

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
Greenbelt Division**

**In re:**

**GREGORY B. MYERS**

**Debtor.**

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**Case No. 15-26033 WIL  
Chapter 11**

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**DEBTOR’S DISCLOSURE STATEMENT**

**I. GENERAL INFORMATION**

**A. Introduction**

Gregory B. Myers, Debtor and Debtor-in-possession [the “Debtor”], in the above captioned bankruptcy case, submits this Disclosure Statement [the “Disclosure Statement”], in order to disclose the information believed to be material for creditors to arrive at a reasonably informed decision in exercising their right to vote on the Debtor’s Restated Plan of Reorganization [the “Plan”], filed concurrently herewith in the United States Bankruptcy Court for the District of Maryland (Greenbelt Division) [the “Bankruptcy Court” or “Court”]. The Debtor is the proponent of the Plan.

Pursuant to §1125 of the United States Bankruptcy Code [the “Bankruptcy Code” or “Code”], this Disclosure Statement must be approved by the Bankruptcy Court, and must contain adequate information to permit affected creditors and interest holders to make an informed judgment in exercising their right to vote to accept or reject the Plan. The approval of this Disclosure Statement by order of the United States Bankruptcy Court for the District of Maryland is not a decision by the Court on the merits of the Plan.

The Debtor has filed this Disclosure Statement in connection with the solicitation of acceptances and approval of his Plan. A copy of the Plan is attached hereto as **Exhibit A**.

Unless the context otherwise requires, the capitalized terms used herein shall have the meanings specified in the “Definitions” section of the Plan and, if no definition is provided in the Plan, then the definition of the term provided in the Bankruptcy Code shall be used.

The purpose of this Disclosure Statement is to provide Debtor’s creditors and parties in interest with adequate information of any kind, and in sufficient detail, as is reasonably practicable in light of the nature and history of the Debtor, upon which the creditors may base an informed decision regarding whether to accept or reject the Plan.

The Debtor proposes to pay the indebtedness as stated herein, during the term of the Plan. The Debtor believes the acceptance of the Plan is in the best interests of the Debtor and his creditors and offers creditors the best opportunity for a meaningful distribution. The Debtor urges all of the Debtor’s creditors to vote in favor of the Plan.

Once the Disclosure Statement is approved by the Court, each creditor will be provided with a ballot on which the creditor indicates their acceptance or rejection of Debtor’s Plan, based upon the Plan itself, and the information contained in this Disclosure Statement. The ballot will accompany this Disclosure Statement when it is approved by the Court.

The Debtor has reviewed the information contained herein and has determined the information is accurate to the best of his knowledge.

**B. Definitions**

The terms and definitions set forth in Article I of the Plan are also applicable to, and are used in, this Disclosure Statement unless expressly stated otherwise in this Disclosure Statement. You therefore are urged to refer to the Plan when reviewing this Disclosure Statement.

**C. Disclaimers**

NO REPRESENTATION CONCERNING THE DEBTOR, THE VALUE OF HIS

PROPERTY, OR THE PLAN, ARE AUTHORIZED BY THE DEBTOR UNLESS SET FORTH IN THIS DISCLOSURE STATEMENT. ACCORDINGLY, NO REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD BE RELIED UPON IN EXERCISING THE RIGHT TO VOTE OR NOT TO VOTE ON THE ACCEPTANCE OF THE PLAN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. NO REPRESENTATION IS MADE THAT ANY FINANCIAL SYNOPSES ANNEXED HERETO OR RELIED UPON HEREIN ARE PREPARED IN ACCORDANCE WITH GAAP. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. MOREOVER, THIS DISCLOSURE STATEMENT SHOULD NOT BE DEEMED CONCLUSIVE ADVICE ON THE TAX AND OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AND INTERESTS.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY TO HIS CREDITORS. THE DEBTOR THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, THE BANKRUPTCY COURT HAS AUTHORIZED NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUE OF HIS ASSETS. IN VOTING ON THE PLAN, YOU SHOULD NOT RELY ON ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN BY CREDITORS OF THE

DEBTOR, WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE PLAN SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO, IN TURN, MAY PROVIDE SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED, AND DISSEMINATION OF THIS DISCLOSURE STATEMENT DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT WAS COMPILED.

THE PLAN AND DISCLOSURE STATEMENT ARE COMPLEX INsofar AS THEY CONSTITUTE A LEGALLY BINDING COMMITMENT BETWEEN CREDITORS AND THE DEBTOR. ACCORDINGLY, CREDITORS AND PARTIES-IN-INTEREST ARE URGED TO SEEK LEGAL COUNSEL IF UNSURE OF THE EFFECT OF THE PLAN AND DISCLOSURE STATEMENT.

The description of the Plan in this Disclosure Statement is a summary only, and creditors and other parties in interest are urged to review this entire Disclosure Statement and its Exhibits, the detailed description of the Plan contained herein, and the Plan itself which is annexed hereto, for a full understanding of the Plan's provisions.

**D. Scheduled Hearing**

The Bankruptcy Court will schedule a hearing to consider confirmation of the Plan. This hearing may be adjourned from time to time without further notice other than by announcement

in the Bankruptcy Court on the scheduled date of such hearing. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Code, including whether the Plan is feasible and whether it is in the best interest of the creditors. The Bankruptcy Court will then receive and consider a ballot report prepared by the Debtor concerning the votes for acceptance or rejection of the Plan by the parties in interest and creditors entitled to vote.

**E. Recommendation of the Debtor**

The Debtor believes that the Plan provides the greatest and earliest possible recoveries to all creditors, that the acceptance of the Plan is in the best interest of all creditors and recommends that they vote to accept the Plan.

**II. VOTING INSTRUCTIONS AND CONFIRMATION OF PLAN**

**A. Manner of Voting on Plan**

**Voting Instructions**

The deadline for voting on the Plan will be provided by the Bankruptcy Court. In order for your ballot to be counted, it is imperative that it be received by the stated deadline. Ballots will be provided once the voting deadlines are set.

In order to simplify the voting procedure, ballots will be sent to the scheduled holders of all Claims, including Claims which the Debtor may dispute. However, the Bankruptcy Code provides that only holders of Allowed Claims and interests (or Claims and interests which are deemed “allowed”) are entitled to vote on the Plan.

