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17-26995\Plan\Disclosure Revised per Consent Order.wpd

Deletions are shown with the following attributes and color:

~~Strikeout~~, **Blue** RGB(0,0,255).

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Double Underline, Redline, **Red** RGB(255,0,0).

The document was marked with 8 Deletions, 10 Insertions, 0 Moves.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND

_____	)	
In re:	)	
	)	
CHAPELDALE PROPERTIES, LLC,	)	Case No. 17-26995-TJC
	)	
Debtor in possession.	)	(Chapter 11)
_____	)	

**DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF  
REORGANIZATION OF CHAPELDALE PROPERTIES, LLC**

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*Counsel to the Debtor*

Dated: June 26, 2018

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

<p><b>In re:</b></p> <p><b>CHAPELDALE PROPERTIES , LLC</b></p> <p><b>Debtor in possession.</b></p> <hr style="width: 40%; margin-left: 0;"/>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>Case No. 17-26995-TC</b></p> <p><b>(Chapter 11)</b></p>
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**DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF  
REORGANIZATION OF CHAPELDALE PROPERTIES , LLC**

This disclosure statement (the “Disclosure Statement”) has been prepared by CHAPELDALE PROPERTIES , 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.<sup>1</sup>

On December 21, 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..

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<sup>1</sup>

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.

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.

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**

### **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 Baltimore County, Maryland	\$3,063.63	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.

<u>Class</u>	<u>Estimated Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 2a - Allowed Secured Claim of Merritt Lending, LLC	\$200,000.00	Yes	The holder of the Allowed Claims in Class 2a shall retain its liens 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, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2a Claims shall be paid in full up to the value of the pledged lot. Upon closing, this debtor shall have no obligation to make adequate protection payments. Any shortfall will deemed “unsecured” and dealt with in Class 4. Class 2a is impaired by the Plan.
Class 2b - Allowed Secured Claim of Chesapeake Bank of Maryland	\$120,000.00	Yes	The holder of the Allowed Claims in Class 2b shall retain its liens 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, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2b Claims shall be paid in full. Class 2b is impaired by the Plan.
Class 2a - Allowed Secured Claim of Samjord Partners, LLC	\$55,000.00	Yes	The holder of the Allowed Claims in Class 2c shall retain its liens 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, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2c Claims shall be paid in full up to the value of the pledged lot. Any shortfall will deemed “unsecured” and dealt with in Class 4. Class 2c is impaired by the Plan.
Class 3 – Allowed Priority Claims	\$1 <sup>2</sup>	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.
Class 4 – Allowed General Unsecured Claims (including disputed claims)	\$42,706.49	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. With interest at the legal rate. Class 4 is unimpaired by the Plan.

<sup>2</sup>To the best of the Debtor’s knowledge there are no such claims, as the Debtor is not required to file individual tax returns

<u>Class</u>	<u>Estimated Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 5 Allowed Insider Claims	\$1,908,265.07	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 together with interest to the Class 4 claims, 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.

**B<sup>3</sup>. 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:**

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### **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 1998 for the purpose of developing commercial real estate in Baltimore County, Maryland, and is wholly owned by the AN&J Family Trust (“the Trust”). The Debtor owns in fee simple approximately 6.47 acres of real property (“the Property”), which has been subdivided into buildable lots. The Debtor holds these lots for sale to third parties. The real property was acquired beginning in 2006 by the Debtor or by other entities also owned by the Trust and then transferred to the Debtor.

### **A. Secured Debt Obligations**

#### **1. Merritt Lending, LLC**

In November, 2016, S. Bruce Jaffe (“Jaffe”), one of the managers of the interests of the Trust entered into a loan agreement with Merritt Lending, LLC (“Merritt”). Pursuant to the Loan Agreement, Merritt agreed to advance \$200,000 to Jaffe, to be guaranteed by the Debtor and by US Financial Capital, Inc (“USFC”) which is also owned by the Trust. A promissory note (the “Note”) in the amount of \$200,00 was executed by Jaffe and contemporaneously a Guarantee by executed by the Debtor and USFC, secured by Deeds of Trusts, Security Agreement and Assignment of Contracts, Leases and Rents (the “Merritt Deed of Trust”) to be recorded in both Baltimore and Anne Arundel Counties. As to the Debtor, the Merritt Deed of Trust extends to one lot, identified as “ ‘Lot 1 as shown on the plat entitled ‘Resubdivision Plat, Part of Plat 1, Chapeldale,’ which plat is recorded among the Land Records of Baltimore County, Maryland at Plat Book WJR No.28, folio 98.” As to USFC, two lots located in Anne Arundel County have been pledged. USFC is the Debtor in a Chapter 11 proceeding, Case No. 18-14018 in the United States Bankruptcy Court for the District of Maryland

