UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND

In re:	)	
	)	
GRM BAY WASH, LLC	)	Case No. 15-26725
	)	(Chapter 11) (Proposed Lead Case)
Debtor	)	
	)	
In re:	)	
	)	
GRM BAY WASH of DELMARVA, LLC	)	Case No. 15-26727
	)	(Chapter 11)
	)	
Debtor	)	
	)	

DEBTORS' JOINT DISCLOSURE STATEMENT
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE
(SEPTEMBER 24, 2016)

I. INTRODUCTION

GRM BAY WASH, LLC (the "Debtor" or "GRM BW")) and GRM BAY WASH of DELMARVA, LLC (the "Co-Debtor" or "GRM DM") (Collectively, the "Debtors"), by undersigned counsel, John D. Burns, Esquire, and The Burns Law Firm, LLC, submits this Joint Disclosure Statement (the "Disclosure Statement"), as amended, pursuant to § 1125 of the Bankruptcy Code of 2005, as amended (the "Bankruptcy Code"), to all holders of Claims[1] against or interests in the Debtors, as a prerequisite to soliciting acceptances to the Debtors' Plans of Reorganization (the "Plan"), or as may have been amended, which has been filed with the Clerk of the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court").

The purpose of this Disclosure Statement is to furnish adequate information of a kind,

[1] Unless otherwise defined herein, to the extent possible the capitalized terms used herein shall have the respective meaning assigned in the Plans and such definitions are incorporated herein in the Plans description section.

and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtors and the condition of the Debtors' books and records, that would enable a hypothetical reasonable investor typical of the holders of Claims against or interests in the Debtors to make an informed judgment about the Plan. Therefore, as addressed more fully below, the information contained herein has not yet been approved by the Bankruptcy Court as "adequate information" within the meaning of the Bankruptcy Code.

Accompanying this Disclosure Statement, or soon to be filed, are copies of: (a) the Plan, as amended, which is attached and incorporated herein as **Exhibit 1;** (b) the balance sheet supporting the liquidation analysis of the Debtor (effective as of an assumed date of 12/16), to be incorporated herein as **Exhibit 2;** (c) a *pro forma* statement of income and expenses over five (5) years (effective as of an assumed date of 12/16) to support the treatment of Classes of Claims under the Plan over the term of projected Cash Distributions as **Exhibit 3** (d) a Global Restructuring Agreement with First Mariner Bank as between both Debtors and Simply Storage of Delmarva, LLC, a pendent party soon to be dismissed from Chapter 11 (e) the Debtor's most recent Operating Report as **Exhibit 4**; and (f) a Ballot for acceptance or rejection of the Plans ("Ballot") to be incorporated herein as **Exhibit 5**.

After carefully reviewing the Plan, this Disclosure Statement and all the Exhibits annexed hereto, please indicate your vote on the enclosed Ballot. Please vote and return your Ballot to the following address: John D. Burns, Esquire, The Burns Law Firm, LLC, 6303 Ivy Lane; Suite 102, Greenbelt, MD 20770. YOU MAY FAX THE BALLOT TO 301.441.9472 PROVIDED YOU PREFACE YOUR FACSIMILE WITH A COVER SHEET IDENTIFYING THE ***CASE NAME, NUMBER AND IDENTIFYING YOURSELF BY NAME*** AND COMPANY AFFILIATION, IF ANY. PLEASE NOTE THAT UNRECOGNIZABLE OR

UNIDENTIFIED FACSIMILES ARE DISCARDED WEEKLY. YOU MAY ALSO PDF YOUR SIGNED BALLOT (ALL PAGES REQUIRED) TO THE FOLLOWING EMAIL ADDRES: INFO@BURNSBANKRUPTCYFIRM.COM WITH SIMILAR IDENTIFYING INFORMATION AS WAS REQUIRED IN THE FACSIMILE INSTRUCTIONS.

NO REPRESENTATION CONCERNING THE DEBTORS, THE VALUE OF OF 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 AND ANY SUCH REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED IMMEDIATELY TO THE DEBTORS' COUNSEL.** THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. NO REPRESENTATION IS MADE THAT 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. THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY TO ITS CREDITORS. THE DEBTORS THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS. THE PLAN AND DISCLOSURE STATEMENT ARE COMPLEX INSOFAR AS THEY CONSTITUTE A LEGALLY BINDING COMMITMENT

BETWEEN CREDITORS AND THE DEBTORS. ACCORDINGLY, CREDITORS AND PARTIES-IN-INTEREST ARE URGED TO SEEK LEGAL COUNSEL IF UNSURE OF THE EFFECT OF THE PLAN AND DISCLOSURE STATEMENT.

CREDITORS MAY WISH TO OBTAIN THE ADVICE OF COUNSEL AND THE ADVICE OF AN ACCOUNTANT OR INVESTMENT ADVISOR AS TO THE RISKS AND TAX IMPLICATIONS IMPLICATED BY THE PLAN.

