IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

In re:	*	
WHISKEY ONE EIGHT, LLC	*	Case No: 15-19885-DER (Chapter 11)
Debtor	*	

* * * * * * * * * * * *

AMENDED DISCLOSURE STATEMENT IN SUPPORT OF DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE (Dated November 23, 2016)

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS AMENDED DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS AMENDED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT, BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME.

Introduction

Whiskey One Eight, LLC, the debtor and debtor in possession in the above captioned Chapter 11 case (the "Debtor"), is disseminating this amended disclosure statement (as the same may be amended or supplemented from time to time, the "Disclosure Statement") as part of its solicitation of votes to accept the Debtor's Second Amended Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code, dated as of November 23, 2016, and attached as **Exhibit 1** hereto (as the same may be amended, supplemented and modified from time to time in accordance with its terms, the "Plan").

The Debtor is a Maryland limited liability company having a principal place of business in Anne Arundel County, Maryland. The Debtor was organized by the filing of Articles of Organization with the State Department of Assessments and Taxation on or about August 9, 2005. It was organized to hold title to a valuable fifty-acre parcel, having a street address of 520 Brock Bridge Road, Laurel, Maryland 20724, commonly known as the Suburban Airport Property (the "Property") and to conduct development-related activities in connection with the Property.

The Debtor has proposed its Plan to reorganize its affairs in a manner that permits it to use the R-22 zoning designation of the Property to develop it for sale to one or more residential builders. The Plan will be funded by the proceeds of such sales, as well as Court-approved financing, if any, and litigation proceeds as described more fully below. The Plan provides for payment of Holders of Allowed Claims in full over time. As described more fully below, Holders of Allowed Claims for voting purposes are entitled to vote to either accept or reject the Plan. In connection with the solicitation of votes for the Plan, the Debtor is providing this Amended Disclosure Statement containing sufficient information for Holders of Claims to make a determination whether to vote in favor of the Plan.

In the event that the Plan is approved by at least two-thirds in amount and more than one-half in number of the Claims in a voting Class, and provided that the requirements of Section 1129 of the Bankruptcy Code are satisfied, the Court will confirm the Plan. If the Plan is confirmed by the Court and is subsequently consummated, all Holders of Claims against, and Holders of Interests in, the Debtor (including, without limitation, those Holders of Claims or Interests who do not submit ballots or who are not entitled to vote on the Plan) will be bound by the terms of the Plan, including the discharge and release provisions contained therein, as well as the Confirmation Order.

VOTING RECOMMENDATION

The Debtor believes that the Plan provides the highest and best recoveries for the Debtor's creditors and interest Holders and urges that all voting Classes vote in favor of the Plan.

IN THE OPINION OF THE DEBTOR, THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN PROVIDES THE HIGHEST AND MOST CERTAIN RECOVERY FOR CREDITORS AND INTEREST HOLDERS COMPARED TO THAT WHICH WOULD LIKELY BE ACHIEVED BY ALTERNATE MEANS FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE PLAN.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ALL STATEMENTS IN THE PLAN AND IN THIS DISCLOSURE STATEMENT CONCERNING THE HISTORY OF THE DEBTOR'S BUSINESS, THE PAST OR PRESENT FINANCIAL CONDITION OF THE DEBTOR, THE PROJECTIONS FOR THE FUTURE OPERATIONS OF THE REORGANIZED DEBTOR, TRANSACTIONS TO WHICH THE DEBTOR WAS OR IS PARTY, OR THE EFFECT OF CONFIRMATION OF THE PLAN ON HOLDERS OF CLAIMS AGAINST THE DEBTOR, ARE ATTRIBUTABLE EXCLUSIVELY TO THE DEBTOR AND NOT TO ANY OTHER PARTY.

Instructions on how to vote on the Plan are summarized in Article I.F., of this Disclosure Statement. Additional instructions are contained in the ballots sent to the voting Holders of Claims, pursuant to which the Plan can be accepted or rejected. In summary, to be counted, a ballot must be duly completed, executed and received at the address specified on the ballot by **4:00 p.m. (prevailing Eastern Time) on ___________, 2016**, unless a written extension is granted by the Debtor.

Prior to voting on the Plan, Creditors are encouraged to (a) carefully review (i) this entire Disclosure Statement, including the matters described in Article IX of this Disclosure Statement entitled "Risk Factors to be Considered" and (ii) the Plan, including any exhibits thereto, and (b) consult with their advisors (as necessary) with respect to each of the foregoing, including consequences of confirmation of the Plan.

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EXHIBIT 3 **Report and Recommendation of Examiner Regarding Claims of Andrew Zois and Red Plane Aviation, Ltd.**

EXHIBIT 4 **Debtor's Opposition to Amended Motion to Adopt in Part and Amend in Part Claim 10-1 or in the Alternative Open the Claims Filing Deadline for 30 Days to Allow the Movants to File a Timely Claim [Dkt. # 495]**

I. SUMMARY

A. Important Information about this Disclosure Statement

This Disclosure Statement contains a discussion of the Debtor's history and business, the events leading up to the Debtor's Chapter 11 Case, the Debtor's Chapter 11 Case, a summary of the Plan (including treatment that the Debtor's creditors will receive), and certain matters relating to the Plan's confirmation. On ________, 2016, the Court entered an order that, among other things, approved this Disclosure Statement as containing "adequate information" within the meaning of Section 1125 of the Bankruptcy Code [Dkt. No. __] (the "Disclosure Statement Approval Order"). The Court will separately consider whether to approve the Plan at the hearing that is scheduled for __________, 2016, at __:__ a.m./p.m. which may be adjourned from time to time (the "Confirmation Hearing").

The Disclosure Statement has been prepared pursuant to Section 1125 of the Bankruptcy Code and Rule 3016(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). The Disclosure Statement is not required nor has it been prepared pursuant to, or in accordance with, any federal or state securities laws or other similar laws. Further, the Plan and Disclosure Statement have not been approved or disapproved by the Securities and Exchange Commission or any state or local securities commission and none of these commissions have passed upon the accuracy or adequacy of the information contained herein.

This Disclosure Statement summarizes certain provisions of the Plan and certain other documents. Although the Debtor believes that these summaries are fair and accurate, the Plan and the other documents and information (as applicable) should be read for the full discussion of the relevant issues summarized herein. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or related documents, the Plan or such related documents, as the case may be, shall govern for all purposes.

Unless otherwise specified herein, the statements and information contained in this Disclosure Statement are made as of the date set forth on the cover page of this Disclosure Statement. Although the Debtor may subsequently update the information in this Disclosure Statement, it has no affirmative duty to do so. Claimants reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed.

This Disclosure Statement is being disseminated solely for the purpose of soliciting votes for the Plan and the information contained herein cannot be used for any other purpose, including for purposes of rendering any legal, financial, securities, tax, or business advice. The Debtor urges claimants to consult with their own advisors with respect to any such legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement and the Plan. Further, dissemination of this Disclosure Statement in connection with solicitation of votes does not constitute an offer to sell or the solicitation of an offer to buy securities in any state or jurisdiction in which such offer or solicitation is not authorized.

This Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation, or waiver. Rather, claimants should construe this Disclosure Statement as a statement made in settlement negotiations related to contested matters, adversary proceedings and other pending or threatened litigation or actions.

The Debtor has not authorized any party to give any information about or concerning the Plan other than the information contained in this Disclosure Statement. The Debtor has not authorized any representations concerning its affairs or the value of the Property other than as set forth in this Disclosure Statement. Claimants should not rely upon any information, representations, or other inducements made to obtain acceptance of the Plan that are other than, or inconsistent with, the information contained in this Disclosure Statement and in the

Plan. Further, claimants voting on the Plan must rely on their own analysis of the terms of the Plan, including, but not limited to, any risk factors relating to the Plan (including those discussed herein), in deciding whether to vote to accept or reject the Plan.

Although the Debtor has used its reasonable best efforts to ensure the accuracy of the information contained in, or incorporated by reference into, this Disclosure Statement, such information has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtor believes that such information reflects facts accurately, the Debtor is unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

When used in this Disclosure Statement, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Debtor believes its intentions and expectations reflected in the forward-looking statements are reasonable, it cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. All forward-looking statements attributable to the Debtor or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth in this Disclosure Statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Debtor expressly disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meaning ascribed thereto in the Plan; *provided*, *however*, that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code shall have the meaning set forth in the Bankruptcy Code.

B. Rules of Interpretation for the Disclosure Statement

For purposes of this Disclosure Statement: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neutral gender shall include the masculine, feminine, and the neutral gender; (b) any reference herein to a contract, lease, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document, schedule or exhibit, whether or not filed with the Court, having been filed or to be filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (d) any reference to an entity as a Holder of a Claim or Equity Interest includes that entity's successors and assigns; (e) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (f) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement; (g) subject to the provisions of any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and the Bankruptcy Rules; (h) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (i) unless otherwise specified herein, the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; (j) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Case, unless otherwise stated; (k) any immaterial effectuating provisions may be interpreted by the Debtor in such a manner that is consistent with the overall purpose and intent of the Plan all without further order of the Court; (l) in computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply, and if the date on which a transaction may occur pursuant to this

Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day; and (m) unless otherwise specified, all references in this Disclosure Statement to monetary figures shall refer to currency of the United States of America.

C. The Purpose of the Plan

On November 23, 2016, the Debtor filed the Plan with the Bankruptcy Court to facilitate the Debtor's reorganization and distributions of cash to Holders of Allowed Claims and Interests. A copy of the Plan is Exhibit 1 hereto and is incorporated herein by reference.

The Debtor believes that the Plan provides payment in full for Holders of Allowed Claims and Interests. **Accordingly, the Debtor recommends strongly that all Holders of Claims in Classes entitled to vote, vote to accept the Plan.**

D. Rules Governing Treatment of Claims and Interests

Only claims (including claims for administrative expenses) and equity interests that are "allowed" may receive distributions under a Chapter 11 plan. An "allowed" claim or equity interest means that the debtor agrees, or, in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, including the amount thereof, is in fact a valid obligation of or equity interest in, the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is "allowed" unless the debtor or another party in interest objects. However, Section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in a bankruptcy case even if a proof of claim is filed. These include claims that are unenforceable under the governing agreement or applicable non-bankruptcy law, claims for unmatured interest in unsecured and/or undersecured obligations, property tax claims in excess of the debtor's equity in the property, claims for certain services that exceed their reasonable value, and, nonresidential real property lease rejection damage claims in excess of specified amounts. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's schedules or is listed as disputed, contingent, or unliquidated if the Holder has not filed a proof of claim or equity interest before the deadline to file proofs of claim and equity interests.

The Bankruptcy Code requires that, for purposes of treatment and voting, a Chapter 11 plan categorize the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are typically classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests that give rise to different legal rights, the Holders of such claims and/or equity interests may find themselves as members of multiple classes of claims and/or equity interests.

THE CLASSIFICATION AND TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR AND THE POTENTIAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS AND INTERESTS UNDER THE PLAN ARE DESCRIBED IN ARTICLE IV BELOW. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND INTERESTS. THE ESTIMATED RECOVERIES SET FORTH HEREIN ARE PROJECTED RECOVERIES AND ARE, THEREFORE, SUBJECT TO CHANGE. THE ALLOWANCE OF CLAIMS AND INTERESTS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS AND ACTUAL ALLOWED AMOUNTS FOR CLAIMS AND INTERESTS MAY DIFFER MATERIALLY FROM ESTIMATED AMOUNTS IDENTIFIED IN THIS DISCLOSURE STATEMENT.

E. Parties Entitled to Vote on the Plan

Under the Bankruptcy Code, a plan proponent need not solicit votes on a Chapter 11 plan from all parties in interest. For example, pursuant to Section 1126(f) of the Bankruptcy Code, Holders of claims and interests that are unimpaired by a plan are presumed to accept such plan and, therefore, the Plan proponent is not required to solicit their votes. Additionally, pursuant to Bankruptcy Code Section 1126(g), a plan proponent need not solicit votes from Holders of claims or interests receiving no distributions under a plan as those Holders are presumed to have rejected such plan.

The following chart summarizes the classification and voting rights of Claims against and Interests in the Debtor.

CLASS	DESIGNATION	IMPAIRMENT	ENTITLED TO VOTE
1	FAIRMD Secured Claim	Impaired	Yes, if Allowed for voting purposes
2	Real Estate Tax Certificate Secured Claim	Unimpaired	No, deemed to accept
3	Non-Insider General Unsecured Claims	Impaired	Yes
4	Law Office of William F. Jones Unsecured Claim	Impaired	Yes
5	Allowed Insider General Unsecured Claims	Impaired	Yes, if Allowed for voting purposes
6	Interests	Unimpaired	No, deemed to accept

The Debtor is soliciting votes from Holders of Claims in Classes 3, 4 and 5 and Class 1 if FAIRMD holds an Allowed Secured Claim for voting purposes because such claimants are Impaired under the Plan and will receive distributions on account of their Allowed Claims. Such Holders are entitled to vote on the Plan, and will receive a solicitation package as described in further detail in Article V of this Disclosure Statement.

The Debtor **is not soliciting** votes from Holders of Claims and Interests in Classes 2 and 6 because such Holders are unimpaired. They are therefore deemed to accept the Plan and are not entitled to vote on the Plan.

For additional detail regarding the classification and treatment of Claims and Interests under the Plan, see Article IV.A. of this Disclosure Statement and Article III of the Plan.

F. Voting Deadlines and Procedures

The "Voting Record Date" is _________, 2016. The Voting Record Date is a date following the Voting Deadline on which Holders of Claims that are entitled to vote to accept or reject the Plan will be determined by the Debtor.

