

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

IN RE:)
)
MARGARET ANNA PROPERTIES, LLC) Case No. 17-20451-jra
)
Debtor) Chapter 11
)

DISCLOSURE STATEMENT OF
PREPARED IN CONNECTION WITH AUGUST 9, 2017
CHAPTER 11 PLAN

All Creditors are advised to read this Disclosure Statement and the Plan in their Entirety before Voting to Accept or Reject the Plan. Plan Summaries and Statements made in this Disclosure Statement, including the following Summary, are qualified in their entirety by reference to the Plan and the other Exhibits. The Statements contained in this Disclosure Statement are made only as of the date hereof unless otherwise specified, and there can be no assurance that the statements contained herein will be correct at any time after such date.

This Disclosure Statement has been prepared in accordance with 11 U.S.C. § 1125 and Bankruptcy Rule 3016 and not necessarily in accordance with Federal or State Securities Laws or other applicable law. Persons or entities trading in or otherwise purchasing, selling or transferring claims should evaluate this Disclosure Statement and the Plan in light of the purposes for which they were prepared.

Certain Statements contained in this Disclosure Statement, including forward-looking statements, are based on estimates and assumptions. There can be no assurance that such statements will reflect actual outcomes.

The information in this Disclosure Statement is being provided solely for purposes of voting to Accept or Reject the Plan. Nothing in this Disclosure Statement may be used by any person or entity for any other purpose.

The Terms of the Plan govern in the Event of any inconsistency with the Summaries in this Disclosure Statement. All Exhibits to the Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if set forth in full herein.

As to Contested Matters, Existing Litigation involving Adversary Proceedings, and other actions or threatened actions, it is the Debtor's position that the Plan and this Disclosure Statement shall not constitute or be construed as an Admission of any Fact or Liability, Stipulation or Waiver, but Rather as a Statement made without prejudice solely for Settlement purposes, with full reservation of rights, and is not to be used for any litigation

purpose whatsoever. As such this Disclosure Statement shall not be Admissible in any nonbankruptcy proceeding involving any creditor, or any other party in interest, nor shall it be construed to be conclusive advice on the Tax, Securities, Financial or other effects of the Reorganization as to holders of Claims against or Equity Interests in the Debtor.

The Debtor, Margaret Anna Properties, LLC (“Debtor”), furnishes this Disclosure Statement to creditors in the above-captioned matter pursuant to 11 U.S.C. § 1125 to assist the creditors in evaluating the proposed Chapter 11 Plan (the “Plan”), a copy of which is attached hereto as Exhibit “A.” Creditors may vote for or against the Plan. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the Order approving the Disclosure Statement and fixing the time to vote. After the conclusion of the voting period, the Court will schedule a hearing on the Confirmation of the Plan pursuant to 11 U.S.C. § 1129.

Address for Return of Ballots:

**Catherine L. Molnar-Boncela
GOUVEIA & ASSOCIATES, LLC
433 W. 84th Drive
Merrillville, IN 46410**

Only creditors that are holders of Allowed Claims that are impaired by the Plan are entitled to vote to ***Accept*** or ***Reject*** a proposed Chapter 11 plan. The unimpaired Classes of creditors are deemed to have accepted the Plan and are not entitled to vote. Classes of creditors who shall receive no distribution under the Plan are not entitled to vote and are deemed to have rejected the Plan pursuant to 11 U.S.C. § 1126(g).

Under the Plan, Classes I (Secured Claim of J.P. Morgan Chase Bank, N.A.), II (Priority Claim of the Indiana Department of Revenue), and III (Unsecured Claim of Internal Revenue Service), are impaired and holders of such claims are entitled to vote.

The Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more one-half in number of the claims that vote for the acceptance or rejection of the plan.

I. BACKGROUND OF DEBTOR

1. Name of Debtor:

The Debtor is the Margaret Anna Properties, LLC (“Debtor”).

2. Type of Debtor:

The Debtor is an Indiana Limited Liability Company with its principal place of business in Lake County, Indiana.

3. Debtor's Business:

The Debtor owns real estate located in Lake County Indiana which is subject to a lease with PJS, Inc. d/b/a Diners Choice.

4. Date of Chapter 11 Petition:

A voluntary petition under Chapter 11 was filed by the Debtor on August 2, 2017.

