

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

In Re: :  
**LAKWOOD AT GEORGIA AVE. LLC** : Case No. **16-26171**  
Debtor : Chapter 11

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**DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT  
July 6, 2017**

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**I.**  
**INTRODUCTION**

Lakewood at Georgia Avenue LLC, the debtor-in-possession in this Chapter 11 case (hereinafter "Lakewood" or the "Debtor"), prepared this Disclosure Statement in order to disclose information that is material and necessary for the creditors to arrive at a reasonably informed decision in exercising their right to accept or reject the Plan of Reorganization (hereinafter the "Plan"), which is on file with the Bankruptcy Court. A copy of the Plan is filed with this Disclosure Statement.

The legal standards governing this Disclosure Statement are set forth in Section 1125 of Title 11 of the United States Code. The Court has determined that this Disclosure Statement contains adequate information in that it provides you with sufficient information upon which to base your decision to accept or reject the Plan, i.e., the degree and detail of information that a reasonably prudent investor in the Debtor would have the right to expect before making a decision to invest.

The Debtor filed a voluntary petition under chapter 11, title 11, of the United States Code (the "Code") with the United States Bankruptcy Court for the District of Maryland, (the "Court") on December 10, 2016 (the "Filing" or "Petition" Date).

Defined terms are capitalized in the Disclosure Statement and Plan and are defined in the Plan.

This First Amended Disclosure Statement supercedes the prior Disclosure Statement filed by the Debtor.

**II.**  
**HISTORY OF THE DEBTOR**

**A. History of Lakewood at Georgia Avenue LLC**

Lakewood is a Maryland limited liability company which owns the premises commonly known as 11510 Georgia Avenue, Wheaton, MD (the "Premises"). Debtor is a "single asset real estate company" as defined in the Bankruptcy Code.

**B. Events Leading to Chapter 11 Filing.**

In July of 2016, the Debtor lost its major tenant, resulting in a significant loss of revenue. There were ongoing negotiations to sell or rent the entire vacated space to an agency of Montgomery County, Maryland. However, as these negotiations were ongoing, the mortgage holder, Goldman Sachs Commercial Mortgage Capital (the legal name of the lender's assignee is GCCFC 2007-GG9 Georgia Avenue, LLC), initiated foreclosure proceedings. At that point, negotiations for sale or rent were put on hold by the agency.

**C. Reasons for Chapter 11 Filing.**

The Debtor was faced with the loss of its only asset in the foreclosure sale. The Debtor projected that the foreclosure sale would bring only enough to cover the amount of the secured debt and the costs of sale. The property is valued, according to the Debtor's original estimates, at about \$6,000,000; however, this valuation estimate assumes that the Premises could be sold in an orderly manner for its highest and best use to a willing buyer. Subsequent to the filing of this Case, the Debtor has entered into a contract to sell the Premises for \$4,990,000. Unfortunately, this buyer canceled the contract prior to the expiration of its study period. The Debtor believes that it can either reinstate this contract or secure another buyer for at least the amount of the canceled contract.

GCCFC 2007-GG9 Georgia Avenue, LLC has a first-position Secured Claim against the Debtor, secured by the Premises and its rents. This Creditor has filed a Proof of Claim in this case claiming \$4,836,657.58.

**D. Creditors' Committee.** No creditors' committee has been appointed.

**E. Post Petition Events.** Since the filing of the Petition, the Debtor obtained a contract for sale of the Premises, described above. The contract purchaser, Montgomery County, Maryland, withdrew from the contract during its study period because it perceived that the cost of improvements would exceed its budget. The Debtor is continuing its negotiations with Montgomery County, and it is actively seeking other purchasers. In the event that the Debtor is not able to obtain another comparable sales contract, the Debtor believes that it will be able to either rent the space vacated by the major tenant to the buyer under the original contract, or to other tenants, or that it will be able to sell the Premises to another buyer. There are no binding commitments to rent any substantial portion of the Premises as of this date or to sell the Premises.

The Debtor and the Class 1 Creditor have entered into an interim cash collateral arrangement which has been approved by the Bankruptcy Court. This cash collateral order expires on June 15, 2017. This Order was extended through August 15, 2017. The Order approving this cash collateral arrangement was mailed to you by the Bankruptcy Court. The terms and conditions of this Order will continue to apply to the Debtor's treatment of the Class 1 Claims. One significant term of this Order is that the Debtor will pay this Creditor \$21,106 per month commencing June of 2017. The June 2017 payment has been made. If the Debtor fails to abide by the terms of this cash collateral order, the Class 1 Creditor may lift the automatic stay and foreclose or avail itself of other remedies as set forth in the Order. The June 2017 payment was made through contributions by the Debtor's owners. Continuing payments pursuant to the Cash Collateral Order will be made from the same source.

