

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In Re:

DEASY ASSOCIATES, LLC

Debtor

CHAPTER 11

CASE NO. 14-41882-CJP

**DEBTOR'S PROPOSED CHAPTER 11 DISCLOSURE STATEMENT FOR ITS
POST-CONFIRMATION MODIFIED MODIFIED PLAN**

Dated: June 2, 2016

DEASY ASSOCIATES, LLC
Debtor in Possession

BY ITS ATTORNEYS:

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I. INTRODUCTION

Deasy Associates, LLC, the debtor in possession (the "Debtor") is a Chapter 11 Debtor whose proceedings (the "Proceedings") were commenced on August 25, 2014 (the "Petition Date") in the United States Bankruptcy Court for the District of Massachusetts (the "Bankruptcy Court"). This Disclosure Statement contains information about the Debtor and the Debtor's Modified Plan of Reorganization dated June 1, 2016 (the "Modified Plan"). A copy of the Modified Plan is attached to this Disclosure Statement as Exhibit "A". The Disclosure Statement is intended to provide to all holders of claims against the Debtor the information needed to evaluate and vote on the Debtor's Modified Plan.

A ballot for your use in voting to accept or reject the Modified Plan is enclosed. Instructions for completing and returning the ballot are printed on the ballot itself.

NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE MODIFIED PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

Except where specifically stated otherwise, the information contained in this Disclosure Statement is based upon information supplied by the Debtor. Although this Disclosure Statement describes the Modified Plan in summary and in detail, it is recommended that you review the Modified Plan for a definitive understanding of its terms. Your rights may be affected and you may wish to discuss the Modified Plan and Disclosure Statement with your attorney. If you do not have an attorney, you may wish to consult one.

A. Purpose Of This Document

This Disclosure Statement describes: (i) the Debtor and significant events which occurred during the Chapter 11 case; (ii) how the Modified Plan proposes to treat Claims against the Debtor; (iii) who can vote on or object to the Modified Plan; (iv) what factors the Court will consider when deciding whether to confirm the Modified Plan; (v) why the Debtor believes that its Modified Plan is feasible and how the treatment of Claims under the Modified Plan compares to treatment in a liquidation of the Debtor; (vi) the effect of confirmation of the Modified Plan, and (vii) why the Debtor seeks to modify its confirmed Plan.

B. Deadlines For Voting And Objecting; Date Of Modified Plan Confirmation Hearing

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

1. *Time and place of hearing to confirm the Modified Plan*

The hearing at which the Bankruptcy Court will determine whether to confirm the Modified Plan will take place on _____, 2016 at _____. (Eastern Daylight Time), before the

Honorable Christopher J. Panos, United States Bankruptcy Court, 595 Main Street, Worcester, Massachusetts 01608.

2. Deadline for voting to Accept or Reject the Modified Plan

Pursuant to 11 USC §1127(d), if you previously accepted or rejected the confirmed Plan, then you are deemed to have also accepted or rejected the Modified Plan, as the case may be, unless you change your previous acceptance or rejection by submitting a new ballot as outlined below. If you are entitled to vote to accept or reject the Modified Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Michael J. Tremblay, 277 Main Street, Suite 209, Marlborough, Massachusetts 01752. **BALLOTS FOR ACCEPTANCE OR REJECTION OF THE MODIFIED PLAN ARE BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES, 3 AND 4 BECAUSE THEY ARE THE ONLY HOLDERS OF CLAIMS THAT MAY VOTE TO ACCEPT OR REJECT THE MODIFIED PLAN.** If you are the holder of a Claim in one of these Classes and did not receive a Ballot, received a damaged or illegible Ballot, or lost your Ballot, or if you are a party in interest and have any questions concerning the Disclosure Statement and Exhibits, the Modified Plan, or the Modified Plan voting procedures, please contact Debtor's counsel, Michael J. Tremblay, at the address set forth above.

In order for a ballot to be considered, it must be received by counsel to the Debtor no later than **4:30 p.m. (Eastern Daylight Time) on _____, 2016.** Any Ballot not indicating an acceptance or rejection will be deemed an acceptance of the Modified Plan. See Section IX below for a discussion of voting eligibility requirements.

3. Deadline for objecting to Confirmation of Modified Plan

Objections to confirmation of the Modified Plan must be filed with the Bankruptcy Court and served on Debtor's counsel by _____, **2016 at 4:30 p.m. (Eastern Daylight Time).**

4. Identity of Person to Contact for More Information

If you want additional information about the Modified Plan, you should contact Debtor's counsel, Michael J. Tremblay, at the address set forth above.

C. Disclaimer

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

II. SUMMARY OF THE MODIFIED PLAN

The Debtor's Modified Plan is a pot Modified Plan and relies upon the proceeds from the following activities to fund the Modified Plan: (i) the sale of an .80 acre lot of land ("Lot 25-3") on Little Sandy Pond Road in Plymouth; (ii) the subdivision and sale of an adjacent 11.24 acre lot ("Lot 25-2"); and (iii) the proceeds from the recovery of a default judgment from an adversary proceeding against Coastlines Limited Partnership (docket 15-04003) (collectively, the "Distribution Fund"). The Debtor asserts that the Distribution Fund will be sufficient to satisfy all administrative, secured, and priority claims, and to make a one-time lump sum distribution to the holders of allowed unsecured claims. The Modified Plan is deemed to be a "pot" Modified Plan because the amount of the dividend to unsecured creditors will be the amount available in the Distribution Fund after satisfaction of the Debtor's administrative and priority claims. At this time, and as more fully described in Article 3.4 below, the Debtor estimates that the amount of the dividend to general unsecured creditors will be equal to approximately one hundred percent (100%) of such creditors' allowed claims. If the Distribution Fund is sufficient, a 100% dividend shall be paid to all creditors with allowed claims, and remaining funds will be paid to the Debtor. In the event the Distribution Fund is not sufficient to fund a 100% dividend, allowed claims will be paid on a pro rata basis as set forth below. In addition to the satisfaction of the holders of administrative and priority claims, and a distribution to unsecured creditors, the Modified Plan contemplates the satisfaction of the claim secured by a mortgage on the Debtor's real property.

