

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

In re:

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ANK, LLC

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**Case No.: 15-27357-RG
(Chapter 11)**

Debtor

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DEBTOR'S SECOND AMENDED PROPOSED DISCLOSURE STATEMENT

I. Introduction

ANK, LLC, Debtor and Debtor-in-Possession, by undersigned counsel, provides this Second Amended Proposed Disclosure Statement in order to disclose the information believed to be material for creditors to arrive at a reasonably informed decision, and to exercise the right to vote on acceptance of the Debtor's Second Amended Plan of Reorganization (the "Plan") filed by the Debtor in the above-captioned proceeding on October 17, 2016.

**NO REPRESENTATIONS CONCERNING THE DEBTOR
(PARTICULARLY AS TO THE VALUE OF ITS ASSETS) ARE AUTHORIZED,
OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS
OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH
ARE NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE
RELIED UPON BY ANY CREDITOR, AND SHOULD BE REPORTED TO THE
UNDERSIGNED COUNSEL FOR THE DEBTOR. MUCH OF THE INFORMATION
CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED
AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR
REPRESENTED TO BE WITHOUT ANY INACCURACY, ALTHOUGH GREAT
EFFORT HAS BEEN MADE TO BE ACCURATE.**

II. History and Background of the Debtor.

1. Ownership and Management History.

On December 17, 2015, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the “Petition Date”), and, pursuant to §§ 1107 and 1108 of the Bankruptcy Code, has continued in the possession of its property and management of its business as a Debtor-in-Possession.

The Debtor owns and operates an office building located at 31 Walker Avenue, Pikesville, Maryland (the “Property”) at which it leases commercial office space to tenants. The Property is a two-story building, with approximately 14,400 of improved rental space, and approximately 25,000 total square footage of land, including approximately 40 parking spaces for tenants and their customers. Upon information and belief, ANK, LLC acquired ownership of the Property in January 1997 through a non-arms-length transaction from K&S Associates. In 2006, Dr. Brenda Faulk, DDS (the “Current Member”) purchased all of the membership in the Debtor for consideration of \$2.1 million, all of which was assigned to the Debtor’s interest in the Property. To finance the purchase of the Debtor, the Current Member obtained a loan (the “Loan”) in the original principal amount of \$1,890,000.00 from Lehman Brothers Bank, FSB (the “Original Lender”) bearing a non-default interest rate of eight point seven five percent (8.75%), as evidenced by a Note dated May 31, 2006. The Original Lender’s actual successors and/or assignees that currently hold and own the rights arising under the Note and Indemnity Deed of Trust are referred to in this Disclosure Statement as the “Lender”. The Loan was secured by the Property as evidenced by an Indemnity Deed of Trust dated May 31, 2006, and recorded in the Land Records for Baltimore County at Liber 23936, Folio 097. Under the terms of the Loan, the Debtor’s regular consecutive monthly payment is \$15,042.46.

Since the purchase of the Debtor in 1997, the Current Member has been, and currently is, the sole and managing member of the Debtor. The Property is currently assessed for tax purposes as having a value of \$1,841,900, which assessment is scheduled to increase incrementally until it reaches the assessment value of \$1,974,967 in July 2017. A copy of the tax assessment information from the Maryland State Department of Assessments and Taxation (“SDAT”) is attached as **Exhibit A**.

Until approximately November 2015, the Current Member solely managed all operations of the Debtor. After significant burst pipe damage to the Property occurred in January 2015, as explained below, the Current Member engaged Vision Realty Management, LLC (the “Property Manager”) to manage the Property. The Property Manager’s duties include: making repairs and managing construction on the Property, identifying and securing new tenants, marketing, and receiving and handling tenant concerns and complaints.

2. Financial History and Default of Secured Loan.

For the two (2) years prior to the Petition Date, the Debtor’s performance as a commercial enterprise is outlined below:

Year	Available Tenant Units for Rent	Average Annual Occupancy Rate	Total Net Income	Total Net Expenses	Net Profit/Loss (IBITDA)
2014	23	16	\$71,757.00	\$39,344	\$32,413
2015	10	3	\$54,418.50	\$69,796.28	(\$15,377.78)

Between 2011 and 2015, the Debtor faced several challenges that prevented it from being profitable. Beginning in 2011, the Debtor faced a significant financial blow when its anchor tenant, Alan Kanter & Associates, vacated the second floor of the Property. Prior to vacating the Property, Alan Kanter & Associates occupied the entire second floor, and used the Property for

its offices relating to retirement investment services. Subsequently, due to the poor layout that was left in place after Alan Kanter & Associates vacated, coupled with the largest recession of modern times, the Debtor had difficulty finding new tenants to occupy the second floor. The Debtor's troubles continued when, in February 2015, the main water line to the Property suffered a burst in the pipe, as described in the next section, at which time five additional tenants had to vacate the Property.

The challenges mentioned in the prior paragraph caused the Debtor to begin defaulting on the Loan in approximately June 2011. The Debtor's bankruptcy case was precipitated by a foreclosure sale scheduled by Ocwen Loan Services, LLC ("Ocwen"), the servicer for the Lender.

3. Pipe Leak Damage and Subsequent Improvements and Repairs.

In February 2015, the Debtor's Property suffered extensive damage as a result of a pipe burst, and five of its tenants were required to vacate the premises. Due to the cold weather, the main water line to the building suffered a burst pipe, and the local fire department shut off all water to the Property. As a result of the pipe burst, more than half the upper floor of the Property was covered in at least an inch of water, which drained down and leaked, causing additional damage to the Property's first floor. The Property suffered extensive damage to drywall, ceilings, floors, and the building's electrical system.

As a direct result of the pipe burst damage, five tenants were required to move out of the Property, which resulted in claims of three tenants for a portion of the rent pre-paid for the month in which they moved out. Those three tenants and their resulting claims are: (1) Commerce Travel, holding a claim of \$1,200; (2) The Visual Learning Center of America, holding a claim of \$590; and (3) Financial Independence Services, Inc., holding a claim of \$418. Consequently,

the Debtor also lost approximately \$6,700 in actual monthly rental income from January 2015 through the summer of 2016, due to the loss of the Tenant Creditors and inability to re-lease the Tenant Creditor premises until repairs to the Property were completed in summer 2016. The Debtor lost another approximately \$4,700 in rental income for units that were not leased prior to the pipe burst, and then could not be leased to any new tenants due to subsequent damage. The treatment of the Tenant Creditor class is explained below.