The "Voting Deadline" is 4:00 p.m. prevailing Eastern Time on __________, 2016. To ensure that a vote is counted, a Holder of a Claim that is entitled to vote on the Plan must: (a) complete and execute the ballot; (b) indicate a decision either to accept or reject the Plan; and (c) return the completed and executed original ballot to the address set forth on the enclosed pre-addressed envelope provided in the solicitation package or by delivery via first-

class mail, overnight courier or personal delivery, so that the ballot is actually received by the Voting Agent no later than the Voting Deadline. IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTOR IN ITS SOLE DISCRETION DETERMINES OTHERWISE.

ANY BALLOT THAT IS PROPERLY EXECUTED, BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL BE DEEMED AN ACCEPTANCE OF THE PLAN. EACH HOLDER OF A CLAIM ENTITLED TO VOTE MUST VOTE ALL OF ITS CLAIMS WITHIN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT SUCH VOTES. For additional detail regarding voting procedures and tabulation of votes, see Article V.D. of this Disclosure Statement.

Prior to deciding whether and how to vote on the Plan, each Holder in a voting Class should consider carefully all of the information in this Disclosure Statement, especially the risk factors described herein.

G. Confirmation of the Plan

The Confirmation Hearing will commence on **__________, 2016** at **__:__ a.m./p.m.** (prevailing Eastern Time) before the Honorable Judge David E. Rice in the United States Bankruptcy Court for the District of Maryland (Baltimore Division), which hearing may be continued from time to time. Additional information regarding the Confirmation Hearing and filing objections to confirmation of the Plan is set forth in Article VII.B and Article VII.C. of this Disclosure Statement.

II. OVERVIEW OF THE COMPANY

A. Company Overview

The Debtor was formed for the purpose of "real estate investment," by the August 9, 2005 filing of Articles of Organization, in order to hold title to the Property and conduct other development-related activities in connection with the Property. The Debtor's members entered into an Operating Agreement on August 10, 2005, which was amended and restated on March 29, 2007. In 2011, the zoning density of the Property was increased, but since then, it has not been developed. Instead, the Property has sat virtually idle as disputes among its members have wound their way through various courts. Once debtor in possession or exit financing is in hand, the Debtor will proceed with development efforts.

As of the Petition Date, the Debtor's members were as follows:

Name	Status	% Interest
Andrew Zois ("Zois")	Manager and Member	25.0
Theresa Polm ("T. Polm")	Member	37.5
Richard Polm ("Polm")	Member	37.5

B. Company Assets

As of the Petition Date, the Debtor's assets consisted of the Property and various causes of action for damages against Polm and others acting with him to cause harm to the value of the Property and the Debtor's interests in it. The Debtor is also landlord to an Insider

accommodation tenant for nominal rent that operates the Suburban Airport and maintains and insures the Property.

C. **Events Leading to Chapter 11 Case**

1. At all times since the Debtor's organization on August 9, 2005, Polm, the Debtor's original and then-serving manager, was to provide the funds to acquire, rezone and develop the Property to receive an approved subdivision plat. Zois was to obtain increased zoning, develop the Property and obtain final sub-plat authority needed in order to maximize value and sell parcels of the Property to one or more builders.

2. On February 25, 2003, Bay Country Land Company ("Bay Country"), an entity owned and controlled by Polm, entered into a contract to purchase the Property. Closing on the contract was to occur within four years from the date of the contract. The Debtor acquired the right to purchase the Property based on an assignment of the contract from Bay Country. The Debtor ultimately consummated the purchase of the Property. It continues to be the titled owner of the Property. At the time of purchase, the Property was zoned R1, allowing for its development to accommodate between 22 and 25 lots upon which single family homes could be built.

3. Soon after the contract to purchase the Property was signed, Zois and Polm began efforts to have the Property rezoned. In order to have the Property rezoned the following steps were required: (a) legal adoption of the County Land-Use Maps officially revising the Property's permitted land-use designation from "transportation" to "high density residential", (b) officially revising the County Zoning Maps for the Property to amend its zoning designation from R1 to the higher density zoning classification of R15, and (c) having the Property legally adopted into the public water and sewer service area. In managing the initial rezoning effort, Polm intended to rezone the Property from R1 to R15, and to develop the land into a 641-unit residential community, dramatically increasing the value of the Property. This effort failed; however, as a result of Zois's subsequent management efforts from 2005 through May of 2011, the Property was successfully rezoned from R1 to R22, and consequently set to be developed by Zois into a 1,012-unit residential community. This R1-to-R22 rezoning dramatically increased the Property's value, even far beyond the value it would have attained had the R15 classification been granted.

4. On or about January 31, 2007, the Debtor closed on the purchase of the Property. At the time the Debtor purchased the Property, Polm-owned Polm Development Limited Partnership ("PDLP"), acting as the borrower, obtained a $5 million line of credit from Severn Savings Bank, FSB ("SSB") for the express purpose of acquiring and developing the Property. The SSB line of credit (the "Severn Loan") was guaranteed originally by Polm, T. Polm, Zois, and the Debtor. When it extended the line of credit, SSB obtained an Indemnity Deed of Trust on the Suburban Airport Property (the "IDOT") to secure the Debtor's guarantee obligation. The initial advance by SSB to PDLP of $1,042,772.43 was used to fund the Debtor's purchase of the Suburban Airport Property. Later in 2007, SSB made additional substantial advances to PDLP, which, despite the terms of the loan documents, were not used to develop the Suburban Airport Property or benefit the Debtor. Ultimately, on October 31, 2007, as required under the loan documents, the entire balance of the line of credit was repaid such that nothing was owed to SSB by PDLP.

5. Thereafter, despite the Severn Loan never again being paid off each year as required in the Master Loan Agreement, SSB continued to make additional advances under the line of credit of more than $5.3 million, which, again, were never used to develop the Suburban Airport Property or benefit the Debtor. The Debtor recently discovered that none of the advances from Severn were made to PDLP but, instead, were made to Polm and to other Polm related entities and or creditors. Indeed, the millions of dollars in funds were squandered by Richard Polm for his personal aggrandizement and self-dealing purposes, either to benefit his

numerous solely-owned entities or to fund his profligate lifestyle, which included the purchase of multiple exotic sports cars, speed boats, and show horses.

6. Once the SSB line was maxed out, PDLP was unwilling to pay down the credit line as required under the loan documents. Pursuant to various loan modification and letter agreements providing SSB with three additional guarantees by entities owned by Polm (the "Utility Companies"), SSB agreed to extend the maturity of the SSB line of credit to January 1, 2015.

7. On or about January 16, 2015, FAIRMD, LLC ("FAIRMD") acquired the participation interests of the various lenders holding 95% of the SSB line of credit. In connection with this transaction, SSB released the Utility Companies' guaranties and accepted as their substitute the guaranty of 70 Chips, LLC ("70 Chips"), another entity owned by Polm that owns a note receivable in excess of $3.6 million and, it alleges, valuable Anne Arundel County School Seat rights as well.

8. Despite Zois's best efforts to negotiate on Debtor's behalf, with SSB and FAIRMD to refinance the SSB line of credit and avert a bankruptcy, FAIRMD filed a foreclosure action against the Debtor and the Property in the Circuit Court on June 22, 2015. FAIRMD acquired the remaining 5% participation interest in the credit line from SSB on July 13, 2015. The Debtor filed a voluntary Chapter 11 petition in this court on July 15, 2015. FAIRMD immediately filed a motion to dismiss the Debtor's Chapter 11 case. After a lengthy hearing on FAIRMD's unsuccessful motion to dismiss held in this court on August 13, 2015, it came to light for the first time in Richard Polm's testimony that he effectively owns a 90% equity interest in FAIRMD. The Debtor later discovered that the remaining 10% of FAIRMD is owned by Fairlake Street Capital ("Fairlake"), the entity that lent the money to FAIRMD that it used to acquire the Severn Loan from SSB.

9. Among other things, the documentation for the Severn Loan (the "Severn Loan Documents") included a Master Loan Agreement (the "Master Loan Agreement"), a Promissory Note in the principal amount of $5 million (the "Severn Note"), the IDOT, the guaranties of the Debtor, Zois, Polm, T. Polm, and, later, of 70 Chips (the Guaranty Agreement executed by the Debtor is referred to herein as the "Whiskey Guaranty") and a Limited Liability Company Certificate of Authority to Guaranty (the "Whiskey Certificate"). The IDOT specified:

> LENDER whose address is 200 Westgate Circle, Suite 200, Annapolis, MD 21401, has made a loan to POLM DEVELOPMENT LIMITED PARTNERSHIP (the "BORROWER") in the principal amount of Five Million and 00/100 Dollars ($5,000,000.00) (hereinafter sometimes referred to as the "Loan"), *the proceeds of which are intended to be used to improve the Property, as hereinafter described…*" Emphasis supplied.
>
> The Whiskey Certificate provided in pertinent part:
>
> This Company desires to induce LENDER to make, extend or continue loans, lines of credit and other financial accommodations to OBLIGOR because it is in the best interest of this Company in that this Company will receive an advantage and benefit from each and every loan, line of credit, letter of credit and other financial accommodation made by LENDER to OBLIGOR…

10. Despite the fact that Zois repeatedly requested the financial books and records of the Debtor, and despite the fact that as a member of the Debtor he was entitled to review the financial books and records, Polm refused to provide him with access for a number of years. Zois then litigated successfully to obtain the Debtor's financial books and records. Upon

his review of the Debtor's financial books and records, Zois discovered that Polm was using most of the proceeds of the Severn Loan to fund other development projects in which Polm had an interest and also for the purchase of personal assets to support his lavish lifestyle. After Zois made this discovery, he and T. Polm removed Polm as the Debtor's manager by written action dated October 9, 2013, and authorized Zois to act as the Debtor's Manager going forward. Zois remains the Debtor's Manager as of the current date.

11. The Debtor was induced into signing the Whiskey Guaranty based on the representations and actions of Polm, PDLP through its general partner, Bay Country, and Severn that the proceeds of the Severn Loan would be used solely for the purpose of acquiring and developing the Property. As set forth in the IDOT, it was represented to the Debtor and its other members that the Severn Loan's sole purpose was to fund the acquisition and development of the Property. While Polm, PDLP and Severn represented these facts to the Debtor and its other members, Severn privately communicated to PDLP and Polm that they were free to use the funds for any purpose that they saw fit.

12. Had the Debtor's majority members known that the proceeds of the Severn Loan would be used for purposes other than development of the Property they would have refused to sign the Whiskey Guaranty and Whiskey Certificate, and would not have authorized the IDOT.

13. As a result of being fraudulently induced into signing the Whiskey Guaranty based on representations that draws against the Severn Loan would be used for the acquisition and development of the Property, the Debtor asserts that it is not responsible to pay amounts due that were not used for the stated purpose. An adversary proceeding is now pending before the Bankruptcy Court to determine the validity of FAIRMD's claim against the Debtor and seeking damages against FAIRMD and related parties for harm caused by them to the Debtor.

14. As for the roughly $1.04 million in total loan proceeds which were properly used for the acquisition and development of the Property, because the entire borrowed amount was fully repaid on October 31, 2007, the Debtor asserts that the entirety of FAIRMD's claim is conclusively unrelated to the Debtor.

15. FAIRMD's purchase of the Severn Loan was for the benefit of Polm to the detriment of the Debtor and other co-guarantors of the Severn Loan. Through FAIRMD, Polm borrowed sufficient funds from Fairlake to have paid off the Severn Loan had he chosen to do so. Instead, Polm hid behind the façade of FAIRMD to cloak the fact that the IDOT and the equity in the Property had merged. There can be little doubt that Polm sought the lion's share of the upside in the Property's equity for himself. All that was required was to provide a token share in FAIRMD to Fairlake.

16. To facilitate his acquisition of the Property, Polm and Severn orchestrated a loan from Fairlake to FAIRMD in the principal amount of $7,247,116 (the "Fairlake Loan"). Polm guaranteed the Fairlake Loan, as did 70 Chips on a subordinated basis to FAIRMD, and the Utility Companies. Polm and 70 Chips pledged valuable assets to secure repayment of the Fairlake Loan, as did at least one of the Utility Companies.

17. Polm's intention to acquire the Property for himself to the exclusion of the Debtor and the other members of the Debtor is evidenced by the fact that he authorized FAIRMD to docket a foreclosure action against the Debtor in the Circuit Court for Anne Arundel County, Case No. C-02-CV-15-002028 on June 22, 2015, and when the Debtor filed this bankruptcy case to stop the foreclosure from going forward, causing FAIRMD to file a motion to dismiss the Debtor's case.

III. THE DEBTOR'S CHAPTER 11 CASE

As stated above, the Debtor commenced its Chapter 11 case on July 15, 2015 (the "Petition Date"). Summarized below are certain key events that have occurred during the Chapter 11 case.

A. The Petition and Retention of the Debtor's Professionals

On the Petition Date, the Debtor filed its voluntary petition, required disclosures and an application for authority to retain Yumkas, Vidmar, Sweeney & Mulrenin, LLC[1] as counsel to the Debtor.

B. Motion to Dismiss filed by FAIRMD, LLC and Related Parties

On the Petition Date and within a few hours of the filing of the bankruptcy case, FAIRMD launched the first of its many hostile actions to try to prohibit the Debtor from reorganizing by filing a Motion to Dismiss the Bankruptcy Case (the "Motion to Dismiss") [Dkt. # 7], along with a request to the Bankruptcy Court to consider the Motion to Dismiss on an expedited basis because of some unspecified emergency that, it alleged, warranted prompt consideration and relief. After denying FAIRMD's motion for expedited consideration, the Debtor filed an opposition to the Motion to Dismiss in due course, and on August 13, 2015, the Bankruptcy Court held an evidentiary hearing on its merits. At the conclusion of the hearing, the Court ruled that the Motion to Dismiss lacked any legitimate basis and entered an order denying it. Indeed, at the hearing, FAIRMD failed to even establish that it was the Holder by purchase of the Severn Loan.

