

**UNITED STATES BANKRUPTCY COURT FOR
THE DISTRICT OF MARYLAND**

INRE:

Case No. **17-13860**

CRET Restoration, Inc.

Chapter 11

DISCLOSURE STATEMENT OF THE DEBTOR
FILED PURSUANT TO §1125 OF THE BANKRUPTCY CODE

The Debtor, CRET Restoration, Inc., submits the following disclosure statement:

SECTION 1

Introduction

The Debtor provides this disclosure statement to all of the Debtor's known creditors and interest holders in order to disclose that information deemed by the Debtor to be material, important and necessary for its creditors and interest holders to arrive at a reasonably informed decision in exercising their right to vote on the plan of reorganization ("the Plan") presently on file with the United States Bankruptcy Court for the District of Maryland (the "Court"). A copy of the plan accompanies this statement. Pursuant to the terms of the United States Bankruptcy Code, this disclosure statement has been presented to and approved by the Bankruptcy Court. Such approval is required by the statute and does not constitute a judgment by the Court as to the desirability of the plan of reorganization or to the value or suitability of any considerations offered thereby.

The material herein contained is intended solely for that purpose and solely for the use of known creditors and interest holders of the name Debtor and, accordingly, may not be relied upon for any purpose other than the determination of how to vote on the plan of

reorganization. In addition, materials contained in this disclosure statement are not necessarily sufficient for the formation of a judgment by any creditor of the perdurability of any alternative to the plan of reorganization.

A creditor or interest holder, in order to vote on the plan of reorganization, must have filed a proof of claim or interest at or prior to the approval of this disclosure statement, unless such creditor or interest holder was scheduled by the Debtor as not disputed, liquidated and not contingent. If a creditor is listed in Debtor's schedules as not disputed, liquidated, and not contingent, then, to the extent scheduled, such creditor is deemed to have filed a claim, and absent objection, such claim is deemed allowed. A creditor or interest holder may vote to accept or reject the plan of reorganization by filling out and mailing to the counsel for the Debtor the ballot that has been provided to him.

The Court will fix a date as the last date by which ballots must be filed with counsel for the Debtor. No vote received by counsel for the Debtor after such time will be counted. Whether a creditor or interest holder votes on the plan of reorganization or not, such person will be bound by the terms and treatments set forth in the plan of reorganization if the plan is accepted by the requisite majorities of classes of creditors and interest holders and/or is confirmed by the Court. Absent some affirmative act constituting a vote, such creditor or interest holder will not be included in the tally. The failure to vote by a creditor or interest holder shall not mean that such creditor or interest holder claim or interest will be allowed or disallowed for distribution purposes. In order for the plan or reorganization to be accepted by creditors, a majority in the number and two-thirds majority in the amount of claims filed and allowed (for voting purposes) and voting for each impaired class of creditors must vote to accept the plan. In order for the plan of reorganization to be accepted by the interest holders, a two-thirds majority in the amount of interest allowed (for voting purposes) and voting of each impaired class of interest must vote to accept the plan. You are, therefore, urged to fill in, sign and promptly mail the enclosed ballot, which counsel for the Debtor furnished you. Please be sure to properly complete the form and legibly identify the name of the claimant or interest holder. The Debtor or others may solicit your vote. The cost of any solicitation by the Debtor will be borne by the Debtor. No representative of the Debtor shall receive any additional compensation for any solicitation.

No representations concerning the Debtor in the plan of reorganization are authorized by the Debtor other than as set forth in the memorandum. Any representations

or inducements made by any person to secure your vote which are other than herein contained should not be relied upon, and such representations or inducements should be reported to counsel for the Debtor whose address is set forth at the end of this document, who shall deliver such information to the Bankruptcy Court. Certain of the materials contained in the disclosure statement are taken directly from other, readily accessible instruments or any digest of other instruments. Although the Debtor has made every effort to retain the meaning of such instruments or the portions transposed, the Debtor urge that any reliance on the contents of such instruments should depend on a thorough review of the instruments themselves.

SECTION 2

History of Debtor

A. ORGANIZATIONAL INFORMATION

The Debtor is a limited liability company organized under the laws of the state of Maryland. The Debtor was formed on November 18, 1997 and obtained title to 7220 Livingston Road, Fort Washington MD 20744 pursuant to a deed dated February 26, 2003 and recorded among the land records of Prince George's County, Maryland on April 4, 2003. The land consists of three (3) parcels of land totaling 28.45 acres of undeveloped land. The first parcel (Parcel 291) bears a property tax account number of 12-1207489, is currently assessed as 36,829 square feet (.85 acres). The second parcel (Parcel 49) bears a property tax account number of 12-1293448, is currently assessed as 18.07 acres. The third parcel (Parcel 113) bears a property tax account number of 12-1207471, is currently assessed as 9.53 acres ("Property").

