnership property from the OCP Partnership. Although no documents have been executed for those property acquisitions, the respective parties have agreed on the prices and terms that will be applicable if it becomes necessary or appropriate to proceed with the alternative joint venture. The Thrivent Parcel will be acquired by the alternative joint venture for the same consideration that has been proposed above for the joint venture with GW. See letter from Interforum Holdings, Inc. agreeing to bind itself to the Second Amended Plan of Reorganization attached as Exhibit K.
- i) The primary expertise of Interforum Holdings, Inc. is the development and operation of multi-family projects, particularly apartments. It has determined that, unlike most suburban communities, Mundelein is eager to have new multi-family projects developed there. (Attached hereto as Exhibit L is a copy of a recent newspaper article on the interest of Mundelein in expanding its population.). Consequently, a density for development of apartments is available in Mundelein even though such density that is not generally available in and around central Lake County.
- j) The parties to the Alternative Plan of Reorganization have determined that there is sufficient demand for apartment rentals in Mundelein at rates that will make it profitable to utilize at least 10 acres for an apartment project. The development of an apartment project on the land now owned by the OCP Partnership will significantly enhance the value of the balance of the property for commercial retail development at leasing rates considerably higher than current ones.
- k) Interforum Holdings, Inc. has sufficient resources to permit commencing development of the apartments before the commercial retail development is undertaken. It is prepared to proceed with the Alternative Plan of Reorganization pursuant to which the OCP Partnership and the creditors of the Debtor, other than Thrivent, would share in a twenty percent (20%) membership in the joint venture for the Alternative Plan of Reorganization. (Attached hereto as Exhibit K is a letter from Interforum Holdings, Inc. expressing its interest in participation in the Alternative Plan of Reorganization.) All of the debts of the Debtor will have been resolved and the Debtor could return to conducting its real estate management business.

B. ALLOWED GENERAL UNSECURED CLAIMS

- i. **Class 2 - Allowed General Unsecured Claims:** General Unsecured Creditors will be paid in full within ninety (90) days of the effective date of this Second Amended Plan of Reorganization.
- ii. **Class 3 – Allowed Insider Unsecured Claims:** All of the creditors of the Debtor for loans made to the Debtor will be paid in full within ninety days

of the effective date of this Second Amended Plan of Reorganization.

CLAIMS OBJECTIONS

To the extent that the Debtor objects to any Claim, it is expected that these objections may be filed either before or after Confirmation of the Plan, but will not be fully resolved until after Confirmation of the Plan. Debtor may file objections because 1) a creditor filed duplicate claims, 2) because a creditor has filed a claim designating it to be in the wrong class, or 3) because the amount of the claim as filed is an unliquidated amount due which will need to be liquidated. Any claim objection that is sustained shall modify this Plan and the amount provided for that creditor. The Debtor has filed a Claim Objection as to the Thrivent Claim.

PURPOSE OF DISCLOSURE STATEMENT

This Disclosure Statement is provided to all of the known holders of Claims against and Interests in the Debtor. The purpose of this Disclosure Statement is to provide sufficient information to enable a hypothetical, reasonable investor, typical of the holder of Claims, which are impaired under the Plan, to make an informed judgment about the Plan.

Unless specifically stated to be from other sources, the information contained in this Disclosure Statement has been submitted by the Debtor. No representations concerning the Debtor or this Plan, other than those set forth in this Disclosure Statement, have been authorized by the Debtor.

The Debtor believes that all of the information contained in this Disclosure Statement is accurate. However, the Debtor is unable to warrant that there are no inaccuracies.

CONFIRMATION OF PLAN

The Debtor is providing a copy of this Disclosure Statement to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim in the Debtor's case. The Debtor intends that this Disclosure Statement will assist creditors whose Claims are impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, an interested party may not solicit acceptance of the Plan unless (a) that interested party furnishes a copy of a disclosure statement before or concurrently with solicitation or (b) the Bankruptcy Court has authorized the interested party to solicit votes.

