UNITED STATES BANKRUPTCY COURT
FOR THE
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re: DOMINICA LLC, Debtor	Chapter 11 Case No. 16-13461-JNF

DEBTOR AND PLAN PROPONENT'S THIRD AMENDED DISCLOSURE STATEMENT REGARDING THIRD AMENDED CHAPTER 11 PLAN OF REORGANIZATION

Deleted: SECOND

Deleted: SECOND

I. INTRODUCTION

A. General

Pursuant to Fed. R. Bankr. P. 3016, Dominica LLC (the "Debtor") and plan proponent Evangeline Martin (the "Plan Proponent") submit this Third Amended Disclosure Statement (the "Disclosure Statement") in conjunction with the Debtor and Plan Proponent's Third Amended Chapter 11 Plan of Reorganization (the "Plan"). The Plan will be referred to collectively in this Disclosure Statement and should be read in conjunction with each other and will collectively be referred to as the "Plan and Disclosure Statement" of the "Debtor". Portions of the Plan and Disclosure Statement which refer solely to the Plan of Reorganization will be referred to as the "Plan". The Disclosure Statement contains a description of (1) the Debtor, (2) the operations of the business, and (3) the expectations for future operations and earnings. It also discusses the valuation of the Debtor's assets and alternatives to the Plan. Also included is a detailed description of the treatment and payment provisions for all creditors of the Debtor.

Deleted: Second

Deleted: Second

The Debtor filed this petition under Chapter 11 of the United States Bankruptcy Code (the "Code") on September 8, 2016 (the "Petition Date").

The Chapter 11 case was entered and is pending in the United States Bankruptcy Court, in the Eastern District of Massachusetts (the "Court"). During the case, the Debtor has maintained his business as a Debtor-in-Possession under Sections 1107 and 1108 of the Code.

Pursuant to Section 1125 of the Code, this Plan and Disclosure Statement is being sent to all holders of claims against the Debtor so that the Debtor may solicit votes for the Plan and creditors may be provided with information concerning the Plan, the Debtor, and the prospect of future operations. In order for the Court to approve a disclosure statement, it must contain "adequate information", which means "information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, that would enable a hypothetical investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan."

B. BACKGROUND

The Debtor owns and manages the three family house known and numbered as 20 Sutton Street, Boston (Mattapan) Massachusetts (the "Property"). The Debtor includes certain pertinent portions of a recent appraisal is attached on Exhibit A hereto. The Plan Proponent is fully employed as a certified nursing assistant.

The Plan Proponent purchased the Property in 2001 for $305,000. To finance this purchase, she took out two mortgages totaling $270,000. Immediately thereafter and then once again in 2005 the Plan Proponent refinanced the second mortgage/HELOC, and once again in 2010 with Santander Bank (the "Santander Line of Credit"). These lines of credit were obtainable due to the exponential increase in the Property value along with the Plan Proponent's steady income.

During 2005, the Debtor was earning little income and as such she desired to obtain a cash out refinance. The Plan Proponent's friend introduced her to a person that introduced her to lender Endeavor Capital ("Endeavor"). Endeavor is hard asset lender and offered to short term lending. In connection with the refinance, Endeavor required the Plan Proponent to convey the Property to the Debtor. The Debtor is a single member limited liability company. The Plan Proponent is the member/manager. The Endeavor loan was expensive - the salient terms as follows:

origination fee:	4% or $14,000
mortgage broker fee:	$8,750.00
interest rate:	13.00%

The term of the Endeavor financing was for only one (1) year. The Debtor cashed out $44,810.68 at closing. Further, the Plan Proponent continued to draw down on the Santander Line of Credit.

The Plan Proponent did not fully understand the terms and requirements of the Endeavor loan. Additionally, a unit was vacant. Further, given the debt service, it was clear that the Debtor would default, and it did just that. Endeavor commenced a foreclosure action against the Property. The Debtor filed this case on the eve of the foreclosure sale.

