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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION**

_____)	
In re)	
)	Chapter 11, No. 16-31081-EDK
BERTELLI REALTY GROUP, INC.)	
)	
Debtor)	
_____)	

DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT
FOR PLAN OF REORGANIZATION

June 9, 2017

Louis S. Robin, Esq.
Law Offices of Louis S. Robin
1200 Converse Street
Longmeadow, MA 01106
Tel. (413) 567-3131

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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION**

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In re)
BERTELLI REALTY GROUP, INC.) Chapter 11, No. 16-31081-EDK
)
Debtor)
_____)

**DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT UNDER SECTION 1125
OF THE BANKRUPTCY CODE FOR SOLICITATION
OF ACCEPTANCE TO PROPOSED PLAN OF REORGANIZATION**

I. INTRODUCTION

Bertelli Realty Group, Inc. ("Debtor"), a corporation whose principal asset is 935 - 979 Main Street, Springfield, Massachusetts (the "Main Street Property"), filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* as amended ("Bankruptcy Code"), in the United States Bankruptcy Court for the District of Massachusetts ("Bankruptcy Court") on December 21, 2016, commencing the above captioned Chapter 11 case. The Debtor's Chapter 11 case is pending before the Honorable Elizabeth D. Katz, United States Bankruptcy Judge, as Case No. 16-31081-HJB. Under Sections 1107 and 1108 of the Bankruptcy Code, the Debtor operates as a debtor in possession.

This Disclosure Statement ("Disclosure Statement") is provided pursuant to §1125 of the Bankruptcy Code to all known holders of claims against and interests in the Debtor, whose claims and interests are impaired under the Debtor's Plan of Reorganization (the "Plan") and other parties in interest concerning the Debtor's solicitation of acceptances of the Plan. The principal purpose of this Disclosure Statement is to provide information to enable a hypothetical, reasonable investor, typical of the holders of such claims/interests, to make an informed judgment exercising its, his or her vote to accept or reject the Plan.

After a hearing on notice, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical,

reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.

The information contained in this Disclosure Statement has been prepared by the Debtor's management unless specifically stated to be from other sources. No representations concerning the Debtor are authorized by the Debtor other than those set forth herein.

YOU ARE URGED TO READ CAREFULLY THE CONTENTS OF THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, BEFORE MAKING YOUR DECISION TO ACCEPT OR REJECT THE PLAN. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they presently exist. A copy of the Plan is attached hereto as Exhibit "A". The description of the Plan in this Disclosure Statement is a summary only and is qualified by reference to the actual terms and conditions of the Plan itself. The terms used herein have the same meaning as in the Plan unless the context thereof requires otherwise.

The Debtor has made great efforts to be accurate in all material respects, but the Debtor is unable to warrant or represent that all the information contained herein is without inaccuracy. While the Debtor believes this Disclosure Statement to be accurate and complete, the Bankruptcy Court has not passed upon the factual accuracy of the information herein.

NO REPRESENTATIONS CONCERNING THE DEBTOR, INCLUDING, WITHOUT LIMITATION, FUTURE BUSINESS OPERATIONS, THE VALUE OF ITS ASSETS, OR THE AGGREGATE DOLLAR AMOUNT OF CLAIMS WHICH MAY BE ALLOWED OR FINALLY DETERMINED, ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. Any representations or inducements made to secure acceptance or rejection of this Plan which are other than as contained in this Disclosure Statement should not be relied upon in voting on the Plan.

THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

IT IS IMPORTANT THAT YOU VOTE. Subject to certain exceptions, in order to obtain confirmation of the Plan by the Bankruptcy Court, the Plan must be accepted by claimants in Class Three **WHO ACTUALLY VOTE** on the Plan, who hold at least two-thirds in amount, and a majority in number, of the claims in each respective class. In addition, the Bankruptcy Court must make various findings required by §1129 of the Bankruptcy Code, including, among others, that confirmation of the Plan is not likely to be followed by liquidation or further financial reorganization. These requirements are more fully discussed in this Disclosure Statement below.

The statements contained in this Disclosure Statement are made as of the date hereof. The delivery of this Disclosure Statement shall not under any circumstances create an implication that there has not been any change in the facts set forth herein after the date of this Disclosure Statement.

II. DESCRIPTION OF THE DEBTOR

A. General Description of the Debtor

The Debtor was organized as a corporation principally to own and manage 935 - 979 Main Street, Springfield, Massachusetts ("The Main Street Building"). The Main Street Building is a building in downtown Springfield, and approximately one block from the MGM project being built in Springfield. The Debtor's principal, Brent Bertelli, is the Debtor's sole officer, director, and shareholder.

B. The Debtor's Assets and Liabilities upon Commencement of Its Chapter 11 cases

The Debtor owns 935 - 979 Main Street, Springfield, Massachusetts (again "The Main Street Building"); the Debtor listed the value of the Main Street Building as \$1,800,000.00 in its Bankruptcy schedules. This value is based upon an appraisal from March, 2016, although the Debtor understands that this has been confirmed in the last few months by a broker's opinion.

The Main Street Building is three stories tall, with space in the basement. It has approximately 16,500 square feet. The Debtor also owns a lot, not contiguous to the Main Street Building, but within the same block, comprised of approximately 3,500 square feet.

The Main Street Building is composed of 10 condominiums. On June 1, 2011, it was severely damaged by a tornado. The Debtor purchased the building, or more specifically the 10 condominiums, on July 19, 2012 for a total amount of \$215,000.00. The purchase was financed with a mortgage from Hampden Bank in the total amount of \$472,500.00; the excess over the purchase price was reserved for renovations.

In addition to the Main Street Building, the Debtor's schedules list an insurance claim of unknown value. No other assets are listed; however, the Debtor has boxed lighting fixtures, with an original cost of \$60,000.

The Debtor lists in its schedules real estate taxes and water and sewer charges owed of approximately \$25,000, although the proof of claim filed lists these for \$20,602.66.

The Debtor has two secured debts. It owes a first mortgage to the Lorenzo Bliss Realty Trust; this mortgage was originally held by Hampden Bank, but was eventually purchased by the present holder; the Lorenzo Bliss Realty Trust has filed a proof of claim stating that, as of the date of the commencement of the Chapter 11 Case, it was owed \$472,843.81. A second mortgage is asserted by Anthony Carnevale, and he has filed a proof of claim asserting that, as of the date of the commencement of the Chapter 11 Case, he was owed \$78,478.47. As described below in Section II C, the Debtor disputes various aspects of these claims.

The Debtor lists several unsecured creditors, but only three creditors filed proofs of claims which total roughly \$16,000.

C. Prepetition History

Approximately 2 weeks after the Debtor's purchase of the Main Street Building on July 19, 2012, the MGM announced its interest in placing a facility under the Commonwealth of Massachusetts casino provisions in the South End of Springfield, approximately one block from the Main Street Building. Prior to this announcement, Brent Bertelli intended to move his floral business to the Main Street Building, and steadily renovate the building. While MGM was not finally approved for nearly three years (during a process that was competitive with other proposals, and anything but routine), the Debtor changed the scope of his intended renovations to one with high scale office and commercial space. In particular, the Debtor commenced renovations with the intention of moving the Debtor's principal's floral business into the first floor, but the continued MGM progress in submission, approvals, and commencement in building led to changes in the concept for the building and its renovations. Specifically, as compared to the relatively modest changes intended to repair the building and to permit middle sector tenants, the Debtor upgraded the concept to a higher clientele that could be characterized as first class or higher class tenants.

