

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE: DENTON HARDWOODS, INC.) Case No: 15-11211 C-11G
)
Debtor) Small Business Case Under Chapter 11
)

TO: Lena M. James
United States Bankruptcy Judge

**DENTON HARDWOODS, INC.'S AMENDED DISCLOSURE STATEMENT FOR THE
DEBTOR'S AMENDED SECOND PLAN OF REORGANIZATION AMENDED AUGUST 15, 2016**

This is the Amended Disclosure Statement (the "Disclosure Statement") in the small business Chapter 11 case of Denton Hardwoods, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Amended Second Plan of Reorganization (the "Plan") filed by the Debtor on August 15, 2016. A full copy of the Plan has been circulated with this Disclosure Statement. **Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

The proposed distributions under the Plan are discussed at pages 5 through 9 of this Disclosure Statement. General unsecured creditors are classified in Class V, and will receive a distribution of 31% of their allowed claims, to be distributed over a 60 month period.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS OR AS TO THE VALUE OF ITS PROPERTY OR THE AMOUNTS ANTICIPATED TO BE RECEIVED IN THE COLLECTION, SALE AND LIQUIDATION OF CERTAIN ASSETS) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE TO THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. REPORTS KEPT BY THE DEBTOR ARE DEPENDENT UPON INTERNAL ACCOUNTING. FOR THE FOREGOING REASON, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

I. INTRODUCTION

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims of equity interests of the type you hold.
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why Denton Hardwoods, Inc. believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish you rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed. You will be sent a notice setting forth the Time and Place of Hearing to Finally Approve This Disclosure Statement and Confirm Plan including the Deadline for Voting to Accept or Reject the Plan and to file Objections to the Adequacy of the Disclosure Statement and Confirmation of Plan.

If you want additional information about the Plan, you should contact Phillip E. Bolton at 622-C Guilford College Rd., Greensboro, NC 27409, (336) 294-7777.

C. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

II BACKGROUND

A. Description and History of the Debtor's Business

Denton Hardwoods, Inc. was started in February 2001 as a lumber drying, grading and hardwood resale business. Over the years that

followed, Denton Hardwoods, Inc. was a profitable business, and expanded its operations through facility growth and product development.

B Insiders of the Debtor

Robert Conner is the sole Insider of the Debtor, Robert Conner is the President and a 100% shareholder of the Debtor Corporation.

C. Management of the Debtor Before and During the Bankruptcy

During the two (2) years prior to the date on which the bankruptcy petition was filed, as well as prior to that time, Robert Conner was the only officer and director of the Debtor Corporation. During this two year period, Robert Conner received either compensation in the form of salary or loan repayments for funds previously loaned to the Debtor totaling approximately \$60,000.00 per year.

During the Chapter 11 case, Robert Conner has remained in control of the Debtor Corporation and is responsible for its operation. After the effective date of the Order confirming the Plan, Robert Conner shall be the sole director and officer of the reorganized Debtor.

D. Events Leading to the Chapter 11 Filing

Prior to 2014, the Debtor's operations were sufficient to meet its debt servicing and operational costs. However, in 2014, the Debtor was informed that the principal of one of its larger customers passed away. This left the Debtor with an unpaid receivable of approximately \$225,000.00, and that it was highly unlikely the Debtor would collect on that receivable following the principal's death. Shortly after that notice, Robert Conner suffered a heart attack, and was unable to perform his routine and normal services for the Debtor. As a result of those two events, the Debtor was unable to maintain its debt service, primarily to BB&T, its largest secured creditor. The Debtor continued operations, reassigning to the best of its ability Robert Conner's job functions and, as such, work productivity declined and costs increased. Robert Conner continued to recover from his heart attack, and was able to slowly return to work. Efforts were made to resolve the Debtor's delinquency with BB&T on its secured debts, however funds from operations were only slowly improving. As a result, BB&T ultimately filed foreclosure proceedings which would have ended the Debtor's ability to operate. The Debtor commenced this chapter 11 bankruptcy case to stop the foreclosure action and restructure its debts with BB&T as well as other creditors.