During Polm's cross examination testimony in support of the Motion to Dismiss, the Debtor and the Bankruptcy Court learned, for the first time, that FAIRMD was ninety percent (90%) owned by Polm through a solely owned entity, and that FAIRMD's asserted claim against the Debtor was based, in part, on a fraudulent Deed of Trust or, alternatively, that Polm spent the proceeds of the Severn Loan on himself and in violation of the plain language of the Severn Loan Documents, including the Deed of Trust. By learning of extraordinary information, the Debtor decided that it needed to conduct discovery in order to determine the extent of defenses and affirmative claims against FAIRMD, Polm and related entities.

C. Meeting of Creditors

The meeting of creditors pursuant to Section 341 of the Bankruptcy Code was held on August 19, 2015 at the Office of the United States Trustee. FAIRMD's hostility continued unabated as its questioning of the Debtor's Manager, Zois, went on for hours – an extraordinary length of time for so ordinary a proceeding – particularly when considering that Polm was, for all intents and purposes, the Holder of the overwhelming majority interest in FAIRMD, the entity formed so that Polm could foreclose on the Property in breach of fiduciary duties he owed to the Debtor as an Interest Holder. The Debtor answered all appropriate inquiries for which it possessed information at that time and thereafter provided all information requested of it to the Office of the United States Trustee.

D. Schedules and Statement of Financial Affairs

The Debtor filed its Schedules on July 29, 2015 and filed amendments to update information as it was learned or developed on December 1, 2015, December 2, 2015 and December 3, 2015. The Debtor filed its Statement of Financial Affairs on July 29, 2015 and filed an Amended Statement of Financial Affairs on October 30, 2015.

[1] On October 1, 2015, Yumkas, Vidmar & Sweeney, LLC changed its name to Yumkas, Vidmar, Sweeney & Mulrenin, LLC.

E. Discovery

The Debtor sought and obtained Court orders overruling objections and approving the 2004 examinations (the "2004 Exam Orders") of, and document productions from, Polm, PDLP, Rose Carroll, FAIRMD, Fairway Capital Partners, L.P. ("Fairway"), Severn Savings Bank, F.S.B. and its chairman and CEO Alan Hyatt, Steven J. Rosenberg ("Rosenberg"), and Charles F. Delavan, Esquire. The Debtor reviewed thousands of pages of documents produced pursuant to its 2004 examination subpoenas, but did not have time to complete its review or to conduct any of the examinations in advance of the hearings on (i) the Debtor's motion for authority to obtain debtor in possession financing; (ii) PDLP and Polm's motion (which was joined by FAIRMD) to appoint a trustee; and (iii) various other motions. The Debtor is continuing to review the document productions and determining how to proceed on the same. These efforts have allowed the Debtor to develop the facts necessary to raise defenses to FAIRMD's asserted secured claim and to seek damages from Richard Polm and those parties that the Debtor asserts aided and abetted his tortious acts against the Debtor.

F. Debtor in Possession Financing

On October 16, 2015, the Debtor filed a Motion for Order (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Loan Proceeds, (II) Granting Priming Lien and Super-Priority Claims, and (III) Granting Related Relief (the "DIP Financing Motion") [Dkt. # 114]. The Debtor sought financing primarily to obtain funds to develop the Property through final sub-plat approval over a period of 36–48 months, which would at least triple the Property's approximately $14 million market value and ensure that all of the Debtor's Creditors would be paid in full. Additionally, the debtor in possession credit facility would be used to, among other things, pay ordinary course expenses and costs of administering the Debtor's Chapter 11 case, including financing a plan of reorganization. In total, the Debtor sought authorization to obtain $5,182,000 of debtor in possession financing from Forman Capital, LLC, or an affiliate thereof (collectively, "Forman Capital" or "Forman").

Prior to filing its DIP Financing Motion, the Debtor explored numerous other potential sources of debtor in possession financing in an effort to satisfy the Bankruptcy Code's requirements. The Debtor's search for funding included soliciting the Debtor's then-existing lender and members for financing options. The only party that expressed an interest in providing financing was Rosenberg on behalf of either FAIRMD or Fairlake, the managing member, in name, of FAIRMD. Its proposal required the Debtor to provide a complete release of Polm from several years of ongoing litigation against him, his reinstatement as manager of the Debtor, and a transfer to the lender of an equity stake of 70%, more or less, in the Debtor. Unwilling to give up such value and equity for such an ephemeral upside, particularly with the self-dealing Polm at the helm, the Debtor rejected the proposal.

The Debtor, with the assistance of its professionals, also solicited proposals from twenty-five financial institutions and other lending sources. Most declined to submit a proposal because of various factors including, but not limited to: (1) the Debtor's inability to make debt service payments; (2) an institutional-investor bias against making loans secured by undeveloped land; and/or (3) a reluctance to deal with or lend to any company owned, in part, by Polm. Others made proposals with terms less favorable than the Forman Capital proposal. Thus, after evaluating its alternatives, the Debtor determined in its business judgment that Forman Capital's proposal would afford it the best opportunity to successfully reorganize, and sought appropriate relief from the Court in the form of its DIP Financing Motion.

FAIRMD opposed the Debtor's DIP Financing Motion and mounted an attack against the Debtor, the Debtor's Manager and all of the Debtor's witnesses. FAIRMD began its unsuccessful quest for an order denying the DIP Financing Motion by filing an objection (the "Objection") [Dkt. # 127] in which it substantively argued that: (1) FAIRMD would not be adequately protected by the proposed terms of Forman Capital's financing; and (2) financing on

better terms was available to the Debtor since FAIRMD was willing to provide its own proposal to provide DIP financing.

During the lengthy hearings on the DIP Financing Motion, the Court heard testimony from members of the Debtor, employees of Polm, competing appraisers, and numerous experts. Additionally, the parties presented numerous exhibits to the Court for review and consideration. After almost two weeks of non-consecutive hearing days related to the DIP Financing Motion, the Court entered an Interim Order (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Loan Proceeds, (II) Granting Priming Lien and Superpriority Claims, and (III) Granting Related Relief (the "Interim DIP Financing Order"). Pursuant to this Interim DIP Financing Order, Forman Capital could, upon satisfactory completion of due diligence and successful negotiation of loan documents, make a $5,182,000 term loan to the Debtor, *inter alia,* to fund the Debtor's business operations.

Despite the Debtor promptly paying the authorized deposit, providing all requisite information, and fulfilling all of its other obligations under the approved Forman Capital Term Sheet, Forman delayed for a month from commencing its due diligence in earnest. Additionally, Forman demanded significantly more deposit funds to pay for its feasibility work, which the approved Term Sheet expressly required Forman to pay for with the initial, court-approved deposit. When urged by the Debtor to hasten its efforts and account for its use of the deposit, Forman chose instead to withdraw from being a lender to the Debtor.

The Debtor demanded and obtained the return of $25,000 of its payment to Forman and commenced negotiating with other potential lenders, including Gibraltar Capital and Asset Management, LLC ("Gibraltar" or "DIP Lender"). The Gibraltar negotiations led to a signed DIP loan Term Sheet that was disclosed to the Court in the Debtor's Second Line supplementing the DIP Motion that it filed with the Court on February 17, 2016 [Dkt. # 259] (the "Gibraltar Term Sheet"). The Debtor paid the required $25,000 deposit to Gibraltar and Gibraltar promptly and professionally conducted due diligence. As a result, Gibraltar decided to offer a DIP loan to the Debtor (the "DIP Facility") pursuant to the terms of the loan documents that were described in and attached as exhibits to the Debtor's Motion for Final Order (the "Final DIP Order") (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Loan Proceeds, (II) Granting Priming Lien and Super-Priority Claims, and (III) Granting Related Relief pursuant to Sections 363 and 364 of the United States Bankruptcy Code (the "Gibraltar DIP Motion"). The Gibraltar DIP Motion seeks approval of a DIP loan from Gibraltar in the amount of up to $6,210,000 that the Debtor needs to develop the Property, complete this bankruptcy case, and continue pursuing its valuable litigation described below.

After a hearing on the Gibraltar DIP Motion, the Court entered an Order Denying Motion For Approval Of Postpetition Financing Under § 364(b), Rule 4001(c) or (d). On June 21, 2016, the Debtor filed a Motion to Alter or Amend Order Denying Motion for Approval of Postpetition Financing (the "Motion to Alter or Amend"). The Court held a hearing on the Motion to Alter or Amend on July 13, 2016 and on July 15, 2016 entered an order denying it.

The Debtor asserts that upon the Court's disallowance of FAIRMD's Claim, or alternatively, with FAIRMD's consent to financing, it would promptly have all of the financing needed to fund its Plan.

G. Specified Litigation with Polm and Related Parties

Throughout this bankruptcy case, the Debtor has sought to bring and consolidate disparate litigation against Polm and parties that the Debtor asserts assisted his tortious conduct against the Debtor in this Court by removing or initiating actions here. The first such action began with a complaint filed by the Debtor's Manager, individually and derivatively on behalf of the Debtor, in the Circuit Court for Anne Arundel County against Polm, PDLP, 70 Chips, and the Debtor on July 16, 2013 (Case No. 02C13180038) (the "State Court Action"). The State Court

Action included claims against Polm for his misappropriation of approximately $3.3 million of funds meant for the Debtor's development of its valuable real estate.

Upon the Debtor's bankruptcy filing, the Manager's pending derivative claims became property of the estate, which gave the Debtor the exclusive authority to determine how, when and whether to pursue these claims. In its discretion, the Debtor and the Debtor's Manager filed a Joint Motion to Confer Authority on Manager to Continue State Court Action for Derivative Relief on Debtor's Behalf [Dkt. # 37] (the "Derivative Motion"). In the Derivative Motion, the parties sought to have the Debtor's Manager continue to pursue the derivative claims in state court with any damages awarded on the derivative claims to become property of the estate. Polm and PDLP successfully opposed the Derivative Motion, the Court having found that it would be preferable for the Debtor to have its own counsel pursuing claims held by the Debtor.

As a result, the Debtor intervened in the State Court Action directly in order to adequately protect its rights. On September 30, 2015, the state court entered an Order Granting [Debtor's] Motion to Intervene over Polm's ironic objection. Once the Debtor intervened, it sought to remove the State Court Action to Bankruptcy Court under 28 U.S.C. § 1452 based on its relatedness to the Debtor's bankruptcy case (Dkt. # 1, Adversary Proceeding No. 15-00500).

Only one week after the Debtor had filed its Notice of Removal of Entire State Court Action, 70 Chips, Polm, and PDLP filed a Motion for Remand, or to Abstain from Hearing, Removed State Court Action [Dkt. # 7, Adversary Proceeding No. 15-00500] (the "Motion for Remand"). In the Motion for Remand, the movants argued that the grounds for mandatory and permissive abstention were present. The Court has since denied remand and abstention as to the Debtor.

The bankruptcy Claims and other additional claims that are related to the removed State Court Action claims form the basis of Adversary Proceeding No. 15-00621. In Adversary Proceeding No. 15-00621, the Debtor filed claim objections, counterclaims and third-party claims. The Debtor objected to the claims of FAIRMD (Claim No. 3), PDLP (Claim No. 5) and Polm (Claim No. 9). Each of these claims is objectionable because (1) each fails to establish prima facie evidence of the validity and amount of the claim by failing to comply with Federal Rule of Bankruptcy Procedure 3001; (2) each fails to fully and properly account for the amount claimed to be owed in sufficient detail; and (3) the Debtor has substantial defenses and counterclaims related to each. In addition to the claim objections, the Debtor filed counterclaims against FAIRMD, PDLP, and Polm for fraud in the inducement, declaratory judgment/breach of contract (FAIRMD only), breach of fiduciary duty, civil conspiracy, aiding and abetting, unjust enrichment (Polm and PDLP only), indemnification (Polm and PDLP), contribution (Polm) and equitable subordination. Polm and PDLP answered the Debtor's complaint. FAIRMD filed a motion to dismiss, which the Court granted with leave to amend Count III. Subsequently, the Debtor filed an Amended Counterclaim against Polm and PDLP for fraud in the inducement, breach of fiduciary duty, civil conspiracy, aiding and abetting, unjust enrichment, and indemnification. Additionally, it contains a count against Polm for contribution. As to FAIRMD, the Amended Counterclaim contains counts for tortious interference with contract, tortious interference with business/economic relationship, breach of fiduciary duty, and objection to amended claim of FAIRMD. FAIRMD filed a Motion to Strike or Dismiss Amended Counterclaim and Claim Objection.

In addition to its claim objections and counterclaims, the Debtor filed third-party claims against Severn, Fairlake, Rosenberg, WaterEdge, 70 Chips, JDL, LDJ, Repco, and Crystal River. The Debtor sued each of these third-party defendants for civil conspiracy and aiding and abetting. Additionally, the Debtor sued: (1) Severn for fraud in the inducement and declaratory judgment/breach of contract; (2) Fairlake for unjust enrichment; and (3) WaterEdge for breach of fiduciary duty and unjust enrichment. The third-party defendant except for Fairlake and Rosenberg filed answers. Fairlake and Rosenberg filed a joint motion to dismiss and the Court entered an Order Dismissing Counts IV, V and VI of the Third-Party Compliant as Against Fairlake Street Capital. LLC and Steven J. Rosenberg.

Severn filed a motion for judgment on the pleadings in connection with the allegations advanced against it. Thereafter, the Debtor filed a motion for leave to amend its third party complaint against Severn, Wateredge, 70 Chips, JDL, LDJ, Repco and Crystal River. The motion for leave was granted by the Court by order dated August 23, 2016. The amended third party claim was filed on August 23, 2016 and Severn and the other defendants named therein have answered.

