**UNITED STATES BANKRUPTCY COURT**
**FOR THE DISTRICT OF NEW HAMPSHIRE**

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| **In Re:** | * | **Chapter 11** |
| | * | **Case No. 16-10602-BAH** |
| **Hanish, LLC** | * | |
| | * | |
| | * | |
| **Debtor(s)** | * | |

**DEBTOR IN-POSSESSION'S SECOND AMENDED DISCLOSURE STATEMENT FOR SECOND AMENDED PLAN OF REORGANIZATION DATED NOVEMBER 23, 2016**

Hanish, LLC (the "Debtor") submits this Second Amended Disclosure Statement for its Second Amended Plan of Reorganization dated November 23, 2016, (hereinafter the "Plan") pursuant to Chapter 11 of Title 11 of the United States Code. The Plan is attached to a Disclosure Statement to be approved by the Bankruptcy Court. The Disclosure Statement discusses the history, business, and prospects of the Debtor and provides a summary and analysis of the Plan. All creditors are encouraged to review the Disclosure Statement; it is the only document approved by the Bankruptcy Court for use in soliciting the acceptance or rejection of this Plan.

**THE DEBTOR IS THE OWNER OF A 59 UNIT HOTEL, 8 BELL AVENUE, HOOKSETT, NEW HAMPSHIRE. (THE 'HOTEL') THE HOTEL OPERATES AS A "FAIRFIELD INN AND SUITES BY MARRIOTT." THE HOTEL IS A 3 STORY 72,000+/- SQUARE FOOT BUILDING WITH AN INDOOR POOL/FITNESS CENTER /BUSINESS CENTER. THIS IS THE DEBTOR'S PRIMARY ASSET. ALL OTHER ASSETS ARE IN THE FORM OF CLAIMS. THE HOTEL IS OPERATING AT THIS TIME.**

**THE DEBTOR BELIEVES THE PLAN IS IN THE BEST INTERESTS OF ALL PARTIES UNDER THE CIRCUMSTANCES OF THIS CASE. IT PROVIDES FOR THE CONTINUED OPERATION OF THE DEBTOR UNDER CURRENT MANAGEMENT WITH A RESTRUCTURE OF THE DEBT OF DEBTOR'S MAJOR LENDER, PHOENIX, REO, LLC, ("LENDER") IN A MANNER THAT FAVORS THE LENDER AND OTHER CREDITORS. THE DIVIDEND UNDER THE PLAN IS UP TO 100%[1] FOR GENERAL UNSECURED CLAIMS AND IS 100% FOR THE LENDER'S SECURED CLAIM.**

**THIS IS A DISCLOSURE STATEMENT TO ACCOMPANY A PLAN OF REORGANIZATION. IT IS THE ONLY DOCUMENT YOU SHOULD READ TO DETERMINE WHETHER TO VOTE IN FAVOR OR AGAINST THE PLAN. THE**

[1] Small unsecured claim of under $5,000.00 will be paid 80% of their claims in cash on the Effective Date.

**PLAN IS PROPOSED BY THE DEBTOR IN A BANKRUPTCY CASE AS A RESTRUCTURE OF ITS AFFAIRS. AS A CREDITOR OR INTERESTED PARTY YOU BOTH HAVE THE OPPORTUNITY TO VOTE ON THE PLAN AND OBJECT TO IT (OR SUPPORT IT). VOTING ON THE PLAN IS BY CLASS. A CLASS VOTES FOR A PLAN IF 2/3 IN AMOUNT AND MAJORITY IN NUMBER OF THE CLAIMS VOTES FOR THE PLAN. IF YOUR CLASS VOTES AGAINST THE PLAN, THE PLAN CAN STILL BE CONFIRMED OVER YOUR OBJECTION IF IT MEETS CERTAIN REQUIREMENTS CALLED CRAMDOWN. CRAMDOWN REQUIRES THAT THE PLAN BE FAIR AND EQUITABLE AND NOT DISCRIMINATE UNFAIRLY AGAINST YOUR CLASS. HOWEVER, IT IS POSSIBLE FOR A PLAN TO BE APPROVED OVER YOUR OBJECTION AND A NEGATIVE VOTE UNDER CERTAIN CIRCUMSTANCES.**

**THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT BY ORDER DATED _________[DOC NO ]. IT IS THE ONLY DOCUMENT APPROVED FOR PURPOSES OF SOLICITING VOTES.**

**THERE IS A BALLOT ATTACHED TO THIS PLAN PACKAGE. THERE ARE INSTRUCTIONS ON IT HOW TO FILL IT OUT AND RETURN IT.**

## BACKGROUND

Prior to the bankruptcy filing on 4/28/16 (“the Petition Date”), Debtor was formed as a New Hampshire Limited Liability Company to construct, own and operate a 59 unit Hotel under the “Fairfield Inn and Suites by Marriott” flag, located at 8 Bell Avenue, Hooksett, New Hampshire. The Hotel is operating by and through a management arrangement with Jiten Hotel Management, Inc. (“JHM”), an affiliated company. JHM is the managing agent for Debtor, which means it manages the Hotel for the Debtor’s account, in consideration of a management fee. There is also a franchise agreement (the “Marriott Agreement”) with Marriott International, Inc. (“Marriott”).

The construction of the Hotel ran into immediate problems. A burned out house was buried on the property and the site costs for the project skyrocketed. In addition, the Hotel opened in 2008 in the midst of a recession. The Hotel has had the challenge of climbing out of its difficulties, and it has done so.

The Hotel is a management success. Due to Debtor’s efforts and the efforts of JHM and its employees, the Hotel has won many awards from Trip Advisor, Booking.com, and Marriot (Marriott 2012 Silver Award and 2014 Gold Award).

JHM is owned by Nayan Patel, one of the owners of the Hotel. All Management Fees during the case have been approved in budgets approved by the Court.

## MARRIOTT

Marriott entered the Marriott Agreement with the Debtor. The contract provides many things, but among other things, provides for the payment of franchise fees in exchange for use of the Marriott flag and marks (i.e., the name "Fairfield Inn and Suites by Marriot"). The franchise fee is current at this time. There are other obligations due from the Debtor to Marriott, including the obligation to upgrade the facility every few years. Debtor is behind on its obligation to upgrade the facility, which is estimated to cost $670,000.00. As part of the assumption of the Marriott contract in the Plan, Debtor provides for the means to cure this default. This cure is discussed below.

Without a cure of this problem, Debtor could lose its franchise and significant value for creditors. Debtor intends to commence the re-furbishing of the Hotel in January, 2017. The timing of the build out is expected to be completed within six months of commencement.

## PHOENIX

Phoenix NPL, LLC ("Phoenix NPL"), a Delaware limited liability company, purchased the loans underlying the Hotel and the Debtor evidenced by, among other things, a Construction Loan Agreement dated October 5, 2007 (the "Construction Loan Agreement"), a Promissory Note in the original principal amount of $5,900,000 also dated October 5, 2007 (the "2007 Note") and a Promissory Note dated March 6, 2009 in the original principal amount of $450,000 (the "2009 Note" and collectively with the 2007 Note the "Loans") from the Federal Deposit Insurance Corporation (the "FDIC"), as Receiver for The National Republic Bank of Chicago, the original lender to Hanish, on or about February 20, 2015. Thereafter Phoenix NPL assigned the Loans to Phoenix REO, LLC ("Phoenix REO" or "Phoenix" or "Lender") on or about September 2, 2015. The 2007 Note is secured by a Security Agreement, Assignment of Rents and Mortgage recorded in the Merrimack County Registry of Deeds.

