

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)

In re:)	
)	
INTERNATIONAL RENTALS CORP.,)	Case No. 17-15505-LSS
)	Chapter 11
)	
Debtor)	

**DISCLOSURE STATEMENT FOR
PLAN OF REORGANIZATION
PROPOUNDED BY THE DEBTOR-IN-POSSESSION**

COMES NOW the Debtor-in-Possession, International Rentals Corp., by and through counsel, Cohen Baldinger & Greenfeld, LLC, and provides the following Disclosure Statement to provide creditors with sufficient information to make an informed decision regarding the Debtor's Plan of Reorganization:

**ARTICLE I:
INTRODUCTION**

International Rentals Corporation (the "Debtor"), Debtor and Debtor-in-Possession, by its undersigned counsel, pursuant to the provisions of Chapter 11 of Title 11 of the United States Code, files this Disclosure Statement 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 Plan of Reorganization (the "Plan") filed by the Debtor with the United States Bankruptcy Court for the District of Maryland on November 2, 2017.

This Disclosure Statement is required by Chapter 11 of the Bankruptcy Code. Its purpose is to provide creditors and other parties in interest in this case with sufficient information to enable them to make an informed decision as to whether to accept or reject the Plan that has been filed

with the Court. The requirements for approval of this Disclosure Statement are set forth in §1125 of the Bankruptcy Code.

If, after reading this Disclosure Statement, you believe that it does not give you sufficient information upon which to base your choice of accepting or rejecting the Plan, you may file an objection to the adequacy of the Disclosure Statement, stating what information you believe to be missing, or what facts or other information are not adequately presented. You are entitled to, and may insist upon, the degree and detail of information that a reasonably prudent investor would have a right to expect before making a decision to invest.

Your objection must be specific and filed with the Clerk of the Bankruptcy Court. A copy must be mailed to the undersigned. The Court may hold a hearing upon your objection, or may rule upon the contents of your objection and any accompanying memorandum, and the contents of any responses to your objection.

As a creditor or interest holder your vote is important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds ($\frac{2}{3}$) in amount and more than one half ($\frac{1}{2}$) in number of claims in each impaired class of claims voting on the Plan, and if it is accepted by the holders of two-thirds ($\frac{2}{3}$) in amount of interests in each impaired class of equity interests voting on the Plan. In the event the requisite acceptances are not obtained, the court may nevertheless confirm the Plan if the court finds that it accords fair and equitable treatment of the class or classes rejecting it and that it provides at least the minimum treatment and distribution required by the Bankruptcy Code.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ITS ASSETS) ARE AUTHORIZED, OTHER THAN AS SET FORTH IN THIS

DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN THAT ARE NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR AND SHOULD BE REPORTED TO UNDERSIGNED COUNSEL FOR THE DEBTOR. THE INFORMATION CONTAINED IN THIS DISCLOSURE 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 ENSURE THAT ALL RECORDS ARE ACCURATE.

ARTICLE II:
BACKGROUND INFORMATION

II. History and Background of the Debtor

A. History

The Debtor was formed in February 1996 by Jose Reig to purchase the real property located at 1700 East Gude Drive, Rockville, Maryland, and to lease it to an engineering company, Energy Systems Engineering, Inc. (“ESEI”), which was also owned and operated by Jose Reig. ESEI operated from the Property for several years and paid rent to the Debtor which the Debtor used to maintain the Property and service its debt. In 2015, ESEI’s operations were unable to support the rent and in addition to laying off almost all of its employees, it defaulted on its obligations to the Debtor. In turn, the Debtor was unable to support its obligations. Jose Reig filed a personal bankruptcy case on April 5, 2016.

B. Bankruptcy Filing

Faced with insufficient cash flow to continue to service the debt, the loan on the Property

went into foreclosure. In order to preserve the equity in the Property and to avoid the for sale of the foreclosure, the Debtor sought protection under the Bankruptcy Code by filing a Voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code on April 20, 2017 (the “Petition Date”).