The damage also necessitated the Debtor filing an insurance claim, and using the insurance proceeds to make repairs to the Property in order to make it suitable for occupancy. Since the pipe burst in January 2015, the Debtor has received approximately \$105,000 in insurance proceeds relating to the property damage, of which approximately \$35,000 was received post-petition, as reported in the August 2015 Monthly Operating Report. Additionally, the Debtor received approximately \$32,000 from its insurance company in September 2016, relating to lost profits that resulted in the Debtor's five tenants vacating the Property after the pipe burst in February 2015. The Debtor has been using the insurance proceeds to diligently make all required repairs and improvements to the Property. The Property Manager is both overseeing the repairs and soliciting future tenants to increase the occupancy rates, which will lead to significantly increased operating revenue for the Debtor. The repairs and improvements to the Property include:

- Sub-dividing the second floor to accommodate a greater and more diverse group of potential tenants.
- Relocating walls and doors on the first floor to subdivide the space for additional tenants;
- Replacement of water lines;

- Ceiling tile replacement;
- Drywall replacement;
- Electrical upgrades and repairs, including replacement of lighting and receptacles;
- Heating and air conditioning repairs;
- Roof and soffit repairs;
- Painting, extensive drywall replacement, and carpet and flooring installation;
- For one first floor unit – plumbing and sewer line installation and new pipes, new dedicated electrical panel, all of which were required to secure a new hair salon tenant;
- Annunciator panel for the fire alarm;
- Repairs to the hinges and latches for the front entrance of the building.

4. Post-Petition Finances, and Projected Future Profitability and Cash Flow.

From the Petition Date through July 2016, the Debtor achieved positive cash flow of over \$16,000, and this was before the vast majority of the new tenants were obtained after repairs were completed in late summer 2016. The Debtor uses the cash method of accounting for its post-petition reporting. The details of each month's performance is as follows:

Month	Income	Number of Tenants	Expenses	Net Profit/(Loss)
December 2015	\$8,000	4	\$1,530	\$6,470
January 2016	\$0 ²	4	\$738	(\$738)
February 2016	\$10,098	4	\$4,648	\$5,449
March 2016	\$7,287	4	\$3,355	\$3,932

² Rental income was untimely deposited in January 2016, and thus showed on the February 2016 Monthly Operating Report.

April 2016	\$8,377	4	\$2,400	\$5,977
May 2016	\$0 ³	6	\$6,786	\$(6,786)
June 2016	\$13,249	6	\$6,275	\$6,974
July 2016	\$8,579	6	\$16,823	\$(8,244)
August 2016	\$15,814	5	\$12,831	\$2,983
TOTAL	\$55,590		\$42,556	\$16,017

The post-petition expenses included an unanticipated air conditioning repair of \$10,000, architectural fees of \$1,800 associated with improvements to the building design and layout, as well as \$5,000 in legal payments to the Debtor's bankruptcy attorneys, which is being held in escrow pending approval of the bankruptcy court. There were no other notable expenses other than the ordinary, recurring costs of running the Property, including property insurance, utilities, landscaping, water charges, and payments to the Property Manager of \$800 per month.

After investing the insurance proceeds of \$105,000 into the Property (plus the approximately \$32,000 that the Debtor received in September 2016), and hiring the Property Manager to professional maintain and manage the Property, the Debtor projects that it will achieve increased profitability starting in September 2016. Because the Debtor was able to convert the Property's second floor into a new layout using a sub-division of the space, the Debtor will be able to place eight to ten more tenants in the second story of the building, including one existing tenant that will occupy the entire half of the second floor, and of the four existing units in the first floor, two of those units are now able to be leased because all of the pipe burst repairs have been made to the first floor. Once the building is fully leased, it will

³ Rental income was untimely deposited in May 2016, and thus showed on the June 2016 Monthly Operating Report.

result in total additional net income per month of \$17,100, as compared to the post-petition average income of \$1,779.

Furthermore, the use of insurance proceeds enabled the Debtor to re-design the majority of its existing space, which enabled it to secure better and more diverse tenants than it had pre-petition. During the post-petition period, the Debtor has secured four new tenants, one of which whom has leased half of the second floor of the building. The new post-petition occupancy rate increased total monthly revenue from \$8,000 (as of the Petition Date) to \$13,600 (as of November 1, 2016), and will further increase as the remaining units are occupied throughout 2016. The Debtor anticipates that the Property will be fully leased by January 2017, resulting in total net cash flow of approximately \$128,300 per year before factoring in plan payments on account of the Loan, and before adding in equity contributions that will be required under the proposed Plan.

For these reasons, the repairs and improvements to the Property coupled with the professional management of the Property by the Property Manager will enable the Debtor to meet its plan projections notwithstanding its weaker financial performance in 2014 and 2015. The Debtor made very conservative estimates as to both its expenses and its rental income to ensure that it will be able to meet its plan payments. For example, each month the Debtor will set aside approximately \$1,000 for emergency repairs and costs. The income is projected at a very conservative increase of two percent (2%) per every two years, which is lower than at least one of the larger leases the Debtor recently entered into⁴.

5. Post-Confirmation Management.

⁴ The largest existing tenant currently pays \$3,500 per month; per the terms of its lease, the monthly lease obligation will actually increase by

Post-confirmation, the Debtor will continue to be owned solely by Dr. Faulk, who will collect income on the Debtor's behalf and pay all required property taxes, and who will preside over required Plan payments. The Property Manager will continue to market to, identify, and secure new tenants until such time as the Property is fully occupied. The Property Manager will also be the point of contact for tenants, and will handle most tenant issues; and will also negotiate certain service contracts for the Debtor (including cleaning services, snow removal, landscaping, and repairs) and will handle payments of most expenses except for real property payments.

6. Re-purchase of Equity Interests.

The Plan proposes that the Current Member's equity interests will be satisfied, discharged, released and extinguished on the Effective Date. Notwithstanding the foregoing, the Current Member shall be entitled to purchase up to sixty percent (60%) of the new equity in the Debtor post-confirmation. In exchange for ownership, the Current Member will make payments to the Debtor during the life of the Plan. The fair market value of the membership interests of the Debtor is \$326,000, which is derived by taking the current value of the Property and applying a capitalization rate of 7.75%, which capitalization rate is calculated by taking the estimated income and expenses and predicting the Property's net operating income; less the value of Ocwen's secured claim.