Phoenix REO moved for a receiver to take over the Hotel in the Merrimack (State of New Hampshire) Superior Court. That request was denied. In the order denying the request the Court expressed concern that if a receiver was appointed the franchise with Marriott could be lost. The Court also noted the Hotel was managed properly stating "this is not the case where the defendant's financial distress stems from mismanagement of the Hotel." Prior to the Petition Date, Phoenix had scheduled a foreclosure of the Hotel and refused to delay it. Phoenix also sued Nayan Patel as the guarantor of the loans and restrained the transfer of substantial assets of his and obtained attachments against his assets.

Debtor has developed this plan of reorganization ("the Plan") not only for Marriott, but largely to address the claims of Phoenix. The Plan proposes to pay Phoenix in full in the Plan.

## THE CHAPTER 11

The Chapter 11 was precipitated solely to stop the foreclosure. There were no other operational or debtor-creditor reasons for the filing. All other matters would have been worked out in the ordinary course, absent the foreclosure efforts. The case was commenced on April 26, 2016 (the "Petition Date"). The first order of business after stopping the foreclosure was to obtain the emergency use of cash collateral, which Debtor obtained by Court order. After obtaining such usage, Debtor began negotiating with its Lender for the consensual use of cash to use as a platform to engage the lender in settlement discussions and develop consensual means to file this plan. Debtor and Lender reached agreement on the use of cash collateral which provides for replacement liens, $20,000.00 a month in cash payments and other protections. The Debtor can use cash in its cash collateral budget through December 31, 2016.

## CURRENT CIRCUMSTANCES AND PLAN STRUCTURE

Currently, Debtor is operating under a cash collateral order. Debtor has used this opportunity during the case to develop its plan of reorganization, which provides full payment to the Lender, subject to objection to legal fees and late charges. The Plan assumes by necessity that all efforts to reduce the amount of Phoenix claim will be unsuccessful. Therefore, the Plan pays Phoenix as if its claim is allowed in full.

In addition to the Lender's claim, the Plan provides for the curing of the default of the Marriott Agreement ("Cure of the Contract") by the initial funding of $175,000.00 towards the cure by Debtor. The remainder of the Cure of the Contract will be funded through operations and if necessary through additional investment. The Cure of Contract will be initially and partially funded through the repayment of a $200,000.00 preference claim against JHM (the "Cure of Contract Funds"). JHM received payment on a debt pre-petition. As part of the plan the funds will be repaid by JHM to the Debtor and earmarked for the Cure of Contract, the refurbishing of the Hotel and JHM will receive a release of claims against it. The refurbishing of the Hotel will not only begin the cure of the Marriott default, but it will increase (rather than reduce) the value of the Hotel, which is in everyone's interest. The remaining $25,000 of the $200,000 re-payment will be used for administrative expenses, if necessary, or if not, for the Cure of the Contract.

General Unsecured Creditors are few in the case and will be paid in in cash installments over 7-10 years.

Priority claims will be paid in accordance with the Code.

The Plan will be funded from four sources: (1) operations, see confirmation budget attached as <u>Exhibit 1 ("Confirmation Budget")</u>[2]; (2) $4 million dollars in new loans with all net proceeds going to the Lender [3](3) Cure of the Contract Funds and (4) $2.88 million dollars in secured notes payable to the Lender.

## CLASSIFICATION OF CLAIMS AND INTERESTS

In accordance with § 1123(a)(1) of the Bankruptcy Code, all Claims against the Debtor, of whatever nature, and all Interests, whether or not scheduled, absolute, unliquidated or contingent, including all Claims arising from the rejection of executory contracts, whether resulting in an Allowed Claim or not, are classified as set forth herein. A Claim shall be in a

[2] Debtor has $240,000 of cash on hand in addition to the funds anticipated in the projections.