**F. Post-Petition Financing.** Debtor's principals have contributed and are expected to contribute funds as capital contributions to pay the ongoing operating expenses and payments required by the Cash Collateral Order. A budget projecting the ongoing required payments is

attached as Exhibit A.

**G. Monthly Operating Reports; Post-Petition Performance.** The Debtor has filed Monthly Operating Reports with the Bankruptcy Court and the Office of the United States Trustee through the period ending May 2017.

**H. Plan Administrator; Management.** The Plan will be administered by George Christopher. Mr. Christopher is a certified public accountant and he has been managing the business affairs of the Debtor since their inception. The Debtor has been, and will continue to be, managed by Mr. Christopher.

### **III. CONFIRMATION REQUIREMENTS AND DEBTOR'S RECOMMENDATION**

#### **A. Confirmation Requirements.**

In order to be confirmed (i.e. approved) by the Court, the Plan or its proponent must (among other requirements set forth in Section 1129 of the Code):

1. Disclose all compensation paid or promised for professional services rendered or to be rendered in connection with the case;
2. Disclose the identity and affiliations of all officers to serve after the Plan is confirmed and the compensation of any insiders to be employed after confirmation;
3. Propose to distribute to each member of a Class of claimants property at least equal in value to what the claimant would receive if the Debtor's assets were liquidated on the date of the Confirmation hearing, and distributed to creditors according to their rights and priorities under law;
4. Propose to pay all Administrative Claims in full, or on such other terms as the Administrative Claimants and the Debtor may agree;
5. Propose to pay all Priority Claims in full in cash on the Effective Date or deferred payments equal to the allowed priority claims as of the Effective Date, including allowed Priority Tax Claims plus statutory interest within six years from the date or dates of assessment.

Since there are Impaired Classes of Claims under the Plan, confirmation of the Plan will require, among other things, that at least one Class of Impaired Claims votes to accept the Plan. Generally, a Class of claims as to which legal, equitable or contractual rights are altered is "Impaired." In order for an Impaired Class of Claims to accept the Plan, votes representing at least two-thirds (2/3) in amount and more than one-half (1/2) in number of claims voting in that

Class must be cast in favor of the Plan.

All fees payable pursuant to Section 1930 of Title 28 of the United States Code (“US Trustee Fees”) shall be paid on the Effective Date. All fees payable pursuant to Section 1930 of Title 28 of the United States Code after the Effective Date shall be paid on a quarterly basis until the Chapter 11 case is closed, converted or dismissed. The reorganized Debtor shall provide to the United States Trustee with post-confirmation quarterly reports that shall include all of disbursements for that quarter.

**B. Absolute Priority Rule**

Bankruptcy law imposes the so-called “Absolute Priority Rule” which must be satisfied in order for this Plan to be confirmed. Briefly, that Rule means that claims must be paid in their order of priority. For purposes of this Plan, §507 of the Bankruptcy Code lists the priority for payment of creditors and others entitled to payment.

The priority of claims relevant to this Plan is as follows:

1. Administrative costs, including United States Trustee Fees and fees incurred by Debtor’s counsel.
2. Governmental claims for taxes required to be collected or withheld for which Debtor is liable in any capacity. It should be noted that the Debtor is a “pass-through” entity which does not incur any federal or state income taxes. The Debtor does not have any employees and the Debtor does not make any taxable sales, so there are no claims of this type anticipated.
3. General unsecured claims.

Additionally, if the Debtor is liable for debts secured by property, these claims must be paid if the Debtor does not surrender the property.

In this case, administrative costs will be determined.

Additionally, §1129(b)(7)(A)(ii) of the Bankruptcy Code provides that in order for a Plan to be confirmable, each impaired class of claims will receive on account of its claim property or payments which, as of the Effective Date, would be not less than the claim holder would receive if the Debtor were liquidated under Chapter 7. Per the analysis in this Disclosure Statement, this requirement is met.

Debtor proposes to retain the Premises, which is its only substantial asset, or any surplus resulting from the sale of the Premises. Debtor’s owners are contributing new value to the Debtor in the form of monthly payments necessary to satisfy any cash flow deficits and debt service payments, as well as Plan payments after the Plan is confirmed. By undertaking these payment obligations, the Debtor’s owners are taking the risk that the Premises will be sold or

rented to generate enough cash flow to satisfy the Debtor's obligation under the Plan, as well as to make current monthly expense and debt service payments. In the event of the sale or refinancing of the Premises, the Debtor will pay all Creditors *pro-rata* out of the proceeds of sale or refinancing and will retain any surplus proceeds of sale only in the event that all Creditors are paid in full. In the event of refinancing, the Debtor will pay any surplus proceeds to the Creditors *pro-rata* and will retain the Premises.

