

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW HAMPSHIRE

In re:	)	Bk. #16-11444-BAH
Olive Branch Real	)	Chapter 11
Estate Development, LLC	)	
Debtor	)	Hearing Date: 07/12/17
	)	Hearing Time: 2:00 p.m.

**SECOND AMENDED DISCLOSURE STATEMENT DATED MAY 10, 2017**  
**OF DEBTOR OLIVE BRANCH REAL ESTATE DEVELOPMENT, LLC**

This document constitutes the Debtor’s Second Amended Disclosure Statement (hereinafter “the Disclosure Statement”) under Section 1125 of the United States Bankruptcy Code (the “Code”), proposed by Olive Branch Real Estate Development, LLC (hereinafter “the Debtor” or “Olive Branch”). The information contained in this Disclosure Statement provides useful information so that creditors may evaluate this Disclosure Statement and make an informed decision when voting on the Debtor’s Plan of Reorganization (the “Plan”). If confirmed, the Disclosure Statement will bind all creditors provided for in this Disclosure Statement, whether or not they file a proof of claim, vote on the Disclosure Statement, object to confirmation or the Disclosure Statement or have their claims allowed. The language used in the Disclosure Statement is binding. **Your rights may be affected. You should read these papers carefully.**

The information contained in this Second Amended Disclosure Statement Dated May 10, 2017 has been provided by the Debtor. Section IX provides a list of definitions for terms used in this Second Amended Disclosure Statement Dated May 10, 2017.

Consistent with the requirements of the Code, the Debtor’s goal is to obtain an order of the Bankruptcy Court confirming the Plan. The Debtor believes that based on its assets and

projected income, this is a feasible Disclosure Statement and the Debtor will be able to sustain the terms of this Disclosure Statement.

The Debtor is an LLC with no employees. It does not owe taxes to the State of New Hampshire. The Debtor's member has filed his 2016 tax return; he does not owe taxes. If there are any taxes due the Internal Revenue Service ("IRS"), those will be paid through the plan from the net sale proceeds in the Debtor in Possession account.

## **I. SUMMARY**

This Disclosure Statement under Chapter 11 of the Code proposes to pay the secured creditors and the Town of Holderness taxes from the rental income generated from the Debtor's development and rental of its property located in Holderness, NH. Previously, with Court approval by Order dated March 13, 2017 (Doc.# 94), the Debtor successfully sold real estate located at 6 Gould Terrace in Plymouth, NH. This sale generated funds to the Estate which will allow the Debtor to pay priority and unsecured creditors in full and propose a plan whereby it works with the remaining secured creditors.

The Debtor owns real estate at 832 Route 3, Holderness, New Hampshire. The property generates \$800.00 per month in rent; however the Debtor is in the process of renovating the property and making necessary improvements to the property to generate additional rental income to satisfy secured creditors.

The Plan provides for one class of unsecured claims and two classes of secured claims. Unsecured creditors holding allowed claims will receive a dividend distribution of the total claim equal to a one hundred (100%) percent dividend plus interest to be paid thirty (30) days after the date of confirmation of the Chapter 11 plan.

All creditors should refer to Sections III and VIII of this Plan for information regarding the precise treatment of their claim. The Disclosure Statement provides an explanation of the sources of the funds to be used to fund the Plan and the classes of creditors in the Plan and the dates of payment to the Creditors through the Plan.

Consistent with the requirements of the Code, the Debtor's goal is to obtain an order of the Bankruptcy Court confirming the Plan. In order for the Plan to be confirmed, holders of claims in Class 5 (Unsecured Claims) must accept the Plan by two-thirds in dollar amount (66%) and more than fifty percent (50%) in number of the creditors in that class who actually vote. The Debtor urges the holders of claims in Class 5 to vote in favor of the Plan.

