

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN, NORTHERN DIVISION**

In re:

CUSTOM SOFTWARE, INC., et al.¹

Debtors.

Chapter 11

Case No. 16-20173

Hon. Daniel S. Opperman

Consolidated and Jointly Administered

DEBTOR'S COMBINED PLAN AND DISCLOSURE STATEMENT

I. INTRODUCTION

NOW COMES the Debtors in the above-captioned matter (the "Debtor"), by and through their counsel, WARNER NORCROSS & JUDD LLP who proposes the following Combined Plan of Reorganization and Disclosure Statement (the "Plan") in accordance with 11 U.S.C. §1121(a). Pursuant to an Order of the Court issued March 16, 2016, the Disclosure Statement may be combined with the Plan into one document as set forth herein, and the hearing regarding approval of the Disclosure Statement and the hearing regarding confirmation of the Plan shall be combined.

This case was filed as voluntary petition for relief under Chapter 11 of the Bankruptcy Code February 5, 2016. This case was substantively consolidated with Michigan Access, Inc., Case No. 16-20174 on or about March 2, 2016. The Debtor is authorized to continue to operate its business and manage its properties as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for appointment of a Chapter 11 trustee or examiner has been made and, as of the date hereof, no official committee has been appointed.

¹ The consolidated and jointly administered Debtors in this proceeding are *In re Custom Software, Inc.* (Case No. 16-20173) and *In re Michigan Access, Inc.* (Case No. 16-20174).

The Debtor's reorganization in this bankruptcy proceeding is based upon income from operations and restructuring of indebtedness. The Liquidation Analysis, distribution projections, and other information in this Plan are estimates only, and the timing and amount of actual distributions to allowed claim holders may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates, or recovery projections may or may not turn out to be accurate. Claims holders may not rely on this Plan for, and this Plan does not provide, any legal, financial, regulatory, tax, or business advice. The Debtor urges each claim holder to consult with its own advisors with respect to any such legal, financial, regulatory, tax, or business advice in reviewing this Plan.

II. DEFINITIONS

For purposes of this Plan, except as expressly provided otherwise or unless the context requires otherwise, all capitalized terms not otherwise defined shall have the meanings set forth herein. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning set forth in the Bankruptcy Code or the Bankruptcy Rules.

1. "**Administrative Claim**" means a claim for payment of an administrative expense of a kind specified in Section 503(b) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(2) of the Bankruptcy Code, including, but not limited to, the actual, necessary costs and expenses, incurred on or after the Petition Date, of preserving the Consolidated Estate and operating the businesses of the Debtors, including wages, salaries, or commissions for services rendered after the Petition

Date, professional fees, all fees and charges assessed against the Estates under Chapter 123 of title 28, United States Code, and all allowed claims that are entitled to be treated as Administrative Claims pursuant to a final order of the Bankruptcy Court.

2. "**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. §§ 101-1532, as applicable in these Chapter 11 cases.
3. "**Bankruptcy Court**" means the United States Bankruptcy Court for the Eastern District of Michigan, Northern Division, or such other court as may have jurisdiction over the Chapter 11 cases.
4. "**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 cases or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 cases or proceedings therein, as the case may be.
5. "**Bar Date**" means the deadlines established by the Bankruptcy Court for filing proofs of claim in this Chapter 11 case, as the context may require.
6. "**Confirmation Date**" means the date 30 days after entry of the Confirmation Order.
7. "**Confirmation Hearing**" means the hearing before the Bankruptcy Court, held under Section 1128 of the Bankruptcy Code, to consider confirmation of this Plan

and related matters, as such hearing may be adjourned or continued from time to time.

8. "**Confirmation Order**" means the order entered by the Bankruptcy Court confirming this Plan under Section 1129 of the Bankruptcy Code.
9. "**Debtor**" means the debtor identified in the caption of this case.
10. "**Estate**" means the bankruptcy estate of the Debtor created pursuant to Section 541 of the Bankruptcy Code.
11. "**Petition Date**" means February 5, 2016, the date the Debtor filed its petition for reorganization relief in the Bankruptcy Court.
12. "**Plan**" means this Combined Plan and Disclosure Statement as herein proposed by the Debtor including any Plan Supplement(s), all exhibits, and schedules thereto, either in its or their present form or as the same may be further altered, amended, or modified from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.
13. "**Plan Supplement**" means any supplement to the Plan containing certain documents and forms of documents specified in this Plan.
14. "**Reorganized Debtor**" means the Debtor as reorganized after the Confirmation Date pursuant to the provisions of this Plan.
15. "**Schedules**" means the schedules of assets and liabilities and the statements of financial affairs filed in the Chapter 11 case by the Debtor, as such schedules or

statements have been or may be further modified, amended, or supplemented from time to time in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

III. DEBTOR'S PLAN OF REORGANIZATION

A. Classification of Claims and Interest

- Class 1 Administrative claims, asserted against the Estate, as the same are filed, allowed, and ordered paid by the Court.
- Class 2 The secured claim of Newtek ("Newtek") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 3 The secured claim of CAT Financial ("CAT") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 4 The secured claim of CIT Financial/Lenovo ("CIT") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 5 The secured claims of Direct Capital ("Direct") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 6 The secured claims of Summit Funding ("Summit") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 7 The secured claims of US Bank ("US Bank") asserted against the Estate to the extent the claims are allowed and ordered paid by the Court.
- Class 8 The secured claims of Western Equipment ("Western Equipment") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.
- Class 9 The secured tax claim of the State of Michigan ("SOM") asserted against the

Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 10 The secured tax claim of the Internal Revenue Service ("IRS") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 11 The secured claims of the Roscommon County Treasurer ("Roscommon County"), Arenac County Treasurer ("Arenac County") and Mentor Township Treasurer ("Mentor Township") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 12 The secured claim of the Oscoda County Treasurer ("Oscoda County") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 13 The secured claim of the Comins Township Treasurer ("Comins Township") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 14 The secured claim of the Rose Township Treasurer ("Rose Township") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 15 The secured claim of the Harrisville Township Treasurer ("Harrisville Township") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 16 The secured claim of the Ogemaw County Treasurer ("Ogemaw County") asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 17 The priority tax claim of the Internal Revenue Service (“IRS”) asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 18 The priority tax claim of the SOM, Unemployment Insurance Agency (“SOM UIA”) asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 19 The priority tax claim of the SOM asserted against the Estate, to the extent the claims are allowed and ordered paid by the Court.

