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MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN
APPROVED BY THE BANKRUPTCY COURT UNDER SECTION 1125 OF THE
BANKRUPTCY CODE. THIS FORM OF DISCLOSURE STATEMENT HAS BEEN
SUBMITTED TO THE BANKRUPTCY COURT, BUT HAS NOT BEEN APPROVED.**

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

IN RE:)	
)	
39 BISHOP JOE L SMITH WAY, LLC.)	Chapter 11
)	Case No. 15-10311-HJB
Debtor)	
)	

**~~FOURTH-FIFTH~~ AMENDED DISCLOSURE STATEMENT WITH RESPECT TO
~~FOURTH-FIFTH~~ AMENDED PLAN OF REORGANIZATION BY DEBTOR AND
THIRD PARTY PROPONENT**

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Dated: ~~June 17~~ September 2, 2016

I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), 39 Bishop Joe L. Smith, LLC (“Debtor”) and Third Party Proponent, Shanti Acquisition, LLC (“Shanti” or “Proponent”), provides this disclosure statement (the “Disclosure Statement”) to all of the Debtor’s known creditors and parties in interest. The purpose of this Disclosure Statement is to provide the information deemed necessary for creditors to make an informed decision in exercising their rights to vote on the ~~Fourth-Fifth~~ Amended Plan of Reorganization by the Debtor (the “Plan”) dated as of the date of this Disclosure Statement, a copy of which is attached as Exhibit A. The Debtor has filed the Plan simultaneously with the filing of this Disclosure Statement. Capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. A summary of the Plan, the estimated claims against the Debtor and the estimated dividend is set forth below.

The Debtor believes that the Plan provides the quickest recovery to creditors and will maximize the return to creditors on their Claims. **ACCORDINGLY, THE DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN.**

II. SUMMARY OF THE PLAN

The Plan is a liquidating plan that anticipates the ~~sale-conveyance~~ of Debtor’s real property to Shanti upon completion of the construction and payment in full of the Class One claim. ~~-Shanti, as Proponent, shall fund all Plan payments and Obligations until the Class One Claim of Hingham is paid in full via a refinance or sale of the Property. -The Confirmed Debtor shall remain liable on all the Note and Loan Obligations to Hingham. The existing liens shall remain as first priority liens on the Debtor’s~~ From the sale, Debtor anticipates that all allowed claims will either be assumed by Shanti or paid in full from the proceeds of the sale ~~Class property. The Class Two and Class Three claims will be paid in full on the Effective Date.~~

The Plan contemplates that Debtor and Proponent will enter into a management agreement and construction finance agreement that is junior to the senior lien of Hingham Institutions for Savings (“Bank”), which will allow Shanti to immediately (after court approval) commence construction of the property. Shanti will provide the Debtor with this debtor-in-possession loan in an amount necessary to complete construction, plus pay monthly soft costs equal to (a) the Bank’s non-default monthly payment, (b) insurance of the property (pro-rated, if not paid monthly), and (c) real estate taxes. The DIP loan will be secured by a third lien (after the Bank’s mortgage and City of Boston Pride Lien) on the Real Property. Debtor anticipates monthly payments to the Bank will commence effective as of ~~on~~ July 1, 2016, which will be paid by Shanti. The Debtor and the Proponent anticipate filing the motion to approve the DIP Loan on an expedited basis in order to commence the renovation and construction as soon as practicable.

A summary of the estimates of the Claims in each class and the estimated recovery for each class follows.¹

Type of claim	Estimated Claims	Paid During Chapter 11	Remaining Net Claims	Estimated Recovery	Entitled to Vote
Administrative Claims	Minimal	Paid from operations	\$0.00	100%	N/A
Professional Fee Claims	McA: \$60,000	Less McA Retainer \$7,500	McA: \$52,500	100%	N/A
Priority Claim (City of Boston)	\$4,701.02	\$0.00	\$4,701.02	100%	N/A
Class 1 Secured Claim – Hingham Institution for Savings (First Mortgage)	\$630,000	\$15,200 (interest only)	\$630,000	100%	Yes
Class 2 Secured Claim – City of Boston (Lienholder)	\$765.00	\$0.00	\$765.00	100%	Yes
Class 3 General Unsecured Claims	\$1,390	\$0.00	\$1,390.00	100%	Yes
Class 4 Equity Interests	N/A	N/A	\$0.00	N/A	Yes

The descriptions of the claims and the recoveries set forth above are estimates only, are subject to change and do not constitute admissions by the Debtor. The Debtor reserves the right

1. Regarding the estimates utilized in the summary: (i) non-professional administrative claims are expected to be minimal because the Debtor's operations continued to pay post-petition administrative costs; (ii) Professional Fee Claims remain subject to Bankruptcy Court approval; and (iii) all claims are subject to review and Debtor does not waive any rights to object to the amount, extent, priority or validity of any claim.

to contest any Claim or Interest asserted against it, as well as the right to assert counter-claims and Causes of Action against, among others, any party that asserts a Claim or Interest against the Debtor².

The Debtor recommends that you vote to accept the Plan. Each creditor should, however, review the Plan and this Disclosure Statement carefully in order to determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in this Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. THIS IS A 100% PLAN WHICH PROVIDES FOR FULL PAYMENT OF THE CLAIMS AS ALLOWED BY THE COURT. PLEASE CAREFULLY READ THIS DISCLOSURE STATEMENT AND PLAN.

III. INFORMATION ABOUT THE REORGANIZATION PROCESS

3.1 Purposes of Disclosure Statement

This Disclosure Statement includes background information about the Debtor and a description of the Plan. The Disclosure Statement describes the proposed treatment of each class of claims under the Plan. The Disclosure Statement contains information concerning the prospects for creditors in the event of confirmation or, in the alternative, if confirmation is denied or the proposed Plan does not become effective.

Upon approval by the Bankruptcy Court and in accordance with the provisions of the Bankruptcy Code, this Disclosure Statement and any exhibits will have been found to contain adequate information of a kind and in sufficient detail that would enable reasonable, hypothetical investor typical of a holder of impaired claims or interests to make an informed judgment about the Plan. Approval of this Disclosure Statement by the Bankruptcy Court, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

The information contained in the Disclosure Statement has been provided by the Debtor and its agents who are assisting in the completion of the renovation of this project and based upon the knowledge of its records, business and affairs. Except as otherwise expressly indicated, such information has not been subject to audit or independent review. Although great effort has been made to be accurate, neither the Debtor, nor its respective professional advisors warrant the accuracy of the information contained in this Disclosure Statement.