[3] See Commitment Letter attached as Exhibit 2 for $3,500,000.00. Debtor will pay any closing costs from cash on hand so that the loan proceeds paid to Lender from the loan equal $3,500,000.00. An additional $500,000.00 will be lent by Debtor's owner on a second secured basis While not projected, in the event of any cash flow deficiencies that may impact prospective plan payments, JHM Management will guaranty the payments of any such cash flow deficiencies to ensure proper and timely Plan Payments as reflected in the attached Confirmation Budget,

particular class only to the extent it is within the definition of the class and only to the extent it is an Allowed Claim.

A. Secured Claims -

1.1 Class 1 - Secured Tax Claims of the Town of Hooksett (if any).

1.2 Class 2 – Secured Claim of Phoenix.

B. Section 507 Priorities -

1.3 507(a)(2) Administrative Expense Claims and Senior Priority Claims.

1.4 Class 3 – Section 507(a) (8) Priority Claims (if any).

C. Unsecured Claims -

1.5 Class 4A- Unsecured Claims Under $5,000.00

1.6 Class 4- Unsecured Claims.

D. Interests -

1.7 Class 5 – Equity.

**TREATMENT OF CLASSES**

The Plan proposes the following treatment to each of the classes of creditors:

E. Secured Claims – Class 1 Town of Hooksett. The Town of Hooksett is believed to be paid in full.

F. Secured Claims. Class 2 Phoenix—Phoenix has a disputed secured claim in the amount of approximately $6.88 million dollars. The claim will be paid as follows (subject to reduction if the Debtor succeeds in reducing the Lender's claim and reduced by adequate protection payments made during the case): $4 million dollars in cash 90 days after the Effective Date (from a refinance)[4]. The remaining payment of $2.88 million dollars, or so much of it as is allowed after credit of adequate protection payments shall be funded by a Note that is interest only at 4.5% for 10 years and payable over 10 years, secured by a third position in the Assets of the Debtor, behind Rockland Trust and Patel, when the remaining balance will be due in full. Phoenix shall retain its lien (subject to the senior liens described above) post-confirmation. Phoenix is impaired. The Debtor believes some of the Phoenix claim will be disallowed. If the Debtor prevails, some of the $2.88 million dollar remaining payment may be eliminated. The parties will execute new loan documents consistent with the plan. The $2.88 million dollar note shall be subordinated to any future refinance of the $4.0 million dollar loans. The Claim in Class 2 is impaired.

[4] The refinance consists of a $3,500,000 first priority bank loan from Rockland Trust Company and a $500,000 second position loan from the principal of the company.

G. Administrative Expense claims. Administrative expense claims consisting of the claim of Notinger law, PLLC will be paid if and when the Court approves such fees out of cash on hand and the Pre-Petition Payment. Fees are estimated to be $50,000 and Notinger law has a $25,000 retainer. All other administrative claims outstanding as of the Effective Date will be paid in the ordinary course of debtor's affairs out of cash flow.

H. Unsecured Priority Tax claims. Class 3 consists of unsecured priority tax claims consisting of New Hampshire room and meals tax and business profits tax. Any such claim is believed to be paid in full.

I. General Unsecured Claims Class 4A Administrative Convenience Class. This class has an administrative convenience claim component for small claims totaling less than $5,000.00. Claims totaling less than $5,000 will be paid 80% of their claim in full from cash on hand on the Effective Date, which shall constitute a separate administrative convenience class.

J. General Unsecured Claims over $5,000 shall be paid as follows: $7,500 per year on the first anniversary of the Effective Date for 7-10 consecutive years (depending upon the amount of claims) shall constitute complete payment under the Plan—a total payment of $75,000 for the term of the plan. A dividend of 100% for larger unsecured claims. Claims in class 4 are impaired.