CHAPTER 11 REORGANIZATION

This reorganization seeks to restructure the secured debt to a modified *Till* interest rate. Further, the Plan Proponent obtained full time employment in which she is earning approximately $2,000 per week and the Debtor has rented the vacant unit and the Plan Proponent will pay rent to the Debtor and further make voluntary monetary contributions.

The pendency of this action has given the Debtor and its Plan Proponent time to educate themselves of what went wrong so that under reorganization it will go right. As discussed herein, with said adjustments, the reorganization is feasible and satisfies the provisions of the

Bankruptcy Code. In short, the restructuring of the debt the Plan Proponent's new employment provide plan feasibility.

II. TREATMENT OF LIABILITIES OF THE DEBTOR

The Plan divides creditors into classes and provides for the settlement and satisfaction of the various claims of creditors in each class. An analysis of the claims follows:

A. Payment of Administrative Claims

Administrative Claims will be paid in cash, in full, on the later of the confirmation of the Plan (the "Effective Date" or "Confirmation") or the date they are allowed by an Order of the Bankruptcy Court. Ordinary trade and consumer debt incurred by the Debtor in the course of the Chapter 11 case will be paid on an ongoing basis in accordance with the ordinary business practices and terms between the Debtor and his trade and consumer creditors. The payments contemplated by the Plan will be conclusively deemed to constitute full satisfaction of Allowed Administrative Claims.

Administrative Claims include post-petition fees and expenses allowed to professionals employed upon Court authority to render services to the Debtor during the course of the Chapter 11 case.

In this case, the sole legal professional employed by the Debtor is Michael Van Dam, Van Dam Law LLP, as counsel to the Debtor. In order to be compensated, all professionals will have to apply to the Court for compensation and they will be paid that amount which the Court allows. It is estimated that administrative fees in the Debtor's case may be approximately $25,000.00 but that is only an estimate by the Debtor and actual fees may be higher than as represented. The Debtor paid a deposit to Van Dam Law of $5,000.00. All fees are subject to approval of an Application for Compensation. Van Dam Law LLP reserves its right to defer its compensation.

B. Payment of Tax Claims

1. Priority Tax Claims: The Allowed Amount of any unsecured claim of a governmental unit entitled to priority under §507(a)(8) of the Code shall be paid on such terms as the Debtor and such governmental unit agree or, failing such agreement prior to confirmation, such claims shall be paid in full as provided in §1129(a)(9)(C) by equal deferred cash payments. The Debtor has currently filed all pre and post petition Fed eral and state tax returns. The Debtor will file the 2017 tax returns on or before April 15, 2018 and promptly pay any administrative taxes due.

Deleted: There are no outstanding pre-petition taxes owed.

C. Designation and Payment of Classes of Claims

Class 1 - Claim of Endeavor Capital North LLC First Mortgage

(a) Impairment and Voting. The Allowed Endeavor Capital North LLC First Mortgage Claim is **impaired** under the Plan. The holder of the Class 1 Claim shall be entitled to vote to accept or reject the Plan.

The Debtor estimates the Allowed Endeavor Capital North LLC First Mortgage Claim computes as follows:

$497,594.87	(amount due through 1/31/18 at non-default rate)
$3,256.00	(Fees and Costs)
($36,875.00)	(Adequate Protection Payments)
$29,742.30	Estimated post 1/31/18 pendency interest at non-default rate
$5,000.00	Estimated fees and costs
($21,000.00)	Estimated to be paid Adequate Protection
$477,718.17	**Estimated Allowed Endeavor Capital North LLC First Mortgage Claim at Effective Date**
$2,392.22	**Estimated projected P&I payment under Chapter 11 Plan**

(b) Allowance and Treatment of Class 1. In full and complete satisfaction, settlement, release and discharge of the Allowed Class 1 Claim, the holder of the Allowed Class 1 Claim shall receive upon the entry of a Final Order allowing the Allowed Class 1 Claim as follows:

Payment in equal monthly installments of principal and interest, with the first payment due on the 10th day of the first month following the Effective Date and on the 10th day of the month thereafter until paid in full, calculated and based upon a 30 year amortization schedule commencing upon the Effective Date and terminating on the 360th month from the Effective Date. Interest shall accrue at a rate of five percent (5.5%) fixed from the Effective Date through the Due Date. The real estate taxes and insurance shall be paid by the Debtor directly to the applicable taxing authority and insurance carrier. FOR JUSTIFICATION OF INTEREST RATE AND TERM, SEE SUPPLEMENT.

The Class 1 Claim holder shall retain its existing lien upon the Effective Date, the Endeavor First Mortgage shall be deemed modified as set forth herein and the Debtor may record the Confirmation Order to reflect said modification. The modification shall be in force and the mortgage shall be deemed in good standing upon Confirmation as if there has been no default.

No later than thirty (30) days after the Effective Date, and thereafter for each month during the term Endeavor Capital North LLC shall send the Debtor monthly mortgage

statements. Said monthly bills shall be sent to the Debtor at the address listed on the bankruptcy petition.

Class 2 - Claim of Endeavor Capital North LLC[1] Second Mortgage[2]

(a) Impairment and Voting. The Allowed Endeavor Capital North LLC Second Mortgage is **impaired** under the Plan. The holder of the Class 2 Claim shall be entitled to vote to accept or reject the Plan.

The Debtor estimates the Allowed Endeavor Capital North LLC Second Mortgage Claim computes as follows:

$82,745.62 (amount due through 1/31/18 at non-default rate)
$2,068.65 (estimated interest through Effective Date)

$84,814.27	**Estimated Allowed Endeavor Capital North LLC Second Mortgage Claim at Effective Date**
$522.21	**Estimated projected P&I payment under Chapter 11 Plan**

(b) Allowance and Treatment of Class 2. In full and complete satisfaction, settlement, release and discharge of the Allowed Class 2 Claim, the holder of the Allowed Class 2 Claim shall receive upon the entry of a Final Order allowing the Allowed Class 2 Claim as follows:

Payment in equal monthly installments of principal and interest, with the first payment due on the 10th day of the first month following the Effective Date and on the 10th day of the month thereafter until paid in full, calculated and based upon a 30 year amortization schedule commencing upon the Effective Date and terminating on the 360th month from the Effective Date. Interest shall accrue at a rate of six and one quarter percent (6.25%) fixed from the Effective Date through the Due Date. The real estate taxes and insurance shall be paid by the Debtor directly to the applicable taxing authority and insurance carrier. FOR JUSTIFICATION OF INTEREST RATE AND TERM, SEE SUPPLEMENT.

The Class 2 Claim holder shall retain its existing lien upon the Effective Date, the Endeavor Second Mortgage shall be deemed modified as set forth herein and the Debtor may record the Confirmation Order to reflect said modification. The modification shall be in force and the mortgage shall be deemed in good standing upon Confirmation as if there has been no default.

No later than thirty (30) days after the Effective Date, and thereafter for each month during the term Endeavor Capital North LLC shall send the Debtor monthly mortgage statements. Said monthly bills shall be sent to the Debtor at the address listed on the bankruptcy petition.

[1] The Class 2 claim was assigned to the current holder Endeavor Capital North LLC (see Docket 115)
[2] For clarification, the Class 2 Claimant holds a *in rem* claim against the bankruptcy estate (the mortgagor to the underlying debt is Evangeline Martin and not the Debtor).

Class 3 - General Unsecured Claims. Formatted: Font: Bold

(a) Impairment and Voting. Class 3 Claims are **impaired** under the Plan. Each holder of a Class 3 Claim shall be entitled to vote to accept or reject the Plan. Deleted: 4 Deleted: 4

(b) Treatment. In full and complete satisfaction, settlement, release and discharge, each holder of an Allowed General Unsecured Claims shall receive each creditor with an allowed claim shall receive no less than 80% of its allowed claim to be paid thirty (30) days from the Effective Date..