Further, despite mortgage financed improvements and additional contributions by the Debtor's principal all totaling approximately \$375,000, the renovations had complications, and the building was not completed. As a result of these changes, challenges, and difficulties, the Debtor found his building incomplete at the end of 2014, and in default on the Hampden Bank mortgage terms.

On December 31, 2014, Hampden Bank sold the mortgage and underlying obligations to J. Norbert Properties, LLC ("J. Norbert"). J. Norbert scheduled a foreclosure sale in early

March, 2015. This foreclosure sale was continued for 2 weeks when Brent Bertelli paid \$25,000 to J. Norbert; the Debtor anticipated a refinancing or resolution in these two weeks. When a resolution was not reached, the Debtor filed a Chapter 11 petition, Chapter 11 Case No. 15-30265 (the "First Chapter 11").

The Debtor, in May, 2016, filed a motion to dismiss the First Chapter 11, when the Debtor believed that it had a refinancing at hand, although it had not been formalized. The Court allowed the motion.

When the Debtor was unable to realize a refinancing, J. Norbert scheduled a foreclosure sale for August, 2016. At the foreclosure sale, CB Realty LLC was the highest bidder; the holder of all the equity in CB Realty, LLC is Catherine Bertelli, the spouse of Brent Bertelli, and Brent Bertelli is the limited liability company's manager. At the foreclosure sale, CB Realty posted a deposit of \$15,000, with another \$57,500.00 due within 30 days. In order to raise the additional \$57,500.00, Anthony Carnevale lent \$57,500.00. However, the promissory note executed for these funds (the "Promissory Note") was for the amount of \$69,000.00 - the difference was 20 "points". The note has interest of 12%, with the entire balance due in 3 months. No notices under Section 49 of Chapter 271 of the Massachusetts General Laws was filed by Anthony Carnevale, and, therefore, as the interest rate (with the "points") exceeds 20%, the rate is usurious, and the Debtor asserts that the obligation is void.

There is another issue with the transaction described above. The Debtor received no funds from the Promissory Note; further, CB Realty LLC, which also executed the Promissory Note, received no consideration as, on July 29, 2016, CB Realty, LLC assigned its bid to Lorenzo Bliss Realty Trust, while the Promissory Note was executed after the date of assignment, on August 23, 2016. Accordingly, the funds, which the Debtor believes were placed in deposit with J Norbert for the bid, were initially for the benefit of Lorenzo Bliss Realty Trust, at least in the opinion of the Debtor. As such the Debtor received no consideration for the Promissory Note (and related Mortgage), as the funds from this Promissory Note were advanced for the benefit of Lorenzo Realty Trust. As such, the Debtor believes that the obligations to Anthony Carnevale (and the funds paid on behalf of Lorenzo Bliss Realty Trust) are fraudulent transfers under Bankruptcy and state law (and the Promissory Note and Mortgage should be voided, and the Lorenzo Realty Trust should return the funds).

After the scheduled foreclosure sale, on or about October 4, 2016, J. Norbert sold its mortgage and underlying obligation to Lorenzo Bliss Realty Trust. The Debtor understands that Anthony Carnevale has some interest in, or is otherwise affiliated with,

the Lorenzo Bliss Realty Trust (Anthony Carnevale is "a related affiliate to Lorenzo Bliss" - Motion to Dismiss, Paragraph 22, Docket No. 18). Although the obligation transferred to Lorenzo Bliss Realty Trust originated with Hampden Bank and, therefore, is presumably within the usury statute's exceptions, Bliss Realty Trust has asserted various expenses and charges (perhaps over \$100,000) which may trigger the usury statute's provisions; the Debtor also intends to investigate and verify these expenses and charges, and dispute them. Further, the affiliation between Anthony Carnevale and the Lorenzo Bliss Realty Trust draws into question the validity of the Lorenzo Bliss Realty Trust's claims.

In October, 2016, the Debtor had discussions with the Lorenzo Bliss Realty Trust and Anthony Carnevale concerning a restructuring of the mortgages and equity interests. The Debtor, or at least Brent Bertelli and/or CB Realty, LLC, executed proposed documents that the Debtor understood were agreed upon by all parties. However, Lorenzo Bliss Realty Trust and Anthony Carnevale dispute this, and this restructuring agreement was never effected. A complaint was filed in the Hampden Superior Court (the "State Complaint") concerning these allegations, and is attached hereto.

A foreclosure sale was scheduled by the Lorenzo Bliss Realty Trust for December 21, 2016. The Debtor attempted to enjoin the sale by the filing of a State Complaint on December 14, 2016, but was unsuccessful. A copy of the State Complaint, without exhibits, is attached hereto as Exhibit "C". The Debtor, during the Chapter 11 case transferred the State Complaint to the Bankruptcy Court with the intent to amend this complaint to include various allegations concerning interest rates mischarges, fraudulent transfers and related actions.

D. The Debtor's Chapter 11 Operations

After filing of the Chapter 11 Case, the Lorenzo Bliss Realty Trust filed a motion to dismiss. The Motion to Dismiss was denied, and the Debtor was ordered to file a plan of reorganization by March 20, 2017.

The Debtor's only present source of income is \$1,620 per month for the rental of parking spaces by Davenport Associates, the manager of the MGM project. The Debtor recently received \$9,720.00 from Davenport Associates, representing payments due from just prior to the filing of the Chapter 11 case through May, 2017. The Debtor expects to continue to receive payments. The Debtor has placed these funds, and will place future payments, in escrow until resolution of this Chapter 11 Case or an order of the Bankruptcy Court.

The Debtor is paying for insurance and real estate taxes. The Debtor's principal, Brent Bertelli, is presently paying for these expenses.

On March 31, 2017, the Lorenzo Bliss Realty Trust filed a motion for relief from stay. After the Debtor filed an opposition and a preliminary hearing on April 28, 2017, the Court scheduled an evidentiary hearing on the motion for relief from stay. The Debtor also filed an objection to the proof of claim of Anthony Carnevale on May 31, 2017. The Debtor, the Lorenzo Bliss Realty Trust, and Anthony Carnevale have reached an agreement resolving the motion for relief from stay - essentially, the Debtor will have an opportunity until at least mid-August to confirm the Plan, and pay secured creditors in full. The Lorenzo Bliss Realty Trust will waive late charges, prepayment charges, and keep the interest rate at 5% as opposed to the default rate of 11%. Anthony Carnevale will be entitled to a principal amount of \$57,500.00 (when the principal amount recited in the respective promissory note was \$72,500.00, with interest at 8% as opposed to the promissory note's 10%), waiving any late charges. The Debtor reserves his right to object to legal fees for both creditors (although Anthony Carnevale has not asserted legal fees). The Debtor will also waive/terminate the State Complaint and waive its objection to the proof of claim of Anthony Carnevale. With interest through July 15, 2017, the Debtor estimates that (i) the claim of the Lorenzo Realty Trust totals \$530,000 (which includes legal fees and cost of approximately \$77,500, to which, again, the Debtor may object) and (ii) the claim of Anthony Carnevale which totals \$62,500).