The member will make regular monthly contribution payments to the Debtor in the aggregate of \$126,900, as reflected on the cash flow projections attached to the Plan and hereto; and a final remaining payment of \$68,700, which will be paid by the Current Member on or before December 31, 2036. Furthermore, the projected balloon payment to unsecured creditors in the amount of \$1,458,305 will be paid from either refinance or sale proceeds at the end of the

Plan; if the Current Member is the only party that elects to purchase equity in the new Debtor, the payment to unsecured creditors would otherwise have been paid to the Current Member, and thus represents her forfeiture of \$1,458,305 in net proceeds from the sale or refinance of the Debtor.

7. Debtor's Objection to Lender's Claim and Impact Thereof

On September 26, 2016, the Debtor filed an Objection to the Lender's Claim [Dkt. 66]. The objection is based on the Debtor's assertions that US Bank National Association, as Trustee for Lehman Brothers Small Balance Commercial Mortgage Pass-Through Certificates, Series 2006-02 ("US Bank") is not the actual holder of the indebtedness owed by the Debtor in connection with the Current Member's purchase of the Debtor. The Debtor also alleges that US Bank erroneously and/or improperly calculated the value of its claim.

If the Debtor is successful in establishing that the alleged assignments of indebtedness to US Bank were not proper or valid, then the party who properly is the Lender and holds the indebtedness owed in connection with the Lender's secured claim will be noticed with the Plan and this disclosure statement, and will have an opportunity to vote to accept or reject its treatment under the Plan. The Debtor will serve all parties listed in the alleged chain of title established by US Bank, so that whichever entity is the proper holder of the indebtedness will receive notice and an opportunity to vote on the Plan.

If the Debtor is not successful in its claim objection against US Bank with respect to the validity of its claim, then US Bank will be entitled to vote on the Plan. The impact of US Bank's acceptance or rejection of the Plan will be dependent on whether the Tenant Creditor class votes to accept the Plan, because the Tenant Creditors and US Bank are the only two classes of claims

entitled to vote on the Plan; and thus, those two classes will determine whether the Debtor can “cram down” US Bank’s debt as proposed under the Plan.⁵

III. The Chapter 11 Proceedings & Classification of Claims

I. Retention of Professionals.

On January 14, 2016, the Debtor filed an Application for Authority to Employ Tydings & Rosenberg LLP as Attorneys for Debtor (the “Retention Application”) [Dkt. 15], which the Court granted by Order entered on April 12, 2016 [Dkt. 20].

II. Administrative Responsibilities

The Debtor is current in the filing of its Debtor-in-Possession Monthly Operating Reports, as well as in payment of quarterly fees owed to the Office of the United States Trustee. During all times post-petition, the Current Member has compiled and provided the information necessary for the Monthly Operating Reports.

III. Classification of Claims.

There are seven (7) separate proposed classes of claims in the Plan, and they are described below in Section 2 of the Plan as re-printed in this Disclosure Statement. In addition to standard classification of priority, administrative, and governmental tax claims in Classes 1-3, the Debtor also classifies the secured Loan claim in Class 4; the Tenant Creditors in Class 5; all general unsecured claims excluding Insider claims and the Tenant Creditor claims in Class 6; and equity interest claims in Class 7.

As described above, the Tenant Creditors in Class 5, and their claims, are as follows: (1) Commerce Travel, holding a claim of \$1,200; (2) The Visual Learning Center of America,

⁵ The Debtor notes that the current treatment of the Lender’s claim will result in payment nearly in full of the Lender’s claim.

holding a claim of \$590; and (3) Financial Independence Services, Inc., holding a claim of \$418. Class 6, comprised of general unsecured claims, will consist solely of the Lender's unsecured deficiency claim.

The Debtor has classified the Tenant Creditors separately because their total combined claims of approximately \$2,200 are dwarfed by the only other unsecured creditor, the Lender, who will hold an unsecured deficiency claim of approximately \$1.36 million. The Debtor is given flexibility in classifying unsecured claims, and separate classification is permitted if there is a legitimate basis for doing so⁶. This is especially true in this case, where the Lender's claim is 616 times the size of the combined Tenant Creditor claims⁷.

If the Tenant Creditors are classified separately, the Debtor can quickly pay the Tenant Creditors' claims within three months of the Plan effective date without having to include interest, rather than stretch out the total claim payments of \$2,200 over the projected 20-year term of the plan with interest accruing over a period of 20 years. Because the Debtor will need to extend the payment of the Lender's claim over several years, it must separately classify the Tenant Creditors so they are not subjected to the same delay in payment when the Debtor has funds immediately to pay them in full. Furthermore, because the Lender has the right to payment from the Current Member, on account of her personal guaranty, it is in a different position than

⁶. *In re Grandfather Mt. Ltd. Pshp.*, 207 B.R. 475, 483-484 (Bankr. M.D.N.C. 1996) (there is no presumption of improper classification of separate treatment of similar claims); *In re Deep River Warehouse, Inc.*, No. 04-52749, 2005 Bankr. LEXIS 1793 (Bankr. M.D.N.C. Sept. 22, 2005).

⁷ *In re RTJJ*, No. 11-32050, Chapter 11, 2013 Bankr. LEXIS 481 at *22-23 (Bankr. W.D.N.C. Feb. 6, 2013); see also *In re Sea Trail Corp.*, No. 11-07370-8-SWH, 2012 Bankr. LEXIS 4985 (Bankr. E.D.N.C. Oct. 23, 2012). The Court in RTJJ approved the separate classification of an unsecured deficiency claim when the deficiency claim would overwhelm other unsecured claims and the goals of the holder of the deficiency claim were diametrically opposed to other creditors. *Id.* at *23; *In re Deep River Warehouse*, 2005 Bankr. LEXIS 1793 at *19 (segregation of similar claims may be appropriate when a claimant is motivated by a "non-creditor interest").

the other Tenant Creditor. In situations where a creditor has a right to payment from a third party non-debtor, the debtor may separately classify the creditor's claim⁸.

IV. Factors Bearing on the Success or Failure of the Plan

Because the primary source of funding of the Plan is revenue generated from rental income received from the rental of the Property, there will be few factors that may bear on the success or failure of the Plan. The ability of the Debtor to secure tenants to fully occupy the Property will be the primary factor bearing on the success of the Plan. The Debtor has included a very conservative estimated rental increase of 2% per every 2 years for purposes of projecting future rental income; in fact, based on historical averages, the Debtor may enjoy more significant rental increases, which will enable it to make the proposed Plan distributions.

The Debtor's ability to keep expenses relatively similar to its current operating expenses is another factor that bears on the success or failure of the Plan. For purposes of the Plan projections, the Debtor has estimated a yearly inflation increase of 1.3%, which is based on the past ten-year average inflation rate in the United States. The Debtor has left significant revenue available for unanticipated repairs and expenses; however, should the Debtor experience a loss or significant repair within the first six months of the Plan, it would impact the Debtor's ability to fund the initial proposed Plan distributions. Given the Property's age and condition, the Debtor does not anticipate any such expenses.