The foregoing represents the Debtor's best efforts to describe the treatment afforded the Claims of the Creditors in various Classes. Creditors should be aware that the terms of the Modified Plan control the treatment of all Claims. In the event of any inconsistencies between the Modified Plan and this Disclosure Statement, the terms of the Modified Plan shall be, in all events, determinative. The Debtor urges all Creditors to read the Modified Plan for a complete understanding of the treatment of their Claims.

III. DESCRIPTION OF THE DEBTOR

A. General Background

The Debtor is a Massachusetts limited liability company that owns an 11.24 acre parcel of land in Plymouth, Massachusetts.

On November 8, 1968 Patrick and Theresa Deasy purchased a vacant parcel of land on Little Sandy Pond Road in Plymouth consisting of approximately 13 acres. Patrick and Theresa had four sons: Peter D. Deasy, Joseph Deasy, Mark P. Deasy and Philip Deasy. Patrick died in 1994; and Theresa died in 1999. Title to the Property was inherited by the four sons.

On September 4, 2007, the four brothers formed a Limited Liability Company called Deasy Associates, LLC for the purpose of holding legal title to the land and to facilitate the development of the land. The members were Peter D. Deasy, Joseph Deasy, Mark P. Deasy and Philip Deasy. The managers were Peter and Joseph. On December 27, 2007 the four brothers conveyed the property to Deasy Associates, LLC by deed.

In 2012, the Debtor hired an engineer to draw a Modified Plan of land. The Modified Plan divided the approximate 13 acre parcel into three parcels: two .80 acre lots with frontage on the public way and which were buildable and an 11.24 acre lot that was intended to be further subdivided at a later date. In October 2012, the Debtor sold the first .80 acre lot ("Lot 25-1") to a builder for \$105,000.00. In January, 2015 the Debtor sold the second .80 acre lot ("Lot 25-3") to another building corporation for \$80,000 pursuant to a sale approved by the Bankruptcy Court.

B. Interest of Mark P. Deasy.

On October 15, 2005 Mark P. Deasy filed an individual Chapter 7 petition in the Bankruptcy Court for the District of Massachusetts. At that time, he owned a 25% interest in the land as tenant in common with his three brothers. While his bankruptcy case was still pending, he signed a deed on December 27, 2007 conveying his interest in the land to Deasy Associates, LLC. His brothers were unaware of the existence of Mark's bankruptcy case at that time. The Chapter 7 Trustee of his Bankruptcy Estate asserted that Mark's deed of his interest in the land was an unauthorized post-petition transfer and thus a nullity. She began the process of selling his interest in the land to administer the proceeds for the benefit of his creditors. Deasy Associates, LLC offered to buy Mark Deasy's interest for \$56,000 and in February, 2009 the Trustee conveyed Mark Deasy's interest in the land to Deasy Associates, LLC.

The Debtor believes this transaction constituted the dissociation of Mark Deasy from Deasy Associates, LLC in accordance with the Operating Agreement and terminated his interest in the company. However, that fact has not been adjudicated by any court, and therefore the Debtor cannot say with certainty what the interest, if any, of Mark Deasy is. In the event the bankruptcy sale did not constitute dissociation, the Debtor asserts it has a claim against Mark Deasy for the cost it incurred to purchase his interest in the land. Debtor intends to pursue settlement with Mark Deasy to clarify the status of his interest, if any, but ultimately may end up in litigation to adjudicate his interest.

Debtor has enumerated its potential claim on Schedule B of its bankruptcy petition as "Potential claim for reimbursement against Mark Deasy."

C. Events Leading to the Chapter 11

Due to the economic slowdown, the Debtor experienced great difficulty in engaging a buyer on the second .80 acre parcel and as a result fell in arrears to the Town of Plymouth on real estate taxes and to its mortgagee, Hingham Institution for Savings ("HIS") during 2013 and 2014. In June 2014, the Debtor entered into a purchase and sale agreement with Coastlines Limited Partnership for the sale of the second .80 acre lot (Lot 25-3) at a purchase price of \$85,000.00. The deal was moving along and scheduled to close on August 21, 2014 when the buyer abruptly defaulted days before the scheduled closing. The Debtor intended to use the proceeds from that sale to cure the arrears and prevent a foreclosure scheduled for August, 26, 2014. The Debtor immediately entered into a new contract with a new buyer, Absolute Building Consultants, Inc. for the sale of Lot 25-3 for \$80,000 on August 25, 2014. HIS declined to postpone the foreclosure and as a result the Debtor commenced the within Chapter 11 proceedings to preserve the substantial equity in the property.