Class 20 General unsecured claims under \$1,000.00 and any portions of other claims asserted as priority or secured which are entitled to unsecured treatment against the Estate, excluding Class 22 claims, that were timely filed, to the extent the same are allowed, approved and ordered paid by the Court.

Class 21 General unsecured claims in excess of \$1,000.00 and any portions of other claims asserted as priority or secured which are entitled to unsecured treatment against the Estate, excluding Class 22 claims, that were timely filed, to the extent the same are allowed, approved and ordered paid by the Court.

Class 22 Subordinated unsecured claims of insiders.

Class 23 The equity interests in the Debtor.

B. Treatment of Classes under the Plan

Class 1 – Administrative Claims

- Treatment: Administrative claims against the Debtor are comprised of attorney fees to Lambert Leser and Warner Norcross & Judd LLP and a possible disputed post-

petition claim to AT&T. The administrative claims asserted against the Estate shall be paid as otherwise agreed between the Debtor and the holder of each administrative claim. This class will include the professional fees of the Debtor, including attorney fees, accounting and financial consultant fees, real estate and personal property taxes, and other professional fees.

- Projected recovery under the Plan: 100%.
- Voting: This class is unimpaired under the Plan and deemed to have accepted the Plan under Bankruptcy Code section 1126(f). Therefore this class is not entitled to vote on the Plan.

Class 2 - Secured Claim of Newtek

- Treatment: The secured claim of Newtek in the amount of \$400,000.00 will be paid as follows:
 1. Beginning on the first of the month following the Effective Date of the Plan, monthly payments of \$4,000.00 a month will be made for a period of 12 months;
 2. The next 12 months of the Plan payments will increase to the amount of \$5,000.00 per month;
 3. Subsequent to completion of the payments set forth above, through the end of the 4th quarter, 2021, the payments to Newtek shall increase to \$6,000.00 per month.

Newtek shall retain its lien on its collateral until the secured claim is paid in full. The balance of the Newtek claim shall be a Class 20 claim.

- Projected recovery under the Plan: 100%

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

Class 3 – Secured Claim of CAT

- Treatment: The secured claim of CAT in the amount of \$38,328.90 will be amortized over 42 months at five (5%) percent interest, requiring payments of \$1,000.00 per month. Payments to CAT began in April of 2016, pursuant to an adequate protection agreement, therefore payments to this creditor will be complete in August of 2019. The balance of the CAT claim shall be a Class 2 claim. CAT shall retain its lien in its collateral until the secured claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 4 – Secured Claim of CIT

- Treatment: The secured claim of CIT in the amount of \$8,000.00 will be amortized over 2 years at five (5%) percent interest, requiring payments of \$350.97 per month. Payments to CIT began in October of 2016 pursuant to an adequate protection agreement, therefore payments to this creditor will be complete in September of 2018. The balance of the CIT claim shall be a Class 21 claim. CIT shall retain its lien in its collateral until the secured claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 5 – Secured Claim of Direct

- Treatment: The secured claim of Direct in the amount of \$92,000.00 will be amortized over 5 years at five (5%) percent interest, requiring payments of \$1,730.37 per month. Payments to Direct began in May of 2016 pursuant to an

adequate protection agreement, therefore payments to this creditor will be complete in April of 2021. The balance of the Direct claim shall be a Class 21 claim. Direct shall retain its lien in its collateral until the secured claim is paid in full.

- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 6 – Secured Claim of Summit

- Treatment: The secured claim of Summit in the amount of \$12,000.00 will be amortized over 5 years at five (5%) percent interest, requiring payments of \$226.45 per month. Payments to Summit will begin on the first of the month after the Effective Date of the Plan and continue for a period of 60 months. The balance of the Summit claim shall be a Class 21 claim. Summit shall retain its lien in its collateral until the secured claim is paid in full. Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 7 – Secured Claim of US Bank

- Treatment: The secured claim of US Bank in the amount of \$25,000.00 will be amortized over 5 years at five (5%) percent interest, requiring payments of \$471.00 per month. Payments to US Bank began in July of 2016 pursuant to an adequate protection agreement, therefore payments to this creditor will be complete in June of 2020. The balance of the US Bank claim shall be a Class 21 claim. US Bank shall retain its lien in its collateral until the secured claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 8 – Secured Claim of Western Equipment

- Treatment: The secured claim of Western Equipment in the amount of \$1,000.00 will be amortized over 12 months at five (5%) percent interest, requiring payments of \$85.61 per month. Payments to Western Equipment will begin in July of 2017, therefore payments to this creditor will be complete in June of 2018. The balance of the Western Equipment claim shall be a Class 21 claim. Western Equipment shall retain its lien in its collateral until the secured claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 9 – Secured Tax Claim of the SOM

- Treatment: The secured tax claim of the SOM, in the amount of \$21,927.00, treated as fully secured and paid on a monthly basis at an interest rate of 4.25%, amortized over 6 years. The first of these payments, in the amount of \$1,036.68 will begin in September of 2017 and continue quarterly thereafter for 24 quarters. This payment schedule will continue until the claim is paid in full. SOM will retain its lien. Collection activity against any non-debtor party shall be held in abeyance unless there is a default in these payments.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 10 – Secured Tax Claim of the IRS

- Treatment: The secured tax claim of this creditor, in the amount of \$37,694.41 will be treated as fully secured and paid on a quarterly basis at an interest rate of 4.25%, amortized over 6 years. The first of these payments, in the amount of \$1,782.12 will

begin in September of 2017 and continue quarterly thereafter for 24 quarters. This payment schedule will continue until the claim is paid in full. Collection activity against any non-debtor party shall be held in abeyance unless there is a default in these payments.

- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 11 – Secured Claim of Roscommon County, Arenac County and Mentor Township

- Treatment: The secured tax claim of these creditors, are the following amounts:

Roscommon County	\$143.74
Arenac County	\$311.47
Mentor Township	\$390.97

These claims shall be paid in full in September of 2017.

- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 12 – Secured Claim of Oscoda County

- Treatment: The secured tax claim of this creditor, in the amount of \$5,509.00, treated as fully secured and paid on a quarterly basis at an interest rate of 12%, amortized over 4 years. The first of these payments, in the amount of \$548.94 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 13 – Secured Claim of Comins County

- Treatment: The secured tax claim of this creditor, in the amount of \$3,792.28, treated as fully secured and paid on a quarterly basis at an interest rate of 12%, amortized over 4 years. The first of these payments, in the amount of \$377.88 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 14 – Secured Claim of Rose Township

- Treatment: The secured tax claim of this creditor, in the amount of \$2,364.09, treated as fully secured and paid on a quarterly basis at an interest rate of 12%, amortized over 4 years. The first of these payments, in the amount of \$452.90 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 15 – Secured Claim of Harrisville Township

- Treatment: Harrisville Township has filed a secured tax claim, in the amount of \$1,196.38. Debtor has contacted this creditor numerous times and indicated that the tax assessment is fore real estate and a tower that does not belong to the Debtor. This claim is disputed. In the unlikely event that this claim is allowed, it will be treated as fully secured and paid on a quarterly basis at an interest rate of 12%, amortized over 2 years. The first of these payments, in the amount of \$56.39 will

begin in September of 2017 and continue quarterly thereafter for 8 quarters. This payment schedule will continue until the claim is paid in full.

- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 16 – Secured Claim of Ogemaw County

- Treatment: The secured tax claim of this creditor, in the amount of \$8,895.41, treated as fully secured and paid on a quarterly basis at an interest rate of 12%, amortized over 4 years. The first of these payments, in the amount of \$593.61 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 17 – Priority Tax Claim of IRS

- Treatment: The priority tax claim of this creditor, in the amount of \$229,851.00, treated as fully secured and paid on a quarterly basis at an interest rate of 4.25%, amortized over 6 years. The first of these payments, in the amount of \$10,900.00 will begin in September of 2017 and continue quarterly thereafter for 24 quarters. This payment schedule will continue until the claim is paid in full. Collection activity against any non-debtor party shall be held in abeyance unless there is a default in these payments.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 18 – Priority Tax Claim of SOM UIA

- Treatment: The oruiruty tax claim of this creditor, in the amount of \$25,855.28, treated as fully secured and paid on a quarterly basis at an interest rate of 4.25%, amortized over 4 years. The first of these payments, in the amount of \$1,227.38 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full.
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 19 – Priority Tax Claim of SOM

- Treatment: The priority tax claim of this creditor, in the amount of \$51,738.54, treated as fully secured and paid on a quarterly basis at an interest rate of 4.25%, amortized over 4 years. The first of these payments, in the amount of \$2,446.11 will begin in September of 2017 and continue quarterly thereafter for 16 quarters. This payment schedule will continue until the claim is paid in full. (Collection activity against any non-debtor party shall be held in abeyance unless there is a default in these payments.)
- Projected recovery under the Plan: 100%
- Voting: This class is impaired and entitled to vote on the Plan.

Class 20 - General Unsecured Claims Under \$1,000.00

- Treatment: All claims filed, or claims scheduled, allowed and ordered paid by the Court by the Debtors as undisputed, non-priority general unsecured claims the Debtor believes only general unsecured treatment is warranted will be paid in an amount equal to 10% of their claims by December 31, 2017.

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

Class 21 - General Unsecured Claims in Excess of \$1,000.00

- Treatment: All claims filed or scheduled by the Debtors as non-priority general unsecured claims and those portions of claims filed as secured or priority to which the Debtors believe only general unsecured treatment is warranted will be entitled to the following treatment:

1. Commencing at the end of the first quarter of 2018 and continuing quarterly for the year 2018, the Class 20 creditors will share a pro rata distribution of \$5,000.00 per quarter.

2. Commencing at the end of the first quarter of 2019 and continuing quarterly for the year 2019, the Class 20 creditors will share a pro rata distribution of \$15,000.00 per quarter.

3. Commencing at the end of the first quarter of 2020 and continuing quarterly for the year 2020, 2021 and 2022, the Class 20 creditors will share a pro rata distribution of \$20,000.00 per quarter.

- Projected recovery under the Plan: Recovery percentage will vary based on the amount of allowed claims, including deficiency claims but is anticipated to be between 20% and 30%.
- Voting: This class is impaired and entitled to vote on the Plan.

Class 22 – Subordinated Claims of Insiders

- Treatment: Claims held by insiders of the Debtor will not be paid until all creditors in Classes 1-21 are paid in full.
- Voting: This class is not entitled to vote on the plan.

Class 23 - Equity Interests

- Treatment: The equity holders of the Debtor will retain their equity interests.
- Voting: This class is not entitled to vote under the plan.

C. Impaired Classes under the Plan

Under Section 1126(c) of the Bankruptcy Code, and except as otherwise provided in Section 1126(e) of the Bankruptcy Code, an impaired class of claims has accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the allowed claims in such class actually voting have voted to accept the Plan. All classes except Classes 1 and 10 are impaired under the Plan.

D. Payment of U.S. Trustee's Fees

Immediately upon Confirmation of this Plan, the Debtor will pay all fees due and owing to the U.S. Trustee's Office which have been incurred up to that date, but have not been paid. The Debtor shall serve upon the U.S. Trustee post-confirmation receipt and disbursement reports on a monthly basis, until such time as the case is closed with the Court. The Debtor shall continue to pay quarterly fees to the U.S. Trustee on a timely basis until such time as the case is closed with the Court.