#### **2. Chesapeake Bank of Maryland**

In January, 2014 S. Bruce Jaffe (“Jaffe”), one of the managers of the interests of the Trust entered into a loan agreement with Chesapeake Bank of Maryland (“CBM”). Pursuant to the Loan Agreement, CBM agreed to advance \$60,000 to Jaffe, to be guaranteed by the Debtor. A



promissory note (the “Note”) in the amount of \$60,000 was executed by Jaffe and contemporaneously a Guarantee by executed by the Debtor secured by a Deed of Trust, Security Agreement and Assignment of Contracts, Leases and Rents (the “CBM Deed of Trust”). Subsequently, additional advances were made and additional security was offered. As to the Debtor, the Deed of Trust, as amended and supplemented, extends to two lots, identified as “ ‘Lots No. 4 and 6, Block “B” as shown on the plat entitled “Resubdivision Plat, Part of Plat 1, Chapeldale,’ which plat is recorded among the Land Records of Baltimore County, Maryland at Plat Book WJR No.28, folio 98.”

### 3. Samjord Partners, LLC

In February, 2017 S. Bruce Jaffe (“Jaffe”), one of the managers of the interests of the Trust entered into a loan agreement with Samjord Partners, LLC (“Samjord”). Pursuant to the Loan Agreement, CBM agreed to advance \$415,000 to Jaffe, to be guaranteed by the Debtor, USFC, Sanford Land Holdings, LLC (“SLH”). and TSC Marriottsville, LLC (“TSC/M”). USFC, SLH and TSC/M are all owned by the Trust. A promissory note (the “Note”) in the amount of \$415,000 was executed by Jaffe and contemporaneously a Guarantee by executed by the Debtor, USFC, SLH and TSC/M secured by a Deed of Trust, Security Agreement and Assignment of Contracts, Leases and Rents (the “Samjord Deed of Trust”) to be recorded in both Baltimore and Anne Arundel Counties. As to the Debtor, the Deed of Trust extends to one lot, identified as “ ‘Parcels A & B, Chapeldale and Storm Drain and Utility Reservation,” as shown on the plat entitled “Resubdivision Plat, Part of Plat 1, Chapeldale,’ which plat is recorded among the Land Records of Baltimore County, Maryland at Plat Book WJR No.28, folio 98.” As noted above, USFC is also a Debtor in a Chapter 11 proceeding.

### 4. Baltimore County, Maryland

In addition to the obligations owed to Merritt, CBM, and Samjord , the Debtor owes Baltimore County, Maryland unpaid real estate taxes for tax year 2017/2018, together with unpaid sewer and water charges in the combined amount of \$3,063.63 as set forth by Baltimore County in its Proof of Claim. This obligation gives rise to a statutory tax lien in favor of Baltimore County, Maryland that is arguably senior to all other liens on the Property.

#### **B. Lease Obligations**

The Debtor has no lease obligations.

#### **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, CBM and Samjord Loans. These entities are described as Class 5 “insider claims.”

Thereafter, MerrittCBM declared the MerrittCBM Loan in default and commenced foreclosure proceedings. A foreclosure sale was scheduled for December 22, 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.

#### **D. Post Petition efforts**

The Debtor-in-possession has retained and experienced broker, Christopher Cooke of the Chris Cooke Team and RE/MAX SAILS, pursuant to Court Order. The Broker is diligently marketing the property and the Debtor has received Court approval for sale of one lot.

### **III. THE PLAN**

#### **ARTICLE I**

#### **DEFINITIONS**

*In addition to such other terms as are defined elsewhere in the Plan or in the Bankruptcy Code (as hereinafter defined), the following terms as used in the Plan (which appear in the Plan as capitalized terms) shall have the meanings set forth in section 1.2 herein.*

1.1. **Scope of Definitions.** *For purposes of the Plan, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of the Plan. Any term used in the Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. The words “herein,” “hereof,” “hereunder,” and other words of similar import refer to the Plan as a whole, not to any particular section, subsection or clause, unless the context requires otherwise. Whenever it appears appropriate from the context, each term stated in the singular or the plural includes the singular and the plural, and each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and the neuter.*

1.2. **Definitions.** *The following terms shall have the meanings indicated when used in capitalized form in this Plan.*

1.2.1. **Administrative Expense Claim** *means any Claim for an administrative expense of the kind described in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses of preserving the Debtor’s Estate and operating the Debtor’s business incurred after the Petition Date, Claims for fees and expenses pursuant to sections 330 and 331 of the Bankruptcy Code (covering the period through the Effective Date), and fees, if any, due to the United States Trustee under 28 U.S.C. § 1930(a)(6).*

1.2.2. **Allowed Administrative Expense Claim** *means an Allowed Claim under 11 U.S. C. § 503(b) that is entitled to priority under 11 U.S.C. §507(a)(2).*

1.2.3. **Allowed Claim** *means a Claim or any portion thereof (a) that has been allowed by a Final Order of the Bankruptcy Court; (b) as to which, on or by the Effective Date (i) no proof of claim has been filed with the Bankruptcy Court and (ii) the liquidated and non-contingent amount*

of which is scheduled, other than a Claim that is scheduled at zero or as disputed; (c) for which a proof of claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the periods of limitation fixed by the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order of the Bankruptcy Court; or (d) that is expressly allowed in a liquidated amount in the Plan.