K. Equity-Class 5- Equity will retain their interests post-confirmation.

L. Reservation of Rights. **Nothing contained herein shall be deemed to limit the right of the Debtor, or any other party to object to any Administrative Claims (including, without limitation, fee claims and cure amounts), Priority Claims, other Priority Claims, general Unsecured Claims (including without limitation Claims for rejection damages under Section 365 of the Bankruptcy Code) and Secured Claims. Nothing contained herein shall affect the Debtor's rights and defenses both legal and equitable, with respect to any holder of a Claim against the Debtor, including but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments.**

M. Debtor reserves the right to pay claims faster than proposed in the Plan should it have the means to do so. Debtor will obtain an appraisal of the Hotel in 5 years, and if the appraisal is sufficient to refinance the third position $2.88 million dollar note to Phoenix, Debtor shall do so. Debtor shall also explore refinancing the $4.0 million dollars in priority mortgage notes, should it be able to do so.

## MEANS FOR EXECUTION OF THE PLAN

Upon entry of the Order of Confirmation, all matters provided under the Plan shall be deemed authorized and approved without any requirement of further action. The entry of the Order of Confirmation will constitute authorization and direction for the Debtor to take or cause to be taken all corporate or other actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken will be deemed to have been authorized and approved by the Bankruptcy Court. All such actions will be deemed to have occurred and will be in effect from and after the Effective Date pursuant to applicable non-bankruptcy law and the Bankruptcy

Code, without any requirement of further action by the partners, members, stockholders, administrators, agents, officers or directors of the Debtor.

Upon entry of the Order of Confirmation, a Disbursing Agent will be appointed who shall perform the tasks listed in the Plan as otherwise described in the Plan. The Disbursing Agent shall be the Debtor. The Disbursing Agent will not be required to post a bond. The Disbursing Agent will be authorized to exercise and perform the rights, powers, and duties held by the Estate, including, without limitation, the authority under Section 1123(b)(3) of the Bankruptcy Code to provide for the prosecution, settlement, adjustment, retention, and enforcement of claims and interests of the Estate, including, but not limited to, any Avoidance Actions and objections to claims, and the authority to exercise all rights and powers under Sections 1106, 1107, and 1108 of the Bankruptcy Code. The Disbursing Agent shall be authorized, without further order of the Court, to employ and pay accountants and lawyers as needed.

The Disbursing Agent shall have the sole right to pursue and/or settle Avoidance Actions including, without limitation, Chapter 5 actions under the Bankruptcy Code. The Disbursing Agent shall have the discretion to pursue, not pursue, and/or settle any and all Causes of Action and objections to Claims as it determines is in the best interest of the Debtor and the Estate, and the Disbursing Agent shall not have any liability whatsoever for the outcome of that decision, except in the event that there is a final order of a court of competent jurisdiction determining that the Disbursing Agent committed gross negligence or fraud. The Disbursing Agent shall hold all funds to be distributed in the Plan in a trust account for the benefit of holders of Allowed Claims.

The powers and responsibilities of the Disbursing Agent shall include, but shall not be limited to: (i) prosecuting and/or settling the Causes of Action, (ii) prosecuting and/or settling objections to, and estimations of, Claims, (iii) collecting funds from cash on hand and other sources, and providing for the distribution of the net proceeds thereof, in accordance with the provisions of the Plan, (iv) calculating and implementing all distributions required under the Plan, (v) filing all required tax returns, and paying all taxes and all other obligations on behalf of the Debtor from Estate funds, and (vi) such other responsibilities as may be vested in the Disbursing Agent pursuant to the Confirmation Order or as may be necessary and proper to carry out the provisions of the Plan. In connection with the administration of the Debtor and the Estate, the Disbursing Agent is authorized to perform any and all acts necessary and desirable to accomplish the purposes of the Plan.

## EXECUTORY CONTRACTS/RELEASE OF CLAIMS

Any person or entity holding a Claim arising from the rejection of any executory contract shall hold an Unsecured Claim against the Debtor' estate and shall file a Proof of Claim for any damages arising from such rejection within thirty (30) days of rejection or such further time as shall be designated by the Bankruptcy Court or be forever barred from asserting such Claim. All executory contracts not specifically rejected or expressly assumed and assigned by the Debtor during the Chapter 11 Case or pursuant to this Plan shall be deemed rejected on the Effective Date of the Plan.