**C. Recommendation of the Debtor.**

The Debtor believes that the Plan is in the best interests of its creditors, and will permit the best possibility of recovery for all interested parties. In arriving at this conclusion, the Debtor considered: (i) the estimated liquidation value of Debtor's assets and the fact that the creditors would likely receive less in connection with a forced liquidation of Debtor's assets than if the Debtor were to continue to operate; and (ii) the Debtor's anticipated future cash flow from the continued receipt of rent from the rental properties. The Debtor believes that, based upon the above factors, and others, the Plan is fair and in the best interest of all parties.

**IV.  
OVERVIEW OF THE PLAN**

**A. General Structure of the Plan.**

Set forth below is a summary description of the Plan which highlights its major terms and provisions. The summary is qualified in its entirety by reference to the provisions of the Plan itself which accompanies this Disclosure Statement. In the event of any inconsistency between the Plan and this Disclosure Statement the terms of the Plan shall control.

With respect to Class 1 Claims, the Debtor has been and will continue to actively market the Premises to secure a buyer which will satisfy all or most of the Class 1 Claims, or it will rent the vacant portions of the Premises to increase cash flow to allow the Debtor to make payments to the Class 1 Creditor and/or to refinance the Premises. The proceeds from the sale or lease of the Premises, plus any additional contributions from the Debtor's principals, are the sources of funding for the Plan.

On May 31, 2017, the Bankruptcy Court entered an Interim Order Conditioning Use of Cash Collateral. With respect to treatment of the Class 1 Claims, the terms of this Interim Order shall apply. Pursuant to the Interim Order, the Debtor will make adequate protection payments of \$21,106.00 per month on the 6<sup>th</sup> day of each month commencing June, 2017 by mailing this payment to counsel for the Class 1 Creditor or to another address designated by this creditor. The June, 2017 payment has been made.

On or before December 31, 2017, the Debtor will secure a contract for the sale of the Premises, or make arrangements to refinance the Premises. The proceeds of the sale or refinance will be used first to satisfy the Class 1 Claim, and any surplus proceeds will be paid to the other

Classes of Creditors under the terms of this Plan. In the event that the Debtor is not able to secure a contract of sale by this date, or if the Debtor is not able to obtain a commitment to refinance the Premises by this date, and if the Class 1 Creditor does not consent to an extension of time, then the Debtor will either (A) convert this case to a case under Chapter 7; (B) surrender the Premises to the Class 1 Creditor in full satisfaction of the debt owed to the Class 1 Creditor or (C) seek dismissal of this case.

Late charges asserted by the Class 1 Creditor will be reduced to late charges on monthly installments which were paid late. Payments of \$21,106.00 will satisfy the payment obligation and unless such payments are untimely no late charges will accrue to this Creditor.

Although the Debtor does not anticipate converting this case to a case under Chapter 7, it reserves the right to do so. The effect of conversion to a case under Chapter 7 is discussed below.

The Debtor may also elect to dismiss the case. If it does so, it is likely that the Class 1 Creditor will foreclose on the Premises. If this occurs, the Debtor does not believe that there will be any funds remaining for payment of any of the other creditors.

The Plan provides that with respect to the debt of GCCFC 2007-GG9 Georgia Avenue, LLC secured by the real property consisting of the Premises will be paid out of the proceeds of a sale or refinancing, or from additional rents. Because of the status of this Claim, the Debtor will seek refinancing of the Premises if and when additional rents are secured. This claim is classified as the Class 1 Claim in the Plan. The current balance due on the Class 1 Claim is \$4,836,657.

Class 2 Claims, which are impaired, consist of the Allowed Unsecured Nonpriority Claims where a Creditor elects to be paid 3% of the gross Class 3 Claim Amount. The electing Creditor will be paid quarterly in advance over 12 months (4 quarters), instead of 60 months (20 quarters). For example, if a gross Class 3 Claim is in the amount of \$3,000, and the Creditor elects to reduce this claim, this electing creditor will receive a total of 3% of the Plan Payment, or \$90, over a 12 month (4 quarterly) period at the rate of \$7.50/month for 12 months (4 quarters). Any electing Creditors will no longer be classified as Class 3 Creditors, and the Plan Payment to electing Creditors will be eliminated from the total and the monthly Plan Payments payable to Class 3 Creditors. This election is made by sending a written statement to Debtor's attorney, whose name and address are at the end of this document. This statement must be received within 30 days of the Effective Date.