5. Events that Debtor Asserts Caused the Filing:

The Debtor encountered financial difficulties when the tenant failed to timely pay rent during 2015 and 2016. The tenant's financial condition has improved since the buyout of the interest of one shareholder and now makes current monthly payments on the lease sufficient to pay the obligations to all creditors in full with interest.

6. The Bankruptcy Case:

The Debtor made an offer of adequate protection and began paying adequate protection payments to J.P. Morgan Chase Bank, N.A. Five Months have passed since the filing of this chapter 11 proceeding and files this Disclosure Statement and Chapter 11 Plan as required by 11 U.S.C. §1121(e).

7. Debtor's Anticipated Future Income and Source of this Information and Opinion:

The Debtor's only source of income is the rent paid by its tenant JPS, Inc., d/b/a Diners Choice. The Monthly Rental Payment shall be sufficient to pay all the obligations of this Chapter 11 Plan and future tax obligations.

8. Summary of Classification and Treatment of Claims and Equity Interests Under the Plan:

The Chart below summarizes the classification and treatment of claims and equity interests under the Plan.

Class	Explanation	Plan Treatment	Estimated Allowable Amount
Unclassified Administrative Claims	Unclassified Pursuant to Section 1123(a)(i) of the Bankruptcy Code.	Allowed Administrative Claims, ¹ shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim and the Debtor.	TBD
I - Secured Claim of J.P. Morgan Chase Bank, N.A.	This Class consists of the Allowed Secured Claim of J.P. Morgan Chase Bank, N.A. This class is impaired under the Plan. The Holder of the Class I Claim is entitled to vote.	The Allowed Secured Claim of J.P. Morgan Chase Bank, N.A. shall be allowed in the approximate amount of \$ 169,045.78 for purposes of this Plan. .	\$169,045.78

¹ Except to the extent that the holder thereof agrees to a different treatment, all Allowed Administrative Claims, other than Administrative Claims arising from the Debtor's retention of professionals, shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim and the Debtor.

II - Priority Claims of Lake County Treasurers Office	This Class Consists of the Allowed Priority Claim of the Lake County Treasurers Office. This Class is impaired under the Plan. The Holder of this Claim is entitled to vote.	The Allowed Priority Claim shall be allowed in the approximate amount of \$ 23,153.73 for purposes of this Plan. On account of the Secured Claim Creditor in Class II shall receive a quarterly payment after the Effective Date of this Plan until paid in full.	\$23,153.73
III - Unsecured Claim of I.R.S.	This Class consists of the Allowed Unsecured Claim of the I.R.S.. This class is impaired under the Plan. The Holder of the Class III Claim is entitled to vote.	The Allowed Unsecured Claim of the I.R.S. shall be allowed in the approximate amount of \$ 8,814.14 for purposes of this Plan. On account of the Allowed Unsecured Claim of the Creditor in Class III shall receive a quarterly payment after the Effective Date of this Plan until paid in full.	\$8,814.14

9. Monthly Operating Reports:

The Debtor has filed his Monthly Operating Reports through the month prior to the filing of this Disclosure Statement. Copies are available from the Bankruptcy Clerk's office; however, a true copy of the most recent operating report (excluding exhibits) is attached hereto as Exhibit B.

II. **CREDITORS**

ADMINISTRATIVE:

The Debtor believes that substantially all of the Debtor's Administrative Claimants have been paid or will be paid in the ordinary course of business, other than professionals whose fees require Bankruptcy Court approval. The Debtors do not have any information on the amount of such claims in whole or part that may have accrued to date or may accrue by the Effective Date.

SECURED CLAIMS:

Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Secured Claim
J.P. Morgan Chase Bank, N.A.	\$163,492.12	Claim No. 7	\$169,045.78

PRIORITY CLAIMS:

Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Secured Claim
Lake County Treasurer	none	Claim Nos. 1, 2 3, 4, 5	\$23,153.73

UNSECURED CLAIMS:

Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Secured Claim
Internal Revenue Service	none	Claim #6	\$8,814.14

Amount Originally Scheduled:

Secured: \$ 163,492.12
 Priority: none
 Unsecured: none

Estimated Allowed Claims to be provided for in plan:

Administrative: TBD
 Secured: \$ 169,045.78

Priority: \$ 23,153.73
Unsecured: \$ 8,814.14

III. ASSETS

The Debtor's primary asset consists of its real estate located in Lake County Indiana and the lease with JPS, Inc., d/b/a Diners Choice. The cash flow received from the lease will provide the cash flow to make the payments required by the Plan.