At all times since the filing of this bankruptcy case, the Debtor has remained in possession of his assets and in control of his affairs as Debtor-in-Possession. The Debtor has actively sought potential avenues of reorganization herein. As referenced herein below, the Debtor would recognize significant capital gains taxes if it were to liquidate its Property, and thus, in an effort to avoid those taxes, it has sought a new shareholder willing to infuse capital into the Debtor to improve and repair the Property in order to generate rental income with which the Debtor may satisfy its obligations.

C. Chapter 11 Operations

Since the filing of the Chapter 11 petition, the Debtor has continued to manage its affairs and market the Property for sale as a Debtor-in-Possession. Toward that end, the Debtor has employed the law firm of Cohen Baldinger and Greenfeld, LLC to serve as his bankruptcy counsel.

D. Balance Sheet Information

1. Assets of the Estate

Real Property:

1700 East Gude Drive	\$ 2,280,000.00
Rockville, MD 20855	
(Appraisal attached hereto as Exhibit “A”)	

2. Liabilities of the Estate

Administrative requests for professional fees:

Cohen Baldinger & Greenfeld, LLC	\$ 7,500.00 (estimated)
Counsel for the Debtor-in-Possession	

Priority Claims

Internal Revenue Service	\$	8.33
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Secured Claims

National Loan Investors, LP	\$1,600,000.00	(estimated)
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First Deed of Trust

Montgomery County, Maryland	\$	26,539.52
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Real Property Taxes

General Unsecured Claims

Total general unsecured claims	\$	585.00
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ARTICLE III:
The Plan of Reorganization

SET FORTH BELOW IS A BRIEF SUMMARY OF THE PLAN. THE SUMMARY SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE ENTIRE PLAN AND TO CONSULT WITH COUNSEL OR EACH OTHER 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, 6500 CHERRYWOOD LANE, GREENBELT, MD 20770, AND IS AVAILABLE FOR INSPECTION AND REVIEW.

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

The Plan is based upon the belief that the reorganization of the Debtor, through the sale of its Property will generate significantly more funds for repayment of creditors than if the bankruptcy case were converted to a Chapter 7 liquidation.

A. DEFINITIONS

The Plan, in Article 1, provides the following definitions. For purposes of this Plan and in addition to terms defined elsewhere herein, the following terms have the meanings set forth below:

1.01 **Administrative Bar Date** means sixty (60) days after the Effective Date (or such later date as agreed upon by the Debtor) 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.

1.02 **Administrative Claim** means any cost or expense of administration of the case allowed under § 503(b) of the Bankruptcy Code, including the claim of any Professional Person employed by the Debtor in the case.

1.03 **Allowed Claim** means a claim (as defined in §101(5) of the Bankruptcy Code):

- (a) 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;
- (b) 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
- (c) or which an application has been filed pursuant to §§329 and 330 of the Bankruptcy Code;
- (d) 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.

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

1.05 **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, including, but not limited to, any right, power, or remedy to avoid any statutory lien or any prepetition or post-petition transfer.

1.06 **Bank** means Rushmore Loan Management Services, the holder of the first priority deed of

trust against the Debtor's Property.

1.07 **Bankruptcy Code** means Title 11 of the United States Code (U.S.C.) as in effect on the Petition Date or as thereafter amended.

1.08 **Bankruptcy Rule(s)** 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 in effect on the Petition Date or as thereafter amended.

1.09 **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.

1.10 **Confirmation Date** means the date on which the Court enters the Order of Confirmation.

1.11 **Court** means the United States Bankruptcy Court for the District of Maryland, Greenbelt Division.

1.12 **Debtor** means International Rentals Corporation, a Maryland corporation.

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 fifteenth (15th) day of the first (1st) full month after the Order of Confirmation becomes a Final Order.

1.15 **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.

1.16 **Insider** has the meaning set forth in § 101(31) of the Bankruptcy Code.