A quick overview of the process for the confirmation of a reorganization plan may be useful. For a bankruptcy court to approve a proposed reorganization plan, the Plan's proponent must show that the Plan satisfies the 13 requirements of Section 1129 of the Bankruptcy Code, if they are applicable. They are: (1) the Plan's compliance with Title 11, (2) the proponent's (in this case the Debtor's) compliance with Title 11, (3) the good faith proposal of the Plan, (4) the disclosure of payment, (5) the identification of management, (6) the regulatory approval of rate changes, if applicable, (7) the "best interest" test, (8) the unanimous acceptance by impaired classes, (9) the treatment of administrative and Priority Claims, (10) the acceptance by at least one impaired class of Claims, (11) the feasibility of the plan, (12) the bankruptcy fees, and (13) retiree benefits. See Section 1129(a)(1)-(13) of the Bankruptcy Code. If, however, a plan is not approved by all of the impaired classes, as required by Section 1129(a)(8) of the Bankruptcy Code, it is still possible for a plan to be confirmed. If at least one the non-insider, impaired classes of Claims approves the plan, then a plan may be confirmed if two additional requirements are met. See 1129(a)(8) of the Bankruptcy Code. If the Bankruptcy Court finds that all of the applicable requirements of Section 1129(a) of the Bankruptcy Code are met except for Section 1129(a)(8) of the Bankruptcy Code and also that the plan does not

discriminate unfairly between impaired classes and is fair and equitable to the rejecting classes, then the Bankruptcy Court may confirm the plan. See Section 1129(b)(1)-(2) of the Bankruptcy Code.

Should this be necessary, to the extent necessary under the Bankruptcy Code this Plan shall constitute an Initial Offer for the purchase of the New Membership interest on the terms and conditions set forth herein. Any entity wishing to make a higher and better offer for the New Membership interest (“Higher Offer”), shall be required to submit such Higher Offer in writing to the Debtor within three days prior to the confirmation hearing. To constitute a Higher Offer, an offer to acquire the New Membership interest must provided in excess of \$1,500,000.00 and otherwise be more beneficial to the Bankruptcy Estate than the terms of this Plan. The Debtor reserves the right to determine, in its sole and absolute discretion, but subject to its duties to the Bankruptcy Estate, whether an offer constitutes a Higher Offer. In the event Classes 1, 2 or 3 do not accept the Plan and Debtor wishes to seek confirmation of the Plan over the objection of Class 1, Class 2, or Class 3 a public auction for the New Membership interest shall take place at the Confirmation Hearing. In addition to Membership interest holders, only entities that have submitted a Higher Offer shall be entitled to make a bid on the New Membership interest at the Confirmation Hearing.

EFFECT OF CONFIRMATION

The provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and any creditor, equity security holder, or general partner in the debtor, whether or not the claim or interest of such creditor, equity security holder, or general partner is impaired under the plan and whether or not such creditor, equity security holder, or general partner has accepted the plan.

Except as otherwise provided in the plan or in the order confirming the plan, the

confirmation of a plan vests all of the property of the estate in the debtor.

Confirmation of the Plan does not discharge any debt provided for in the Plan and the Plan is not completed until Plan payments are completed.

PERSONS ENTITLED TO VOTE ON PLAN

The Bankruptcy Court, in connection with confirmation of the Plan, will only count the votes of classes of creditors whose Claims are allowed and who the Debtor seeks to impair under the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, this includes the allowed amounts of its respective Claims on the “Effective Date.” The Debtor’s Plan seeks to impair the Claims of Classes One through three.

Any ballot that accompanies this Disclosure Statement does not constitute a proof of claim. If you are uncertain whether your claim has been correctly scheduled, you may examine the Debtor’s schedules which are on file with, and may be inspected at the Office of the Clerk of the Bankruptcy Court, 219 S. Dearborn, Chicago, Illinois.