No representation concerning the Debtor, including the value of its asset or the aggregate dollar amount of claims which may be allowed, are authorized other than as set forth in this Disclosure Statement. Any representations, warranties or agreements made to secure acceptance

² Debtor has resolved the claim of Hingham Institution of Savings and as part of the Settlement Agreement approved by this Court on June 2, 2016 Debtor has released any claim it may assert against Hingham.

or rejection of the Plan that differ from those contained in this Disclosure Statement should not be relied upon in voting on the Plan.

Any description of legal principles contained in this Disclosure Statement do not constitute a legal opinion and may not be relied upon by any creditor or party in interest. All creditors and parties in interest should consult with their own legal advisors with respect to any legal principles described in this Disclosure Statement.

This Disclosure Statement has been prepared by the Debtor to provide the Debtor's creditors with adequate information so that they can make an informed judgment about the Plan. Each creditor should read this Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement, and, except for the information contained in this Disclosure Statement, no person has been authorized to utilize any information concerning the Debtor's business or assets.

3.2 Voting Procedure

All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address:

John M. McAuliffe, Esq.
McAuliffe & Associates, P.C.
430 Lexington Street
Newton, MA 02466
F: 617-558-6882

Ballots must be received **on or before 4:30 P.M. (Eastern Daylight Savings Time)** on _____, **2016** to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders.

The Debtor recommends a vote for "ACCEPTANCE" of the Plan.

3.3 Ballots

Accompanying this Disclosure Statement is a ballot for acceptance or rejection of the Plan (a "Ballot"). Each party-in-interest entitled to vote on the Plan will receive a Ballot. All Classes are entitled to vote. Each member of the Class will be asked to vote for acceptance or rejection of the Plan. A party who holds claims in more than one Class should complete a Ballot for each Class with respect to the applicable portion of its claim including in each Class.

3.4 The Confirmation Hearing

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on _____, **2016** at _____ **a.m.**, or as soon thereafter as the parties can be heard. The

Confirmation Hearing will be held before the Honorable ~~Christopher J. Panos~~ Frank J. Bailey, United States Bankruptcy Judge, United States Bankruptcy Court, ~~595 Main Street, Worcester, MA 01608, John W. McCormack Post Office & Courthouse, 5 Post Office Square, Boston, MA 02109~~. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of holders of Claims and Interests. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by the Debtor summarizing the votes for acceptance or rejection of the Plan by the parties entitled to vote.

3.5 Acceptances Necessary to Confirm Plan

At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under section 1126 of the Bankruptcy Code, an impaired Class is deemed to have accepted the Plan if at least 2/3 in dollar amount of claims and more than 1/2 in number of the Allowed claims of Class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Unless there is acceptance of the Plan by all members of an impaired Class, the Bankruptcy Court must also determine that Class members will receive under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

3.6 Confirmation of the Plan Without the Necessary Acceptances

The Plan may be confirmed notwithstanding that one or more impaired Classes have not accepted the Plan if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to such Class or Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code and requires that, among other things, the claimants must either receive the full value of their claims or, if they receive less, no Class with a junior priority may receive anything unless the junior class provides “new value” or other consideration to the Debtor. For example, if the holders of Allowed Priority Tax Claims are not paid in full, the holders of General Unsecured Claims are not permitted to receive anything on account of their claims. This is known as the “absolute priority rule.”

The Debtor may, at its option, choose to rely on Section 1129(b) to seek confirmation of the Plan if it is not accepted by all impaired Classes of Creditors.

IV. GENERAL INFORMATION

4.1 Description of the Debtor

A. Background

The Debtor is a Massachusetts corporation founded in March 2012. The Debtor owns the property located at 39 Bishop Joe L Smith Way, Dorchester, Massachusetts. This property consists of two buildings, each with six, two bedroom units, approximately 1,050 sq. ft per unit. This property has been in the Doddy family since 1965, when Calvin and Charlesetta Doddy

purchased the property. In 1987 Calvin and Charlesetta transferred the property to the S and B Realty Trust, Calvin and Charlesetta Trustees of S and B Realty Trust. In 2009 the S and B Realty Trust transferred the property to Charlesetta, individually and in December 2009, Charlesetta transferred the property to the Charlesetta Doddy Irrevocable Trust of 2009 and Brenda Doddy became trustee. Finally in 2012, in anticipation of refinancing the property, the Charlesetta Doddy Irrevocable Trust transferred the property to the newly formed 39 Bishop Joe L Smith Way, LLC and Brenda Doddy became the manager of the LLC and 100% member interest holder.

In 2012 the property was in need of major repairs, the occupancy rate was below 50% and there was negative cash flow. At that time, Brenda Doddy was approached by a commercial loan broker, Leon Aronson, who recommended that she take out a “hard money loan”, to help expedite the funding of the project (this was despite the fact that Ms. Doddy had excellent credit and owned the property free and clear of any liens or mortgages). The Doddys had never financed this building or otherwise dealt with banks or hard money lenders. Ms. Doddy believed that she was receiving sound advice and was convinced by Mr. Aronson that the “hard money” was a bridge to conventional financing.

Shortly thereafter, Ms. Doddy met Mario Wilborn who indicated he was a licensed contractor and could complete a rehab of the property. Mr. Wilborn suggested that after the rehab of the buildings Ms. Doddy would be able to rent out the units to the Veterans Administration which has a clinic approximately 1 mile from the property. Leon Aronson, then placed a loan for Ms. Doddy with Commonwealth Equity Funding in March 2012 in the amount of \$500,000. From this loan Mr. Wilborn commenced construction with approximately \$110,000 disbursement from the loan funds. Substantial “points” were paid out of the loan proceeds greatly reducing available cash.

In August 2012, Leon Aronson again placed a loan for Ms. Doddy with Hingham Institution for Savings (“Hingham”) in the amount of \$650,000. From this loan, Mr. Aronson received a brokerage commission of \$19,500. This loan also required that Ms. Doddy establish a \$50,000 interest reserve with Hingham, separate and not funded from the \$650,000 loan proceeds. In order to fund this interest reserve Ms. Doddy received a second loan from Commonwealth Equity Funding in the amount of \$65,000, which was subordinated to the Hingham loan.