1.2.4. Allowed . . . Claim means an Allowed Claim of the type described.

1.2.5. Allowed Equity Interest means an Equity Interest for which either no objection to its allowance has been filed or, if any objection has been filed, such objection has been denied or withdrawn or the Equity Interest fixed as to share and/or amount by a Final Order.

1.2.6. Assets means all the assets of the Debtor and its Estate including, but not limited to, the Real Property as defined herein.

1.2.7. Available Cash means cash or cash equivalents generated by the Debtor through its business operations, after payment of fees and expenses incurred in the ordinary course of business, and through the sale of the Real Property, less commissions, closing fees and other customary closing costs.

1.2.8. Avoidance Actions means all claims and causes of action the Debtor may have under sections 502, 510, 541, 542, 544, 545, 547 through 551 and 553 of the Bankruptcy Code or under related state or federal statutes and common law, including fraudulent transfer laws.

1.2.9. Bankruptcy Code means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §101, *et seq.*

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

1.2.11. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.

1.2.12. Business Day means any day other than a Saturday, Sunday or any “legal holiday” as defined in Bankruptcy Rule 9006(a).

1.2.13. Chapter 11 Case means the case commenced by the Debtor under chapter 11 of the Bankruptcy Code and captioned as *In re CHAPELDALE PROPERTIES, LLC* (Case No. 17-26995-TJC).

1.2.14. Claim means “claim” as defined in section 101(5) of the Bankruptcy Code, whether or not asserted or Allowed.

1.2.15. Claims Bar Date means (a) April 30, 2018, the deadline established by the Bankruptcy Court as the last day by which Claims of non-governmental Entities must be filed, (b) June 19, 2018, the deadline established by the Bankruptcy Court as the last day by which Claims of governmental Entities must be filed, or (c) such other date as has been set with respect to Claims that have been scheduled as disputed, contingent, or unliquidated.

1.2.16. Class means those certain groups of similar Claims and Equity Interests s set forth in Article III herein.

1.2.17. Closing Order means the final decree issued by the Bankruptcy Court under section 350(a) of the Bankruptcy Code and Rule 3022 of the Bankruptcy Rules closing the Chapter 11 Case.

1.2.18. Confirmation Date means the date upon which the Confirmation Order is entered.

1.2.19. Confirmation Hearing means the hearing, pursuant to section 1129 of the Bankruptcy Code, to consider confirmation of the Plan.

1.2.20. Confirmation Order means the order entered by the Bankruptcy Court confirming the Plan.

1.2.21. Cure means the distribution, prior to or within a reasonable period of time following the Effective Date, of Cash or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code, in an amount agreed upon by the parties or ordered by the Bankruptcy Court, in payment of all unpaid monetary obligations, without interest, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law.

1.2.22. Debtor means CHAPELDALE PROPERTIES, LLC.

1.2.23. Disallowed Claim means a Claim, or any portion thereof, that (a) has been disallowed by a Final Order of the Bankruptcy Court, or (b) has not been scheduled by the Debtor or is scheduled at zero or as contingent, disputed or unliquidated and as to which the Claims Bar Date has passed but no proof of claim has been filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

1.2.24. Disclosure Statement means the written disclosure statement that relates to this Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Rule 3017 of the Bankruptcy Rules, as such disclosure statement may be amended, modified or supplemented from time to time.

1.2.25. Disputed . . . Claim means a Claim, or any portion thereof, of the type described, that is neither an Allowed Claim nor a Disallowed Claim, and includes, without limitation, Claims that (a) (i) have not been scheduled by the Debtor or have been scheduled at zero, as unknown or as contingent, unliquidated or disputed and are the subject of a timely filed proof of claim, or (ii) are the subject of an objection by the Debtor or as to which the time for the Debtor to object has not yet expired, and (b) the allowance or disallowance of which is not yet the subject of a Final Order of the Bankruptcy Court.

