

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

_____)	
In re:)	
)	
<u>TSC/GREEN ACRES , LLC,</u>)	Case No. 17-25912-TJC
)	
Debtor in possession.)	(Chapter 11)
_____)	

**DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF
REORGANIZATION OF TSC/GREEN ACRES, LLC**

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Counsel to the Debtor

Dated: March 26, 2018

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

In re:)	
)	
TSC/GREEN ACRES ROAD, LLC)	17-25913-TC
)	
Debtor in possession.)	(Chapter 11)
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)	

**DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF
REORGANIZATION OF TSC/GREEN ACRES ROAD , LLC**

This disclosure statement (the “Disclosure Statement”) has been prepared by TSC/GREEN ACRES ROAD, LLC , the debtor and debtor-in-possession herein (the “Debtor”), to provide disclosure of the Debtor’s Chapter 11 Plan of Reorganization (the “Plan”). The Debtor is the proponent of the Plan. The Plan provides for the sale of the Debtor’s principal assets, the resolution of the allowance of claims and equity interests, and the distribution to creditors in accordance with the priorities of the Bankruptcy Code.¹

On November 28, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code initiating this chapter 11 case (the “Chapter 11 Case”). At all times following the filing of the Chapter 11 Case, the Debtor has retained custody of its assets and has operated its business as a “debtor-in-possession” pursuant to sections 1107 and 1108 of the Bankruptcy Code. No unsecured creditors’ committee has been appointed by the Office of the United States Trustee in this Chapter 11 Case.

This Disclosure Statement is intended to aid creditors in making an informed judgment regarding acceptance or rejection of the Plan. If you have any questions regarding the Plan, the Debtor urges you to contact its counsel, David W Cohen, 1 North Charles Street, Suite 350, Baltimore, MD 21201..

While the Bankruptcy Court has approved this Disclosure Statement as containing “adequate information” to enable you to vote on the Plan, the Bankruptcy Court’s approval of the Disclosure Statement does not constitute approval or disapproval of the Plan itself. The Bankruptcy Court will consider approval of the Plan only after the completion of voting on the Plan. A copy of the Plan is attached to this Disclosure Statement and is incorporated herein by reference as Exhibit A.

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All capitalized terms not otherwise defined herein shall have the meaning ascribed to such term under Article I of the Plan. See Exhibit A attached hereto.

No representation concerning the Debtor, its business operations, its assets or the value of its assets has been authorized except as set forth in this Disclosure Statement. No representations other than those made in this Disclosure Statement should be relied upon in evaluating the Plan.

The information presented in this Disclosure Statement has not been subjected to an external audit. The Debtor and its counsel and advisors cannot warrant the accuracy of the information contained in this Disclosure Statement, although the Debtor has used its best efforts under all of the circumstances to ensure that the information herein is as accurate as possible.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE PLAN. CREDITORS ARE URGED TO READ THE ENTIRE PLAN AND THE DISCLOSURE STATEMENT BEFORE VOTING ON THE PLAN.

I. INTRODUCTION

1. A. Classification and Treatment of Claims and Equity Interests Under the Plan.

All Classes of Claims are impaired under the Plan and, accordingly, the holders of Claims in all Class are entitled to vote to accept or reject the Plan. The Debtor is seeking votes to accept the Plan from Holders of Claims in those Classes. Each Class of Claims and Equity Interests, except Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims, are placed in the following Classes and will receive the following treatment under the Plan:

Summary of Classification and Treatment of Claims Under the Plan

<u>Class</u>	<u>Estimated Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 1 - Allowed Secured Claim of Anne Arundel County, Maryland	\$12,420.92	Yes	The holder of the Allowed Claim in Class 1 shall retain its lien on the Real Property. The Reorganized Debtor shall market the Real Property for sale in a commercially reasonable manner. At closing on the sale of the Real Property, the Allowed Class 1 Claim shall be paid in full from Available Cash, with interest at the Legal Interest Rate. Class 1 is impaired by the Plan.
Class 2 - Allowed Secured Claim of Merritt Lending, LLCr	\$1,127,899.25	Yes	The holder of the Allowed Claims in Class 2 shall retain its liens on the Real Property. The Reorganized Debtor shall market the Real Property for sale in a commercially reasonable manner. During the time that the Real Property is being marketed, the holder of the Class 2 Claim shall receive monthly payments of interest at the rate of 10% on the principal balance of the Class 2 Claim, which amount is \$875,000, to the extent there is Available Cash to fund such payments. At closing on the sale of the Real Property, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2 Claims shall be paid in full. Class 2 is impaired by the Plan.
Class 3 – Allowed Priority Claims	\$1,190.00	Yes	After all holders of Allowed Administrative Expense Claims and Allowed Class 1 and 2 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 3 Priority Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 3 Claims are paid in full. Class 3 is unimpaired by the Plan.