The following summarizes the Debtor's Plan and distribution to be paid to creditors thirty (30) days after the date of confirmation of the plan:

Class 1: Administrative Claims:	\$12,658.66
US Trustee (paid at closing or 6 Gould Terrace)	\$ 0.00
Class 2: Tax Claims: Town of Holderness	\$10,636.49
Class 3: Secured Claims (Porrazzo and Bascom):	\$10,000.00
Mortgage pre-petition arrearage	\$ 0.00
Class 4: Secured Claim IPFS Corp.	\$ 621.68
Class 5: Unsecured Creditors	\$10,692.06
Class 6: Equity Holders	<u>\$ 0.00</u>
<b>Total Distribution payment 30 days after confirmation</b>	<b>\$44,608.89</b>

## **II. THE DEBTOR**

### **A. Background of the Debtor**

On October 13, 2016 (the "Petition Date"), the Debtor commenced this Chapter 11 reorganization by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, 11 U.S.C. Section 101-1330 (the "Code").

Olive Branch Real Estate Development, LLC is a real estate development company with a principal address of 832 Route 3, Unit #1, Holderness, New Hampshire. The Debtor is owned, managed and operated by Gerard M. Healey. The business has been in operation since 2011. The Debtor does not have any employees. The Debtor is in possession of its property and is actively and effectively operating and managing its business as Debtor in Possession pursuant to sections 1107 and 1108 of the Code.

**B. Circumstances Leading to Bankruptcy**

The Debtor is owned and managed by Gerard M. Healey. The business has been in operation since 2011. Debtor's Secured lender, Sawin Capital, LLC / Norway Bank, initiated foreclosure proceedings on the Debtor's real estate located at 6 Gould Terrace, Plymouth, New Hampshire. The Debtor attempted to work with Sawin / Norway to continue to operate; however, the Bank refused to allow the Debtor to enter into a forbearance agreement or continue the scheduled foreclosure sale to allow Debtor an opportunity to seek alternative financing. As a result, the Debtor was compelled to seek relief under the Bankruptcy Code because the secured lender Sawin / Norway served notice on the Debtor that it was planning to foreclose on the real estate and assets secured by its mortgages. Unable to work out a business plan with Sawin / Norway to move forward and operate the business, the Debtor had to file Chapter 11 bankruptcy on October 13, 2016 to stop further threat of foreclosure on the Debtor's real estate at 6 Gould Terrace, Plymouth, New Hampshire and to allow the Debtor the necessary time to refinance the corporate debt. These are the factors that led to the Debtor's filing a Chapter 11 Bankruptcy.

**C. Management of the Debtor**

The Debtor has continued to work, operate and manage its business and assets as a Debtor-in-Possession, pursuant to Sections 1107 and 1108 of the Bankruptcy Code. The Debtor anticipates that this will continue following confirmation.

**D. Assets and Liabilities**

The Debtor owns the real estate at 832 Route 3, Holderness, New Hampshire. The Debtor's asset is the building with a fair market value of \$255,510.00. The building has a mortgage to Louis A. Porrazzo and James Bascom ("Porrazzo and Bascom") in first position. With Court approval by Order dated March 13, 2017 (Doc.# 94), the Debtor previously sold real estate located at 6 Gould Terrace in Plymouth, NH. The sale generated proceeds of \$57,274.54 currently held in the Debtor in Possession account and which the Debtor intends to use to pay creditors of the Estate and Administrative expenses. The sale paid the claim of the Town of Plymouth in full. The U.S. Trustee's office has also been forwarded proceeds of sale to be applied to Quarterly fees.

**E. Avoidance Actions**

After analyzing transfers and payments by the Debtor in the 90 days leading up to bankruptcy, and accounting for the statutory defenses available to the transferees for the recovery of such transfers, the Debtor asserts there are no preferential transfers that are recoverable. The Debtor has reviewed its bank statements and records to identify payments made to insiders within twelve (12) months prior to the petition date.

Except in the ordinary course of business, the Debtor has not transferred any other assets during the four (4) years prior to the petition date. Except for payments in the ordinary course of business, the Debtor does not believe that it has any actions arising from the transfer of property or the occurrence of an obligation avoidable under Chapter 5 of the Code or the State Law Actions incorporated into Chapter 5.

**F. Civil Lawsuits**

The Debtor did not have any civil lawsuits pending at the time of filing the Chapter 11.

**G. Assumption/Rejection of the Lease**

The Debtor does not have any Executory Contracts or Unexpired Leases.

**H. Wage Claims**

There are no wage claims in this Bankruptcy Estate.