To return your ballot, or if a ballot is damaged or lost, or if you have any questions concerning voting procedures, contact:

James M. Greenan, Esquire  
Craig M. Palik, Esquire  
McNamee, Hosea, Jernigan, Kim,  
Greenan, & Lynch, P.A.  
6411 Ivy Lane, Suite 200

Greenbelt, Maryland 20770  
Tel: 301-441-2420

BALLOTS MUST BE RECEIVED BY THE STATED DEADLINE.

Before voting, this Disclosure Statement as well as the Plan should be reviewed in their entirety. You should use only the ballots sent to you with this Disclosure Statement and Plan to cast your vote for or against the Plan.

**B. Claim Holders Entitled to Vote**

Subject to the exceptions provided below, any Claim holder whose Claim is impaired under the Plan is entitled to vote if either (1) its Claim has been scheduled by the Debtor and such Claim is not scheduled as disputed, contingent or unliquidated, or (2) such Claim holder has filed a proof of claim with respect to a Disputed Claim.

A holder of a Disputed Claim is not entitled to vote on the Plan unless the Bankruptcy Court, upon motion of the creditor whose Claim has been objected to, temporarily allows the Claim in an estimated amount which it deems proper for the purpose of voting to accept or reject the Plan. Any such motion must be heard and determined by the Bankruptcy Court prior to the date established by the Bankruptcy Court as the final date to vote on the Plan. In addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection of the Plan by the creditor is not solicited or procured in good faith or in accordance with the provisions of the Code.

**C. Vote Required for Class Acceptance**

The Bankruptcy Court will find that the Plan has been accepted, if, for each impaired class that has voted, there are votes submitted by at least two-thirds (2/3) of the total amount of the voted Claims in the class and more than one-half (1/2) of the total number of voted Claims in the class, in support of the Plan.

**D. Cramdown**

In order to confirm the Plan, among other things, the Debtor must establish that, in accordance with §1129(a)(8) of the Bankruptcy Code, each Class of Claims or Interests either (i) has accepted the Plan or (ii) is not Impaired under the Plan. In the event that neither of these requirements can be satisfied, however, and all other applicable requirements for confirmation under §1129(a) of the Bankruptcy Code are satisfied, the Plan may be confirmed by the Court, provided that the Plan does not “discriminate unfairly,” and is “fair and equitable” with respect to any Class of Claims or Interests that is impaired under and has not accepted the Plan. The phrase “fair and equitable” has different meanings for secured and unsecured class and classes for interest.

If one or more classes of impaired Claims under the Plan rejects the Plan, the Debtor reserves the right to request the Bankruptcy Court to determine at the confirmation hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of Claims so as to allow the confirmation despite the vote to reject the Plan.

The Debtor also reserves the right to amend the Plan at that time in such manner as to permit confirmation over the vote of the rejecting impaired class.

**III. DEBTOR’S BACKGROUND AND PREPETITION OPERATIONS**

Due to the recession and to prevent the loss of properties through foreclosure, on November 18, 2015 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

**IV. DEBTOR’S POST-PETITION OPERATIONS**

Since the Petition Date, the Debtor has continued in possession of his assets and has operated as a Debtor-in-Possession under §§ 1107 and 1108 of the Code. No committee of unsecured creditors has been appointed in this case.

As set forth more fully in Section V, as of the Petition Date, the Debtor owns three (3) investment properties in addition to his principal residence. These properties are owned as tenants by the entireties with the Debtor's non-filing spouse. The property known as Lot 13, Seaside 15 Subdivision, Florida 32459 is owned individually by the Debtor's non-filing spouse, but scheduled by the Debtor to the extent of any interest he holds in marital assets under Florida law. None of these properties is currently generating income. As of the date of the filing of this Disclosure Statement, a Motion to Sell Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 for the contract price of \$1,772,500.00 is pending before the Court, which proceeds will fund payments to creditors consistent with the Plan.

The Debtor does not anticipate selling other real properties until certain appeals cases and/or objections to Claims have been resolved relative to such properties, as discussed in the classification of Claims in Section VI below, however the Debtor reserves the right to do so. The Debtor believes that the successful resolution of the appeals cases and/or objections to these Claims will result in realization of additional equity, which may result in additional funding for the Plan and benefit to creditors holding Allowed Claims. Any description of the basis upon which the Debtor objects to the allowance of any particular Claim identified herein is not intended to be exhaustive, nor shall it be deemed to constitute a waiver of any other valid basis for Debtor's assertion of an objection. The Debtor reserves all rights in this regard.

The Debtor asserts an insurance Claim against The Guardian Life Insurance Company and Berkshire Life Insurance Company of America. The Debtor's Plan does not rely upon the receipt of any benefits as a result of the insurance Claim as means for funding the Plan.

**V. DEBTOR'S ASSETS**

The Debtor's assets consist primarily of real estate. The Debtor owns or holds a legal interest in the following properties:

1. 700 Gulf Shore Blvd. N., Naples, FL 34102
2. 4505 Wetherill Road, Bethesda, Maryland 20816
3. 147 Silver Laurel Way, Santa Rosa Beach, Florida 32459
4. Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, Florida 32459
5. Lot 13, Seaside 15, Subdivision, Santa Rosa Beach, Florida 32459

Property Address	Owned	Description	Scheduled Value	Liens
700 Gulf Shore Blvd. North Naples, FL 34102	T/E	Improved (FL Homestead)	\$3,500,000.00	U.S. Bank, N.A. 1 <sup>st</sup> \$3,036,684.88 <b>Disputed</b>  Navy Fed. Credit Union 2 <sup>nd</sup> \$709,042.54 <b>Disputed</b>
4505 Wetherill Road Bethesda, MD 20816	T/E	Improved	\$1,153,900.00	U.S. Bank, N.A. \$2,173,234.74 <b>Disputed</b>
147 Silver Laurel Way Santa Rosa Beach, FL 32459	T/E	Improved	\$1,350,000.00	Bank of America 1 <sup>st</sup> \$1,339,596.67 <b>Disputed</b>  Regions Bank 2 <sup>nd</sup> \$337,000.00 <b>Disputed</b>
Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459	T/E	Unimproved Lot	\$1,995,000.00	Regions Bank 1 <sup>st</sup> \$419,267.00  Seaside III Neighborhood Assoc., Inc. 2 <sup>nd</sup> \$43,700.75 <b>Disputed</b>  Offit Kurman 3 <sup>rd</sup> \$215,000.00 <b>Disputed</b>  Serv Trust 4 <sup>th</sup> \$1,000,000.00  Regions Bank 5 <sup>th</sup> \$337,000.00 <b>Disputed</b>
Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459	W	Unimproved Lot	\$25,000.00	SunTrust \$611,178.73 <b>Disputed</b>  Regions Bank 2 <sup>nd</sup> \$337,000.00 <b>Disputed</b>

In addition to the Real Properties, the Debtor owns joint personal property consisting primarily of household furnishings, bank accounts, vehicles and tools, with an aggregate value of

less than \$15,000.00.

