

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND

In re:

THE BRANDENBURG FAMILY  
LIMITED PARTNERSHIP

Debtor

\*  
\*  
\*  
\*  
\*  
\*  
\*

Case no.18-11041-TJC  
Chapter 11

\*\*\*\*\*

DISCLOSURE STATEMENT OF  
THE BRANDENBURG FAMILY LIMITED PARTNERSHIP

Brandenburg Family Limited Partnership (the "Debtor"), debtor and debtor in possession, provides the following Disclosure Statement in the above-captioned chapter 11 case.

1. INTRODUCTION. The Debtor is providing this Disclosure Statement (the "Disclosure Statement") to the Debtor's known Creditors and Interest holders in connection with the Debtor's Plan of Reorganization (the "Plan") filed contemporaneously with this Disclosure Statement. The Plan has been developed based upon thorough review and analysis of the Debtor's financial condition, business plan, and rehabilitation alternatives. The Plan provides for the liquidation of the assets of the Debtor and the payment of creditor claims in their respective order of priorities as established by Maryland Law and Title 11 of the United States Code. The Debtor has concluded that the Plan provides fair and equitable treatment of all classes of Creditors and Interest Holders and the greatest feasible recovery to Creditors and Interest Holders. Accordingly, the Debtor requests that all Creditors and Interest Holders in Impaired Classes vote to accept the Plan.

2. PURPOSE OF DISCLOSURE STATEMENT AND PROCEDURE FOR PLAN CONFIRMATION

a. Purpose. Pursuant to section 1125 of the Bankruptcy Code, the Debtor submits this Disclosure Statement to provide Creditors and Interest Holders with adequate information to allow them to make an informed judgment about the acceptability of the Plan. Specifically, the purpose of this Disclosure Statement is to give Creditors and Interest Holders sufficient information, as far as it is reasonably practicable for the Debtor to provide, that would allow a hypothetical reasonable investor typical of the holders of Claims and Interests in the classes impaired under the Plan to make an informed judgment about whether to accept or reject the Plan. A copy of the Plan accompanies this Disclosure Statement. Terms defined in the Plan shall have the same meaning in this Disclosure Statement. The first letter of words defined in the Plan is capitalized in this Disclosure Statement. Please refer to the Plan for the treatment of Claims and Interests. If the Plan is confirmed, the provisions of the Plan will be binding on all Creditors and Interest Holders, therefore, please read the Plan carefully.

NO REPRESENTATIONS ABOUT THE DEBTOR, PARTICULARLY ABOUT THE DEBTOR'S FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTY, ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR OR INTEREST HOLDER. ANY ADDITIONAL REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR OR TO THE UNITED

STATES TRUSTEE WHO, IN TURN, SHALL DELIVER THE INFORMATION TO THE BANKRUPTCY COURT OR TAKE OTHER APPROPRIATE ACTION.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASONS, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ABSOLUTE ACCURACY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS COMPLETE AND ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO PRESENT COMPLETE AND ACCURATE INFORMATION. THE RECORDS KEPT BY THE DEBTOR RELY FOR THEIR ACCURACY ON INTERNAL BOOKKEEPING. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE FREE OF ANY INACCURACY. COUNSEL TO THE DEBTOR HAS NOT INDEPENDENTLY VERIFIED ANY OF THE INFORMATION PROVIDED BY THE DEBTOR AND DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE TRUTH OR ACCURACY OF ANY OF THE INFORMATION PRESENTED.

ALL PARTIES ENTITLED TO VOTE ON THE PLAN ARE URGED TO REVIEW IN FULL THE PLAN AND THIS DISCLOSURE STATEMENT TOGETHER WITH ALL EXHIBITS ATTACHED THERETO, PRIOR TO VOTING ON THE PLAN, AND MAY DESIRE TO CONSULT LEGAL COUNSEL PRIOR TO VOTING TO ENSURE COMPLETE UNDERSTANDING OF THEIR TREATMENT UNDER THE PLAN. THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CREDITORS AND INTEREST HOLDERS OF THE DEBTOR TO ENABLE THEM TO MAKE AN INFORMED DECISION ABOUT THE PLAN.

EACH CREDITOR AND INTEREST HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO IT UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS. THE DEBTOR MAKES NO WARRANTIES OR REPRESENTATIONS REGARDING THE TAX IMPACT OF THE PLAN ON ANY CREDITOR OR INTEREST HOLDER. RISKS AND OPPORTUNITIES ARE IDENTIFIED IN THE DISCLOSURE STATEMENT CONCERNING THE DEBTOR'S ABILITY TO PERFORM UNDER THE PLAN. THE RISKS AND OPPORTUNITIES ARE DISCUSSED IN ARTICLE 8(b) OF THIS DISCLOSURE STATEMENT.