<u>Class</u>	<u>Estimated Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 4 – Allowed General Unsecured Claims (including disputed claims)	\$0 ²	Yes	After all holders of Allowed Administrative Expense Claims and Allowed Class 1, 2, and 3 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 4 General Unsecured Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 4 Claims are paid in full. Class 4 is unimpaired by the Plan.
Class 5 Allowed Insider Claims	\$1,491,096.68	Yes	After all holders of Allowed Administrative Expense Claims and Allowed Class 1, 2, 3, and 4 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 5 Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 6 Claims are paid in full. Class 5 is impaired by the Plan.
Class 6 – Allowed Equity Interest	N/A	Yes	Upon the Effective Date, the holder of 100% of the Equity Interest shall retain such Equity Interest. The holder of the Equity Interest shall not be entitled, and shall not receive, any distribution of Available Cash on account of such Equity Interest under the Plan until holders of all Allowed Claims have been paid in full as provided under the Plan. Class 6 is impaired by the Plan.

2. B. Voting Instructions and Deadline.

If a creditor or holder of an Equity Interest holds a Claim or Equity Interest classified in a Class of Claims or Equity Interests entitled to vote under the Plan, the vote of such creditor or holder of an Equity Interest to accept or reject the Plan is important and must be in writing and filed on time. **The Voting Deadline is _____ at 5:00 p.m. (prevailing Eastern Time). IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED TO DEBTOR’S COUNSEL BY THE VOTING DEADLINE.** Creditors and holders of Equity Interests must use only the ballot or ballots sent to them with this Disclosure Statement. If a creditor or holder of an Equity Interest has Claims or Equity Interests in more than one Class, such creditor or holder of an Equity Interest should receive multiple ballots. If a creditor or holder of an Equity Interest receives more than one ballot, such creditor or holder of an Equity Interest should assume that each ballot is for a separate Claim or Equity Interest and should complete and return all of them. **IF A CREDITOR OR HOLDER OF AN EQUITY INTEREST IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR OR HOLDER OF AN EQUITY INTEREST HOLDER HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:**

DAVID W COHEN, Esq.
Law Office of David W Cohen
1 North Charles Street, Suite 350

Baltimore, MD 21201
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3. C. The Confirmation Hearing.

On the date and at the time given in the notice served with this Disclosure Statement, the Court will hold a hearing to consider confirmation of the Plan (the “Confirmation Hearing”). The Court has ordered that objections, if any, to confirmation of the Plan be filed and served within the time and in the manner described in the notice that accompanies this Disclosure Statement. The date of the Confirmation Hearing may be continued at such later time(s) as the Court may announce during the Confirmation Hearing or any continued hearing without further notice. **CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE NOT REQUIRED TO ATTEND THE CONFIRMATION HEARING UNLESS THEY HAVE EVIDENCE OR ARGUMENT TO PRESENT TO THE COURT CONCERNING THE MATTERS TO BE ADDRESSED AT THE CONFIRMATION HEARING.** If the Plan is confirmed by the Court, it will be binding on all holders of Claims and Equity Interests, regardless of whether any such individual holder supported or opposed the Plan.

II. BACKGROUND

The Debtor is a Maryland LLC organized in May, 2006 for the purpose of developing commercial real estate in Anne Arundel County, Maryland, and is wholly owned by the AN&J Family Trust. The Debtor owns in fee simple certain real property (“the Property”), which has been subdivided into 26 buildable lots. The Debtor holds these lots for sale to third parties. The real property was acquired on September 23, 2005, merged into a single subdivision, and subdivided in accordance with a Plat recorded in the land records of Anne Arundel County known as “Green Ridge Manor.”

4. A. Secured Debt Obligations

On May 24, 2016, the Debtor entered into a loan agreement with Merritt Lending, LLC (“Merritt”) to finance the Property. Pursuant to the Loan Agreement, Merritt agreed to advance \$875,000 to the Debtor. A promissory note (the “Note”) in the amount of \$875,000 was executed by the Debtor, secured by a Deed of Trust, Security Agreement and Assignment of Contracts, Leases and Rents (the “Deed of Trust”), which forms a blanket lien on all of the Property. The Loan Agreement, Note, Deed of Trust, Security Agreement and Assignment of Contracts, Leases and Rents and Amendments are referred to collectively as the “Merritt Loan.” As of the Petition Date, the balance owed on the Merritt Loan was asserted by Merritt to be \$1,086,312.50.

In addition to the obligations owed to Merritt, the Debtor may owe Anne Arundel; Maryland unpaid real estate taxes for tax year 2017-2018, together with unpaid sewer and water charges. This obligation gives rise to a statutory tax lien in favor of Anne Arundel County, Maryland that is arguably senior to all other liens on the Property.

5. B. Lease Obligations

The Debtor has no lease obligations.

6. C. Events Leading to Bankruptcy and Pre-Petition Date Restructuring Efforts

Prior to the Petition Date, the Debtor began marketing the property for sale. During this marketing period, however, the Debtor relied upon related entities also owned by AN&J Trust to finance the carrying cost of the real property, as the property generated no cash to fund its

carrying costs, including payments due on the Merritt Loan. These entities are described as Class 5 “insider claims.”

Thereafter, Merritt declared the Merritt Loan in default and commenced foreclosure proceedings. A foreclosure sale was scheduled for November 30, 2017. In order to preserve the opportunity to sell the Property at fair market value, rather than at a distressed sale price at foreclosure, the Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code, thereby commencing this Chapter 11 Case.