The Hingham loan paid off Commonwealth Equity Funding’s first loan in the amount of \$228,784.85.

B. The Debtor’s Management

As of the Petition Date, Ms. Brenda Doddy, the Debtor’s manager, managed the Debtor’s day-to-day operations. Since the Petition Date, Ms. Doddy, in her capacity as Manager of the Debtor, continues to oversee and manage all matters related to the Debtor.

Ms. Doddy will continue to manage the Debtor ~~post confirmation~~ Reorganized, until the approval of the management agreement and ~~sale~~ transfer of the property to Shanti ~~on the Effective Date is closed~~.

C. Events Precipitating the Bankruptcy Case

~~Though the Doddys had not worked with lenders prior to these loans, they were assured by Hingham and its agent that the borrowings would solve the needs of the asset/Debtor (i.e. construction and completion of project).~~ The contractor hired by the Debtor, Mario Wilborn, never completed the promised construction work, and much of the work which was completed had to be redone (including a new roof, new sprinklers, much of the plumbing work and electrical). As such, Debtor had a shortfall in its construction budget and Hingham stopped disbursing money from the construction loan. In January 2013 all work ceased at the property.

In April 2013 Mr. Wilborn ceased communicating with the Debtor and working on the project. Debtor later learned that in fact Mr. Wilborn was not a licensed contractor. At this time, Debtor approached Hingham to inform them of the ongoing problems with the project. After 2 months, Hingham agreed to increase a home equity line that was on Ms. Doddy's residence which provided an additional \$100,000 in funds. Finally with the project not completed and no more disbursements from Hingham, Debtor was unable to make its monthly mortgage payment to Hingham and Hingham commenced foreclosure proceedings.

D. Potential Causes of Action

Without in any way limiting Debtor's right to bring additional causes of action, Debtor believes it may have the following causes of action:

1. Commonwealth Equity Funding. Debtor has subpoenaed the loan transaction file from Commonwealth to determine the disbursements of the funds loaned and charged against the Debtor.
2. Mario Wilborn. Debtor may have a cause of action against Mr. Wilborn as the former contractor on the project.
3. Leon Aronson. Debtor may have cause action against Mr. Aronson in his role of broker of both the Commonwealth Equity and Hingham loans. Mr. Aronson's whereabouts are unknown, despite efforts to locate him. The Debtor believes that Mr. Aronson, assisted these lenders in a predatory loan scheme.

E. Third Party Proponent - Shanti Acquisition, LLC

Shanti Acquisition, LLC will be formed to acquire, construct and manage the Property. The members of the LLC are Solmon Chowdury (50%) and Milosz Bochenek (50%), and Mr. Chowdury will manage Shanti. In addition to owning several successful restaurants, Mr. Chowdury has more than 18 years of experience in real estate development. He has overseen renovations and rehabilitations of more than 100 properties, many of which are in the area of Debtor's property. Mr. Chowdury has worked closely with the surrounding neighborhoods where this project is located and his familiarity will assist to insure successful completion of

projects. In addition, Mr. Chowdury is currently on the City of Boston Minimum Wage Task Force, as well as Mayor Martin Walsh's Small Business Advisory Council. Mr. Bochenek is the owner/operator of AMB Construction a division of AMB Enterprises, Inc., which specializes in construction. AMB is fully licensed and insured in Massachusetts and has numerous employees who specialize in framing, roofing, insulation, carpentry, tiling, masonry, painting, landscaping, etc. AMB will be the contractor on the renovation of Debtor's property. AMB estimates that construction costs will be approximately \$570,000 and estimates a six (6) month timeframe for completion.

F. Settlement with Hingham Institution for Savings

On October 28, 2015 Debtor filed an adversary proceeding against Hingham alleging *inter alia* an objection to the amount, extent and priority of Hingham's claim, including a breach of contract and breach of covenant of good faith and fair dealing. Hingham filed an Answer on November 27, 2015 and denies all the allegations asserted by the Debtor. In February 2016, the Parties agreed to attend mediation in an effort to resolve their disputes. After a day-long mediation the Parties were able to resolve the lawsuit. In or around April 2016 the Parties entered into a Stipulation which was approved by the Bankruptcy Court on June 2, 2016. The Stipulation provides that Hingham will have a fixed claim of \$630,000 which will bear interest at 5.5% subject to a 30-year amortization schedule, with a balloon payment on the seventh (7th) anniversary of the Effective Date.

In addition, the prepayment penalty under the loan documents will be reset and become enforceable as of the end of the sixth month following the Effective Date ("Prepayment Penalty Commencement Date"). In the event the loan is prepaid in the first twelve months thereafter, there is a 4% fee of the original principal amount, the prepayment penalty will be reduced to 3% on the second anniversary, reduced to 2% percent on the third anniversary and 1% on the fourth anniversary. The prepayment penalty will expire on the fourth anniversary of the Prepayment Penalty Commencement Date. The details and terms of the Settlement Agreement are docketed on the Bankruptcy Court's ECF website.

4.2 The Debtor's Assets

As of the Petition Date, the Debtor's schedules of assets filed with the Bankruptcy Court (the "Schedules") listed real property totaling approximately \$1.8 million. The Debtor estimated its total value as a fair market value once completed.

In May 2014, Hingham completed an appraisal on the property which indicated that "as-is" the property is currently worth \$900,000 and once completed it will be worth \$1,300,000. Debtor believes the "as-completed" amount, as determined by the Hingham appraisal is low.

The property originally consisted of two three-story buildings, each with six one-bedroom units. During the course of construction, these one-bedroom units will be converted to two bedroom units. The Debtor's options, once the units are complete, are to maintain the property as rental apartments or elect to convert some or all of the units to condominiums.

V. SIGNIFICANT POST-PETITION EVENTS

5.1 General Information

With a public auction foreclosure sale from its lender, Hingham Institution for Savings on January 29, 2015, the Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Massachusetts. The Debtor continues to operate as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

5.2 Chapter 11 Activity

Shortly after filing its Chapter 11 petition, Hingham filed a Motion for Relief from the Automatic Stay. This Motion was denied by the Bankruptcy Court on April 1, 2015. On February 13, 2015 Debtor filed an objection to the claim of Hingham. A hearing was held on this objection on May 13, 2015 which was continued to June 24, 2015. At the June 24, 2015 hearing, Debtor's counsel withdrew Debtor's objection, without prejudice, and filed an adversary proceeding against Hingham.