1.17 **Order of Confirmation** means the order entered by the Court confirming the Plan.

1.18 **Petition Date** means April 20, 2017, the date on which the Debtor filed its petition for relief under Chapter 11 of the Bankruptcy Code.

1.19 **Plan** means this Plan of Reorganization, or as hereafter amended, or modified.

1.20 **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.

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

1.22 **Property** means all of the real property and improvements commonly known as 1700 East Gude Drive, Rockville, MD 20855.

1.23 **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.

1.24 **Secured Claim** means an Allowed Claim that is secured by a valid, perfected, enforceable lien on or security interest in any of the Debtor's Property to the extent of the value of the claimant's interest in the Debtor's Property.

B. CLASSES OF CLAIMS

2.10 **Class 1: Administrative Expenses.** Class 1 claims consist of (I) all Allowed Claims for costs and expenses of administration of the Debtor's Estate, as described in §§ 503(b) and 507(a)(2) 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).

2.20 **Class 2: Priority Tax Claims.** This Class consists of all Allowed Claims against the Debtor that are entitled to priority under § 507(a)(8) of the Bankruptcy Code. The Internal Review Service has filed a claim for eight dollars and thirty-three cents (\$8.33).

2.30 **Class 3: Other Allowed Priority Claims.** This Class consists of all Allowed Claims against the Debtor that are entitled to priority under §507(a) Bankruptcy Code, with the exception of § 507(a)(2) administrative claims and § 507(a)(8) unsecured tax claims. The Debtor believes there are no Class 3 claims.

2.40 **Class 4: Allowed Secured Claim of National Loan Investors L.P.** This Class is comprised of the Allowed Secured Claim of National Loan Investors, LP which arises from a promissory note and deed of trust recorded in the land records of the Montgomery County, Maryland. The claims of this Class are secured by a valid, first position deed of trust lien against the Property, subject to any real property tax liens of Montgomery County, which are classified as Class 5 claims.

2.50 **Class 5: Secured Claims of Montgomery County, Maryland.** This class shall consist of the claims for real property taxes, water and sewer arising both prior to the Petition Date and subsequent to the Petition Date, and which are secured by a lien on the Property pursuant to Code of Maryland, Tax Property Article, §§14-804, et.seq.

2.60 Class 6: General Unsecured Claims. This class is comprised of all general unsecured claims, including claims arising from the rejection of unexpired leases and/or executory contracts, and including all general unsecured claims of Insiders. It is believed that the only claim in this Class is the general unsecured portion of the claim of the Internal Revenue Service for penalties related to the untimely filing of the Debtor's 2015 and 2016 federal income tax returns. Those claims total five hundred eighty-five dollars (\$585.00).

2.70 Class 7: Equity Interests in the Debtor.

This Class consists of the individual interests in the Debtor. At the time of the filing of this case, Jose Reig owned one hundred percent (100%) of the issued and outstanding interests in the Debtor.

**Article 3
Treatment of Claims**

Claims against the Estate shall be treated as follows:

3.1 Class 1: Allowed Class 1 Claims 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) a date agreed upon by the parties. A holder of a Class 1 Claim may agree to less favorable treatment. By statute, Class 1 is not a class of claims impaired under the Plan.

3.2 Class 2: The Allowed Claims of Class 2 creditors shall receive payment in full, plus interest from the Effective Date at the rate enumerated in I.R.C. §6621, on the Effective Date. A holder of a Class 2 Claim may agree to less favorable treatment. Class 2 claims are unimpaired under the Plan.

3.3 Class 3: To the extent that there are any Class 3 claims, the holders of Allowed

Claims in this class shall be paid in full on the Effective Date, in a sum equal to the allowed amount of their claim. A holder of a Class 3 Claim may agree to less favorable treatment. The Debtor does not believe that there are any claims in this Class. Class 3 claims are unimpaired under the Plan.