Class 3 Claims consist of the Allowed Unsecured Nonpriority Claims. The Class 3 Claims are Impaired. The following is a schedule of the Class 3 Claims and the proposed payment to each. It should be noted that the unsecured nonpriority creditor list has been corrected since the original filing of the Petition and Schedules in this case, and the corrected information is below. The payments are quarterly. The Class 3 Claims will be paid off *pro rata* at the rate of 10% of the Allowed Claim amount, over a period of 60 months (20 quarters) at a



total for all Claimants of \$622.50/quarter in advance for 60 months (20 quarters) with payments commencing the 25<sup>th</sup> day of the month following the month of the Effective Date. This payment will be reduced *pro rata* to the extent that any of the Creditors elect to be classified as Class 2 Claims. It should be noted that Edgemoor Contracting is an Insider; however, its Claim is based on the customary charge for services rendered. Santos, Postal & Co. is also an insider as George Christopher is a principal in that accounting firm. The Claim of Santos, Postal & Co. is based on the customary charge for services rendered.

<u>Creditor</u>	<u>Claim</u>	10.00% <u>Payment</u>	Quarterly <u>Payment</u>	Total Payment <u>(20 Quarters)</u>
AAA Complete Bldg Svc	7,108.69	710.87	35.54	710.87
American Mechanical Svc	4,269.88	426.99	21.35	426.99
CBRE	20,111.85	2,011.19	100.56	2,011.19
Chesapeake Sprinkler	740.00	74.00	3.70	74.00
Datawatch	1,401.61	140.16	7.01	140.16
Edgemoor Contracting	14,191.89	1,419.19	70.96	1,419.19
Goldschein Law Firm	385.00	38.50	1.93	38.50
General Services Adm	2,966.07	296.61	14.83	296.61
Martin Lawn & Landscaping	1,350.00	135.00	6.75	135.00
PEPCO	11,111.30	1,111.13	55.56	1,111.13
Santos Postal & Co	5,720.00	572.00	28.60	572.00
Scheer Partners	2,054.43	205.44	10.27	205.44
Thyssen Krupp	2,329.88	232.99	11.65	232.99
United Lighting Supply	383.00	38.30	1.92	38.30
Triple-S	50.67	5.07	0.25	5.07
Verizon	493.63	49.36	2.47	49.36
WSSC	<u>894.44</u>	<u>89.44</u>	<u>4.47</u>	<u>89.44</u>
Totals	64,183.77	6,418.38	320.92	6,418.38

Any surplus proceeds from the sale or refinancing of the Debtor's real property will be applied to this Class and to any Creditors which elect Class 2 treatment, and the principal amount of their Allowed Claims will be correspondingly reduced, as will the quarterly payments.

Class 4 Claims are any claims entitled to priority under §507. There are no known Creditors in Class 4. Examples of such claims would be claims for wage taxes.

Class 5 Claims consist of any Claims disputed by the Debtor prior to or after Plan confirmation. At present there are no such Claims; however, the Debtor reserves the right to dispute the balance claimed due by the Class 1 Creditor. If a disputed Claim is filed by any entity, the Debtor will pursue an objection to this Claim before the Bankruptcy Court to resolve any dispute. If the dispute is resolved in favor of the Debtor, the disputed Creditor will receive no distribution under the Plan. In the event that a Disputed Claim is allowed in whole or in part by the Bankruptcy Court, it will be paid as either a Class 2 or a Class 3 Claim, at the election of the Creditor.



The Class 6 Claims are Claims for rental security deposits of tenants in the Premises. The amounts of the security deposits will be applied according to the terms of the tenant leases. This Claim is not Impaired.

<u>Tenant Security Deposits</u>	<u>Claim</u>
Agular & Assoc	900.00
Environmental Turf	3,302.00
JV Accounting	2,000.00
Luis Gomez	1,489.00
Marinari	1,888.00
Mary Kay	2,056.00
Pray & Abrams	2,231.00
Washington Hospital Ctr	5,014.71
Yang & Ullman	<u>2,400.00</u>
Total Security Deposits	<u>21,280.71</u>

The Class 7 Claim is the claim of Lakewood Investment Group, LP in the amount of which the Debtor has and will contribute to the capital of to the Debtor. The Debtor will not receive any distribution under this Plan. This Claim is an Insider Claim. This Claim is Impaired.

The Plan contains the following provision regarding tax claims:

A. Administrative liabilities of the Estate and post-petition liabilities of the Debtor to the Internal Revenue Service and any other taxing authorities, if there are any such claims, shall be timely reported and paid in the normal course of business, in full, with interest pursuant to 26 U.S.C., § 6621 and 6622 and penalties, if any. Notwithstanding any provision of the Plan, there shall be no requirement that the Internal Revenue Service file any request for payment of Administrative Expenses or post-petition taxes, nor any deadline for the filing of such requests. Nor shall the failure to pay such liabilities result in a discharge, injunction, exculpation, release or in any other manner defeat the United States' right or ability to collect such liability pursuant to the requirements of Title 26.

B. Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, the Debtor shall not be discharged or released and the United States shall not be enjoined from collection of any obligation that is otherwise non-dischargeable pursuant to relevant Title 11, and non-Title 11 statutes.

C. The debtor will pay all federal taxes as they become due, will file all federal tax returns on a timely basis and will comply with all provisions of Title 26, U.S.C. If the Debtor fails to make any payment called for under this Plan, or fails to abide by any other term of this Plan applicable to the Internal Revenue Service, then the United States may declare that the Debtor is in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the Debtor is in default. If the United States declares the

Debtor to be in default of its obligation under the Plan, and the Debtor fails to cure such default within 25 days thereof, then the entire liability, together with any unpaid current liabilities, shall become due and payable immediately. Upon notice of default and the failure to cure, as set forth above, the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code, without the need for Bankruptcy Court approval. This shall include full reinstatement of the administrative collection powers and the rights of the Internal Revenue Service as they existed prior to the filing of the bankruptcy petition in this case, including, but not limited to, the assessment of taxes, the filing of the Notice of Federal Tax lien and the powers of levy, seizure, and sale under Subtitle F, Procedure and Administration, of the Internal Revenue Code.

It is important to know which Class contains your Claim to assess whether to vote to accept or reject the Plan. A list detailing the Classification of all Creditors is contained in the Plan.

**B. Allowed Administrative Claims.**

Administrative Claims consist of any cost or expense of the Chapter 11 case allowed under section 503(b) of the Bankruptcy Code, including certain taxes and all actual, necessary expenses relating to the preservation of the Debtor's estate or the operation of the business.

The compensation of professionals, such as attorneys, financial consultants, appraisers and accountants hired by Debtor for services rendered or expenses incurred after the Chapter 11 Petition Date, are also regarded as Allowed Administrative Claims. Payments to such professionals for compensation and reimbursement of expenses will be made in accordance with detailed procedures established by the Bankruptcy Code and Rules relating to such payments. The Plan establishes a claims-bar date for administrative claims of 60 days after the Effective Date.

Under the Plan, Allowed Administrative Claims will be paid in full in cash on the Effective Date if not previously paid pursuant to appropriate orders entered by the Court. Alternatively, the Allowed Administrative Claims of professionals who agree to deferral may be paid after the Effective Date, in the event the Debtor does not have sufficient funds on that date. If this is the case, the Debtor expects that all professionals retained in this case will agree to a deferral.

Professional fees to-date are approximately \$27,100. Total professional fees and costs are estimated to be \$35,000.

Additionally, any outstanding fees of the United States Trustee will be paid in full on the Effective Date. These fees will also be paid currently during the course of the Bankruptcy Case.

**C. Classified Claims.**

The Plan divides Claims into Classes and sets forth the treatment afforded to each Class. Treatment of each Class is described above.

**D. Summary of Other Provisions of the Plan.**

**1. Implementation of the Plan.** Debtor will commence payments to Class 1 Creditors (with respect to any mortgage arrearage) and Class 2 and Class 3 Creditors beginning on the first day of the calendar quarter which contains the month following the month in which the Effective Date occurs. The payments will be mailed on the 25<sup>th</sup> of each month which is the last month of a calendar quarter, until paid. Payments to Class 4 tax creditors, if any, will commence on the month following the month in which any assessment becomes final. No distribution will be made to Class 5 Claims as they are disputed, except to the extent that such a Claim is treated in whole or in part as an Allowed Claim pursuant to Bankruptcy Court order. Class 6 Creditors consist of security deposits which will be paid or applied according to the terms of the respective leases of the tenants in the Premises. Class 7 Claims will not receive any distribution under the Plan.

**2. Treatment of Executory Contracts and Unexpired Leases.** All executory contracts and unexpired leases will remain unaffected by the Plan.

**3. Modification of the Plan.** The Debtor may propose amendments to or modifications of the Plan under section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date.

**4. Retention of Jurisdiction.** The Plan reserves the jurisdiction of the Bankruptcy Court through the full term of the Plan to enforce the provisions of the Plan, subject to prior entry of a final decree. Jurisdiction is also reserved to permit the Debtor to maintain actions pursuant to sections 541, 542, 543, 544, 545, 546, 547, 548, 549, 553, 554, and 560 of the Bankruptcy Code. Debtor shall retain all rights to pursue any claims or causes of action accruing under these sections of the Bankruptcy Code within the applicable statutory periods after the confirmation date of the Plan and after entry of a final decree. These rights include, generally, without limitation, the right of the Debtor to maintain lawsuits within the bankruptcy to recover money or property transferred to creditors within 90 days prior to the date of the filing of this bankruptcy case, if the recipient of the money or other property would have received more than it would have under a Chapter 7 proceeding, unless the payment was for a contemporaneous transfer of value to the creditor. Debtor also retains the right to pursue objections to any creditor claims through the full term of the Plan.