1.2.26. Disputed Equity Interest means any Equity Interest that has not become an Allowed Equity Interest.

1.2.27. Effective Date means the thirtieth (30th) day after the date on which the Confirmation Order becomes a Final Order ~~or such earlier date following the Confirmation Date that the Reorganized Debtor, in its sole discretion, may establish~~. If the above date is a Saturday, Sunday or a legal holiday, the Effective Date shall be the next Business Day thereafter.

1.2.28. Entity means “entity” as defined in section 101(15) of the Bankruptcy Code.

1.2.29. Equity Interest means, as of the Petition Date, any right or interest in the Debtor represented by, related to or arising out of the ownership of any equity interest or security in the Debtor, including, without limitation, all membership interests in the Debtor.

1.2.30. Estate means the bankruptcy estate of the Debtor pursuant to section 541 of the Bankruptcy Code.

1.2.31. Final Order means an order (a) as to which no appeal or other proceeding for review, reargument or rehearing has been requested or is then pending and the time to file any such appeal or other proceeding for review, reargument or rehearing has expired; (b) as to which any right to appeal, or other proceedings for review, reargument or rehearing shall have been waived in writing in form and substance satisfactory to the Debtor; or (c) if an appeal or other proceeding for review, reargument or rehearing has been requested or is then pending, such order has not been either reversed or stayed.

1.2.32. Insider Claims means the Claims of entities that are deemed to be insiders of the Debtor pursuant to section 101(31) of the Bankruptcy Code.

1.2.33. Internal Revenue Code means the Internal Revenue Code of 1986, as amended.

1.2.34. Legal Interest Rate means 1.41%, the federal post-judgment interest rate in effect on the Petition Date, as set forth in 28 U.S.C. §1961.

1.2.35. Person means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization or other entity.

1.2.36. Petition Date means November 28, 2017, the date on which the Debtor filed its bankruptcy petition with the Bankruptcy Court, thereby commencing this Chapter 11 Case.

1.2.37. Plan means this plan which is proposed by the Debtor for the resolution of outstanding Claims and Equity Interests in this Chapter 11 Case, as such Plan may be amended or modified from time to time in accordance with the Bankruptcy Code and the terms hereof.

1.2.38. Priority Claim means a Claim, if any, entitled to priority pursuant to section 507(a) of the Bankruptcy Code.

1.2.39. Priority Tax Claim means a Claim, if any, entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.2.40. Pro Rata means, with respect to distributions on Allowed Claims, proportionately, so that each holder of an Allowed Claim in a class receives a percentage of the total distribution to all holders of Allowed Claims in that class that is equal to the percentage of that Allowed Claim holder's Claim to the total amount of Claims held by all Allowed Claim holders in that class.

1.2.41. Professional means a professional person of the types identified in section 327 of the Bankruptcy Code whose employment has been approved by the Bankruptcy Court.

1.2.42. Professional Fee Claim means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered on behalf of the Debtor on and after the Petition Date and prior to and including the Effective Date.

1.2.43. Real Property means the property owned by the Debtor, known as Chapeldale, consisting of several lots located in Baltimore County Maryland. including all improvements thereon. The lots are more specifically defined in the Disclosure Statement.

1.2.44. Reorganized Debtor means the Debtor on and after the Effective Date.

1.2.45. Secured Claim means a Claim that is secured by a lien on property in which the Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code.

1.2.46 INTENTIONALLY OMITTED

1.2.47. Treasury Regulations means all final, temporary and proposed regulations promulgated under the Internal Revenue Code of 1986, as amended.

1.2.48. Unsecured Claim means a Claim other than a Secured Claim, Administrative Expense Claim, Priority Claim, or Professional Fee Claim.

1.3. **Rules of Interpretation.** Unless otherwise specified, all references in the Plan to Sections, Articles, Schedules and Exhibits are references to Sections, Articles, Schedules and Exhibits of or to the Plan. Captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan. Except for the rule contained in section 102(5) of the Bankruptcy Code, the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply to the Plan.

1.4. **Computation of Time.** In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. Unless expressly prohibited under the Plan, all time periods and deadlines set forth herein shall be subject to enlargement in accordance with Bankruptcy Rule 9006(b) and may be reduced in accordance with Bankruptcy Rule 9006(c).

1.5. **Exhibits.** All Exhibits are incorporated into and are a part of the Plan as if set forth in full herein.

## **ARTICLE II** **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS**

2.1. **Classification of Administrative Expense Claims.** Administrative Expense Claims have not been classified and are excluded from the classes set forth in Article III of the Plan, in accordance with section 1123(a)(1) of the Bankruptcy Code.

2.2. **Treatment of Allowed Administrative Expense 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.