III. THE PLAN OF REORGANIZATION

A. Formulation of the Plan

Prior to formulating and proposing the Plan, the Debtor investigated and discussed possible sales with various parties. Specifically, the Debtor discussed with Anthony Carnevale (again the holder of a second mortgage) the sale of the Main Street Property for \$640,000, which the Debtor was prepared to accept (subject to Bankruptcy Court procedure and approval), but Mr. Carnevale decided not to proceed. The Debtor also discussed a possible sale with Dinesh Patel, but he was only willing to offer \$450,000, which would be insufficient for the payment of secured creditors and which the Debtor otherwise determined was insufficient. Although the Debtor did not retain a real estate broker, the Debtor spoke to various brokers who represented potential purchasers, but none resulted in any offers. The Debtor continues to discuss the possible sale or other proposals, and will keep the Court and creditors apprised of any proposals if they are forthcoming. As the Debtor believes that it is

unlikely that any offer will be received, and the Debtor believes it is best that the Debtor proceed without further delay, the Debtor proposes the following Plan.

In formulating this Plan, the Debtor seeks an acceptable means of distributing funds in satisfaction of creditors' claims pursuant to the priorities and requirements of the Bankruptcy Code. Accordingly, the Debtor proposes the following Plan.

B. Summary of the Provisions of the Plan

Reference is made to the Plan, attached as Exhibit "A", for specific details concerning the classification and treatment of holders of claims and interests. Unless otherwise noted, all terms defined in the Plan have the same meanings herein.

By way of summary, the Plan provides for the distribution of funds to creditors, paying secured, priority and administrative creditors in full, and a dividend to unsecured creditors.

(i) Treatment of Administrative and Priority Claims

Administrative claims are all claims for goods and services incurred by the Debtor after the filing of its Chapter 11 Case. These claims (other than for professional services by attorneys, accountants and other professionals and such other administrative expense claims as require Bankruptcy Court approval) will be paid by the Debtor in the ordinary course of its affairs. The Debtor believes that these administrative expenses are relatively minor.

Administrative Claims for professional services (i.e. attorneys' or accountant's services) require Bankruptcy Court approval. These claims will be paid in full but only after the entry of orders allowing those claims after notice and hearing. The amounts estimated of such persons are as follows:

<u>Professional</u>	<u>Estimated Fees and Expenses</u>
Law Offices of Louis S. Robin (Debtor's Counsel)	\$50,000.00 (fees) \$ 2,500.00 (expenses)

The Law Offices of Louis S. Robin has received, and is holding in its attorney client IOLTA account, a retainer of \$1,033.00, which will be applied against any fees approved by the Bankruptcy Court.

These fees will be paid, upon approval by the Court of a fee application to be filed by Debtor's counsel, although the Debtor and Debtor's counsel may agree upon a schedule in order that fees

not adversely impact the Debtor's plans and plan payments; the amounts above are estimates and may be less or more given the course of this case.

Priority Claims are claims which are entitled to priority under §507(a) of the Bankruptcy Code. They include certain claims for wages, benefits and taxes. The City of Springfield has filed a proof of claim for \$20,602.66, which is also secured by a municipal tax lien; for the purposes of the plan this will be treated as a priority claim. The Commonwealth of Massachusetts has also filed two proofs of claims seeking priority for \$1,463.82. To the extent there are any such claims, they will be paid within 45 days of the effective date of the order confirming the Debtor's Plan.

C. Classification and Treatment of Other Claims

The Plan divides all other claims and interests into the classes as follows. Although each class is defined generally, specific reference to the Plan is recommended.

(i) Class One - Secured Claim of Lorenzo Bliss Realty Trust

This claim will be paid in full within 45 days of the effective date of the order confirming the Debtor's Plan or within 14 days of a final order determining the amount owed on the claim, whichever is later. With interest through July 15, 2017, the Debtor estimates that this claim totals \$530,000 (which includes legal fees and cost of approximately \$77,500, to which, again, the Debtor may object).

This claim is unimpaired and is not entitled to vote on the plan.

(i) Class Two - Secured Claim of Anthony Carnevale

This claim will be paid in full within 45 days of the effective date of the order confirming the Debtor's Plan or within 14 days of a final order determining the amount owed on the claim, whichever is later. With interest through July 15, 2017, the Debtor estimates that this claim totals \$62,500.

This claim is unimpaired and is not entitled to vote on the plan.

(iii) Class Three - General Unsecured Claims

Class Three consists of all unsecured claims. All allowed unsecured claims will be paid in full, in four (4) equal payments, the first due within 45 days of the effective date of

the order confirming the Debtor's Plan or within 10 days of a final order determining the amount owed on the claim. The last three payments will be paid annually, on the anniversary of the confirmation of the plan of reorganization. If the Debtor's Main Street Property is transferred at any time after confirmation, these claims will be paid in full at that time. These claims total about \$16,000.00.

This claim is impaired and is entitled to vote on the plan.

(iv) Class Four - Equity Interests in the Debtor

Under the Plan, the Class Four Equity Interests in the Debtor will be canceled.

This claim is impaired and is entitled to vote on the plan.

IV. OTHER PROVISIONS RELATING TO IMPLEMENTATION OF THE PLAN

A. Issuance of Equity Interests

The Debtor will issue new equity interests to Brent Bertelli, or his nominee. It is anticipated that Brent Bertelli will designate his spouse, Catherine Bertelli, as the recipient of the equity interest. In consideration of the newly issued equity interest, the confirmed Debtor will receive \$2,500.00 from the recipient of the new equity interests. Brent Bertelli will remain as the sole officer and director of the confirmed Debtor without compensation.

Attached hereto, as Exhibit "B", is a Letter of Conditional Approval for Financing the payments under the Plan. The Letter names CB Realty, LLC as the recipient of the financing - prior to the filing of the Chapter 11 the Debtor was seeking financing. The Debtor was informed that it would be easier to receive financing if a new entity, rather than the Debtor, was the actual recipient. Accordingly, the Debtor continued on this course, although the Debtor believes that any financing may be in the name of the Debtor. However, to the extent necessary, in order to effect the financing if the lender requires CB Realty, LLC to be the recipient of the financing the Debtor may need to transfer the Main Street Property to CB Realty, LLC. In this event, there will be sufficient funds set aside at the closing to pay all claims in full. If the Main Street Property were so transferred, the purchase price will be the higher of \$750,000.00 or the total of all payments to be made under the Plan (the Debtor reserves the right to change the amount higher or lower in consideration of other factors). The proposed financing is for \$1.63 million, which includes funds for completion of renovations. As described above, the Debtor estimates that the mortgage claim of the

Lorenzo Realty Trust is approximately \$530,000, the mortgage claim of Anthony Carnevale is approximately \$62,500, and the priority claims of the City and the Commonwealth of Massachusetts total approximately \$22,500, so that these claims total approximately \$615,000. If one adds unsecured claims of approximately \$16,000 (as they may be paid in full upon confirmation), then the total reaches \$631,000, which leaves nearly \$1 million to renovate the Main Street property, pay for financing costs, and pay administrative legal fees of Debtor's counsel.

B. Full and Final Satisfaction

Except as otherwise expressly provided in §1141 of the Bankruptcy Code or the Plan, the payments made pursuant to the Plan will be in full and final satisfaction, settlement, release, and discharge, as against the Debtor, of any and all claims against the Debtor, as defined in the Bankruptcy Code, including, without limitation, any Claim or Equity Interest accrued or incurred on or before the Confirmation Date, whether or not (i) a Proof of Claim or interest is filed or deemed filed under §501 of the Bankruptcy Code; (ii) such Claim or Equity Interest is allowed under §501 of the Bankruptcy Code; or (iii) the holder of such Claim or Equity Interest has accepted the Plan.