III. THE PLAN

Pursuant to the Plan, the Debtor will use commercially reasonable efforts to market and sell the Property with twelve months following the Effective Date of the Plan. At the same time, the Debtor will actively seek an arrangement with a Joint venture investor who is ready able to invest sufficient cash in the Debtor's business to acquire the position of Merritt Lending, LLC.

In the event, the Debtor is unsuccessful in these efforts, the Property will either be auctioned off and sold pursuant to section 363 of the Bankruptcy Code or, if this does not occur within sixty (60) days, the Senior Secured Lender has the right to proceed with a judicial sale of the Property.

The net proceeds of sale of the Property, after the payment of closing costs associated with the sale, will be distributed first to secured creditors in accordance with the priority of their liens on the Property, then *pro rata* to priority unsecured creditors, then *pro rata* to non-insider general unsecured creditors, and then *pro rata* to insider unsecured creditors.

7. A. Treatment of Administrative Claims, Tax Claims, and Trustee Fees.

Certain Claims need not be classified under a plan pursuant to the Bankruptcy Code, including Administrative Claims, Professional Fee Claims and Priority Tax Claims. These Claims are not entitled to vote on the Plan.

1. Administrative Claims. Except to the extent that the holder of an Allowed Administrative Expense Claim agrees to less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on or before the later of (i) the Effective Date or (ii) the fifteenth day of the first month following the month in which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, *provided, however*, that Allowed Administrative Expense Claims representing obligations incurred in the ordinary course of the Debtor's business or taxes incurred by the Debtor that are Administrative Expense Claims under section 503(b)(1) of the Bankruptcy Code shall be paid in full in accordance with the terms and conditions of the particular transactions, any applicable agreements, and applicable bankruptcy and non-bankruptcy law. All Disputed Administrative Expense Claims shall be reserved for in full on the Effective Date. Payment of Allowed Administrative Expense Claims on the Effective Date shall be made from Available Cash, and such other available and permitted sources hereunder.

2. Administrative Expense Claim Bar Date. Requests for payment of Administrative Expense Claims existing as of the Confirmation Date must be filed with the Bankruptcy Court and served on the Reorganized Debtor no later than forty-five (45) days after the Effective Date. Objections to payment of Administrative Expense Claims must be filed with the Bankruptcy Court and served on the holder of such Administrative Expense Claim, the Reorganized Debtor and the U.S. Trustee by the later of (i) thirty (30) days after the Effective Date or (ii) thirty (30) days after the filing of the applicable request for payment of such Administrative Expense Claim, unless otherwise ordered or extended by the Bankruptcy Court. Notwithstanding anything to the contrary herein, no request for payment of an Administrative

Expense Claim need be filed with the Bankruptcy Court for the allowance of (a) an Administrative Expense Claim incurred in the ordinary course of the Debtor's business or (b) the fees of the United States Trustee arising under 28 U.S.C. § 1930(a)(6). **Any Person that is required to, but fails, to file a request for allowance of an Administrative Expense Claim on or before the deadline referenced above shall be forever barred from asserting such Administrative Expense Claim against the Reorganized Debtor, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, or recover amounts asserted against the Reorganized Debtor in such Administrative Expense Claim.**

3. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtor, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, one of the following treatments: (i) equal quarterly Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the Legal Interest Rate, over a period not exceeding five (5) years after the Petition Date, which payments shall begin one (1) year after the Petition Date; or (ii) such other treatment as to which the Debtor and a holder of an Allowed Priority Tax Claim shall have agreed upon in writing.

4. Professional Fee Claims. All Professionals seeking an award by the Bankruptcy Court of a Professional Fee Claim incurred through and including the Effective Date shall, unless otherwise ordered by the Bankruptcy Court, file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is no later than forty-five (45) days after the Effective Date. Professional Fee Claims shall be paid by the Reorganized Debtor pursuant to the provisions in section 2.2 of the Plan with respect to Allowed Administrative Expense Claims generally.

8. B. Treatment of Classified Claims and Interests.

Subject to all other applicable provisions of the Plan (including its distribution provisions), classified Claims and Interests shall receive the treatment set forth below. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under the Plan. The Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in the Plan, the Plan will not provide any distributions on account of a Claim for which the obligation to pay has been assumed by a third party.

The Plan proposes the following classification of Claims and Interests.

<u>Classes</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Allowed Anne Arundel County, Maryland Secured Claim	Impaired	Entitled to Vote
2	Allowed Merritt Lending, LLC Secured Claims	Impaired	Entitled to Vote
3	Allowed Priority Claims	Impaired	Entitled to Vote
4	Allowed General Unsecured Claims	Impaired	Entitled to Vote
5	Allowed Insider Claims	Impaired	Entitled to Vote
6	Allowed Equity Interests	Impaired	Entitled to Vote

1. Treatment of Classified Claims.

Under the Plan, the Classes will receive the following treatments.

Class 1 (Allowed Anne Arundel , Maryland Secured Claim).

The holder of the Allowed Claim in Class 1 shall retain its lien on the Real Property. The Reorganized Debtor shall market the Real Property for sale in a commercially reasonable manner. At closing on the sale of the Real Property, the Allowed Class 1 Claim shall be paid in full from Available Cash, with interest at the Legal Interest Rate. Class 1 is impaired by the Plan.