3.4 Class 4: The Allowed Claims of National Loan Investors L.P. shall retain its first priority lien against the Property, subject only to the allowed claims of Class 5 herein below. This Class shall receive payment in the full amount of its Allowed Claim, including all post-petition interest at the contract's non-default rate, fees (including attorneys fees), costs, advances or charges due under the deed of trust or note secured thereby as provided for in §506(b) in full. Such payment shall be made in monthly installments commencing on the Effective Date and continuing on or before the tenth (10th) day of each successive month until the claim of this Class are paid in full.

The monthly installments due to this Class shall be calculated based on a forty (40) year amortization, including interest at the annual rate of five percent (5.0%) per annum. The entire outstanding balance due to this Class shall come due in twenty-five (25) years. The Debtor estimates that the amount of that balloon payment of one million dollars (\$1,000,000.00). An estimated amortization schedule is attached hereto and made a part hereof as Exhibit "B". The terms and provisions of the Bank's loan documents evidencing and securing the Debtor's loan obligation which constitutes the basis for its Class 4 Claim shall remain in full force and effect, except as specifically modified by either this Plan. Class 4 is an impaired class under the Plan.

3.5 Class 5: Class 5 consists of the Allowed Secured Claims of Montgomery County

Maryland for real property taxes due on the Property that arose both prior to, and subsequent to, the Petition Date. This claim will be paid in full, including any interest accrued thereon and shall be made from the proceeds of the operations of the Property. Upon information and belief, the claims of this Class as of the November 1, 2017 are twenty-six thousand five hundred thirty-nine dollars and fifty-two cents (\$26,539.52). This Class shall be paid in full, including interest, in twelve (12) monthly installments of two thousand three hundred dollars (\$2,300.00) each commencing on the Effective Date and continuing monthly thereafter for a total of twelve (12) consecutive months. In addition, the Debtor has provided, in its budget, sufficient funds to pay all successive year property tax assessments as and when those payments become due. This Class shall retain its statutory lien against the Property for any unpaid Allowed Claims of this Class. A holder of a Class 5 Claim may agree to less favorable treatment. Class 6 is impaired under the Plan.

3.6 Class 6: Class 6, which consists of all general unsecured claims, shall receive, in full and final satisfaction of their claims against the Estate, a pro-rata distribution (including interest at the federal judgment rate, to the extent surplus funds are available) after payment in full of claims in Classes 1 through 5, and all costs and expenses of the administration of these proceedings. Payment to this Class shall be made within ninety (90) days after the Effective Date. A holder of a Class 6 Claim may agree to less favorable treatment. Class 6 claims are an impaired class under the Plan.

3.7 Class 7: Class 7 consists of the equity interests of the Debtor. At the time of the commencement of this case, all of the issued and outstanding shares of the Debtor were owned by Jose Reig. In conjunction with the confirmation of this Plan, all issued and outstanding shares

of the Debtor shall be void.

At the hearing confirmation, in consideration of a new value contribution comprised of forty thousand dollars (\$40,000.00) in cash and a commitment to investing up to two hundred thousand dollars (\$200,000.00) to the repair and upgrade of the Property, new shares will be issued to Alex Martinez (or his assigns). The post-confirmation equity interest in the Debtor, and the proposed new value to be contributed by Alex Martinez are subject to higher and better offers. Any party wishing to bid on the equity interests in the Debtor must submit such bid no later than five (5) business days prior to the hearing on confirmation of the Plan, and attend an auction which will be held at the hearing on the confirmation of the Plan. Overbids shall be made in a minimum increment of two thousand five hundred dollars (\$2,500.00). All new value contributions up to the sum of fifty-five thousand dollars (\$55,000.00) shall be deposited into the Debtor's account and used to fund post-confirmation operations. Any new value contributions in excess of fifty-five thousand dollars (\$55,000.00) shall be paid to Jose Reig on account of his pre-confirmation interest in the Debtor.