**VI. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS**

The Debtor has designated the following classes of Claims and Interests under the Plan. Pursuant to § 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and are excluded from the classes listed below. The designation of Administrative Expense Claims and Priority Tax Claims is set forth in Section VII, below:

**CLASS 1: Disputed Secured Claim of U.S. Bank, N.A. \$3,036,684.88** This Class consists of the Disputed Secured Class 1 Claim of U.S. Bank, N.A. pursuant to an alleged mortgage recorded against the real property located at 700 Gulf Shore Blvd. N. Naples, FL 34102 in the original principal amount of \$1,840,000.00. The alleged mortgage, which Debtor avers is invalid, was recorded among the land records for Collier County, Florida on July 6, 2005 at Instrument: 3652625, OR: 3837, PG: 0371. U.S. Bank, N.A. asserts a lien against 700 Gulf Shore Blvd., N. Naples, FL 34102 pursuant to its proof of claim filed in the case at Claims Register No. 12. U.S. Bank, N.A. shall retain a lien against the aforesaid property, to the extent it is ultimately determined to otherwise have a lien after the exhaustion of all currently pending appeals and/or other determination regarding the priority and extent of its alleged lien. U.S. Bank, N.A.'s alleged Secured Claim is disputed, among other reasons, because its purported mortgage fails to comply with statutory and/or other requirements under Florida law. Both the Debtor and his non-filing spouse have appeals pending before the State of Florida Second District Court of Appeals, which have been stayed as a result of the filing of this case.

Upon the Effective Date of the Plan, the Debtor and his non-filing spouse shall resume, and prosecute to their conclusion, the appeals that are currently pending, including any remand thereof, in order to determine the priority and extent of U.S. Bank, N.A.'s lien. No payment

shall be required to be made upon the Class 1 Claim of U.S. Bank, N.A., and U.S. Bank, N.A. shall not be permitted to conduct a foreclosure sale of 700 Gulf Shore Blvd. N., Naples, FL 34102 until the pending appeals, including any remand thereof, have been fully and finally resolved.

If, upon the conclusion of all appeals to finality, it is judicially determined that U.S. Bank, N.A. does not have a validly asserted Secured Claim, it shall be permitted to pursue its Claims against the Debtor's non-filing spouse under applicable non-bankruptcy law. However, if it is determined that U.S. Bank, N.A. holds an Allowed Secured Claim, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of U.S. Bank, N.A., by paying off the Secured Claim by sale (in the absence of any other means of payment) and/or through a refinance of the Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of 700 Gulf Shore Blvd., N. Naples, FL 34102.

This Class is impaired.

**CLASS 2: Disputed Secured Claim of Navy Federal Credit Union \$709,042.54:** This class consists of the Disputed Secured Class 2 Claim Navy Federal Credit Union pursuant to a mortgage recorded against the real property located at 700 Gulf Shore Blvd. N. Naples, FL 34102 in the original principal amount of \$750,000.00. The disputed mortgage, which Debtor avers is invalid, was recorded among the land records for Collier County, Florida on August 30, 2007 at Instrument: 4066346, OR: 4276, PG: 1199. Navy Federal Credit Union asserts a lien against 700 Gulf Shore Blvd., N., Naples, FL 34102 pursuant to its proof of claim filed in the case at Claims Register No. 1. Navy Federal Credit Union shall retain its lien against the aforesaid property, to the extent it is ultimately determined to have a lien after the conclusion of an objection to the proof of claim to be filed by the Debtor. Navy Federal Credit Union's alleged Secured Claim is disputed, among other reasons, because pursuant to a December 14, 2010

settlement agreement, Navy Federal Credit Union provided to Debtor a blanket release of any and all Claims it held against Debtor. Navy Federal Credit Union therefore does not hold a Secured Claim against the Debtor, nor does it have a lien against the 700 Gulf Shore Blvd. N., Naples, FL 34102 property.

The Debtor shall file an objection to the proof of claim filed in this case by Navy Federal Credit Union with the Court. No payment shall be required to be made upon the Class 2 Claim of Navy Federal Credit Union, and Navy Federal Credit Union shall not be permitted to conduct a foreclosure sale of 700 Gulf Shore Blvd. N., Naples, FL 34102, pending the determination of its Claim/lien.

If it is determined that Navy Federal Credit Union does not have a validly asserted Secured Claim, the Debtor owes no obligation Navy Federal Credit Union. However, if it is determined that Navy Federal Credit Union holds an Allowed Secured Claim, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of Navy Federal Credit Union by paying off the Secured Claim by sale (in the absence of any other means of payment) and/or through a refinance of the Navy Federal Credit Union Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of 700 Gulf Shore Blvd., N. Naples, FL 34102.

This Class is impaired.

**CLASS 3: Disputed Secured Claim of U.S. Bank, N.A. \$2,173,234.74:** This Class consists of the Disputed Secured Class 3 Claim of U.S. Bank, N.A. pursuant to a deed of trust recorded against the real property located at 4505 Wetherill Road, Bethesda, MD 20816 in the original principal amount of \$1,775,000.00. The deed of trust is recorded among the land records for Montgomery County, Maryland on April 11, 2007 at Liber: 34124, Folio: 515. U.S. Bank, N.A. asserts a lien against 4505 Wetherill Road, Bethesda, MD 20816 pursuant to its proof

of claim filed in the case at Claims Register No. 12, and in what appears to be a duplicate Claim for the same debt filed by Select Portfolio Servicing, Inc. at Claims Register No. 16. (in the lesser amount of \$2,170,875.11). U.S. Bank, N.A. shall retain its lien against the aforesaid property, subject to a determination regarding the priority and extent of its alleged lien. U.S. Bank, N.A.'s alleged Secured Claim is disputed, among other reasons, because JPMorgan Chase Bank, N.A., the prior holder of the note evidencing the indebtedness, agreed to modify the loan by (a) reducing the principal amount of the indebtedness to the then value of the property as of July 30, 2010, of \$1,190,220.00 and (b) re-amortizing the debt over the then remaining life of the loan. Both the Debtor and his non-filing spouse commenced litigation in the Circuit Court for Montgomery County against JPMorgan Chase Bank, N.A. seeking to a determination that the loan was in fact modified and to enforce their rights as a result. Both the Debtor and his non-filing spouse have appeals pending before the Maryland Court of Special Appeals relative to the Circuit Court for Montgomery County's Orders (a) denying their motion to dismiss or stay foreclosure proceedings initiated by U.S. Bank, N.A. and (b) dismissing with prejudice a third party complaint against JPMorgan Chase Bank, N.A.