The Property was acquired for \$310,000.00 on February 26, 2003. The Debtor was engaged in the process developing the Property. In the Debtor's efforts to develop the property, it became indebted to secured and unsecured creditors that are specified in Debtor's Chapter 11 Plan. Currently, the real property remains undeveloped and does not generate any revenue. The Debtor has entered into a contract to sell Property to Acumen Companies for a purchase price of \$8,900,000.00 and Debtor shall seek the Court approval of the purchase agreement.

Evergreen Investments, LLC ("Evergreen") initiated a foreclosure proceeding against the Debtor in the Circuit Court for Prince George's County in the case captioned

Doniff v. CRET Restoration, Inc., CAE 11-31202. Evergreen scheduled a foreclosure sale for the Property on March 21, 2017. Debtor filed the instant Chapter 11 Bankruptcy case in order to prevent the foreclosure on the Property and permit sufficient time to complete the sale of the Property.

SECTION 3

Significant Chapter 11 Matters

The Debtor has filed monthly operating statements with the Court and they are available for inspection at the clerk's office. The debtor has filed all required income tax returns that have become due during the pendency of this case. The tax return is a "pass through" return so there will be no taxes due upon its filing.

The following is a brief description of the chapter 11 proceedings:

FILING OF VOLUNTARY PETITION:

Debtor initiated the instant Voluntary Chapter 11 case on March 20, 2017.

EVERGREEN'S MOTION TO LIFT THE AUTOMATIC STAY:

Evergreen has filed a Motion to Lift the Automatic Stay. The Debtor has filed an opposition and a hearing on the motion is scheduled for July 17, 2017.

MONTHLY OPERATING REPORTS:

The Debtor has filed monthly operating reports for March, April and May 2017.

QUARTERLY UNITED STATES TRUSTEE FEES:

The Debtor is required to pay a fee to the Office of the United States Trustee for each quarter it operates under chapter 11 based upon its disbursements during the quarter.

SECTION 4

Property of the Estate

The following is a description of the assets of the debtor that are property of the estate under §541 of the Code:

REAL PROPERTY:

The address of the real property is 7220 Livingston Road, Fort Washington MD 20744. The land consists of three (3) parcels of land totaling 28.45 acres of undeveloped land. The first parcel (Parcel 291) bears a property tax account number of 12-1207489, is currently assessed as 36,829 square feet (.85 acres) and has a current assessed value of \$63,200.00. The second parcel (Parcel 49) bears a property tax account number of 12-1293448, is currently assessed as 18.07 acres and has a current assessed value of \$375,700.00. The third parcel (Parcel 113) bears a property tax account number of 12-1207471, is currently assessed as 9.53 acres and has a current assessed value of \$123,600.00.

SECTION 5

Funding of the Plan

The Debtor plans to sell the Property and pay the allowable claims. The Debtor has signed a letter of intent and a purchase agreement with Acumen Companies (“Acumen”). A copy of the purchase agreement has been attached as Exhibit “1”. The Debtor and Acumen have agreed to a purchase price of 8,900,000.00. The contract calls for a inspection period of up to 90 days and shall close within 60 days following the successful completion of the inspection period or 30 days after the rezoning of the portions of the Property that are not already

R-18C to R-18C.

Acumen has been recognized as an industry leader in real estate development in the District of Columbia metro area. We have attached two recent articles that highlight Acumen's capability, experience and leadership within the local development community. See Exhibit "2". Their expertise coupled with their proven track record establishes a high likelihood of a successful sale of the Property.

SECTION 6

Classification and Treatment of Claims

The Debtor's plan classifies the claims into seven (7) classes. In addition, certain claims are treated as being unclassified. The following is a brief description of each class. You should read the plan in its entirety and refer to it for specific treatment of each class. The plan is a legally binding document and your rights may be affected by its confirmation, even over your objection and negative vote.

It is anticipated that the sale of the Debtor's real property shall result in a total of approximately \$7,370,000.00 being available to pay creditors and of that amount, \$6,399,212.38 shall be available to pay Classes 2, 3, 4 and 5 Allowed Secured Claims. Each Secured Claimant agrees that the determined allocated amount shall fully satisfy their respective claim and each Claimant shall agree to release their lien that has been recorded in the Land Records of Prince George's County. \$957,277.30 shall be available to pay Class 6 Allowed Unsecured Claims in the amounts specified below. \$150,000.00 shall be available to pay Unclassified Claims and the Class 1 Claim.