The Debtor will expressly assume the Marriott Agreement as part of the Plan, provided, however, nothing in this Plan shall be deemed a waiver or restriction of Marriott's rights to enforce the terms of the Marriott Agreement, including without limitation the right to enforce existing guaranties In order to cure the Marriott Agreement and provide adequate assurances of future performance Debtor will apply the cash on hand to the upgrade requirement under the Marriott Agreement, known as "PIP". This will help partially cure the default in the Marriott Agreement. The remainder of the PIP shall be funded out of operations. An offer of proof will be made at confirmation with regard to cure, and adequate assurance of future performance of the Marriott Agreement. The Debtor also agrees to execute in connection with the assumption, an amendment to the Marriott Agreement reflecting any new ownership interests in the Debtor as well as new guaranties to the extent required by Marriott.

Upon the Effective Date, JHM will pay $200,000.00 to Debtor earmarked for the cure of the Marriott Agreement, namely the upgrade requirement under the Marriott Agreement known as PIP. Up to $25,000 of the funds may also be used for administrative expenses of Debtor's counsel if necessary. JHM will receive a release of all claims upon payment of the $200,000.00 to Debtor on the Effective Date.

Notwithstanding anything to the contrary in this Plan or the Disclosure Statement, in consideration for Marriott agreeing to a delayed cure for the assumed Marriott Agreement, upon the Effective Date of the Plan, the Debtors, the estate and the Disbursing Agent release any and all causes of action against Marriott arising under Chapter 5 of the Bankruptcy Code.

Debtor will also assume its management contract with Jiten Hotel Management, Inc.

## DISCHARGE
## DISCHARGE OF LIENS, DISPUTED CLAIMS AND CLAIMS OF THE TRUSTEE AGAINST THIRD PARTIES CONTINUATION OF THIRD PARTY ACTIONS

Unless otherwise expressly preserved in the Plan, all mortgages, liens, attachments and other claims of record encumbering any Assets administered under the Plan shall be deemed discharged, released and extinguished as of the Confirmation Date. All Creditors holding such liens or Claims shall execute the necessary documents to release such liens or claims after the Confirmation Date, upon request in writing of the Disbursing Agent. The property administered under the Confirmed Plan shall be free and clear of liens except those liens expressly preserved in the Confirmed Plan. If any such Creditor fails to execute such documents, its lien or Claim shall be discharged under the Confirmed Plan as of the Confirmation Date or as otherwise indicated in the Confirmed Plan, and same may be recorded in the appropriate public offices as evidence of such discharge. Debtor will receive a discharge on the Confirmation Date in accordance with Section 1141.

Objections to Disputed Claims or any other Claim in this case shall be filed by the Disbursing Agent with the Bankruptcy Court and served upon each holder of such Disputed Claim or other Claim as soon as practicable, but in no event later than sixty (60) days after the Confirmation Date, unless an extension of such date is requested by the Disbursing Agent. The Disbursing Agent shall litigate to judgment, settle or withdraw objections to Disputed Claims.

No other entity will have authority to pursue any Disputed Claims on behalf of the Debtor, or the estate, arising under the Bankruptcy Code or other applicable law except the Disbursing Agent.

Disputed Claims not subject to final resolution at the time payments are due to the Class of which such Claims may be a part shall have such payments held in escrow by the Disbursing Agent pending final resolution. Any funds made available to a Class generally from such escrowed funds shall be disbursed to remaining holders of Claims in such Class.

Notwithstanding anything to the contrary in this Plan or the Disclosure Statement, the Disbursing Agent reserves the right to object to any claim, or portion thereof within the time frame provided by this Plan.

Upon Confirmation of the Plan all defaults will be deemed cured and decelerated and creditors shall have no collection rights (including against third parties absent a further default post confirmation of the Plan.