THE DEBTOR BELIEVES THAT THE PLAN IS FEASIBLE, FAIR AND EQUITABLE AND THAT CONFIRMATION OF THE PLAN IS IN THE BEST OF INTERESTS OF CREDITORS AND INTEREST HOLDERS.

b. Definitions. The definition of terms in Article I of the Debtor's Plan of Reorganization is incorporated by reference. All capitalized terms shall have the same definition as that contained in the Debtor's Plan.

c. Manner of Voting.

i. Classes Entitled to Vote. The Plan divides the Claims of Creditors and Interest Holders into 16 classes. Only classes of Creditors and Interest Holders with claims or interests impaired under a plan of reorganization are entitled to vote on a plan. Generally, and subject to the specific provisions of the Bankruptcy Code, this includes creditors and interest holders whose claims or interests, under a plan, will be modified in terms of principal, interest, length of time for payment, or a combination of the above. Each holder of a Claim in a Class that is not impaired under the Plan is conclusively presumed to have accepted the Plan, and solicitation of acceptances from the holders of such Claims is not required and will not be undertaken.

Classes 1, 2, 5, 9, 10, 11 and 13 are not Impaired under the Plan. Classes 3, 4, 6, 7, 8 and 12 are Impaired under the Plan and the members of each of the Impaired Classes are entitled to vote to accept or reject the Plan.

ii. Procedures For Voting. All Creditors and Interest Holders entitled to vote may cast their vote by completing, dating, and signing the Ballot included with this Disclosure Statement and mailing it to:

Gary R. Greenblatt, Esquire  
Coon & Cole, LLC  
401 Washington Avenue, Ste. 501  
Towson, MD 21204

IN ORDER TO BE COUNTED, THE COMPLETED BALLOT MUST BE RECEIVED BY THE DATE ESTABLISHED BY THE COURT. A BALLOT DOES NOT CONSTITUTE A VALID PROOF OF CLAIM IN THE DEBTOR'S CASE.

d. Confirmation of the Plan.

i. Solicitation of Acceptance of the Plan. This Disclosure Statement has been approved by the Bankruptcy Court in accordance with section 1125 and has been provided to all Creditors and Interest Holders in this Case. This Disclosure Statement is intended to assist Creditors and Interest Holders with their evaluation of the Plan and their decision to accept or reject the Plan. Your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement at the time of, or before, such solicitation.

ii. Votes Considered in Determining Acceptance of the Plan. When acceptance of the Plan is determined by the Bankruptcy Court, in accordance with section 1126 and Fed. R. Bankr. P. 3018, votes of Creditors will only be counted if submitted by Creditors with Allowed Claims who are members of Unimpaired Classes stated above. If you are in any way uncertain if or how your Claim has been scheduled, you should review the Debtor's schedules and any amendments thereto which are on file with the Clerk, United States Bankruptcy Court for the District of Maryland, 101 West Lombard Street, Baltimore, Maryland 21201.

iii. Hearing on Confirmation of the Plan. The Bankruptcy Court will set a hearing to determine if the Plan has been accepted by the required number of holders of Claims and Interests and if other requirements for Confirmation of the Plan outlined in the Bankruptcy Code have been satisfied. Notice of the hearing on Confirmation of the Plan shall be provided. The Notice will further provide that any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for the Debtor on or before a date certain.

iv. Determining Whether Impaired Classes Have Accepted the Plan. At the scheduled hearing on Confirmation of the Plan, the Bankruptcy Court must determine, among other things, if the Plan has been accepted by each Impaired Class. Under section 1126(c), an Impaired Class of Claims is deemed to have accepted the Plan if Class members holding at least two-thirds (2/3) in amount and more than one-half (1/2) in number of all Allowed Claims of Class members actually voting have voted in favor of the Plan. Under section 1126(d), an Impaired Class of Interests is deemed to have accepted the Plan if Class members holding at least two-thirds (2/3) in amount of the Allowed Interests of Class members actually voting have voted in favor of the Plan. Further, under section 1129(a)(7)(A)(ii), the Bankruptcy Court must also find that each member of an Impaired Class either votes to accept the plan or will receive or retain as much under the Plan as the member would receive or retain if the Debtor were liquidated, as of the Effective Date of the Plan, under chapter 7 of the Bankruptcy Code. This is known as the "best interest of creditors' test."