C. Effect of Completion of Payments under the Plan

Except as otherwise provided in the Plan, all creditors and Equity Interest holders shall be precluded after the completion of payments under the Plan from asserting against the Debtor any claim, and such creditors, their successors and assigns, will be deemed to be permanently enjoined from enforcing, or seeking to enforce, any such claims.

D. Executory Contracts

Any and all unexpired leases of the Debtor for the rental to individual entities, not expressly rejected by the Debtor prior to the Confirmation Date, shall be deemed assumed upon confirmation. All other contracts and leases shall be considered rejected. Any person or entity asserting a Claim for damages due to a rejection shall be required to file such Claim within 30 days of the rejection of such executory contract, or confirmation of the Plan, whichever is applicable, or will be forever barred from asserting any such Claim.

E. Preferences, Fraudulent Transfers, and other Actions

To the extent that any such claims are identified and recovered, the Debtor will pay such funds, after payment of legal

expenses, to Class Three creditors on a *pro rata* basis, if these claims have not been paid in full as of the date of recovery; if these claims have been paid in full, or are paid in full as a result of the recovery, any remaining funds of the recovery shall be paid to the Debtor and distributed to equity holders.

F. Amendment of Plan

The Debtor may amend or modify the Plan before and after the Confirmation Date as provided in §1127 of the Bankruptcy Code. No notice of such amendment will be provided other than at the confirmation hearing, unless required by applicable law or the Bankruptcy Court.

V. CONFIRMATION AND CONSUMMATION

A. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing on the Plan. An objection to confirmation may be filed in accordance with the provisions herein.

The confirmation hearing on the Plan has been scheduled for _____, 2017 at _____ a.m. before United States Bankruptcy Judge Elizabeth D. Katz of the United States Bankruptcy Court for the District of Massachusetts. The confirmation hearing may be adjourned from time to time by the Court without further notice, except at the confirmation hearing to those in attendance. However, the dates of any adjournment may be obtained from counsel to the Debtor. Any objection to confirmation must be made in writing setting forth in detail the basis of the objection and filed with the Clerk of the Bankruptcy Court, and served upon the following party:

Louis S. Robin, Esq.
Law Offices of Louis S. Robin
1200 Converse Street
Longmeadow, MA 01106

B. Confirmation Requirements

In order for the Plan to be confirmed, the Bankruptcy Code requires, among other things, that the Plan be proposed in good faith, that the Debtor discloses specified information concerning payments made or promised to insiders, and that the Plan comply with the applicable provisions of Chapter 11 of the Bankruptcy Code. Section 1129(a) of the Bankruptcy Code also requires that at least one class of claims has accepted the Plan, that confirmation is not likely to be followed by the need for further

financial reorganization, and that the Plan be fair and equitable with respect to each class of claims or equity interests which is impaired under the Plan. The Bankruptcy Court can confirm the Plan if it finds that all of the requirements in §1129(a) of the Bankruptcy Code have been met. The Debtor believes that its Plan satisfies all of the requirements of confirmation.

1. Best Interests Test

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each class, that each holder of a Claim or Equity Interest of such class either (a) has accepted the Plan, or (b) will receive or retain under the Plan on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such person would receive if the Debtor were, on the Effective Date, liquidated under Chapter 7 of the Bankruptcy Code.

2. Financial Feasibility

The Bankruptcy Code requires, as a condition to confirmation, a finding by the Bankruptcy Court that confirmation of the Plan is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization. The Debtor believes that the Plan complies with the financial feasibility standard for confirmation in that the Debtor is receiving financing that will pay all secured, administrative and priority claims upon confirmation and to make the initial distribution to the unsecured creditors.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that each class of Claims that is impaired under the Plan accept the Plan, with the exception described in the following section. A class of Claims has accepted the Plan if the Plan has been accepted by creditors (other than insiders) that hold at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such class who actually vote to accept or reject the Plan. Holders of Claims or Equity Interests who fail to vote are not counted as either accepting or rejecting the Plan.

A class that is not "impaired" under the Plan is deemed to have accepted the Plan; solicitation of acceptances with respect to such class is not required. A class is "impaired" unless (i) the legal, equitable, and contractual rights to which the Claim or Equity Interest entitles the holder of such claim or interest are not modified; (ii) with respect to a secured claim, the

effect of any default is cured and the original terms of the obligation are reinstated; or (iii) the Plan provides that on the Effective Date, the holder of the Claim or Equity Interest receives on account of such Claim or, with respect to any Equity Interest, any fixed liquidation preference to which the Equity Interest holder is entitled or any fixed price at which the Debtor may redeem the security.

4. Confirmation Without Acceptance by All Impaired Classes

The Bankruptcy Code contains provisions which would enable the Bankruptcy Court to confirm the Plan, even though the Plan has not been accepted by all impaired classes, provided that the Plan has been accepted by a least one impaired class of Claims.

Section 1129(b) (1) of the Bankruptcy Code states "notwithstanding §510(a) of this title, if all of the applicable requirements of subsections (a) of this section other than paragraph (8) are met with respect to the plan, the Court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly and is fair and equitable, with respect to each class of claims or interest that is impaired under, and has not accepted, the plan."

This section provides that the Plan must be confirmed notwithstanding the failure of an impaired class to accept the Plan if the Plan does not discriminate unfairly (e.g., it does not provide to a class senior to the dissenting class more than 100 percent of the amount of its claims), and it is "fair and equitable" with respect to each class of claims that is impaired under, and has not accepted, the Plan. This "fair and equitable" requirement applies only with respect to dissenting classes and provides that the Plan may be confirmed as long as (i) any claim junior to the dissenting class is not receiving anything under the Plan, and (ii) the dissenting class is receiving at least as much as it would receive under liquidation.

Under the provisions of the Plan, all of the applicable requirements of subsection (b) of §1129 will be met, unless Classes Three and Four vote against the Plan. Accordingly, rejections of the Plan by all these classes could prevent confirmation of the Plan. The Debtor believes that such actions would **NOT** be in the best interests of creditor and that the likely result of such actions would be the liquidation of the Debtor's assets, which the Debtor believes will result in no realization by unsecured creditors, unless in the unlikely event that a new proponent was willing to offer more than in the present Plan. Without limiting the foregoing, the Debtor

believes, given the lack of third party interest demonstrated during the course of the case, that it is unlikely that any third party would propose any Plan for the reorganization of the Debtor which would provide a greater distribution to the unsecured creditors, if not also secured, priority and administrative creditors.

C. Voting Instructions

A Ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement mailed to persons entitled to vote. Members of Classes Three and Four are entitled to vote, provided that either (a) its Claim/Interest has been scheduled by the Debtor and such Claim/Interest is not scheduled as disputed, contingent, or unliquidated, or (b) it has filed a Proof of Claim on or before, April 7, 2017, unless its Claim/Interest is the subject of an objection or has been disallowed for voting purposes by the Bankruptcy Court.