On May 28, 2015 Debtor filed a plan of reorganization which contemplated that Ms. Doddy would use funds from her mother, as well as her retirement funds to complete construction on the first 6 units and then use the rental income to complete the other six units. After filing the initial plan, Debtor began negotiations with the Proponent to fund construction and plan payments through a joint venture contemplated Robert Wallace and Wallace Company. On June 24, 2015 Debtor withdrew its plan. On August 21, 2015 and October 16, 2015 Debtor filed an amended plan which contemplated that Wallace Co. would be a third-party proponent. The United States Trustee and Hingham Institution for Savings objected to the disclosure statement and Debtor hereby amends the disclosure statement to address their concerns. In the mid-September, Debtor's counsel and Robert Wallace met with representatives of Hingham in the hopes of reaching an agreeable resolution of Hingham's claim. They were unsuccessful. In late January 2016, Wallace, after a discussion with a representative of Hingham, determined that going forward as the proponent was no longer in his best interest. Despite the resolution of the Hingham claim, Wallace no longer agreed to participate as a proponent of this plan. After Wallace refused to support the Plan, the Debtor approached other entities to either sell the property or enter into a joint venture similar to the one contemplated by Wallace. Debtor approached Mr. Solmon Chowdury, Manager of Shanti Acquisition, LLC, and the parties entered into the venture contemplated in this Plan.

5.3 ~~Sale Agreement to~~with Shanti Acquisition, LLC

The Debtor and Proponent will enter into a joint venture ~~and sale~~ agreement to pay all costs and expenses associated with the property, a copy of which will be filed with the Court and served on all creditors ~~at least 10 days prior to the Disclosure hearing~~. The following are the principal terms of the agreement:

In accordance with the terms of the agreement between the parties and the terms of the Plan, Third Party Proponent will provide payment of approximately \$420,000 to the Reorganized Debtor as well as payment of the Class One obligation. All of the Third Party Proponent's obligations under this Plan are subject to the following conditions, all of which must be met: (a) the approval by the Bankruptcy Court of a debtor-in-possession loan by the Third Party Proponent, which loan shall be secured by a Lien on the Property that is junior only to existing liens of record, (b) the recording of a mortgage, junior only to existing liens of record, to secure any amounts paid by the Third Party Proponent with respect to the development, construction, maintenance, management and/or improvement of the Property that are not otherwise part of the debtor-in-possession loan, (c) the Debtor's compliance with the following paragraph of this Plan (Escrow of Deed), and (d) the preparation, and execution by the Debtor, of any agreements and other documents necessary to effectuate the terms of this paragraph of this Plan.

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Escrow of Deed,

On the Effective Date, the Debtor shall deliver to counsel for the Third Party Proponent a deed to the Property, in recordable form, which transfers legal and beneficial title to the Property to the Third Party Proponent. The Third Party Proponent may, at any time after the Effective Date and in its sole discretion, record the deed, provided that until the Allowed Class One Claim is paid in full, the Property shall be transferred to the Third Party Proponent subject to any Lien held by the holder of the Allowed Class One Claim.

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Financing of Property; Sale of Property.

(a) The Reorganized Debtor and the Third Party Proponent shall use their best efforts to obtain financing, on or before the 180th day following the Effective Date, sufficient to: (a) pay the Allowed Class One Claim in full, and (b) pay the Equity Payment. In the event that (y) such financing is not obtained on or before the 180th day following the Effective Date, or (z) the Equity Payment is not paid to the holders of Allowed Equity Interests on or before the 180th day following the Effective Date, then the Reorganized Debtor and the Third Party Proponent shall cooperate and use their best efforts to sell the Property. Any decision to accept an offer for the sale of the Property shall be made jointly by the Reorganized Debtor and the Third Party Proponent. Any disagreement between the Reorganized Debtor and the Third Party Proponent

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regarding the acceptance of an offer for the sale of the Property shall be resolved by the Bankruptcy Court.

(b) Upon the sale of the Property pursuant to paragraph 5.4 of the Plan, the proceeds of such sale shall be distributed as follows: (i) first, to the usual and customary closing costs, including attorneys' fees, (ii) second, to any outstanding real estate taxes and/or municipal liens, (iii) third, to the holder of the Allowed Class One Claim unless such claim has already been paid in full, (iv) fourth, to the holder of the Allowed Class Two Claim unless such claim has already been paid in full, (v) fifth, to the Third Party Proponent to repay, in full, (I) any debtor-in-possession loan made by the Third Party Plan Proponent, and (II) all amounts paid by the Third Party Proponent with respect to the development, construction, maintenance, management and/or improvement of the Property that are not otherwise part of the debtor-in-possession loan, (vi) sixth, for any capital gains taxes associated with the sale, and (vii) seventh, in equal parts to (I) the Third Party Proponent and (II) a group consisting of all of the holders of Allowed Equity Interests.

VI. DESCRIPTION OF THE PLAN

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by the provisions of the Plan, a copy of which accompanies this Disclosure Statement. In the event and to the extent that the description of the Plan contained in this Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

6.1 Unclassified Claims.³

As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for the purposes of voting on, or receiving distributions under, the Plan. All such Claims are instead treated separately in accordance with the terms set forth in Article II of the Plan.

A. Administrative Expense Claims.

The Debtor is liable for all post-petition administrative claims that accrue prior to Plan confirmation. Exclusive of Professional Fees, the Debtor estimates that there will be minimal.

³ Any description in this section of the Disclosure Statement of any claim against the Debtor does not constitute an admission that the claim is an Allowed Claim or that the Debtor agrees with the amount of the claim. The Debtor reserves all of its rights, claims and defenses with respect to any and all claims.

For the period from the Petition Date through the date of this Disclosure Statement, the Debtor utilized its cash from operations to pay all administrative claims as those claims arose. The Debtor believes there will be minimal administrative expenses, other than Professional Fees and United States Trustee's fees due which combined may total approximately ~~\$60,000~~63,250.00.

Under the Plan, Administrative Expense Claims are treated as follows:

(1) General. If any portion of an Administrative Expense Claim is disputed, the Allowed amount of such Administrative Expense Claim shall be paid after the entry of a Non-Appealable Order Allowing such disputed Administrative Expense Claim and the occurrence of the Payment Date. Except for Professional Fee Claims, each holder of an Allowed Administrative Expense Claim shall receive: (i) on the later to occur of the date such Allowed Administrative Expense Claim becomes due in accordance with its terms or the Payment Date, or (ii) payment as agreed between the holder of the Allowed Administrative Expense Claim.