The plan provides for the payment of all allowed, secured, priority and unsecured claims. The debtor will make a lump sum payment to a Distribution Account. The debtor will serve as the Disbursement Agent. The following is a brief description of each class and its treatment:

UNCLASSIFIED CLAIMS:

The first unclassified group of claims shall consist of all Allowed Administrative Priority Claims. The claimants in this class are Debtor's bankruptcy counsel, Craig A. Butler, for professional fees in representing the Debtor in this proceeding and the Office of the United States Trustee ("U.S. Trustee") for the quarterly, chapter 11 administrative fees. It is anticipated that the debtor's counsel claim will be approximately \$50,000.00. If not available, counsel has agreed to accept payments over time.

The second unclassified group of claims shall consist of all Allowed Administrative Claims. All post-petition administrative expenses have been paid. Therefore it is not anticipated that there will be any claimants in this class. The Debtor will be liable for all fees in the future until the case is closed, dismissed or converted to another chapter.

CLASSIFIED CLAIMS:

Class 1- Unsecured Priority Claim of the Internal Revenue Service (the "IRS")

The IRS is an unsecured priority tax creditor of the Debtor's business income taxes in the amount of \$15,000.00. This claim will be paid in full on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim. Until the IRS has been paid in the full amount of its Unsecured Priority Claim, it shall retain all of the liens securing its Allowed Claim pursuant to applicable law.

This class is unimpaired.

It is anticipated that the sale of the Debtor's real property shall result in a total of \$7,370,000.00 being available to pay creditors and of that amount, \$6,399,212.38 shall be available to pay Classes 2, 3, 4 and 5 Allowed Secured Claims. Each Claimant agrees that the determined allocated amount shall fully satisfy their respective claim and each Claimant shall agree to release their lien that has been recorded in the Land Records of Prince George's County.

Class 2-Secured Claim of Evergreen Ventures, LLC ("Evergreen")

Evergreen is the purported holder of a promissory note in the original principal

amount of \$400,000.00 that is disputed and secured by a first deed of trust on Debtor's property located at 7220 Livingston Road, Fort Washington, MD 20744 (the "Property"). A proof of claim was filed on June 20, 2017 indicating that the amount owed for this claim is \$22,613,390.00. The amount allocated to Evergreen shall be \$4,750,000.00 to be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

This class is impaired and is entitled to vote on the Plan.

Class 3-Secured Claim of Trust Capital Investments, LLC ("TCI")

TCI is the purportedly the loan syndicator for the holders of a promissory note in the original principal amount of \$350,000.00 that has been scheduled in the amount of \$775,000.00, (Scheduled) and secured by a purported second deed of trust on Debtor's Property. The holders of the purported promissory note are DKBBK, LLC, Michael Walsh and Equity Trust Company custodian FBO account Michael Walsh IRA. The amount allocated to TCI shall be \$775,000.00 to be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

This class is impaired and is entitled to vote on the Plan.

Class 4-Secured Claim of M. Evelyn Jones ("Jones")

Jones is the holder of a promissory note in the original principal amount of \$350,634.00 that has been scheduled in the amount of \$775,000.00 (Scheduled) that is secured by a purported third deed of trust on Debtor's Property. The amount allocated to Jones shall be \$775,000.00 to be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

This class is impaired and is entitled to vote on the Plan.

Class 5-Secured Claims of BEOR Fund I, LLC (“BEOR”) and Prince George’s County (“PGC”)

BEOR is the purchaser of delinquent property taxes and is the holder of a property tax claim in the amounts of 58,093.29 secured by Debtor’s Property. The amount allocated to BEOR shall be \$58,093.29 to be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

PGC is the holder of property tax claims in the amounts of \$9,876.56, \$12,198.15, and \$19,044.38 secured by Debtor’s Property. The amount allocated to PGC shall be \$41,119.09 to be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

This class is unimpaired.

Class 6–Allowed Unsecured Claims

It is anticipated that the sale of the Debtor’s real property shall result in a total of \$7,370,000.00 being available to pay creditors and of that amount, \$957,277.30 shall be available to pay Class 6 Allowed Unsecured Claims. Each Claimant agrees that the allocated amount shall fully satisfy their respective claim.