E. Significant Events During the Bankruptcy Case

During the course of the Chapter 11 proceeding, the Debtor concentrated on maintaining revenues and reducing costs while exploring additional sources of revenue. During the Chapter 11 case, Denton Hardwoods, Inc. has maintained its wood drying and grading business, primarily for its main customer, McDowell Lumber. The Debtor has continued efforts to expand its customer base, and has now seen

some success in bringing in new customers, primarily for a new area of business of the Debtor, which now includes wood dressing. In dressing wood, the Debtor primarily planes the surfaces of different woods provided for customers. The Debtor has already recently begun work for two customers that request wood dressing services, and has also started working for one additional customer for its wood drying and grading business. Revenue from the new customers has been received in the month of July, and the projections for the debtor's future revenue includes projections for this new area of business.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's asset are listed in Exhibit A "Chapter 7 Liquidation analysis." This analysis is done using best efforts to estimate value of equipment and real estate on a tough economic market for the sale of these assets. The debtor does not have any pre-petition financial statements to assist in making these estimates.

A monthly report for each month that the Debtor has been in possession under the supervision of the United States Bankruptcy Court has been filed with the Bankruptcy Court. With the filing of the Voluntary Petition in the bankruptcy herein, the Debtor was required to file and did file Statements of Financial Affairs and Schedules of Assets and Liabilities. The Monthly Reports, Schedules of Assets and Liabilities and Statements of Financial Affairs may be inspected by all interested parties in order to obtain a broader financial picture of the Debtor and the Debtor's Estate. These documents may be examined in the Office of the Clerk of the United States Bankruptcy Court, 101 S. Edgeworth Street, Greensboro, North Carolina 27401.

A Summary of the Debtor's actual income and expenses since filing the bankruptcy case is set forth in Exhibit B.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity

interest in various classes and describes the treatment each class will receive. The plan also states whether each class of claims or equity interest is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses also include the value of goods sold to the Debtor in the ordinary course of business and received within twenty (20) days before the date of the Bankruptcy Petition. The Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and the proposed treatment for each under the Plan:

TYPE	ESTIMATED AMOUNT OWED	PROPOSED TREATMENT
Expenses Arising in the ordinary Course of Business After the Petition Date	NONE	Paid in Full on the Effective Date of the Plan, or according to terms of obligation if later.
Professional Fees, as approved by Court	NONE APPROVED	Paid in full on the Effective Date of the Plan, or according to Court orders.
Clerk's Office Fees Bankruptcy Admini- strator's Fees and Other Administrative Quarterly fees Fees	NONE, Other than current due	Paid in full on the Effective Date of the Plan.

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by §507(a)(8) of the Code. Unless the holder of such

a §507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the Order of Relief.

The following lists the Debtor's estimated §507(a)(8) priority tax claims and the proposed treatment for each under the Plan:

Priority Tax Claims:

The IRS has filed a Claim for \$5,546.78, However, the Debtor believes these tax obligations have been paid. No other priority tax claims have been filed or are anticipated.

To be paid in quarterly installments over a maximum period of forty eight (48) months following the Effective Date of the Plan with interest at the legal rate, and payments commencing the twentieth (20th) day of the first month following confirmation of the Plan to the extent this debt is owed.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under §506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim

The following chart lists all classes containing the Debtor's secured pre-petition claims and their proposed treatment under the Plan:

Class	Description	Insider	Impairment	Treatment
Class I	Secured Tax Claims of Randolph County	NO	Not Impaired	Claim is fully secured. Payment in quarterly payments commencing after the Effective Date of the Plan with interest at 10.31% interest.

Class II	BB&T Real Property*	NO	Impaired	Payment of \$4,780 per month commencing on the tenth (10th) day of the first month following the Effective Date of the Plan. Claim is partially secured to a value of \$584,970 with BB&T retaining its lien upon its Collateral until secured claim is paid, balance is treated as unsecured.
Class III	BB&T Equipment	NO	Impaired	Allowed as a general unsecured claim, based on no value to Collateral above senior liens to BB&T to secure debt obligation
Class IV	Kenneth Ray Gammons	NO	Impaired	Value of collateral is found to be \$9,500. Claim is partially secured and partially unsecured. Gammons shall retaining his lien until allowed secured claim is paid in full. Balance of the claim is found to be unsecured.