v. Confirmation of the Plan without Consent of all Impaired Classes. The Plan may be confirmed, even if not accepted by all Impaired classes, if the Bankruptcy Court finds that all other requirements of Confirmation under section 1129(a) are satisfied and certain additional conditions are met. These conditions are set forth in section 1129(b), and require, generally, a showing that the Plan does not discriminate unfairly and that the Plan is "fair and equitable" with respect to each Class of Claims and Interests that is Impaired under the Plan, and has not accepted, the Plan. In order to be "fair and equitable"

as required by section 1129(b), the Plan must provide that Unsecured Creditors and Interest Holders in non-consenting, Impaired classes will either receive or retain on account of their Claims or Interests, property of a value, as of the Effective Date of the Plan, at least equal to the value of such Claims or Interests or, if they receive less than full value, no Class with a junior priority will receive or retain anything on account of such junior Claim or Interest. For Secured Creditors, the Plan will be "fair and equitable" under section 1129(b) if Secured Creditors either (i) retain the liens securing their claims and receive deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the Effective Date of the Plan, of at least the value of the Secured Creditor's interest in such property, (ii) if the property securing their claim is to be sold, their liens will attach to the proceeds, or (iii) Secured Creditors will receive the "indubitable equivalent" of their Secured Claims. These are complex statutory provisions and this summary is not intended to be a complete statement of the law. If the Plan is not accepted by an Impaired Class or Classes, the Debtor will rely on the "cramdown" provisions of section 1129(b) and seek Confirmation of the Plan.

### 3. THE DEBTOR

a. In General. The Debtor is a Maryland limited partnership that owns improved and unimproved real property in Frederick and Washington Counties, Maryland and improved real property in Pennsylvania. The 99% general partner of the Debtor is Dwight Brandenburg. The limited partners, totaling 1%, are Dwight Brandenburg, Rhonda Brandenburg, Charles Brandenburg, Mary Brandenburg, Mark Brandenburg, Crystal Renn, John Brandenburg and Blake Brandenburg.

b. Brief History of Debtor.

The Debtor was formed on March 28, 2002 as a Maryland Limited Partnership. The major purpose of the Debtor was to acquire real property. At the time of the filing, the Debtor owned real property located in Frederick and Washington Counties, Maryland and in Pennsylvania. A list of the real property is attached as Exhibit 1 and incorporated by reference. Some of the properties are titled in the name of the Debtor, while other properties are titled in the names of Dwight and Rhonda Brandenburg. The properties titled in the names of the individuals were recognized, for purpose of this bankruptcy proceeding, to be owned by the Debtor, as the properties in question were acquired with partnership funds or credit and all tax attributes were taken on the partnership tax returns.

At the time of the filing, the major creditor of the Debtor was Fulton Bank, N.A. (the "Bank"). The Bank asserted a claim against the Debtor in the approximate amount of \$4.6 million. The obligations owed to the Bank arose as a result of both direct loans to the Debtor and guaranties by the Debtor of obligations owed to the Bank by Char Mar Dairy Farm, Inc. and Char Mar Dairy II, LLC, both related entities. The Bank claim was secured by consensual liens on six parcels of property owned by the Debtor. As a result of defaults under the loans, the Bank had obtained judgments against the Debtor in August 2017 and obtained judgment liens on additional properties located in Frederick County (See Exhibit 1).

Prior to the filing, the major source of the Debtor's cash flow emanated from its lease with Char Mar Dairy Farm, Inc. (the "Dairy Farm"). In January of 2018, the Bank, exercising its rights as a secured creditor as a result of a default by the Dairy Farm, auctioned off the Dairy Farm's herd, essentially putting the Dairy Farm out of business and eliminating a major portion of the Debtor's income.

The Bank, in conjunction with the auction of the Dairy Farm's herd, also scheduled a foreclosure sale of most of the Debtor's real property in Frederick County for one week after the herd sale. The scheduled foreclosure was the precipitating factor that triggered the filing of this bankruptcy proceeding.

After the filing of this proceeding, the Bank advised that the auction of the Dairy Farm's herd reduced the debt due from the Debtor to the Bank by approximately \$1.2 million.

Also prior to the filing, Char Mar Dairy II, LLC ("Char Mar II") had entered into a contract of sale for its real property located in Washington County. The property was subject to a first lien in favor of Fulton

Bank. Char Mar II's debt to Fulton Bank was approximately \$2.2 million. This \$2.2 million debt was guaranteed by the Debtor and was a component of the \$4.6 million owed by the Debtor to the Bank. In February 2018, after this case was filed, the contract of sale settled, and the Bank debt was reduced by an additional \$2.2 million.