2.3. **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 Entity 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.***

2.4. ***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 this Plan with respect to Allowed Administrative Expense Claims generally.*

2.5. ***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; 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.*

***2.6 United States Trustee*** *All fees payable pursuant to section 1930 of Title 28 of the United States Code shall be paid on the Effective Date.*

### **ARTICLE III** **CLASSIFICATION OF CLAIMS AND INTERESTS**

*Pursuant to section 1122 of the Bankruptcy Code, a designation of Classes of Claims against and Equity Interests in the Debtor is set forth below. A Claim or Equity Interest is placed in a particular Class for the purposes of voting on the Plan and receiving distributions pursuant to the Plan, but only to the extent that such Claim or Equity Interest is an Allowed Claim or Equity Interest in that Class and such Claim or Equity Interest has not been paid, released or otherwise settled prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article II above.*



- 3.1. **Class 1.** *Class 1 consists of the Allowed Secured Claims of Baltimore County, Maryland.*
- 3.2. **Class 2.**
- 3.2a *Class 2a consists of the Allowed Secured Claims of Merritt Lending, LLC.*
- 3.2b *Class 2b consists of the Allowed Secured Claims of Chesapeake Bank of Maryland*
- 3.2c *Class 2c consists of the Allowed Secured Claims of Samjord Partners, LLC*
- 3.3. **Class 3.** *Class 3 consists of the Allowed Priority Claims, other than Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims.*
- 3.4. **Class 4.** *Class 4 consists of Allowed General Unsecured Claims other than Allowed Insider Claims.*
- 3.5. **Class 5.** *Class 5 consists of Allowed Insider Claims.*
- 3.6. **Class 6.** *Class 6 consists of Allowed Equity Interests.*
- 3.7. **Elimination of Classes for Voting Purposes.** *Any Class of Claims or Equity Interests that is not populated as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or an Allowed Equity Interest, as applicable, or a Claim or Equity Interest, as applicable, in such Class temporarily allowed under Bankruptcy Rule 3018, or as to which no vote is cast, shall be deemed deleted from the Plan for purposes of voting to accept or reject the Plan by any such Class under section 1129(a)(8) of the Bankruptcy Code.*

#### **ARTICLE IV**

#### **IDENTIFICATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS IMPAIRED AND UNIMPAIRED BY THE PLAN**

- 4.1. **Impaired Classes of Claims and Equity Interests.** *Classes 1, 2, 3, 4, 5, and 6 are impaired classes under the Plan.*
- 4.2. **Unimpaired Class of Claims.** *There are no unimpaired classes under the Plan.*

#### **ARTICLE V**

#### **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

5.1. *The Classes of Allowed Claims and Interests will receive the following treatments under the Plan.*

5.1.1. **Class 1 (Baltimore County, Maryland).** *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.*

5.1.2.a. **Class 2a (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. At closing on the sale of the Real Property pledged as collateral, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2a Claims shall be paid in full at the applicable non-default rate up to the value of the pledged lot. Any shortfall will deemed “unsecured” and dealt with in Class 4.*

*Class 2a is impaired by the Plan.*

*5.1.2.b. **Class2b (Chesapeake Bank of Maryland)**The holder of the Allowed Claims in Class 2b shall retain its liens 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, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2b Claims shall be paid in full at the applicable non-default rate up to the value of the pledged lot.~~ The Claims of Chesapeake Bank of Maryland shall be resolved in accordance with the terms of a Consent Order Modifying Automatic Stay (the “Stay Order”) to be docketed by the Debtor and the Creditor. If any term, condition, or covenant contained in the Chapter 11 plan or final order thereon shall contradict or appear to contradict the rights of Chesapeake Bank of Maryland under the Stay Order, the Stay Order shall supersede and control. Any shortfall will deemed “unsecured” and dealt with in Class 4.*

*Class 2b is impaired by the Plan.*

*5.1.2.c. **Class2c (Samjord Partners, LLC)** The holder of the Allowed Claims in Class 2c shall retain its liens 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, after payment in full of the Allowed Class 1 Claim, the balance of the Allowed Class 2a Claims shall be paid in full, at the applicable non-default rate up to the value of the pledged lot. Any shortfall will deemed “unsecured” and dealt with in Class 4.*

*Class 2c is impaired by the Plan.*

*5.1.3. **Class 3 (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.*

*5.1.4. **Class 4 (General Unsecured Claims).** 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, together with interest at the Legal Interest Rate.*

*Class 4 is impaired by the Plan.*

*5.1.5. **Class 5 (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, including any interest payable to Class 4 claims, 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 5 is impaired by the Plan.*

*5.1.6. **Class 6 (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.*

#### **ARTICLE VI** **ACCEPTANCE OR REJECTION OF THE PLAN**

*6.1. **Impaired Classes of Claims and Equity Interests Entitled to Vote.** The holders of Claims or Equity Interests in each impaired Class of Claims or Equity Interests are entitled to vote as a class to accept or reject the Plan.*