(2) U.S. Trustee's Fees. The outstanding fees due to the United States Trustee pursuant to 11 U.S.C. § 1930 shall be paid in full on or before the Effective Date.

(3) Professional Compensation and Expense Reimbursement Claims.

(a) Within thirty (30) days after the Effective Date, each Professional shall file a final application for the allowance of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date.

(b) Any allowed Professional Fee Claim shall receive: (i) on the later to occur of the date such Allowed Professional Fee Claim becomes due in accordance with its terms or the Payment Date, ~~a Pro Rata share of the Plan Fund until paid in full~~, or (ii) payment as agreed between the Debtor and holder of the Allowed Administrative Expense Claim. All outstanding Professional Fee Claims, if not already paid, shall be paid from the Equity Payment.

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(c) All fees and expenses of Professionals for services rendered after the Effective Date shall be paid upon the receipt of reasonably detailed invoices in such amounts and on such terms as such Professional and the Liquidating Agent Debtor agree. No further order or authorization from the Bankruptcy Court shall be necessary to permit the payment of the fees and expenses of Professionals for services rendered after the Effective Date.

B. Priority Tax Claims.

Under the Plan, each holder of an Allowed Priority Tax Claim shall receive, at the sole election of the ~~Post Confirmation Reorganized~~ Debtor: (i) on the later to occur of the date such Allowed Priority Tax Claim becomes due in accordance with its terms on the Payment Date, (ii) payment as agreed between the holder of the Allowed Priority Tax Claim, or (iii) deferred Cash

payments, with interest as provided in the Internal Revenue Code Section 6621, commencing on the Effective Date and continuing over a period not to exceed five (5) years from the filing of the Debtor's voluntary petition, equal to the amount of such Allowed Priority Tax Claim. Debtor believes there is approximately \$4,701.02 owed to the City of Boston for real estate taxes.

6.2 Classification.

The Claims against and Equity Interests in the Debtor are categorized below for all purposes under the Plan including voting, confirmation and distribution pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Equity Interest falls within the description of such other Classes. A Claim is placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date. The Claims against and Equity Interests in the Debtor are separately classified in their own distinct Classes.

6.3 Class 1 – Claim of Hingham Institution for Savings (First Mortgage).

In accordance with the agreement between the Hingham and the Debtor, Hingham will hold an allowed secured claim in the amount of \$630,000 as of the Effective Date.

A. Classification. Class 1 consists of the Allowed First Mortgage Claim of Hingham Institution for Savings.

B. Impairment and Voting. The Class One claim of Hingham is impaired under the Plan. The holder of the Allowed Class One Claim of Hingham shall be entitled to vote to accept or reject the Plan.

C. Claim Treatment. In full and final satisfaction of Hingham's Claim and Lien against 39 Bishop Joe L Smith Way, LLC, Hingham shall, in accordance with the Settlement Agreement between the Parties approved by the Bankruptcy Court on June 2, 2016, hold an ~~allowed secured claim~~ Allowed Class One Secured Claim in the amount of \$630,000. The ~~Allowed Class One Secured Claim~~ Allowed Class One Secured Claim will bear interest at a fixed rate of 5.5%, subject to a 30 year amortization, with a balloon payment on the seventh (7th) anniversary of the Effective Date. Payments of principal, interest and escrowed real estate tax obligations will commence on July 1, 2016. The provisions of the existing loan documents will remain in full force and effect, except as modified by the Settlement Agreement, and this Plan, and the Reorganized Debtor shall remain liable for the Allowed Class One Secured Claim. Until paid in full, Hingham will retain its prepetition lien against the ~~property~~ Property, as modified by the Settlement Agreement until its Allowed Class One Claim is paid in full. Until the Allowed Class One Secured Claim is paid in full, the Third Party Proponent shall fund payments to the holder of the Allowed Class One Secured Claim under this Plan.

D. Liens. Upon the payment in full of ~~Hingham's First Mortgage~~ the Allowed Class One Secured Claim all Liens securing such Allowed Secured Claims shall be deemed canceled, discharged and released, without any further order of any Court, any action of the holder of the

Allowed Secured Claim, or the filing of any document and (ii) the holder of any Allowed Secured Claim shall deliver to the ~~Post-ConfirmationReorganizedReorganized~~ Debtor within five (5) Business Days of payment, any documents that the ~~Post-ConfirmationReorganizedReorganized~~ Debtor determines are necessary to effect the discharge and release of such Liens.

6.4 Class 2 – Secured Claim of City of Boston

As of the Petition Date, the City of Boston is owed approximately \$763.00 for the Pride Lien recorded against the property on May 31, 2013.

A. Classification. Class 2 consists of the Allowed City of Boston Claim

B. Impairment and Voting. The Class 2 Secured Claim of the City of Boston is impaired under the Plan. The holder of the Allowed Class 2 Secured Claim shall be entitled to vote to accept or reject the Plan.

C. Claim Treatment. In full and final satisfaction of the City of Boston's Secured Claim the City of Boston shall receive payment in full upon the ~~sale of the real property~~Effective Date. Until the ~~sale~~Effective Date occurs, the City of Boston will retain its prepetition lien against the Debtor's property.

D. Liens. Upon the payment in full of the Allowed Class Two Secured Claim, all Liens securing such Allowed Secured Claims shall be deemed canceled, discharged and released, without any further order of any Court, any action of the holder of the Allowed Secured Claim, or the filing of any document and (ii) the holder of any Allowed Secured Claim shall deliver to the ~~Post-ConfirmationReorganizedReorganized~~ Debtor, within five (5) Business Days of the Effective Date, any documents that the ~~Post-ConfirmationReorganizedReorganized~~ Debtor determines are necessary to effect the discharge and release of such Liens.

6.3 Class 3 – General Unsecured Claims.

The deadline for filing proofs of claim against the Debtor was July 15, 2015. Based upon the Debtor's Schedules, the Debtor estimates that the amount of Allowed General Unsecured Claims will be minimal.

A. Classification. Class 3 consists of the Allowed General Unsecured Claims.

B. Impairment and Voting. Class 3 is impaired under the Plan. Each holder of a General Unsecured Claim shall be entitled to vote to accept or reject the Plan.