Upon the Effective Date of the Plan, the Debtor and his non-filing spouse shall prosecute to their conclusion the appeals, including any remand thereof, that are currently pending before the Maryland Court of Special Appeals, in order to determine the priority and extent of U.S. Bank, N.A.'s lien. No payment shall be required to be made upon the Class 3 Claim of U.S. Bank, N.A., and U.S. Bank, N.A. shall not be permitted to conduct a foreclosure sale of 4505 Wetherill Road, Bethesda, MD 20816 until the pending appeals have been fully and finally resolved.

If, upon the conclusion of all appeals to finality, it is determined that U.S. Bank, N.A. does not have a validly asserted Secured Claim, it shall be permitted to pursue its Claims against

the Debtor's non-filing spouse under applicable non-bankruptcy law. However, if it is determined that Navy Federal Credit Union holds an Allowed Secured Claim, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of U.S. Bank, N.A. by paying off the Secured Claim by sale (in the absence of any other means of payment) and/or through a refinance of the Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of 4505 Wetherill Road, Bethesda, MD 20816.

This Class is impaired.

**CLASS 4: Disputed Secured Claim of Bank of America 1,339,596.67:** This Class consists of the Disputed Secured Class 4 Claim Bank of America pursuant to a mortgage recorded against the real property located at 147 Silver Laurel Way Santa Rosa Beach, FL 32459 in the original principal amount of \$875,300.00. The alleged mortgage, which is disputed by the Debtor, is recorded among the land records for Walton County, Florida on May 27, 2005 at 891666, OR: 2671, PG: 3627. Bank of America asserts a first priority lien against 147 Silver Laurel Way Santa Rosa Beach, FL 32459 pursuant to its proof of claim filed in the case at Claims Register No. 14. Bank of America shall retain its lien against the aforesaid property, to the extent it is ultimately determined to have a lien after the exhaustion of all currently pending appeals and/or other determination regarding the priority and extent of its alleged lien. Bank of America's alleged Secured Claim is disputed, among other reasons, as being in violation of Florida law. Both the Debtor and his non-filing spouse have appeals pending before the State of Florida Second District Court of Appeals, which have been stayed as a result of the filing of this case.

Upon the Effective Date, the Debtor and his non-filing spouse shall prosecute to their conclusion the appeals, and any remand thereof, that are currently pending in order to determine the priority and extent of its lien. No payment shall be required to be made upon the Class 4 Claim of Bank of America, and Bank of America shall not be permitted to conduct a foreclosure

sale of 147 Silver Laurel Way Santa Rosa Beach, FL 32459 until the pending appeals, including any remand thereof, have been fully and finally resolved, including any remand thereof.

If, upon the conclusion of all appeals to finality, it is determined that Bank of America does not have a validly asserted Secured Claim, it shall be permitted to pursue its Claims against the Debtor's non-filing spouse under applicable non-bankruptcy law. However, if it is determined that Bank of America holds an Allowed Secured Claim, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of Bank of America by paying off the Secured Claim and/or through a refinance of the Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of 147 Silver Laurel Way Santa Rosa Beach, FL 32459.

This class is impaired.

**CLASS 5: Allowed Secured Claim of Regions Bank \$419,267.00:** This Class consists of the Allowed Secured Class 5 Claim of Regions Bank pursuant to a mortgage recorded against the real property located at Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 in the original principal amount of \$1,068,000.00. The mortgage was recorded among the land records for Walton County, Florida on May 24, 2008. Regions Bank has not filed a proof of claim in this case. Regions Bank shall retain its lien against the aforesaid property.

The Class 5 Claim of Regions Bank shall be paid in full at closing from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459. A motion is currently pending to approve the sale at a price of \$1,772,500.00.

This Class is unimpaired.

**CLASS 6: Disputed Secured Claim of Seaside III Neighborhood Association, Inc.**

**\$43,700.75:** This Class consists of the Disputed Secured Class 6 Claim of Seaside III Neighborhood Association, Inc. pursuant to a Notice of Claim of Lien recorded against the real

property located at Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459. The Notice of Claim of Lien was recorded among the land records for Walton County, Florida on August 26, 2010 at Instrument: 11298385, OR: 2848, PG: 3392. Seaside III Neighborhood Association, Inc. asserts a lien against Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 pursuant to its proof of claim filed in the case at Claims Register No. 3. Seaside III Neighborhood Association, Inc. shall retain its lien against the aforesaid property or the proceeds thereof, to the extent it is ultimately determined to have a lien after the conclusion of objection to the proof of claim to be filed by the Debtor. Seaside III Neighborhood Association, Inc.'s alleged Secured Claim is disputed, among other reasons, because the Notice of Claim of Lien differs from the amount asserted in its proof of claim. The Debtor also asserts that the lien claimed by Seaside III Neighborhood Association, Inc. has been misstated and is not properly perfected.

The Debtor shall file an objection to the proof of claim filed in this case by Seaside III Neighborhood Association, Inc. claiming it holds a lien to the extent of \$43,700.75. No payment shall be required to be made upon the Class 6 Claim of Seaside III Neighborhood Association, Inc., and Seaside III Neighborhood Association, Inc., shall not be permitted to conduct a foreclosure sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, pending the determination of its lien.

If it is determined that Seaside III Neighborhood Association, Inc. does not have a validly asserted Secured Claim, it shall be treated pro rata with the Class 13 Claims of Unsecured creditors of the Debtor and his non-debtor spouse. However, if it is determined that Seaside III Neighborhood Association, Inc. holds an Allowed Secured Claim, its Allowed Secured Claim shall be paid from the proceeds escrowed from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459.

This Class is impaired.