After accounting for the auction sale of the Dairy Farm herd and the sale of the Char Mar II property, Fulton Bank has now filed a proof of claim showing that it is presently owed \$1,183,177.82.

Presently, the Debtor's sole source of income is rental income from certain residential leases. The cash flow produced by these leases are insufficient to service the debts of the Debtor. The Debtor has been able to maintain insurance on the properties as well as to pay all post-petition real estate taxes as they come due. The cash flow projections of the Debtor for the period April 1, 2018 through December 31, 2018 are attached as Exhibit 2 and incorporated by reference.

#### 4. MAJOR EVENTS IN CHAPTER 11 CASE

a. Administration: The Debtor has timely filed its bankruptcy schedules, and its monthly operating reports. It has managed its real property. For those properties that are the subject of leases, either long term or month to month, the Debtor has collected those rents and deposited these rents into its debtor in possession bank account. The Debtor has paid the pre-petition real property taxes on certain properties once approved by Fulton Bank.

b. Sale of 10 Fawn Trail, Fairfield, PA: The Debtor moved for authority to engage Susan Kelley as the real estate broker for the sale of 10 Fawn Trail, Fairfield, Pennsylvania, and to assume and sell said property in accordance with a pre-petition contract of sale. The order approving the sale also authorized the Debtor to pay Mark Buhr for prepetition services necessary to satisfy the conditions of the contract. Settlement on the contract occurred on March 21, 2018. At settlement, after payment of costs and expenses of sale, including real estate commissions to Susan Kelley and payment to Mark Buhr, and the lien on the property, the estate realized net proceeds of \$7,500.

c. Sale of 750C Heather Ridge Drive: The Debtor also moved for authority to sell 750C Heather Ridge Drive, Frederick, Maryland. The Debtor obtained a valuation for the property at no more than \$70,000. The holder of the first lien, Shirley Giesler, was owed in excess of \$110,000. Ms. Giesler agreed to accept the net proceeds of sale in full satisfaction of her claim and to waive any deficiency claim. Fulton Bank, whose judgment was a lien against the property, agreed to release its lien and permit the contract to be settled. The Debtor filed its motion to approve the sale, with payment to lienholders in order of priority. The Bankruptcy Court entered an order approving the sale free and clear of liens. Settlement has occurred.

d. Negotiations of sale of 6229 Mountain Church Road: The Debtor has also been negotiating with a third party to sell 6229 Mountain Church Road, Jefferson, Maryland, a 152-acre parcel of unimproved land. A sale of this property would satisfy all or substantially all of the obligation owed to Fulton Bank. If this transaction is consummated, it is expected to close sometime in the summer of 2018.

e. The Appointment of Professionals. Since the Petition Date, the Debtor has obtained the authority to employ various professionals to advise and assist it with the reorganization process, as follows:

- i. Gary R. Greenblatt and Mehlman, Greenblatt & Hare, LLC<sup>1</sup>, as bankruptcy counsel for the debtor in possession;
- ii. Susan Kelley and Kelley Real Estate Professionals as real estate broker to sell the 10 Fawn Trail Property and the 750C Heather Ridge Property;

---

<sup>1</sup> As of the filing of this Disclosure Statement, a motion is pending with the Court to substitute the firm of Coon & Cole, LLC as counsel for the debtor.

iii. Stephen Karbelk and Century 21 New Millennium as real estate broker to sell certain parcels of real estate as well as to provide assistance to the Debtor in determining which parcels to sell and the sequence of such sales; and

iv. Squire, Lemkin and Company, CPA, LLC as accountants for the Debtor.

f. Leases. The Debtor is the lessor of a number of residential real property leases. A list of all leases in which the Debtor is a party is attached as Exhibit 3 and incorporated by reference. Most of the leases have expired by its original term and are now on a month to month basis. In the event, if any of the leases are terminated as a result of a sale of real property, the Debtor does not believe that there will be any claims against the estate due to the month to month relationship. The Debtor does not intend to assume any leases.

## 5. SUMMARY OF DEBTOR'S ASSETS AND LIABILITIES

a. Assets. The Debtor's assets, as of the Petition Date, are identified as follows:

- i. Funds in the debtor's bank account totaling \$1,355.45;
- ii. Accounts receivable totaling \$3,400.00; and
- iii. Real property totaling \$5,921,800.

b. Liabilities. The Debtor's liabilities, as of the Petition Date, are generally described in Part 6, below, regarding classification and treatment of Claims under the Plan.