## POST-PETITION CLAIMS

All post-petition allowed administrative expenses of the Debtor will be paid in accordance with the Plan.

The Disbursing Agent shall have no liability to anybody as a result of the Disbursing Agent's activities under the Plan absent gross negligence or fraud. From and after the Effective Date, the Disbursing Agent and his employees, professionals, representatives, successors, and assigns (collectively, the "Indemnified Parties," and each an "Indemnified Party") shall be, and hereby are, indemnified by the Debtor and the Estate to the fullest extent permissible by applicable law, from and against any and all claims, debts, accounts, actions, suits, causes of action, bonds, covenants, judgments, damages, attorneys' fees and defense costs, and other assertions of liability arising out of any such Indemnified Parties' good faith exercise of what such Indemnified Party reasonably understands to be its powers or the discharge of what such Indemnified Party reasonably understands to be its duties conferred by the Plan, any order of the Bankruptcy Court, applicable law, or otherwise (except only for actions or omissions to act to the extent determined by a final order of a court of competent jurisdiction to be due to their own respective gross negligence or fraud). The Debtor and/or Estate shall on demand advance or pay promptly on behalf of each Indemnified Party reasonable attorneys' fees and other expenses and disbursements which such Indemnified Party would be entitled to receive pursuant to the foregoing indemnification obligation, *provided*, *however*, that any Indemnified Party receiving any such advance shall execute a written undertaking to repay such advances if a court of competent jurisdiction ultimately determines that such Indemnified Party is not entitled to indemnification hereunder due to gross negligence or fraud by such Indemnified Party.

## SUBSTANTIAL CONSUMMATION

Pursuant to 11 U.S.C. §1101, consummation of the Confirmed Plan shall occur on or after the Effective Date.

**INFORMATION IN PLAN AND DISCLOSURE STATEMENT**

All information in the Plan and Disclosure Statement has been provided solely by the Debtor or from records of the Debtor. The Debtor has or will engage an accountant to review the tax consequences of the transactions contemplated in the Plan on the estate. Each Creditor is advised to contact its own accountant to determine the tax consequences to it.

**CONFLICTING TERMS AND TIME OF THE ESSENCE**

Notwithstanding anything to the contrary in the Disclosure Statement, the terms of the Plan shall control. TIME IS OF THE ESSENCE with respect to all dates and time periods

**POSSIBLE CLAIMS AGAINST THIRD PARTIES**

The Debtor is not aware of any claims against third parties except for the claims identified in the Disclosure Statement.

**TAX CONSEQUENCES OF PLAN**

The Debtor is not federally taxed at the entity level. The Debtor anticipates it has sufficient cash flow to pay any taxes that are due in the ordinary course as it has done throughout its history.

**STATUS OF THE DEBTOR POST-CONFIRMATION**

The Debtor will continue to exist post-confirmation in the same form, with the same management and it exists pre-confirmation. The Debtor will continue to be managed by Nayan Patel, who will not receive a salary from the Debtor.

**MISCELLANEOUS PROVISIONS**

1.1 Pre-Confirmation Modification. On notice to and opportunity to be heard by the United States Trustee and the Lender, the Plan may be altered, amended or modified by the Debtor before the Confirmation Date as provided in section 1127 of the Bankruptcy Code.

1.2 Post-Confirmation Immaterial Modification. With the approval of the Bankruptcy Court and on notice to and an opportunity to be heard by the United States Trustee, the Lender and Disbursing Agent and without notice to any other holders of Claims and Interests, the Debtor may, insofar as it does not materially and adversely affect the interest of holders of Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of this Plan.

1.3 Post-Confirmation Material Modification. On notice to and an opportunity to be heard by the United States Trustee and the Lender, the Plan may be altered or amended after the Confirmation Date by the Debtor in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects holders of Claims, provided that such alteration or modification is made after a hearing and otherwise meets the requirements of section 1127 of the Bankruptcy Code.