Class 4 **- The Debtor**

(a) Impairment and Voting. The Debtor is unimpaired under the Plan. The Debtor shall not be entitled to vote to accept or reject the Plan.

D. Treatment of Executory Contracts and Unexpired Leases.

The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not otherwise expressly assumed herein. Notwithstanding, the Debtor may file a motion or amend this Plan to reject any contracts and leases found to be executory prior to or after Confirmation as provided under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the Bankruptcy Code). If any party to an executory contact or unexpired lease which is deemed assumed pursuant to the Plan objects to such assumption, the Bankruptcy Court may conduct a hearing on such objections on any date which is either mutually agreeable to the parties or fixed by the Bankruptcy Court. All payments to cure defaults that may be required by Section 365(b)(1) of the Bankruptcy Code will be made by the Debtor. In the event of a dispute regarding the amount of any such payments or the ability of the Debtor to provide for adequate assurance of future performance, the Debtor will make any payments required by Section 365(b)(1) of the Bankruptcy Code after the entry of a Final Order resolving such dispute.

All proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases must be filed with the Bankruptcy Court within thirty (30) days from and after the date of entry of an order of the Bankruptcy Court approving such rejection or such Claims will be barred. A creditor whose claims arise from rejection of executory contracts and unexpired leases will be treated as an unsecured creditor.

E. Payment of the Creditor Distribution Fund – Disposable Income from All Sources

Fourteen (14) days prior to the commencement of the hearing(s) on Plan confirmation, the Disbursing Agent (as defined in the Chapter 11 Plan) will receive from the Debtor and Plan Proponent into the Creditor Distribution Fund an amount necessary under the Plan to be made on the Effective Date.

The source of payment in order to have cash on hand at the Effective Date shall be from the Debtor and Plan Proponent. These funds will be disbursed by the Disbursing Agent as follows:

Estimated Administrative Claim[3] - $15,000.00
(net of pre-petition retainers)

The Debtor will be responsible for timely payment of quarterly fees incurred pursuant to 28 U.S.C. 1930(a)(6) until its case is converted to chapter 7, closed or dismissed. After confirmation, the Debtor will serve the United States Trustee with a quarterly disbursement report for each quarter (or portion thereof) so long as the case is open. The quarterly report shall be due fifteen days after the end of the calendar quarter. The quarterly financial report shall include the following:

(1) a statement of all disbursements made during the course of the quarter, by month, whether or not pursuant to the plan;

(2) a summary, by class, of amounts distributed or property transferred to each recipient under the plan, and an explanation of the failure to make any distributions or transfers of property under the plan, if any;

(3) a description of any other factors which may materially affect the Debtor's ability to complete its obligations under the plan; and

(4) an estimated date when an application for final decree will be filed with the court (in the case of the final quarterly report, the date the decree was filed).

Upon confirmation of the Plan the Debtor (or the Disbursing Agent) shall file a motion for final decree.

F. Ability of Debtor To Make Payments Called For Under the Plan

The Debtor and Plan Proponent expect to fund all payments required under the Plan from cash the Plan Proponent has accumulated prior to the Effective Date and thereafter from Debtor rental income and Plan Proponent employment income. Attached as Exhibit B to this Disclosure Statement are post petition financials along with five (5) year projections. From rental income and Plan Proponent income, the Debtor projects adequate monies to fund the Plan.

Deleted: financial

[3] Pursuant to 11 USC § 1129(9), Counsel to the Debtor reserves its right to a different treatment of its clam as required under § 1129(9)(A).

Provision for Disputed Claims

The Debtor may object to the allowance of any Claims within 30 days of the Effective Date by filing an objection with the Bankruptcy Court and serving a copy thereof on the holder of the Claim in which event the Claim objected to will be treated as a Disputed Claim under the Plan. If and when a Disputed Claim is finally resolved by allowance of the Claim in whole or in part, the Debtor will make any payments in respect of such Allowance Claim in accordance with the Plan.