## 6. SUMMARY OF PLAN OF REORGANIZATION

a. Introduction. This Disclosure Statement contains a summary of the Plan and is qualified in its entirety by the full text of the Plan itself. All terms defined in the Plan have the same meaning in this Disclosure Statement. The Plan, if confirmed, will bind the Debtor, any entity acquiring property under the Plan or otherwise transferring property pursuant to the Plan, and all Creditors and Interest holders in the Debtor's Case. The Plan is intended to deal with all Claims against the Debtor and the Estate and all Interests in the Debtor of whatever character, whether contingent or liquidated and whether allowed by the Bankruptcy Court pursuant to section 502. All Creditors, Interest holders, and other interested parties, are urged to carefully read the Plan.

b. Classification of Claims under the Plan. The Plan designates 13 Classes of Claims and Interests. Administrative Expenses and Tax Claims, as set forth in the Plan, have not been classified and are excluded from the designation of Classes. A Claim or Interest shall be deemed classified in a particular class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim or an Allowed Secured Claim in that Class.

i. Class 1- Allowed Secured Claim of Frederick County, Maryland ("Frederick County"). Frederick County holds a statutory first lien on that real property known as 3845 Jefferson Pike (aka 3845 Main Street), Jefferson, Maryland (the "Jefferson Pike Property") for unpaid real property taxes for the tax period 2017-2018 in the amount of \$2,607.34 as of the Petition Date. The Debtor will pay this claim in full, with interest at the statutory rate, on the earlier of the Effective Date or at the time of settlement arising from the sale of the Jefferson Pike Property. Frederick County shall retain its lien on the Jefferson Pike Property until its claim is paid in full under the terms of this Plan. This Class is unimpaired.

ii. Class 2 - Allowed Secured Claim of Ditech ("Ditech"). Ditech holds a consensual first lien on the real property known as 3056 Sundown Drive, Chambersburg, Pennsylvania (the "Sundown Drive Property"), which is titled in the name of Dwight and Rhonda Brandenburg and held for benefit of the Debtor. The Debtor has made all payments called for under the loan documents and is current on the obligation owed to Ditech. The Debtor intends to sell the Sundown Drive Property and pay Ditech at



settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Ditech directly under the terms of the loan documents. Ditech shall retain its lien on the Sundown Drive Property until the Sundown Drive Property is sold. This class is unimpaired.

iii. Class 3 - Allowed Secured Claim of Fulton Bank, N.A. ("Fulton") Fulton holds a consensual first lien on the following real property: 6319 Mountain Church Road, 6229 Mountain Church Road, 6203 Mountain Church Road, 6203B Mountain Church Road, 6207 Mountain Church Road and 6125A Mountain Church Road, all located in Frederick County, Maryland (collectively, the "Fulton Properties"). The Debtor intends to sell some or all of the Fulton Properties and to pay Fulton in full at settlement from the proceeds of sale, as more fully described in Article 6 below. Subject to 11 U.S.C. § 506(b), Fulton shall be entitled to interest on its claim at the parties' contractual rate, and any reasonable fees, costs, or charges provided for under the loan documents. Fulton shall retain its lien on the Fulton Properties until its claim is paid in full under the terms of this Plan. This Class is impaired.

iv. Class 4 – Allowed Secured Claim of Fulton Bank. Fulton Bank holds a judgment lien arising from a judgment entered in its favor and against the Debtor in the Circuit Court for Frederick County on the following parcels of real property: the Fulton Properties plus 401 E. Main Street, Burkittsville, Maryland, 6620 (aka 6216 and 6220) Mountain Church Road, Jefferson, Maryland, Jefferson Pike Property, 1064 and 1082 E. Thornhill Place, Frederick, Maryland, and 307 S. Church Street, Frederick, Maryland (collectively, the "Judgment Properties"). The Debtor intends to sell some or all of the Fulton Properties described in Section 5.3 above and to pay Fulton Bank in full at settlement from the proceeds of sale, as more fully described in Article 6 below. Fulton Bank shall retain its lien on the Judgment Properties until its claim is paid in full under the terms of this Plan. However, if any of the Judgment Properties are sold prior to Fulton Bank's Claim having been paid in full, Fulton Bank shall release its lien upon payment of the net proceeds of sale, after payment of costs and expenses of sale and senior lienholders. In the event that Fulton Bank withholds its consent to the sale, the provisions of Section 6.6 will apply. This Class is impaired.