THE PLAN PROVIDES CERTAIN ADDITIONAL RISKS TO CREDITORS IN THAT WHILE PROJECTIONS AND ASSUMPTIONS HAVE BEEN PREPARED WITH GREAT CARE, THE PAYMENT ON ALLOWED CLAIMS IN THIS CASE IS CONTINGENT UPON APPROVAL OF THE DEBTORS' PLANS. MOREOVER, THIS DISCLOSURE STATEMENT IS NOT A STATEMENT OF COURT APPROVED REPRESENTATIONS. 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.

II. STANDARD AT LAW:

1. Basis for Adequate Information:

A disclosure statement must contain "adequate information" as is defined and set forth in Section 1125(a) of the Code: This means "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical

investor of the relevant class to make an informed judgment about the plan."

Moreover, recognizing the practicalities of Chapter 11, the drafters of Title 11 reserved that "adequate information need not include such information about any other possible or proposed plan and in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information." 11 U.S.C. § 1125(a) (2015). As such, the Code presents inherent flexibility as to the contents of a disclosure statement as they pertain to the unique facets of the debtor in question, such as size of business, complexity of operations and of course, nature of the reorganization at hand.

A long standing "benchmark" for determining the adequacy of information presented within a Disclosure Statement is found at Judge Drake's seminal opinion, in *Metrocraft*, wherein the Bankruptcy Court drew from substantial sources to produce a nineteen (19) factor list:

> Relevant factors for evaluating the adequacy of a disclosure statement may include: (1) the events which led to the filing of a bankruptcy petition; (2) a description of the available assets and their value; (3) the anticipated future of the company; (4) the source of information stated in the disclosure statement; (5) a disclaimer; (6) the present condition of the debtor while in Chapter 11; (7) the scheduled claims; (8) the estimated return to creditors under a Chapter 7 liquidation; (9) the accounting method utilized to produce financial information and the name of the accountants responsible for such information; (10) the future management of the debtor; (11) the Chapter 11 plan or a summary thereof; (12) the estimated administrative expenses, including attorneys' and accountants' fees; (13) the collectability of accounts receivable; (14) financial information, data, valuations or projections relevant to the creditors' decision to accept or reject the Chapter 11 plan; (15) information relevant to the risks posed to creditors under the plan; (16) the actual or projected realizable value from recovery of preferential or otherwise voidable transfers; (17) litigation likely to arise in a nonbankruptcy context; (18) tax attributes of the debtor; and (19) the relationship of the debtor with affiliates.

See, *In re Metrocraft*, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984).

Each of these as may be applicable is addressed herein, and appropriately referenced by footnote so that the reader may track each reference:

III. HISTORY AND BACKGROUND:

1. *Basis for Filing and Factual Predicates:*

On December 1, 2015, the Debtor and Co-Debtor filed voluntary cases under Chapter 11 of the United States Bankruptcy Code of 2005, as amended (the "Code"). The Debtors are businesses engaged in the commerce of car washes. The Debtors are owned by Gary Middleton and Alice Middleton, a married couple. The Middletons have owned and operated nearly 14 businesses over their lifetimes, consisting of real estate, construction, car washes and other enterprises and joint ventures. No prior business venture has required a bankruptcy filing, a fact of which the Middletons are proud of.

The Debtor was formed in 2000 and operates in P.G. County. It has acquired three car washes, known as and referenced as under the Plans as the Beltsville Store, the Laurel Store and the Landover Store. The Co-Debtor has one car wash in Chincoteague Virginia. The Middeltons acquired the facilities over the years as the business grew. Despite the great economic recession, the Debtors managed along during the hard years of 2009 to 2014. Debtors were current on their credit facilities to First Mariner Bank in 2014 wherein a maturity on one of the credit facilities led to a technical default by First Mariner. All loans were accelerated by First Mariner. This led to a debacle in the Debtors' ability to fund and continue operations without replacement financing. This was particularly difficult in the operations given the existence of an SBA loan.

The Debtors contend First Mariner was entirely unresponsive to the Debtors' needs given no payment default had ever occurred. First Mariner has taken the position that there were

miscommunications. Be that as it may, the difficulties caused by over a year of operating in default caused foreclosures to advance by First Mariner. The petitions were filed in response to foreclosures docketed by First Mariner.

2. *Post-Petition Operations:*

The filing of the bankruptcy cases greatly normalized the cases and the operations of these businesses. The Debtors have operated with an ability to expand operations and to maintain net operating profits. The Debtors have negotiated with First Mariner since the Petition Date, and acceptable arrangements on adequate protection were reached early in the cases. There was a third case; namely, Simply Storage of Delmarva, LLC which was pending in this Bankruptcy Court and First Mariner and that debtor likewise negotiated for the periods of case pendency. The Debtors likewise attempted negotiations with the SBA, the second priority lien in the Debtor's case; however, strangely SBA has apparently abandoned this reorganization failing to even file a proof of claim.