**CLASS 7: Disputed Secured Claim of Offit Kurman, P.A.. \$215,000.00:** This Class consists of the Disputed Secured Class 7 Claim of Offit Kurman, P.A., pursuant to a mortgage recorded against the real property located at Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459. The mortgage was recorded among the land records for Walton County, Florida on January 13, 2014 at Instrument: 1266822, OR: 2940 PG:1825. Offit Kurman, P.A. shall retain its alleged lien against the aforesaid property or the proceeds thereof, to the extent it is ultimately determined to have a lien after the conclusion of an objection to its proof of claim. Offit Kurman, P.A.'s alleged Secured Claim is disputed, among other reasons, because the Credit Agreement dated December 13, 2013, by which the Debtor and his non-filing spouse agreed to grant to Offit Kurman, P.A. the mortgage against Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, required Offit Kurman, P.A. to prosecute four (4) separate legal actions to their ultimate conclusion. Offit Kurman, P.A. in breach of the aforesaid Credit Agreement failed to prosecute the four (4) separate legal actions to their ultimate conclusion, prematurely terminating their representation and denying the Debtor and his non-filing spouse of the benefit of their agreement. No interest accrues on the Class 7 Claim of Offit Kurman, P.A.

The Debtor shall file an objection to the proof of claim filed in this case by Offit Kurman, P.A. No payment shall be required to be made upon the Class 7 Claim of Offit Kurman, P.A., and Offit Kurman, P.A. shall not be permitted to conduct a foreclosure sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, pending the determination of its lien.

Proceeds from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 for which the lien Offit Kurman, P.A. would otherwise be payable, shall be escrowed pending the determination of its lien. If it is determined that Offit Kurman, P.A. does not have a validly asserted Secured Claim, it shall be permitted to pursue its Claims against the Debtor's non-filing spouse under applicable non-bankruptcy law. However, if it is determined that Offit Kurman,

P.A holds an Allowed Secured Claim, the Allowed Secured Claim shall be paid from the proceeds escrowed from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459.

This Class is impaired.

**CLASS 8: Allowed Secured Claim of Serv Trust \$1,000,000.00:** This Class consists of the Allowed Secured Class 8 Claim of Serv Trust pursuant to a mortgage recorded against the real property located at Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 in the original principal amount of \$1,000,000.00. The mortgage was recorded among the land records for Walton County, Florida on June 27, 2014 at Instrument: 2014661286249 OR: 2953 PG:1798. Serv Trust shall retain its lien against the aforesaid property.

The Class 8 Claim of Serv Trust shall be paid to the extent of available proceeds at closing from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, for which a motion is currently pending with the court to approve the sale at a price of \$1,772,500.00. It is anticipated that Serv Trust will not be paid in full from the proceeds of sale.

This Class is impaired.

**CLASS 9: Disputed Secured Claim of Regions Bank \$337,000.00:** This Class consists of the Disputed Secured Class 9 Claim of Regions Bank pursuant to a purported judgment lien recorded against the real properties located at Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459 and 147 Silver Laurel Way, Santa Rosa Beach, FL 32459. The judgment lien was recorded among the land records for Walton County, Florida on September 19, 2014 at Instrument: 2014661295877, OR: 2960, PG: 559. Regions Bank shall retain its lien against the aforesaid properties or the proceeds thereof, to the extent it is ultimately determined to have a lien after the conclusion of a motion to determine the priority and extent of lien to be filed by the Debtor in this case. Region Bank's alleged Secured Claim is disputed, among other reasons, because it does not comply with the

indexing requirements for judgments under Florida law to create a valid lien on real property.

The Debtor shall file a motion to determine the priority and extent of lien relative to the purported Regions Bank judgment liens. No payment shall be required to be made upon the Class 9 Claim of Regions Bank, and Regions Bank shall not be permitted to conduct a foreclosure sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459147 or Silver Laurel Way, Santa Rosa Beach, FL 32459 pending the determination of its lien.

The balance of the proceeds from the pending sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459 for which the alleged lien of Regions Bank would otherwise be payable, shall be escrowed pending the determination of its lien, if any. If it is determined that Regions Bank does not have a validly asserted Secured Claim, it shall be treated pro rata with the Class 13 Claims of unsecured creditors. However, if it is determined that Regions Bank holds an Allowed Secured Claim, the Allowed Secured Claim shall be paid from the proceeds escrowed from the sale of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, if any.

Alternatively, if it is determined that Regions Bank holds an Allowed Secured Claim, and the Claim remains unsatisfied, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of Regions Bank by paying off the Secured Claim by sale (in the absence of any other means of payment) and/or through a refinance of the Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of Lot 6, Seaside 14 Subdivision, Santa Rosa Beach, FL 32459, Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459 and/or 147 Silver Laurel Way, Santa Rosa Beach, FL 32459.

This Class is impaired.

**CLASS 10: Disputed Secured Claim of SunTrust \$611, 178.73:** This Class consists of the Disputed Secured Class 10 Claim of SunTrust pursuant to a mortgage recorded against the

real property located at Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459 in the original principal amount of \$445,000.00. The alleged mortgage is recorded among the land records for Walton County, Florida on March 25, 2004 at Instrument: 809468, OR: 2601, PG: 3715. SunTrust shall retain its lien against the aforesaid property, to the extent it is ultimately determined to have a lien after the conclusion of a motion to determine the priority and extent of lien to be filed in this case. SunTrust's alleged Secured Claim is disputed, among other reasons, because the Debtor's non-filing spouse accepted a settlement offer whereby SunTrust offered to accept \$231,021.00 in satisfaction of its mortgage. Subsequent thereto SunTrust breached the settlement agreement by failing and refusing to accept \$231,021.00 in satisfaction of its mortgage, claiming that the offer was rescinded.

The Debtor shall file a motion to determine the priority and extent of lien to be filed in this case. No payment shall be required to be made upon the Class 10 Claim of SunTrust, and SunTrust shall not be permitted to conduct a foreclosure sale of Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459 until the final determination of the priority and extent of its lien.

If, upon the conclusion of the motion to determine the priority and extent of lien, it is determined that SunTrust does not have a validly asserted Secured Claim, it shall be permitted to pursue its Claims against the Debtor's non-filing spouse under applicable non-bankruptcy law. However, the Debtor and his non-filing spouse shall be permitted to satisfy any Allowed Secured Claim of SunTrust by paying off the Secured Claim and/or through a refinance of the Secured Claim. No further order of this Court shall be required in order to proceed with a sale or refinance of Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459.

This Class is impaired.