Class 2 (Allowed Claims Merritt Lending, LLC)

The holder of the Allowed Claims in Class 2 shall retain its liens on the Real Property. The Reorganized Debtor shall market the Real Property for sale in a commercially reasonable manner. During the time that the Real Property is being marketed, the holder of the Class 2 Claims shall receive monthly payments of interest at the non-default contract rate on the principal balance of the Class 2 Claims to the extent there is Available Cash to fund such payments. At closing on the sale of the Real Property, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2 Claims shall be paid in full. Class 2 is impaired by the Plan.

Class 3. (Allowed Priority Claims)

After all holders of Allowed Administrative Expense Claims and Allowed Class 1 and 2 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 3 Priority Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 3 Claims are paid in full. Class 3 is impaired by the Plan.

Class 4. (Allowed General Unsecured Claims)

After all holders of Allowed Administrative Expense Claims and Allowed Class 1, 2, 3, and 4 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 4 General Unsecured Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 4 Claims are paid in full. Class 5 is impaired by the Plan.

Class 5. (Allowed Insider Claims)

After all holders of Allowed Administrative Expense Claims and Allowed Class 1, 2, 3, and 4 Claims have received payment of the full amount of such Allowed Claims as provided in the Plan, each holder of an Allowed Class 5 Claim shall receive a Pro Rata distribution from Available Cash until such Allowed Class 5 Claims are paid in full. Class 6 is impaired by the Plan.

Class 6 (Allowed Equity Interest)

Upon the Effective Date, the holder of 100% of the Equity Interest shall retain such Equity Interest. The holder of the Equity Interest shall not be entitled, and shall not receive, any distribution of Available Cash on account of such Equity Interest under the Plan until holders of all Allowed Claims have been paid in full as provided under the Plan. Class 6 is impaired by the Plan.

9. C. Means for Implementation of the Plan.

1. Sources of Consideration.

The Plan shall be funded by the proceeds of the sale of the Property, together any contribution made by a Joint Venture Investor. Additional cash investments to fund payments to Merritt Lending, LLC will be made by S. Bruce Jaffe and/or the AN&J Family Trust, or their designee. The Debtor will have no obligation to repay any funds advanced for this purpose.

2. Post-Confirmation Governance.

Until the Effective Date, the Debtor shall operate in a manner consistent with the preservation of the value of its business. As of the Effective Date, S. Bruce Jaffe, the Manager of the Debtor, shall continue to serve as the Manager of the Reorganized Debtor.

Nothing herein or in the Confirmation Order, including any releases, shall diminish or impair the enforceability of any policy of insurance that may cover claims against the Debtor or any other Entity. Each of the matters provided for under this Plan involving the business structure of the Reorganized Debtor or action to be taken by or required of the Reorganized Debtor shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by the managing members of the Reorganized Debtor. The Reorganized Debtor shall operate under its current name under the organizational documents issued by the State of Maryland.

3. Vesting of Assets in the Reorganized Debtor.

On the Effective Date, all Assets of the Debtor shall be deemed to be the property of and vest in the Reorganized Debtor, free and clear of all liens, claims, encumbrances or interests, subject only to the liens and security interests of the holders of Allowed Claims in Classes 1 and 2. Claims and causes of action held by the Debtor shall vest in the Reorganized Debtor on the Effective Date, and the Reorganized Debtor shall have full power and authority to pursue such claims and causes of action for the benefit of its creditors. The proceeds of all claims and causes of action shall be deemed to be Available Cash and shall be administered pursuant to the provisions of the Plan. Settlements of claims and causes of action shall not be subject to approval by the Bankruptcy Court. Upon and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4. Sale of Real Property.

On the Effective Date, the Reorganized Debtor shall proceed to market the Property for sale, free and clear of all liens, claims, encumbrances or interests. At the closing on the sale of the Property, the liens and security interests of the holders of Allowed Claims in Classes 1 and 2 shall attach to the proceeds of sale to the same extent, and in the same priority, as their respective liens and security interests as of the Petition Date.

Sale and transfer of the Property shall be entitled to the tax treatment provided by section 1146(a) of the Bankruptcy Code and each recording office or other agent of any governmental unit or other taxing authority shall record any such documents of transfer or exchange without any further direction or order from the Bankruptcy Court.

10. D. Treatment of Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

The leases between the Debtor and the tenants of the Property, to the extent not previously assumed by the Debtor, shall be assumed by Debtor as of the Effective Date pursuant to section 365 of the Bankruptcy Code and assigned to the Purchaser, without the need for entry of any order of the Bankruptcy Court other than the Confirmation Order. NO SUCH LEASES EXIST.

2. Rejection of Certain Unexpired Leases and Executory Contracts.

Prior to any scheduled hearing on confirmation of the Plan, the Debtor shall file with the Bankruptcy Court a schedule of those unexpired leases and executory contracts that it intends to reject as of the Effective Date.

3. Claims Arising from Rejection.

Unless the time for filing Claims is otherwise fixed by the Bankruptcy Court, all Claims arising from the rejection of executory contracts or unexpired leases shall be filed and served upon the Reorganized Debtor and the United States Trustee within thirty (30) days after the later of (i) entry of a Final Order authorizing such rejection or (ii) the date on which the Confirmation Order becomes a Final Order. Any such Claim not filed within the required time period shall be time-barred and shall not be an Allowed Claim.