C. Claim Treatment. ~~Under the terms of the Plan~~The holders of Allowed General Unsecured Claims shall receive, in full and final satisfaction of all such Claims, payment in full on such Claim on the later to occur of : (a) the Effective Date, or (b) the date on which the General Unsecured Claim becomes an Allowed Claim. In the event that the Reorganized Debtor does not have sufficient funds to pay the Allowed General Unsecured Claims, the Third Party

~~Proponent shall provide the funds necessary to pay such Claims., Class 3 Claimants, general unsecured parties will receive 100% percent of his/her/its Allowed Claim over 12 months from the Effective Date or the Debtor and Proponent can elect to pay these Claims in full on the Effective Date. Such claims will be paid interest from the Petition Date at the federal judgment rate in effect at the Effective Date (rate currently .27%). The Debtor, at its option may elect to pay allowed unsecured claims prior to the 12 month expiration date or upon refinancing in the event the Class One and Two claims are paid in full.~~

6.4 Class 4 – Equity Interests.

A. **Classification.** Class 4 consists of the Allowed Equity Interests in the Debtor.

B. **Impairment and Voting.** Class 4 is impaired under the Plan 4. Each holder of a Class 4 Claim is entitled to vote to accept or reject the Plan.

C. **Claim Treatment.** ~~Debtor's member interests will be cancelled upon the sale and new member interests issued to the Reorganized Debtor, the successor entity which shall own the property. The holders of the Debtor's equity interests shall upon the payment in full of all Allowed General Unsecured Claims, retain their equity interests in the Debtor provided that any rights they may hold with respect to such equity interests including the right to cause the Reorganized Debtor to take any action or to refrain from taking any action, shall at all times remain subject to the provisions of this Plan.~~

D. **Post-Petition Management.** Brenda Doddy will continue to manage the Reorganized Debtor ~~and the property will be managed by the Proponent until completion of the construction when the sale to the Proponent will occur.~~

6.5 Reservation of Rights With Respect to Claims.

The Debtor reserves the right to, among other things, (a) contest the right of the holder of any Claim to vote on the Plan, or designate the vote of the holder of any Claim (b) file an objection to and/or otherwise contest the amount, extent and validity of any Claim, (c) contest the right of the holder of any Claim to receive distributions under the Plan, and (e) seek to subordinate any Claim for inequitable conduct or otherwise.

6.6 Plan Implementation.

This Plan shall be funded through: (i) the DIP Loan; ~~(ii) and~~ funds provided by the Third Party Proponent from Shanti, and (ii) sale of the Debtor's real property.

6.7 Corporate Action.

All matters provided for in the Plan involving any corporate action required by the Debtor or the ~~Post-Confirmation~~ Reorganized Debtor in connection with the Plan shall be deemed to have occurred, and shall be in effect, without any requirement of further action by the ~~Post-~~

~~Confirmation~~Reorganized Debtor, its agents, representatives, members, managers, officers, directors or Affiliates.

6.8 Organization Documents and Good Standing.

As of the Effective Date, the Debtor's Organization Documents shall be amended as necessary to effectuate the terms of the Plan and shall become the Organization Documents of the ~~Post-Confirmation~~Reorganized Debtor. To the extent that there is any inconsistency between the Plan and any of the Organization Documents, the terms of the Plan shall control. To the extent the Debtor is not in compliance as of the Effective Date with any state or local law requirements necessary to remain as an organized legal entity in good standing and/or remain authorized as an organized legal entity to conduct business in any jurisdiction, the Debtor and/or the ~~Post-Confirmation~~Reorganized Debtor, as the case may be, shall be deemed to be in compliance with any such laws if they comply with such laws within six months after the Effective Date. Upon Confirmation, the Organization Documents shall be deemed amended by the addition of the following provision: "Under no circumstances will this corporation issue any non-voting securities."

6.9 Vesting of Property.

All property of the Estate shall vest in the ~~Post-Confirmation~~Reorganized Debtor, free and clear of all liens, claims, encumbrances and interests, on the ~~Confirmation~~Effective Date. Except as may be expressly provided in the Plan or in a Non-Appealable Order of the Bankruptcy Court, no Asset of the Estate shall be deemed abandoned and no defense, set-off, counterclaim or right of recoupment of the Debtor shall be deemed waived, released or compromised.

6.10 Preservation of Causes of Action.

Except as provided in, and unless expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, the Confirmation Order, any Non-Appealable Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the ~~Post-Confirmation~~Reorganized Debtor will exclusively retain and may enforce, and the Debtor expressly reserves and preserves for these purposes, in accordance with Sections 1123(a)(5)(A) of the Bankruptcy Code, any Claims, demands, rights and Causes of Action that the Debtor or its Estate may hold against any person or entity. No preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to them by virtue of or in connection with the confirmation, consummation or effectiveness of the Plan.

Among the Causes of Action that are preserved, without limitation, are the following:

- Avoidance Actions;
- Rights of setoff, counterclaim and recoupment;
- Claims and defenses on contracts or for breaches of duties imposed by law;
- The right to object to claims or interests;
- Claims and defenses pursuant to Section 362 of the Bankruptcy Code;

- Claims and defenses for fraud, negligence, conversion, mistake, duress, indemnification and usury;
- Claims and defenses for the violation of M.G.L. c. 93A;
- Claims and defenses for unjust enrichment;
- Claims for tax refunds;
- Avoidance Actions against the recipients of the payments made to non-insider creditors in the ninety (90) days prior to the Petition Date;
- Avoidance Actions against the recipients of the payments made to insider creditors in the year prior to the Petition Date;
- Pre-petition litigation in which the Debtor was the plaintiff; and
- The Debtor may have claims against Commonwealth Equity Funding, Leon Aronson, Mario Wilburn, and various closing attorneys for Commonwealth Equity Funding.

6.11 Compromises.

After the Effective Date and except as otherwise provided in the Plan, the ~~Post-Confirmation~~Reorganized Debtor is authorized, without further Bankruptcy Court order or notice to creditors and/or parties in interest, to compromise, settle and/or otherwise dispose of any disputed Claims and/or Causes of Action provided that the amount in controversy is \$25,000 or less. If the amount in controversy is greater than \$25,000, then the ~~Post-Confirmation~~Reorganized Debtor must seek Bankruptcy Court approval.