*6.2. **Presumed Acceptance by Unimpaired Classes.** No classes of Claims or Interests are deemed to accept the Plan.*

*6.3. **Classes Deemed to Reject Plan.** No classes of Claims or Interests are deemed to reject the Plan.*

*6.4 **Elimination of Classes.** Any Class of Claims that does not consist, as of the date of the Confirmation Hearing, of at least one Allowed Claim, Disputed Claim, or temporarily Allowed Claim under Rule 3018 of the Bankruptcy Rules, shall be deleted from this Plan for all purposes.*

*6.5. **Confirmability and Severability of the Plan.** The confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied with respect to the Plan. The Debtor reserves the right to alter, amend, modify, revoke or withdraw the Plan prior to the Confirmation Hearing upon notice to creditors and other parties in interest. A determination by the Bankruptcy Court that the Plan is not confirmable pursuant to section 1129 of the Bankruptcy Code shall not limit or affect the Debtor's ability to modify the Plan to satisfy the confirmation requirements of section 1129 of the Bankruptcy Code.*

#### **ARTICLE VII** **MEANS FOR EXECUTION OF THE PLAN**

*7.1. **Property Transferred to 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. Upon and after the Effective Date, the Reorganized Debtor shall have all powers provided for under this Plan and the Confirmation Order and shall have all of the powers of a trustee under the Bankruptcy Code.*

7.2. **Funding of the Plan.** *The Plan shall be funded by Available Cash from the sale of the Real Property to Purchaser or Purchasers, from a Joint Venture Investor, and from the operations of the Debtor's business. If required, affiliated entities owned by AN&J Family Trust will inject cash as required to fund ongoing obligations of the reorganized Debtor: such contributions shall be characterized as gifts and shall not constitute claims against the Debtor, nor shall they entitle the maker of the gift to any superpriority status or lien senior in priority to that of the Class 2 Claim holder's lien(s).*

7.3. **Sale of Real Property.**

7.3.1. *The Reorganized Debtor shall utilize all commercially reasonable efforts to market the Real Property for sale free and clear of all liens, claims, encumbrances or interests. The Debtor shall simultaneously make effort to secure a Joint Venture Investor. The liens and security interests of the respective holders of Allowed Claims in Classes 1, and 2 shall attach to the proceeds of sale, after payment of any costs of sale, including, but not limited to Real Estate Commissions and a reserve of 1% for statutory fees payable to the United States Trustee, to the same extent, and in the same priority, as their respective liens and security interests as of the Petition Date. At closing on the sale of any parcel of Real Property the Allowed Claims in Classes 1, 2,<sup>4</sup> ~~3, 4, and 5~~ shall be paid as provided in Article VI of the Plan. Any surplus after payment of priority tax liens and secured claims shall be paid to the debtor for administration and the Reorganized Debtor shall make distributions to Creditors within forty-five (45) days after the closing of the respective sale, pursuant to the said Article VI.*

7.3.2. *In the event closing on the sale of the Real Property does not occur by July 1, 2019, or if within that period the Debtor has failed to secure a Joint Venture Investor, the Reorganized Debtor shall schedule and conduct an auction sale of the Real Property by August 30, 2019 pursuant to section 363 of the Bankruptcy Code. With respect to any sale pursuant to section 363 of the Bankruptcy Code, Debtor shall notify the Class 2 Secured Lenders of the identity of the proposed auctioneer no later than fifteen (15) days of the date for advertising the sale. Once an advertisement is made, the Class Secured Lenders shall be conclusively deemed to consent. Upon failure to consent, an auctioneer will be appointed by the Bankruptcy Court and the sale date will be extended to Forty-five (45) days after such appointment.*

7.4. **Transfer Taxes.** *Sales, transfers or other dispositions of assets and property by the Reorganized Debtor, including the sale of the Real 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.*

7.5. **Causes of Action.** *All 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*

<sup>4</sup>Class 2a, 2b, 2c and 2d will be paid in accordance with their secured claim on any individual lot.