D. Summary of Debtor's Assets and Liabilities

The following is a summary of the Debtor's current assets and liabilities as of March 1, 2015:

Assets

Real Property:

Lot 25-2, an 11.24 acre vacant lot of land located on Little Sandy Pond Road, Plymouth, Massachusetts.¹ As undeveloped, the land has an “as is” appraised value of approximately \$350,000.00. The property was appraised by Joseph J. Walsh and Robert P. Wood, certified general real estate appraisers. The appraisal noted that the land’s highest and best use would be as residential development. The Debtor believes it can enhance the value of the land, and generate a higher sale price, by performing engineering studies to determine the most economical Plan of subdivision and having subdivision Plans drawn and approved by the Town of Plymouth to attract buyers. The Debtor has hired Land Management Systems, Inc., a registered engineering firm, and Jon Henson, a landscape architect to perform the necessary work and draw the initial subdivision Plan. After preliminary review by Town officials, a “Modified” subdivision plan was drawn and has been submitted to the Town for approval. Land Management expects to have a hearing on the subdivision plan on July 15, 2016, and the project permit on record by the end of August 2016, at the latest.

Personal Property:

The debtor filed an Adversary Proceeding to recover a real estate deposit of \$5,000.00 from Coastlines Limited Partnership (“Coastlines”) after Coastlines failed to perform under a purchase and sale agreement for the purchase of Lot 25-3. The debtor recovered a judgment on March 23, 2015 and subsequently recovered \$4,500.00 from the real estate broker which had been holding the deposit in escrow. The real estate broker denies it ever received the full \$5,000.00 from Coastlines, and due to the death of the principal, it is unlikely the remaining \$500.00 is collectable.

Liabilities on the petition date, August 25, 2014:

Based on the Debtor's records, and the proofs of claim filed in this case, the Debtor's liabilities can be summarized as follows:

Claims.

The following claims were filed before the claims bar date:

¹ The legal description is as follows: “A particular parcel of land located at 375 Little Sandy Pond Road, Plymouth, Massachusetts, and more particularly described in a deed dated February 18, 2009 and recorded with Plymouth Registry of Deeds at Book 36813, Page 186 and shown as Lot 25-2 on a Plan of Land Prepared for Deasy Associates LLC by Land Management Systems, Inc. scale 1” = 60’, dated May 28, 2012, said Plan recorded at Plan Book 57, Page 489 at said Registry of Deeds.”

Claim #1. Hingham Institution for Savings ("HIS") filed a secured claim for \$123,869.62. It should be noted that after the sale of Lot 25-2 on January 9, 2015, HIS received a payment of \$19,060.18 to satisfy pre-petition arrears; and \$15,000 to partially pay down the principal balance of its loan. Thus, its secured claim has been reduced to approximately \$89,809.44.

Claim #2. American Express Bank, FSB filed a general unsecured claim for \$4,798.73.

Claim #3. Shari Deasy filed a claim for \$31,200 asserting it to be a priority claim. Debtor objected to this claim and asserted it should be allowed as a general unsecured claim instead. The Court sustained the Debtor's objection on April 16, 2015.

Shari Deasy is the former spouse of Mark Deasy. During the pendency of Mark Deasy's Chapter 7 bankruptcy proceedings, Shari Deasy filed a proof of claim asserting a priority claim for Domestic Support Obligations. As part of the settlement with the Trustee, Deasy Associates LLC signed an agreement dated November 12, 2008 whereby Shari Deasy agreed to withdraw her claim in Mark's Chapter 7 bankruptcy case and in exchange Deasy Associates, LLC agreed to pay the amount of her claim from the sale of lots of land. She was not paid anything from the sale of the first two lots.

Claims by class as of May 31, 2016

Administrative Claims:

Michael J. Tremblay and associated counsel, Debtor's Chapter 11 counsel: \$20,000.00 (estimated and net of \$13,855.00 paid from First Interim Application for Compensation);

Land Management Systems, Inc. (Land Surveyor and Engineer), \$22,000.00 (estimated and net of retainer of \$3,000.00)

Jon Henson (Landscape Architect) \$2,000 (estimated and net of retainer of \$)

Edward Angley (Special Counsel) \$5,000.00 (estimated and net of retainer of \$500.00)

Secured Claims:

Secured Claim of Hingham Institution for Savings — \$123,869.62 (holder of first mortgage on Little Sandy Pond Road, Plymouth, MA).

Secured Claim of Town of Plymouth — \$5,856.00 (real estate taxes)

Priority Tax Debt — \$0.00

General Unsecured Claims — \$ 40,243.43

Claims of Insiders and Affiliates - \$32,716.34

IV. THE CHAPTER 11 CASE

As noted above, at the inception of the case, the Debtor owned two adjoining parcels of real estate in Plymouth. The Debtor had commenced the within Chapter 11 case to preserve the value of the substantial equity in the real estate by staying the attempted foreclosure of that property by HIS. Shortly after the petition date, HIS filed a motion seeking relief from the stay to allow it to foreclose on the Plymouth land. The Debtor filed a response to the motion in which the Debtor stated that the Debtor was in the process of selling Lot 25-3 and that HIS was adequately protected. The Court denied HIS's motion.

On October 3, 2014, the Debtor filed a motion to sell the .80 acre lot to Absolute Building Consultants, Inc. for the sum of \$80,000.00. On October 31, 2014, the Bankruptcy Court approved the proposed sale with conditions of how the proceeds were to be used in the reorganization. The sale closed on January 9, 2015.