**5. Contested and Unliquidated Claims.** If you are the holder of a Claim or Interest which is listed as disputed or which has been objected to, you may ask the Bankruptcy Court, pursuant to Bankruptcy Rule 3018, to have your Claim or Interest temporarily allowed for the purpose of accepting or rejecting the Plan.

**V.**  
**ANALYTICAL PROJECTIONS**

In the event that the Debtor is not successful in selling the Premises or refinancing the Class 1 Claim, the funding of the Plan is based on the continuing ability of the Debtor to receive net distributions from the businesses Debtor operates. In this case, the Debtor is also receiving contributions from its principals sufficient to fund any cash flow deficits pending sale or rental of the open space in the Premises. The analytical projections are attached hereto as Exhibit A, shown as Lakewood 2017 Summary Budget. This set of projections has been updated as of January 1, 2017.

The projections were prepared by the Debtor's principal, George Christopher, who is an experienced and licensed Maryland Certified Public Accountant who has been maintaining the books of the Debtor since inception.

The projections are based on estimates developed by Mr. Christopher in his experience as manager and accountant for the Debtor. Mr. Christopher also has considerable experience providing accounting and tax services for other large real estate entities.

The projections do not contain material estimates of increases in the rent roll of the Premises. Any rent increases would decrease the cash contributions to the Debtor by its principals, until the Premises becomes self-sustaining.

**VI.**  
**ADDITIONAL INFORMATION**

All of the information in this Disclosure Statement was provided by George Christopher based on the Debtor's books and records and projections and estimates developed by Mr. Christopher.

At present, the Premises has a large vacancy consisting of the space formerly occupied by the Internal Revenue Service, which terminated its lease in mid-2016. This space may be required to be sub-divided into smaller rental units in the event that the Premises is not sold. The amount of rent being collected, and the amount of the monthly expenses by category, are shown on the Analytical Projections attached hereto as Exhibit A.

The Debtor utilizes the accrual method of accounting, which closely approximates the cash method of accounting due to the fact that the revenue is collected from tenants monthly and most expenses are paid within 30-days from the invoice date.

There are no material accounts receivable. There are no preferential transfers. Payments made by the Debtor in the ordinary course of business which may be classified as preferential were all made to critical vendors, the services of which, and the extension of credit by which, are necessary to permit the Debtor to continue to operate.

The Debtor does not know of any litigation which may arise in a nonbankruptcy context, with the exception of landlord and tenant matters which may arise from time to time.

The Debtor is classified as a limited partnership for tax purposes. All income and losses pass through to the Debtor's principals and the Debtor does not pay any income tax on its income.

## **VII.** **ALTERNATIVES TO THE PLAN**

If the Plan is not accepted and confirmed, the Debtor or any other party in interest could attempt to formulate a different plan. The Debtor believes that it is unlikely that any alternate plan of reorganization would be feasible, or would contain terms more favorable to the creditors than the Plan. The Debtor believes that the Plan, as described herein, enables creditors to realize the maximum recovery under the circumstances.

Another alternative is conversion to Chapter 7. This alternative is discussed below.

## **VIII.** **LIQUIDATION ANALYSIS**

The Bankruptcy Code provides that a Chapter 11 plan will not be approved by the Court unless the creditors will receive at least as much under a Chapter 11 as they would in a liquidation under Chapter 7 of the Bankruptcy Code ("Chapter 7").

In evaluating its business operations Debtor has taken into account the nature, status and underlying values of its tangible and intangible assets. The Debtor believes that a Chapter 7 liquidation, which requires the appointment of a trustee to administer the estate, would diminish the return to creditors due to (i) the delays and expense in connection with the appointment and administration of the estate by a trustee, including review of the business and affairs of the Debtor and evaluation of Debtor's assets (ii) the expenses of the trustee, including the trustee's statutory commissions and compensation for professionals such as accountants, appraisers or liquidation agents employed by the trustee and (iii) the requirement for payment of priority taxes, if any are assessed against the Debtor. Section 326 of the Bankruptcy Code sets forth the guidelines for compensation to a trustee. The trustee is also entitled to be reimbursed for all reasonable expenses. The Bankruptcy Code authorizes the Court to compensate the trustee from the assets of the estate. Fees in a case of this size can be awarded in an amount in excess of 5% of the distributed assets.