**I. Debtors' Monthly Operating Reports**

The Debtor filed Voluntary Chapter 11 Bankruptcy on October 13, 2016. The Debtor has filed its required Monthly Operating Report for the months of October, November and December, 2016. The Debtor has filed its January, February and March Operating Reports. The Debtor listed its monthly income on its Operating Reports.

**J. Debtor's Post-Petition Activities and Anticipated Future**

**1. 341 Meeting of Creditors**

The Debtor attended a 341 meeting of creditors held by the United States Trustee on November 17, 2016. No creditors' committee was formed.

The Debtor uses its income from rent received to pay its monthly mortgage payments, taxes and other expenses.

The Debtor is current with its quarterly fees due the U.S. Trustee's Office. The Debtor is due to file its January, February and March, 2017 report with the Court and the United States Trustee.

2. Debtor in Possession Account

Following filing of the Chapter 11 Bankruptcy, the Debtor opened a Debtor in Possession Account at TD Bank. The Debtor's rental income is deposited into this account and the mortgage, taxes and expenses are paid from this account. Because of the lack of tenants the Debtor's monthly budget provided for principal contribution to these expenses. The Debtor has included copies of these bank statements with its monthly operating reports.

3. Future Ownership

The Debtor anticipates continuing to own the Holderness, New Hampshire real estate and use the rental income after further renovation of units to cover the mortgages and expenses. The property after renovation should generate sufficient income to pay its monthly operating expenses, and debts.

**K. Tax Consequences to Debtor**

The Debtor is an LLC with no employees. It does not owe taxes to the State of New Hampshire. The Debtor's member has filed his 2016 tax return; there is no tax due. If there are any taxes due the Internal Revenue Service, those will be paid through the plan from the net sale proceeds in the Debtor in Possession account.

**III. CLASSIFICATION AND TREATMENT  
OF CLAIMS IN THE PLAN**

**Class 1: Administrative Claims**

The *Administrative Claims* are those claims described by Section 503(b) of the Code which are entitled to first priority as provided under Section 507(a)(1) of the Code, including, without limitation, the actual and necessary costs and expenses of preserving the Debtor's estate, and the compensation of attorneys, accountants and other professionals awarded fees pursuant to Section 330 of the Code as well as post-petition trade creditors. The Debtor has not remained current with all post-petition creditors. The outstanding amount owed to professionals retained by the Debtor subject to the approval of this Court is approximately \$16,911.66. The net amount owed to professionals is projected to be \$12,658.66 for legal fees. Once approved by the Court, the legal fees will be paid from the funds held in the Debtor in Possession Account.

**Class 2: Tax Claims**

The *Tax Claims* are those claims due the federal, state and local tax authorities. The Debtor is an LLC with no employees. All outstanding IRS tax claims as of the Petition Date are the responsibility of Gerard M. Healey the sole Manager of Debtor. The IRS has not filed a Proof of Claim as of the filing of the Disclosure Statement and Plan.

The Debtor owes real estate taxes to the Town of Holderness. The Town of Holderness filed a Proof of Claim for past due real estate taxes in the amount of \$10,636.49 for the tax years 2014, 2015 and first half of 2016.

The Debtor has attached Exhibit A showing the payments to be made to the Town of Holderness as payment of the outstanding real estate taxes pursuant to the Proof of Claim as filed. The taxes are to be paid within thirty (30) days of the date of confirmation of this Plan.



**Class 3: Secured Claim: Louis A. Porrazzo and James Bascom**

Louis A. Porrazzo and James Bascom have a mortgage in first position on the Debtor's building at 832 Route 3, Holderness, New Hampshire in the amount of \$251,613.74. The Debtor believes the real estate currently is valued at \$255,510.00. The Debtor's monthly mortgage payment is \$1,450.00 and the tax escrow payment monthly is \$300.00. The Debtor is not current on its monthly mortgage payment to secured co-lenders, Porrazzo and Bascom, however the secured lenders are working with Debtor.

Porrazzo and Bascom are also owed a pre-petition arrearage. Secured lenders have agreed to a fixed payment of \$10,000.00, \$5,000.00 to each, from the Debtor to be paid thirty (30) days after the date of confirmation.