On October 23, 2014, the Debtor filed a motion to establish a deadline for the filing of proofs of claim in the proceeding. The Court allowed the motion and set December 23, 2014, as the deadline for the filing of proofs of claim (the "Bar Date").

On January 12, 2015 the Debtor filed an Adversary Proceeding against Coastlines (docket 15-04003) and subsequently recovered a judgment and recovered \$4,500.00 of the disputed deposit.

During the course of its Chapter 11 proceeding, the Debtor filed monthly operating statements with the United States Trustee.

Debtor's Financial Performance since filing the petition.

The Debtor was able to secure permission from the court to sell Lot 25-3 and realized gross proceeds of \$80,000. After paying HIS and the Town of Plymouth for real estate taxes which constituted a lien on the property, closing costs, and interim compensation of its counsel, Debtor realized a net of \$19,429.58.

From those funds, the Debtor has made timely payments of its mortgage loan obligations to HIS, real estate taxes, US Trustee's Office fees, and has paid retainers to professionals for approval of development plans by the Town of Plymouth.

Debtor expects the remaining funds along with a member capital contribution to continue to provide timely payment of its obligations until December 2016.

V. CLASSIFICATION OF CLAIMS AND THEIR TREATMENT UNDER THE MODIFIED PLAN

The following is a description of the Debtor's liabilities, and their treatment under the Modified Plan. In summary, the order of payment of claims shall be:

- a) Administrative Claims (Unclassified)
- b) Secured Claims (Class 1)
- c) Prepetition Priority Claims (Class 2)

- d) General Unsecured Claims (Class 3)
- e) Claims of Insiders and Affiliates (Class 4)

A. Administrative Claims.

Each holder of an Allowed Administrative Claim shall receive from the Debtor with respect to such Allowed Claim, either (i) the amount of such Allowed Claim from the Debtor, in one (1) cash payment on the later of (a) the Effective Date, (b) the date that is sixty (60) days after a request for payment of the Claim is filed, (c) the date that is twenty (20) days after the Claim becomes an Allowed Claim; or (ii) such other treatment as may be agreed upon in writing by such holder; provided, however, that an Allowed Administrative Claim representing a liability incurred in the ordinary course of business shall be paid by the Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreements relating thereto.

Applications for compensation and reimbursement filed by professionals employed under 11 USC §327 or by order of the Bankruptcy Court, for services provided up to and including the Effective Date, shall be filed no later than sixty (60) days after the Effective Date. Applications for compensation for professionals for services for post-Effective Date services may also be submitted and paid upon approval of the Court. Any claim entitled to priority under Section 503(b), except for claims of Professionals Persons, as defined in Article I of the Modified Plan, arising before the Confirmation Date and still outstanding as of the Confirmation Date, shall be forever barred unless it is the subject of a proof of claim filed with the Bankruptcy Court and served within thirty (30) days after the Confirmation Date (the "Administrative Claim Bar Date").

The Debtor, with the approval of the Bankruptcy Court, employed Michael J. Tremblay as its counsel in the proceeding and Land Management Systems, Inc. as its land surveyor and engineer. The estimated outstanding amount of fees for each of these professionals is set forth below:

<u>Name of professional</u>	<u>Outstanding amount of fees</u>
Michael J. Tremblay (Chapter 11 Counsel)	\$20,000.00 (estimated)
Land Management Systems, Inc. (Land Surveyor and Engineer)	\$22,000.00 (net of retainer of \$3,000.00)
Edward Angley (Special Counsel)	\$5,000.00 (estimated)
Jon Henson (Landscape Architect)	\$3,000.00 (estimated)

All fees for professional persons are subject to approval by the Bankruptcy Court.

This class is not impaired.

B. Class 1 - Secured Claims.

A claim is "secured" when a creditor holds a lien on particular assets ("collateral") to assure payment of the claim. In general, proceeds from any sale of collateral must be applied first to the repayment of any claims secured by the collateral. The Bankruptcy Code permits the holder of a secured claim to require that the claim be paid in full. If full payment is not made as soon as a Modified Plan of reorganization takes effect, then the secured creditor is entitled to keep its lien or to receive equivalent assurance of payment.

Class 1 is divided into two subclasses:

Class 1A is comprised of the Allowed Secured Claim of HIS. HIS asserts a secured claim against the Debtor in the amount of \$123,869.62, with a pre-petition arrearage of \$19,060.18. HIS' Claim is secured by a first mortgage on the Debtor's real property located at Little Sandy Pond Road, Plymouth, Massachusetts. Pursuant to the Court's order approving the sale of Lot 25-3 (Docket entry 53), the Debtor cured the arrearage and also made a principal reduction payment of \$15,000.00. Pursuant to 11 USC s. 1125(a)(5)(G), the Debtor has cured HIS' secured loan. The Debtor shall satisfy the remaining balance on the Allowed Claim of HIS by payment from the proceeds of the sale of Lot 25-2. Until the property is sold, the Debtor will make the contractual monthly payment of \$785.33 to HIS. HIS shall retain its lien on the property until payment of the underlying debt as determined under applicable nonbankruptcy law.

Class 1A is not impaired.

Class 1B is comprised of the Secured Claim of the Town of Plymouth ("Plymouth"). The Debtor scheduled Plymouth as a secured claim in the amount of \$5,856.00. Plymouth's Claim arises out of unpaid real estate taxes on Lot 25-3 and Lot 25-2. Pursuant to the Court's order approving the sale of Lot 25-3, the Debtor paid Plymouth \$8,004.17 immediately following the closing, which satisfied the pre-petition claim.