Debtor estimated that the Premises, which is its only asset, would support a bid of between \$4,000,000 and \$4,500,000 at a foreclosure auction. Although the Premises highest and best value is estimated to be \$6,000,000, the Debtor has been attempting to sell the Premises since mid-2016 without success. As stated above, the Debtor had entered into a contract for \$4,990,000 for the Premises. This contract was terminated at the option of the buyer,

Montgomery County, Maryland, because the contract was not approved by the Montgomery County Council, not because the price was not acceptable to that buyer. In the event that this Bankruptcy Case is converted to a case under Chapter 7, the Debtor's principals will cease making contributions to the negative cash flow of the Debtor. These contributions are expected to average up to \$35,000/month. Without the contributions, the Premises would very likely go into foreclosure, resulting in the receipt of less than the Debtor proposes to pay under the Plan (including cash flow contributions).

In a Chapter 7 conversion, the Allowed Claims of Class 3 Creditors would receive a pro-rata distribution of any surplus over payments of Administrative Claims, and the Secured Claim of GCCFC 2007-GG9 Georgia Avenue, LLC and any Class 4 Claims. As outlined above, the Debtor does not believe that the payments to Class 3 Creditors under this scenario would be significant.

For these reasons, the Debtor submits that the Plan meets the Chapter 7 liquidation test.

## **IX.** **RISK FACTORS**

The risk factors identified by the Debtor are that the Debtor may not be able to sell the Premises and, if the Premises is under contract, the Debtor may not be successful in having that sale approved by the Bankruptcy Court. Another risk factor is that the sale price or the refinancing proceeds may not be sufficient to satisfy all claims in this case. Finally, the Debtor may not be able to secure tenants for the vacant space. If any of these risk factors should occur, this case will be either dismissed or converted to a Chapter 7 case, and the Debtor may elect to surrender the Premises to the Class 1 Claimant in full satisfaction of the debt owed to this Claimant.

## **X.** **PLAN CONFIRMATION**

### **A. Classes Entitled To Vote.**

Only Classes that are Impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, section 1124 of the Bankruptcy Code provides that a class of claims or interests is Impaired under a plan of reorganization unless the Plan does not alter the legal, equitable and contractual rights of the holder of such claim or interest. In addition, such classes are Impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of the bankruptcy case have been cured and the holders of claims or interests in such classes have been compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. All classes except Class 6 Claims are Impaired under the Plan. Only the votes of Impaired creditors and Interest holders will be solicited. If your Claim falls within an Impaired Class, you will be requested to return your Ballot indicating your

acceptance or rejection of the Plan at such time as the Court has approved this Disclosure Statement.

**B. Confirmation Standards.**

At the confirmation hearing, the Bankruptcy Court will confirm the Plan only if all the requirements of section 1129 of the Bankruptcy Code are met. Those requirements include, but are not limited to, the following:

- **Feasibility of the Plan.** In order for the Plan to be confirmed the Bankruptcy Court must determine that the need for further reorganization or a subsequent liquidation of Debtor following confirmation is unlikely. Debtor believes based on its financial projections that the Plan is feasible. No matter what occurs, the Plan provides an alternative which meets the requirements of the Bankruptcy Code.
- **Acceptance by Impaired Classes.** Section 1126(a)(8) of the Bankruptcy Code requires that each Impaired class of claims or interests accept the Plan by the requisite votes in order for confirmation to occur without triggering the "fair and equitable" test described below.
- **Fair and Equitable Test.** In the event that any Impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of Debtor if, as to such Impaired Class, the Plan *does not discriminate unfairly* and is *fair and equitable* with respect to that class. A plan does not discriminate unfairly if no class receives more than it is legally entitled to receive for its claims or interests. "Fair and equitable" has a different meaning for secured claims, unsecured claims and equity interests. The Bankruptcy Court must determine at the confirmation hearing whether the Plan is fair and equitable and does not discriminate unfairly against any Impaired Class of Claims or Interests.

**XI.  
DISCLAIMERS**

**THE TRANSACTIONS CONTEMPLATED IN THE PLAN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY COURT OR GOVERNMENTAL AUTHORITY, NOR HAS ANY COURT OR GOVERNMENTAL AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE DEBTOR HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OF THE PLAN OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR**



**REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN DULY AUTHORIZED.**

**THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN AND NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT SHALL (1) CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY THE DEBTOR, (2) BE ADMISSIBLE IN ANY PROCEEDING, CASE OR CONTROVERSY INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR (3) BE DEEMED ADVICE TO ANY PARTY IN INTEREST ON THE TAX OR OTHER LEGAL CONSEQUENCES OF THE PLAN ON THE DEBTOR'S CREDITORS OR SHAREHOLDERS.**

**CREDITORS OF LAKEWOOD AT GEORGIA AVENUE LLC ARE URGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY AND TO CONSULT WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.**

**XII.  
CONCLUSION**

The Debtor urges all creditors to accept the Plan since the Plan will provide an opportunity for creditors to receive at least as much, if not more than, they would receive in a liquidation under Chapter 7 of the Bankruptcy Code, liquidation or any other known alternative.