Finally, the Debtor's ability to sell or refinance the Lender's claim at the end of the Plan term is also a key factor in making the proposed distribution payment to general unsecured creditors. Given that the Debtor anticipates the Property will be fully occupied, and has more than 19 years to market the sale of the Property, the Debtor does not anticipate that the sale of the

⁸ *In re Loop 76, LLC*, 465 B.R. 525, (9th Cir. BAP 2012); *In re Hyatt*, 509 B.R. 707, 717 (Bankr. D. N.N.M. 2014) (third-party payment source distinguished claim from general unsecured creditors).

Property will present a challenge to its implementation of the Plan. Furthermore, the current value of the Property exceeds the proposed payment to general unsecured creditors by several hundred thousand dollars; thus, it is likely that the Debtor will be able to obtain a purchaser at a price that will satisfy the Debtor's Plan obligations.

V. Voting On The Plan And Confirmation

Voting on acceptance or rejection of the Plan will be governed by the provisions of the Bankruptcy Code. Each voting creditor will be supplied with an official ballot, in a form prescribed by the Court. Creditors may vote to accept or reject the Plan by filing a completed ballot with the Clerk of the Court. A class of creditors will be considered to have accepted the Plan (a) if it is accepted by creditors holding at least two-thirds ($2/3$) in amount, and more than one-half ($1/2$) in number of the allowed claims of each class that has voted, or (b) if the class is unimpaired within the meaning of the Bankruptcy Code.

After the time for voting on the Plan passes, the Court will hold a hearing, and rule on confirmation of the Plan in accordance with the Bankruptcy Code. If all requirements for confirmation of the Plan under the Bankruptcy Code are satisfied, except that the Plan is not accepted by one or more classes of creditors, the Court may confirm the Plan without the acceptance of creditors if the Court finds that the Plan does not discriminate unfairly, and is fair and equitable (within the meaning of the Bankruptcy Code) with respect to any class of creditors that does not accept the Plan.

VI. The Plan of Reorganization.

CREDITORS ARE URGED TO READ THE ENTIRE PLAN, AND TO CONSULT WITH COUNSEL OR EACH OTHER, IN ORDER TO FULLY UNDERSTAND THE PLAN. A COPY OF THE PLAN HAS BEEN FILED WITH THE CLERK, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MARYLAND, 101 WEST LOMBARD STREET, U.S. COURTHOUSE, BALTIMORE, MARYLAND 21201, AND IS AVAILABLE FOR INSPECTION AND REVIEW.

THE PLAN IS COMPLEX, AND REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BY THE DEBTOR. AN INFORMED JUDGMENT CONCERNING THE PLAN, THEREFORE, CANNOT BE MADE WITHOUT UNDERSTANDING IT.

Article 1: Defined Terms

For purposes of this Plan and in addition to terms defined elsewhere herein, the following terms have the meanings set forth below:

1.1 “Administrative Bar Date” means forty-five (45) days after the Effective Date and is the date by which applications for allowance of Administrative Claims incurred through the Confirmation Date must be filed with the Court or be forever barred and discharged. Notice of confirmation of the Plan shall be deemed sufficient and adequate notice of the Administrative Bar Date.

1.2 “Administrative Claim” means any cost or expense of administration of the case allowed under §503(b) of the Bankruptcy Code.

1.3 “Allowed Claim” means a claim (as defined in §101(5) of the Bankruptcy Code):

1.3.1 in respect of which a proof of claim has been filed with the Court within the applicable period of limitations fixed by Bankruptcy Rule 3003;

1.3.2 which is listed in Schedules D, E or F filed by the Debtor with the Court, including any amendments thereto, and is not listed as disputed, contingent, or unliquidated as to amount; or

1.3.3 for which an application has been filed pursuant to §§329 and 330 of the Bankruptcy Code;

1.3.4 and further, as to any such claim, either no objection to the allowance thereof has been filed, or if an objection to the allowance thereof has been filed, the court has overruled such objection or fixed the amount of such claim by a Final Order.

1.4 “Avoidable Transfer(s)” means a transfer by the Debtor that may be avoided under any provision of the Bankruptcy Code including, but not limited to, §§544, 547, 548 or 549.

1.5 “Avoidance Action(s)” means all rights, remedies, claims or causes of action arising under §§544, 545, 546, 547, 548, 549, 550, 553, or 558 of the Bankruptcy Code.

1.6 “Bankruptcy Code” means Title 11 of the United States Code (“U.S.C.”) as now in effect or as hereafter amended.

1.7 “Bankruptcy Rules” means (a) the Federal Rules of Bankruptcy Procedure, and (b) the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Maryland, both as now in effect or hereafter amended.

1.8 “Claim” means a claim against the Debtor as defined in §101(5) of the Bankruptcy Code, including, but not limited to, all claims arising from the rejection of unexpired leases and/or executory contracts.

1.9 “Confirmation Date” means the date on which the Court enters the Order of Confirmation.

1.10 “Court” means the United States Bankruptcy Court for the District of Maryland.

1.11 “Current Member” means Brenda Faulk, D.D.S.

1.12 “Debtor” means ANK, LLC, as debtor and debtor-in-possession.

1.13 “Disputed Claim” means (a) a Claim as to which an objection has been filed in accordance with Rule 3007 of the Bankruptcy Rules, which has not been resolved by a Final Order; and (b) a claim listed in the Schedules as disputed, contingent or unliquidated and as to which no Proof of Claim has been filed.

1.14 “Effective Date” means the later of (a) the forty-fifth (45th) day after an Order of Confirmation becomes final by expiration of the time for appeal there from, and (b) if an appeal is taken, the forty-fifth (45th) day after an order on appeal in favor of confirmation (and all orders on appeal relating to said order) becomes un-appealable.

1.15 “Estate” means the bankruptcy estate created pursuant to § 541 of the Bankruptcy Code upon filing of the Chapter 11 petition by the Debtor.

1.16 “Final Order” means a Court order that, not having been reversed, modified or amended, and not having been stayed, and as to which the time to seek review or rehearing of has expired, has become final and is in full force and effect.

1.17 “Insider” means those individuals and entities defined in §101(31) of the Bankruptcy Code.

1.18 “Ocwen” means Ocwen Loan Servicing, LLC, in its capacity as servicer for U.S. Bank National Association, as Trustee for Lehman Brothers Small Balance Commercial Mortgage Pass-Through Certificates, Series 2006-2.