(A) The following Creditors have general unsecured Claims in this case:

A. Powell Management, LLC	\$29,000.00
Adrian Clements	\$300,000.00
Calvary Portfolio Services, LLC	\$11,077.30
CDM Associates, Inc.	\$28,000.00
GMK Building and Development, LLC	\$70,000.00
Haymon & Son Accounting, Inc. Tax	\$9,200.00
Internal Revenue Service	\$5,000.00
Jean Carter	\$60,000.00
Jewell Elliott, Esq.	\$45,000.00

Jimmy & Lavonne Bankston	\$27,000.00
Joyce Engineering	\$41,000.00
KCI Engineering	\$14,000.00
Law Office of Darryl A. Kelley & Associates	\$43,000.00

NKB Investment Group	\$250,000.00
Waldon Studio Architects	\$25,000.00

The Debtor will pay all Allowed Unsecured Claims in this class as follows:

A. Powell Management, LLC	\$29,000.00
Adrian Clements	\$300,000.00
Calvary Portfolio Services, LLC	\$11,077.30
CDM Associates, Inc.	\$28,000.00
GMK Building and Development, LLC	\$70,000.00
Haymon & Son Accounting, Inc. Tax	\$9,200.00
Internal Revenue Service	\$5,000.00
Jean Carter	\$60,000.00
Jewell Elliott, Esq.	\$45,000.00
Jimmy & Lavonne Bankston	\$27,000.00
Joyce Engineering	\$41,000.00
KCI Engineering	\$14,000.00
Law Office of Darryl A. Kelley & Associates	\$43,000.00
NKB Investment Group	\$250,000.00
Waldon Studio Architects	\$25,000.00

The amount allocated to each Claimant shall be paid on the Effective Date of the Plan, or such other date as may be agreed upon by the debtor and the holder of the respective claim.

This class is impaired and is entitled to vote on the Plan.

Class 7–Allowed Interests. The Allowed Interests of the Debtor shall remain the property of the current shareholder of CRET Restoration, Inc.

SECTION 7

Feasibility of Plan

The first aspect of feasibility of the plan is the payment required upon confirmation. The total amount required at confirmation will be approximately \$7,370,000.00. If the Debtor does not have sufficient funds in its debtor-in-possession account at the confirmation to make the necessary payments, the claimants shall be paid at such other date as may be agreed by the holders of the respective claims. The Debtor plans to pay each creditor in full with one lump sum payment. The Debtor shall be able to pay all creditors in this manner through the proceeds from the sale of Debtor's real property.

SECTION 8

Post-Confirmation Management

The post-confirmation management of the Debtor will be the same as current management, including its legal and fiscal advisors.

SECTION 9

Tax Consequences of the Plan

Creditors and interest holders concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys, and/or advisors. The following disclosure of possible tax consequences is intended solely for the purpose of

alerting readers about possible tax issues the Plan may present to the Debtor. The Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies may complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

The following are the tax consequences which the Plan will have on the Debtor's tax liability: None.

SECTION 10

Acceptance and Confirmation of the Plan

For the Plan to be confirmed, the Code requires that the Court determine that the Plan complies with the technical requirements of Chapter 11 of the Code, and that the Debtor's disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised by the Debtor in connection with the Plan and the Case.

The Code also requires that (i) that the Plan be accepted by the requisite votes of creditors, except to extent that confirmation despite dissent is available under §1129(b) of the Code; (ii) the Plan is feasible (that is, there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan and continue to operate its business without further financial reorganization; and (iii) the Plan is in the "best interest" of all creditors (that is, that creditors will receive as much pursuant to the Plan as they would receive in a liquidation under Chapter 7 of the Code.

To confirm the Plan, the Court must find that all of the above conditions are met, unless the applicable provisions of §1129(b) of the Code are employed. Thus, even if the Debtor's creditors accept the Plan by the requisite votes, the Court must make independent findings respecting the Plan's conformity to the requirements of the Code, the Plan's feasibility, and whether the Plan is in the best interest of the Debtor's creditors before it may confirm the Plan. These statutory conditions are discussed below in the context of this Case.

ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Code requires that each impaired Class of Claims accept the Plan. The Code defines acceptance of a Plan by a Class of Claims as acceptance by holders of two-thirds in dollar amount and a majority in number of Claims in that Class, but for that purpose counts only those who actually vote to accept or reject the Plan. Holders of claims who fail to vote are not counted as either accepting or rejecting a Plan.

Classes of claims that are not “impaired” under a Plan are deemed to have accepted the Plan and are not entitled to vote. Acceptances of the Plan in this Case are being solicited only from those who hold Claims from an impaired Class. A class is impaired if the legal, equitable or contractual rights attaching to the claims or interests are modified, other than by curing defaults and reinstating maturity or by payment in full in cash.