E. Executory Contract and Unexpired Lease Assumption and Rejection

1. Assumption and Rejection

All executory contracts and unexpired leases, as to which the Debtor is a party shall be deemed automatically assumed in accordance with the provisions and requirements of Sections 365 and 1123 of the Bankruptcy Code as of the Confirmation Date, unless such executory contracts or unexpired leases (i) shall have been previously rejected by the Debtor by final order of the Bankruptcy Court; (ii) shall be the subject of a motion to reject

or assume such contract or lease pending on the Confirmation Date; (iii) shall have expired or terminated on or prior to the Confirmation Date (and not otherwise extended) pursuant to their own terms; or (iv) are otherwise rejected pursuant to the terms of the Plan, specifically the executory contract with AT&T. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejections and assumptions contemplated hereby pursuant to Sections 365 and 1123 of the Bankruptcy Code as of the Confirmation Date. Each executory contract or unexpired lease assumed shall vest in, and be fully enforceable by, the Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption, or applicable federal law. The Debtor reserves the right to file a motion on or before the Confirmation Date to assume or reject any executory contract or unexpired lease. Pursuant to this Plan, the Debtor rejects all executory contracts with AT&T.

2. Cure of Defaults

At present, the Debtor does not believe any of the executory contracts or leases to be assumed have outstanding liabilities in need of cure as provided in Section 365. If there is a dispute regarding (a) the nature or amount of any cure, (b) the ability of the reorganized Debtor, or any assignee to provide "adequate assurance of performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to the assumption, the cure shall occur following the entry of a final order resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, if there is a dispute as to the amount of cure that cannot be resolved consensually among the parties, the Debtor

shall have the right to reject the contract or lease for a period of five (5) days after entry of a final order establishing a cure amount in excess of that provided by the Debtor.

3. Claims Based on Executory Contract or Unexpired Lease Rejection

If the rejection by the Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a claim, then such claim shall be forever barred and shall not be enforceable against the Debtor or reorganized Debtor, or its properties unless a proof of claim is filed with the Court within thirty (30) days after the later of (a) the Confirmation Date or (b) notice that the executory contract or unexpired lease has been rejected, unless otherwise ordered by the Bankruptcy Court. Any proofs of claim arising from the rejection of the Debtor's executory contracts or unexpired leases that are not timely filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against the Reorganized Debtor. All allowed claims arising from the rejection of unexpired leases and executory contracts shall be classified as general unsecured claims and shall be treated in accordance treatment provided for such classes under the Plan.

4. Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan nor anything contained in the Plan shall constitute an admission by the Debtor that any such contract or lease is in fact an executory contract or unexpired lease or that the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor shall have thirty (30) days following entry of a final order resolving such dispute to alter their treatment of such contract or lease.

F. Collective Bargaining Agreements

There are no collective bargaining agreements to be assumed or rejected.

G. Supplements to the Plan

Prior to confirmation the Debtor will file amendments and/or supplements to this Plan which shall be incorporated by reference into this Plan or such amended Plan as the Debtors may file and shall be binding on all creditors and interested parties. These supplements will include an updated liquidation analysis based on the pending appraisal and greater detail with respect to recovery of Class 9 creditors.

IV. DESCRIPTION OF DEBTORS AND CAUSES OF BANKRUPTCY

Custom Software, Inc. was formed in 1996 in the state of Colorado as a software company. At that time, the Company wrote software for GE, UPS, K-Mart and other major companies. The internet was relatively new at that time and Custom Software needed a high speed link to run the software business and that need led to offering internet service. In 1999, the president of the Company, Glenn Wilson, returned to Michigan. When he relocated, he moved to the Rogers City area which did not have internet service. M-33 Access was born out of that demand and, within a month, they had many customers and were expanding rapidly to other nearby towns.

They built a large tower network to connect to all the public schools in Northern Michigan. Newtek lent them funds to build the network and they had service agreements with all schools. During the Obama administration, a contract for this stimulus package was offered to connect all of the schools in Northern Michigan with intra school connections and to provide internet services. Unfortunately, the stimulus package was given to company other than the Debtor. This resulted in a decrease of approximately

\$48,000.00 a month in revenue. At that time, they reduced the number of employees from 40 employees to nine, however, there was not any way the expenses could be cut to compensate for that loss therefore a cash flow shortage occurred immediately.

In an effort to replace the loss in their servicing income, the Debtor began doing cell tower work and were contracted to do work for several subcontracting companies. Two of the companies ultimately became insolvent leaving the Debtor with approximately \$86,000.00 in unpaid invoices. Through this time that had a great deal of difficulty getting lines repaired by their service provider and their quality of service was impacted. All of these factors resulted in the filing of this Chapter 11 proceeding in February of 2016.

V. POST-PETITION EVENTS OF SIGNIFICANCE

The following contains an overview of certain events occurring after the Chapter 11 filings, including the administration of the Chapter 11 cases, the stabilization of the Debtors' operations, and the Debtors' restructuring initiatives.

A. Filing the Chapter 11 Case Petitions

This case was filed as a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 5, 2016. This case was substantively consolidated with Michigan Access, Inc., Case No. 16-20174 on or about March 2, 2016. The Debtor is authorized to continue to operate its business and manage its properties as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for appointment of a Chapter 11 trustee or examiner has been made and, as of the date hereof, no official committee has been appointed.

B. Business Continuation; Litigation Stay

The Debtor continued its operations during the course of this Chapter 11

proceeding. The number of employees were cut to the bare minimum and new avenues of work. There was little or no litigation during the course of the Chapter 11 proceeding.

C. Post-Petition Sales Outside the Ordinary Course of Business

There have been no sales or transfers of property, post petition, outside the ordinary course of business.

D. Cash Collateral Orders/Adequate Protection Orders

A cash collateral order was entered into with the Internal Revenue Service requiring payments of approximately \$875.00 per month. Various adequate protection orders with respect to discrete pieces of equipment were entered into by the Debtor and noticed to all creditors. Furthermore, an adequate protection order with Newtek, the major secured creditor of the Debtor, was entered into. All payments under the cash collateral orders are current.

E. Litigation

No litigation transpired during this Chapter 11 proceeding.