**CLASS 11: Disputed Secured Claim of IPFS Corporation \$4,183.92:** This Class consists of the Disputed Secured Class 11 Claim of IPFS Corporation. IPFS Corporation asserts a lien

against certain contract proceeds pursuant to a proof of claim filed at Claims Register No. 4. IPFS Corporation shall retain its lien against the aforesaid property, subject to an objection to be filed by the Debtor to its proof of claim. IPFS Corporation alleged Secured Claim is disputed, among other reasons, because the Debtor has fully paid any Claim owing to IPFS Corporation.

The Debtor and his non-filing spouse shall prosecute to conclusion an objection to IPFS Corporation alleged Secured Claim, in order to determine the priority and extent of its asserted lien. No payment shall be required to be made upon the Class 11 Claim of IPFS Corporation, and IPFS Corporation shall not be permitted to exercise any rights against its alleged collateral until the objection to the IPFS proof of claim has been fully resolved.

If it is determined that IPFS Corporation does not have a validly asserted Secured Claim, it shall be treated pro rata with the Class 12 Claims of Unsecured Creditors of the Debtor to the extent of any Allowed Unsecured Claim.

This Class is impaired.

**CLASS 12: General Unsecured Claims Asserted Against the Debtor \$300,000**

**(estimated):** This Class consists of the General Unsecured Claims of the Debtor. The Class 12 Claims of General Unsecured Claims against the Debtor shall be paid *pro rata* an amount equal to five percent (5%) of their Allowed Claims as follows from the proceeds of the sale or refinance of one or more of the Debtor's real properties within sixty (60) months of the Effective Date. The payment to General Unsecured Claims of the Debtor is contingent upon the successful prosecution of the various objections to Claims outlined by the Debtor, or the settlement of such objections to Claims. Such distribution is further impacted by outcome of objections to Claims that will determine which Claims are properly classified as General Unsecured Claims of the Debtor.

This Class is impaired.

**CLASS 13: General Unsecured Claims Asserted Against the Debtor and Debtor's Non-Filing Spouse \$65,000 to \$445,000.00 (estimated):** This Class consists of the General Unsecured Claims of the Debtor and Debtor's non-filing spouse. The Class 13 General Unsecured Claims against the Debtor and his non-filing spouse shall be paid *pro rata* from the proceeds of the sale or refinance of one or more of the Debtor's real properties within sixty (60) months of the Effective Date. The payment of a distribution to General Unsecured Claims of the Debtor and Debtor's non-filing spouse is contingent upon the successful prosecution of the various objections to Claims outlined by the Debtor, or the settlement of such objections to Claims. The Debtor estimates that upon the successful prosecution of the various objections to Claims, or the settlement of those Claims, that \$50,000.00 to \$150,000.00, after deducting costs of sale and payment of administrative expenses, may be made available for the payment of General Unsecured Claims of the Debtor and Debtor's non-filing spouse. Accordingly, the estimated distribution ranges from a 10% *pro rata* distribution to a 100% distribution in full. Such distribution is further impacted by outcome of objections to Claims that will determine which Claims are properly classified as General Unsecured Claims of the Debtor and Debtor's non-filing spouse.

This Class is impaired.

## **VII. DESIGNATION OF UNCLASSIFIED CLAIMS**

The Debtor has designated the following Claims as unclassified, pursuant to §1123(a)(1) of the Bankruptcy Code. The treatment of such unclassified Claims is set forth in Sections VIII, and IX, below.

- (i) Allowed Administrative Expenses: Administrative Expenses, as allowed, consist of approved claims for professional fees unpaid as of the date of confirmation and all other administrative expense claims entitled to priority under §§507(a) and 503(b)(4) of the Bankruptcy Code. All such administrative expense claims for

professional fees are subject to review and approval by the Bankruptcy Court. The Debtor estimates that the Allowed Administrative Expenses will be \$100,650.00.

- (ii) Unsecured Priority Claims: Unsecured Priority Claims, as allowed, consist of the claims of governmental units for prepetition tax liability. The Internal Revenue Service asserts an Unsecured Priority Claim in the amount of \$30,975.93.

The Plan contemplates that all Allowed Administrative Expense Claims and Unsecured Priority Claims shall be accorded treatment and payment as provided for by the Bankruptcy Code and will be paid as described in Sections XI through XV, herein. All Administrative Expense Claims of professionals for services provided to the Debtor must be approved by the Order of the Bankruptcy Court.

## VIII. CLAIMS

A Administrative Expense Claims: The Administrative Expense Claims, subject to approval by the Bankruptcy Court, are as follows:

(1) Legal expenses:

(i) McNamee Hosea, <u>et al.</u> (Debtor's Counsel)	\$100,000.00 [estimated]
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(2) Office of the United States Trustee: (to be paid as fee is assessed without further order of Court)	\$650.00 [estimated]
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B. Unsecured Priority Claims:

(i) Internal Revenue Service:	\$30,975.93 [disputed]
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## IX. TREATMENT OF CLAIMS AND INTERESTS

In general, a plan of reorganization under Chapter 11 may provide that the rights of certain classes of Claims or interests will remain unchanged under the Debtor's reorganization. The claimants and interest holders included in such classes remain unaffected by the Plan. These

parties are described as “unimpaired” under the Bankruptcy Code and are deemed to have accepted the Plan. See §1126(f) of the Bankruptcy Code. As a result, it is unnecessary to solicit votes from claimants or interest holders in such unimpaired classes.

**X. MANNER OF PAYMENT OF CLAIMS AND TREATMENT OF INTERESTS**

**A. Payment of Administrative Expense Priority Claims:**

The Debtor will pay Administrative Expense Claims, including Administrative Expense Claims of professionals, as approved by the Bankruptcy Court, in full on the Effective Date, unless the holder of such Claim has consents to different treatment. Debtor’s bankruptcy counsel has agreed to have its Administrative Expense Claim, once approved, to be paid in equal monthly installments beginning on the Effective Date and continuing thereafter for no more than 24 months. The Debtor projects that the Administrative Expense Claims will include only the Administrative Expense Claim of Debtor’s counsel and potentially one quarter’s U.S. Trustee’s fees not to exceed \$650.00.

The Debtor will also continue to make his payments to the Office of the United States Trustee for quarterly fees as assessed, in a timely manner. The Debtor’s payments to the United States Trustee will be made in addition to the Plan payments to be provided to satisfy the Administrative Expense priority Claims of professionals.