IV. SUMMARY OF PLAN

1. Treatment of Administrative Claims

Administrative Claims are unclassified. Except to the extent that the holder thereof agrees to a different treatment, all Allowed Administrative Claims, other than Administrative Claims arising from the Debtor's retention of professionals, shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim.

2. Treatment of Secured Claims.

The Allowed Secured Claim of J.P. Morgan Chase Bank, N.A., shall be paid the amount of its secured claim with interest at the judgment rate of 5.0% with an amortization over 7 years from the Effective Date of the Plan.

3. Treatment of Priority Claims.

Each holder of an Allowed Priority Claim shall be paid on account of said claim an amount equal to one hundred (100%) percent of the amount of such Allowed Priority Claim with interest in quarterly installments over 60 months.

4. Treatment of General Unsecured Claims

This Class consists of all Unsecured Claims. Each holder of an Allowed Unsecured Claim shall receive total distributions equal to 100% of its allowed unsecured claim in quarterly payments in amounts equal to a minimum of 100% of their allowed unsecured claim plus interest beginning after the effective date of the Plan in quarterly installments and terminating when the distribution equals 100% of the allowed unsecured claims.

V. COMPARISON OF PLAN WITH CHAPTER 7 LIQUIDATION

If the plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to a Chapter 7, a trustee will be appointed to liquidate the Debtor's non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Will creditors fare better under the Plan than they would in a Chapter 7 Liquidation?

Yes

No

Creditors should primarily analyze the information supplied to determine whether it would be in their best interest to accept the Plan or reject it. In making this determination, creditors should take note of the importance of their actually voting either to accept or reject the Plan. This is so because the Bankruptcy Code authorizes the bankruptcy court to confirm a chapter 11 plan or reorganization if the plan is accepted by all classes of creditors if it is demonstrated to be feasible.

If all classes of creditors accept the plan (by means of a majority vote of the voting members of the class whose claims constitute two-thirds or more in value of the outstanding total claims of all voting members of the class), then the bankruptcy court may confirm the plan on a showing of the plan's feasibility and that dissenting creditors will receive as much under the plan as they would receive in straight liquidation and that the "absolute priority" rule is observed or waived.

It is to be observed that at least one actually impaired class must, in any case, affirmatively vote to accept the plan (by a majority of the voting creditors whose claims total at least two-thirds of all the claims of the voting class) or else the bankruptcy court may not confirm the plan. Further, creditors should observe that it is important for each of them to vote because the acceptance or rejection of classes is to be determined on this basis of the voting membership of each class. Nonvoting membership is ignored for the purpose of determining whether a majority of members who holds two-thirds or more of value of claims accepts the plan. A failure to vote will not be counted as a rejection of the plan.

VI. FEASIBILITY

The Debtor's intentions as outlined in the Plan and Disclosure Statement are feasible in light of the conservative nature of the projections contained in the Budget attached to the Disclosure Statement and the Debtor's motion for an order authorizing adequate protection payments to J.P. Morgan Chase Bank, N.A. While projections are merely estimates and not guaranteed results, the Debtor believes that he can achieve the results as set forth in the projections. Payments are to be made from the Debtor's operations in accordance with the projections.

VII. LITIGATION

The Plan does not currently anticipate initiating any major litigation.

VIII. **CERTIFICATION**

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief after reasonable inquiry.

Margaret Anna Properties, LLC



Mary Liadakis, Managing Member

BY: /s/ Catherine L. Molnar-Boncela

Catherine L. Molnar-Boncela, ESQ.

GOUVEIA & ASSOCIATES

433 West 84th Ave.

Merrillville, IN 46410

Atty. for Debtor Margaret Anna Properties, LLC

CERTIFICATE OF SERVICE

I, the undersigned hereby certify that on the 2nd day of August, 2017, a true and complete copy of the Disclosure Statement of Margaret Anna Properties, LLC. was served by electronic mail or by depositing same in the United States Mail in envelopes properly addressed and with sufficient first class postage affixed to the below addresses.

Office of the U.S. Trustee, 555 One Michiana Square, 100 East Wayne St., South Bend, IN 46601

Jennifer Prokop, jennifer.prokop@usdoj.gov

U.S. Trustee, Office of the U.S. Trustee, 555 One Michiana Square, 100 East Wayne St., South Bend, IN 46601

/s/ Catherine Molnar-Boncela

Catherine Molnar-Boncela