FAIRMD filed a motion to dismiss or strike the amended counterclaim and claim objection and Polm and PDLP both filed motions to strike in connection with that pleading. On August 12, 2016 the Court denied both motions in separately filed orders. FAIRMD, Polm and PDLP have each filed answers to the amended counterclaim and claim objection.

The Debtor filed a motion for summary judgment against FAIRMD on September 16, 2016. FAIRMD responded in a series of filings on November 18, 2016 with an opposition to Debtor's motion for summary judgment and its own cross motion for summary judgment. The Debtor's response to the cross motion for summary judgment is currently due on December 5, 2016.

The Debtor also filed a Complaint for civil conspiracy and aiding and abetting against Fairway, Fairlake, and Rosenberg, and a count for unjust enrichment against Fairway and Fairlake. Fairlake, Fairway, and Rosenberg filed a motion to dismiss the Complaint. The Debtor also filed an Amended Complaint against Fairway, Fairlake, and Rosenberg for tortious interference with contract, tortious interference with business/ economic relationship, civil conspiracy, and aiding and abetting. On August 19, 2016, the Court entered an order denying the Defendants' motion to dismiss. A review of the Court's order denying the Motion to Dismiss is informative to parties considering whether to vote to confirm or reject the Plan and so is attached as **Exhibit 2** hereto.

The Debtor, as third-party plaintiff, also filed an Amended Counterclaim. 70 Chips LLC, Crystal River Water Company, JDL Utilities, Inc., LDJ Investments, LLC, Richard E Polm, Polm Development Limited Partnership, Repco Utilities, Inc., WaterEdge Corporation have filed a Motion to Strike Amended Counterclaim, which the Debtor opposed. Meanwhile Severn filed a Motion for Judgment on the Pleadings, which the Debtor also opposed and the Court entered an Order denying Severn's Motion for Judgment on the Pleadings on August 23, 2016.

The Debtor also filed an objection to Bay Country's Claim (Claim No. 8) and counterclaims against Bay Country. The Debtor objected to Bay Country's claim for the same reasons it objected to the claims of FAIRMD, Polm, and PDLP. The counterclaims against Bay Country are for indemnification, fraud in the inducement, breach of fiduciary duty, civil conspiracy, aiding and abetting, and unjust enrichment. The Bay Country claim objection and counterclaims are the subject of Adversary Proceeding No. 15-00675. Bay Country has answered the Complaint. The Court has issued a scheduling order and trial is set to commence on July 17, 2017. Discovery concludes on January 16, 2017.

Additionally, the Debtor filed a Complaint for fraud in the inducement, breach of fiduciary duty, civil conspiracy, aiding and abetting, unjust enrichment, indemnification, and contribution against the following entities owned or controlled by Polm: (1) American Classic Communities, LLC; (2) Annesley Development Corporation; (3) Brock Bridge Road, Incorporated; (4) Chapel Farms, LLC; (5) Concourse Investments, L.L.C.; (6) CR Property Company, Inc.; (7) Daniel's Purchase Development Corporation; (8) Duckett Acres, Inc.; (9) Duckett Farm, LLC; (10) Fieldstone, LLC; (11) Hole-in-One, Limited; (12) Hopkins Manor, LLC; (13) Kinder Development Corporation; (14) Kowinsky Farm, LLC; (15) One Eyed Horse, LLC; (16) Polm Family Foundation, Inc.; (17) Mulligan Farm, LLC; (18) Realm Enterprises, Inc.; (19) Rutland Development, LLC; (20) Seven Wells Development; (21) Severn Run, LLC; (22) Steamboat Creek, LLC; (23) Stick & Rudder, LLC; (24) Water Required, LLC; (25) Whiskey Brothers, LLC; and (26) Wolfepack, LLC. All of these defendants except for One

Eyed Horse, LLC filed a joint answer. Upon information and belief, One Eyed Horse is now a shell company with no assets of value. All of the Defendants have answered the Complaint. The Court has issued a scheduling order and trial is set to commence on July 17, 2017. Discovery concludes on January 16, 2017.

In the interest of preserving judicial economy and because of the similarity of facts and issues involved, the Debtor moved to consolidate Adversary Proceeding No. 15-00500 with Adversary Proceeding No. 15-00621. The Court entered an order consolidating the Debtor's claims from Adversary Proceeding No. 15-00500 with Adversary Proceeding No. 15-00621.

Proceeds generated by settlement or damages collected by the Debtor from the Specified Litigation, if any, shall be used first to fund the Debtor's obligations under the Plan, and then as operating capital.

The defendants in each of these proceedings deny liability.

H. Polm and PDLP's Trustee and Examiner Motions

On November 6, 2015, only two days after learning that the Court had denied the Motion by Polm and PDLP to postpone consideration of the Debtor's pending motion for authority to obtain debtor in possession financing on the principal ground that moving forward as scheduled would interfere with Polm's alleged vacation plans, Polm and PDLP filed the Motion of Richard E. Polm and Polm Development Limited Partnership to Appoint a Chapter 11 Trustee (the "Trustee Motion"). FAIRMD later joined as a party to the Trustee Motion. The United States Trustee never joined in the Trustee Motion.

In support of the Trustee Motion, Polm and PDLP asserted that grounds existed for the appointment of a trustee because Zois, the Debtor's Manager, and the Holder of a twenty-five percent equity interest in the Debtor, was not disinterested and had impermissible conflicts of interest relating to (i) his asserting a claim against the Debtor; (ii) his status as an equity interest Holder in the Debtor; (iii) his status as the Debtor's prepetition Manager, (iv) his ownership of Red Plane Aviation, Ltd. ("Red Plane Aviation"), an accommodation tenant of the Debtor; (v) his pursuing claims on the Debtor's behalf derivatively until this Court directed the Debtor to intervene in order to pursue the Debtor's valuable causes of action against Polm; (vi) his apparent failure to schedule a claim against the Debtor for One Eyed Horse, LLC; and (vii) his preliminary work creating, a website describing his work in connection with the development of Riverwood, the Debtor's Property.

After a hearing on the Trustee Motion and the Debtor's Opposition thereto, the Court entered an Order Denying Motion of Richard E. Polm and Polm Development Limited Partnership to Appoint a Chapter 11 Trustee. In its order, the Court required the Debtor to file a motion to appoint a claims examiner for the limited purposes of: (i) reviewing claims identified by the Court; (ii) making recommendations to the Court with respect to objections to the claims identified; and (iii) otherwise assisting the Court in a limited capacity if and as the Court deems necessary. The Debtor filed such a motion and the Court granted it, designating Claim Nos. 10 and 12 for investigation and appointing Maria Chavez-Ruark as Examiner. Ms. Ruark timely conducted an investigation and issued a report. The Report is **Exhibit 4** hereto and is incorporated herein by reference.

On or about August 12, 2016, FAIRMD filed a Motion for the Reappointment of the Examiner or, in the Alternative, Appointment of a Chapter 11 Trustee in order to follow up on the Debtor's behalf on issues raised in her report. The Debtor filed a limited objection indicating its consent to the reappointment, but seeking to limit the scope of the Examiner's responsibilities. Due to various consensual stays, the Court has not yet ruled on the Examiner Motion.

I. Kling and Mastromarco Dispute

On October 18, 2016, two law firms that previously represented Andrew Zois filed an amended motion seeking to adopt and become a party to Andrew Zois's proof of claim filed in this Bankruptcy case. Rather than characterizing the motion here, the Debtor's Opposition to the Motion is **Exhibit 4**, hereto and is incorporated herein by reference. Suffice it to say, the Debtor asserts that the motion lacks merit and that the movants have no claim against the Debtor.

IV. SUMMARY OF PLAN PROVISIONS

A. Summary of Claim and Interests Treatments under the Plan

Set forth below is a summary of the classified and unclassified Claims and Interests as well as their respective treatment under the Plan. For a detailed description of the classified and unclassified Claims and Interests, as well as their respective treatment under the Plan, see Articles 3 and 5 of the Plan. To the extent that any provisions in this Article conflict with the Plan, the provisions of the Plan control.

1. <u>Unclassified Claims</u>

In accordance with Section 1123(a)(1) of the Bankruptcy Code, the Debtor has not classified Administrative Claims, Priority Tax Claims, and Professional Fees.

(a) *Administrative Claims*

The Debtor estimates that as of the filing date of this Disclosure Statement, it has accrued administrative fees relating to professional expenses of approximately $1.5 million, including fees relating to the Court approved Examiner, the Debtor's counsel, appraiser and interest rate expert. All of these fees are subject to further court approval and may be allowed in whole or in part. Except to the extent that a Holder of an Allowed Administrative Claim and the Debtor or the Reorganized Debtor, as applicable, agree in writing to a less favorable treatment, a Holder of an Allowed Administrative Claim (other than a DIP or Exit Loan Claim, if any, which shall be subject to Section 3.2 the Plan) shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, one or more Distributions in an aggregate amount equal to the unpaid portion of such Allowed Administrative Claim from and to the extent of (i) proceeds of the DIP or Exit Loan, if any, and/or (ii) Net Sale Proceeds on the first (1st) Business Day following the last to occur of the following: (a) the Effective Date, (b) the date that is thirty (30) calendar days after the date such Administrative Claim becomes an Allowed Administrative Claim, (c) the date on which such Allowed Administrative Claim becomes due according to its terms, (d) a date that is otherwise ordered by a Final Order of the Bankruptcy Court, and (e) the closing of the DIP or Exit Loan or sale, as applicable; provided, however, that Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the Debtor or liabilities arising under loans or advances to or other obligations incurred by the Debtor, whether or not incurred in the ordinary course of business, shall be paid by the Debtor in the ordinary course of business, in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions without any further action by the Holders of such Allowed Administrative Claims for which Bankruptcy Court approval is required pursuant to the Bankruptcy Code.

Except as otherwise provided by the Plan, any request for the payment of an Administrative Claim that is not filed and served within thirty (30) days after the Effective Date shall be Disallowed automatically without the need for any objection from the Debtor or Reorganized Debtor, as the case may be, and the Holder of such Administrative Claim shall be enjoined from commencing or continuing any action, process or act to collect, offset or recover on such Claim against the Debtor or Reorganized Debtor, as applicable.

(b) *DIP or Exit Loan Claim.* If and to the extent that the Court enters a DIP or Exit Order.

DIP or Exit Loan Claim. The Holder of the DIP or Exit Loan Claim, if any, shall be paid in accordance with the terms and subject to the conditions of the DIP or Exit Order and the DIP or Exit Loan Documents without any further action by the Holder of such DIP or Exit Loan Claim. Except to the extent that the Holder of a DIP or Exit Loan Claim agrees to a less favorable treatment, a DIP or Exit Loan Claim shall survive the Effective Date and neither the obligation nor the liens securing them shall be discharged, cancelled or released or subordinated in priority pursuant to the Plan or the Confirmation Order.

(c) *Professional Claims.* Except to the extent that a Holder of an Allowed Professional Claim and the Debtor or the Reorganized Debtor, as applicable, agree in writing to a less favorable treatment, an Allowed Professional Claim shall be paid in accordance with Section 3.1 of the Plan, except as otherwise expressly provided in the following subsections:

Final Fee Applications. A final request for payment of Professional Claims must be filed no later than thirty (30) days after the Effective Date. The Allowed Amount of any such Professional Claim and expenses shall be determined by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and prior orders of the Bankruptcy Court.

Post-Confirmation Date Retention. Upon the Effective Date, any requirement that Professionals comply with Sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor shall employ and pay Professionals in the ordinary course of business (including the reasonable fees and expenses incurred by Professionals in preparing, reviewing, prosecuting, defending, or addressing any issues with respect to final fee applications).

(d) *Priority Tax Claims*

Except to the extent that a Holder of an Allowed Priority Tax Claim and the Debtor or the Reorganized Debtor, as applicable, agree in writing to a less favorable treatment or otherwise determined by an order of the Bankruptcy Court, a Holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Priority Tax Claim shall receive, at the option of the Debtor or Reorganized Debtor, as the case may be, one of the following treatments on account of such Claim: (a) subject to a DIP Order, if any, Cash in an amount equal to the amount of such Allowed Priority Tax Claim, plus interest at the rate determined under applicable nonbankruptcy law and to the extent provided for by Bankruptcy Code section 511, payable on or as soon as practicable following the Effective Date; or (b) Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of time not to exceed five years after the Petition Date, pursuant to Bankruptcy Code section 1129(a)(9)(C), plus interest at the rate determined under applicable nonbankruptcy law and to the extent provided for by Bankruptcy Code section 511.

2. Classified Claims

(a) *Summary of Classes and Estimated Recoveries*

The following table classifies Claims against and Interests in the Debtor for all purposes, including voting, confirmation and distribution under the Plan and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different

Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated under the Plan as a distinct Class for voting and distribution purposes.

CLASS	DESIGNATION	IMPAIRMENT	ENTITLED TO VOTE
1	FAIRMD Secured Claim	Impaired	Yes, if Allowed for voting purposes
2	Real Estate Tax Certificate Secured Claim	Unimpaired	No, deemed to accept
3	Non-Insider General Unsecured Claims	Impaired	Yes
4	Law Office of William F. Jones Unsecured Claim	Impaired	Yes
5	Allowed Insider General Unsecured Claims	Impaired	Yes, if Allowed for voting purposes
6	Interests	Unimpaired	No, deemed to accept

The estimated percentages of recovery set forth in this Disclosure Statement are interim estimates, are not admissions of any kind and cannot be relied on by any Holder of a Claim in asserting a claim against the Debtor.