VI. LIQUIDATION ANALYSIS, ASSETS, LIABILITIES AND CLAIMS

A. Liquidation Analysis

The liquidation analysis is attached hereto as Exhibit A. Please be advised that it is very difficult to value the Debtor's fiberoptic lines and contracts. Newtek holds a lien on all of those assets. Newtek commissioned an appraisal of the property and an appraisal of the hard assets yielded a value of approximately \$150,000.00. All parties agreed that it was cost prohibitive to value the contracts and the fiberoptic lines, however, the Debtor has estimated a value on those assets of approximately \$250,000.00 thereby arriving at a secured claim for Newtek in the amount of \$400,000.00.

The remaining assets of the Debtor include account receivables and inventory which collateralize a first lien of the State of Michigan and the Internal Revenue Service. Those claims of the Internal Revenue Service and the State of Michigan are significantly under collateralized. The only remaining assets of the Debtor include certain purchase money security interests in discrete pieces of equipment which are, in substantially all instances, under secured.

Based on its preliminary estimates, the Debtor believes that the Plan will clearly produce a greater recovery for allowed claim and interest holders than would be achieved in a liquidation under Chapter 7 of the Bankruptcy Code because of, among other things, (1) the additional administrative claims generated by conversion to Chapter 7 cases; (2) the administrative costs of liquidation and associated delays in connection with Chapter 7 liquidations; and (3) the negative impact on the market for the Debtor's assets resulting from attempts to sell the assets in a short time frame, each of which likely would diminish the overall value of the Debtor's assets available for distributions.

The Liquidation Analysis will compare the proceeds to be realized if the Debtor were to be liquidated in hypothetical cases under Chapter 7 of the Bankruptcy Code with distributions to allowed claim and interest holders under the Plan. The analyses are based on the value of the Debtor's assets and liabilities as of a certain date and incorporate various estimates and assumptions, including a hypothetical conversion to Chapter 7 liquidations as of a certain date. Further, each analysis is subject to the possibility of material change, including changes in economic and business conditions and legal rulings. The Debtor's actual liquidation value could, therefore, differ materially from the Liquidation Analysis estimates, especially if the Court must become involved in

determining disputed values for the Debtors' properties.

B. Potential Claims and Causes of Action Including Preference and Fraudulent Conveyance Actions

The Debtor has not conducted a preference analysis, fraudulent conveyance analysis, or analysis with respect to other avoidance actions or claims objections. Any creditor who received payment from the Debtor within 90 days prior to the Petition Date may be named as a defendant in a preference action. The Debtor specifically reserves all rights to pursue any and all claims, causes of actions, avoidance actions, objections to claims, fraudulent conveyance actions or any other type of action, as well as the pending causes of action set out in Section V(E) above.

C. Procedures for Resolving Disputed Claims

1. Claims Administration

The Debtor shall be responsible for and shall retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving all claims against, and interests in, the Debtor and making distributions (if any) with respect to all claims and interests.

2. Filing of Objections

Unless otherwise provided in the Plan or extended by the Bankruptcy Court, any objections to claims and/or interests shall be served and filed on or before the date which is ninety (90) days after the Confirmation Date (the "Claims Objection Deadline"). Notwithstanding any authority to the contrary, an objection to a claim or interest shall be deemed properly served on the holder of the claim or interest if the Debtor or Reorganized Debtor, as the case may be, effect service in any of the following manners: (i) in accordance

with Bankruptcy Rule 3007, (ii) to the extent counsel for a holder of a claim or interest is unknown, by first-class mail, postage prepaid, on the signatory on the proof of claim or other representative identified on the proof of claim or any attachment thereto (or at the last known addresses of such holders of claims if no proof of claim is filed or if the Debtor has been notified in writing of a change of address), or (iii) by first-class mail, postage prepaid, on any counsel that has appeared on behalf of the holder of the claim or interest in the Chapter 11 cases and has not withdrawn such appearance.

3. Claim Dispute Resolution Procedures

Resolution of disputes regarding claims shall be subject to the following parameters:

- If the settlement amount for a disputed claim is less than \$5,000.00, the Reorganized Debtor shall be authorized to settle such claim or interest without the need for further Bankruptcy Court approval or further notice.
- If the settlement amount for a disputed claim is greater than or equal to \$5,000.00, the Reorganized Debtor, shall file a proposed settlement stipulation with the Bankruptcy Court with notice and hearing consistent with the Local Rules and the Bankruptcy Rules.
- Settlement of any pre-petition controversies in these categories resulting in monetary claims against the Debtor shall be resolved solely by determination and allowance of a claim, subject to the requirements of the Plan.
- Settlement of any postpetition controversies in these categories resulting in monetary claims against the Debtor or Reorganized Debtor may be resolved, where applicable, by the Reorganized Debtor, by an allowance of an administrative claim related to such settlement.

- The Reorganized Debtor is authorized to allow claims against the Debtor and its estate, where the allowance of such Claims otherwise meets the requirements of the Plan.
- The Reorganized Debtor is authorized to allow claims with a specific priority and security status, where the allowance of such Claims otherwise meets the requirements of the Plan and does not in any way affect, whether as a prior or subordinated lien, the lien of any other party. For purposes of clarity and without limitation, the granting or recognition of a subordinated lien shall not be allowed, absent a Bankruptcy Court order, without the consent of all other lien holders with respect to the affected collateral.

4. Determination of Claims

Any claim (or any revision, modification, or amendment thereof) determined and liquidated pursuant to (i) the procedures listed in this Plan, or (ii) a final order of the Bankruptcy Court shall be deemed an allowed claim in such liquidated amount and satisfied in accordance with the Plan, unless otherwise ordered by the Bankruptcy Court.

5. Insider Settlements

Notwithstanding anything to the contrary in the Plan, any settlement that involves an insider, set forth at section 101(31) of the Bankruptcy Code, shall be effected only in accordance with Bankruptcy Rule 9019(a).

6. Ordinary Course of Business Exception

The applicable Plan provisions shall in no manner affect, impair, impede, or otherwise alter the right of the Debtor or Reorganized Debtor to resolve any controversy arising in the ordinary course of the Debtor's or Reorganized Debtor's business or under

any other order of the Bankruptcy Court.