11. E. Provisions Governing Distributions.

1. Timing and Calculation of Amounts to Be Distributed.

Except as otherwise provided in the Plan (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, on the next Distribution Date, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor will receive the distribution that the Plan provides for Allowed Claims in the applicable Class and in the manner provided therein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims will be made pursuant to the provisions set forth in the Plan. Except as otherwise provided herein or in the Plan, Holders of Claims will not be entitled to interest, dividends, or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Payments and Distributions on Disputed Claims.

Notwithstanding any other provision of the Plan to the contrary, no distribution shall be made to the holder of a Disputed Claim or Equity Interest or the holder of a Claim or Equity Interest that is the subject of a proceeding against it by the Reorganized Debtor unless and until such Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest by Final Order. While disputes regarding Claims or Equity Interests are pending, the Reorganized Debtor shall hold for the benefit of each holder of a Disputed Claim or Equity Interest an amount equal to the distributions that would have been made to the holder of such Disputed Claim or Equity Interest if it were an Allowed Claim or Equity Interest, or, if so determined by the Bankruptcy Court, such amount as estimated by the Bankruptcy Court under section 502(c) of the Bankruptcy Code, until such Claim or Equity Interest becomes an Allowed Claim or Equity Interest.

1. Delivery of Distributions in General.

Subject to Bankruptcy Rule 9010, unless otherwise provided herein, all distributions to any holder of an Allowed Claim or Equity Interest shall be made at the address of such holder as set forth on the bankruptcy schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, unless the Debtor has been notified, in advance and, in writing, of a change of address, including, without limitation, by the filing of a proof of claim or interest by such holder that contains an address for such holder different from the address reflected on such schedules for such holder. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Reorganized Debtor has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter, such distribution shall be made to such holder; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one (1) year from the later of (i) the Effective Date or (ii) the date such holder's Claim or Equity Interest is Allowed. After such date, all unclaimed property shall revert to the Reorganized Debtor. The Reorganized Debtor shall not have any obligation to attempt to locate any holder of an Allowed Claim or Equity Interest other than by reviewing its books and records (including any proofs of claim or interest filed in the Chapter 11 Case). The Reorganized Debtor may stop payment on any distribution check that has not cleared the payer bank within ninety (90) days of the date of distribution of such check. No distribution under the sum of \$10.00 is required to be made by the Reorganized Debtor.

5. Withholding and Reporting Requirements.

In connection with the Plan and all instruments issued in connection therewith, the Reorganized Debtor will comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan will be subject to any such withholding or reporting requirements.

6. Interest on Claims.

Except as otherwise provided in the Plan with respect to (i) the Class 2 Allowed Claims, which will be paid interest at the contractual non-default rate, (ii) Classes 1 Allowed Claims, which will be paid post-petition interest at the Legal Interest Rate, and (iii) Priority Tax Claims, which will be paid post-confirmation interest at the Legal Interest Rate, post-petition interest will not accrue or be paid on Claims, and no Claim Holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in the Plan, post-petition interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

12. F. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.

1. Prosecution of Objections to Claims and Estimation of Disputed Claims.

The Reorganized Debtor may file with the Bankruptcy Court an objection to the allowance of any Claim or Equity Interest, or any other appropriate motion or adversary proceeding with respect thereto. All such objections will be litigated to Final Order; provided, however, that the Reorganized Debtor may compromise and settle, withdraw or resolve by any other method approved by the Bankruptcy Court, any such objections to the allowance of such Claims or Equity Interest. In addition, the Reorganized Debtor may, at any time, request that the Bankruptcy Court estimate any Claim under section 502(c) of the Bankruptcy Code, regardless of whether such Claim has been previously objected to or whether the Bankruptcy Court has ruled on any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will be limited to the purposes (such as voting on this Plan) determined by the Bankruptcy Court. All of the aforementioned provisions with respect to

objections to Claims or Equity Interest and the claims estimation and resolution procedures, are cumulative and are not necessarily exclusive of one another.

7. Allowance of Claims.

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim or Equity Interest as of the Petition Date. All claims of any Person against the Debtor will be disallowed unless and until such Person pays, in full, the amount it owes the Debtor.

8. Distributions After Allowance.

As soon as practicable after a Disputed Claim or Equity Interest becomes an Allowed Claim or Equity Interest, the holder of such Allowed Claim or Equity Interest shall receive all distributions to which such holder is then entitled under the Plan on account of such Allowed Claim or Equity Interest. Any Person who holds both an Allowed Claim or Equity Interest and a Disputed Claim or Equity Interest shall receive the appropriate distribution on the Allowed Claim or Equity Interest, although no distribution will be made on the Disputed Claim or Equity Interest until such dispute is resolved by settlement or Final Order. After resolution of a dispute, any cash previously reserved for such Disputed Claim or Equity Interest and not paid in connection with the resolution thereof shall be distributed in accordance with the terms of the Plan.

13. G. Conditions Precedent to Confirmation of the Plan and the Effective Date.

1. Conditions Precedent to Confirmation.

It will be a condition to confirmation of the Plan that each of the following provisions, terms, and conditions will have been satisfied or waived by the Debtor or the Reorganized Debtor pursuant to the provisions of the Plan. .