1.19 “Order of Confirmation” means the order entered by the Court confirming the Plan.

1.20 “Petition Date” means December 17, 2015, the date on which the Debtor filed its petition for relief under Chapter 11 of the Bankruptcy Code.

1.21 “Plan” means the Amended Plan of Reorganization in its present form, or as it may hereafter be further amended or modified.

1.22 “Professional Person(s)” means an attorney, accountant, appraiser, consultant or other professional retained or to be compensated pursuant to an order of the Court entered under §§ 327, 328, 330, 503(b), or 1103 of the Bankruptcy Code.

1.23 “Proof of Claim” means a proof of claim filed pursuant to § 501 of the Bankruptcy Code and Part III of the Bankruptcy Rules.

1.24 “Schedules” means the schedules of assets and liabilities and statement of financial affairs filed by the Debtor with the Bankruptcy Court in accordance with §521(1) of the Bankruptcy Code and Rule 1007 of the Bankruptcy Rules, and any amendments thereto.

1.25 “SDAT” means the Maryland State Department of Taxation and Assessments.

1.26 “State of Maryland” means the Central Collection Unit of the State of Maryland.

1.27 “Tenant Creditors” means all creditors that have allowed claims against the Debtor for lost-profits and reimbursement of rent in connection with property damage to the Debtor’s real property, and which may have a claim against insurance proceeds owed to or received by the Debtor, including but not limited to: (1) Commerce Travel; (2) The Visual Learning Center of America; and (3) [Financial Independence Services, Inc.](#).

1.28 “U.S. Bank” means U.S. Bank National Association, as Trustee for Lehman Brothers Small Balance Commercial Mortgage Pass-Through Certificates, Series 2006-2.

Article 2

Classification of Claims

Claims against the Estate shall be classified and treated as follows:

2.1 Class 1 Claims. Class 1 claims consist of (i) Allowed Claims for costs and expenses of administration of the Debtor's Estate, as defined in § 503(b) of the Bankruptcy Code, including fees of Professional Persons approved by the Court, and (ii) any and all fees payable to the Trustee by the Debtor under 28 U.S.C. § 1930(a)(6).

2.2 Class 2 Claims. Class 2 claims consist of all Allowed Claims against the Debtor that are entitled to priority under § 507 of the Bankruptcy Code, with the exception of 11

U.S.C. § 507(a)(1) administrative claims and § 507(a)(8) unsecured tax claims. The Debtor believes that no Class 2 claims exist as of the filing of the Plan.

2.3 Class 3 Claims. Class 3 is comprised of all Allowed Claims for unsecured taxes of governmental units entitled to priority under § 507(a)(8) of the Bankruptcy Code.

2.4 Class 4 Claims. Class 4 consists of the Allowed Claim of U.S. Bank and its servicer, Ocwen.

2.5 Class 5 Claims. Class 5 consists of the Allowed Claims of all the Tenant Creditors.

2.6 Class 6 Claims. Class 6 consists of all general unsecured Allowed Claims, excluding both Insiders and Tenant Creditors.

2.7 Class 7 Claims. Class 7 consists of membership interests in the Debtor.

Article 3

Treatment of Claims

3.1 Class 1. Class 1 claims, consisting of (i) Allowed Claims for costs and expenses of administration of the Debtor's Estate, as defined in § 503(b) of the Bankruptcy Code, including fees of Professional Persons approved by the Court, and (ii) any and all fees payable to the Trustee by the Debtor under 28 U.S.C. § 1930(a)(6), shall be paid in full, in cash, on the latest of (a) the Effective Date, or (b) within thirty (30) days after such claim has become an Allowed Claim, or (c) as agreed by the parties. Class 1 is not a class of claims impaired under the Plan.

3.2 Class 2. Class 2 claims, consisting of all Allowed Claims against the Debtor that are entitled to priority under § 507 of the Bankruptcy Code, with the exception of 11 U.S.C. § 507(a)(1) administrative claims and § 507(a)(8) unsecured tax claims, shall receive

deferred cash payments of a value, as of the Effective Date of the Plan, equal to the allowed amount of their claim. Class 2 is not a class of claims impaired under the Plan.

3.3 Class 3. Class 3 claims, consisting of all Allowed Claims for unsecured taxes of governmental units entitled to priority under § 507(a)(8) of the Bankruptcy Code, shall be paid over a period not exceeding five years after the Petition Date, with the total of the deferred payments having a value equal to the amount of the Class 3 Allowed Claims plus interest from the Effective Date at the rate of the Adjusted Federal Rate. The first distribution to Class 3 shall occur on the first day of the 12th month after the Effective Date, and from thereon, Class 3 shall receive one distribution every six months, for a total of eight distributions. Class 3 is not a class of claims impaired under the Plan.

1. Class 4. Class 4 consists of the Allowed Claim of U.S. Bank and its servicer, Ocwen, and Class 4 shall have (i) an allowed secured claim in the amount of \$1.8 million, and (ii) an allowed unsecured claim in the amount of \$1,699,623. The holder of the Class 4 Claim shall, on account of its allowed secured claim, retain its lien on the collateral of the Debtor that secured its claim as of the Confirmation Date. Class 4 shall receive monthly payments on account of its secured claim of \$1.8 million for a period of 240 months plus interest at five point five percent (5.5%), resulting in aggregate total payments of \$2,840,499.48. The payments to Class 4 shall commence on the 15th day of the month after the Effective Date and shall continue thereafter until 231 payments are made, as further set forth in Exhibit A to this Plan⁹. After the payment of the final monthly payment, the Debtor shall make a final balloon payment to the Class 4 Claim holder in the amount of \$1,458,305.43. The holder of the Class 4

⁹ A calculation of the interest to which Class 4 creditors are entitled, and an amortization schedule based on projected plan payments, is available upon request made in writing to undersigned counsel.

Claim shall, on account of its allowed unsecured deficiency claim, receive payment and treatment as a Class 6 claimholder. Class 4 is an impaired class of claims under the Plan.

3.4 Class 5. Class 5 consists of the Tenant Creditors, who shall be paid in three installments as of the Effective Date of the Plan, as reflected on attached **Exhibit A**. Class 5 is an impaired class of claims under the Plan.