(b) *Summary of Treatment of Classified Claims*

(i) Class 1 – FAIRMD Allowed Secured Claim

- Treatment: The Class 1 Claim shall be secured by continuing liens and security interests in the same property of the Reorganized Debtor as of the Petition Date subject to the imposition of Priming Liens, if any, authorized by the Court in a Final DIP or Exit Order. The Class 1 Claim shall be paid by means of one or more Distributions from and to the extent of (i) Net Sale Proceeds at the related closing, and/or (ii) Specified Litigation Proceeds within thirty (30) days following receipt by the Debtor of such Specified Litigation Proceeds. No prepayment penalty shall apply to any prepayment of the Class 1 Claim, in full or in part. The Class 1 Claim shall accrue simple interest commencing on the Effective Date and continuing until paid in full at an annual rate of 5%, or at such other interest rate that the Bankruptcy Court determines at a hearing on Confirmation. The timing of Distributions to the Holder of the Allowed Class 1 Claim, if any, is as described in Section 6.1 of this Plan and will not exceed any time limitation identified therein.

- Estimated Recovery: The Debtor believes that this claim will be Disallowed. If not Disallowed, then the Debtor will pay FAIRMD when due under the Plan the Allowed amount of its Claim, which the Debtor estimates will be between $1 and up to $4,308,255 plus interest from the Petition Date through the Confirmation Date at the Note rate of 5%, followed by post-confirmation interest at the Plan rate of 5% interest, plus Allowed pre- and postpetition attorney's fees and expenses at

an amount that is presently unknown to the Debtor. Assuming a worst case three year payment period, FAIRMD asserts that if its Claim is allowed in full, it will be owed a total of approximately $5,982,168.

(ii) Class 2 – Real Estate Tax Certificate Secured Claim

- Treatment: The Class 2 Claim shall be paid in full by means of one or more Distributions from and to the extent of (i) proceeds of the DIP or Exit Loan at the related closing, if any, and/or (ii) from the Net Sale Proceeds at the related closing.

- Estimated Recovery: The Debtor shall pay approximately $254,215 plus fees and interest accruing from November 30, 2016 through the date of payment when due under the Plan to the holder of the Class 2 Claim.

(iii) Class 3 – Non-Insider General Unsecured Claims

- Treatment: The Class 3 Claims shall be paid an amount equal to the face amount of each such Claim plus interest calculated as set forth below by means of one or more Distributions from and to the extent of: (i) proceeds of the DIP or Exit Loan, if any, within sixty (60) days after the related closing; and/or (ii) Net Sale Proceeds, within sixty (60) days after the related closing. The Class 3 Claims shall accrue simple interest from the Petition Date at a rate of two percent (2%) per annum, or at such other interest rate that the Bankruptcy Court determines at a hearing on Confirmation.

- Estimated Recovery: The Debtor estimates that it will pay the sum of $68,913.00 to holders of allowed Class 3 Claims when due under the Plan, and likely just after the Initial Distribution Date, plus interest from the Petition Date through the payment date at the Plan rate of 2%.

(iv) Class 4 – Law Office of William F. Jones Unsecured Claim

- Treatment: The Class 4 Claim shall be paid in full by means of a Distribution from Net Sale Proceeds or Specified Litigation Proceeds as soon as reasonably practicable after the Class 1 through Class 3 Claims have been paid in full. The Class 4 Claim shall accrue simple interest from the Petition Date at a rate of two percent (2%) per annum, or at such other interest rate that the Bankruptcy Court determines at a hearing on Confirmation.

- Estimated Recovery: The Debtor estimates that it will pay the sum of $8,760 to the holder of the Allowed Class 4 Claim when due under the Plan, plus interest from the Petition Date through the payment date at the Plan rate of 2%.

(v) Class 5 – Insider General Unsecured Claims

- Treatment: The Class 5 Claims shall be paid in full by means of a Distribution from Net Sale Proceeds or Specified Litigation Proceeds as soon as reasonably practicable after the

Class 1 , Class 2, Class 3 and Class 4 Claims have been paid in full. The Class 5 Claims shall accrue simple interest from the Petition Date at a rate of two percent (2%) per annum, or at such other interest rate that the Bankruptcy Court determines at a hearing on Confirmation.

- Estimated Recovery: The Class 5 Claims are all subject to pending objections. If Allowed, the Debtor estimates that it will pay the sum of $1,812,452 to the holders of the Allowed Class 4 Claim when due under the Plan, plus interest from the Petition Date through the payment date at the Plan rate of 2%. Since the estimated claims in this Disclosure Statement include payment of the Class 1 Claim in full, the Debtor assumes, for purposes of estimating payments to holders of Class 5 Claims, that none of them will be allowed to the extent they are based on contribution claims for payment by co-guarantors of the Class 1 Claim. Assuming a payment date of August 30, 2019, the maximum amount needed to be paid on account of the Class 1 Claim is $1,962,215.16

(vi) Class 6 – Interests

- Treatment: Holders of Interests in the Debtor shall maintain their Interests.

- Estimated Recovery. The Debtor estimates that it will either sell approximately twenty acres of the Property within 24 months for $20 million, or sell the entire Property within 36 months for a cash price of at least $55 million. After deducting the Plan payments, including repayment of the DIP or Exit Loan, if any, that will fund the Debtor's development expenses, Holders of Class 6 Claims will be entitled to their pro rata shares of the net amount remaining, plus litigation recoveries, if any, after appropriate setoffs, if any that are determined pursuant to the Litigation.

B. Certain Other Plan Provisions

1. Means for Implementation of the Plan

(a) *Funding*

Distributions under this Plan, and the Reorganized Debtor's operations post-Effective Date will be funded from proceeds of a DIP or Exit Loan, Net Sale Proceeds, if any, and/or Specified Litigation Proceeds, if any, received in Cash by the Reorganized Debtor, each as described more fully below. The Debtor asserts that because the Property's value exceeds $15 million and significantly more if developed, the holders of all Allowed Claims will be paid in full under any of the following scenarios in the order provided below:

(a) DIP or Exit Loan Leading to Sale of Part of Property within Eighteen (18) Months. If and to the extent the Bankruptcy Court enters a DIP or Exit Order on or before 60 (sixty) days from the Effective Date (the "Financing Option Period"), the Debtor or Reorganized Debtor, as the case may be, will use proceeds of the such financing to secure final approval of a Site Development Plan ("SDP") concerning only the currently estimated 20-acre, 500- to 600-unit "multifamily" component of Debtor's Riverwood development. The currently

estimated 30-acre balance of the Property would be saved for future development of approximately 500-600 additional units.

As a result of pursuing a SDP in this manner and starting the Riverwood development with the multifamily units instead of a plan that would include the townhomes as well, the Debtor will not be required to first secure the approvals of a Planned Unit Development Special Exception, Sketch Plan, Final Plan, and/or subdivision plat(s). Consequently, the Debtor expects that the DIP or Exit Loan will be approximately $2 million less than the amount it sought previously in this Bankruptcy Case. This savings will result from shortening the term of the Exit or DIP Loan from thirty-six (36) to eighteen (18) or fewer months and eliminating the cost of a PUD that will no longer be needed in order to obtain SDP, nor potential appeals therefrom. Upon SDP approval in twelve (12) to eighteen (18) months from the Effective Date, the Debtor will sell the currently estimated 500-600 multifamily units portion(s) of the Property to one or more builders, and use the sale proceeds to pay off all remaining Allowed Claims. Beginning soon after the closing of the DIP loan, and continuing throughout the SDP approval process, the Debtor will actively negotiate with multiple builders for the eventual sale of those portions of the Property that include the multifamily units. Prior to final approval of the SDP, the Debtor will have entered into an agreement(s) to sell the multifamily units, with closing to occur following Anne Arundel County's approval of the SDP. If by the end of the 12th month of the DIP or Exit loan term, the SDP has either not yet been approved by the County or has been approved, but such approval has been appealed and the Debtor remains unsuccessful in resolving such appeal, and as a result, the contract purchaser(s) terminate their contract(s) to purchase the multifamily units portion of the Property, then the Debtor, while still pursuing SDP approval or appeal resolution and sale, shall utilize DIP or Exit loan term months 13, 14, 15, 16, 17, and 18 to either (i) secure a refinance of the then existing debt in an amount adequate to payoff that debt and all remaining Allowed Claims, (ii) renegotiate a sale of the multifamily units for a lower price, but one that would still pay off the debt and all remaining Allowed Claims, or (iii) negotiate a sale of the Property in its entirety, including all the engineering and SDP plans and approvals, to pay all debt and remaining Allowed Claims. In either event, the closing would occur prior to the expiration of the eighteen (18)-month DIP or Exit loan term, and generate Net Sale Proceeds in an amount necessary to pay all then remaining outstanding Allowed Claims in full on or before the maturity date of the DIP or Exit Loan.

(b) Sale to One or More Builders with a Significant Deposit. If and only if the Debtor fails to timely obtain DIP or Exit Financing on or before expiration of the Financing Option Period, , unless such date is extended by the Court, in its discretion, for cause, the Debtor or Reorganized Debtor, as the case may be, shall have a period of ninety (90) days after the later of (i) the date on which an order denying the Debtor's DIP Motion becomes a Final Order; and, (ii) expiration of the Financing Option Period, in order to enter into a bona fide contract for the sale of all or part of the Property for an amount that generates Net Sale Proceeds of an amount sufficient to pay the Holders of all Allowed Claims, subject to the following conditions:

(A) closing (i) within 18 months if the sale requires an approved site development plan for the currently estimated 20-acre, 500-to 600- unit "multifamily" component of the Property, or (ii) within 36 months if the sale requires an approved subdivision plat comprising the entire currently estimated 50-acre, 1,012-unit development; and

(B) a deposit to be made in an amount sufficient to fund the Debtor's operations in the ordinary course and develop the Property through the applicable entitlement process.

In the event any such sale is consummated, the Debtor will use the upfront deposit and the Net Sale Proceeds to make certain Distributions as expressly provided in this Plan.

(c) An Outright Sale of the Property. If and only if a sale described in 6.1(b) hereinabove fails to close as a result of (i) the Debtor not timely receiving such a contract, or (ii) the contract purchaser terminates the contract prior to the expiration of any feasibility period provided for in such contract, then the Debtor or Reorganized Debtor, as the case may be, will have an additional ninety (90) days in which to execute a bona fide contract to sell the Property in fee simple for an amount greater than or equal to the amount that is necessary to pay all Allowed Secured Claims and Allowed Administrative Expense Claims in full within the earlier of forty-five (45) days following completion of the feasibility study, but in no event more than six (6) months after execution of such contract. In the event the conditions set forth in this subsection (c) are not timely satisfied, any Holder of an Allowed Claim would be free to pursue non-bankruptcy remedies against the Property.

(d) Specified Litigation Proceeds. The Debtor or Reorganized Debtor, as the case may be, will continue to diligently pursue all Specified Litigation Claims and use the proceeds derived therefrom to make certain Distributions as expressly provided in the Final DIP Order and otherwise as provided in this Plan.

(b) *Failure to Achieve Effective Date*

In the event that the Effective Date does not occur for any reason, the Debtor shall have the right to modify the Plan pursuant to Section 1127 of the Bankruptcy Code; provided, however, all Holders of Claims and Interests shall have the right to support or oppose such Plan modification.

(c) *Vesting of Property of Estate in the Reorganized Debtor*

Except as otherwise provided in the Plan, on and after the Effective Date, all Property of the Estate, including all claims, privileges, rights and Causes of Action and any Property acquired by the Debtor or the Reorganized Debtor under or in connection with the Plan, shall vest in the Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances and interests. On and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of Property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan or the Confirmation Order.

(d) *Continued Company Existence*

The Reorganized Debtor shall exist after the Effective Date as a limited liability company with all the powers of a limited liability company pursuant to the laws of the State of Maryland and pursuant to the articles of organization and operating agreement in effect prior to the Effective Date, except to the extent such articles of organization or operating agreement are amended by the Plan or otherwise and to the extent such documents are amended, such documents are deemed to be pursuant to the Plan and require no further action or approval, and without prejudice to any right to terminate such existence (whether by merger, dissolution or otherwise) under applicable law after the Effective Date.

(e) *Company Action; Further Acts*

On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects by virtue of the entry of the Confirmation Order, in accordance with the Bankruptcy Code and applicable law. On the Effective Date, all matters provided for under the Plan involving the organizational structure of the Debtor or the Reorganized Debtor, as the case may be, as well as any action contemplated or required by the Plan, shall be deemed to have occurred and shall be in effect pursuant to the Bankruptcy Code, without any requirement for further action by the Manager or members of the Debtor or the Reorganized Debtor. On the Effective Date, the Manager and members of the Reorganized Debtor are authorized and directed pursuant to Section 1142(b) of the Bankruptcy Code to implement the provisions of the Plan and any other agreements, documents and instruments contemplated by or necessary for the consummation of the Plan in the name of and on behalf of the Reorganized Debtor.

(f) *Management*

On the Effective Date, the Manager of the Debtor shall continue to serve in such capacity with respect to the Reorganized Debtor.

2. Acceptance or Rejection of the Plan

(a) *Each Impaired Class Entitled to Vote Separately.*

Except as otherwise provided in Section 7.4 of the Plan and pursuant to applicable law, the Holders of Claims in each Impaired Class of Claims shall be entitled to vote separately to accept or reject the Plan.

(b) *Acceptance by an Impaired Class.*

Consistent with Section 1126(c) of the Bankruptcy Code and except as provided for in Section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the Holders of Allowed Claims of such Class that timely and properly votes on the Plan.