The Simply Storage case is being dismissed given that it will be sold and there is no advantage to any party in interest in it being maintained further given an agreement exists with First Mariner and these Debtors in conjunction with that case, through a Global Restructuring Agreement (the "Agreement"). The Agreement is currently with the Loan Committee of First Mariner. These Plans in these cases were filed given that these Debtors are small business debtors and thus the time arose for Plans, following the Agreement by and between them and First Mariner. The crux of the Agreement is contained in the Plans, and the Debtors anticipate filing the Agreement – with any modest adjustments to the Plans or this Disclosure Statement – as may be required promptly. The upshot of these cases is that the recovering economy and the adjustments in debt relief provided for by First Mariner in these two

cases have provided for a reorganization that is now reasonably in prospect, and Plans which are timely filed.

The Debtors have filed for joint administration of these two cases given that at this stage the reorganization of one Debtor will impact and affect the Co-Debtor, given the existence of a common Agreement with First Mariner and the impact of that on the estates herein. Stated otherwise, having two different judges in these cases at this juncture will result in potential collateral estoppel if there are rulings on one case without rulings on the other that are commensurate with the findings and conclusions in the first case.

IV. PLAN OF REORGANIZATION

The following is a brief summary of the Plans of Reorganization of the Debtors filed with the Clerk of the United States Bankruptcy Court for the District of Maryland contemporaneous herewith. All statements made below are general in nature and are qualified in their entirety by reference to the complete terms of the Plans attached hereto and incorporated herein as **Exhibit 1.** Creditors, parties-in-interest and Equity Interest Holders are encouraged to read the entire Plans and consult with their respective counsel, accountants, business advisors and each other in order to fully understand the Plans. For purposes of the Plans, Definitions are provided as follows. The Plans are addressed in the context of the Plans Summary below, with a claims summary, a treatment summary, and a plan execution and means section. Each of the Debtors is treated *seriatim*:

GRM BW, LLC (Referenced for ease of review as "Debtor"):

"Class 1 Claim" shall consist of the Allowed Secured Claim of Prince George's County Maryland [Cl. Dkt. 1] in the amount of $6,584.00 in the Beltsville Store.

"Class 2 Claim" shall consist of the Allowed Secured Claim of Prince George's

County Maryland [Cl. Dkt. 2] in the amount of $7,246.73 in the Laurel Store.

"Class 3 Claim" shall consist of the Allowed Secured Claim of Prince George's County Maryland [Cl. Dkt. 3] in the amount of $13,642.45[Cl. Dkt. 3] in the Landover Store.

"Class 4 Claim" shall consist of the Allowed Secured Claim of Prince George's County Maryland in the amount of $938.37 [Cl. Dkt. 4] in the personal property assets of the Debtor.

"Class 5 Claim" shall consist of the Allowed Secured Claim of Prince George's County Maryland in the amount of $2,548.26 [Cl. Dkt. 5] in the personal property assets of the Debtor.

"Class 6 Claim" shall consist of the Allowed Secured Claim of First Mariner Bank in the amount of $516,238.12 [Cl. Dkt. 7] against the Laurel Store and certain tangible property, subject to the Global Restructuring Agreement.

"Class 7 Claim" shall consist of the Allowed Secured Claim of First Mariner Bank in the amount of $555,207.39 [Cl. Dkt. 8] against the Beltsville Store and certain tangible property, subject to the Global Restructuring Agreement, including cross collateralization against the Chincoteague Store in GRM DM, LLC (Case No. 15-26727).

"Class 8 Claim" shall consist of the Allowed Secured Claim of Sandy Spring Bank in the amount of $349,572.06 [Cl. Dkt. 9] against the Landover Store, subject to the contract of sale.

"Class 9 Claim" shall consist of the Disputed Secured Claim of the Small Business Administration against one or more of the Real Property [Sch. D].

"Class 10 Claims" shall consist of the Unsecured Claims against the Debtor; namely, Allowed Unsecured Claim BGE $1,296.72 [Cl. Dkt. 6]; Disputed Unsecured Claim First

Mariner Bank $4,448.65 [Sch. E/F]; Disputed Unsecured Claim Bay Area Disposal $154.00 [Sch. E/F]; Disputed Unsecured Claim Car Wash Solutions $160.75 [Sch. E/F]; Disputed Unsecured DiNenna Li CPAs $490.00 [Sch. F]; Disputed Unsecured Claim Donald Moore $6,000.00 [Sch. E/F]; Disputed Unsecured Claim Gary Middleton $3,000.00 [Sch. E/F]; Disputed Unsecured Claim Home Depot $104.83 [Sch. E/F]; Disputed Unsecured Claim Kleen Rite $12,500.00 [Sch. E/F]; Disputed Unsecured Claim Landscaping Guys of MD $1,200.00 [Sch. E/F]; Disputed Unsecured Claim Penn National Insurance Co. $3,942.31 [Sch. E/F]; Disputed Unsecured Claim Souza Law $4,590.44 [Sch. E/F]; and Disputed Unsecured Claim Verizon $114.93 [Sch. E/F].

"Class 11 Interests" shall consist of the Equity Interests in the Debtor.