**B. Payment of Unsecured Priority Claims:**

Unsecured Priority Claims, as allowed, consist of the Claims of governmental units for prepetition tax liability. The Debtor will pay on the Effective Date of the Plan Unsecured Priority Claims, with interest, subject to the outcome of an objection to the proof of claim filed by the Internal Revenue Service. The Internal Revenue Service asserts an Unsecured Priority Claim in the amount of \$30,975.93, which is based entirely upon its estimated liability. The Debtor asserts that no Unsecured Priority Claim is validly owed to the Internal Revenue Service.

The Debtor is attempting to resolve these estimated Claims with the Internal Revenue Service.

**XI. CONTESTED CLAIMS**

Except as otherwise set forth in the Plan, the Debtor and all creditors shall be entitled to object to Claims, including any Claim which has been listed by the Debtor in the Schedules in an amount not disputed or contingent. Any objections to such Claims (other than Fee Claims) shall be served and filed on or before the later of: (a) ninety (90) days after the Effective Date; or (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof.

To the extent a Claim is a Disputed Claim, the Debtor shall not be required to make the applicable disputed portion of a payment to the holder of such Disputed Claim which would otherwise be payable to the holder of a Disputed Claim. In the event that a Disputed Claim is subsequently allowed, the Debtor shall thereafter pay the appropriate amount to the holder of the Claim in accordance with the terms of the Plan and in the same manner as any other creditor of the same Class.

**XII. MEANS OF EXECUTION OF THE PLAN**

**A. General**

As of the date of the filing of this Disclosure Statement, a Motion to Sell Lot 6 Seaside 14 Subdivision Santa Rosa Beach, FL 32459 for the contract price of \$1,772,500.00 is pending before the Court, which will fund payments to creditor Claims under the Plan. The Debtor does not anticipate selling other real properties until certain appeals cases and/or objections to Claims and/or motions to determine the priority and extent of liens have been resolved relative to such properties, as discussed in the classification of Claims in Section VI below, however the Debtor reserves the right to do so.

The Debtor believes that the successful resolution of the appeals cases and/or objections to these Claims and/or motions to determine the priority and extent of liens will result in realization of additional equity, which may result in additional funding for the Plan. If the Debtor and/or his non-filing spouse are unsuccessful in prosecuting the appeals cases and/or objections to these Claims and/or motions to determine the priority and extent of liens, the Plan provides for certain of the properties to be liquidated. The Plan also presents the Debtor and his non-filing spouse with the opportunity to refinance the debt secured by various real properties as an alternate means of financing. Any sale or refinance of property may take place without further order of the Court.

**B. Disputes Regarding Disbursements**

In the event of any dispute regarding a disbursement to be made to any creditor with an Allowed Claim or Interest, the Debtor shall not be required to distribute any funds but may place the same in a non-interest bearing escrow account pending resolution of the controversy.

**C. Unclaimed Disbursement**

In the event that a creditor with an Allowed Claim fails to cash disbursement checks provided for under the Plan, the Debtor shall provide written notice to such creditor, as well as creditor's agent authorized by law to accept service, by certified mail, return receipt requested, advising Creditor that Creditor's failure to negotiate such check(s) will result in forfeiture of Creditor's right to payment under the Plan. In the event Creditor does not negotiate the payment(s) within thirty (30) days from the date of such notice, the Debtor shall provide a second notice advising Creditor that if it does not negotiate the payment or otherwise provide instructions to the Debtor within fourteen (14) days from the date of the second notice, said creditor shall forfeit all rights to any payment under the Plan and shall have no Claim whatsoever against the Debtor. Any disbursements so forfeited shall be returned to the Debtor and will be

redistributed to creditors on a *pro rata* basis, or if Creditors have been paid in full, the forfeited disbursements shall be returned to the Debtor.

**XIII. POST-CONFIRMATION PROFESSIONAL FEES**

All reasonable fees for services rendered in connection with this Chapter 11 case and the Plan after the Effective Date, including those relating to the resolution of any pending Claims, shall be paid by Debtor as billed.

**XIV. EXECUTORY CONTRACTS**

All prepetition executory contracts and unexpired leases of the Debtor shall be rejected, unless such contracts are the subject of a separate motion to assume or reject filed under section 365 of the Bankruptcy Code prior to the Effective Date.

**XV. DEFAULT**

An event of default under the Plan shall occur if the Debtor fails to make any payment required under the Plan, or to perform any other obligation required under the Plan, for more than ten (10) days after the time specified in the Plan for such payment or other performance (“Event of Default”). Upon the occurrence of an Event of Default, the Creditor shall serve by first class mail to Debtor and Debtor’s attorney a written notice of default and a ten (10) day opportunity to cure or to move to obtain from the Bankruptcy Court an extension of time to cure the default, or a determination that no default occurred. In the event the Debtor fails to cure the default or seek and obtain an extension to cure from the Bankruptcy Court, any Creditor or party-in-interest shall have the right to exercise their state court rights to enforce the amount owed under the Plan and/or to foreclose on their collateral, if any.

**XVI. PREFERENCES AND AVOIDABLE TRANSFERS**

Any action by Debtor or any other authorized party-in-interest to recover property of the estate and avoid any transfer pursuant to §§542, 543, 544, 547, 548 or 549 of the Bankruptcy

Code, if not already completed, shall be commenced by the filing of a complaint pursuant to Bankruptcy Rule 7003 within sixty (60) days following the Effective Date. As of the date of filing of the Plan of Reorganization and this Disclosure Statement, Debtor had identified no such avoidable transfer actions.

**XVII. TAX CONSEQUENCES OF CONFIRMATION OF DEBTOR'S PLAN OF REORGANIZATION**

The tax consequences of the Debtor's treatment of each creditor may vary, based upon a particular creditor's individual circumstances. As a result, all creditors and parties-in-interest who may be affected by the Plan should consult their own tax advisor for a complete analysis of the tax consequences arising from their treatment upon confirmation of Debtor's Plan. The Debtor does not anticipate that the Chapter 11 estate will incur tax liability arising from the confirmation of Debtor's Plan.

**XVIII. SPECIAL TAX TREATMENT PURSUANT TO 11 U.S.C. § 1146**

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any notes or securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. The Debtor intends to seek the benefits of Section 1146.

**XIX. VALUE OF THE DEBTOR'S ASSETS AND LIABILITIES**

The Debtor's assets and liabilities are more fully shown in the Schedules of assets and liabilities [the "Schedules"] filed with the Bankruptcy Court by the Debtor. At the time the

Schedules were filed or amended, they contained, to the best of Debtor's knowledge, information and belief, an accurate summary of the Debtor's assets and liabilities.