(c) *Presumed Acceptance of Plan by Unimpaired Classes.*

Class 6 is Unimpaired by the Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, each such Class and Holders of Claims in such Classes are conclusively presumed to have accepted the Plan and, thus, are not entitled to vote on it. Accordingly, the Debtor is not soliciting votes of Holders of Class 6 Claims. Except as otherwise expressly provided in the Plan, nothing contained herein or otherwise shall affect the rights and legal and equitable claims or defenses of the Debtor or Reorganized Debtor in respect of any Unimpaired Class, including all rights in respect of legal and equitable defenses to setoffs or recoupments against Unimpaired Classes.

(d) *Impairment Controversies.*

If a controversy arises as to whether any Claim or any Class of Claims is Impaired under the Plan, such Claim or Class of Claims shall be treated as specified in the Plan unless the Bankruptcy Court shall determine otherwise upon motion of the party challenging the characterization of a particular Claim or a particular Class of Claims under the Plan.

(e) *Cram Down.*

The Debtor may utilize the provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan over the rejection, if any, of any Class entitled to vote to accept or reject the Plan.

3. Treatment of Executory Contracts and Unexpired Leases

(a) *Assumption and Rejection of Executory Contracts.*

Effective as of, and conditioned on, the occurrence of the Effective Date, the Debtor hereby assumes all executory contracts and unexpired leases of the Debtor that have not otherwise been assumed or rejected.

(b) *Approval of Assumption of Executory Contracts and Unexpired Leases.*

Entry of the Confirmation Order shall constitute the approval of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy Code, of the assumption of each executory contract and unexpired lease assumed pursuant to Section 8.1 of the Plan.

(c) *Insurance Policies.*

The Debtor's insurance policies and any agreements, documents, or instruments relating thereto are treated as executory contracts under the Plan.

(d) *Indemnification Rights.*

All Allowed Claims for Indemnification Rights against the Debtor by an Indemnitee for defense and indemnification shall be reinstated against the Reorganized Debtor and rendered Unimpaired to the extent that such Indemnitee is entitled to defense or indemnification under applicable law, agreement or policy of the Debtor.

4. Provisions Governing Distributions

(a) *Allocation of Distributions*

Except as otherwise provided herein, Distributions to any Holder of an Allowed Claim shall be allocated first to the principal portion of such Allowed Claim, and, only after the principal portion of such Allowed Claim is paid in full, to any portion of such Allowed Claim comprising interest or other charges (but solely to the extent that such interest or other charges are an allowable portion of such Allowed Claim). All Distributions shall be made in accordance with the priorities established by the Bankruptcy Code.

(b) *Delivery of Distributions and Undeliverable Distributions*

Distributions to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the Schedules filed with the Bankruptcy Court unless superseded by the address as set forth on the Proof of Claim filed by any such Holder or other writing notifying the Reorganized Debtor of a change of address. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Reorganized Debtor is notified of such Holder's then-current address, at which time all missed Distributions, without interest, shall be made to such Holder. All Claims for undeliverable Distributions shall be made on or before sixty (60) days after the date such undeliverable Distribution was initially made. After such date, all unclaimed Property shall, in the discretion of the Reorganized Debtor, be used to satisfy the costs of administering and fully consummating the Plan, to the extent such costs would otherwise be paid from available Cash, or become

available Cash for distribution in accordance with the Plan, and the Holder of any such Claim shall not be entitled to any other or further Distribution under the Plan on account of such Claim.

(c) *Time Bar for Check Payments*

Any check issued by the Reorganized Debtor in respect of an Allowed Claim shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. The Holder of the Allowed Claim to whom a check originally was issued shall make a request for reissuance of any check so voided to the Reorganized Debtor on or before the thirtieth (30th) day after the expiration of the sixty (60) day period after the date of issuance of such check. On and after such date, all funds held on account of such voided check shall, in the discretion of the Reorganized Debtor, be used to satisfy the costs of administering and fully consummating the Plan, to the extent such costs would otherwise be paid from available Cash, or become available Cash for Distribution in accordance with the Plan, and the Holder of any such Claim shall not be entitled to any other or further distribution under the Plan on account of such Claim.

(d) *Set-Offs*

The Reorganized Debtor may, in accordance with Section 553 of the Bankruptcy Code and applicable non-bankruptcy law, setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Claim, the claims, rights and Causes of Action of any nature that the Reorganized Debtor may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor of any such claims, rights and Causes of Action that it may possess against such Holder. The Reorganized Debtor shall have the exclusive right and authority to settle claims and recognize setoff rights.

5. Procedures for Resolving and Treating Disputed Claims; Disputed Claims Reserve

(a) *Distribution Pending Allowance.*

Notwithstanding any other provision of the Plan to the contrary, no Holder of a Claim shall receive a Distribution on account of such Claim unless and until such Claim becomes an Allowed Claim. If on any Distribution Date a Distribution would otherwise be due and payable on account of a Disputed Claim but for the fact that such Claim is Disputed, such Distribution shall be paid into the Disputed Claims Reserve rather than distributed to the Holder of such Claim. On a Business Day selected by the Debtor or Reorganized Debtor, as the case may be, as soon as reasonable practicable and in any event no later than thirty (30) days after such Claim becomes an Allowed Claim, Cash in an amount equal to the Distributions previously deposited into the Disputed Claims Reserve on account of such Claim shall be Distributed to the Holder thereof.

(b) *Resolution of Disputed Claims.*

Notwithstanding any other provision of the Plan to the contrary, after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtor and, as applicable, the Examiner for Limited Purposes appointed by the Court shall have the exclusive right (except as to applications for allowances of compensation and reimbursement of expenses under Sections 330 and 503 of the Bankruptcy Code, and except as to any objections which have been filed prior to the Confirmation Date by any party) to file Causes of Action and/or to make and file objections to Claims and shall serve a copy of each objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than forty-five (45) days after the Confirmation Date. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the

Reorganized Debtor elects to withdraw any such objection or the Reorganized Debtor and the Holder elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim for an amount of One Hundred Thousand Dollars ($100,000.00) or more subject to approval of the Bankruptcy Court and for amounts of Ninety-Nine Thousand Nine Hundred Ninety-Nine and 99/100 Dollars ($99,999.99) or less without approval of the Bankruptcy Court.

(c) *Estimation.*

The Reorganized Debtor may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether the Reorganized Debtor has previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time, including during litigation concerning any objection to such Claim. In the event that the Bankruptcy Court estimates any Disputed Claim, the estimated amount may constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claim objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims which have been estimated subsequently may be compromised, settled, withdrawn or otherwise resolved subject to approval by the Bankruptcy Court as provided in the Plan.

(d) *Reserve Accounts for Disputed Claims.*

The Reorganized Debtor shall deposit into the Disputed Claims Reserve, funds up to an aggregate amount sufficient to pay to each Holder of a Disputed Claim the amount that such Holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date in accordance with the procedures described in the Plan. Funds withheld and reserved for payments to Holders of Disputed Claims shall be held and deposited by the Reorganized Debtor in one or more segregated interest-bearing reserve accounts, as determined by the Reorganized Debtor, to be used as Distributions to satisfy such Claims if and when any such Disputed Claim becomes an Allowed Claim.

(e) *Investment of Disputed Claims Reserve.*

The Reorganized Debtor shall be permitted, from time to time, in its sole discretion, to invest all or a portion of the funds in the Disputed Claims Reserve in interest-bearing savings accounts, United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by Section 345 of the Bankruptcy Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such funds without inordinate credit risk or interest rate risk. All interest earned on such funds shall be held in the Disputed Claims Reserve and, after satisfaction of any expenses incurred in connection with the maintenance of the Disputed Claims Reserve, including taxes payable on such interest income, if any, shall be transferred out of the Disputed Claims Reserve and, in the discretion of the Reorganized Debtor, be used to satisfy the costs of administering and fully consummating the Plan or become available Cash for distribution in accordance with the Plan.

(f) *Release of Funds from Disputed Claims Reserve.*

If at any time or from time to time after the Effective Date, there shall be funds in the Disputed Claims Reserve in an amount in excess of the Reorganized Debtor's maximum remaining payment obligations to the Holders of then-existing Disputed Claims under the Plan, such excess funds shall become available to the Reorganized Debtor generally and shall, in the discretion of the Reorganized Debtor be used to satisfy the costs of administering and fully consummating the Plan or become available Cash for Distribution in accordance with the Plan.

(g) *Rights of Persons Holding Instruments.*

Except as otherwise provided in the Plan, as of the Effective Date, and whether or not surrendered by the Holder thereof, all instruments evidencing or relating to any Claim shall be deemed automatically cancelled and deemed void and of no further force or effect, without any further action on the part of any Person, and any Claims evidenced by or relating to such instruments shall be deemed discharged.

6. Effect of the Plan on Claims and Interests

(a) *Discharge of Claims.*

As of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and satisfaction of all Interests. Except as otherwise provided in the Plan or the Confirmation Order, Confirmation shall, as of the Effective Date: (i) discharge the Debtor from all Claims or other debts that arose before the Effective Date, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h) or 502(i), in each case whether or not (a) a Proof of Claim is filed or deemed filed pursuant to Bankruptcy Code Section 501, (b) a Claim based on such debt is Allowed pursuant to Bankruptcy Code Section 502, (c) the Holder of a Claim based on such debt has accepted the Plan or (d) such Claim is listed in the Schedules; and (ii) satisfy, terminate or cancel all Interests and other rights of equity security Holders in the Debtor.

As of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtor, the Reorganized Debtor, or their respective successors or Property, any other or further Claims, demands, debts, rights, Causes of Action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of a discharge of all such Claims and other debts and liabilities against the Debtor and satisfaction of all Interests and other rights of equity security Holders in the Debtor, pursuant to Bankruptcy Code Sections 524 and 1141, and such discharge will void any judgment obtained against the Debtor or the Reorganized Debtor at any time, to the extent that such judgment relates to a discharged Claim.

(b) *Exculpation from Liability.*

The Exculpated Parties shall neither have incurred nor incur any liability whatsoever to any Person for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, any Plan Document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the bankruptcy case; provided, however, that the foregoing exculpation shall not affect the liability of any Exculpated Party that otherwise would result from any act or omission to the extent that such act or omission is determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence. The rights granted under this Section 11.2 of the Plan are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Exculpated Parties have or obtain pursuant to any provision of the Bankruptcy Code or other applicable law. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation.

(c) *General Injunction.*

Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security Holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, the Reorganized Debtor or their respective Property; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor, or their respective Property; (iii) creating, perfecting or enforcing any Lien or encumbrance against the Debtor, the Reorganized Debtor, or their respective Property; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor, the Reorganized Debtor, or their respective Property; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan. This general injunction provision is an integral part of the Plan and is essential to its implementation.

(d) *Term of Certain Injunctions and Automatic Stay.*

All injunctions or automatic stays for the benefit of the Debtor pursuant to Sections 105, 362 or other applicable provisions of the Bankruptcy Code, or otherwise provided for in the this case, and in existence on the Confirmation Date, shall remain in full force and effect following the Confirmation Date for the benefit of the Reorganized Debtor, unless otherwise ordered by the Bankruptcy Court.

With respect to lawsuits, if any, pending in courts in any jurisdiction (other than the Bankruptcy Court) that seek to establish a Debtor's liability on Prepetition Claims asserted therein and that are stayed pursuant to Section 362 of the Bankruptcy Code, such lawsuits shall be deemed dismissed as of the Effective Date, unless the respective Reorganized Debtor affirmatively elects to have such liability established by such other courts, and any pending motions seeking relief from the automatic stay for purposes of continuing any such lawsuits in such other courts shall be deemed denied as of the Effective Date, and the automatic stay shall continue in effect, unless the Reorganized Debtor affirmatively elects to have the automatic stay lifted and to have such liability established by such other courts; and the Prepetition Claims at issue in such lawsuits, if any, shall be determined and either allowed or disallowed in whole or part by the Bankruptcy Court pursuant to the applicable provisions of the Plan, unless otherwise elected by the Reorganized Debtor as provided herein.

(e) *Liability for Tax Claims.*

Unless a taxing Governmental Unit has asserted a Claim against a Debtor before the applicable Bar Date, no Claim of such Governmental Unit shall be Allowed against the Debtor, the Reorganized Debtor or their respective members, managers or other officers, employees or agents for taxes, penalties, interest, additions to tax or other charges arising out of (i) the failure, if any, of the Debtor, or any other Person or entity to have paid tax or to have filed any tax return (including any income tax return or franchise tax return) in or for any prior year or period, or (ii) an audit of any return for a period before the Petition Date.

(f) *Regulatory or Enforcement Actions.*

Nothing in the Plan shall restrict any federal government regulatory agency from pursuing any regulatory or police enforcement action against the Debtor, the Reorganized Debtor, or their respective successors or assigns, but only to the extent not prohibited by the automatic stay of Section 362 of the Bankruptcy Code or discharged or enjoined pursuant to Sections 524 or 1141(d) of the Bankruptcy Code.

(g) *Retention and Enforcement and Release of Causes of Action.*

Except as otherwise provided in the Plan, or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with Bankruptcy Code Section 1123(b), the Debtor and its Estate shall retain the Causes of Action. The Reorganized Debtor, as the successor in interest to the Debtor and its Estate, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all Causes of Action, including the Specified Litigation. The Debtor and the Reorganized Debtor, as the case may be, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in the Plan, and no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Cause of Action upon, after, or as a consequence of Confirmation or the occurrence of the Effective Date.

(h) *Injunction against Interference with Development of Real Property.*

For so long as the Reorganized Debtor continues to own the Real Property, the Plan shall enjoin, from and after the Effective Date, any Insider or successor-in-interest thereto, from commencing or continuing in any manner or in any place, any action, employment of process, or other proceeding that could hinder, delay or otherwise interfere with the development of the Real Property by the Reorganized Debtor unless such Person first obtains a Final Order from the Bankruptcy Court providing relief from this provision upon a show of cause.