The Debtor has not designated any Class of Claims under §§ 507(a)(2), or 507(a)(8) pursuant to § 1123(a)(1) of the Bankruptcy Code. The Plan contemplates that all Allowed Administrative Expense Claims shall be accorded treatment and payment as provided for by the Bankruptcy Code and as otherwise addressed by this Plan, including accrued fees to counsel for the Debtor. There are no Priority Claims of record filed; however, the Schedules identify City Of Glenarden for a disputed/contingent/ unliquidated collective amount of $481.41 and the Comptroller of Maryland for $106.00. Debtor's counsel holds in escrow $27,510.09 and has accrued fees and costs of $38,103.00. Fee applications shall be due in 90 days following the Effective Date. Finally, any unpaid quarterly fees due and owing to the Office of the United States Trustee shall be satisfied in full on the Effective Date, and any prospective quarterly fees to the Office of the United States Trustee shall be paid as and when due. None are apparent as owing to the UST at present.

Class 1 Claim is Impaired (Prince George's County, MD). In full and complete

satisfaction of the Class 1 Claim, the Debtor shall pay within one year of the Effective Date the sum of $6,584.00 with accrued statutory interest, if any.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 1 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 1 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 1 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 1 Claim as provided in this Plan shall entitle the Class 1 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 1 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 1 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 1 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 1 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 1 Claim through and in accordance herewith, the lien of the Class 1 Claimholder against the collateral, or any other

property shall be released.

Class 2 Claim is Impaired (Prince George's County, MD). In full and complete satisfaction of the Class 2 Claim, the Debtor shall pay within one year of the Effective Date the sum of $7,246.73 with accrued statutory interest, if any from the proceeds of the sale of the Laurel Store.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 2 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 2 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 2 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 2 Claim as provided in this Plan shall entitle the Class 2 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 2 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 2 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 2 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the

requirements thereof. Finally, treatment of the Class 2 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 2 Claim through and in accordance herewith, the lien of the Class 2 Claimholder against the collateral, or any other property shall be released.

Class 3 Claim is Impaired (Prince George's County, MD). In full and complete satisfaction of the Class 3 Claim, the Debtor shall pay within one year of the Effective Date the sum of $13,642.45 with accrued statutory interest, from the sale of the Landover Store.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 3 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 3 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 3 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 3 Claim as provided in this Plan shall entitle the Class 3 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 3 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 3 Claimholder of the indubitable equivalent

of its Allowed Secured Claim. Should the Class 3 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 3 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 3 Claim through and in accordance herewith, the lien of the Class 3 Claimholder against the collateral, or any other property shall be released.

Class 4 Claim is Impaired (Prince George's County, MD). In full and complete satisfaction of the Class 4 Claim, the Debtor shall pay within one year of the Effective Date the sum of $938.37 with accrued statutory interest, if any.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 4 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 4 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 4 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 4 Claim as provided in this Plan shall entitle the Class 4 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation

Date, of at least the value of Class 4 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 4 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 4 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 4 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 4 Claim through and in accordance herewith, the lien of the Class 4 Claimholder against the collateral, or any other property shall be released.

Class 5 Claim is Impaired (Prince George's County, MD). In full and complete satisfaction of the Class 5 Claim, the Debtor shall pay within one year of the Effective Date the sum of $2,548.26 with accrued statutory interest, if any.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 5 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 5 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 5 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 5 Claim as provided in this Plan shall entitle the Class 5

Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 5 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 5 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 5 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 5 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 5 Claim through and in accordance herewith, the lien of the Class 5 Claimholder against the collateral, or any other property shall be released.

Class 6 Claim is Impaired (First Mariner Bank). In full and complete satisfaction of the Class 6 Claim, the Debtor shall pay within one year of the Effective Date the sum of the net proceeds of sale of the Laurel Store after Class 2 and brokerage commissions, unless the Laurel Store shall be sold at foreclosure, and then the net proceeds of foreclosure sale of the Laurel Store, subject to the Global Restructuring Agreement. The Insiders shall be released pursuant to the Plan and by agreement under 11 U.S.C. § 524(e). In no event shall the Class 6 Claim be paid in excess of the net proceeds on the Laurel Store, and any surplus debt is a Disallowed Claim.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 6 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s)

referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 6 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 6 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 6 Claim as provided in this Plan shall entitle the Class 6 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 6 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 6 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 6 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 6 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 6 Claim through and in accordance herewith, the lien of the Class 6 Claimholder against the collateral, or any other property shall be released.

Class 7 Claim is Impaired (First Mariner Bank). In full and complete satisfaction of the Class 7 Claim, the Debtor shall pay in fixed regular installments at 4% interest within 60 months of the Effective Date the sum of the Class 7 Claim, or with one renewal for an additional 60 months at then prevailing commercial interest rates, subject to the Global Restructuring Agreement. The Insiders shall be released pursuant to the Plan and by agreement under 11 U.S.C. § 524(e). The Class 7 Claim shall be cross-collateralized for adequate protection by the

Beltsville Store and the Chincoteague Store in GRM DM, LLC, Case No. 15-26727.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 7 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 7 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 7 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 7 Claim as provided in this Plan shall entitle the Class 7 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 7 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 7 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 7 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 7 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 7 Claim through and in accordance herewith, the lien of the Class 7 Claimholder against the collateral, or any other property shall be released.