7. Claims Bar Date

Except as provided in the Plan or otherwise agreed, any and all claims for which a proof of claim was filed after the applicable bar date shall be disallowed, expunged and forever barred as of the Confirmation Date without any further notice to or action, order, or approval of the Bankruptcy Court, and holders of such claims may not receive any distributions on account of such claims, unless on or before the Confirmation Date such late claims have been deemed timely filed by a final order.

8. Amendments to Claims

On or after the Confirmation Date, except as provided herein, a claim may not be filed or amended without the prior authorization of the Bankruptcy Court, or Reorganized Debtors. To the extent any such claim is filed without such authorization, such claim shall be deemed to be a disallowed claim and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or any other person.

VII. EXECUTION AND IMPLEMENTATION OF PLAN

A. Financial Projections

In order to assist creditors in determining the feasibility of the Plan, Exhibit B includes a cashflow projection on a quarterly basis for five years, and the previous three months of the Debtor's Monthly Operating Reports. Exhibit B also includes a prepetition financial statement of the Debtor.

In summary, the preliminary financial projections available to the Debtor, as of the date of filing this Plan, show that the Reorganized Debtor will be able to make the payments contemplated in treatment of creditors descriptions above. The projections are

necessarily based on a variety of estimates and assumptions that may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market, and financial uncertainties and contingencies, many of which will be beyond the Debtors' control.

B. Continuation of Business

The Debtor will continue operation of its business in its current location. The Debtor may seek to expand or contract its operations post petition. Expansion or contraction decisions will be made carefully and after consulting with the Debtor's counsel and the Debtor's financial professionals. The Debtor believes that the Debtor's businesses and assets have significant value that would not be realized in a liquidation, either in whole or in substantial part. Consistent with the Liquidation Analysis described in this Plan and other analyses prepared by the Debtor and their professionals, the value of the Debtor's estate would be considerably greater if the Debtor continues to operate as a going concern instead of liquidating.

In addition to cutting costs to the bare minimum, the Debtor has begun a new approach to providing internet service to previously unserved areas. For the past several months, the Debtor has been attempting to contact residents who do not have internet service available to them. If a group of homeowners is willing to agree to pre-pay a portion of a three year service contract, the Debtor has been using those funds to extend their fiber optic lines into the unserved area. For example, if five houses want internet service, and the three year cost is \$18,000.00, if the homeowners are willing to pay \$9,000.00 up front, those funds are being utilized to extend the fiber optic lines into their area. Thereafter, they will only pay one-half of the monthly service charge for that three year period. This

allows the Debtor, without any additional funding required, to extend its service area into the underserved communities and add a significant numbers of households to its network.

Debtor has listed number of potential lawsuits in its bankruptcy schedules. A decision has been made that it is not cost effective to pursue those lawsuits based on the chances of recovery. The Debtor has also listed the note receivable by Glen Wilson, principal of the Debtor. Glen Wilson is currently in his own Chapter 11 proceeding therefore, the collectability of that asset is minimal.

C. Tax Ramifications

The Plan does not contemplate the sale of assets so there should be no capital gains issues. Further, while there will be a significant discharge of indebtedness it will not result in income to the Debtor because of the provisions of 26 U.S.C. '108(a)(1)(A) which provides a safe harbor for Title 11 discharges of indebtedness.

D. Claim Discharge and Interest Termination

Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in the Plan or in the Confirmation Order, confirmation of the Plan and the distributions and rights that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Confirmation Date, of all claims and causes of action, whether known or unknown, against, liabilities of, obligations of, rights against, and interests in the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such claims, rights, and interests, including, but not limited to, claims and interests that arose before the Confirmation Date, any liability (including withdrawal liability) to the extent such claims relate to services performed by employees of the Debtors prior to the Petition

Date and that arise from a termination of employment or a termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Confirmation Date, all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not (a) a proof of claim based upon such claim, debt, right, or interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (b) a claim or interest based upon such claim, debt, right, or interest is allowed under Section 502 of the Bankruptcy Code, or (c) the holder of such a claim, right, or interest accepted the Plan, the Confirmation Order shall be a judicial determination of the discharge of all claims against and interests in the Debtors, subject to the occurrence of the Confirmation Date.

Except as provided in the Plan or the Confirmation Order, as of the Confirmation Date, all persons that have held, currently hold, or may hold claims or interests that have been discharged or terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against any of the reorganized Debtor or its property on account of any such discharged claims, debts, liabilities, or terminated interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability, or obligation due to the Debtor; and (v) commencing or continuing any action in any manner, in any place that does not comply, or is consistent, with the provisions of the Plan.

E. Plan Modification, Revocation, or Withdrawal

1. Plan Modification and Amendment

Except as otherwise provided in the Plan, the Debtor may, from time to time, propose amendments or modifications to this Plan prior to the Confirmation Date, without leave of the Bankruptcy Court. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modification set forth in this Plan, the Debtors expressly reserve their rights to revoke or withdraw, or to alter, amend or modify materially the Plan, one or more times, after the Confirmation Date. After the Confirmation Date, the Debtor may, with leave of the Bankruptcy Court, and upon notice and opportunity for hearing to the affected creditor(s), remedy any defect or omission, reconcile any inconsistencies in the Plan or in the Confirmation Order, or otherwise modify the Plan.

2. Effect of Confirmation on Plan Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to Section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Plan Revocation or Withdrawal

The Debtor reserves the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent Chapter 11 plans. If the Debtor revokes or withdraws the Plan, or if Confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any claim or interest or class of claims or

interests), assumption, assignment, or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (i) constitute a waiver or release of any claims, interests, or causes of action; (ii) prejudice in any manner the right of the Debtor or any other person; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtors or any other person.

F. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Confirmation Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, including without limitation, jurisdiction to:

- Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any claim or interest, including the resolution of any request for payment of any administrative claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of claims or interests;
- Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to professionals authorized pursuant to the Bankruptcy Code or the Plan;
- Resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if

necessary, liquidate, any cure or claims arising therefrom, including cure or claims pursuant to Section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any executory contract or unexpired lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Confirmation Date, the list of executory contracts or unexpired leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

- Ensure that distributions to holders of allowed claims and interests are accomplished pursuant to the provisions of the Plan;
- Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving any Debtor that may be pending on the Confirmation Date;
- Adjudicate, decide, or resolve any and all matters related to any causes of action held by the Debtors as of the Confirmation Date;
- Adjudicate, decide, or resolve any and all matters related to Section 1141 of the Bankruptcy Code;
- Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and Confirmation Order and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan;
- Enter and enforce any order for the sale of property pursuant to Sections 363, 1123, or 1146(a) of the Bankruptcy Code;

- Resolve any cases, controversies, suits, disputes, or causes of action that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any person's obligations incurred in connection with the Plan;
- Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any person with consummation or enforcement of the Plan;
- Resolve any cases, controversies, suits, disputes, or causes of action with respect to the releases, injunctions, and other provisions contained in the Plan, and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- Resolve any and all cases, controversies, suits, disputes, or causes of action with respect to the repayment or return of distributions and the recovery of additional amounts owed by a holder of a claim for amounts not timely repaid;
- Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- Adjudicate any and all disputes arising from or relating to payments or distributions under the Plan;
- Consider any and all modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any final order, including the Confirmation Order;
- Hear and determine requests for the payment or distribution on account of claims entitled to priority pursuant to Section 507 of the Bankruptcy Code;

- Hear and determine any and all disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
- Hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code with any tax incurred or alleged to be incurred by any Debtor or Reorganized Debtor a result of consummation of the Plan being considered to be incurred or alleged to be incurred during the administration of these Chapter 11 Cases for purposes of Section 505(b) of the Bankruptcy Code;
- Hear and determine any and all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Confirmation Date;
- Determine any other matters that may arise in connection with or relate to the Plan, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan;
- Enforce any orders previously entered by the Bankruptcy Court;
- Hear any and all other matters not inconsistent with the Bankruptcy Code; and
- Enter an order or Final Decree concluding or closing the Chapter 11 Cases.

G. Miscellaneous Provisions

1. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Confirmation Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtors, Reorganized Debtors, and any and all holders of claims or interests (irrespective of whether any such holders of claims or interests did not vote to accept or reject the Plan, voted to accept or reject the Plan, or are deemed to accept or reject the Plan), all persons that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each person acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtors.

2. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Michigan, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).

3. Plan Provisions Nonseverable

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum

extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

4. Effect of Conversion

In the event of conversion of these Cases to cases under Chapter 7 of the Bankruptcy Code, all property of the Debtors shall be property of their Chapter 7 estates.

VIII. STATUTORY REQUIREMENTS FOR PLAN CONFIRMATION

The following is a brief summary of the plan confirmation process in a proceeding under Chapter 11 of the Bankruptcy Code. Claim and interest holders are encouraged to review the Bankruptcy Code's relevant provisions and to consult their own attorneys.

A. The Confirmation Hearing

Bankruptcy Code Section 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on plan confirmation. Under Bankruptcy Code Section 1128(b), any party in interest may object to plan confirmation. The Court in this case will enter an order setting the confirmation hearing date. The Bankruptcy Court may adjourn the confirmation hearing from time to time without further notice except by announcing the adjournment

date at the confirmation hearing or at any subsequent adjourned confirmation hearing.

B. Confirmation Standards

To confirm the Plan, the Bankruptcy Court must find that, among other things, the requirements of Bankruptcy Code Section 1129 are satisfied. In summary, these requirements include the following:

1. The Plan complies with all applicable Bankruptcy Code provisions.
2. The Debtors have complied with the applicable Bankruptcy Code provisions.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the cases, has been disclosed to the Bankruptcy Court, and any such payment made before Plan Confirmation is reasonable, or if such payment is to be fixed after Confirmation, such payment is subject to Bankruptcy Court approval as reasonable.
5. With respect to each class of impaired claims or interests, either each claim or interest holder in such class has accepted the Plan or will receive or retain under the Plan on account of such claim or interest, property of a value, as of the Confirmation Date, not less than the amount such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code.
6. Each class of claims or interests entitled to vote on the Plan either has accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting class under Bankruptcy Code Section 1129(b).

7. Except to the extent a particular claim holder agrees to different treatment, allowed administrative claims and other allowed priority claims will be fully paid on, or as soon as reasonably practical after, the Confirmation Date.
8. At least one class of impaired claims or interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim or interest in such class.
9. Confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless the liquidation or reorganization is proposed in the Plan.
10. All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Confirmation Date.
11. The Plan addresses payment of retiree benefits in accordance with Bankruptcy Code Section 1114.

The Debtors believe that the Plan satisfies the requirements of Bankruptcy Code Section 1129, including, without limitation, that (i) the Plan satisfies or will satisfy all of the Bankruptcy Code's statutory requirements; (ii) the Debtors have complied or will have complied with all of the Bankruptcy Code's requirements; and (iii) the Debtors proposed the Plan in good faith.

C. Best Interests of Creditors Test

Before it can confirm the Plan, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each class, that each claim or interest holder in such class either: (a) has accepted the Plan; or (b) will receive or retain under the Plan property of a value, as of the Confirmation Date, not less than the amount that such

Person would receive or retain if the Debtors liquidated under Chapter 7 of the Bankruptcy Code.

In Chapter 7 liquidation cases, unsecured creditors and interest holders are generally paid from available assets in the following order, with no junior class receiving any payments until all amounts due to senior classes have been fully paid or any such payment is provided for:

- Secured creditors (to the extent of their collateral's value);
- Administrative and other priority creditors;
- Unsecured creditors;
- Debt expressly subordinated by its terms or by Bankruptcy Court order; and
- Equity interest holders.