3.5 Class 6. Class 6 claims, consisting of all general unsecured Allowed Claims, shall each receive a pro rata percentage of a single payment of \$1,458,305.43, which shall be made on or before December 31, 2036¹⁰. 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 that would otherwise be payable to said Disputed Claim. In the event that said Claim becomes allowed, the Debtor shall thereafter pay the appropriate amount to the holder of said Claim in accordance with the terms of the Plan and in the same manner as any other creditor of the same Class. No creditors shall be paid outside of the Plan. Class 6 is an impaired class of claims under the Plan.

1.1 Class 7. Class 7 claims, which consist of the equity interests in the Debtor, shall be satisfied, discharged, released and extinguished on the Effective Date. Notwithstanding the foregoing, the Members shall be entitled to purchase new equity as described in Article 4.2 of the Plan. Class 7 is an impaired class under the Plan.

Article 4 **Execution of Plan**

4.1 Funding. The funds necessary to implement the Plan shall be generated from (1) the Debtor's projected collection of business income, and the purchase of the reorganized Debtor's equity interests; and (2) the sale of the Property or refinance of the Class 4 Claim at the

¹⁰ Based on the constituency of the unsecured creditor class as of the date of the filing of this Plan, the proposed distribution reflects a payment of 2.7% to all Claim 6 creditors.

end of the Plan term. A chart showing the Debtor's current monthly and annual net income, after deducting all operating expenses, and the projected income during the term of payments proscribed under this plan, is attached hereto as **Exhibit A**. The Debtor's projected income, together with projected purchase proceeds of the Debtor's new equity interest(s), are sufficient to fund the consecutive monthly disbursement requirements outlined in this Plan. The final balloon payment to be made to Class 6 general unsecured creditors is approximately \$341,000 less than the current value of the Property; thus, the sale or refinance of the Property will be sufficient to generate funds to pay the Class 6 payment proposed by the Plan.

4.2 Purchase of Equity in Reorganized Debtor. As described above, on the Effective Date, all equity interests in the Debtor will be discharged, released and extinguished and all stock shall be canceled and retired. The Debtor shall issue new interests in the reorganized Debtor as follows: 40 % of the membership interests in the reorganized Debtor shall be available for purchase by creditors, and 60% of the stock in the reorganized Debtor shall be issued to the Debtor's Current Member. Each new Member shall make a payment of \$3,260.00 per each percentage of ownership of stock purchased, except for the Current Member, whose contribution is described below.

In consideration for the membership interests in the reorganized Debtor that will be issued to the Current Member, the Current Member shall tender a capital contribution to the Debtor in the aggregate of \$126,900 during the Plan term, as reflected on the Exhibit hereto; and a final remaining payment of \$68,700 will also be paid by the Current Member on or before December 31, 2036. The payments reflect payment in full of sixty percent (60%) of the

estimated fair market value of the Debtor's membership interests after taking into account the mortgage of over \$3.5 million on the Property.¹¹

4.3 Retained Rights and Powers. Upon confirmation of the Plan, the Debtor shall retain all of its rights and powers under the Bankruptcy Code, including, but not limited to, the right to prosecute all Avoidance and other causes of actions and all other rights and powers under §§ 505, 506, 541, 542, 543, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code.

4.4 Equity Ownership. All membership interests in the Debtor as of the Effective Date shall be canceled or extinguished. The Members shall make a capital contribution as described in Section 4.2, and each other new Member shall be issued new equity interests in the reorganized Debtor proportionate to the percentage of equity interests held as of the Petition Date. If no other party purchases a membership interest in the Debtor, then the Current Member shall become the sole member of the Debtor.

4.5 Business Decisions. The Debtor shall be responsible for making all business decisions necessary and consistent with consummating the Plan. Without limitation, the Debtor will retain the following duties: (a) to review the Proofs of Claim and decide whether any objection shall be filed; (b) distribute funds to holders of Allowed Claims consistent with the terms of the Plan; and (c) file a final report and move to close the Debtor's Chapter 11 case.

4.6 Professionals. Professional Persons who perform services after the Confirmation Date shall not be subject to the Administrative Bar Date, and are not required to have their post-confirmation compensation approved by the Court, but shall be required to have their requests for compensation through the Confirmation Date approved by the Court.

¹¹ The fair market value of the membership interests of the Debtor is \$326,000, which is the value based on the Debtor's projected expenses and future income, using a cap rate of 7.75%.

4.7 Distributions. Distributions to holders of Allowed Claims shall be made: (a) to the address set forth on the respective Proof of Claim filed by each such holder; (b) to the address set forth in any subsequent written notice of change of address filed with the Court and served on the Debtor; or (c) to the address reflected in the Schedules if no Proof of Claim or notice of change of address is filed.

A proposed schedule of distributions, excluding any applicable interest, is attached as **Exhibit A**. A distribution payment that is made within thirty (30) days of any date specified in this plan shall be deemed timely.

4.8 Recordation Taxes. Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any notes or equity securities under the Plan, sales of the Debtor's assets, 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 merger agreements or agreements of consolidation, 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.

Article 5

Executory Contracts and Unexpired Leases

5.1 Assumption. All executory contracts and unexpired leases of the Debtor shall be deemed assumed by the Debtor on the Effective Date unless (a) assumed by Order of the Court prior to the Effective Date, (b) specifically assumed pursuant to the terms of the Plan, (c) an application to assume has been made to the Court prior to the Effective Date, or (d) otherwise ordered by the Court.

5.2 Claims Arising From Rejection or Termination. Any Claim arising from the (a) rejection of an unexpired lease or executory contract shall be filed with the Court no later than thirty (30) days after the entry of a Final Order approving such rejection; or (b) termination of an unexpired lease or executory contract after the Confirmation Date shall be filed with the Court no later than thirty (30) days after the termination. If not timely filed, such Claim shall be forever barred. Any Allowed Claim arising from the rejection of an executory contract or an unexpired lease shall be deemed a Class 6 Claim.

Article 6 **Administrative Claims Bar Date**

6.1 All requests for payment of previously unpaid Administrative Claim Claims, including without limitation final applications of Professional Persons for compensation and expense reimbursement for services rendered or expenses incurred on or before the Confirmation Date, shall be filed with the Bankruptcy Court no later than 45 days after the Effective Date, failing which such unpaid Administrative Claim Claims shall be waived, discharged and forever barred. Any payment made or to be made by the Debtor for services or for costs and expenses in or in connection with this case through the Confirmation Date, or in connection with the Plan and incident to this case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

Article 7 **Disputed Claims**

7.1 No Distribution Unless Allowed. Notwithstanding any other provision of this Plan, no cash or property shall be distributed under this Plan on account of any Disputed Claim, unless and until such claim becomes an Allowed Claim. The Debtor shall pay no creditors outside of the Plan.