v. Class 5 - Allowed Secured Claim of James and Anita Hill (the "Hills"). The Hills hold a consensual first lien on that real property known as 16 Fawn Trail, Fairfield, Pennsylvania (the "Fawn Trail Property"). The Debtor has made all payments called for under the loan documents between it and the Hills and is current on the obligation owed to the Hills. The Debtor intends to sell the Fawn Trail Property and pay the Hills at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay the Hills directly under the terms of the loan documents. The Hills shall retain their lien on the Fawn Trail Property until the Fawn Trail Property is sold. Alternatively, the Hills may request, and the Debtor will tender, a deed in lieu of foreclosure in full satisfaction of the Hills' claim. This class is unimpaired.

vi. Class 6 - Allowed Secured Claim of Middletown Valley Bank ("Middletown"). Middletown holds a consensual first lien on that real property known as 24 South Main Street, Boonsboro, Maryland (the "Main Street Property"). The Debtor has made all payments called for under the loan documents between it and Middletown and is current on the obligation owed to Middletown. The Debtor intends to sell the Main Street Property and pay Middletown at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Middletown directly under the terms of the loan documents to the extent it receives rents from the Main Street Property. Middletown shall retain its lien on the Main Street Property until the Main Street Property is sold. Alternatively, Middletown may request, and the Debtor will tender, a deed in lieu of foreclosure in full satisfaction of Middletown's claim. This class is impaired.

vii. Class 7 - Allowed Secured Claim of Middletown. Middletown holds a consensual first lien on that real property known as 18032 Alpine Drive, Maugansville, Maryland (the "Alpine Drive Property"). The Debtor has made all payments called for under the loan documents between it and Middletown and is current on the obligation owed to Middletown. The Debtor intends to sell the Alpine Drive Property and pay Middletown at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Middletown directly under the terms of the loan documents to the extent it receives rents from the Alpine Drive Property. Middletown shall retain its lien on the Alpine Drive Property until the Alpine Drive Property is sold. This class is impaired.

viii. Class 8 - Allowed Secured Claim of Middletown. Middletown holds a consensual first lien on that real property known as 3845 Jefferson Pike, Jefferson, Maryland (the "Jefferson Pike Property"). The Debtor has made all payments called for under the loan documents between it and Middletown and is current on the obligation owed to Middletown. The Debtor intends to sell the Jefferson Pike Property and pay Middletown at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Middletown directly under the terms of the loan documents to the extent it receives rents from the Jefferson Pike Property. Middletown shall retain its lien on the Jefferson Pike Property until the Jefferson Pike Property is sold. This class is impaired.

ix. Class 9 - Allowed Secured Claim of Seterus ("Seterus"). Seterus holds a consensual first lien on that real property known as 307 South Church Street, Middletown, Maryland (the "South Church Street Property") titled in the name of Dwight and Rhonda Brandenburg and held for the benefit of the Debtor. The Debtor has made all payments called for under the loan documents and is current on the obligation owed to Seterus. The Debtor intends to sell the South Church Street Property and pay Seterus at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Seterus directly under the terms of the loan documents. Seterus shall retain its lien on the South Church Street Property until the South Church Street Property is sold. Alternatively, Seterus may request, and the Debtor will tender, a deed in lieu of foreclosure in full satisfaction of Seterus' claim. This class is unimpaired.

x. Class 10 - Allowed Secured Claim of Seterus. Seterus holds a consensual first lien on that real property known as 1064 E. Thornhill Place, Frederick, Maryland (the "1064 Thornhill Place Property"), titled in the name of Dwight and Rhonda Brandenburg and held for the benefit of the Debtor. The Debtor has made all payments called for under the loan documents and is current on the obligation owed to Seterus. The Debtor intends to sell the 1064 Thornhill Place Property and pay Seterus at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Seterus directly under the terms of the loan documents. Seterus shall retain its lien on the 1064 Thornhill Place Property until the 1064 Thornhill Place Property is sold. Alternatively, Seterus may request, and the Debtor will tender, a deed in lieu of foreclosure in full satisfaction of Seterus' claim. This class is unimpaired.

xi. Class 11 - Allowed Secured Claim of Seterus. Seterus holds a consensual first lien on that real property known as 1082 E. Thornhill Place, Frederick, Maryland (the "1082 Thornhill Place Property"), titled in the name of Dwight and Rhonda Brandenburg and held for the benefit of the Debtor. The Debtor has made all payments called for under the loan documents and is current on the obligation owed to Seterus. The Debtor intends to sell the 1062 Thornhill Place Property and pay Seterus at settlement from the net proceeds of sale. Until settlement, the Debtor intends to continue to pay Seterus directly under the terms of the loan documents. Seterus shall retain its lien on the 1062 Thornhill Place Property until the 1062 Thornhill Place Property is sold. Alternatively, Seterus may request, and the Debtor will tender, a deed in lieu of foreclosure in full satisfaction of Seterus' claim. This class is unimpaired.