Dated: July 6, 2017  
Respectfully Submitted,  
Lakewood at Georgia Avenue LLC

By /s/ George Christopher  
George Christopher  
Managing Member

DeCaro & Howell, P.C.

/s/ Thomas F. DeCaro Jr.  
Thomas F. DeCaro, Jr.  
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Upper Marlboro, MD 20772  
301-464-1400/4776 (phone/fax)  
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**CERTIFICATE OF SERVICE**

I, Thomas DeCaro, hereby certify that on July 6, 2017 a true and complete copy of the First Amended Disclosure Statement, were sent via first-class mail, postage prepaid to all parties in interest on the creditor matrix with the exception of the U.S. Trustee and attorneys who were served via CM/ECF:

Agular & Associates  
11510 Georgia Ave  
Silver Spring, MD 20902

Bond Water Technologies  
630 E. Diamond Ave.  
Suite jk  
Gaithersburg, MD 20877

CBRE  
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7501 Wisconsin Ave  
Bethesda, MD 20814

Chesapeake Sprinkler  
1913-B Beston Ct  
Odenton, MD 21113

Complete Building  
Services  
2101 Wisconsin Ave  
Washington, DC 20007

Datawatch  
Suite 500  
441 East West Hwy  
Bethesda, MD 20814

Edgemoor Contracting  
Corp  
40862 Robin Cir.  
Leesburg, VA 20175

Environmental Turf  
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11510 Georgia Ave.  
Silver Spring, MD 20902

Furey, Doolan & Abell LLP  
Suite 600  
7600 Wisconsin Ave  
Bethesda, MD 20814

George Christopher  
Suite 600  
11 N. Washington St  
Rockville, MD 20850

Goldman Sachs Commercial  
Mortgage Cap.  
c/o Laura Bouyea, Venable LLP  
750 E. Pratt St.  
Suite 900  
Baltimore, MD 21202

Internal Revenue Service  
Centralized Insolvency Unit  
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Philadelphia, PA 19101

JV Accounting Services  
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Silver Spring, MD 20902

Luis Gomez  
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11510 Georgia Ave  
Silver Spring, MD 20902

Marinari  
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11510 Georgia Ave.  
Silver Spring, MD 20902

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Landscaping  
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Silver Spring, MD 20901

Mary Kay  
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11510 Georgia Ave  
Silver Spring, MD 20902

Pray and Adams  
Suite 225  
11510 Georgia Ave  
Silver Spring, MD 20902

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15245 Shady Grove Rd  
Suite 201  
Rockville, MD 20850

Thyssen Krupp  
9001 - 55th Place  
College Park, MD 20740

Triple S Services  
2204 Distribution Cir  
Silver Spring, MD 20910

Verizon  
PO Box 10154  
Albany, NY 12212

Washington Hospital Center  
Suite 206  
11510 Georgia Ave  
Silver Spring, MD 20902

Waste Management  
4900 Beach Pl  
Temple Hills, MD 20748

US Trustee-Greenbelt  
6305 Ivy Lane, Suite 600  
Greenbelt, MD 20770

US Attorney-District of MD  
4<sup>th</sup> Floor  
6 S. Charles St.  
Baltimore, MD 21201

Taxing Authority of  
Montgomery County  
Division of Treasury  
355 Rockville Pike, Ste.  
Rockville, MD 20850

State of Maryland DLLR  
Division of Unemployment  
Insurance  
1100 N. Eutaw Street, Room 401  
Baltimore, MD 21201

Secretary of the Treasury  
15<sup>th</sup> and Pennsylvania Ave, N.W.  
Washington, DC 20220

Comptroller of the Treasury  
Compliance Division, Room 409  
301 W. Preston Street  
Baltimore, MD 21201

U.S. Securities and Exchange  
Commission  
Atlanta Reg Office and Reorg  
250 E Paces Ferry Rd NE Ste 900  
Atlanta, GA 30326

Branch of Reorganization  
Sec. & Exch. Commission  
1475 Lenox Rd NE (Suite 1000)  
Atlanta, GA 30327

Internal Revenue Service  
Centralized Insolvency Section  
P.O. Box 211126  
Philadelphia, PA 19114

Yang & Ullman  
Suite 150  
11510 Georgia Ave  
Silver Spring, MD 20902

/s/ Thomas DeCaro, Jr.  
Thomas F. DeCaro, Jr.