6.12 Retention of Professionals.

The Reorganized Debtor may retain such attorneys (including special counsel), accountants, advisors, expert witnesses, and other professionals as it considers advisable without necessity of approval of the Court. Persons who served as Professionals to the Debtor prior to the Effective Date may provide services to the Reorganized Debtor. The fees and expenses of the Reorganized Debtor and professionals retained by it shall be paid by the Debtor in the ordinary course of business without the need for the approval of the Bankruptcy Court.

6.13 Final Decree.

It shall be the exclusive duty of the Reorganized Debtor to prepare and file a motion requesting that the Court enter a Final Decree in the Bankruptcy Case.

6.14 Assumption of Executory Contracts and Unexpired Leases.

Pursuant to Sections 1123(b)(2) and 365(a) of the Bankruptcy Code, however, any executory contract or unexpired lease (excluding insurance policies, post-petition loan agreements and post-petition management agreements) that (a) has not expired by its own terms on or prior to the Confirmation Date, (b) has not been assumed, assumed and assigned or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation date, (c) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (d) is not designated by the Debtor as being an executory contract or unexpired lease to be assumed at the time of confirmation of the Plan, shall be deemed rejected on the Effective Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute the approval of the

rejection of executory contracts and unexpired leases pursuant to this section of the Plan and Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

6.15 Payments Related to the Assumption of Executory Contracts and Unexpired Leases.

A. Payment of Claims Arising from Assumed Contracts and Leases. Any Allowed Claims arising from the assumption of an executory contract or unexpired lease will receive, in full and complete satisfaction, settlement, release and discharge of such Claims, payment in the ordinary course of business as and when such Allowed Claims become due pursuant to such executory contract or unexpired lease.

B. Disputed Claims and Bar Date. If there is a dispute regarding (i) the amount of any claim arising from the assumption or rejection of an executory contract or unexpired lease, (ii) the ability of the applicable assignee to provide “adequate assurance of future performance,” within the meaning of Section 365 of the Bankruptcy Code, under a contract or lease to be assumed, or (iii) any other matter pertaining to the assumption or assumption and assignment of any contract or lease, the payment of any Claim related to the foregoing will be made following entry of a Non-Appealable Order resolving the dispute and approving the assumption.

6.16 Rejection Damage Claims.

If the rejection of an executory contract or unexpired lease by the Debtor results in a Claim by the other party or parties to such contract or lease, any claim for damages, if not previously evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estate, the ~~Post-Confirmation~~ Reorganized Debtor and their respective properties, agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before thirty (30) days following the later to occur of: (a) the rejection of such executory contract or unexpired lease, and (b) the Confirmation Date. Unless otherwise ordered by the Bankruptcy Court or provided in the Plan, all such Claims for which proofs of claim are timely filed will be treated as General Unsecured Claims subject to the provisions of the Plan. The ~~Post-Confirmation~~ Reorganized Debtor shall have the right to object to any such Claim for rejection damages in accordance with the Plan.

6.17 Satisfaction of Claims.

Except as otherwise provided in the Plan or in an agreement by the Debtor that has been approved by the Bankruptcy Court, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan are in full and final satisfaction, settlement and release as against the Debtor and the ~~Post-Confirmation~~ Reorganized Debtor of any debt or obligation of the Debtor that arose before the Effective Date, and any debt of the Debtor of a kind specified in Section 502(g), 502(h), or 502(i) of the Bankruptcy Code, and all Claims against the Debtor or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, whether or not (i) a proof of claim based on such debt, obligation or Equity Interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) such Claim is Allowed under Section 502 of the Bankruptcy Code, or (iii) the holder of such Claim has accepted the Plan.

6.18 Injunction Relating to the Plan.

As of the Effective Date, all Persons are hereby permanently enjoined from commencing, continuing or enforcing in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtor, its Estate or the ~~Post-Confirmation~~Reorganized Debtor, on account of, or respecting any Claims, debts, rights, obligations, Causes of Action or liabilities discharged pursuant to the Plan, except to the extent expressly permitted under the Plan.

6.19 Releases.

Except as otherwise set forth in the Plan, as of the Effective Date, in consideration for, among other things, the obligations of the Debtor under the Plan and other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, (a) each holder of a Claim or Interest that votes in favor of the Plan and (b) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each Person that has held, holds or may hold a Claim or Equity Interest or any time was a creditor or equity holder of any of the Debtor and that does not vote on the Plan or votes against the Plan, in each case will be deemed to forever release, waive and discharge all claims (including any derivative claims), obligations, suits, judgments, damages, demands, rights, causes of action and liabilities (other than the right to enforce ~~the Post-Confirmation~~the Reorganized Debtor's obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence taking place on or prior to the Effective Date in any way relating to a Debtor, the Bankruptcy Case or the Plan that such entity has, had or may have against the Debtor, the Estate, ~~the~~ the Estate's Assets, the ~~Post-Confirmation~~Reorganized Debtor and/or the ~~Post-Confirmation~~Reorganized Debtor's Assets.

6.20 Cancellation of Existing Indebtedness and Liens.

Except as may otherwise be provided in the Plan, on the Effective Date: (a) all credit agreements, promissory notes, mortgages, security agreements, invoices, contracts, agreements and any other documents or instruments evidencing Claims against the Debtor, together with any and all Liens securing same, shall be canceled, discharged and released without further act or action by any Person under any applicable agreement, law, regulation, order or rule, (b) the obligations of the Debtor thereunder shall be deemed canceled, discharged and released, and (c) all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, will revert to the ~~Post-Confirmation~~Reorganized Debtor. To the extent deemed necessary or advisable by the ~~Post-Confirmation~~Reorganized Debtor, any holder of a Claim shall promptly provide the ~~Post-Confirmation~~Reorganized Debtor with an appropriate instrument of cancellation, discharge or release, as the case may be, in suitable form for recording wherever necessary to evidence such cancellation, discharge or release, including the cancellation, discharge or release of any Lien securing such Claim.

6.21 Exculpation.

Except as otherwise set forth in the Plan, neither the Debtor, the ~~Post-Confirmation~~ Reorganized Debtor nor any of their respective present or former members, managers, officers, directors, employees, general or limited partners, advisors, attorneys, agents, successors or assigns, shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the administration of these Chapter 11 bankruptcy proceedings, the pursuit of confirmation of the Plan, the Disclosure Statement, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan occurring prior to the Effective Date, provided that the terms of this Section 6.26 shall not apply to any liability for willful misconduct or ultra vires acts.