7.2 Objections to Claims. After the Confirmation Date, unless otherwise ordered by the Court after notice and a hearing, the Debtor shall have the right to make and file objections to Claims and shall serve a copy of each objection upon the holder of such Claim to which the objection is made. Objections to Claims shall be filed within 180 days after the Effective Date. The Debtor shall retain the discretion to litigate such objection to a final determination in the Court or to elect to compromise, settle, or otherwise resolve any such objection subject to approval thereof of the Court.

7.3 Estimation. The Debtor may, at any time, request that the Court estimate any Disputed Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such claim, and the Court will retain jurisdiction to estimate any such claims at any time. On or after the Confirmation Date, any claims which have been estimated may subsequently be compromised, settled, withdrawn or otherwise resolved subject to approval by the Court.

7.4 Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim is allowed, the Debtor shall distribute to the holder of such Claim, within a reasonable time, the amount that such holder would have been entitled to receive under this Plan if such Claim had been an Allowed Claim on the Effective Date without interest or present value adjustment.

Article 8 **Effect Of Confirmation**

8.1 Binding Effect. On or after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or an interest in, the Debtor, whether or not such Claim or interest of such holder is impaired under this Plan and whether such holder has accepted this Plan.

8.2 Discharge. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation of the Plan shall act as a discharge and dismissal effective as of the Effective Date of all Claims against the Debtor that arose at any time before the Confirmation Date.

8.3 Claims Injunction. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation of the Plan shall also constitute an injunction against any action by or on behalf of the holder of any Claim so discharged seeking to collect a Claim in any manner other than as specified in the Plan.

Article 9 **Default**

9.1 Creditors Shall Retain Rights Under 11 U.S.C. § 1112. In the event that the Debtor materially defaults under the Plan, the holder of a Claim may seek to exercise any and all rights under Section 1112 of the Bankruptcy Code, including the right to request the Court to convert the Debtor's Chapter 11 bankruptcy case to a case under Chapter 7 of the Bankruptcy Code or to request dismissal of the case in its entirety.

Article 10 **Modification Of Plan**

10.1 Pre-Confirmation Modification. The Debtor reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan or the treatment of any Claim prior to the Confirmation Date.

10.2 Post-Confirmation Modification. After the Confirmation Date, the Debtor may amend or modify the Plan, or any portion thereof applicable to the Debtor-in-Possession, in accordance with § 1127(b) of the Bankruptcy Code, or remedy any defect or omission, or reconcile any inconsistency in the Plan, in such a manner as may be necessary to carry out the purpose and intent of the Plan.

Article 11
Retention Of Jurisdiction

11.1 Pre-Confirmation. Until the Effective Date, the Court shall retain jurisdiction of the Debtor and its assets.

11.2 Post-Confirmation. Notwithstanding the entry of an Order of Confirmation, the Court will retain jurisdiction until a final closing of this case to ensure that the purposes and intent of the Plan are carried out. The Court's jurisdiction shall be over any and all disputes and litigation pending at the Confirmation Date, any controversies that may arise thereafter, and any controversies that may affect the Debtor's ability to effectuate the consummation of the Plan. By way of illustration of the jurisdiction retained by the Court, but not by way of limitation of the same, the Court shall retain jurisdiction in this case for, among other things, the following purposes:

11.2.1 The classification of the Claim of any creditor and the re-examination of Claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to the Claims of creditors. The failure by the Debtor to object, or to examine any Claim for purposes of voting, shall not be deemed to be a waiver of the Debtor's right to object to or re-examine any Claim in whole or in part.

11.2.2 Except to the extent that the Debtor chooses to invoke the jurisdiction of another court, the determination of all causes of action, controversies, disputes and conflicts involving or relating to the Debtor or its assets, arising prior to or after the Confirmation Date, whether or not subject to an action pending as of the Confirmation Date, between the Debtor and any other party or parties.

11.2.3 The modification of the Plan after confirmation to correct any defect, to cure any omission, or to reconcile any inconsistency in the Plan or in the Order of Confirmation, as may be necessary or otherwise appropriate to carry out and/or clarify the intended purposes of the Plan or the Order of Confirmation.

11.2.4 The allowance of compensation for pre-confirmation services rendered to the Estate by Professional Persons, pursuant to §330(a) of the Bankruptcy Code, upon application for such compensation.

11.2.5 The enforcement and interpretation of the terms and conditions of the Plan, including any agreement for satisfaction of an Allowed Claim.

11.2.6 The determination of the existence of any liens, encumbrances, or interests of other parties in property of the Estate or the Debtor, and the extent and priority thereof.

11.2.7 The enforcement and continuation of the automatic stay and any similar equitable relief with respect to post-confirmation actions against the Debtor and/or property of the Estate.

11.2.8 To hear and determine all matters concerning local, state and federal taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code.

11.2.9 Entry of an order concluding and terminating the case.

Article 12

General Provisions

12.1 General Rules of Interpretation. For purposes of this Plan, the following rules of interpretation apply:

12.1.1 Construction of Terms. Except as otherwise provided herein, this Plan shall be construed in conformance with § 102 of the Bankruptcy Code. Whenever it is appropriate because of the form or the context, each term whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender. Any term used in capitalized form in the Plan that is not defined in the Plan but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

12.1.2 Referenced Documents. Any reference in the Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions. Any reference in the Plan to an existing document or exhibit filed, or to be filed, means such document or exhibit, as it may have been or may be amended, modified or supplemented.

12.1.3 Captions and Headings. Captions and headings in Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan. Unless otherwise specified, all references in the Plan to sections, articles or exhibits are references to sections, articles and exhibits of or to the Plan.

12.1.4 Exhibits. All exhibits to the Disclosure Statement are incorporated into and are a part of the Plan as if fully set forth in the Plan.

12.1.5 Time Computation. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any period of time prescribed or allowed by the Plan may be enlarged or reduced by the Bankruptcy Court in accordance with the provisions of Bankruptcy Rule 9006(b) or (c).

12.2 Payment as Release. The tender of full payment to the holder of an Allowed Claim in any class as provided for under the Plan shall be deemed to effect a settlement, release, and discharge of the Debtor by such holder on behalf of itself, successors and assigns.