Class 1B is not impaired.

C. Class 2 - Priority Claims

The Bankruptcy Code entitles certain types of prepetition unsecured claims to be paid in full prior to other claims, which priority claims are set forth in Sections 507(a)(1)-(7) of the Bankruptcy Code. These "priority claims" include, among other things, claims for taxes, wages and employee benefits, and domestic support obligations. The Debtor believes that there are no Class 2 Claims.

Class 2 is unimpaired.

D. Class 3 - General Unsecured Claims.

Unsecured claims not entitled to priority under the Bankruptcy Code are called "general unsecured claims." If you loaned money or supplied goods or services to the Debtor prior to August 25, 2014 (the Petition Date), and you have not been paid, then it is likely that you hold a general unsecured claim.

In order to be allowed, a general unsecured claim must either be set forth in a proof of claim properly filed with the Bankruptcy Court on or before the deadline established by the Bankruptcy Court, i.e., December 23, 2014 (the "Bar Date") or listed by the Debtor in their Schedules of Liabilities filed with the Bankruptcy Court as an obligation other than a liability that is disputed, unliquidated or contingent. Even a properly filed or scheduled claim may still be disallowed if any objection to the claim is filed and sustained by the Bankruptcy Court. The objection procedure is described in Section VI below.

Each holder of Allowed Class 3 Claims shall be paid in full settlement and satisfaction of such Claim, a lump sum payment equal to such creditor's pro rata share of the Distribution Fund no later than sixty days after the sale of Lot 25-2. The funds available to Class 3 creditors will be the amount remaining in the Distribution Fund after payment of all allowed administrative, secured, and priority claims (if any).

As set forth in the Modified Plan, the term "Distribution Fund" means the aggregate amount received by the Debtor from:

(i) the sale of Lot 25-3; (ii) the division of Lot 25-2 and subsequent sale; and (iii) the proceeds recovered from the default judgment from the adversary proceeding against Coastlines Limited Partnership (docket 15-04003).

There are \$40,243.43 in allowed Class 3 claimants, including scheduled amounts for creditors that did not file proofs of claims. For purposes of estimating the distribution to Class 3 creditors, the Debtor has assumed: (i) that the amount of the Distribution Fund will be approximately \$500,000.00 ; (ii) that all filed claims will be allowed in the amount filed; and (iii) that the amount of administrative claims (as forth in Article 4.1 above) and the amount of priority claims (as set forth in Article 3.3 above) do not substantially exceed the amount of those claims as set forth in the Modified Plan. In those circumstances, the Debtor estimates that the amount of the dividend to the holders of allowed general unsecured claims will be approximately 100%. However, it must be noted that if the amount of allowed administrative, secured, and/or priority claims are larger than anticipated, then the dividend to unsecured creditors would be reduced.

Class 3 is impaired.

E. Class 4 – Claims of Insiders and Affiliates.

This class consists of any claims held by insiders or affiliates of the Debtor. Holders of Class 4 Claims will retain their claims, but shall not receive any payment until all other classes are paid in full, after which they will be paid equally on a pro-rata basis from sales of remaining Property and after amounts necessary for the Debtor's business operations.

Class 4 is impaired.

VI. CLAIMS OBJECTIONS

No claim will be paid unless it is allowed by the Bankruptcy Court. If you filed a proof of claim before the deadlines established by the Court, then your claim will be automatically allowed unless the Debtor or another interested party files a written objection with the Court before the time periods set forth below. Similarly, even if you did not file a proof of claim, if your claim is listed in the Schedules of Liabilities filed by the Debtor as an obligation that is not disputed, unliquidated or contingent, then your claim will be automatically allowed unless an objection is filed with the Court before the deadlines set forth below.

If an objection to your claim is filed, a copy of the objection will be sent to you. You will also receive a notice specifying the deadline for you to file a written response to the objection, as well as the date, time and place of the hearing regarding the merits of your claim. If your claim is then allowed, you will be entitled to receive a distribution on account of your Allowed Claim as provided by the Modified Plan.

In order to ensure that there are funds available to make the appropriate distribution on account of objected to claims that are ultimately allowed (in whole or in part), the Modified Plan provides for the Debtor to hold in reserve the pro-rata amount to which such holder would be entitled if its claim were allowed in the full amount asserted. If a claim to which an objection has been filed is allowed by the Court, the holder will receive the amount to which it is entitled. If the claim is allowed in a reduced amount, disallowed, or reclassified, then the reserved funds not necessary to pay the claim will go back into the pool of funds available for distribution to holders of allowed general unsecured claims.

A. Objections to Pre-Petition Claims.

All claims that arose prior to August 25, 2014, and are either (i) listed on the Debtor's Schedules and not listed as disputed, contingent or unliquidated, or (ii) the subject of a timely filed Proof of Claim, shall be allowed in full, unless such claim is objected to within 60 days of the Effective Date of the Modified Plan. Debtor may contest the amount of attorneys fees and interest sought by any creditor. ***Debtor reserves the right to object to or seek estimation of any claim.*** A Claim based upon the rejection of an executory contract or unexpired lease shall not be deemed timely filed and shall be disallowed, unless a proof of claim has been filed by the later of the Bar Date or 30 days after the entry of an order rejecting such executory contract or unexpired lease.