6.22 Setoffs.

Except as otherwise provided in the Plan, nothing contained in the Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any Person.

6.23 Tax Consequences of the Plan.

The following is a general summary of certain material federal income tax consequences of the Plan and the distributions provided under the Plan. This summary does not discuss all aspects of federal taxation that may be relevant to a particular creditor in light of its individual investment circumstances or to certain creditors or shareholders subject to special treatment under the federal income tax laws (for example, tax-exempt organizations, financial institutions, broker-dealers, life insurance companies, foreign corporations or individuals who are not citizens or residents of the United States). This summary does not discuss any aspects of state, local or foreign taxation. The impact on foreign holders of claims and equity interests is not discussed.

This summary is based upon the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury regulations (including temporary regulations) promulgated thereunder, judicial authorities and current administrative rulings, all as in effect on the date hereof and all of which are subject to change (possibly with retroactive effect) by legislation, administration action or judicial decision. Moreover, due to a lack of definitive judicial or administrative authority or interpretation and the complexity of the transactions contemplated in the Plan, substantial uncertainties exist with respect to various tax consequences of the Plan. The Debtor has not requested a ruling from the Internal Revenue Service (the "IRS") with respect to these matters and no opinion of counsel has been sought or obtained by the Debtor with respect thereto. There can be no assurance that the IRS or any state or local taxing authorities will not challenge any or all of the tax consequence of the Plan, or that such a challenge, if asserted, would not be sustained. **FOR THE FOREGOING REASONS, CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) TO THEM OF THE PLAN. THE DEBTOR IS NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR NOR IS THE DEBTOR**

**RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX
CONSEQUENCES.**

A. Federal Income Tax Consequences to the Debtor.

Cancellation of Indebtedness. Generally, the Debtor will realize cancellation of debt (“COD”) income to the extent, if at all, that the Debtor pays a creditor pursuant to the Plan an amount of consideration in respect of a Claim against the Debtor that is worth less than the amount of such Claim. For this purpose, the amount of consideration paid to a creditor generally will equal the amount of cash or the fair market value of property paid to such creditor. Because the Debtor will be in a bankruptcy case at the time the COD income is realized (if any is realized), the Debtor will not be required to include COD income in gross income, but rather will be required to reduce tax attributes by the amount of COD income so excluded. As this is a 100% plan, Debtor anticipates no COD for any creditor.

B. Tax Consequences to Creditors.

In General. The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, on: (a) whether such Claim constitutes a debt or a security for federal income tax purposes, (b) whether the holder of the Claim receives consideration in more than one tax year, (c) whether the holder of the Claim is a resident of the United States, (d) whether all the consideration received by the holder of the Claim is deemed to be received by the holder of the Claim as part of an integrated transaction, (e) whether the holder of the claim reports income using the accrual or cash method of accounting, and (f) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim.

Gain or Loss on Exchange. Generally, a holder of an Allowed Claim will realize a gain or loss on the exchange under the Plan of his or her allowed Claim for cash and other property in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value on the date of the exchange of any other property received by the holder (other than any consideration attributable to accrued but unpaid interest on the Allowed Claim), and (ii) the adjusted basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the holder’s taxable income). Any gain recognized generally may be a capital gain (except to the extent the gain is attributable to accrued but unpaid interest or accrued market discount, as described below) if the Claim was a capital asset in the hands of an exchanging holder, and such gain would be a long-term capital gain if the holder’s holding period for the Claim surrendered exceeded one (1) year at the time of the exchange.

Any loss recognized by a holder of an Allowed Claim may be a capital loss if the Claim constitutes a “security” for federal income tax purposes or is otherwise held as a capital asset. For this purpose, a “security” is a debt instrument with interest coupons or in registered form.

C. Information Reporting and Backup Withholding.

Under the backup withholding rules of the Internal Revenue Code, holders of Claims may be subject to backup withholding at the rate of 31 percent with respect to payments made pursuant to the Plan unless such holder (i) is a corporation or comes within certain other exempt

categories and, when required, demonstrates this fact, or (i) provides a correct taxpayer identification number and certifies under penalties of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividends and interest income. Any amount withheld under these rules will be credited against the holder's federal income tax liability. Holders of Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT WITH HIS OWN TAX ADVISOR REGARDING SUCH TAX CONSEQUENCES.

VII. FEASIBILITY AND LIQUIDATION ANALYSES

7.1 Feasibility of the Plan

Based on the debtor-in-possession loan, funds provided by the Third Party Proponent ~~loan~~ and the sale of the property, the Plan is feasible.

7.2 Best Interests of Creditors and Comparison with Chapter 7 Liquidation.

As a condition to confirmation of the Plan, Section 1129(a)(7)(A)(ii) of the Bankruptcy Code requires that each holder of a claim or an interest in an impaired Class of Claims or Equity Interests must either accept the Plan or receive or retain at least the amount or value it would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

Upon conversion to Chapter 7, a trustee would be appointed to liquidate the Debtor's assets. The liquidation of the Debtor's assets in Chapter 7 would result in substantial additional administrative costs as the Chapter 7 trustee would need to hire new professionals to analyze the Debtor's assets and, if necessary, liquidate any assets. This would likely delay payment of creditors and add additional administrative cost, all of which would likely reduce the dividend to creditors. Accordingly, in a Chapter 7 liquidation of the Debtor's assets, it is possible that only secured creditors would receive dividends on account of their claims.

The costs to administer the Plan will be less than the costs to administer a Chapter 7 case. Funds available for General Unsecured Creditors would be reduced by the fees and expenses of the additional professionals which would be hired by the Chapter 7 trustee. Also, the funds available for General Unsecured Creditors would be reduced by the commission to which the Chapter 7 trustee would be entitled. It is projected under the Plan that General Unsecured Creditors will receive a 100% dividend on account of their Allowed Claims. The Debtor believes that the return to General Unsecured Creditors will be more beneficial under that Plan compared to the result if the case were converted to Chapter 7.

The Debtor, therefore, believes that the conditions in Section 1129(a)(7) of the
Bankruptcy Code have been satisfied.

Respectfully submitted,
The Debtor,
By its Attorney,

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| Dated: ~~June 17, 2016~~September 2, 2016

EXHIBIT A
Plan of Reorganization