D. PLAN EXECUTION

The Plan provides for execution as follows:

1. Funding. The funds necessary to implement the Plan shall be generated from sale of the Property. The Plan requires the Debtor to sell the Property by June 1, 2017, however if the Property and him and y is not sold by that date, and there is at that time a ratified contract for the sale of that property, then the debtor shall have an additional forty-five days in which to close on that pending ratified contract . Any net proceeds from the deposit and any proceeds generated from the sale of the Property shall be used to satisfy the requirements of the Plan.

2. 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 Actions 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. The Debtor is in the process of reviewing all relevant transactions to determine if there are any potential Avoidance Actions, but the Debtor does not believe any such claims exist.

3. Equity Ownership. The interests in the Debtor as of the Effective Date shall be void and reissued pursuant to the provisions in Class 7 of the Plan.

4. 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.

5. 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 distribution payment that is made within thirty (30) days of any date specified in this plan shall be deemed timely.

6. The Reorganized Debtor. The reorganized Debtor shall be responsible after the Effective Date for the making and implementation of all business decisions necessary and consistent with consummating the Plan. The reorganized Debtor may designate, elect or appoint one or more members, officers or managers to take actions on behalf of the reorganized Debtor

following the Effective Date, and may adopt and implement, and otherwise create, organizational documents, operating agreements and procedures as it deems necessary and appropriate in accordance with applicable non-bankruptcy law.

7. Post-Confirmation Management. The Debtor, under the leadership of officers and directors appointed by the new shareholders pursuant to Class 7 herein, shall continue to manage its affairs on the confirmation of the Plan.

E. Executory Contracts and Unexpired Leases

1. Rejection. The Debtor does not believe that it is a party to any executory contracts or unexpired leases. To the extent that a party asserts such a claim against the Debtor, all unexpired leases and executory contracts shall be deemed rejected 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, or (c) otherwise ordered by the Court.

2. Claims Arising From Rejection Prior to the Confirmation Date. Any Claim arising from the 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. If not timely filed, such Claim shall be forever barred. Any Allowed Claim arising from the rejection of an unexpired lease or executory contract shall be deemed a Class 7 Claim.

F. Administrative Claims

The Plan contains the following provisions regarding Administrative Claims:

Deadline for Filing Administrative Claims. All requests for payment of previously unpaid Administrative 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 the Administrative Bar Date, failing which such unpaid Administrative 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.

G. Disputed Claims

The Plan, in Article 7, contains the following provisions regarding disputed Claims:

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. No pre-petition claims shall be paid by the Debtor outside of the Plan except as otherwise indicated in the Plan.

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 ninety (90) 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.

3. Estimation. The Debtor may, at anytime, 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 anytime.

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.

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.

H. Effect of Plan Confirmation

The Plan, in Article 8, contains the following provisions regarding plan confirmation:

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.

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.

3. 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 or proceeding (whether directly, indirectly, derivatively or otherwise) by or on behalf of the holder of any Claim discharged above seeking to collect a Claim from or against the Debtor or the reorganized Debtor in any manner other than as specified in the Plan, or from or against the Guarantors so long as the Debtor does not materially default under the Plan

I. Plan Modification

The Plan, in Article 10, contains the following provisions regarding Plan modification:

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.

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 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.

J. Jurisdiction Provisions

The Plan, in Article 11, contains the following provisions regarding jurisdiction.

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

2. Post-Confirmation. Notwithstanding the entry of an Order of Confirmation, the Court will retain jurisdiction as described below until a final closing of these cases to ensure that the requirements, purposes and intent of the Plan are carried out. The Debtor reserves the right to reopen the pending bankruptcy case, if closed; however, in the event the Court declines to reopen the bankruptcy case, the Debtor reserves the right to raise all such issues in any proceedings in Maryland state court with jurisdiction. 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. The Plan provides for illustrations of jurisdiction and limitations of the same.