*The Plan provides for the transfer by Robert Conner to the Debtor the real property owned by Robert Conner and located adjacent to the real property of the Debtor, which is subject to the secured claim of BB&T. The Debtor currently uses this property without any payment to Robert Conner for its use. As the owner of the real property, the Debtor will make payment to BB&T for its secured claim against the real property.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§507(a)(1),(4),(5),(6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may

vote to accept different treatment. At present there are no claims known to the Debtor that are included as a priority claim as defined under §§507(a)(1),(4),(5),(6) and (a)(7) of the Code and therefore no treatment is proposed under the plan.

3. Class of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Classes V and VI, which contain general unsecured claims against the Debtor:

Class	Description	Impairment	Treatment
V	General Unsecured Claims	Impaired	Each holder of an Allowed Unsecured Claim exclusive of insiders, shall receive a Promissory Note which provides that each holder shall receive thirty one percent (31%) of its claim to be paid its pro-rata share of the funds received from the sale and issuance of new stock certificates of the reorganized bettor, to be paid in two installments, the first thirty (30)days after the Effective date of the plan, and the second sixty (60) days after the Effective date of the plan, with the balance to be paid over a period of sixty (60) months. The first monthly payment shall be made on or before the twentieth (20th) day of the first (1st) full month following confirmation of this Plan.
VI	Insiders	Impaired	There are no payments to be paid on any insider claims.

4. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership

interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders.

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Treatment</u>
VII	Equity Security	Impaired	The Equity Security Holders, which consist solely of Robert Conner, shall surrender his current stock certificates and the debtor shall cancel these certificates. The reorganized debtor, upon confirmation, shall offer to any and all buyers new stock certificates in the reorganized debtor. Robert Conner has put forth a bid in the amount of \$25,000.00 to be paid through two installments, one 30 days after the Effective date of the plan, and the other 60 days after the Effective date of the plan. The Class VII Equity Security Holders shall receive no payment as shareholders or dividend until the Class V General Unsecured Claimants receive payments as required under the Plan or have been paid in full, whichever occurs first.

D. Means of Implementing the Plan

1. Source of Payments

This Plan of Reorganization contemplates payments to the various classes of creditors using income derived from the continued

operations of the Debtor's business. Attached hereto and incorporated herein by reference as Exhibit B is a schedule of the actual monthly income and expenses for the Debtor's operation for the period December 1, 2015 through July 2016. Attached hereto and incorporated herein by reference as Exhibit C is a schedule of the projected revenues and expenses and resulting cash flow by year for the Debtor's operations for the period August 1, 2016 through December 31, 2020. The Debtor anticipates that it will have adequate cash available from the business to make all periodic payments which are required by the Plan of Reorganization on a timely basis. Exhibits B and C are used to illustrate the feasibility of the Plan Reorganization.

THE PROJECTION OF NET INCOME FROM OPERATION OF THE DEBTOR IS BASED UPON EXISTING CONDITIONS AFFECTING THE OPERATION OF THE DEBTOR'S BUSINESS AND DOES NOT REFLECT THE UNKNOWN EFFECTS OR POSSIBLE FUTURE DETRIMENTAL ECONOMIC CONDITIONS WHICH MAY AFFECT THE CONTINUED OPERATION OF ANY BUSINESS.

1a. Issuance of New Stock: The plan contains a provision for the debtor to issue new stock at confirmation. The debtor, upon the effective date of the Plan, shall cancel all of its outstanding shares of stock, and issue new stock and offer all of the new stock for sale to any party pursuant to the following procedure: Any and all interested parties in purchasing the stock certificates of the reorganized debtor shall submit no later than September 16, 2016 sealed bids for all of the stock certificates to be issued for the reorganized debtor by mailing to or hand delivering to Phillip E. Bolton, 622-C Guilford College Road, Greensboro, NC 27409. For any bid to be counted or considered, the bid must be received by 5:00pm on September 16, 2016. Each bid must contain the name of the purchaser, any relationship that may exist between the bidder and the debtor and/or its current officer and shareholder Robert Conner, the amount of the bid and timing for its payment and terms for the purchase if the bid is not a cash bid. Robert Conner has, with the filing of this plan, submitted a bid for the purchase of the new stock in the reorganized debtor in the amount of \$25,000.00, to be paid in installments of \$12,500.00 cash on or before 30 days after the Effective date of the plan, and \$12,500.00 cash on or before 60 days after the Effective date of the plan. All bids, including the bid of Robert Conner, shall be considered by the reorganized debtor and the Court at the confirmation hearing, and the Court may accept any bid or no bids at that time.