The Bankruptcy Court at the confirmation hearing must determine, among other things, whether each class of creditors who’s Claims is impaired by the Plan has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired Class of Claims is considered to have accepted the Plan if both a majority in number and two-thirds (2/3) of the dollar amount of those actually voting vote to accept the Plan. The Claims of those who do not vote are not counted in determining whether the requisite statutory majority in number and dollar amount have voted for acceptance. Acceptance by the statutory majority will bind the minority who dissent and those who fail to vote. Further, unless there is unanimous acceptance of the Plan by an impaired class, the Bankruptcy Court must also determine whether under the Plan class members will receive property of a value, as of the effective date of the Plan, that is not less than the amount that such

class members would receive or retain, if a Chapter 7 trustee liquidated the Debtor's property under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

SOURCES OF INFORMATION

In preparing this Disclosure Statement, counsel for the Debtor relied upon the utilized the following:

- (1) Income and Expense records;
- (2) Financial records; and Estimation of the Debtor's future income and financial information; and
- (3) Discussions with the Debtor's principal.

OTHER ASPECTS OF THE PLAN

The Debtor shall be disbursing agent under the Plan.

All additional executory contracts not previously assumed, assigned or rejected which exist between the Debtor and any another party, whether oral or in writing, shall be deemed rejected as of Confirmation of the Plan. Further, all of the Debtor's assets shall vest in the Debtor upon Confirmation of the Plan, subject only to the terms and conditions of the Plan. The Debtor shall be entitled to manage its affairs and operate its business after Confirmation without further Order of the Bankruptcy Court.

The Debtor shall not be required to execute any newly created documents to effectuate the terms of the Plan. The Bankruptcy Court shall retain jurisdiction after Confirmation of the Plan of Reorganization to: (i) consider applications for fees and allowances for professional persons; (ii) supervise the implementation of this plan; (iii) consider objections to claims against the estate of the debtor; (iv) hear and conclude all adversary proceedings or contested matters; (v) resolve disputes regarding interpretation of this Plan; (vi) fix expenses of

administration; (vii) enter Orders to further consummation of the Plan; (viii) approve modifications of the Plan upon motions brought before the Bankruptcy Court; (ix) consider all applications and matters pending before the Bankruptcy Court on the Confirmation Date; (x) hear and conclude any adversary proceedings and other matters relating or giving rise to litigation recoveries; (xi) enter any order, including injunctions, necessary to enforce title, rights and powers of the debtor, and to impose as the Bankruptcy Court may deem necessary; and (xii) enter an Order concluding and terminating this Chapter 11 case.

The provisions of the Plan shall bind all creditors, Interest holders and parties in interest. Except as expressly provided in the Plan; no interest or penalties shall be accrued or paid to any creditor.

LIQUIDATION ANALYSIS

Failure of the Debtor to obtain Confirmation of its Plan could result in a forced liquidation or a conversion to a case under Chapter 7 of the Bankruptcy Code. The following comparison indicates the likely results of a forced liquidation.

All of the Debtor's investment real property has zero equity. (*See* Exhibit B). Confirmation of this Plan will allow the Debtor to pay off its mortgages at 100%, maintain its properties which is its primary source of income and pay creditors more than what they would receive should this case be converted to a Chapter 7.

Should this matter convert to a Chapter 7, it would cause another layer of administrative costs to be added, such as; (i) costs of sale; (ii) Trustee's fees; and (iii) fees to trustee's counsel.

All creditors will receive the same if not more funds in the Plan of Reorganization than any creditor would receive in a liquidation of the Debtor's assets.

(*See* attached liquidation analysis - Exhibit B)

FEASIBILITY AND FAIRNESS OF PLAN

The Plan is feasible given the valuation of Oak Creek Strip and the selling of real estate. These projections clearly reflect the Debtor's ability to perform under the proposed Plan.

The Debtor believes that this Plan represents an opportunity for the holders of Allowed Claims to receive substantially more than such claimants would receive in a forced liquidation.

RECOMMENDATION

The Debtor strongly recommends that those persons entitled to vote, vote to accept the Plan.

Oak Creek Plaza, LLC

By: /s/Paul M. Bach
Paul M. Bach, one of its attorneys

DEBTOR' S COUNSEL:
Paul M. Bach
Penelope N. Bach
Bach Law Offices
P.O. Box 1285
Northbrook, Illinois 60065
(847) 564 0808