Porrazzo and Bascom each filed a Proof of Claim with the Bankruptcy Court in this case. The Proof of Claim states that Porrazzo and Bascom are owed \$125,806.87 each or a total of \$251,613.74 as of the filing date of the Chapter 11.

Attached hereto as Exhibit A is a list of payments to be made thirty (30) days after the date of confirmation outlining the payment to the Secured Creditors.

**Class 4: Secured Claim: IPFS Corporation**

IPFS Corporation has a secured claim pursuant to an insurance financing agreement in the amount of \$621.68. Byse Insurance Agency the insurance agent was listed as the creditor on the Debtor's bankruptcy petition. The agreement called for 9 payments starting July, 2016. The monthly payment is \$310.84 per month. The arrearage is \$621.68. The arrearage will be paid through the plan. Any remaining monthly payments will be paid by the Debtor following confirmation in accordance with the financing agreement.

Attached hereto as Exhibit A is a list of payments to be made thirty (30) days after the date of confirmation outlining the payment to the Secured Creditor.

**Class 5: Unsecured Claims**

These are allowed unsecured claims. The *Unsecured Claims* are those claims of the general unsecured creditors. The deadline for filing Proofs of Claim for all entities, other than governmental units, was February 10, 2017. Only two (2) of the unsecured creditors have filed proofs of claim as of the filing of this Plan. The Debtor anticipates that the unsecured claims total \$10,595.64. The *Unsecured Claims* are not impaired. The Debtor anticipates a dividend payment of one hundred (100%) percent for the unsecured creditors to be paid in one payment thirty (30) days after the date of confirmation of the plan. The unsecured creditors will also receive interest on their claims which will be paid with their dividend payments pursuant to the Federal Judgment Rate as of March 20, 2017, which is 0.91%.

The disbursing agent for the unsecured creditor claims will be the Debtor.

The Debtor will object to Proof of Claims, if necessary, as the February 10, 2017 bar date has passed. The Debtor anticipates objecting to any claims filed that were paid at the time of closing on the Plymouth, NH property as they have been paid in full and not owed any further funds. The objections to claims provide for a contingent hearing notice so there will not be a hearing unless the creditor objects. Debtor does not anticipate any hearing on the objections to claims since they have been paid in full.

The Unsecured Creditors and claim amounts consist of the following:

Creditor	Claim	Interest	Total
NH Electric Co-op (POC #4, #5)	\$2,144.88	\$19.52	\$2,164.40
Nathan Ford Contracting	\$8,000.00	\$72.80	\$8,072.80
Stafford Oil	<u>\$450.76</u>	<u>\$4.10</u>	<u>\$454.86</u>
Total	\$10,595.64	\$96.42	\$10,692.06

The attached Exhibit A shows payments to be made to unsecured creditors thirty (30) days after confirmation of this Plan.

**Class 6: Equity Claims**

This class consists of the sole member and owner of the Debtor. Gerard M. Healey owns 100% of the member units in the Debtor LLC. Gerard M. Healey will retain his member units in the Debtor. Although he is retaining his member units and equity ownership in the Debtor business, the units do not have any value as the liquidation of the Debtor will result in a less than 100 percent dividend for the unsecured creditors based on estimated deficiency claims of Secured creditors and other administrative expenses associated with liquidation. In the event of confirmation of the Debtor's Plan of Reorganization, the units will not have any value as the Secured Creditors in Class 3 hold mortgages against the building, in addition to the outstanding real estate taxes and interest which continue to accrue at 18% annually. This ownership of member units by Gerard M. Healey will continue after confirmation. It is in the best interests of the Debtor, as well as fair and equitable, for Gerard M. Healey to retain his ownership and units in the Debtor. He does not receive any salary from the Debtor; however, Gerard Michael Healey continues to maintain and manage the building. He will continue to maintain and manage the building and ensure that the Debtor's mortgage is paid and rent collected. His units in the Debtor do not have any value at this time due to the bankruptcy filing and the secured debt owed and the real estate taxes owed. The Debtor would be unable to sell the building and net any funds from the sale due to the first mortgage as well as the unpaid outstanding real estate taxes. Deficiency and administrative expense from a sale of the building would mean a reduced dividend to unsecured creditors.