B. Objections to Post-Petition Claims.

Claims for Administrative Expenses entitled to priority under Code Section 503(b), except for claims of Professional Persons, shall be allowed in full, unless an objection to such claim is filed within 60 days after the Administrative Bar Date.

VII. IMPLEMENTATION OF THE MODIFIED PLAN

A. Consummating the Modified Plan.

Upon confirmation of the Modified Plan, all property of the Debtor, including property of the estate under 11 U.S.C. §541, shall remain vested in the Debtor free and clear of any and all claims, liens, and encumbrances, except for the liens to be retained under the Modified Plan.

Upon confirmation of the Modified Plan, Debtor shall complete the subdivision Plan approval process.

The Debtor shall make the required payments under the Modified Plan from the Distribution Fund to the allowed administrative, priority and general unsecured claims as described in Section V.

(i) Ultimate Subdivision and Development Goals.

Prior to filing its bankruptcy petition, Debtor's intention was to obtain financing (by means of a loan or investment) to obtain legal subdivision of the land into buildable lots, and then to build homes with streets and utilities for sale to ultimate consumers. However, the Debtor's financial posture at this time does not make it likely it will obtain such financing or investment, and thus its proposed Chapter 11 Modified Plan envisions contracting for and obtaining a "Concept Plan" by a registered civil engineer which depicts the likely allowable subdivision of the land. With the concept Plan in hand, Debtor believes the value of the land will be significantly enhanced, and it will be able to sell the land to a larger class of buyers consisting of builders and developers.

Debtor's intentions under the Modified Plan are to proceed in two steps as follows:

Step One:

Debtor's first step in the development process was to obtain a Concept Plan by June 30, 2015.

Step Two:

Debtor's second step in the process was to obtain a subdivision approval plan and submit it to the Town of Plymouth for approval. If debtor obtains favorable subdivision approval, debtor will then list the individual lots for sale and sell the land in individual parcels. Debtor anticipates that the market value of the individual lots will be sufficient, after administrative expenses, to pay all creditors a 100% dividend; but in the event it is not, creditors will be paid a pro rata share of the net proceeds in the order of their priority.

If debtor does not obtain subdivision approval, or does not obtain favorable subdivision approval, the 11.24 acre parcel will be listed for sale and sold on the basis of the concept plan. In that event, debtor anticipates that the market value of the 11.24 acre parcel will still be sufficient to pay all creditors a 100% dividend, but in the event it is not, creditors will be paid a pro rata share of the net proceeds in the order of their priority.

The property shall be sold no later than December 1, 2016.

B. Discharge.

The rights afforded in the Modified Plan and the payments and distributions to be made thereunder are in complete exchange for, and in full satisfaction and release of, all existing Claims, and debts and obligations of any kind, nature or description whatsoever of or against the Debtor or any of its assets or property to the fullest extent permitted under Section 1141 of the Bankruptcy Code. Upon confirmation of the Modified Plan, all existing Claims against the Debtor and the Reorganized Debtor shall be and shall be deemed to be discharged. All holders of Claims or Equity Interest shall be precluded from asserting against the Debtor, or any of its assets or property, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder filed a proof of Claim or proof of interest. Upon the Effective Date, the Debtor shall be deemed discharged and released from any and all Claims, including but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim or Interest based upon such obligation is filed or deemed filed under Section 501 of the Bankruptcy Code; (ii) a Claim or Interest based upon such debt is Allowed under Section 502 of the Bankruptcy Code; or (iii) the holder of a Claim or Interest based upon such debt has accepted the Modified Plan. Except as provided herein, the Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and the Reorganized Debtor. In accordance with Section 524 of the Bankruptcy Code, the discharge provided for hereunder shall void any judgment against the Debtor to the extent it relates to a Claim discharged, and operates as an injunction against the prosecution of any action against the Debtor or its Property to the extent it relates to a discharged Claim.

C. Other Duties and Responsibilities of the Debtor.

In addition to the various obligations and duties of the Debtor described elsewhere in the Modified Plan, the Debtor shall have the following specific duties and powers:

- a) preparation and filing of all required tax returns including the right to request a determination of tax liability as set forth in Bankruptcy Code Section 505;
- b) preservation or liquidation of assets or the distribution of proceeds of assets;
- c) payment of post-confirmation fees due to the Office of the United States Trustee;
- d) filing of status reports with the Bankruptcy Court or other parties in interest as requested; and
- e) filing a motion for Final Decree;

Following the Effective Date, the Debtor may pay its post Effective Date operating expenses in the ordinary course of its business without notice or orders of this Court.

D. Obligations to the United States Trustee.

The Debtor will be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6). After confirmation, the Debtor will serve the United States Trustee at least quarterly with a financial report while the case remains open. The financial report shall include the following:

- a) a statement of all disbursements made during the course of the month, whether or not pursuant to the Modified Plan;
- b) a summary, by class, of amounts distributed or property transferred to each recipient under the Modified Plan, and an explanation of the failure to make any distributions or transfers of property under the Modified Plan;
- c) Debtor' projections as to its continuing ability to comply with the terms of the Modified Plan;
- d) a description of any other factors which may materially affect the Debtor's ability to consummate the Modified Plan; and
- e) an estimated date when an application for final decree will be filed with the court (in the case of the final monthly report, the date the decree was filed).

E. Exemption from Transfer Taxes

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Modified Plan or the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Modified Plan, including without express or implied limitation, any transfers to or by the Reorganized Debtor shall not be subject to any transfer, sales, stamp, or other similar tax.