Deleted: 9

III. INTENTIONALLY OMITTED.

IV. VOTING AND CONFIRMATION

A. General Requirements

In order to confirm a Plan, the Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that: (1) the Plan has classified Claims in a permissible manner; (2) the Plan complies with the technical requirements of the Chapter 11 Code; (3) the proponent of the Plan has proposed the Plan in good faith; (4) the disclosures concerning the Plan as required by the Chapter 11 Code have been adequate and have included information concerning all payments made or promised by the Debtor in connection with the Plan; (5) the Plan has been accepted by the requisite vote of creditors, except, as explained below, to the extent that "cram-down" is available under Section 1129(b) of the Code; (6) the Plan is "feasible" (that is, there is a reasonable prospect that the Debtor will be able to perform its obligations under the Plan and continue to operate its business without further financial reorganization, except if the Plan contemplates a liquidation of the Debtor's assets); (7) the Plan is in the "best interests" of all creditors (that is, the creditors will receive at least as much under the Plan as they would receive in a Chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Thus, even if the creditors of the Debtor accept the Plan by the requisite number of votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interests of the Debtor's creditors before it may confirm the Plan. The Debtor believes that the Plan fulfills all of the statutory conditions of Section 1129 of the Code. The statutory conditions to confirmation are more fully discussed immediately below.

B. Classification of Claims and Interests

The Code requires that a Plan of Reorganization place each creditor's claim in a class with other claims which are "substantially similar." The Debtor believes that the Plan meets the classification requirements of the Code.

C. Voting

As a condition to Confirmation, the Code requires that each impaired class of claims accept the Plan. The Code defines acceptance of a Plan by a class of claims as acceptance by holders of two-thirds in dollar amount and a majority in number of claims of that class, but for

that purpose the only ballots counted are those of the creditors who are allowed to vote and who actually vote to accept or to reject the Plan. Persons who are considered "insiders," as that term is defined in Section 101 of the Code, may vote, but its vote is not counted in determining acceptance of the Plan.

Classes of claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are being solicited only from those persons who hold Allowed Secured and Unsecured Claims that are impaired under the Plan. An Allowed Claim is "impaired" if the legal, equitable, or contractual rights attaching to the Allowed Claims of the class are modified, other than by curing defaults and reinstating maturity or by payment in full cash. A claim to which an objection is filed is not an Allowed Claim. However, the Court may allow such a claim for purposes of voting on the Plan. If you have not received an objection to your claim prior to Confirmation of the Plan and you have received a ballot for purposes of voting on the Plan, then most likely your claim is an Allowed Claim. If you have a question, you should consult your own attorney.

Ballots to be used for voting to accept or reject the Plan, together with a return envelope, are enclosed with all copies of the Disclosure Statement mailed to creditors entitled to vote on the Plan in accordance with the Code. Not all of the Debtor's creditors are entitled to vote in accordance with the Code (e.g., creditors in classes that are not impaired and holders of Claims and Interests in classes that are not scheduled to receive any distribution under the Plan.) Those creditors who are not impaired or hold Claims or Interests in classes that are not scheduled to receive any distribution under the Plan may receive a copy of this Disclosure Statement but are not entitled to vote. The Code provides that only certain classes are entitled to vote on the Plan. The only classes that are entitled to vote on the plan are Classes 1, 2, and 3.

Deleted: ,

Deleted: and 5.

If you are the holder of a Claim in an impaired Class you will receive a ballot for voting on the Plan. If you believe that you have an Allowed Claim or an Allowed Interest in more than one impaired class and did not receive more than one ballot, you should copy the ballot (or request additional copies from the undersigned counsel) and complete and return on ballot for each such separately classified Claim or Interest.