Gerard M. Healy believes the real estate has a fair market value of \$255,510.00. The secured creditors' mortgage outstanding on the real estate is \$251,613.74. The outstanding real estate taxes are \$10,636.49. Based on the value of the property and the outstanding mortgage and taxes and the improvements needed on the property, there is no equity in the real estate. Gerard M. Healy is retaining his interest in the LLC; however, there is no value at this time due to the outstanding secured debt and taxes. Even if there were a sale of the real estate, there would likely not be any net sale proceeds available for Gerard M. Healy as the closing costs and secured debt would not generate any available funds for him. For this reason, it is not unreasonable and it is fair and equitable for the equity holder Gerard Michael Healey to retain his interest for no additional contribution or "new value" pursuant to 11 U.S.C. Section 1129(b).

#### **IV. EFFECTS OF CONFIRMATION**

If the Plan is confirmed by the Court, the following will occur thirty (30) days after the date of confirmation of the plan:

- A. The Debtor will pay the administrative claims in Class 1 in full;
- B. The Debtor will pay Priority Creditor in Class 2 in full;
- C. The Debtor will pay \$10,000.00 to Secured Creditor (Porrazzo and Bascom); and the Debtor will continue to pay the Secured Creditor (Porrazzo and Bascom) monthly mortgage payments in Class 3;
- D. The Debtor will pay \$621.68 to Secured Creditor IPFS Corporation; and the Debtor will continue to pay the Secured Creditor \$310.84 monthly payments in Class 4;
- E. The Debtor will pay the Unsecured Creditors in Class 5 a one hundred (100%) percent dividend plus interest payable thirty (30) days after the date of confirmation of the Chapter 11 plan;
- F. To the extent any quarterly fees are due to the U.S. Trustee following confirmation, the Debtor will pay them.

**V. OTHER INFORMATION REGARDING REORGANIZATION**

**A. Risks to Creditors**

All of the information set forth in the Disclosure Statement and Plan of Reorganization has been provided by the Debtor. The primary risk to creditors and members in this case is that if the Debtor's Plan is not approved, the creditors would not receive a 100% dividend payment if a public auction/forced sale of the Debtor's real estate was held. The liquidation analysis provides that based on the value of the Holderness real estate of \$255,510.00, and the outstanding debt against the real estate, the creditors would receive a reduced dividend, since the Debtor currently has a mortgage, taxes and other security against the real estate totaling \$262,250.23. Deficiency from the sale of the remaining property and administrative expense from a sale of the building would mean a reduced dividend to unsecured creditors.

For this reason, if Porrazzo and Bascom were to foreclose on the property to liquidate its security interest, most likely, there would not be any equity available for unsecured creditors.

The Liquidation Analysis in Section X provides for a dividend distribution to Unsecured Creditors of less than the 100 percent (100%) dividend plus interest currently proposed for the unsecured creditors through the Debtor's plan.

**B. Business Operations**

1. Management: The Debtor will continue to own and manage the real estate in Holderness, New Hampshire. The rental income will allow the Debtor to continue to pay its monthly mortgage payment and expenses under the plan.

2. Overhead and Operating Expenses: The Debtor's monthly expenses will continue to be its mortgage payment, real estate taxes and monthly expenses and costs.

3. Attached as Exhibit A is a list of creditors and payments to be made thirty (30) days after the date of confirmation of the plan.

4. Attached as Exhibit B is the actual historical performance income amount for the Debtor for three (3) months, post-petition.

**VI. MEANS FOR IMPLEMENTATION OF THE PLAN**

The Debtor will implement this Plan through use of the net sale funds in the Debtor in Possession bank account from the sale of the Plymouth, NH property. The Debtor will continue to rent the Holderness, NH real estate and use the income generated by the rent to pay the monthly mortgage, current real estate taxes and insurance and the general maintenance of the building. The Debtor will issue a dividend payment to the Class 5 Unsecured Creditors in the amount of one hundred (100%) percent, plus interest to be paid thirty (30) days after the date of confirmation of the plan from the funds in the Debtor in Possession account.