Class 8 Claim is Impaired (Sandy Spring). In full and complete satisfaction of the Class 8 Claim, the Debtor shall pay within one year of the Effective Date the sum of the net proceeds of sale of the Landover Store after Class 3 and brokerage commissions, unless the Laurel Store shall be sold at foreclosure, and then the net proceeds of foreclosure sale of the Laurel Store, subject to the Contract of Sale. The Insiders shall be released pursuant to the Plan and by agreement under 11 U.S.C. § 524(e). In no event shall the Class 8 Claim be paid in excess of the net proceeds on the Landover Store, and any surplus debt is a Disallowed Claim.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 8 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 8 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 8 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 8 Claim as provided in this Plan shall entitle the Class 8 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 8 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 8 Claimholder of the indubitable equivalent

of its Allowed Secured Claim. Should the Class 8 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 8 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 8 Claim through and in accordance herewith, the lien of the Class 8 Claimholder against the collateral, or any other property shall be released.

Class 9 Claim is Impaired (SBA). In full and complete satisfaction of the Class 9 Claim, the Debtor shall pay nothing to the SBA who has failed at this time to file a proof of claim and as to which alleged disputed, contingent and unliquidated lien there appears to be no equity in the revisited values of any of the Real Property and senior liens of Classes 1, 2, 3, 4, 5, 6, 7, 8. Upon entry of a Confirmation Order, the lien of the SBA shall be voided and released on the Real Property and any other collateral in which it may assert an interest, and such claim shall be discharged from personal liability by its status as a Disputed Claim and a failure to file a proof of Claim. This Plan and Disclosure Statement shall be served upon the SBA with due care under the Federal Rules of Civil Procedure such that procedural due process in the avoidance of its lien may be observed.

Class 10 Claims are Impaired (Unsecured Claims). In full and complete satisfaction, discharge and release of the Class 10 Claims, the Allowed Unsecured Claims shall receive Cash Distributions from Cash Flow anticipated to represent a minimum of 10% of their Face Amount of the Allowed Claims in Pro Rata distribution on their Allowed Amount over 60 months from the Effective Date in adjustable monthly installments. This dividend may increase should Reserves exist; however, this 10 percent shall act as a minimum Cash Disbursement for Allowed Unsecured Claims.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall later adjoin the Amended Disclosure Statement to the Plan. Accordingly, Class 10 Claims are not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced.

To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 10 Claims in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 10 Claims within two (2) months from the shortage, or a default may be appropriate under the Plan.

The Class 11 Interests are Impaired (Equity Interests). The Equity Interests shall extinguish upon the Confirmation Date. No Equity Interest holder shall receive or retain any interest in property of the estates on account of any pre-petition interest. However, the Equity Interests shall receive new interests in the reorganized Debtor in consideration of new value and money and money's worth contributed as new value.

The Administrative Expense Claims/Priority Claims. In full and complete satisfaction, discharge and release of the Administrative Expense Claims, The Debtor shall satisfy the Allowed Amount of all Administrative Expenses as provided for in 2.12.

GRM DM, LLC (Referenced for ease of review as "Debtor"):

"Class 1 Claim" shall consist of the Allowed Secured Claim of First Mariner Bank in the amount of $520,457.57 [Cl. Dkt. 2] against the Chincoteague Store and certain

tangible property, subject to the Global Restructuring Agreement, including cross collateralization against the Beltsville Store in GRM BW LLC (Case No. 15-26725) up to the agreed funding cap.

"Class 2 Claim" shall consist of the Allowed Secured Claim of First Mariner Bank in the amount of $125,605.01 [Cl. Dkt. 1] against the Chincoteague Store and certain tangible property, subject to the Global Restructuring Agreement, including cross collateralization against the Beltsville Store in GRM BW LLC (Case No. 15-26725) up to the agreed funding cap.

"Class 3 Claims" shall consist of the Unsecured Claims against the Debtor; namely, Disputed Unsecured Claim A & N Electric Cooperative Unknown [Sch. E/F]; Allowed Unsecured Claim Allen Clark Construction $3,200.00 [Sch. E/F]; Disputed Unsecured Claim Oak Hall Material $1,100.00 [Sch. E/F]; Allowed Unsecured Claim Penn National Insurance Co. $880.25 [Sch. E/F]; Disputed Unsecured Verizon $82.44 [Sch. E/F].

"Class 4 Interests" shall consist of the Equity Interests in the Debtor.