V. SOLICITATION AND VOTING

A. The Disclosure Statement Approval Order

On __________, 2016, the Court entered the Disclosure Statement Approval Order that, among other things, (a) established certain dates and deadlines, including the date for the Confirmation Hearing, the deadline for parties to object to the confirmation of the Plan, the record date for voting with respect to the Plan, and the deadline to vote with respect to the Plan; and (b) approved the procedures for soliciting votes with respect to the Plan as well as the procedures for accepting and rejecting the Plan (the "Solicitation Procedures"). The Solicitation Procedures include: (a) the contents of and the form of the documents comprising the proposed solicitation package (as defined below), including the forms of ballots (including master ballots), to be distributed to Holders of Claims in the Voting Class (defined below); (b) the form of the notice relating to certain key dates and facts relating to the confirmation of the Plan (the "Confirmation Notice"); (d) the form of notice to be distributed to creditors not entitled to vote on the Plan; (e) the Voting Deadline; (f) the proposed record date for voting on the Plan; and (g) certain rules, procedures and standard assumptions to be used in tabulating votes on the Plan.

The Disclosure Statement Approval Order should be read in conjunction with the Disclosure Statement and is incorporated herein by reference.

B. Parties Entitled to Vote on the Plan

Under the Bankruptcy Code, not all parties in interest are entitled to vote on a Chapter 11 plan. For example, Holders of claims and equity interests that are not impaired by a plan are deemed to accept the plan under Section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote. Section 1124 of the Bankruptcy Code provides that a class of claims or equity interests is deemed "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the Holder thereof; (b) cures any default and reinstates the original terms of such obligations; or (c) provides that, on the consummation date, the Holder of such Claim or Equity Interest receives cash equal to the allowed amount of that claim or, with respect to any Equity Interest, any fixed liquidation

preference to which the Holder of such Equity Interest is entitled or any fixed price at which the debtor may redeem security ("Impaired").

In accordance with the Bankruptcy Code, the only parties entitled to vote with respect to the Plan are those that are Impaired and will receive distributions under the Plan. Under the Plan, the only Classes that are both Impaired and set to receive distributions are Classes 3, 4 and 5, and Class 1 if FAIRMD holds an Allowed Secured Claim for voting purposes (the "Voting Classes")

Holders of unclassified Claims and Class 2 Real Estate Tax Certificate Secured Claim, and Class 6 Holders of Interests are not Impaired. As such, these creditors are not entitled to vote to accept or reject Plan.

C. The Solicitation Package

Subject to the provisions of Article V of this Disclosure Statement, the Debtor will send or cause to be sent by first class mail to the Holders of Claims in the Voting Classes a solicitation package (the "Solicitation Package") containing the following items:

- the ballot and voting instructions; and
- the Confirmation Notice;
- a postage pre-paid return envelope addressed to the Debtor's Counsel (as defined below); and
- such other information as the Court may direct the Debtor to include.

To obtain additional copies of any materials contained in the Solicitation Package, parties may contact the Debtor's Counsel via email at lyumkas@yvslaw.com or phone at (443) 569-0758;

The Debtor will also serve, or cause to be served, all of the materials in the Solicitation Package (other than the ballot and the return envelope) on: (a) the U.S. Trustee, (b) the Internal Revenue Service, (c) the other parties that requested notice pursuant to Bankruptcy Rule 2002(a).

D. Voting Instructions and Tabulation Procedures

1. <u>Voting Deadline</u>

In order to be counted, a ballot must be submitted so as to be actually received by the Debtor's Counsel on or before the Voting Deadline established in the Disclosure Statement Approval Order, which is **__________, 2016, at 4:00 p.m. (prevailing Eastern Time)**. The Debtor, in its sole discretion, may extend the Voting Deadline.

In certain circumstances (i.e., if the Debtor materially amends the Plan), the Bankruptcy Code may require the Debtor to disseminate additional solicitation materials. In that event, the solicitation (along with the Voting Deadline) will be extended or reopened to the extent directed by the Court. The Debtor will notify the Voting Classes of any such extension of the Voting Deadline.

A ballot may be withdrawn by delivering a written notice of withdrawal to the Debtor's Counsel so that it is actually received by the Debtor's Counsel prior to the Voting Deadline. In order to be valid, a notice of withdrawal must (i) specify the name of the creditor who submitted the ballot to be withdrawn, (ii) contain a description of the Claim(s) to which it

relates and (iii) be signed by the creditor on the ballot. After the Voting Deadline, withdrawal may be affected only with the approval of the Court. The Debtor expressly reserves the right to contest the validity of any withdrawals of votes on the Plan.

2. Voting Instructions

A Holder of a Claim in a Voting Class may vote by completing a ballot and returning it to the Debtor's Counsel by the Voting Deadline, all in accordance with the voting instructions set forth on the ballot. Set forth below is a summary of the voting instructions. For the avoidance of doubt, a ballot does not constitute a Proof of Claim and will not be deemed a substitute for such.

A ballot must be properly executed and the Holder must clearly indicate either acceptance or rejection of the Plan. **Any ballot that is properly executed, but which does not clearly indicate an acceptance or rejection of the Plan or which indicates both an acceptance and a rejection of the Plan, will not be counted in tabulating the votes. If a Holder has multiple Claims in a Voting Class, it must vote all of its Claims in such Class either to accept or to reject the Plan and may not split its votes.**

In order to be counted, completed ballots must be received, whether sent via US Postal Service first class mail, overnight courier, or hand delivery, by Debtor's Counsel at the following address only:

Lawrence J. Yumkas, Esquire
Yumkas, Vidmar, Sweeney & Mulrenin, LLC
10211 Wincopin Circle, Suite 500
Columbia, Maryland 21044

No ballot should be sent directly to the Debtor, the Debtor's agents, professionals or advisors (other than the Debtor's Counsel), or to Debtor's Counsel at any other address. Any ballot sent contrary to these instructions may not be counted.

By signing and submitting a ballot, a Holder of a Voting Class Claim certifies to the Court and the Debtor that, among other things:

- **No other ballot with respect to such Claim have been cast or, if any other ballot has been cast with respect to such Claim, such other ballot(s) are revoked;**
- **The Holder has cast the same vote with respect to all of its Claims in the Voting Class identified on the ballot; and**
- **The Holder has received and reviewed the Solicitation Package (including the Disclosure Statement and the Plan) and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein.**

3. Voting Tabulation of All Voting Classes

The Disclosure Statement Approval Order provides certain procedures for tabulating the ballots (the "Tabulation Procedures"). The Tabulation Procedures include the following rules with respect to counting votes:

- Ballots that fail to indicate an acceptance or rejection of the Plan or that indicate both acceptance and rejection of the Plan, but which are otherwise properly executed and received prior

to the Voting Deadline, will be counted as a vote to accept the Plan in the full amount of the relevant claims.

- Only ballots that are timely received with original signatures will be counted. Unsigned ballots will not be counted.
- Except in the Debtor's discretion, ballots received by the Debtor's Counsel after the Voting Deadline will not be counted.
- Ballots that are illegible, or contain insufficient information to permit the identification of the creditor, will not be counted.
- In the event the Debtor requests that the Court determine that a Holder has not acted in good faith under Section 1126(e) of the Bankruptcy Code, unless the Court determines otherwise, such Holder's vote on the Plan will not be counted for purposes of determining whether the Plan has been accepted and/or rejected.
- If multiple ballots are received with respect to the same Voting Class Claim prior to the Voting Deadline, the last ballot timely received will be deemed to supersede and revoke any prior ballot.
- Ballots that are withdrawn after the Voting Deadline or are improperly withdrawn, will be counted unless otherwise ordered by the Court. The Debtor expressly reserves the right to contest the validity of any withdrawals of votes on the Plan.

Neither the Debtor nor any other Person has any duty to provide notification of defects of irregularities with respect to delivered ballots other than as provided in the voting report, nor will any of them incur any liability for failure to provide such notification.

The Debtor's Counsel will process and tabulate the ballots in accordance with the Tabulation Procedures and file a vote tabulation report no later than seven (7) days before the Confirmation Hearing.

4. No Waiver of Right to Object or Right to Recover Transfers and Assets

A vote by a Holder of a Voting Class Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtor or the Responsible Person to object to that Holder's Claim, or to bring Causes of Action not waived or released by the Plan.

VI. LIQUIDATION ANALYSIS

In order to make an informed decision whether to accept or reject the Plan, Creditors may compare the return on their Claims that will be received under the Plan to the return that would be received if this case were converted to a case under Chapter 7 of the Bankruptcy Code and liquidation occurred.

As noted above, the Debtor believes that, under the proposed terms of the Plan, all Holders of Impaired Claims will receive property with a value not less than the full value such Holders would receive in a Chapter 7 liquidation of the Debtor's assets. The Debtor's belief is based primarily on (i) consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to Holders of Impaired Claims, including (a) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a

Chapter 7 trustee and professional advisors to the trustee, (b) the erosion in value of assets in a Chapter 7 case in the context of the rapid liquidation required under Chapter 7 and the "forced sale" atmosphere that would prevail, (c) the likelihood of significant increases in claims, (d) the reduction of value associated with a Chapter 7 trustee's operation of the Debtor's Business, and (e) the substantial delay in distributions to the Holders of Impaired Claims and Interests that would likely ensue in a Chapter 7 liquidation; and (ii) the liquidation analysis ("Liquidation Analysis"). The Plan proposes to pay all Allowed Claims in full.

A Liquidation Analysis is necessarily premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtor. Thus, there can be no assurance as to values that would actually be realized in a Chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtor's conclusions or concur with such assumptions in making determinations under Section 1129(a)(7) of the Bankruptcy Code.

If the Debtor were to liquidate under Chapter 7, a trustee would be appointed to liquidate the Debtor's assets and distribute proceeds of liquidation in accordance with priorities established in the Bankruptcy Code to its respective Creditors. From the net proceeds of liquidation, distribution would be made first to Holders of Allowed Secured Claims. The funds remaining after distribution on account of Allowed Secured Claims, would then be made for the payment of Allowed Administrative Claims (including the Chapter 7 trustee's commission, the Chapter 7 trustee's counsel fees, the expenses of maintaining and liquidating the assets of the Debtor, and the unpaid Allowed Administrative Claims arising from the Chapter 11 Case). Unsecured Creditors would be entitled to receive distributions on Allowed Claims, but only after payment of Allowed Secured, Administrative and other Priority Tax Claims.

Based on the Liquidation Analysis as applied to the Debtor, the Debtor's assets are (i) the Property that is currently valued by an appraiser hired by the Debtor at approximately $14,008,500.00[2]; contribution claims against the co-guarantors of the FAIRMD Claim in unknown amounts and the proceeds of litigation currently being pursued by the Debtor in Adversary Proceedings that, because of contingencies, cannot be estimated at this time. The Property is subject to liens in the amount asserted by FAIRMD of approximately $4.3 million plus attorneys fee and expenses totaling and as yet unknown amount by FAIRMD and approximately $168,000 held by the tax certificate holder of unpaid 2014 and 2015 real property taxes owed originally to Anne Arundel County, Maryland, in addition to real property taxes that have recently come due in the approximate amount of $73,000. The Debtor envisions that in a liquidation scenario, and assuming that the FAIRMD Claim the FAIRMD and Anne Arundel County Claims would be paid in full. As such, only approximately $9,016,521.48 would remain for distribution on Allowed Administrative Claims (including the Chapter 7 trustee's commission, the Chapter 7 trustee's counsel fees, the expenses of maintaining and liquidating the assets of the Debtor, and the unpaid expenses of the Chapter 11 Case) and, finally, *pro rata* distribution to Unsecured Creditors whose claims total between approximately $2 million and $10 million depending the results of the claims allowance process. Accordingly, if all Claims are Allowed as filed other than the contribution claims filed by the owners of the Debtor's Interests, the remaining creditors and interest holders would realize significantly less than the amounts to be realized by such parties than they would receive if the Plan is confirmed and the Debtor is developed and sold in part, for $20 million within 18 months or sold in its entirety within 36 months for approximately $55 million.

To be clear, under the Plan, the Debtor asserts that all Allowed Claims will be paid in full over time.

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[2] It is noteworthy that a competing appraisal of the Property prepared by Valbridge Property Advisors for Polm concluded that the Property is currently worth only $10,300,000.

VII. CONFIRMATION PROCEDURES

A. Requirements for the Court to Confirm the Plan

1. Requirements for Confirmation

A plan may only be confirmed if all of the statutory conditions outlined in Section 1129 of the Bankruptcy Code have been met. As discussed more fully below, the Debtor believes that the Plan satisfies or will satisfy all of the necessary statutory requirements of Section 1129 of the Bankruptcy Code, including as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtor has complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment to be made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Court, and any such payment made before confirmation of the Plan is reasonable;

- Post-confirmation, it is the Debtor's intent that Andrew Zois, the Debtor's current Manager, will continue to serve as Manager of the Debtor. This is consistent with the interests of creditors, equity security holders, and public policy. Post-confirmation Andrew Zois will be employed by the Debtor and compensated at the rate of $80,000 per year plus benefits.

- Except to the extent the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- The outstanding Statutory Fees payable under section 1930 of title 28, as determined by the Court at the hearing on confirmation of the Plan will be paid in full on the Effective Date.

- Each Holder of an Impaired Claim or Equity Interest will have accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtor was liquidated on that date under chapter 7 of the Bankruptcy Code. This requirement is described further in Article VII.A.2.

- A Voting Class will have accepted the Plan. This requirement is described further in Article VII.A.3.

- Confirmation of the Plan is not likely to be followed by the liquidation (other than as contemplated by the Plan) or the need for further financial reorganization of the Debtor or the Reorganized Debtor. This requirement is described further in Article VII.A.4.