The Debtor anticipates that after two (2) years of consistent payment of the mortgage and remaining current with the real estate taxes, it will be able to refinance the debt on the building and reduce its mortgage payments. If unable to refinance, then the Debtor will continue to make its monthly mortgage payments as outlined herein.

Attached as Exhibit A is a list of creditors and payments to be made thirty (30) days after the date of confirmation of the plan.

Attached as Exhibit B is the actual historical performance income amount for the Debtor for three (3) months, post-petition.

## **VII. EFFECTS OF CONFIRMATION**

### Vesting the Property

On the effective date, all of the property of the Estate will vest in the reorganized Debtor, pursuant to 1141(b) of the Code, free and clear of all claims and interest except as provided in the Plan.

### Plan Creates New Obligations

The payments promised in the Plan constitute new contractual obligations that replace those obligations to creditors that existed prior to the Effective Date.

### Creditor Action Restrained

Creditors may not take any action to enforce either pre-confirmation obligations or obligations due under the Plan, so long as the Debtor is not in material default under the Plan.

### Material Default Defined

If the Debtor fails to make any payment required under the Plan, or to perform any other obligation required under the Plan for more than thirty (30) days after the time specified in the Plan, the affected creditor may serve upon the Debtor and Debtor's attorney, if any, a written notice of default.

### Retention of Jurisdiction

This Court will retain jurisdiction to the extent provided by law.

## **VIII. POST CONFIRMATION MANAGEMENT**

The Debtor believes that it will have sufficient monthly income to continue to make its payments to Porrazzo and Bascom, and the Town of Holderness for taxes. The Debtor will continue to rent the building. The Debtor will continue to be owned and managed by Gerard Michael Healey. Gerard Michael Healey will not be paid by the Debtor.

The Debtor will attempt to refinance the debt on the building which will allow the Debtor to pay off its current mortgages; otherwise, the Debtor will continue to make its monthly mortgage payments and real estate tax payments as outlined herein.

Following confirmation and completion of disbursement of payments in accordance with the confirmed plan, there will be funds remaining in the debtor in possession account. Those funds will be used to pay any outstanding taxes due the Internal Revenue Service (IRS), if any. If there are no taxes due the IRS, then the funds will be released to Gerald M. Healy to cover costs of the improvements to the property that were stopped as a result of the bankruptcy filing and lack of funds.

#### **IX. GENERAL PROVISIONS AND DEFINITIONS**

##### Bar Date:

February 10, 2017, which was the date established by the Bankruptcy Court as the deadline for filing of Proof of Claims or interests. April 11, 2017, which is the date established by the Bankruptcy Court as the deadline for filing Proof of Claims or interests for Governmental Agencies.

##### Confirmation Date:

The date on which the order of the Court which confirms the Plan is entered on the docket of the Court.

##### Disallowed Claim:

A Claim, or any portion thereof, that is Disallowed.

##### Disputed Claim:

A claim or any portion thereof that (i) has been scheduled by Debtor as unliquidated, contingent or disputed and for which no timely proof of claim has been filed, (ii) a proof of claim which is subject to an objection that has been filed in the Court, which objection has not been withdrawn or overruled by a Final Order, or (iii) a proof of claim which is for an unliquidated amount or marked as contingent.



Effective Date:

Notwithstanding Rule 3020(e) of the Federal Rules of Bankruptcy Procedure, eleven (11) calendar days after the date on which the Confirmation Order shall be entered on the docket sheet in the Case.

Severability:

If any provision in this plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

Binding Effect:

The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns or such entity.

Porrazzo and Bascom

Porrazzo and Bascom (“Porrazzo and Bascom”) are the secured lenders in first position on the Debtor’s real estate referenced in Class 3.

IPFS Corporation

IPFS Corporation is a secured creditor in Class 4. Byse Insurance Agency as agent was listed on Debtor’s petition.