**XX. BINDING EFFECT OF THE PLAN**

The confirmation of Debtor's Plan by the Bankruptcy Court constitutes a binding contract between the Debtor and all of his creditors, and is enforceable against each such creditor, whether or not each such creditor accepted Debtor's Plan.

**XXI. FEASIBILITY: DEBTOR'S ABILITY TO FUND THE PLAN**

As discussed below, Debtor maintains that the Plan satisfies the feasibility requirement of §1129(a)(1) of the Bankruptcy Code.

**A. Current Operations**

Since the Petition Date, the Debtor and his wife have received limited income which has been used to fund basic living expenses. The Debtor reserves the right to sell real property or refinance property as a means of funding the Plan.

**B. Debtor's Ability to Fund the Plan**

The Debtor will have the means to fund payments called for under the Plan. The Debtor intends to sell the property located at Lot 6 Seaside 14 Subdivision Santa Rosa Beach, FL 32459 for the contract price of \$1,772,500.00, which will fund payments to creditors under the Plan. A motion is currently pending seeking to authorize the sale. While the Debtor does not anticipate selling other properties at this time, the Debtor reserves the right to do so in order to fund payments to Creditors under the Plan. As previously indicated the resolution of appeals cases and/or objections to certain Claims and/or motions to determine the priority and extent of liens will result in realization of additional equity, which may result in additional funding for the Plan. If the Debtor and/or his non-filing spouse are unsuccessful in prosecuting the appeals cases and/or objections to these Claims and/or motions to determine the priority and extent of liens, the

Plan provides for the properties to be liquidated by sale (in the absence of any other means of payment). The Plan also permits the Debtor and his non-filing spouse with the opportunity to refinance the debt secured by various real properties.

## **XXII. LIQUIDATION ANALYSIS**

Creditors are advised that, as an alternative to the proposed confirmation and execution of the Debtor's Plan of Reorganization under Chapter 11 of the Bankruptcy Code, this case is subject to conversion to Chapter 7 of the Bankruptcy Code. In order to ascertain adequate information to make an informed decision concerning the acceptance or rejection of the proposed Plan, creditors should compare the amount of return on their Claims under the Plan with the amount of return should the case be converted to a Chapter 7 proceeding.

Under Chapter 7 of the United States Bankruptcy Code, Debtor would prepare substantially all of his assets for liquidation. The Office of the United States Trustee would appoint a trustee to direct the sale of the Debtor's assets, and to distribute the proceeds of the sale in compliance with the priorities established by the Bankruptcy Code.

In the event that the case were converted to Chapter 7, a Trustee Chapter 7 Trustee would have the discretion to liquidate the Debtor's assets pursuant to a forced or "quick sale" of such assets. In this case, however, each of the Debtor's real property assets (summarized in Section V) are owned as tenants by the entirety, with the exception of the property located at Lot 13, Seaside 15 Subdivision, Santa Rosa Beach, FL 32459, which is owned solely by the Debtor's non-filing spouse and is fully encumbered by SunTrust. A Chapter 7 Trustee would not be able to liquidate the real properties owned as tenants by the entirety, except to satisfy debts owed jointly by the Debtor and his non-filing spouse. The only known joint unsecured debts owed by the Debtor (and Barbara Ann Kelly) after the payment of Secured Claims are asserted by Michael and Susan Myers (\$65,000.00) and potentially, dependent upon the outcome of Claims

objections or motions to determine priority and extent of lien, the Claims of Seaside III Neighborhood Association, Inc. (\$43,700.75) and Regions Bank (\$377,000.00). Unsecured Creditors who hold Claims which are not joint debts of the Debtor and Barbara Ann Kelly would not receive a distribution from the sale of the real properties. Creditors who hold Claims which are joint debts of the Debtor and Barbara Ann Kelly would be entitled to be paid from the sale proceeds of jointly owned properties after the payment of costs of sale and administrative expenses. Based upon the scheduled value of the Debtor's properties and the liens asserted against them, there is presently no equity available for the payment of joint unsecured debts of the Debtor and his non-filing spouse. In the event that a Trustee were to successfully prosecute the various objections to Claims outlined by the Debtor, or to settle such objections to Claims, the Debtor estimates that \$50,000 to \$150,000 may be made available for the *pro rata* payment of such joint unsecured Claims.

A Chapter 7 Trustee could also liquidate non-exempt personal property owned by the Debtor to satisfy holders of Allowed General Unsecured Claims. However, pursuant to the exemptions provided under Maryland law, the Debtor is permitted to exempt the value of certain personal property up to Twelve Thousand Dollars (\$12,000.00) from the bankruptcy estate. If the case were converted to a case under Chapter 7, the Debtor would exercise his exemptions. The Debtor's non-exempt personal property assets are *de minimis*; after Trustee commissions and costs of sale, there would be little, if any, proceeds available for Allowed General Unsecured Creditors.

Based upon the fact that the Debtor's real properties are owned as tenants by the entirety and the fact that the Debtor is able to exempt his personal property, the liquidation of property of the estate under Chapter 7 would result in little or no distribution to General Unsecured Creditors (for holders of both unsecured claim Claims of the Debtor or joint

unsecured Claims of the Debtor and his non-filing spouse).

In summary, Allowed General Unsecured Creditors would receive substantially less than they would receive in a Chapter 11 reorganization. The Plan therefore offers a significantly more favorable treatment to Allowed General Unsecured Nonpriority Creditors than such creditors would receive under Chapter 7.

Based upon the foregoing, Debtor asserts that the Plan is in the best interest of Creditors.

**XXIII. CONCLUSION**

Debtor, Gregory B. Myers, proposes his Plan in an effort to treat each creditor fairly. The Plan represents the Debtor's best attempt to maximize the value of his assets and recovery to unsecured creditors. The Plan accomplishes this result and ensures that all creditors will be treated equitably. The Debtor therefore recommends acceptance of the Plan.

**Dated October 5, 2016**

**/s/ Gregory B. Myers**  
Gregory B. Myers

Respectfully submitted,

MCNAMEE, HOSEA, JERNIGAN, KIM  
GREENAN & LYNCH, P.A.

**/s/ James M. Greenan**  
James M. Greenan (Fed. Bar No. 08623)  
Craig M. Palik (Fed Bar No. 15254)  
6411 Ivy Lane, Suite 200  
Greenbelt, Maryland 20770  
(301) 441-2420

*Attorneys for Gregory B. Myers*