xii. Class 12 - Allowed Unsecured Claims. Class 12 general unsecured claimants shall be paid from sale(s) and/or refinance(s) of real property as more fully described below in Article 6. As of the filing of this Plan, there are no general unsecured claims. This Class is impaired.

xiii. Class 13 - Allowed Interests of the Partners. The Debtor's general and limited partners will retain their interest in the Debtor. This Class is unimpaired.

c. Means for Execution of Plan. The Plan shall be executed as follows:

i. Sale of real property other than Fulton Properties. The following properties shall be listed for sale: Sundown Drive Property, Fawn Trail Property, Main Street Property, Alpine Drive Property, Jefferson Pike Property, South Church Street Property, 1064 Thornhill Place Property and 1082 Thornhill Place Property. The Debtor shall have six months from the Effective Date in which to market and sell these properties. In the event that a property is not sold within the six-month period, and if the payments under the loan documents between the Debtor and the lender that is secured by such unsold property are not being made, the lender that is secured by such unsold property has the right, at its sole discretion, to either pursue its contractual and state law remedies and foreclose upon such unsold property or to require



the Debtor to execute a deed in lieu of foreclosure in full satisfaction of its claim if the lender has the sole lien on said property. The Debtor shall have the right to deduct the anticipated U.S. Trustee fees that arise from the sale of said property as an expense of said sale.

ii. Satisfaction of Fulton Bank Claim. The Debtor shall list all Fulton Properties, except 6319 Mountain Church Road, for sale with Century 21 New Millennium, pursuant to court approval. The Debtor shall consult with Fulton Bank on the list price for each such property; however, the Debtor shall have the sole right to determine the final list price. The Debtor will consult with Fulton Bank on any offer that is made on the listed Fulton Properties.

By December 1, 2018, the Debtor shall fully satisfy the Claim of Fulton Bank. Until full satisfaction of Fulton Bank's Claim, the Debtor shall cause its broker to provide Fulton Bank, by the 10<sup>th</sup> day of each month, a status report regarding the sales efforts on the Fulton Properties for the previous month.

If, as a result of the sale of some Fulton Properties, the total amount of Fulton Bank's Claim is less than \$400,000 on October 1, 2018, the Debtor shall be required to add 6319 Mountain Church Road to the listing agreement with Century 21 New Millennium and immediately market said property for sale. Thereafter, if Fulton Bank's Claim has not been paid in full by March 1, 2019, either by way of a sale of Fulton Properties or through a refinance of the Fulton Properties, Fulton Bank may require the Debtor to sell by public auction some or all of the Fulton Properties after 30 days written notice to the Debtor and the creditors.

If Fulton Bank's Claim has not been reduced to \$400,000 or less by December 1, 2018, Fulton Bank may require the Debtor to sell by public auction some or all of the Fulton Properties after 30 days written notice to the Debtor and the creditors.

iii. Payment or Satisfaction of Claims. The Debtor shall sell or refinance, in addition to those properties identified in Sections 6.1 and 6.2, as much real property as is necessary to pay all remaining Allowed Claims. All Administrative claims that are required to be paid to pursuant to 11 U.S.C. § 1129 shall be paid in full as of the Effective Date from the Debtor's unencumbered property. The balance of the funds shall be paid to the Class 12 creditors and, upon full satisfaction of the Class 12 claims, then to the Class 13 claimants. The Debtor shall pay the Class 12 creditors in full within One (1) year of the Effective Date. The Debtor shall distribute the funds designated for the Class 12 claimants in whole or in part within 90 days of receipt of said funds. In no event shall Class 13 claims be paid ahead of the claims of Classes 1-12.

iv. Exemption from Taxation. All documents affecting any transfer of assets contemplated by the Plan, including, but not limited to any deed, bill of sale, or other instrument relating to the sale or transfer of any real property after the Confirmation Date, shall be deemed "instruments of transfer" as provided in Section 1146 of the Bankruptcy Code. The implementation and enforcement of the Plan provisions transferring property, and the making, delivery, and recording of any instrument of transfer pursuant to the Plan, any deed, bill of sale or other instrument relating to the sale or transfer of any of the real property after the Confirmation Date, shall not be taxed under any law imposing a stamp tax, transfer tax, sales tax, or similar tax pursuant to Section 1146 of the Bankruptcy Code.