The Debtor has not designated any Class of Claims under §§ 507(a)(2), or 507(a)(8) pursuant to § 1123(a)(1) of the Bankruptcy Code. The Plan contemplates that all Allowed Administrative Expense Claims shall be accorded treatment and payment as provided for by the Bankruptcy Code and as otherwise addressed by this Plan, including accrued fees to counsel for the Debtor. There are no Priority Claims of record filed; however, the Schedules identify County of Accomack for a disputed/contingent/ unliquidated collective amount of $5,687.17. Debtor's counsel holds in escrow $9,000.00 and has accrued fees and costs of $13,857.00. Fee applications shall be due in 90 days following the Effective Date. Finally, any unpaid quarterly fees due and owing to the Office of the United States Trustee shall be satisfied

in full on the Effective Date, and any prospective quarterly fees to the Office of the United States Trustee shall be paid as and when due. None are apparent as owing to the UST at present.

Class 1 Claim is Impaired (First Mariner Bank). In full and complete satisfaction of the Class 1 Claim, the Debtor shall pay in fixed regular installments at 4% interest within 60 months of the Effective Date the sum of the Class 1 Claim, or with one renewal for an additional 60 months at then prevailing commercial interest rates, subject to the Global Restructuring Agreement. The Insiders shall be released pursuant to the Plan and by agreement under 11 U.S.C. § 524(e). The Class 1 Claim shall be cross-collateralized for adequate protection by the Beltsville Store and the Chincoteague Store in GRM BW, LLC, Case No. 15-26725 up to the agreed funding cap.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 1 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 1 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 1 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 1 Claim as provided in this Plan shall entitle the Class 1 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent

to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 1 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 1 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 1 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 1 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 1 Claim through and in accordance herewith, the lien of the Class 1 Claimholder against the collateral, or any other property shall be released.

Class 2 Claim is Impaired (First Mariner Bank). In full and complete satisfaction of the Class 2 Claim, the Debtor shall pay in fixed regular installments at 4% interest within 60 months of the Effective Date the sum of the Class 2 Claim, or with one renewal for an additional 60 months at then prevailing commercial interest rates, subject to the Global Restructuring Agreement. The Insiders shall be released pursuant to the Plan and by agreement under 11 U.S.C. § 524(e). The Class 2 Claim shall be cross-collateralized for adequate protection by the Beltsville Store and the Chincoteague Store in GRM BW, LLC, Case No. 15-26725 up to the agreed funding cap.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall adjoin the Disclosure Statement to the Plan to be dedicated to this Class of Claims. Accordingly, Class 2 Claim is not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced. To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and

ordinary operating expenses causes the Debtor to pay the Class 2 Claim in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 2 Claim within two (2) months from the shortage, or a default may be appropriate under the Plan.

Treatment of the Class 2 Claim as provided in this Plan shall entitle the Class 2 Claim to receive on account of its Allowed Secured Claim money or money's worth equivalent to the present value amount of its Allowed Secured Claim, of a value, as of the Confirmation Date, of at least the value of Class 2 Claimholder's interest in the collateral securing its Allowed Secured Claim, and for the realization by the Class 2 Claimholder of the indubitable equivalent of its Allowed Secured Claim. Should the Class 2 Claim as a Secured Creditor elect treatment under Section 1111(b)(2) of the Code, treatment shall be provided in accordance with the requirements thereof. Finally, treatment of the Class 2 Claim may be based upon Cash Distributions arrived at by agreement. Upon payment in full of the Class 2 Claim through and in accordance herewith, the lien of the Class 2 Claimholder against the collateral, or any other property shall be released.

Class 3 Claims are Impaired (Unsecured Claims). In full and complete satisfaction, discharge and release of the Class 3 Claims, the Allowed Unsecured Claims shall receive Cash Distributions from Cash Flow anticipated to represent a minimum of 10% of their Face Amount of the Allowed Claims in Pro Rata distribution on their Allowed Amount over 60 months from the Effective Date in adjustable monthly installments. This dividend may increase should Reserves exist; however, this 10 percent shall act as a minimum Cash Disbursement for Allowed Unsecured Claims.

Subject to the use of any necessary Revenues, Cash Distributions from Cash Flow shall be in the priority of payments required by Title 11 and as demonstrated in greater detail by the pro forma(s) which shall later adjoin the Amended Disclosure Statement to the Plan. Accordingly, Class 3 Claims are not receiving all Cash Distributions from Cash Flow, but rather only those Cash Distributions which are more fully set forth in the pro forma(s) referenced.

To the extent the Debtor's use of Revenues to fund any unanticipated, necessary and ordinary operating expenses causes the Debtor to pay the Class 3 Claims in arrears of the projected return set forth in the pro forma(s) as discussed in the definition of Reserves above, the Debtor will need become current with the Cash Distributions contemplated within the pro forma(s) to the Class 3 Claims within two (2) months from the shortage, or a default may be appropriate under the Plan.

The Class 4 Interests are Impaired (Equity Interests). The Equity Interests shall extinguish upon the Confirmation Date. No Equity Interest holder shall receive or retain any interest in property of the estates on account of any pre-petition interest. However, the Equity Interests shall receive new interests in the reorganized Debtor in consideration of new value and money and money's worth contributed as new value.

The Administrative Expense Claims/Priority Claims. In full and complete satisfaction, discharge and release of the Administrative Expense Claims, The Debtor shall satisfy the Allowed Amount of all Administrative Expenses as provided for in 2.5.