BEST INTEREST OF CREDITORS

Even if each Class of creditors accepts a Plan, in order to confirm a Plan the court must independently determine that the Plan is in the best interests of the all Classes of creditors impaired by the Plan. The "best interests" test requires that the Court find either that all members of an impaired Class of claims have accepted the Plan or that the Plan will provide such member a recovery that has a value at least equal to the value of the distribution that each such creditor would receive if the Debtor's assets were liquidated under Chapter 7 of the Code.

To calculate what members of each impaired Class of creditors would receive if the Debtor's assets were liquidated, the Court must first determine the aggregate dollar amount that would be generated from the Debtor's assets if its Chapter 11 case were converted to Chapter 7 case under the Code. This “liquidation value” would consist primarily from a forced sale of the Debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of the secured creditors to the extent of the value of their collateral, and, then, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of the trustee, as well as counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the Debtor in its Chapter 11 case (such as compensation of counsel) that are allowed in the Chapter 7 case, litigation costs, and claims arising from the Debtor's operations during the pendency of the Chapter 11 case.

In liquidation, distinctions among classes of unsecured claims are generally eliminated. Once the Bankruptcy Court ascertains the recoveries in liquidation of secured creditors, priority claimants and general creditors, those recoveries are compared with the distributions offered to each Class of Claims or interests under the Plan of reorganization to determine if the Plan is in the best interest of creditors of each Class.

LIQUIDATION ANALYSIS

If this case were converted from Chapter 11 to Chapter 7 under the Code, the amount that the Chapter 7 Trustee would obtain as a result of a sale of the Property "AS IS" would be substantially less than the proceeds that Debtor shall pursuant to its purchase agreement with Acumen. Also, an "AS IS" sale by a Chapter 7 Trustee would require additional transaction costs and fees which would further reduce proceeds available to pay creditors. The current assessed value of the Debtor's real property is \$562,400.00. The "AS IS" sale of the unimproved real property would yield substantially less than the purchase agreement between the Debtor and Acumen.

The Debtor satisfies the liquidation test. In this Chapter 11 case, the Debtor shall sell its real property and obtain an estimated \$7,370,000.00 as proceeds from the sale to pay creditors. The proceeds that shall be available to pay creditors in this Chapter 11 case are significantly greater than the amount that would be available to creditors if this case was converted to Chapter 7.

CONFIRMATION WITHOUT ACCEPTANCE OF ALL IMPAIRED CLASSES

If the Debtor does not receive sufficient votes to confirm its plan, the Debtor will seek to invoke the provisions of the Bankruptcy Code known as "cram-down". These provisions for confirmation of a Plan despite non-acceptance of one or more impaired Classes of Claims are set forth in §1129(b) of the Code.

If a class of impaired Claims rejects the Plan, it may still be confirmed as long as the Plan provides (a) for each holder of a Claim included in the rejecting Class to receive or retain on account of that Claim property that has a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim, or (b) that the holder of any claim that is junior to the Claims of such Class will not receive or retain on account of such junior claim any property at all, and at least one class whose claims are impaired has accepted the plan.

SECTION 11

Implementation of the Plan

The Debtor will serve as the Disbursement Agent. The Debtor will make the required payments to the Distribution Account in sufficient time to make the necessary distributions. The Disbursement Agent shall establish an interest bearing checking account and make all disbursements from such account. The Disbursement Agent shall be entitled to use any interest generated from the account to offset the expenses incurred in making disbursements under the plan.

SECTION 12

Discharge and Default

The Debtor will be granted a discharge of all of their dischargeable debts upon the substantial consummation of its plan.

If the debtor shall default on its plan after the Court confirms it, any party in interest may ask the Court to dismiss the case or convert it to a proceeding under another chapter. The Debtor shall not be considered in default unless the Debtor is more than thirty (30) days delinquent on any payment required to be made.

Dated: July 17, 2017

Respectfully submitted,
____/s/ Craig A. Butler_____
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(202) 587-2773

Counsel for CRET Restoration, Inc.

I HEREBY CERTIFY that a copy of the Debtor's Disclosure Statement was either sent electronically or mailed, postage prepaid, this 17^h day of July, 2017 to the following:

Lynn A. Kohen, Esq.
U.S. Trustee Office
6305 Ivy Lane, Suite 600
Greenbelt, MD 20770

Richard F. Boddie, Esq.
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All Parties In Interest (See Mailing Matrix)

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