v. Continuation of Operations. The Debtor shall continue to collect rents from its tenants, and from said lease payments pay its operating expenses.

vi. Miscellaneous Terms. If the Debtor procures a contract of sale for the disposition of any real property and the secured creditor objects, the Debtor will file an appropriate motion seeking authorization to sell the property free and clear of liens and notice the creditor body of the filing in accordance with the Federal Rules of Bankruptcy Procedure. All sales made pursuant to a Court order shall be subject to the provisions of 11 U.S.C. § 363(m), which limits an objector's right of appeal. In all instances where properties are liquidated through an auction sale, the creditor holding a lien on such property shall have the right to credit bid

6. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtor could attempt to formulate and propose a different plan. Since the proposed plan is a plan of liquidation, the alternatives to achieving a confirmed plan would be either a dismissal of the case, which would result in the individual lenders and Fulton Bank foreclosing on the real property in which each secured lender has liens, or the conversion of the chapter 11 proceeding to a case under Chapter 7 of Title 11 of the United States Code. In either event, the time that will be required for these events to occur will only increase the costs of administration.

With respect to an alternative plan, the Debtor has explored various alternatives in connection with formulations and development of the Plan. The Debtor believes that the Plan enables Creditors and Interest Holders to realize the greatest possible value under the circumstances.

7. LIQUIDATION ANALYSIS

When evaluating the terms of the Plan, each Creditor and Interest holder belonging to an Impaired Class should compare their treatment under the Plan with how they would be treated if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. A liquidation analysis of the Debtor was prepared as of May 1, 2018 and is attached as Exhibit 4 and incorporated by reference. The Debtor used its best efforts to arrive at the liquidation values. The Debtor's liquidation analysis shows that unsecured creditors will receive a dividend equal to their claims; however, the payment to creditors will be delayed because of the legal process associated with the conversion and administration of a chapter 7 proceeding.

After investigating the pre-filing transactions of the Debtor, the Debtor has concluded there are no causes of action under the Bankruptcy Code that would add to the estate's corpus, and thus there is no line item provided for in the cash flow projection or the liquidation analysis.

8. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

An analysis of the federal and state income tax consequences of the Plan as it relates to individual Creditors of this Estate requires a review of the Internal Revenue Code; the Treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice. CREDITORS ARE URGED TO CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS REGARDING THE TAX EFFECTS OF THIS PLAN. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING THE EFFECT OF TAXATION ON CREDITORS BY VIRTUE OF THEIR TREATMENT UNDER THE PLAN.

Given that the Debtor is a pass-through entity, any taxes arising from the operations of the Debtor or the disposition of the Debtor's property pass through to the partners and are not obligations of the Debtor.

9. EFFECT OF CONFIRMATION

The provisions of the Debtor's Plan of Reorganization, if confirmed, shall bind the Debtor, all Creditors, Interest holders, and any entity acquiring property under the Plan, whether the Claim or Interest of such Creditor, Interest holder, or entity is impaired under the Plan and whether such Creditor, Interest holder, or entity has accepted the Plan.

10. BEST INTEREST OF CREDITORS

As stated in the previous section and for the reasons stated therein, the Debtor asserts that the Plan is in the best interest of all Creditors and passes the above test.

Notwithstanding acceptance of the Plan by Creditors, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interest of all Classes of Creditors and Interest holders. The "best interest" test requires that the Bankruptcy Court find that each member of each Impaired Class of Claims either (1) has accepted the Plan or (2) will receive a recovery which has a present value at least equal to the distribution which each person would receive if the Debtor was instead liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

11. CONCLUSION

For all the reasons outlined in this Disclosure Statement, the Debtor believes that the confirmation of the Plan is preferable to any other reasonable alternative. The Plan provides for substantial payments to Creditors.

The Debtor urges all Creditors to vote to accept the Plan and to have the ballots returned in accordance with the instructions in this Disclosure Statement before the voting deadline.

Dated: May16, 2018

THE BRANDENBURG FAMILY LIMITED  
PARTNERSHIP

/s/ Dwight Brandenburg  
Dwight Brandenburg, General Partner

/s/ Gary R. Greenblatt  
Gary R. Greenblatt, Bar No. 02870  
grg@cooncolelaw.com  
Coon & Cole, LLC  
401 Washington Avenue, Ste. 501  
Towson, MD 21204  
(410) 244-8800 – Telephone  
(410) 825-5941 – Fax

Counsel for Debtor