12.3 Post-Confirmation Notices. Any notice required or permitted to be provided under the Plan shall be provided to the office of the United States Trustee, to any party entitled to notice pursuant to Bankruptcy Rule 2002, or to any party directly affected by the action to be taken. Any notices or requests in connection to this Plan shall be served in writing and shall be served either by hand, first-class mail, postage prepaid, or electronically to:

Office of the U.S. Trustee
c/o Hugh Bernstein, Esq.
Garmatz Federal Courthouse
101 W. Lombard Street
Suite 2625
Baltimore, MD 21201

and

Catherine K. Hopkin, Esq.
Tydings & Rosenberg LLP
100 East Pratt Street, 26th Floor
Baltimore, MD 21202

12.4 Section 1129(b) Election. In order to confirm the Plan and to the extent necessary, the Debtor invokes §1129(b) of the Bankruptcy Code, such that the Plan may be

confirmed by the Court as long as 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.

12.5 Trustee Fees. All fees payable to the United States Trustee pursuant to Chapter 123 of Title 28, United States Code, as determined by the Court on the Confirmation Date, shall be paid on the Effective Date. All statutory fees which become due after the Confirmation Date, if any, shall constitute Administrative Claims and be paid when due.

12.6 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without giving effect to the principles of conflicts of law of such jurisdiction.

12.7 Closing Case. When all Disputed Claims filed against the Debtor have become Allowed Claims or have been disallowed by Final Order, and all distributions required pursuant to the Plan have been completed, the Debtor may move the Court to close this case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

VII. Federal Income Tax Implications

THE FEDERAL, STATE, LOCAL AND OTHER GENERAL TAX CONSEQUENCES AS A RESULT OF THE PLAN TO THE HOLDERS OF CLAIMS AND INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. THEREFORE, EACH CREDITOR SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED THEIR RESPECTIVE CLAIMS 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.

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 MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED THEIR CLAIM UNDER THE PLAN.

[END OF PLAN]

VIII. Alternatives To The Plan Of Reorganization

In the event that the Plan is not confirmed and this case is converted to Chapter 7, there would be additional administrative expenses consisting of Chapter 7 trustee commissions and the fees and expenses incurred by the trustee's professionals. Furthermore, the trustee would incur time and expenses associated with the learning curve regarding the details of the sale of the Debtor's asset, as well as the Debtor's financial matters. The Chapter 7 trustee would not likely capture the highest value of a sale of the Property. Therefore, it is anticipated that creditors will fare considerably better if this case remains in Chapter 11 and the Plan is confirmed.

Set forth below is a projected liquidation analysis of the Debtor's assets and liabilities as of October 17, 2016:

ASSETS

TYPE OF ASSETS	CHAPTER 11	CHAPTER 7
31 Walker Ave. (Real Property)	\$1,800,000.00	\$1,300,000.00
Bank Account Balances (approximate)	\$6,000.00	\$6,000.00
Accounts Receivable	\$79,369.60 ¹²	\$65,363.20 ¹³
Avoidance Actions	None	None
Total	\$1,885,369.60	\$1,371,363.20

¹² Assumes that existing accounts receivable are 85% collectible.

¹³ Assumes that without the benefit of a channeling injunction that a Chapter 11 Plan would offer, the existing accounts receivable are 70% collectible.

LIABILITIES

TYPE OF LIABILITY	CHAPTER 11	CHAPTER 7
Chapter 7 Administrative Expenses	\$0	\$10,000.00
Chapter 7 Trustee Commissions	\$0	\$65,000.00
Chapter 11 Administrative Claims (including post-confirmation fees net of retainer)	\$5,000.00	\$5,000.00
Secured Claims	\$3,499,622.87	\$3,499,622.87
Priority Claims	\$0	\$0
Unsecured Claims	\$2,208	\$2,208
Post-Confirmation Expenses	\$1,000	\$1,000
Total	\$3,507,783.87	\$3,582,830.87

TOTAL ASSETS AND LIABILITIES (BOTH DEBTORS)

	CHAPTER 11	CHAPTER 7
ASSETS	\$1,885,369.60	\$1,371,363.20
LIABILITIES	\$3,507,783.87	\$3,582,830.87

1. Basis of Value of Assets

As explained above, the value of the Property is established both by the Debtor's own opinion, and by the valuation assigned by SDAT, as evidenced by Exhibit A.

The accounts receivable have been projected to be approximately eighty five percent (85%) collectible, and accounts for past-due rental income that is owed by certain prior tenants. The collectability is based on the historic collection actions by the Debtor, as well as the Debtor's knowledge as to the financial condition of the prior tenants that owe the receivables.

2. Liquidation Analysis

Because of these increased administrative costs associated with a Chapter 7 proceeding, along with the loss of capital contributions that are provided for under the Plan, it is anticipated that creditors will fare considerably better if this case remains in Chapter 11. Furthermore, the Lender will be paid its unsecured claim at the end of the Plan period, which will enable the Debtor to quickly make payments to the Tenant Creditors, as well as maintain regular monthly payments to the Lender that will, coupled with the balloon payment, pay the Lender in full. Specifically, the Chapter 11 projection is that ANK's primary secured creditor will receive payment nearly in full of its entire claim and other general unsecured creditors will be paid in full. By contrast, in the event of conversion to Chapter 7, it is projected that ANK's primary secured creditor would receive only a fraction of its secured claim, and that after payment of all Chapter 7 and Chapter 11 administrative claims, as well as priority claims, there would be no funds available for distribution to unsecured creditors, with a likelihood that the Debtor would be administratively insolvent.

Dated: October 17, 2016

/s/ Catherine K. Hopkin

Catherine K. Hopkin, Bar No. 28257

Marissa K. Lilja, Bar No. 19004

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Baltimore, Maryland 21202

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chopkin@tydingslaw.com

mlilja@tydingslaw.com

Counsel for the Debtor

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of October, 2016, a copy of the Debtor's Proposed Disclosure Statement was served via first class mail, postage pre-paid or electronically via the Court's CM/ECF electronic notification system on all the parties listed on the attached matrix.

/s/ Catherine K. Hopkin
Catherine K. Hopkin

ANK Matrix

Richard Goldsmith
BWW Law Group LCC
6003 Executive Blvd., Suite
101
Rockville, MD 20852

Hugh M. Bernstein
United State Department of
Justice
101 West Lombard Street, Suite
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Baltimore, Maryland 21202

Cofmar Financial Inc.
c/o Marcia Cofield
14 Wengate Rd.
Owings Mills, MD 21117

The Visual Learning Center of
America
Dr. Michael Kotlicky
8827 Columbia 100 Parkway,
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Columbia, MD 21045

Financial Independence
Services, Inc.
C/O K. Edward Daniels, Jr.
4519 Mary Knoll Road
Pikesville, Maryland 21208

Commerce Travel
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Garson & Claxon, LLC
7910 Woodmoor Avenue,
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