**X. LIQUIDATION ANALYSIS**

The Debtor’s liquidation analysis is based on the estimated value of the Debtor’s real estate asset and cash on hand in the Debtor in Possession account. Debtor has possession of proceeds of sale from the sale of property in Plymouth, NH in the amount of \$57,274.54. These funds would be depleted in the event of a liquidation of Debtor based on the current obligations and expenses of the Debtor and administrative expense associated with liquidation. The Debtor believes that the real estate at 832 Route 3 Holderness, New Hampshire has a current value of \$255,510.00. If a public auction/forced sale of the Debtor’s real estate were held, the unsecured creditors would not receive a dividend payment. The Debtor believes that there would be a reduced dividend possibly zero because of the outstanding secured mortgage arrearage and debt

of the Debtor owed to Porrizzo and Bascom which would create a deficiency balance at a foreclosure sale, other expenses associated with the operation of the Holderness property and other administrative claims would reduce the dividend, if any.

If Porrizzo and Bascom were to foreclose on the building at 832 Route 3 Holderness, New Hampshire to liquidate its security interest, most likely, there would not be any equity available for unsecured creditors. Porrizzo and Bascom are in first position with an unpaid mortgage in the amount of \$251,613.74. Although the plan provides for the Debtor to pay Porrizzo and Bascom \$10,000.00 towards its mortgage, the Debtor had not been making the monthly mortgage payments post petition so there will be interest added to the outstanding amount of the mortgage. There are also outstanding real estate taxes due the Town of Holderness in the amount of \$10,636.49 as of the date of filing. The outstanding real estate taxes continue to accrue 12% interest for past due amounts and 18% interest for liens. In the event of a foreclosure sale or forced liquidation, the Debtor does not believe that the real estate would be purchased for more than the current value of \$255,510.00. In fact, the Debtor believes that it would be foreclosed on for less than \$255,510.00 due to the current condition of the real estate and the improvements needed. In addition, there is one tenant in the property paying \$800.00 per month. This is not sufficient to pay the mortgage and other costs associated with the property. There are improvements that need to be made to the property which impact its re-sale value. These issues affect the value of the property for either sale or foreclosure. As a result of a foreclosure sale or forced liquidation, there would not be any funds available for the unsecured creditors. The mortgage and lien holders with the amounts are listed below:

Porrizzo and Bascom	\$251,613.74
Town of Holderness	<u>\$ 10,636.49</u>
Total	\$262,250.23

It is unlikely that a forced sale or a foreclosure of the real estate would generate the full value owed to the secured creditors and leave funds available to pay the unsecured creditor claims in full.

Funds in the amount of \$57,274.54 in the Debtor in Possession account from the sale of the Plymouth property would be depleted by a liquidation and reduce any dividend to unsecured creditors below the 100% anticipated by the plan. With confirmation of the Debtor's Chapter 11 Plan, the unsecured creditors will receive their dividend payment of 100% of their claim plus interest within thirty (30) days of confirmation. Through a Chapter 7 liquidation, although the creditors would receive a 100% dividend payment with the cash on hand, the unsecured creditors may not receive interest on their claim and would not receive their dividend payment in full within thirty (30) days of conversion. A chapter 7 trustee would be appointed and a 341 meeting of creditors would be scheduled and the trustee would have to review the assets of the estate before any disbursement to creditors would occur. In addition, the chapter 7 trustee fees and expenses and any professional fees incurred by the trustee would be paid before any unsecured creditors would be paid. This would be a further delay of payment to the unsecured creditors and could impact the amount of the dividend paid to the unsecured creditors.

Based on the current \$255,510.00 value of the real estate, the Debtor believes that the Porrazzo and Bascom debt may be fully satisfied; however, there would still not be any funds available for a dividend payable to the unsecured creditors. Even if Porrazzo and Bascom are paid in full, there are outstanding real estate taxes and administrative claims resulting in no funds available for the unsecured creditors, or a dividend less than 100% as proposed in the plan.

The unsecured creditors have a better opportunity of collecting a one hundred (100%) percent dividend plus interest through the Debtors' Plan of Reorganization to be paid thirty (30) days after the date of confirmation of the plan.

The Debtor believes it is in the best interests of the unsecured creditors to vote for the Debtor's Plan as proposed as they will receive a dividend payment in full with interest for their unpaid claims within thirty (30) days of confirmation.

Respectfully submitted,  
Olive Branch Real Estate Development LLC  
Chapter 11 Debtor-in-Possession  
By its Attorneys,

**VICTOR W. DAHAR, P.A.**

Dated: May 10, 2017

By: /s/ S. William Dahar  
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