Completed ballots should be returned to Michael Van Dam, Van Dam Law LLP, 233 Needham Street, Suite 540, Newton, MA 02464. Ballots must be received on or before 4:00 p.m. (Prevailing Eastern Time) on _____. Ballots received after the deadline will not be counted unless the Court so orders.

D. Best Interests of Creditors

Notwithstanding acceptance of the Plan by creditors of each class, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interests of all classes of creditors impaired by the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims a recovery which has a value at least equal to the value of the distribution which each such creditor would receive if the Debtor was liquidated under Chapter 7 of the Code. Please see the discussion of liquidation value below.

1. Confirmation Without Acceptance by All Impaired Classes

Even if a plan is not accepted by all impaired classes, it may still be confirmed. The Code contains provisions for confirmation of a plan where at least one impaired class of claims has accepted it. These "cram-down" provisions are set forth in Section 1129(b) of the Code.

A plan of reorganization may be confirmed under the cram-down provisions if, in addition to satisfying the usual requirements of Section 1129 of the Code, it (i) "does not discriminate unfairly" and (ii) "is fair and equitable," with respect to each class of claims that is impaired under, and has not accepted, the plan. As used by the Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law.

The requirement that a plan of reorganization does not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other classes of equal rank. The Debtor believes that its Plan does not "discriminate unfairly" with respect to any class of Claims.

The "fair and equitable" standard differs according to the type of claim to which it is applied. In the case of secured creditors, the standard is met if the secured creditor retains its lien and is paid the present value of its interest in the property which secures the secured creditor's claim. With respect to unsecured creditors the standard is met if the unsecured creditor receives payment in the full amount of its claim or, in the event that it receives less than the full amount of its claim, no junior class receives or retains any interest in the property of the debtor.

V. LIQUIDATION VALUATION

To calculate what creditors would receive if the Debtor was to be liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtor's assets if the Chapter 11 case were converted to a Chapter 7 case under the Code and the assets were liquidated by a trustee in bankruptcy (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of the assets of the Debtor augmented by the cash held by the Debtor.

The Liquidation Value available to general creditors would be reduced by (a) the claims of secured creditors to the extent of the value of its collateral, and (b) by the costs and expenses of the liquidation, as well as other administrative expenses of the Debtor's estates. The Debtor's costs of liquidation under Chapter 7 would include the compensation of trustees, as well as of counsel and of other professionals retained by the trustees; disposition expenses; all unpaid expenses incurred by the Debtor during the Chapter 11 case (such as compensation for attorneys) which are allowed in the Chapter 7 proceeding; litigation costs; and claims arising from the operation of the Debtor's business during the pendency of the Chapter 11 reorganization and Chapter 7 liquidation cases.

Once the percentage recoveries in liquidation of secured creditors, priority claimants, general creditors and equity security holders are ascertained, the value of the distribution available out of the Liquidation Value is compared with the value of the property offered to each

of the classes of Claims under the Plan to determine if the Plan is in the best interests of each creditor and equity security holder.

The liquidation valuation of a business is often a contested issue in a Chapter 11 case. Two methods of valuation widely used are the so-called "auction" method and the "going concern" method. Using the auction approach, assets tend to be valued as though they were sold at a public auction and not in the use at the time of the sale. The auction method is widely used with tangible personal property such as trucks, trailers and tractors, assets which you can touch and feel and which are easily valued as a function of the initial purchase price and subsequent depreciation from use. The latter approach, the going concern method, tends to value assets based upon its contribution to earnings. The going concern method tends to be used with assets that tend not to suffer a decline from use such as accounts of a utility, maintenance contracts and the like. The Debtor believes that the proper measure of valuation for liquidation of its real estate business is the auction method. An orderly liquidation shall produce no proceeds new of secured creditors.

The liquidation scenario for the Debtor is fully set forth in abridged Chapter 11 Plan attached hereto as Exhibit C. Under such analysis, no monies are available to unsecured creditors. The Debtor believes that the Plan is in the best interests of all creditors.