1.4 Withdrawal or Revocation of the Plan. The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor withdraws this Plan or if confirmation or consummation of the Plan does not occur, then (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the allowance, fixing or limiting to an amount certain, any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by this Plan, shall terminate and be of no further force or effect in the case of a withdrawal and/or revocation of the Plan and any document or agreement executed pursuant to this Plan shall be deemed null and void and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor or any other person, (ii) prejudice in any manner the rights of Debtor or any other Person or (iii) constitute an admission of any sort by the Debtor or any other person.

1.5 Successors and Assigns. The rights, benefits and obligations of any person or entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such person or entities.

1.6 Preservation of Insurance. This Plan shall not diminish or impair the enforceability of any insurance policy, right or claim that may cover Claims against the Debtor (including, without limitation, their members, managers or officers) or any other person or entity. Likewise, the Plan and Order of Confirmation shall not impair any insurance carrier's rights, claims, defenses or disputes under any policy and shall not act to increase or extend any rights of the Debtor or the carriers. To the extent your claim may be covered by insurance and you need to know how to contact the insurance carrier (if you have not already done so) please contact the Disbursing Agent.

1.7 Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

1.8 Severability. If any term or provision of the Plan is held by the Bankruptcy Court prior to or at the time of Confirmation 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 so altered or interpreted. In the event of any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan may, at the option of the Debtor, remain in full force and effect and not be deemed affected. However, the Debtor reserves the right not to proceed to Confirmation or consummation of the Plan if any such ruling occurs. The Order of Confirmation 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 valid and enforceable pursuant to its terms.

1.9 Headings. The headings used in this Plan are inserted for convenience only and neither constitutes a portion of the Plan nor in any manner affects the provisions of the Plan.

## SUMMARY

The Debtor has made every effort to resolve as many issues as possible in this case prior to confirmation. The Debtor believes the Plan not only accomplishes these goals, but provides a realistic chance for Allowed Claim holders to receive significant recoveries in this case that would not otherwise occur absent confirmation of the Plan.

## LIQUIDATION ANALYSIS

The Hotel is encumbered by mortgage on all of its assets. The only alternative to reorganization is liquidation. If the Hotel closes or loses its franchise its value goes down substantially, perhaps by 50%. This would leave a deficiency claim in excess of $5 million dollars and little or no assets to cover such claim. There would also be disruption to guests, which will further depress value. In liquidation, unsecured creditors would receive maybe 0-10% of their claims (through avoidance actions), rather than up to 100% under the Plan (80% for class 4A). This would be the only recovery in Chapter 7, but it would be diluted by the deficiency claim of Phoenix. Under the Plan, Phoenix and the unsecured creditors get paid in full, except small unsecured creditors in Class 4A, which get paid 80% of their claims.

| | |
|---|---|
| Hotel | $3,500,000.00[5] |
| Unsecured Claims | $5000,000.00[6] |
| Unencumbered Funds | $200,000.00[7] |
| Admin Claims | $50,000.00 |
| Cash for U/C | $150,000.00 |
| Dividend | 3.0% dividend (plan 80% dividend for small unsecureds) |

**The Debtor has made every effort to resolve as many issues as possible in this case prior to confirmation. The Debtor believes the Plan not only accomplishes these goals, but also provides a realistic chance for Allowed Claim holders to receive significant recoveries in this case. Any defined term in the Plan shall apply to the Disclosure Statement. If there is a conflict between the Plan and Disclosure Statement, the Plan shall govern.**

[5] 70% LTV
[6] Unsecured claims and deficiency claims and Marriott termination claim
[7] Preference recoveries

Respectfully submitted,
Hanish, LLC, Chapter 11 Debtor
By Its Attorneys,
Notinger Law PLLC,

Dated: November 23, 2016

By: /s/ Steven M. Notinger

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