Completed Ballots should be returned to:

Louis S. Robin, Esq.
Law Offices of Louis S. Robin
1200 Converse Street
Longmeadow, MA 01106

BALLOTS SHOULD BE RECEIVED ON OR BEFORE 5:00 P.M. ON
, 2017. ANY BALLOTS RECEIVED AFTER THAT TIME MAY NOT BE
COUNTED. ANY BALLOT WHICH IS EXECUTED BY THE HOLDER OF AN
ALLOWED CLAIM BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECT
THE PLAN SHALL BE DEEMED TO BE AN ACCEPTANCE.

VI. ALTERNATIVES TO THE PLAN AND LIQUIDATION ANALYSIS

In evaluating the Plan, each creditor should consider alternatives to the Plan. During its Chapter 11 case, the Debtor considered several alternatives, particularly the refinancing of the mortgage debt and sale of the Main Street Building. To date, this plan is the best if only alternative.

The only remaining alternative to this Plan would be the liquidation of the Debtor's assets. The Debtor believes that liquidation, probably through a foreclosure or other forced sale, would result in no more than a \$450,000 recovery. All these funds would be turned over to the mortgage holders, assuming their claims were valid, with unsecured creditors, administrative creditors, and priority creditors receiving nothing.

Based upon such liquidation analysis, the Debtor believes that the proceeds of liquidation would be substantially less than

the proposed distributions by the Debtor under the Plan.

VII. CONCLUSION

THE DEBTOR URGES ALL CREDITORS TO ACCEPT THE PLAN.

Brent Bertelli, President of
Bertelli Realty Group, Inc.

Dated: June 9, 2017

Exhibit "A"

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
WESTERN DIVISION

)	
In re)	
)	Chapter 11, No. 16-31081-EDK
BERTELLI REALTY GROUP, LLC)	
)	
Debtor)	
)	

DEBTOR'S AMENDED PLAN OF REORGANIZATION

Pursuant to §1121 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (the "Bankruptcy Code"), Bertelli Realty Group, Inc. (the "Debtor"), the debtor in possession in the above captioned case, hereby proposes to its creditors the following Plan of Reorganization (the "Plan") for the satisfaction and discharge of all existing claims against and interests in the Debtor.

ARTICLE I: DEFINITIONS

The terms appearing in the Plan, unless otherwise defined below, are defined in the Bankruptcy Code.

"Administrative Claims": the costs and expenses of the above-entitled Chapter 11 case, including allowances, and all debts incurred by the Debtor after the filing of its Chapter 11 Petition and prior to the date of confirmation of the Plan

"Administrative Claimants": holders of administrative claims.

"Allowances": fees awarded by the Bankruptcy Court to attorneys, accountants and others as reasonable compensation for services rendered and as reimbursement of necessary expenses.

"Allowed Claim": a Claim (a) for which a Proof of Claim has been filed with the Bankruptcy Court by April 7, 2017 or (b) listed by the Debtor in his Schedules, filed with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b), as undisputed, noncontingent, or liquidated, and for which no objection to the allowance thereof has been filed within forty-five (45) days by the Debtor or the Creditors' Committee (if one exists) following the Effective Date, or as to which any objection has been determined and denied by an order or judgment which is no longer subject to appeal or certiorari proceedings and as to which no appeal or certiorari proceeding is pending.

"Allowed Priority Claim": that portion of an Allowed Claim which is entitled to priority under §507(a)(3), (4) or (7) of the Bankruptcy Code.

"Allowed Secured Claim": an Allowed Claim secured by liens, security interests, or other charges against or interests in any Property in which the Debtor has an interest, to the extent of the value (determined in accordance with §506(a) of the Bankruptcy Code) of the interest of the holder of such Allowed Claim in the Debtor's interest in such Property.

"Bankruptcy Code": the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.*, and any amendment thereof.

"Bankruptcy Court": the United States Bankruptcy Court for the District of Massachusetts, having jurisdiction over the above captioned Chapter 11 case of the Debtor.

"Claim": (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

"Debtor": Bertelli Realty Group, Inc.

"Disputed Claim": any Claim which has been listed as "disputed", "contingent" or "unliquidated" in the Debtor's Schedules or as to which an objection to the allowance of which has been filed, but not determined by the Effective Date.

"Effective Date": the date on which the Order confirming the Plan is no longer subject to appeal or certiorari proceedings, on which date no such appeal or certiorari proceedings are then pending and on which date all of the conditions to the effectiveness of the Plan expressly set forth in the Plan have been satisfied fully or effectively waived.

"Final Order": an Order of a court from which no appeal can be taken, or as to which all appeals have been withdrawn or dismissed with prejudice.

"Finally Determined": the date on which any Claim is finally determined shall, for all purposes related to Claims to which objections have been made, be deemed to be the date on

which an order allowing, disallowing or in part allowing and disallowing that Claim becomes a Final Order.

"General Unsecured Claims": all Claims other than Administrative, Priority and Secured Claims, and claims based upon an equitable interest.

"Main Street Property": All real property interests of the Debtor, including 935 - 979 Main Street, Springfield, Massachusetts.

"Petition Date": December 22, 2016, the date that the Debtor filed his Chapter 11 Petition.

"Property": any interest in any kind of property or asset, whether real, personal, tangible, intangible or mixed.

"Pro Rata": the same proportion that an Allowed Claim in a particular class bears to the aggregate amount of Allowed Claims in such class.

"Secured Claim": a claim against the Debtor which is secured by assets of the estate.

ARTICLE II: DIVISION OF CREDITORS INTO CLASSES

Claims of creditors shall be divided into the following classes:

- Class One - Secured Claim of the Lorenzo Bliss Realty Trust
- Class Two - Secured Claim of Anthony Carnevale
- Class Three - General Unsecured Claims
- Class Four - Equity Interests

ARTICLE III: PROVISIONS FOR THE SATISFACTION OF CLAIMS AND INTERESTS

The Debtor agrees to make the following provisions for the satisfaction of the claims of its respective creditors and equity interest upon confirmation of the Plan:

A. Treatment of Administrative and Priority Claims

Administrative claims are all claims for goods and services incurred by the Debtor subsequent to the filing of its Chapter 11 Petition. These claims (other than for professional services by attorneys, accountants and other professionals and other administrative expense claims that require Bankruptcy Court approval) shall be paid by the Debtor, in full, in accordance with their terms as they come due in the ordinary course of the Debtor's business after the Effective Date.

Administrative Claims for professional services (i.e. attorneys' or accountant's services) require Bankruptcy Court approval. These claims will be paid in full by the Debtor, but only after the entry of orders allowing those claims after notice and hearing, except to the extent that the claimants agree to payment of a lesser amount or over a period of time.

Priority Claims are those claims which are entitled to priority, pursuant to §507(a) of the Bankruptcy Code. They include claims for wages benefits and taxes. All priority claims, including tax claims, shall be paid in full in within 30 days of the Effective Date.

B. Classification and Treatment of Other Claims

The Plan divides and treats all other claims and interests into the classes as follows.

(i) Class One - Secured Claim of the Lorenzo Bliss Realty Trust

This claim will be paid in full within the later of 45 days of the effective date of the order confirming the Debtor's Plan of Reorganization or within 14 days of a final order determining the amount owed on the claim. To the extent that there is a dispute pending on this secured claim at the time of confirmation, the Court will order an amount to be held in escrow pending resolution. This mortgage will be discharged upon the earlier of payment in full or upon the Court's order setting an amount to be held in escrow pending resolution of the claim with such sums placed in escrow.

This claim is unimpaired and is not entitled to vote on the plan.