(i) The Bankruptcy Court having approved the Disclosure Statement by order entered on the docket of the Chapter 11 Case;

(ii) The presentment of a Confirmation Order to the Bankruptcy Court in the Chapter 11 Case for entry to confirm the Plan; and

9. Conditions Precedent to the Effective Date.

As conditions precedent to the Effective Date, the following shall have occurred:

(i) The Confirmation Order becoming a Final Order; and

(ii) No stay of the Confirmation Order shall then be in effect and no unresolved request for revocation under section 1144 of the Bankruptcy Code shall be pending.

Effect of Failure of Conditions.

If the Effective Date of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will: (a) constitute a waiver or release of any claims by or Claims against the Debtor; (b) prejudice in any manner the rights of the Debtor, any Holders of Claims or Interests, or any other Person; or (c) constitute an

admission, acknowledgment, offer, or undertaking by the Debtor, any Holders of Claims or Interests, or any other Person in any respect.

14. H. Modification, Revocation, or Withdrawal of the Plan.

The Debtor reserves the right in accordance with the Bankruptcy Code to amend or modify this Plan prior to the Confirmation Date. After the Debtor files a modification with the Court, this Plan, as modified, becomes the Plan.

The Debtor may modify this Plan at any time after the Confirmation Date regardless of whether this Plan has been substantially consummated within the meaning of sections 1101(2) and 1127(b) of the Bankruptcy Code, if circumstances warrant such modification, if all required disclosure under section 1125 of the Bankruptcy Code has been given, and the Court, after notice and a hearing, confirms the Plan as modified.

Before or after the Confirmation Date, or in the Confirmation Order, the Debtor may, with the approval of the Court, so long as it does not materially and adversely affect the interests of creditors who have accepted this Plan, remedy any defect or omission, or reconcile any inconsistencies in this Plan or amend this Plan, in such a manner as may be necessary to carry out the purposes and the effect of this Plan without the necessity of re-soliciting acceptances.

15. I. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Case and all matters, arising out of or related to, the Chapter 11 Case and the Plan including but not limited to jurisdiction to:

- (a) to determine the allowance and classification of any Claim or Equity Interest, the reexamination of Claims or Equity Interests which have been allowed for purposes of voting, and the determination of any objections to Claims or Equity Interests that may be or may have been filed;
- (b) to determine motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
- (c) to determine motions to subordinate Claims or Equity Interests at any time and on any basis permitted by applicable law;
- (d) to construe or take any action to enforce this Plan and to issue such orders as may be necessary for the implementation, execution, and consummation of this Plan;
- (e) to determine any and all applications for allowance of compensation or reimbursement of expenses of Professionals;
- (f) to determine any other requests for payment of Administrative Expense Claims;
- (g) to resolve any disputes arising under or relating to this Plan;
- (h) to modify the Plan pursuant to section 1127 of the Bankruptcy Code and applicable Bankruptcy Rules;
- (i) to take any action to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan;
- (j) to enter any order, including injunctions, necessary to enforce the rights, title and powers of the Debtor or the Reorganized Debtor and to impose such limitations,

restrictions, terms and conditions of such rights, title and powers as the Bankruptcy Court may deem necessary;

- (k) to enforce any order previously entered by the Bankruptcy Court in this case and to enter the Closing Order;
- (l) to determine pending applications for the assumption or rejection of executory contracts or unexpired leases to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear and determine, and if need be to adjudicate, any and all Claims arising therefrom;
- (m) to determine applications, adversary proceedings and contested or litigated matters and all causes of action, whether pending on the Effective Date or commenced thereafter;
- (n) to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
- (o) to determine such other matters as may be set forth in the Confirmation Order;
- (p) to consider and act on the compromise and settlement of any Claim against, or cause of action on behalf of, the Debtor or its Estate;
- (q) to enter such orders as may be necessary or appropriate in connection with the Debtor, Reorganized Debtor or Assets, wherever located;
- (r) to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar and related matters with respect to the Debtor arising prior to the Effective Date or relating to the administration of the Chapter 11 Case, including, without limitation, matters involving Federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (s) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with this Chapter 11 Case or the Plan;
- (t) to enter such orders as may be necessary or appropriate to aid confirmation of and to facilitate implementation of the Plan, including, without limitation, any orders as may be appropriate in connection with the Equity Infusion; and
- (u) to determine any matter not inconsistent with the Bankruptcy Code or the Plan.

With respect to the IRS or federal taxes, nothing in the Plan is intended to expand, nor shall it be construed as expanding, the jurisdiction of the Bankruptcy Court beyond what is provided in 28 U.S.C. § 1334, nor shall it limit the right of other courts to hear matters otherwise properly within their jurisdiction. Determination of federal tax matters are determined exclusively by federal law.

16. J. Miscellaneous Provisions.

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan will be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the

settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

10. Additional Documents.

On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor or the Reorganized Debtor, as applicable, and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest will, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

11. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by the Debtor with respect to the Plan or the Disclosure Statement will be or will be deemed to be an admission or waiver of any rights of the Debtor with respect to the holders of Claims or Interests before the Effective Date.

12. Successors and Assigns.

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Person.

13. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtor will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtor and its affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan.