VI. FEDERAL INCOME TAX CONSEQUENCES:

Implementation of the Plan may result in federal 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 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.

Because the Debtor intends to continue its existence and business operations, he 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 a "Debt Discharge Amount."

In general, the 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 discharge. The Debt Discharge Amounts may arise with respect to Creditors who will receive, in 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 Section 1141 of the Bankruptcy Code. No income from the discharge of indebtedness is realized to the extent that payment of the liability being discharged 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 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 any Debt Discharge Amount as a result of Plan transaction.

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 Plan.

The federal tax consequences of the plan to a hypothetical investor typical of the holders of claims or interests 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 to the Debtor as income at the time of the product sold or the service provided hypothetically should adjust any new operating loss to reflect the dividend paid by the Debtor under the 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 deferral income tax purposes, then the dividend paid by the Debtor has no current income 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 PLAN AS TO ANY CREDITOR. EACH PARTY AFFECTED BY THE PLAN SHOULD CONSULT HIS, HER, OR ITS OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO A CLAIM.

VII. FEASIBILITY

The Bankruptcy Code requires as a condition to Confirmation that the Bankruptcy Court find that liquidation of the Debtor or the need for further reorganization is not likely to follow after Confirmation. The debtor depends on recurring monthly revenue from his rental properties as well as his salary and has prepared financial projections and related schedules as evidenced on

the enclosed analysis. Those projections show that the Debtor is capable of operating well into the future and generating sufficient funds to perform its obligations in the Plan and continuing without the need for further financial reorganization.

VIII. DISCLAIMERS

THE CONTENT OF THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS PROVIDING ADEQUATE INFORMATION TO CREDITORS SO THAT THEY MAY HAVE SUFFICIENT INFORMATION TO VOTE ON THE PLAN. NO REPRESENTATIONS CONCERNING THE DEBTOR, INCLUDING THOSE RELATING TO ITS FUTURE BUSINESS OPERATING, OR THE VALUE OF ITS ASSETS, ANY PROPERTY, AND CREDITORS' CLAIMS, INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE OR WITHOUT OMISSIONS. THE BANKRUPTCY COURT'S APPROVAL OF THIS PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION FOR OR AGAINST THE PLAN.

THE FINANCIAL INFORMATION CONTAINED HEREIN AND IN THE EXHIBITS ATTACHED HERETO HAVE NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE BASED UPON INTERNAL ACCOUNTINGS AND MANY VALUATIONS AND CERTAIN LIABILITIES HAVE BEEN ESTIMATED. CONSEQUENTLY, THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN OR IN THE PLAN IS WITHOUT ANY INACCURACY OR OMISSION, ALTHOUGH REASONABLE DILIGENCE HAS BEEN USED TO BE ACCURATE AND COMPLETE.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT WILL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON HOLDERS OF CLAIMS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THIS DATE UNLESS ANOTHER TIME IS SPECIFIED, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THIS DISCLOSURE STATEMENT WILL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SINCE THE DATE OF THE DISCLOSURE

STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WAS COMPILED.

IX. EFFECT OF THE ORDER CONFIRMING THE PLAN

To understand the full effect of an order confirming the Plan you should read Section 1141 of the Code. The following is a summary of that Section:

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

B. Confirmation of the Plan will act as an injunction against creditors seeking to collect upon their claims for so long as the Debtor remains current under the Plan.

C. Except as otherwise provided in the Plan or the order confirming the Plan, upon Plan confirmation all of the property of the estate vest in the Debtor.

Deleted: ¶

X. DEBTOR'S RECOMMENDATION

Failing confirmation of the Plan, the Debtor's Chapter 11 case would be converted to a case under Chapter 7 in which a trustee in bankruptcy would be appointed to take charge and liquidate its assets. The Debtor is of the opinion that liquidation would yield a 0% distribution for the unsecured creditors which is lower than the yield provided through the proposed Plan.