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

Because the primary source of funding of the Plan comes from the proceeds generated from the rental operations of the Debtor, the primary risk factor in this case is that the Debtor will be unable to lease the Property on the schedule reflected in its projections.

1.01 Litigation and Avoidance Actions: All litigation pending in other tribunals has been stayed by these bankruptcy cases. Upon confirmation of the Plan, the Debtor shall retain the sole and exclusive right and power to bring actions and assert rights under §§ 505, 506, 541, 542, 543, 544, 547, 548, 549, 550 and 553 of the Bankruptcy Code, as well as any other rights and powers conferred upon a debtor-in-possession by the Bankruptcy Code. While the Debtor retains the right to bring any Avoidance Actions against any party, the Debtor believes that there are no Avoidable Transfers that would generate income for the reorganized Debtor. Lastly, the Debtor will review all proofs of claim in order to determine whether to file any objections to claims. There is no pending litigation involving the Debtor at this time nor is any litigation being contemplated by the Debtor, except for the possible objections to claims.

10.2 Creditors' Committee: A Creditors Committee was not appointed in this case.

L. 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 returning a completed ballot to the undersigned counsel for the Debtor as instructed on the ballot. 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.

M. Tax Consequences of the Plan

Because the tax consequences to each creditor can vary depending upon such creditor's particular circumstances, all creditors and other persons affected by the plan should consult their own tax advisor for a complete analysis of the tax consequences resulting from the confirmation of this plan.

The Debtor purchased the property in 1996 for the sum of eight hundred seventy-five thousand dollars (\$875,000.00) of which three hundred fifty thousand dollars (\$350,000.00) was allocated to the cost of the land. Despite the substantial costs incurred to improve the Property and the building, which have increased the Debtor's basis in the Property to nine hundred ninety-three thousand nine hundred forty-three dollars (\$993,943.00). Through the end of 2014, the Debtor had recognized accumulated depreciation of four hundred sixty-one thousand four hundred five dollars (\$461,405.00) leaving a tax basis for the Property of five hundred thirty-two thousand five hundred thirty-eight dollars (\$538,532.00). Thus, a sale of the Property at its appraised value would result

in the Debtor recognizing a gain of over \$1.7 million dollars. The Debtor believes that the taxes incurred as a result of a sale of the Property will not generate sufficient funds to satisfy the claims of the secured creditors and the costs of the taxes incurred as a result of the sale. By reorganizing its debt through this Chapter 11 proceeding, the Debtor can avoid recognition of the large gain which would otherwise be recognized from a sale of the Property.

N. Liquidation analysis

The Debtor's proposed Plan pays all creditors in full, plus interest. The structure of the Plan allows the Debtor to avoid the significant tax consequences resulting from the liquidation of its Property. The Plan also provides for an infusion of capital to allow the Debtor to make necessary improvements and repaid to the Property and to begin leasing space and generating rental income. By avoiding the taxes and adequately funding, the Debtor is in the best position to maximize the return to creditors of the estate.

O. Feasibility of the Plan

This Plan is to be funded from the rental operations of the Debtor. Upon confirmation, the Debtor will receive of an immediate cash infusion of at least forty thousand dollars (\$40,000.00) from the capital contribution to be made by Alex Martinez, or such other higher bidder for the equity interest of the Debtor through the Class 7 treatment outlined above. With these funds, along with the commitment from Alex Martinez to expend up to \$200,000 to repair and improve the Property, the Debtor believes that it will be adequately capitalized to meet both the obligation of its continuing business affairs and to fund the payments required by the Plan. A detailed operational cash flow projection is attached hereto and made a part hereof as Exhibit "C".

ARTICLE IV:
CONCLUSION

This Disclosure Statement is only a summary of the Plan and creditors are urged to read the Plan for full details of the treatment of claims. The Debtor believes that the proposed Plan is feasible, and in the best interests of the creditors.

Dated: November 2, 2017

Respectfully submitted,

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