As described in more detail in the Liquidation Analysis, the Debtors believe that the value of any distributions in a Chapter 7 case would be less than the value of Plan distributions because, among other reasons, distributions in a Chapter 7 case may not occur for a longer period of time, reducing the distributions' present value. In this regard, it is possible that Chapter 7 distributions could be delayed for a period for a trustee and its professionals to become knowledgeable about the Chapter 11 Cases and the claims against the Debtors. In addition, Chapter 7 distributions are likely to be significantly discounted because of the sale's distressed nature, and because the Chapter 7 trustee's and professionals' fees and expenses would likely exceed those of the Debtors' professionals (further reducing cash available for distribution).

D. Financial Feasibility

Before it can confirm the Plan, the Bankruptcy Court must also find that confirmation is not likely to be followed by the Reorganized Debtors' liquidation or the need for further financial reorganization, unless that liquidation or reorganization is contemplated by the Plan. For purposes of showing that the Plan meets this feasibility standard, the Debtors have analyzed the Reorganized Debtors' ability to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses.

Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan complies with Bankruptcy Code section 1129(a)(1)'s financial feasibility standard.

E. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to plan confirmation that, except as described in the following Section, each class of impaired claims or equity interests accept the plan. A class not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of that claim or interest; (b) cures any default and reinstates the original terms of the obligation; or (c) provides that, on the consummation date, the claim or interest holder receives cash equal to the allowed amount of its claim or, with respect to any interest, any fixed liquidation preference to which the interest holder is entitled or any fixed price at which the debtors may redeem the security.

F. Confirmation Without Acceptance by All Impaired Classes

Bankruptcy Code section 1129(b) allows a Bankruptcy Court to confirm a plan, even if all impaired classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one impaired class. Bankruptcy Code section 1129(b) states that, notwithstanding an impaired class's failure to accept a plan, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests impaired that is impaired under, and has not accepted, the plan.

Courts will take into account a number of factors in determining whether a plan discriminates unfairly, including the effect of applicable subordination agreements between parties. Accordingly, a plan could treat two unsecured-creditor classes differently without unfairly discriminating against either class.

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that: (a) the secured claim holders retain the liens securing their claims for the claims' allowed amount, whether the debtors' retain the applicable encumbered property or transfer it to another entity under the plan; and (b) each secured claim holder in the class receives deferred cash payments totaling at least the claims' allowed amount with a present value, as of the plan's effective date, at least equivalent to the value of the secured claimant's interest in the applicable encumbered property.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims requires that either: (a) the plan provides that each claim holder

in the class receive or retain property valued, as of the plan's effective date of the plan, equal to the claim's allowed amount; or (b) any claim or interest holder junior to the claims of the class will not receive or retain under the plan any property for the junior claim or equity interest

The condition that a plan be "fair and equitable" to a non-accepting class of equity interests requires that either: (a) the plan provides that each interest holder in the class receives or retains under the plan property of a value, as of the plan's effective date, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which the interest holder is entitled, (if) any fixed redemption price to which the interest Holder is entitled, or (iii) the interest's value; or (b) if the class does not receive such an amount as required under (a), no class of equity-interests junior to the non-accepting class receives a distribution under the plan.

The Plan provides that if any impaired class rejects the Plan, the Debtors reserve the right to seek to Plan confirmation under Bankruptcy Code Section 1129(b)'s "cram down" provisions. If any impaired class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Plan confirmation under Bankruptcy Code section 1129(b). The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any Plan exhibit or supplement, including for the purpose of satisfying Bankruptcy Code Section 1129(b)'s requirements, if necessary.

IX. VOTING INSTRUCTIONS

A. Voting procedures

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims, or equity interest, that are impaired under the plan.

Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the plan will be counted only with respect to claims: (a) that are listed on the Debtor's Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the plan, and then return the ballot by mail to the debtor's attorney by the deadline previously established by the court.

Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the debtor's attorney.

B. Acceptance

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

C. Confirmation

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are these:

1. Each class of impaired creditors and interest must accept the plan, as described in paragraph VI.B., above.
2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

D. Modification

The debtor reserves the right to modify or withdraw the plan at any time before confirmation.

E. Effect of confirmation

If the plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.

2. Except as provided in the plan:

(a) In the case of a corporation that is reorganizing and continuing business:

(1) All claims and interests will be discharged.

(2) Creditors and shareholders will be prohibited from asserting their claims against or interest in the debtor or its assets.

(b) In the case of a corporation that is liquidating and not continuing its business:

(1) Claims and interests will not be discharged.

(2) Creditors and shareholders will not be prohibited from asserting their claims against or interests in the debtor or its assets.

(c) In the case of an individual or husband and wife:

(1) Claims will be discharged, except as provided in 11 U.S.C. §§ 523 and 727(a).

(2) Creditors will be prohibited from asserting their claims except as to those debts which are not discharged or dischargeable under 11 U.S.C. §§ 523 and 727(a).

See Part II-A of this Disclosure Statement to determine which of the above paragraphs applies in this case.

WARNER NORCROSS & JUDD LLP

Dated: April 17, 2017.

By:

/s/ Rozanne M. Giunta

ROZANNE M. GIUNTA (P29969)

Attorneys for Debtor

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Dated: April 17, 2017

BY:

/s/ Glenn Wilson

GLENN WILSON

Custom Software, Inc.

Michigan Access, Inc.

President

LIQUIDATION ANALYSIS

Real Estate	\$14,000.00
Accounts Receivable	\$46,000.00
Inventory	\$12,000.00
Network Infrastructure & Contracts	\$350,000.00 *
Machinery & Equipment	\$150,000.00 (per Newtek appraisal)
Breach of Contract Action	- 0 -
Officer's Note	- 0 -

Newtek has a claim in excess of \$1,500,000.00 and holds a blanket security interest in all assets.

The Internal Revenue Service and State of Michigan originally filed secured claims totaling in excess of \$450,000.00. Those claims were reduced to the value of the accounts receivable and inventory but priority tax claims are in excess of \$400,000.00.

Clearly, upon liquidation, unsecured creditors will receive no distributions. The secured and priority creditors will be paid a very small percentage of their claims if they receive any distribution at all.

* This value is a going concern value. The value is likely negligible in a liquidation.

EXHIBIT "A"