(ii) Class Two - Secured Claim of Anthony Carnevale

This claim will be paid in full within the later of 45 days of the effective date of the order confirming the Debtor's Plan of Reorganization or within 14 days of a final order determining the amount owed on the claim. To the extent that there is a dispute pending on this secured claim at the time of confirmation, the Court will order an amount to be held in escrow pending resolution. This mortgage will be discharged upon the earlier of payment in full or upon the Court's order setting an amount to be held in escrow pending resolution of the claim with such sums placed in escrow.

This claim is unimpaired and is not entitled to vote on the plan.

(iii) Class Three - General Unsecured Claims

Class Three consists of all unsecured claims. All allowed unsecured claims will be paid in full, in four (4) equal payments, the first due within the later of 45 days of the effective date of the order confirming the Debtor's Plan of Reorganization or within 14 days of a final order determining the amount owed on the claim. The last three payments will be paid annually, on the anniversary of the confirmation of the plan of reorganization. If the Main Street Property is transferred at any time after confirmation, these claims will be paid in full at that time

This claim is impaired and is entitled to vote on the plan.

(iv) Class Four - Debtor's Interests

Under the Plan, the Class Four Debtor's Interests will be cancelled.

This claim is impaired and is entitled to vote on the plan.

IV. ARTICLE IV: EXECUTION OF THE PLAN

A. Issuance of Equity Interests

The Debtor will issue new equity interests to Brent Bertelli, or his nominee. In consideration of the newly issued equity interest, the confirmed Debtor will receive \$5,000.00.

The Debtor will refinance the Main Street Property in accordance with the "Letter of Conditional Approval for

Financing" as attached to the Amended Disclosure Statement as Exhibit "B". To the extent that the Debtor may need to transfer the Main Street Property to another entity to effect the financing, the Debtor shall be so authorized. In the event of a transfer of the Main Street Property, there will be sufficient funds set aside at the closing to pay all claims in full, and no mortgages shall be discharged unless satisfied in full or pursuant to Court Order.

B. Full and Final Satisfaction

Except as otherwise expressly provided in §1141 of the Bankruptcy Code or the Plan, the payments and distributions made pursuant to the Plan will be in full and final satisfaction, settlement, release, and discharge, as against the Debtor, of any and all claims against, and interests in, the Debtor, as defined in the Bankruptcy Code, including, without limitation, any Claim or Equity Interest accrued or incurred on or before the Confirmation Date, whether or not (i) a Proof of Claim or interest is filed or deemed filed under §501 of the Bankruptcy Code; (ii) such Claim or Equity Interest is allowed under §501 of the Bankruptcy Code; or (iii) the holder of such Claim or Equity Interest has accepted the Plan.

C. Effect of Confirmation

Pursuant to §1141 of the Bankruptcy Code, and except as otherwise provided by the Plan or the Order of Confirmation, the Debtor's Property shall be free and clear of all claims and interests of creditors and the Debtor shall be discharged for any and all obligations and liabilities on account of such claims.

D. Executory Contracts

Any and all other executory contracts and unexpired leases of the Debtor not expressly assumed or rejected by the Debtor prior to the Confirmation Date shall be deemed rejected. Any person or entity asserting a Claim for damages by reason of such rejection shall be required to file such Claim within thirty (30) days of the Confirmation Date, or will be forever barred from asserting any such Claim. Any obligation of the Debtor to indemnify his employees, representatives or others shall, however, be unaffected by confirmation and shall survive the Confirmation Order.

E. Preferences, Fraudulent Transfers, and other Causes of Actions

The Debtor shall prosecute any and all actions pursuant to §§544, 547, and 548 of the Bankruptcy Code. To the extent that the Debtor is successful in the prosecution and collections of any such claims, the Debtor will distribute the proceeds (after payment of legal fees and costs) *pro rata* to Class Four unsecured creditors.

To the extent that there are any other claims against any other parties, other than accounts receivables, but including but not limited to causes of action pending as of the Commencement Dates, the Debtor shall pursue and prosecute these actions. To the extent that the Debtor has a right to pursue injunctive relief, the Debtor will continue to be able to assert such relief and remedy.

To the extent that any such claims under this section are successfully recovered in the future, the Debtor will pay such

funds, after payment of legal expenses, to Class Three creditors on a *pro rata* basis. To the extent that any such claims are identified and recovered in the future, the Debtor will pay such funds, after payment of legal expenses, to Class Three creditors on a *pro rata* basis until these claims are paid in full; if these claims have been paid in full, or are paid in full as a result of the recovery, any remaining funds of the recovery shall be paid to the Debtor and distributed to equity holders.

ARTICLE V: RETENTION OF JURISDICTION

Subject to the express provisions of the Plan, the Bankruptcy Court shall retain jurisdiction of this case to:

- (a) determine the allowance of claims and interests;
- (b) fix allowances, if necessary;
- (c) determine any pending applications for the rejection of executory contracts and determine the allowance of claims resulting therefore;
- (d) determine any claims of the Debtor under §§544, 547 and 548 of Title 11 of the United States Code;
- (e) determine matters concerning the administration of the Plan including, without limitation, those matters which are here and specified as requiring approval of the Chapter 11 Court;
- (f) determine case regarding claims and injunctive relief as it regards the Debtor and the Debtor's purchaser/successor;
- (f) determine such other matters as may be set forth in the Order of Confirmation.

ARTICLE VI: MISCELLANEOUS PROVISIONS

A. Retention, Enforcement, Waiver and Assignment of Claims

Pursuant to §1123(b)(3) of the Bankruptcy Code, the Debtor shall retain and may enforce any and all claims including claims for injunctive relief, except claims expressly waived, relinquished or released under this Plan or otherwise released or relinquished pursuant to an Order of the Bankruptcy Court. The Debtor shall retain their rights to object to the allowance of any claim.

C. Modification of the Plan

The Debtor may amend or modify this Plan at any time prior to the Confirmation Date upon notice to those creditors whose interests may be adversely affected by said amendment or modification and with the approval of the Bankruptcy Court. The Plan may be modified, subsequent to the Confirmation Date, upon notice and a hearing, in order to effect the intent and purposes of the Plan. The confirmation hearing may be continued from time to time. No notice of any such continuance will be provided other than notice at the hearing, and at any continued hearing to those in attendance.

Bertelli Realty Group, Inc.

Dated: June 9, 2017

EXHIBIT "B"



RICK GRIFFIN
Borrower Representative
(801) 376-0155
Rick@privatecapitalgroup.com

ANDI JOHNSON
Processor
(801) 427-5045
Andi@privatecapitalgroup.com

SPRINGFIELD, MAIN ST

Status: **Underwriting**

Proposed loan amount: \$1,630,000

Proposed loan term: 12 months

Catherine Bertelli
Ammon Zatorsky
CB Realty
160 Chapin Rd
Hampden, MA 01036

Applying

Processing

Underwriting

Closing

Funding

Servicing

June 9, 2017

Dear Catherine and Ammon:

Your loan is in Underwriting with a Conditional Approval status. Below you will find the conditions that need to be satisfied prior to your loan funding. This approval is contingent upon Private Capital Group's ("PCG") satisfaction, in its sole and absolute discretion, with respect to each of the items below and any other matters (not listed herein) related to the approval of the loan, and only after PCG has fully underwritten the loan. Note that this list of conditions is subject to change as each item on the list is provided and reviewed by underwriting.