F. Additional Charges

Except as may be expressly provided in the Modified Plan or allowed by Final Order of the Bankruptcy Court, no interest, penalty, attorney's fee or late charge shall be allowed or paid with respect to any Claim.

G. Preservation of Claims

ALL CLAIMS OF THE BANKRUPTCY ESTATE ARE BEING PRESERVED AND TRANSFERRED TO REORGANIZED DEBTOR UNDER THE MODIFIED PLAN. Any and all causes of action which the Debtor may have, including, but not limited to Avoidance Actions, which may be enforceable under any statute, shall be preserved and shall constitute Property of the Estate to be conveyed to Reorganized Debtor in accordance with the Modified Plan. The Court shall retain jurisdiction to determine all such causes of action.

VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Bankruptcy Code permits the rejection of executory contracts and unexpired leases that are burdensome to the Debtor's estate. As of the Effective Date, all executory contracts and unexpired leases, except those expressly rejected by a motion filed prior to the Confirmation Hearing Date, shall be deemed assumed.

IX. ACCEPTANCE AND CONFIRMATION OF THE MODIFIED PLAN

The bankruptcy law provides that any class of creditors or stockholders whose rights are "impaired" (that is, not fully honored) under a proposed Modified Plan of reorganization has the right, as a class, to accept or reject the Modified Plan. Each member of the class may vote on this decision. A class of creditors accepts the Modified Plan if more than one-half of the ballots that are timely received from members of the class, representing at least two-thirds of the dollar amount of claims for which ballots are timely received, are voted in favor of the Modified Plan. If you previously accepted the confirmed Plan, then you do not need to vote on the Modified Plan unless you wish to change your previous acceptance. If you previously rejected the confirmed Plan, then you do not need to vote on the Modified Plan unless you wish to change your previous rejection.

Classes 3 and 4 are impaired, and may therefore vote to accept or reject the Modified Plan. Classes 1A, 1B, and 2 are unimpaired and may not vote.

Included in the same envelope containing this Disclosure Statement is a ballot by which you may vote to accept or reject the Modified Plan. Instructions for completing and returning the ballot are found on the ballot itself. **IN ORDER FOR YOUR VOTE TO COUNT, IT MUST BE RECEIVED BY THE UNDERSIGNED COUNSEL NOT LATER THAN 4:30 P.M. (EASTERN DAYLIGHT TIME) ON _____, 2016.**

As noted above, the Bankruptcy Court has scheduled a hearing on confirmation of the Modified Plan for _____ 2016, at _____ (Eastern Daylight Time). Any objection to either the adequacy of the Disclosure Statement or confirmation of the Modified Plan must be filed with the Bankruptcy Court and served on Debtor's Counsel, by **4:30 p.m. (Eastern Daylight Time) on _____, 2016.**

The Debtor's Modified Plan will be confirmed if it meets the requirements set forth in the Bankruptcy Code. Among these requirements are:

The Modified Plan must have been accepted by at least one impaired class of creditors.

If any class rejects the Modified Plan, the Bankruptcy Court must find that the Modified Plan is fair and equitable to, and does not unfairly discriminate against, such class.

If any creditor does not accept the Modified Plan, the Bankruptcy Court must determine that the Modified Plan provides such creditor with at least as great a distribution as the creditor would receive in a Chapter 7 liquidation. In view of the fact that the Debtor's Modified Plan essentially effectuates a liquidation of all of its assets and the subsequent payment to creditors of all such funds,

then by definition, the Modified Plan provides each creditor at least as great a distribution as the creditor would receive in a Chapter 7 liquidation.

The Bankruptcy Court must determine that confirmation of the Modified Plan is not likely to be followed by the need for liquidation (except as contemplated by the Modified Plan) or further reorganization. The Debtor asserts that confirmation of the Modified Plan is not likely to be followed by a liquidation or the need for further reorganization.

Assuming that the Modified Plan is otherwise confirmable, the Debtor reserves the right to seek confirmation even if one or more classes vote to reject the Modified Plan. In addition, the Debtor reserve the right, in order to resolve any objection to confirmation of the Modified Plan or otherwise, to modify the Modified Plan without further notice or disclosure, so long as the modification does not adversely change the treatment of any creditor who has not accepted the modification.

X. ALTERNATIVES TO THE MODIFIED PLAN: LIQUIDATION

In view of the fact that the Modified Plan essentially effectuates a liquidation of all of the Debtor's non-exempt assets and the payment to creditors of all such funds, by definition, the Modified Plan provides all creditors with at least as great a distribution as the creditor would receive in a Chapter 7 liquidation. Accordingly, a liquidation analysis in these circumstances is unnecessary. If the Debtor's Modified Plan were not confirmed and the case was converted to one under Chapter 7, other than the fees and expenses of the Chapter 7 trustee who would be appointed and the trustee's counsel, the resulting Chapter 7 liquidation would produce the same result as will occur under the Modified Plan.

XI. BEST INTERESTS TEST

The Debtor's Modified Plan projects a 100% dividend to unsecured creditors. If the case was converted to Chapter 7, it is possible that the HIS would seek and be granted relief from the automatic stay to foreclose its mortgage on the Plymouth property. This would result in either a credit bid by HIS which would result in no distribution to unsecured creditors, or a cash bid that may not provide the dividend to general unsecured and insider claims that the Debtor's Modified Plan projects. Thus, creditors will receive or retain under the Modified Plan, on account of their claims, property of a value that not less than creditors would receive in a Chapter 7 liquidation, the Modified Plan satisfies the best interests of creditors test under Section 1129(a)(7) of the Code.