*proceeds of all claims and causes of action shall be deemed to be Available Cash and shall be administered pursuant to the provisions of this Plan. Settlements of claims and causes of action shall not be subject to approval by the Bankruptcy Court. All Avoidance Actions (i) shall survive entry of the Confirmation Order, (ii) shall vest in the Reorganized Debtor, and (iii) shall not be barred or limited by estoppel, whether judicial, equitable, or otherwise.*

**ARTICLE VIII**  
**DISTRIBUTIONS**

8.1. **Reorganized Debtor.** *The Reorganized Debtor shall have all rights, duties and powers set forth in the Plan, including, without limitation, the duty to review and object to Claims and make distributions pursuant to the terms of this Plan and the Confirmation Order. The Reorganized Debtor shall have all the powers of a trustee under the Bankruptcy Code. On the Effective Date, the Reorganized Debtor may employ counsel and other professionals as may be reasonably necessary for its operations and to execute the Plan without the necessity of application to the Bankruptcy Court. Such professionals may be retained and compensated for post-Effective Date services in the ordinary course without the necessity of application to the Bankruptcy Court.*

8.2. **Distributions.** *All Available Cash shall be deposited in one or more accounts held by the Reorganized Debtor from which all distributions under the Plan shall be made.*

8.3. **Delivery of Distributions.** *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).*

8.4. **Stop Payments; Minimum Distribution; Unclaimed Funds.** *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.*

8.5. **United States Trustee Fees.** *Any fees payable under 28 U.S.C. § 1930 accruing after the Effective Date shall be timely paid by the Reorganized Debtor.*

8.6. **Distribution Reports.** *The Reorganized Debtor shall timely file with the Court periodic distribution reports as required by the United States Trustee detailing the amounts distributed pursuant to this Plan and shall serve such reports on the Office of the United States Trustee.*

8.7. **Disallowance of Certain Charges.** *All penalties, default interest or late fees that may have accrued on any Claim prior to the Confirmation Date are disallowed.*

**ARTICLE IX**  
**EFFECT OF CONFIRMATION**

9.1. **Binding Effect.** *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.*

9.2. **Continuation of Injunctions and Stays.** *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, The Debtor or the Reorganized Debtor, if injured by any willful violation of any injunction imposed by the Plan or Confirmation Order shall recover actual damages, including costs and attorneys' fees, from the willful violator.*

9.3 **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, the manager of the Debtor, S. Bruce Jaffe, shall be deemed to be the manager of the Reorganized Debtor. Mr. Jaffe will continue to oversee the business operations of the Reorganized Debtor, including any windup of operations. 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 member of the Reorganized Debtor. The Reorganized Debtor shall operate under its current name under the organizational documents issued by the State of Maryland.*

**ARTICLE X**  
**PROCEDURES FOR RESOLVING**  
**AND TREATING DISPUTED CLAIMS**

10.1. **Objections to and Estimation of Claims and Equity Interests; Prosecution of Disputed Claims and Equity Interests.** *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 Interests. 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 Interests and the claims estimation and resolution procedures, are cumulative and are not necessarily exclusive of one another.*

10.2. **No Distributions Pending Allowance.** *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.*

10.3. **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 Entity 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 this Plan.*

**ARTICLE XI**  
**LEASES AND EXECUTORY CONTRACTS**

11.1. **Assumption of Unexpired Lease Agreements and Executory Contracts.** Except as otherwise provided in section 11.2 of the Plan, all unexpired lease agreements and executory contracts, 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, without the need for entry of any order of the Bankruptcy Court other than the Confirmation Order. All amounts required to be paid by the Debtor to cure any assumed lease agreements shall either be (i) paid in full by the Reorganized Debtor on the Effective Date from Available Cash or (ii) assumed by the purchaser of the Real Property.

11.2. **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.

11.3. **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.

**ARTICLE XII**  
**MODIFICATION**

12.1. **Pre-confirmation Amendment.** 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.

12.2. **Post-confirmation Modification.** 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.

12.3. **Correction of Errors; Inconsistencies.** 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.



**ARTICLE XIII**  
**CONDITIONS PRECEDENT TO THE EFFECTIVE DATE**

13.1. **Confirmation Conditions Precedent.** Confirmation is subject to:

- (i) The Bankruptcy Court having approved the Disclosure Statement by order entered on the docket of the Chapter 11 Case; and
- (ii) The presentment of a Confirmation Order to the Bankruptcy Court in the Chapter 11 Case for entry to confirm the Plan.

13.2. **Effective Date Conditions Precedent.** The occurrence of the Effective Date is subject to:

- (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.

**ARTICLE XIV**  
**MISCELLANEOUS PROVISIONS**

14.1. **Headings.** The headings used herein are inserted for convenience only and neither constitute a substantive portion hereof nor in any manner affect the provisions hereof.

14.2. **Business Day.** If 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 shall be deemed to have been completed as of the required date.

14.3. **Timing.** Wherever the Plan provides that a payment or distribution shall occur “on” any date, it shall mean “on, ~~or as soon as practicable~~ the next business day after” such date.

14.4. **Manner of Payment.** Any payment made under the Plan may be made either by check or by wire transfer.