14. Closing of Chapter 11 Case.

The Debtor shall, as soon as reasonably practicable after the Effective Date, seek to close its Chapter 11 Case. Allowing for early closure of the Chapter 11 Case will reduce administrative expenses and increase the Plan's feasibility.

IV. RISK FACTORS IN CONNECTION WITH THE PLAN

The holders of Claims and Equity Interests should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

17. A. General Considerations.

The Plan sets forth the means for satisfying the Claims against the Debtor. The Debtor believes that the sale of its Property under the proposed Plan provides for a greater recovery to holders of Claims and Interests against the Debtor than a chapter 7 liquidation.

18. B. Certain Bankruptcy Considerations.

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Confirmation Date and the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth herein. If the consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or this Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against the Debtor; (2) prejudice in any manner the rights of the Debtor, any holders of Claims or Interests, or any other Person; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtor, any Holders of Claims or Interests, or any other Person in any respect.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created six (6) Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Plan provides that all Classes are impaired under the Plan and are entitled to vote to accept or reject the Plan. The Plan may be confirmed if the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to a Class voting against the Plan.

19. C. No Duty to Update Disclosures.

The Debtor has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Debtor is required to do so pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

20. D. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Debtor and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement (and any related documents) that are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims or Interests that are entitled to vote to accept or reject the Plan.

21. E. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Debtor or Holders of Claims and Interests.

22. F. Class Estimations.

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed Amount of Claims might differ materially in some respect from the estimated amounts as the estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed Amount of Claims may vary materially from those estimated herein.

23. G. Tax and Other Related Considerations.

The contents of this Disclosure Statement are not intended and should not be construed as tax, legal, business, or other professional advice. Holders of Claims and Interests should seek advice from their own independent tax, legal, or other professional advisors based on their own individual circumstances.

V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

24. A. Elements of Confirmation.

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Court determine that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and this Chapter 11 Case. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under section 1129(b) of the Bankruptcy Code; (2) the Plan is feasible (that is, there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan without needing further financial reorganization not contemplated by the Plan); and (3) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under Chapter 7 of the Bankruptcy Code). To confirm the Plan, the Court must find that all of the above conditions are met, unless the applicable provisions of section 1129(b) of the Bankruptcy Code are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

25. B. Best Interests of Creditors.

With respect to each Impaired Class of Claims and Interests, confirmation of the Plan requires that each holder of a Claim or Interest either (a) accept the Plan, or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of each Impaired Class of Claims and Interests if the Debtor was liquidated under Chapter 7, the Court must first determine the respective aggregate dollar amounts that would be generated from the Debtor’s assets if its Chapter 11 Case was converted to Chapter 7 of the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds 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 secured creditors to the extent of the value of their collateral, and second, 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 a trustee, asset disposition expenses, all unpaid expenses incurred by the Debtor in this Chapter 11 Case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the Chapter 7 case, litigation

costs, and claims arising from the operations of the Debtor during the pendency of the Chapter 11 Case. The liquidation itself could trigger certain Tax Priority Claims or other Priority Claims that otherwise would be due in the ordinary course of business. Those Priority Claims would be paid in full from the liquidation proceeds before the balance would be made available to pay General Unsecured Claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of most, if not all, of the Debtor's executory contracts and unexpired leases, thereby creating a significant increase in General Unsecured Claims.

The Debtor believes that the Plan meets the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code. The Debtor believes that the holders of Allowed Claims in Classes 3, 4, 5 and 6, all of which are impaired, will receive as much or more under the Plan than they would receive in a liquidation. The Liquidation Analysis for a potential Chapter 7 liquidation scenario is attached hereto as Exhibit C. As reflected in Exhibit C, in a chapter 7 liquidation, holders of Claims in Classes 3 through 6 would likely receive no distributions.

Although the Debtor believes that the Plan meets the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Court will determine that the Plan meets this test.

26. C. Feasibility of the Plan.

The Bankruptcy Code requires that the Court determine that confirmation of the Plan is not likely to be followed by liquidation, unless that is contemplated by the Plan, or by the need for further financial reorganization of the Debtor. In this case, liquidation of the Debtor's Property is the foundation on which the Plan is based. There is no reason to believe that a sale of the Debtors property on commercially reasonable terms cannot occur and that the amount paid to holders of Allowed Claims maximized as provided for in the Plan.

27. D. Confirmation of the Plan if One or More Classes Do Not Accept.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if such plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. A bankruptcy court may confirm a plan at the request of the Debtor if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. A plan is fair and equitable as to a class of claims that rejects a plan if 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 or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all. A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of: (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain any property at all on account of such junior interest under the plan.

VI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

This Disclosure Statement does not discuss any federal income tax consequences of the Plan to Creditors. Accordingly, Creditors should consult their own tax advisors regarding their ability to recognize a loss for tax purposes and any other tax consequences to them of the Plan. DUE TO A LACK OF DEFINITIVE JUDICIAL OR ADMINISTRATIVE AUTHORITY AND INTERPRETATION, SUBSTANTIAL UNCERTAINTIES EXIST WITH RESPECT TO VARIOUS TAX CONSEQUENCES OF THE PLAN. FOR THE FOREGOING REASONS CREDITORS AND INTEREST HOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE, AND LOCAL) OF THE PLAN.