PCG anticipates a close date on your loan on or around August 15, 2017 if all the items referenced below are received and approved.

- Copy of purchase documents
- Detailed construction schedule and budget
- Third party review of construction budget
- Satisfactory property inspection report
- Clear title
- Loan Committee approval

Private Capital Group reserves the right at all times to refuse to facilitate any loan transaction, and/or to require any additional conditions precedent to funding, in its sole and absolute discretion. If Private Capital Group or its lenders are not satisfied, for any reason, in their sole and absolute discretion, with any of the documents described above or your efforts to satisfy any of the conditions, then they will have no obligation to facilitate this loan.

Private Capital does pay 3rd parties associated with a procurement of a loan. If you are working with a Mortgage Broker, a Loan Broker, a Realtor, or any other such individual/entity, Private Capital Group will coordinate with them, but we cannot and will not be responsible for their compensation. If you wish to have them paid at the closing you will need to provide written instruction to do so to the settlement agent.

This may not be a complete list of all required items that must be reviewed prior to loan approval. Private Capital Group reserves the right to request and/or require additional documents and set further conditions that it may determine to be necessary at its sole discretion.

Sincerely,
Audi Johnson

Private Capital Group reserves the right at all times to refuse to facilitate any loan transaction, and/or to require any additional conditions precedent to funding, in its sole and absolute discretion. If Private Capital Group or its lenders are not satisfied, for any reason, in their sole and absolute discretion, with any of the documents described above or your efforts to satisfy any of the conditions, then they will have no obligation to facilitate this loan.

Private Capital does pay 3rd parties associated with a procurement of a loan. If you are working with a Mortgage Broker, a Loan Broker, a Realtor, or any other such individual/entity, Private Capital Group will coordinate with them, but we cannot and will not be responsible for their compensation. If you wish to have them paid at the closing you will need to provide written instruction to do so to the settlement agent.

EXHIBIT "C"

COMMONWEALTH OF MASSACHUSETTS

HAMPDEN, ss.

SUPERIOR COURT DEPARTMENT
CIVIL ACTION NO. 16-913

BERTELLI REALTY GROUP, INC. and
CB REALTY, LLC,
Plaintiffs,

v.

ANTHONY CARNEVALE, LORENZO
BLISS REALTY TRUST, 979 MAIN
STREET REALTY TRUST, 935 MAIN
STREET REALTY TRUST, and BRIAN S.
FITZGERALD, as Trustee of 979 MAIN
STREET REALTY TRUST, 935 MAIN
STREET REALTY TRUST, and LORENZO
BLISS REALTY TRUST,
Defendants

**VERIFIED COMPLAINT AND DEMAND
FOR JURY TRIAL**

PARTIES

1. Bertelli Realty Group, Inc. ("BRG") is a Massachusetts corporation with a principal place of business located at 160 Chapin Street in Hampden, Hampden County, Massachusetts.
2. CB Realty, LLC ("CB Realty") is a Delaware LLC with a principal place of business located at 1 Commercial Center in Wilmington, Delaware.
3. Anthony Carnevale is an individual residing at 11 Falcon Heights Road in Wilbraham, Hampden County, Massachusetts.
4. Lorenzo Bliss Realty Trust is a Massachusetts trust with a principal place of business located at 46 Center Square in East Longmeadow, Hampden County, Massachusetts.
5. 979 Main Street Realty Trust ("979 Main") is a Massachusetts trust with a principal place of business located at 46 Center Square in East Longmeadow, Hampden County, Massachusetts.

6. 935 Main Street Realty Trust (“935 Main”) is a Massachusetts trust with a principal place of business located at 46 Center Square in East Longmeadow, Hampden County, Massachusetts
7. Brian S. Fitzgerald is an individual with a principal place of business located at 46 Center Square in East Longmeadow, Hampden County, Massachusetts and is trustee of 979 Main, 935 Main, and Lorenzo Bliss Realty Trust.
8. Based on discussions with Carnevale and his counsel, it is understood that Carnevale controls Lorenzo Bliss Realty Trust, 935 Main and 979 Main.

FACTS COMMON TO ALL COUNTS

9. On or about July 19, 2012, BRG purchased the property located at 935-979 Main Street in Springfield, Massachusetts (“the Property”) with the intent to rehabilitate the Property following its damage by the tornado on June 1, 2011 and retain and manage it as a long-term asset for local business tenants.
10. In connection with this purchase, BRG granted a mortgage to Hampden Bank in the amount of \$472,500.00. See Exhibit A.
11. In or about 2014, BRG was unable to make the required payments to Hampden Bank pursuant to the mortgage on the Property.
12. Soon thereafter, Hampden Bank sold the underlying obligation secured by the mortgage on the Property and assigned the mortgage to J. Norbert Properties, LLC (“JNP”) who immediately demanded that BRG make payment in full or face foreclosure on the Property. See Exhibit B.
13. Between the time the Property was purchased and February of 2016, Brent Bertelli and BRG spent approximately \$375,000.00 on the Property, in addition to loan payments.

14. In March of 2015, in an effort to delay the impending foreclosure auction, BRG made payment of \$25,000 to JNP in exchange for JNP agreeing to delay the auction for two weeks.
15. As of March 23, 2016, the Property had an appraised value of \$1,880,000.00 as-is. Based on the proposed work planned by Brent Bertelli and BRG, the March 23, 2016 appraisal estimated the Property's value would be \$2,780,000.00 when the work is completed.
16. Unable to make payment in full to JNP, BRG subsequently filed for Chapter 11 bankruptcy on or about March 26, 2015. The bankruptcy filing stopped the foreclosure auction.
17. Having negotiated the framework of a refinancing agreement with another lender, BRG withdrew its bankruptcy petition in or about July of 2016. The anticipated refinancing was unsuccessful as the lender withdrew its offer of funding at the closing and subsequently refused to refinance.
18. As soon as BRG withdrew its bankruptcy petition in July 2016, JNP re-scheduled the foreclosure auction on the Property.
19. In August of 2016, Carnevale approached Brent Bertelli, the principal of BRG, at the auction for the Property and offered to assist BRG in meeting its mortgage obligations. As a result of these discussions, Carnevale loaned BRG \$69,000.00 to allow Brent Bertelli to be the high bidder at the auction and took a mortgage in the same amount on the Property. See Exhibit C.
20. BRG's bid was made in reliance upon on promises by Carnevale that Bertelli and BRG would have ample time to refinance the Property and, if such financing was unattainable,

BRG would recover the profits generated from the eventual sale of the Property on the open market.

21. On or about October 4, 2016, Carnevale purchased JNP's note and mortgage on the Property through his entity, the Lorenzo Bliss Realty Trust. See Exhibit D.
22. Soon thereafter, Carnevale informed BRG that he and his related entities held both notes and mortgages on the Property and demanded payment in full. In the alternative, Carnevale offered to delay foreclosure in exchange for an equity agreement relating to the Property ("Equity Agreement"). An unsigned copy of the Equity Agreement is attached as Exhibit E.
23. As part of a comprehensive agreement, Carnevale proposed that he, and his entity, Lorenzo Bliss Realty Trust, would delay foreclosure on the Property to allow BRG to obtain additional financing to refinance the loans.
24. Specifically, Carnevale proposed that BRG's obligations to Lorenzo Bliss Realty Trust and Carnevale through the first and second mortgages would be refinanced in the form of a new note and mortgage with 935 Main, another Carnevale controlled entity. Title to the Property would be transferred by BRG to CB Realty to facilitate the transaction, with CB Realty becoming the new borrower ("New Loan Documents").
25. Despite prior offers for a longer period of time to refinance the debt on the Property, Carnevale ultimately reduced the window for obtaining refinancing and demanded a January 6, 2017 maturity date under the New Loan Documents.
26. If the loan was not refinanced by the maturity date, Carnevale would be entitled to sell the Property at his sole discretion to any party and at any price (including any related entity) and take one half of the sale proceeds for himself, after costs and expenses.