14.5. **Authorization of Business Action.** The occurrence of the Effective Date shall constitute Bankruptcy Court authorization for the Reorganized Debtor to take or cause to be taken any business action necessary or appropriate after the Effective Date for the effectuation of the Plan and such action will be authorized and approved in all respects and for all purposes without any requirement of further action by any other Person.

14.6. **Exculpation.** Neither the Reorganized Debtor nor any of its respective attorneys, advisors or agents shall have any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, or arising out of, this Chapter 11 Case, the administration or



14.11. **United States Trustee Fees.** All fees due and payable through the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid by the Reorganized Debtor when due under applicable statute.

14.12. **Other Documents and Actions.** The Debtor and/or the Reorganized Debtor may execute such documents and take such other actions as are necessary to effectuate the transactions provided for in the Plan.

14.13. **Successors and Assigns.** The rights, benefits and obligations of any Person or Entity 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 of such Person or Entity.

14.14. **Post-Effective Date Effect of Evidences of Claims or Equity Interests.** Except as otherwise expressly provided in the Plan, notes, bonds, membership certificates and other evidences of Claims against or Equity Interests in the Debtor shall, effective upon the Effective Date, represent only the right to participate in the distributions contemplated by the Plan or the retention of Equity Interests under the Plan.

14.15. **Governing Law.** Unless a rule of law or procedure is supplied by (i) Federal law (including the Bankruptcy Code and Bankruptcy Rules), or (ii) an express choice of law provision in any agreement, contract, instrument or document provided for, or executed in connection with, the Plan, the rights and obligations arising under the Plan and any agreements, contracts, documents and instruments executed in connection with the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland without giving effect to the principles of conflict of laws thereof.

14.16. **Confirmation Pursuant to sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.** Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of confirmation by acceptance of the Plan by an impaired Class. If any class of Claims or Equity Interests entitled to vote on the Plan does not accept the Plan pursuant to section 1126(c), the Debtor reserves the right to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code and to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

**ARTICLE XV**  
**RETENTION OF JURISDICTION**

15.1. The Bankruptcy Court shall retain jurisdiction after confirmation of the Plan for the following purposes:

- (i) 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;

- (ii) 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;
- (iii) to determine motions to subordinate Claims or Equity Interests at any time and on any basis permitted by applicable law;
- (iv) 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;
- (v) to determine any and all applications for allowance of compensation or reimbursement of expenses of Professionals;
- (vi) to determine any other requests for payment of Administrative Expense Claims;
- (vii) to resolve any disputes arising under or relating to this Plan;
- (viii) to modify the Plan pursuant to section 1127 of the Bankruptcy Code and applicable Bankruptcy Rules;
- (ix) 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;
- (x) 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;
- (xi) to enforce any order previously entered by the Bankruptcy Court in this case and to enter the Closing Order;
- (xii) 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;
- (xiii) to determine applications, adversary proceedings and contested or litigated matters and all causes of action, whether pending on the Effective Date or commenced thereafter;
- (xiv) to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
- (xv) to determine such other matters as may be set forth in the Confirmation Order;

(xvi) *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;*

(xvii) *to enter such orders as may be necessary or appropriate in connection with the Debtor, Reorganized Debtor or the Assets, wherever located;*

(xviii) *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;*

(xix) *to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with this Chapter 11 Case or the Plan;*

(xx) *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*

(xxi) *to determine any matter not inconsistent with the Bankruptcy Code or the Plan.*

#### **ARTICLE XVI**

#### **ENTRY OF FINAL DECREE AND CLOSING OF CASE**

*Once the Reorganized Debtor has substantially performed all of the duties specified in the Plan and commenced making such payments to holders of Allowed Administrative Expense Claims and Allowed Claims as are contemplated in Articles II and V, it shall file a certification of full administration and apply for the entry of a final decree*

#### **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.

##### **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.

**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.

**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.

**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.

**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.

**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.

**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**

**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.

**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 B. As reflected in Exhibit B, 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.

**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.

**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.

### **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.

### **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

**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 WHICH DEBT OR CLAIM AROSE PRIOR TO THE PETITION DATE: (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 DEBTOR OR THE REORGANIZED DEBTOR, IF INJURED BY ANY WILLFUL VIOLATION OF ANY INJUNCTION IMPOSED BY THE PLAN OR CONFIRMATION ORDER SHALL RECOVER ACTUAL DAMAGES, INCLUDING COSTS AND ATTORNEYS' FEES, FROM THE WILLFUL VIOLATOR.

**IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

**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 B. 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.

**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.

June 26, 2018

Respectfully submitted,

CHAPELDALE PROPERTIES , LLC .

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**EXHIBIT A**

**CHAPTER 11 PLAN OF REORGANIZATION  
OF CHAPELDALE PROPERTIES , LLC**

**EXHIBIT B**

**CLAIMS ANALYSIS**