V. LIQUIDATION ANALYSIS

In order for the Court to confirm the Plans, it must make a finding that each Class of Creditors will receive at least as much under the Plan as they would if this case were to be converted to a case under Chapter 7 of the Bankruptcy Code and the assets were liquidated by

a Chapter 7 Trustee. By hypothetical comparison, under Chapter 7 of the Bankruptcy Code, creditors will receive less than they would receive under the present plan because of the Trustee's statutory commission (11 U.S.C. § 326), which imposes the additional administrative expenses a Trustee would incur (attorneys fees, costs, commission.

Debtors will be paying Creditors holding Allowed Claims a greater return than would a liquidation effort would provide. Anticipating that the ever observant Ms. Kohen (she routinely reads and comments on such nonsensical boiler plate provisions) will object to a simple balance sheet – particularly with NOI from improving operations; the Debtor reserves pending the Agreement to be supplied which shall be accompanied by financial statements that compare treatment under the Plan to the prospects of liquidation, with restated values for the Real Property herein.

VI. CRAMDOWN

Under § 1129(b) of the Bankruptcy Code, if one or more classes of impaired claims or interests do not accept the Plan, the Bankruptcy Court may confirm the Plan only if the Bankruptcy Court finds that the Plan was accepted by at least one non-insider impaired class and does not discriminate unfairly against, and is fair and equitable as to, all non-accepting impaired classes. This is referred to as a cram down. The second criteria requires the Bankruptcy Court to find that, with respect to classes of secured claims, the holders of the secured claims retain their liens, such that each holder of such a claim receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the Effective Date of the plan, of at least the value of such holder's interest in the estate's interest in such property, and that each holder of such a claim realize the indubitable equivalent of such claim; and, with respect to classes of Unsecured Claims, unless all members of a non-accepting, impaired class

receive payment in full of their Allowed Claims, no class that is junior in priority to the non-accepting Impaired Class shall receive anything under the Plan. The third criteria is that all requirements of § 1129(a) of the Bankruptcy Code be met other than § 1129(a)(8) of the Bankruptcy Code.

IF ANY CLASS OF ALLOWED CLAIMS REJECTS THE PLAN, THE DEBTOR WILL SEEK TO CONFIRM THE PLAN PURSUANT TO THE CRAMDOWN METHOD PROVIDED BY SECTION 1129(b) OF THE BANKRUPTCY CODE. THE TREATMENT AFFORDED CREDITORS IN EACH CLASS IN THE EVENT OF A "CRAMDOWN" WILL BE AS INDICATED HEREIN. Any effort by the Debtor to confirm the Plan pursuant to the cramdown method likely will involve complex litigation which, regardless of the outcome, may impose substantial administrative expenses on the property of the estate, requiring a longer term of repayment for Creditors holding Allowed Claims than presently contemplated.

VII. VOTING ON THE PLAN AND CONFIRMATION

Prior to approval of this Disclosure Statement by the Bankruptcy Court, by prior Court Order, a copy has been mailed to all creditors, all parties-in-interest entitled to vote pursuant to § 1126 of the Bankruptcy Code, and within the manner specified by Court Order exempting the Debtor from Bankruptcy Rule 3017(d), accompanied by a ballot. Pursuant to § 1126(a) of the Bankruptcy Code, any holder of an Allowed Claim or an Allowed interest may accept or reject the Plan. However, approval or rejection of the Plan is measured by Classes of Claims and interests rather than by each Claim holder or interest holder. A Class of Claims or interests which is not impaired by the Plan conclusively is presumed to have accepted the Plan. Accordingly, no Class of Claims which is unimpaired by the Plan need submit a ballot for voting.

Pursuant to §1128 of the Code and Bankruptcy Rule 2002(b), the Court shall conduct a hearing to consider confirmation of the Plan on twenty eight (28) days notice to creditors and parties in interest, unless shortened by order of the Bankruptcy Court. A party-in-interest may object to the confirmation of the Plan. The date by which objections must be filed to the confirmation of the Plan and by which votes must be submitted shall be established at a date and in a manner as determined by the Bankruptcy Court, and circulated by a form of Order either concurrent herewith or separately.

VIII. FEDERAL INCOME TAX CONSEQUENCES

THE DISCUSSION OF FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS LIMITED TO THE GENERAL TAX CONSEQUENCES AFFECTING CREDITORS AS A RESULT OF THE DISCHARGE OF INDEBTEDNESS WITHOUT PAYMENT UNDER THE PLAN. EACH CREDITOR OR EQUITY SECURITY HOLDER SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED THEIR RESPECTIVE CLAIMS OR INTERESTS BY THE PLAN UNDER FEDERAL TAX LAW, THE TAX LAW OF THE VARIOUS STATES AND LOCAL JURISDICTIONS OF THE UNITED STATES AND THE LAWS OF FOREIGN JURISDICTIONS.