The Debtor is firmly convinced that its Plan is in the interest of all creditors. The Debtor strongly urges all creditors to cast their votes in favor of the Plan of Reorganization.

Each creditor is urged to consult with its own counsel in evaluating its claim and in determining how to vote.

Respectfully Submitted,

Dominica LLC

/s/ Evangeline Martin
By: Evangeline Martin
Its: Manager

Plan Proponent

/s/ Evangeline Martin
Evangeline Martin

Dominica LLC
By its Counsel,

/s/ Michael Van Dam
Michael Van Dam, Esq.
BBO # 653979
Van Dam Law LLP
233 Needham Street, Suite 540
Newton, MA 02464
mvandam@vandamlawllp.com
Tel: (617) 969-2900
Fax: (617) 964-4631

Dated: March 28, 2018

Deleted: February 28, 2018

SUPPLEMENT
FACTUAL AND LEGAL SUPPORT FOR CLASS 1 AND CLASS 2 INTEREST RATE AND TERM OF LOAN

As to Class 1 - the Debtor proposes an interest rate of 5.5% and as to Class 2 6.25%. In connection with both classes, a thirty (30) year amortization schedule is proposed. As a threshold matter, the Debtor argues that there is no efficient market that applies to the subject loans. See In re Texas Grand Prairie Hotel Realty, L.L.C., 710 F.3d 324, 337 (5th Cir. 2013)[4]. As a result, the appropriate analysis for determining the cramdown interest rate is the *Till* formula approach. Till v. SCS Credit Corp., 541 U.S. 465 (2004). Under *Till*, generally, the creditor is entitled to receive the prime rate of interest at the time of plan confirmation, (currently 4.50%), plus a 1-3% risk factor.

The Debtor incorporates and attaches Judge Harwood's unreported opinion *In Re Turner* 2013 BNH 017 (D.N.H Nov. 27, 2016 unpublished). Judge Harwood articulates *Till* factors and applies them to the case before the Court. In *Turner*, the Debtor was disposing all of his disposable income to the plan. In this case, the Debtor has surplus income. Further, comparing this case to the factors considered in *Turner*, here, the Debtor suggests that a 1% increase over the prime rate for the Class 1 claim and 1.75% increase for the Class 2 claim.

Endeavor Capital North continues to argue that because it is a "hard money" lender it is entitled to a high rate of interest under the Plan because of its [alleged[5]] increased risk. The Debtor reminds the Court that in *Till* which involved the sub prime automobile loan market, the creditor also argued a coerced rate " . . . contending that the company was “entitled to interest at the rate of 21%, which is the rate . . . it would obtain if it could foreclose on the vehicle and reinvest the

Formatted: Font: Italic, No underline
Formatted: Font: Italic
Formatted: Font: Italic, No underline
Formatted: Font: Italic, No underline
Formatted: Font: Italic, No underline
Formatted: Font: Italic, No underline

[4] The Debtor anticipates the lender disagrees with this assertion and as such must be dealt with as a confirmation matter.
[5] Given the short term nature of the Endeavor loan, in fact the risk is somewhat minimal as the real estate market is unlikely to 'tank' in such a short period of time.

proceeds in loans of equivalent duration and risk as the loan" originally made to petitioners. Such argument failed and will fail here.

Extension of Loan Term - The Debtor argues that the extension of term to 30 years is appropriate. In *Turner*, the Court found extending the term by nine years posed no significant amount of risk. Admittedly, the Debtor in this case is proposing thirty years for a short term loan that has already matured. To the extent that the Court determines thirty (30) years increases risk, the Court can adjust the interest rate accordingly. However, given the reorganization purpose of chapter 11, the Court should allow the thirty year (30) term and not impair the Debtor's fresh start and satisfies 11 U.S.C. § 1129(b)(2)(A)(i). Allowing the short term lender to be immune to a thirty year term contained in a plan is adverse to public policy by allowing coerced lenders to be immune to obligations of efficient lenders and markets.