2. Post-confirmation Management

Unless otherwise selected by the shareholders of the reorganized debtor, the post-confirmation Officers and Directors of the Debtor, and their compensation, shall be as follows:

Robert Conner Shareholder - President - Insider

Pay shall be Commensurate with work duties. Currently, Robert Conner receives \$4,000.00 per month in salary. Following confirmation of the Plan, Robert Conner's salary shall be increased to \$5,000.00 per month, and eventually increases to \$6,000.00 per month by January

2018.

E. RISK FACTORS

The Debtor originally obtained its revenues from drying and grading lumber from essentially one customer, McDowell Lumber. While McDowell still represents more than 70% of the Debtor's revenue, the Debtor has recently added additional revenue sources from other lumber suppliers, and has recently started performing wood dressing services for two new customers. This industry is subject to fluctuations in demand based on the market for dried lumber, especially weather conditions which can have a great impact on the debtor's work volume, as well as the economy and market for dried lumber, which are beyond the Debtor's control. Additionally, projections of revenue from business operations, as set forth in Exhibit C, result from estimates of the Debtor's future revenues received from its business. The projections of revenue are also subject to a degree of error due to the various influences on the economy.

While proponents of the Plan of Reorganization have attempted to be accurate and realistic in making the projections contained herein, there may be variables that exist other than those set out in the Risk Factors stated herein (such as market conditions, expenses, and interest rates) which make these projections subject to a certain amount of speculation, and therefore, subject to a degree of error.

While future economic trends cannot be predicted, it is believed that the Plan will afford the secured and unsecured creditors an opportunity of realizing the maximum amount of money on their claims in the shortest period of time.

F. Executory Contracts and Unexpired Leases

The Plan, in Section 5.01, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Section 5.01 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults, if applicable.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objection to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Section 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you

must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The deadline for filing a proof of claim based on a claim arising from the rejection of a Lease or Contract is 30 days from the effective date of the Plan. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

Revenues and expenses from the Debtor's business operations, as contemplated by the Plan, are likely to result in taxable income being produced, which will be reportable to the State of North Carolina and to the United States of America. However, without knowing the amount of additional business deductions resulting from interest on secured debt, depreciation of fixed assets and the availability of any carry-forward tax losses or other tax attributes, it is difficult to estimate the Debtor's tax exposure, if any, at this time.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if the creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was March 2, 2016.

2. What is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in §1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is Not Entitled to Vote

The holders of the following five types of claims and equity are not entitled to vote:

-holders of claims and equity interests that have been disallowed by an order of the Court;

-holders of other claims or equity interest that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

-holders of claims or equity interest in unimpaired classes;

-holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3), and (a)(8) of the Code; and

-holders of claims or equity interest in classes that do not receive or retain any value under the Plan; and

-administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast on ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a cram down of non-accepting classes, as discussed later in Section [B.2.].

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Non-accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind non-accepting classes of claims or equity interest if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a cramdown confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation.

It is the opinion of the Debtor that payments to General Unsecured Claims, if this reorganization proceeding were converted to Chapter 7 liquidation, would be less than those set forth in the Plan of Reorganization. If the assets which are pledged as security to the secured creditors identified herein were sold in a Chapter 7 proceeding along with all other unencumbered assets, it is anticipated that such liquidation would generate equity for the unsecured creditors of approximately zero percent (0%) of debts owed. Attached hereto and incorporated herein by reference as Exhibit "A" is a breakdown of all assets owned by the Debtor which could be liquidated, with analysis of liens and claims, along with valuation. The proceeds generated from a sale in a Chapter 7 proceeding would first be used to pay all expenses of administration in the Chapter 7 and Chapter 11 proceedings before any payment is made on pre-petition priority claims. Based on Exhibit "A" it appears that the Debtor's equity derived from the liquidation of its assets in a Chapter 7 proceeding would be sufficient to pay zero percent (0%) on all alleged unsecured claims.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all claims and expenses that are entitled to be paid on that date.

2. Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments

The Plan Proponent has provided financial information. The projections are listed in Exhibit C.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in §1141(d)(1)(A) of Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in §1141(d)(6)(B). After the effective date of the

Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or subsequent voting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorized the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

Definitions and Rules of Construction. The definitions and rules of construction set forth in §§101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

Allowed Claim: Any claim against the Debtor for which a Proof of Claim was filed on or before the date designated for such filing by the United States Bankruptcy Court as of the last day on which to file Claims in this proceeding, or which is listed in the Schedules filed by the Debtor (unless listed as unliquidated, disputed, or contingent) and, in either case, to which no objection has been filed within the applicable period of limitation fixed by the United States Code, the Rules of Bankruptcy Procedure, or Order of this Court, unless the objection has been determined by Final Order or Judgment of the Court, or any applicable court, allowing such Claim. This definition shall include allowed secured claims and, to the extent authorized under the Code and approved by the Court, an allowed secured claim shall include 11 U.S.C. §§506(b) expenses.

Bankruptcy Code: Provisions of Title 11, United States Code, as amended by the Bankruptcy Reform Act of 1978, and as may be hereinafter amended from time to time.

Cash: Cash, cash equivalent, or other available market securities or instruments.

Collateral: Property of the Debtor which has been pledged to a creditor to secure and indebtedness.

Claim: A duly scheduled Allowed Claim or timely allowed filed Proof of Claim, or any Debtor obligation which would be allowed administrative expense claim under 11 U.S.C. §503 or 11 U.S.C. §507.

Confirmation of the Plan: The entry by this Court of an Order confirming the Plan in accordance with Title 11, Chapter 11, of the United States Bankruptcy Code.

Consummation of the Plan: The consummation of all things contained in or provided for in this Plan, and the entry of an Order of Consummation of Final Decree finally dismissing this Reorganization case.

Court: The United States Bankruptcy Court for the Middle District of North Carolina, Greensboro Division.

Debtor: The Debtor in this proceeding is Denton Hardwoods, Inc.

Estate: The property belonging to the Debtor on the date this case was commenced and as defined in §541 of the Bankruptcy Code and other applicable law.

Lien: A mortgage, judgment lien, materialmen's lien, statutory lien, security interest, charging order, or other charge or encumbrance on the Debtor's property, effective under applicable laws as of the date of Debtor's petition for reorganization or thereafter as authorized by Order of the Bankruptcy Court.

Notice and Hearing: Notice and Hearing as defined by §102(1) of the United States Bankruptcy Code.

Plan: The Amended Second Plan of Reorganization amended on August 16, 2016 and any modification thereof as approved by the Court.

Pro Rata: The proportion that each Allowed Claim in a particular class of creditors bears to the aggregate of all Allowed Claims in that class on that date.

Reorganized Debtor: Denton Hardwoods, Inc., after entry of an Order confirming this Chapter 11 Plan and is revested with properties that were formerly property of the Estate as provided in §1141(b) of the United States Bankruptcy Code.

Secured Claim: An Allowed Claim under 11 U.S.C. §506(a) by identified Collateral, properly perfected, and not avoidable under applicable law.

Substantial Consummation: The date at which the Debtor has commenced the distribution of initial Plan payments, has issued promissory Notes as required under the Plan, completed all procedures necessary to obtain Bankruptcy Court approval of any disposition of the Debtor's Estate as described and closed on the sale of any of the Debtor's real and personal property.

Unsecured Trade Claim: An allowed trade claim that arose or accrued prior to November 5, 2015 that is unsecured and is not entitled to priority under §507 of the United States Bankruptcy Code.

Unsecured Creditor: A creditor with an Allowed Claim that arose or accrued prior to November 5, 2015, which is unsecured and is not entitled to priority under §507(1) of the United States Bankruptcy Code.

RESPECTFULLY SUBMITTED, this the 15th day of August, 2016.

Denton Hardwoods, Inc.

By: /s/Robert Conner
Robert Conner

/s/Phillip E. Bolton
Phillip E. Bolton
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