2. <u>Best Interests Test</u>

Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a Chapter 11 plan provides, with respect to each class, that each Holder of a claim or equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value, as of the effective date of the plan, that is not less than the amount that such Holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. This is often referred to as the "best interests test."

To make these findings, a bankruptcy court must: (a) estimate the amount of cash proceeds that a chapter 7 trustee would generate if the Chapter 11 case was converted to a chapter 7 case and the assets of the estate were liquidated; (b) determine the liquidation distribution that each non-accepting Holder of a claim or equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such Holder's liquidation distribution to the distribution under the proposed plan.

In chapter 7 cases, unsecured creditors and interest Holders of a debtor are paid from available assets generally in the following order: (i) Holders of secured claims (to the extent of the value of their collateral); (ii) Holders of priority claims; (iii) Holders of unsecured claims; (iv) Holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (v) Holders of equity interests. Generally, no junior class may receive any payment under the Plan until all amounts due to senior classes have been paid in full.

The Debtor believes that the Plan satisfies the best interests test with respect to the only four Impaired Classes under the Plan: Class 1 consisting of FAIRMD's Secured Claim; Class 3 consisting of Non-Insider General Unsecured Claims; Class 4 consisting of the Law Office of William F. Jones' unsecured claim; and Class 5 consisting of Insider General Unsecured Claims.

The Debtor believes that the value of any distributions that Holders of Allowed Unsecured Claims will receive under the Plan are more than what they would receive if the Chapter 11 Case were converted to a Chapter 7 case. In the event of a conversion, it is possible that distributions could be delayed for a significant period while the Chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Case and the Claims against the Debtor. As such, distributions in a Chapter 7 case would occur later than what is anticipated under the Plan, thereby reducing the present value of the Plan's distributions. The distributions in a Chapter 7 liquidation would likely be further depleted by the fees and expenses of a Chapter 7 trustee and the trustee's professional advisors (which will be accorded administrative expense status under Section 503 of the Bankruptcy Code), as well as by the accrual of claims throughout the Chapter 7 period that must be paid on a priority basis (i.e., before Unsecured Claims).

Similarly, the Debtor also believes that the Holders of Interests would not receive any more distribution through a Chapter 7 case. Under the best interests test, Holders of Interests would be entitled to receive distributions only after all Claims against the Debtor are paid in full. As explained in Article VI, Allowed Unsecured Claims would not be paid in full in a Chapter 7 liquidation scenario. Additionally, as discussed above, distributions in a Chapter 7 liquidation are generally lower than those in an orderly liquidation through a Chapter 11. Given that Unsecured Claims are even less likely to get paid in full in a Chapter 7 scenario, no funds would remain for distribution to Interests in a Chapter 7.

3. Acceptance by at Least One Impaired Class

Section 1129(a)(10) of the Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that at least one class of impaired claims or equity interests accept the plan. As further discussed above in Article V.B, Section 1124 provides (in sum) that a class is impaired if the plan modifies the legal, equitable or contractual rights of Holders of claims or equity interests (other than by curing defaults and reinstating debt).

Section 1126(c) of the Bankruptcy Code provides that an acceptance of a plan by a class of impaired claims requires acceptance by Holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims in the voting class that vote on the plan (excluding votes that are designated under Section 1126(e) of the Bankruptcy Code) that have actually voted.

The Classes of Claims entitled to vote on the Plan are Classes 3, 4 and 5 and Class 1 if FAIRMD holds an Allowed Secured Claim. As stated above, these Classes will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Claims in those Classes (other than any interests designated under Section 1126(e) of the Bankruptcy Code) that have actually voted.

4. Feasibility Test

Section 1129(a)(11) of the Bankruptcy Code requires that a bankruptcy court find that confirmation is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization, unless a Chapter 11 plan contemplates such liquidation. Indeed, Section 1123(b)(4) of the Bankruptcy Code permits liquidation plans that "provide for the sale of all or substantially all of the property of the estate, and the distribution of the proceeds of such sale among Holders of claims or interests" in Chapter 11 proceedings. The Plan provides for the liquidation of the Debtor's remaining assets and distribution of all the proceeds (including those from the Sale). Given that the Plan contemplates liquidation of all of the Debtor's assets, no further liquidation will follow.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires that a bankruptcy court schedule, after notice, a hearing to evaluate whether the confirmation conditions set forth in Section 1129 of the Bankruptcy Code have been satisfied.

As approved in the Disclosure Statement Approval Order and provided in the Confirmation Notice accompanying this Disclosure Statement, the Confirmation Hearing will commence on **____________ at _______a.m./p.m.** (prevailing Eastern Time) before the Honorable Judge David E. Rice in the United States Bankruptcy Court for the District of Maryland (Baltimore Division). The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or at any adjourned date with respect thereto.

C. Objections to the Plan

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to the confirmation of the Plan. The Confirmation Notice will include instructions and deadline for objecting to the confirmation of the Plan. **Failure to file and serve an objection to the Plan in accordance with the Confirmation Notice will constitute a waiver of the right to object to confirmation of the Plan**.

VIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtor, Holders of Claims and Interests. The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rules, and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

This summary is not intended to and does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtor and Holders of Allowed Claims and Interests based upon their particular circumstances. For example, this summary does not address the U.S. federal income tax consequences of the Plan to special classes of taxpayers such as persons who are related to the Debtor within the meaning of the Tax Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt originations investors in pass-through entities, subchapter S corporations, persons who hold Claims or Interests, who are themselves in bankruptcy. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it discuss gift or estate tax issues. Accordingly, each Holder of Claims or Interests should seek advice from its independent tax advisors concerning the U.S. federal, state, local, and foreign income, and other tax consequences of the Plan in light of its particular circumstances.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtor has not requested and will not request a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan, and no opinion is given by this Disclosure Statement. Thus, no assurance can be given as to the interpretation that the IRS will adopt.

Except as otherwise provided below, the following discussion assumes that Holders of Allowed Claims and Interests hold such Claims and Interests as "capital assets" within the meaning of section 1221 of the Tax Code.

A. Certain U.S. Federal Income Tax Consequences to the Debtor

1. Overview of Current Year Tax Position

The Debtor has filed a U.S. federal income tax return with the IRS and consolidated state income tax returns with the State of Maryland for all tax years up to and including the tax year ending December 31, 2014.

B. Certain U.S. Federal Income Tax Consequences to the Holders of Claims

Each Holder of an Allowed Claim may recognize either gain or loss upon receipt of a payment in respect of such Claim under the Plan equal to the difference between the "amount realized" by such creditor and such creditor's adjusted tax basis in his, her or its Claim. The amount realized is equal to the value of such Holder's payment with respect to his, her or its Claim. Any gain or loss realized by such Holder should generally constitute ordinary income or loss to such creditor unless its Claim is a capital asset (unless the payment received is for untaxed accrued interest which will be taxed as ordinary income). If a Claim constitutes a capital asset in the hands of its Holder, and it has been held for more than one year, such Holder will realize long-term capital gain or loss upon the receipt of payment in respect of such Claim (except for payments received for untaxed accrued interest which will be taxed as ordinary income).

The tax consequences to Holders of Claims will differ and will depend on factors specific to each such Holder, including but not limited to: (i) whether the such Holder's Claim (or a portion thereof) constitutes a claim for principal or interest, (ii) the nature or origin of such Holder's Claim, (iii) whether such Holder is a U.S. person or a foreign person for U.S. federal income tax purposes, (iv) whether such Holder reports income on the accrual or cash basis method, and (v) whether such Holder has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

C. Certain U.S. Federal Income Tax Consequences to the Holders of Interests

The Plan provides that Interests of the Debtor will receive no distribution under the Plan on account of such Interests. The character of any recognized loss will depend upon several factors including, but not limited to, the status of the Holder, the nature of the Interests in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Equity Interest, and the extent to which the Holder had previously claimed a deduction for the worthlessness of all or a portion of the Equity Interest.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR AS A RESULT OF THE PLAN.

D. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless that Holder: (1) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (2) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; *provided*, *however*, that the required information is provided to the IRS.

The Plan contemplates that the Reorganized Debtor will withhold all amounts required by law, if any, and will comply with all applicable reporting requirements under the Tax Code.

IX. RISK FACTORS TO BE CONSIDERED

Prior to voting to accept or reject the Plan, Holders of Voting Class Claims should read and carefully consider the risk factors set forth below, in addition to all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement (which may discuss additional risk factors).

The risk factors enumerated below should not be regarded as constituting the only risks present in connection with the Plan.

A. Risks Relating to Bankruptcy and the Chapter 11 Process

1. The Court May Not Approve the Debtor's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims and interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because, in accordance therewith, the Debtor created Classes of Claims and Interests that encompass Claims and Interests that are substantially similar to the other Claims or Interests in each such Class. Nevertheless, there can be no assurance that (a) parties in interest will not object to the classification of Claims and Interests in the Plan and (b) the Court will agree with such classification. If the Court determines that the Plan's classification of Claims and Interests is not appropriate or if the Court determines that different treatment provided to similarly situated Claim or Equity Interest Holders is unfair or inappropriate, the Debtor may need to modify the Plan. Such modification could require another solicitation of votes on the Plan.

2. Failure to Satisfy Vote Requirement

As discussed in Article VII.A.3, the Bankruptcy Code requires that a plan is accepted (in sufficient number and amount) by at least one impaired class. There can be no assurance that a requisite number and amount of Voting Class Claims will vote to accept the Plan.

In the event the Plan does not receive required votes in sufficient number and amount to enable the Court to confirm the Plan, the Debtor may elect not to proceed to confirm the Plan, amend the Plan or formulate a different Chapter 11 plan. There can be no assurance that the terms of any such amended or different Chapter 11 plan would be similar or as favorable to the Holders of Claims and Interests as those proposed in the Plan.

3. The Debtor May Not be Able to Obtain Confirmation of the Plan

Even if the Debtor receives the requisite votes, the Debtor cannot ensure that the Court will confirm the Plan. The Court may decline to confirm the Plan if it found that any of the statutory requirements for confirmation (i.e., requirements set forth in Section 1129 of the Bankruptcy Code discussed in Article VII.A.1) had not been met. For example, the Court may conclude that the Debtor's tabulation of the votes on the Plan as not being in compliance with the Bankruptcy Code or Bankruptcy Rules.

In the event that the Debtor failed to meet all of the statutory requirements for confirmation, the Court could deem the votes already obtained in respect of the Plan invalid, and the Plan may not be confirmed without the Debtor restarting the process of filing another disclosure statement or another solicitation of votes for the Plan, or even proposing a new Chapter 11 plan.

4. The Effective Date Conditions May Not Occur

The occurrence of the Effective Date of the Plan is subject to certain conditions as described in Article IX of the Plan. Although the Debtor believes that the Effective Date will occur after the Plan has been confirmed and the Confirmation Order is entered, there can be no assurance as to the timing of such occurrence.

5. Real Estate development is an inherently risky business that can be affected adversely by market and government regulatory and community forces that are not within the Debtor's control.

6. In Certain Instances, the Chapter 11 Case may be Converted to a Case under Chapter 7 of the Bankruptcy Code

If the Plan cannot be confirmed, or if the Court finds that it would be in the best interests of creditors and/or the Debtor, the Court may convert the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code. In such event, a Chapter 7 trustee would be appointed or elected, who will liquidate the Debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. As discussed in Article VII.A.2, the Debtor believes that liquidation under chapter 7 would result in smaller distributions or no distributions being made to Holders of Allowed General Unsecured Claims as compared to those provided for in the Plan because of (a) probable delay in distributions; (b) additional administrative expenses involved in the appointment of a chapter 7 trustee; and (c) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation.

7. The Debtor May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtor reserves the right to object to the amount or classification of any Claim or Equity Interest deemed Allowed under the Plan.

8. The Debtor May Seek to Amend the Terms of or Withdraw the Plan at Any Time Prior to the Confirmation

The Debtor reserves the right to amend the terms of the Plan, or withdraw the Plan entirely, prior to Confirmation or substantial consummation of the Plan. Any such modification or withdrawal will have to be in compliance with Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019.

If the Debtor amends the Plan, the potential impact of any such amendment on the Holders of Claims and Interests cannot currently be foreseen, but may include a change in the economic impact of the Plan on some or all of the Classes, or a change in the relative rights of such Classes. All Holders of Claims and Interests will receive notice of such amendments or waivers required by applicable law and the Court. Such amendment may require that the Debtor also conduct another solicitation of votes from those creditors that are impacted by the amendment.

If the Debtor withdraws the Plan, the Plan and all votes thereon will be deemed to be null and void. In such event, nothing contained in the Plan will be deemed to constitute a waiver or release of any Claims by or against, or Interests of or in, the Debtor or any other Person or to prejudice in any manner the Debtor's rights or those of any other Person.

B. Risk Factors That May Affect Distributions under the Plan

1. The Debtor Cannot State with Any Degree of Certainty What Recovery Will Be Available to Holders of Allowed Claims in a Voting Class

Any Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in the table in Article IV.B.2(a). Although the Debtor believes that its estimated recovery ranges set forth herein are reasonably accurate, a number of factors (known and unknown) make certainty in recoveries impossible. First, the Debtor cannot know with certainty, at this time, the number or amount of all Claims that will ultimately be Allowed. Second, the Debtor cannot know with any certainty, at this time, the unclassified Claims that will ultimately be Allowed.

2. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Recovery on Claims

The Claims estimates set forth in the table in Article IV.A.2(a) are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Such differences may adversely affect the percentage recovery to Holders of Allowed Claims under the Plan.

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CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of November 2016, notice of filing the Amended Disclosure Statement in Support of Debtor's Second Amended Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code, dated as of November 23, 2016 was sent electronically to those parties listed on the docket as being entitled to such electronic notices.

/s/ Lawrence J. Yumkas
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