XII. FEASIBILITY

The Modified Plan is based on a liquidation of all of the Debtor's assets and the payment of the proceeds from that liquidation to creditors. The holders of allowed administrative, priority, and secured claims will be paid in full from the proceeds generated from the liquidation. In addition, holders of allowed general unsecured creditors will receive the remainder of the liquidation proceeds after payment of the administrative, secured, and priority claims. The Plymouth property is surrounded by residential development and is likely a desirable location for further residential development. The preliminary subdivision plan developed by Land Management Systems, Inc. will enhance value of the property and stimulate offers from developers. The Debtor has sold both .80

acre lots to local builders and is notifying other potential developers to maximize interest in the Plymouth land.

Therefore, in accordance with Section 1129(a)(11) of the Code, confirmation of the Modified Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor.

XIII. TAX CONSEQUENCES

Implementation of the Modified Plan may result in federal income tax consequences to holders of Allowed Claims. Tax consequences to a particular creditor may depend on the particular circumstances or facts regarding the claim of the creditor. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Modified Plan, and the following disclosure (the “Tax Disclosure”) does not constitute and is not intended to constitute either a tax opinion or tax advice to any person. Rather, the Tax Disclosure is provided for informational purposes only.

The Debtor will receive a discharge with respect to its outstanding indebtedness. Actual debt cancellation in excess of the fair market value of the consideration – stock, cash or other property – paid in respect of such debt will hereinafter be referred to as “Debt Discharge Amount.”

In general, the Internal Revenue Code (“IRC”) provides that a taxpayer who realizes a cancellation or discharge of indebtedness must include the Debt Discharge Amount in its gross income in the taxable year of the discharge. The Debt Discharge Amounts may arise with respect to creditors who will receive partial satisfaction of their claims, including any accrued interest, consideration consisting of or including cash. The Debtor’s Debt Discharge Amount may be increased to the extent that unsecured creditors holding unscheduled claims fail to timely file a Proof of Claim and have their claims discharged on the Confirmation Date pursuant to §1141 of the Bankruptcy Code. No income from the discharge of indebtedness is realized to the extent that payment of the liability being discharge would have given rise to a deduction.

If a taxpayer is in a case under the Bankruptcy Code and a cancellation of indebtedness occurs pursuant to a confirmed Modified Plan, however, such Debt Discharge Amount is specifically excluded from gross income (the “Bankruptcy Exception”). The Debtor intends to take the position that the Bankruptcy Exception applies to it. Accordingly, the Debtor believes it will not be required to include in income the Debt Discharge Amount as a result of Modified Plan transactions.

Section 108(b) of the IRC, however, requires certain tax attributes of the Debtor to be reduced by the Debt Discharge Amount excluded from income. Tax attributes are reduced in the following order of priority: net operating losses and net operating loss carry-overs; general business credits; minimum tax credits; capital loss carry-overs; basis of property of the taxpayer; passive activity loss or credit carry-overs; and foreign tax credit carry-overs. Tax attributes are generally reduced by one dollar for each dollar excluded from gross income, except that general tax credits, minimum tax credits and foreign tax credits are reduced by 33.3 cents for each dollar excluded from gross income. An election can be made to alter the order of priority of attribute reduction by first applying the reduction against depreciable property held by the taxpayer in an amount not to exceed the aggregate adjusted basis of such property. The Debtor does not presently intend to make such election. If this decision were to change, the deadline for making such election is the due date

(including extensions) of the Debtor's federal income tax return for the taxable year in which such debt is discharged pursuant to the Modified Plan.

The federal tax consequences of the Modified Plan to a hypothetical investor typical of the holders of claims or interest in this case depend to a large degree on the accounting method adopted by that hypothetical investor. A "hypothetical investor" in this case is defined as a general unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the accrual method and who has posted its original sale or advance to the Debtor as income at the time of the product sold or the service provided hypothetically should adjust any net operating loss to reflect the dividend paid by the Debtor under the Modified Plan provided that holder previously deducted the liability to the Debtor as a "bad debt" for federal income tax purposes. Should that holder lack a net operating loss, then in accordance with federal income tax provisions, the holder should treat the dividend paid as ordinary income, again provided the holder previously deducted the liability to the Debtor as a "bad debt" for federal income tax purposes. If the accrual basis holder of the claim did not deduct the liability as a "bad debt" for federal income tax purposes, then the dividend paid by the Debtor has no current tax implication. A holder of a claim that uses a cash method of accounting would, in accordance with federal income tax laws, treat the dividend as income at the time of receipt.

THE DEBTOR MAKES NO REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE MODIFIED PLAN AS TO ANY CREDITOR. EACH PARTY AFFECTED BY THE MODIFIED PLAN SHOULD CONSULT HER, HIS OR ITS OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE MODIFIED PLAN WITH RESPECT TO A CLAIM.

XIV. CONCLUSION

The Debtor believes that the Modified Plan provides all creditors with the maximum possible dividend on their claims under the circumstances of these Chapter 11 cases, and thus urges you to vote to accept the Modified Plan.

Respectfully submitted, this 1st day of June, 2016.

DEASY ASSOCIATES, LLC
Debtor in Possession


Peter Deasy, Manager

Counsel for the Debtor:

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