27. On or about October 26, 2016, after significant negotiations between and among the various entities and their counsel and verbal agreements by all parties to the form and structure of the comprehensive plan, CB Realty signed the New Loan Documents to effectuate the deal proposed by Carnevale and his agents. CB Realty signed the New Loan Documents based on Carnevale's assurances that BRG and CB Realty would have sufficient opportunity to refinance the outstanding debts relating to the Property. Unsigned drafts of the New Loan Documents that were signed and notarized on October 26, 2016 are attached as Exhibit F.¹
28. Upon information and belief, Carnevale and entities he controls executed the New Loan Documents, including the Equity Agreement, on or about October 26, 2016. Brian Fitzgerald, Trustee of the Lorenzo Bliss Realty Trust, 935 Main and 979 Main, as well as counsel for the trusts and Carnevale individually in connection with this dispute, has failed and refused to provide BRG or its counsel with a fully-executed copy of the New Loan Documents.
29. On October 27, 2016, the day after the New Loan Documents were signed by the parties, Carnevale informed BRG and counsel that BRG was in default of the note due to a lease on the parking lot at the Property. See Exhibit G. Carnevale had been informed by BRG, in the presence of counsel for both parties, of the existence of the parking lot lease and had finalized and executed the New Loan Documents with the understanding that such a lease was in place. See Exhibit H.

¹ The closing package includes the following documents: (1) a deed from BRG to CB Realty; (2) a deed from CB Realty to 979 Main; (3) a mortgage agreement between CB Realty and 935 Main; (4) a promissory note between CB Realty and 935 Main; (5) a personal guaranty signed by Brian Bertelli; (6) a collateral assignment of leases and rents; and (7) the Equity Agreement.

30. Despite the fact that Carnevale's claim of a default by BRG and CB Realty was clearly pretextual and has no legal basis, Carnevale and Lorenzo Bliss Realty Trust have scheduled a foreclosure auction for December 21, 2016. See Exhibit I.
31. The Defendant's declaration of a default or breach of the Equity Agreement and related notes has caused significant harm to the Plaintiffs and the sale of the Property at auction in these circumstances will result in irreparable harm and damages to the Plaintiffs, including continued damage to their reputation in the community.
32. The Defendants' efforts to force the foreclosure have also deprived the Plaintiffs of the ability to focus on obtaining alternate refinancing as they have been forced to deal with the impending loss of the Property through auction.

COUNT I
(Breach of Contract)

33. The Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 32 of this Complaint as though fully restated herein.
34. BRG and Carnevale entered into an agreement, memorialized in the New Loan Documents executed by agents and representatives of the parties.
35. BRG has fully satisfied its obligations under the contract between and among the parties.
36. The conduct of Carnevale, 935 Main Realty Trust, and 979 Main Realty Trust, as well as its trustee, Brian Fitzgerald, as described in this Complaint constitutes a breach of the parties' agreement.
37. As a result of that breach, BRG and CB Realty have suffered and continue to suffer damages.

COUNT II

(Breach of the Covenant of Good Faith and Fair Dealing)

38. The Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 37 of this Complaint as though fully restated herein.

39. BRG and Carnevale entered into an agreement, memorialized by the Equity Agreement executed by agents and representatives of both parties.

40. The Defendants' conduct as described herein has prevented and impaired BRG from enjoying the fruits of the contract negotiated between the parties and has violated the covenant of good faith and fair dealing.

41. As a result of that breach, BRG and CB Realty have suffered and continue to suffer damages.

COUNT III

(Promissory Estoppel)

42. The Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 41 of this Complaint as though fully restated herein.

43. The Plaintiffs relied upon the Defendants explicit and implicit promises in connection with the New Loan Documents and the comprehensive agreement between and among the parties in connection with the Property.

44. The Plaintiffs relied upon those promises to their detriment and took affirmative acts in reliance thereon, as described in this Complaint.

45. As a direct result of the Defendants' breach of those explicit and implicit promises, the Plaintiffs have suffered and continue to suffer damages.

COUNT IV

(G. L. c. 93A)

46. The Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 45 of this Complaint as though fully restated herein.

47. The Plaintiffs are engaged in trade or commerce in Massachusetts in connection with their purchase and interest in the Property.

48. The Defendants are also engaged in trade or commerce in Massachusetts in the real estate investment and related transactions and purchases.

49. As set forth herein, the Defendants' conduct was unfair and/or deceptive in violation of Section 11 of G. L. c. 93A.

50. Indeed, the Defendants knowingly and willfully engaged in such unfair and deceptive acts or practices as set forth in this Complaint.

51. As a direct and proximate result of the Defendants' unfair or deceptive acts or practices, the Plaintiffs have suffered and continue to suffer damages.

COUNT V

(Declaratory Judgment and Injunctive Relief)

52. The Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 51 of this Complaint as though fully restated herein.

53. There exists an actual controversy between the parties regarding the validity, enforceability, and construction of the agreements between and among the parties.

54. The controversy is of sufficient immediacy and magnitude to justify the issuance of a declaratory judgment.

55. The issuance of declaratory relief by this Court will terminate some or all of the existing controversy between the parties.

56. As a result of the Defendants' efforts to force an improper foreclosure auction, the Plaintiffs will suffer immediate and irreparable injury for which there is no adequate remedy other than the requested injunctive relief.

57. The Plaintiffs request that this Court enter a declaratory judgment, a temporary restraining order, and a preliminary and permanent injunction:
- a. Declaring that the agreements between the parties are valid and enforceable;
 - b. Declaring that the lease relating to use of the parking lot on the Property was not a breach of the agreements between the parties;
 - c. Such other declaratory relief as may be just and equitable; and
 - d. A preliminary and permanent injunction prohibiting the Defendants from holding a foreclosure auction on the Property.

WHEREFORE, the Plaintiffs request that this Court enter judgment in their favor in an amount to be determined at trial, plus attorneys fees and costs, as well as the equitable and injunctive relief requested herein, and such other relief as this Court deems just and reasonable.

PLAINTIFFS HEREBY DEMAND A JURY TRIAL ON ALL COUNTS SO TRIABLE.

VERIFICATION

I, Brent J. Bertelli, state that I have read the foregoing Verified Complaint and the facts set forth therein are true, except for those stated upon information and belief and as to those I believe them to be true.


SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY this 14th day of December 2016.



Brent J. Bertelli, President
Bertelli Realty Group, Inc.

Date: December 14, 2016

RESPECTFULLY SUBMITTED,
THE PLAINTIFFS,
BERTELLI REALTY GROUP, INC. and
CB REALTY, LLC,
By their attorney,



Jesse W. Belcher-Timme, Esq.
Doherty, Wallace, Pillsbury & Murphy, P.C.
One Monarch Place, Suite 1900
Springfield, MA 01144-1900
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