VII. EFFECTS OF PLAN CONFIRMATION

A confirmed plan leaves the Holders of Claims with new rights as set forth in the confirmed plan. Therefore, in the event of a default after Confirmation, a Holder of a Claim may pursue its remedies under the Plan. Some rights may remain with Holders of Claims after the provisions of the confirmed Plan have been carried out. The automatic stay of section 362(a) of the Bankruptcy Code as to actions against the Debtor and the Assets remains in effect until this Chapter 11 Case is closed. Thereafter, all Persons will be enjoined from taking any action inconsistent with the Plan.

28. A. Compromise and Settlement of Claims, Interests, and Controversies.

On and after the Effective Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Reorganized Debtor and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and holders of Claims and Interests, and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against them and Causes of Action against other Persons.

29. B. Release of Liens.

Except as otherwise provided in the Plan with respect to the Claims in Classes 1, 2, and 3, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all mortgages, deeds of trust, liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns. For the avoidance of doubt, except as otherwise provided in the Plan, all mortgages, deeds of trust, liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the

Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code

30. **C. Injunction.**

EXCEPT AS OTHERWISE PROVIDED HEREIN OR IN THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, ALL PERSONS WHO HAVE HELD, CURRENTLY HOLD OR MAY HOLD A DEBT OR CLAIM AGAINST THE DEBTOR OR THE REORGANIZED DEBTOR OR ITS ASSETS ARE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF ANY SUCH DEBT OR CLAIM: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING AGAINST THE DEBTOR, THE REORGANIZED DEBTOR OR ITS SUCCESSORS OR ASSIGNS OR ITS ASSETS; (II) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTOR, THE REORGANIZED DEBTOR OR ITS SUCCESSORS OR ASSIGNS OR ITS ASSETS; (III) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE AGAINST THE DEBTOR, THE REORGANIZED DEBTOR OR ITS SUCCESSORS OR ASSIGNS OR ITS ASSETS; AND (IV) COMMENCING OR CONTINUING ANY ACTION, IN ANY MANNER, IN ANY PLACE THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN OR THE CONFIRMATION ORDER. PROVIDED THE REORGANIZED DEBTOR IS NOT IN MATERIAL BREACH OF ITS OBLIGATIONS UNDER THE PLAN, THE INJUNCTIVE RELIEF GRANTED HEREIN TO THE DEBTOR AND THE REORGANIZED DEBTOR IS LIKEWISE GRANTED TO ANY CO-OBLIGOR OR GUARANTOR OF ANY DEBTS OR OBLIGATIONS OF THE DEBTOR. ANY PERSON, INCLUDING BUT NOT LIMITED TO THE DEBTOR OR THE REORGANIZED DEBTOR, INJURED BY ANY WILLFUL VIOLATION OF ANY INJUNCTION IMPOSED BY THE PLAN OR CONFIRMATION ORDER SHALL RECOVER ACTUAL DAMAGES, INCLUDING COSTS AND ATTORNEYS' FEES, AND, IN APPROPRIATE CIRCUMSTANCES, MAY RECOVER PUNITIVE DAMAGES, FROM THE WILLFUL VIOLATOR.

IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

31. **A. Liquidation Under Chapter 7.**

If no Chapter 11 Plan can be confirmed, the Chapter 11 Case may be converted to Chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtor, with the assistance of its professionals, has prepared a Liquidation Analysis, attached hereto as Exhibit C. The Liquidation Analysis is based upon a hypothetical liquidation in Chapter 7. The Debtor has taken into account the nature, status, and underlying value of its assets, the ultimate realizable value of its assets, and the extent to which such assets are subject to liens and security interests. The likely form of any liquidation would be the sale of the Debtor's assets. Based on this analysis, it is likely that a Chapter 7 liquidation of the Debtor's assets would produce less value for distribution to creditors than that recoverable under the Plan. In the opinion of the Debtor, the recoveries projected to be available in a Chapter 7 liquidation are not likely to afford the holders of Claims as great a realization potential as do the Plan. In particular holders of Allowed Claims in all Classes other than Classes 1 and 2 will receive far less, if anything, in a liquidation, whereas they are being paid in full under the Plan.

32. B. Alternative Plan.

If the Plan is not confirmed, the Debtor or any other party-in-interest could attempt to formulate a different plan. During the course of negotiation of the Plan, the Debtor explored various other alternatives and concluded that the Plan represented the best alternative to protect the interests of creditors and parties-in-interest. The Debtor has not changed its conclusions.

X. CONCLUSION AND RECOMMENDATIONS

The Debtor, as the proponent of the Plan, urges all creditors entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by immediately returning their properly completed ballots to the appropriate voting agent as set forth on the ballots within the time stated in the notice served with this Disclosure Statement. The Debtor believes that the Plan maximizes recoveries to all Creditors entitled to receive distributions on their Allowed Claims and, thus, is in their best interests. The Plan, among other things, allows Creditors to participate in distributions in excess of those that would be available if the Assets of the Estate were liquidated under chapter 7 of the Bankruptcy Code, and the Plan minimizes delays in recoveries to all Creditors entitled to receive distributions on their Allowed Claims.

March _26_, 2018

Respectfully submitted,

TSC/GREEN ACRES ROAD, LLC .

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