BECAUSE OF CONTINUAL CHANGES BY THE CONGRESS, THE TREASURY DEPARTMENT AND THE COURTS WITH RESPECT TO THE ADMINISTRATION AND INTERPRETATION OF THE TAX LAWS, NO ASSURANCE CAN BE GIVEN THAT FOLLOWING INTERPRETATIONS WILL NOT BE CHALLENGED BY THE INTERNAL REVENUE SERVICE, OR, IF CHALLENGED, THAT SUCH INTERPRETATIONS WILL BE SUSTAINED.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTOR AND ITS COUNSEL DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES A CREDITOR OR EQUITY SECURITY HOLDER MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED THEIR CLAIM OR INTEREST UNDER THE PLAN.

The principal income tax consequences for a creditor of the Debtor relates to the ability to deduct a portion of its claim against the Debtor in the event the creditor does not receive full payment of the Allowed Amount of its Claim as contemplated under the Plan. Section 166 of the Internal Revenue Code of 1986, as amended, ("IRC") (relating to the deductibility of bad debts) generally provides as follows:

1. totally worthless business bad debt is deductible only in the tax year in which it becomes worthless;

2. partially worthless business bad debt is deductible in an amount not in excess of the part charged off on the taxpayer's books within the taxable year; and

3. in the case of a taxpayer other than a corporation, a nonbusiness bad debt which becomes completely worthless during the taxable year is deductible as a short-term capital loss and is subject to the limitations imposed on the deductibility of such losses.

For purposes of IRC §166, a "non-business debt" means a debt other than (i) one created or acquired in connection with the taxpayer-creditor's trade or business or (ii) the loss from the worthlessness of which was incurred during the operation of the taxpayer-creditor's trade or business.

Pursuant to Treas. Reg. §1.166-2(c), as a general rule, bankruptcy is generally an

indication of the worthlessness of at least a part of an unsecured and unpreferred debt. In bankruptcy cases, a debt may become worthless before settlement in some instances; and in others, only when a settlement in bankruptcy has been reached. In either case, the mere fact that bankruptcy proceedings instigated against the debtor are terminated in a later year, thereby confirming the conclusion that the debt is worthless, shall not authorize the shifting of the deduction under IRC §166 to such year. Pursuant to Treas. Reg. §1.166-1(d) (2) (ii), only the difference between the amount received in distribution of assets of a bankrupt and the amount of the claim may be deducted under IRC §166 as a bad debt.

Generally, taxpayers are entitled to a bad debt deduction with respect to accounts receivable only if the taxpayer has recognized as income the accounts receivable in the year in which the bad debt deduction is claimed or a prior taxable year. Thus, bad debt deductions for worthless or partially worthless accounts receivable are normally available only to accrual method taxpayers. Likewise, worthless debts arising from unpaid wages, salaries, fees, rents and similar items of taxable income are not allowed as a deduction as a bad debt unless the income such items represent has been included in the return of income for the year for which the deduction as a bad debt is claimed or for a prior taxable year.

Further, the availability of the bad debt deduction under IRC §166 is not available for losses governed by IRC §165, including, without limitation, losses incurred on a bond, debenture, note or certificate or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form. The deductibility of losses for debts evidenced by a "security", as defined in IRC §165(g), is governed by IRC §165.

Business bad debts deductible under IRC §166 may generally be deducted using either

the specific charge-off method or, if certain requirements are met, the nonaccrual-experience method. Under the specific charge-off method, specific business bad debts that become either partially or totally worthless during the tax year may be deducted in the manner permitted by IRC §166.

If a deduction is taken for a bad debt which is recovered in whole or part in a later tax year, the taxpayer may have to include in gross income the amount recovered, except, under limited circumstances, the amount of the deduction that did not reduce taxes in the year deducted.

IX. AVOIDABLE TRANSFERS/OBJECTIONS TO CLAIMS

The Debtor has investigated the existence of any avoidable transfers pursuant to §§ 544, 547, 548 and 549 of the Bankruptcy Code. The Debtor has concluded that none exist that would provide a justifiable economic return to the estate.

X. MISCELLANEOUS

The Confirmation Order shall bind all Creditors holding Allowed Claims, and shall constitute both an injunction against any action by any and all Creditors against the Debtors or property of the estate that existed on the Confirmation Date. The Confirmation Order shall be *res judicata* as to any Claims which were presented or which could have been presented by any Creditor here, or the continued prosecution of such Claims, even if such rights were procured by an Order terminating the automatic stay prior to the Confirmation Order. Such prior Orders are void after entry of the Confirmation Order. All holders of Claims shall retain, and the Plan shall in no way limit, any recourse rights to the extent they may pursue recovery for all or part of their Claims against persons liable with the Debtor. THE DEBTOR SHALL NOT be obligated to serve any transferee of an original Claim holder on the Petition Date pursuant to Fed. R. Civ. P.

25(c).

Respectfully Submitted,

----/s/ John D. Burns-------

John D. Burns, Esquire (#22777)
The Burns LawFirm, LLC
6303 Ivy Lane; Suite 102
Greenbelt, Maryland 20770
(301) 441-8780
Counsel for the Debtor
info@burnsbankruptcyfirm.com

September 24, 2016