UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW HAMPSHIRE

In re:	CHAPTER 11
CARRINGTON FARMS CONDOMINIUM OWNERS' ASSOCIATION Debtor	Case No. 17-10137-BAH

DEBTOR'S AMENDED DISCLOSURE STATEMENT DATED SEPTEMBER 8, 2017 PERTAINING TO AMENDED PLAN OF REORGANIZATION OF EVEN DATE

Pursuant to Section 1125 of the Bankruptcy Code of 1978, *as amended*, the Debtor and Debtor in Possession, **Carrington Farms Condominium Owners' Association** respectfully submits this Disclosure Statement to the Bankruptcy Court and all Plan Parties pursuant to Section 1127 of the Code. The Executive Summary Table, which appears on Pages 3 - 5 hereof, provides Plan Parties with a tabular summary of the Classes to be created by the Plan, the dividends or range of dividends to be paid creditors holding allowed claim and certain other information related to the Classes. Accompanying the Disclosure Statement is the Plan, including the Glossary, and an Appendix, which includes the following Exhibits:

A. Classes, Creditors and Claims Summary Table

B. Hypothetical Liquidation and Distribution Table

C. Comparison of Plan Dividends to Liquidation Distributions

D. Financial Projections

E. Capital Improvement Projection & Time Schedule

Respectfully submitted,

DATED: September 8, 2017

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EXCECUTIVE SUMMARY

The Debtor, Primary Cause of Bankruptcy, Plan Overview and Alternatives. The Debtor is a voluntary association organized and existing under RSA 293-A for the purpose of managing the Condominium. Its members are the owners of Units in the Condominium. Only the Board of Directors of the Debtor and its Unit Owners may exercise the power to make assessments and special assessments under the Condominium Act and the Declaration and Bylaws, which may be referred to on occasion as the "Governance Documents" and the "Condominium Fees."

The immediate cause of this Case was the entry of the Sequel Judgment in the amount of $197,000, which is on appeal to the New Hampshire Supreme Court. The real cause was the mismanagement of the Debtor during the years that the principals of Sequel and one or more employees served as, and controlled the Board of Directors. The Debtor believes that it paid Sequel hundreds of thousands of dollars in excess, unnecessary and unlawful fees during the time it served as the Property Manager. In addition, Sequel left the Debtor with a substantial amount of deferred maintenance and capital improvements.

If the Plan is confirmed by the Bankruptcy Court, the Debtor, Carrington Farms Condominium Owners' Association will continue to exist as a voluntary association, manage the Association, exercise its right to assess and collect Condominium Fees from Unit Owners, pay the common costs and expenses of the Association as provided for in the Governance Documents and the Condominium Act, and the dividends promised creditors holding Allowed Claims, which are projected in the Executive Summary Table. The conversion of this Case to a Chapter 7 case or the dissolution of the Debtor would terminate the Debtor's right to assess and collect Condominium Fees. As a result, there is no reasonable alternative to the Confirmation of the Plan which lets the Debtor protect the value of the Condominium and pay dividends to creditors holding Allowed Claims.

Executive Summary Table. This Table provides creditors with a tabular summary of the Classes to be created by the Confirmation, a projection of the dividends or range of dividends expected to be paid to each Class based on the Estimated Allowed Claims in this Case and other information considered to be essential to an evaluation of the Plan from a dividend or payment and treatment perspective.

For the purposes of the Executive Summary Table, the abbreviation: (1) "PMACC" means Projected Maximum Amount of Class Claims, (2) "EAACC" means Estimated Allowed Amount Class Claims, (3) "PFPD" means Projected First Payment Date and (4) "PED" means the Projected Effective Date of the Plan, which is October 1, 2017. The Debtor assumed that the Bank and the Debtor will reach an agreement regarding Modified Bank Loan Documents that results in a settlement.

Class Nos. and Titles	**Dividend Projection by Class:**	**Vote**
Class 1: **Granite Bank Secured Claim Class** Known Objections: Yes Collateral: To be retained Risk of Dilution: No Risk of Plan Failure: No Other: The Bank and the Debtor have not reached a complete agreement on the Modified Bank Loan Documents, which may require the litigation of the Bank Adversary Proceedings and the Bank Valuation Matter.	PMACC: $410,688.18 EAACC: $350,000.00 Dividend Formula: Allowed Secured Claim in full, with interest at the rate of 4. 5%, in 120 consecutive, equal monthly installments of principal and interest assuming that the Debtor and the Bank agree to the Modified Bank Loan Documents. If the Debtor and the Bank agree to the Modified Bank Loan Documents, then the Debtor will also pay the interest and principal and interest payments due on the Bank Capital Improvements Loan. Projected Dividend Based on EAA: $350,000, plus interest Projected Liquidation Distribution: $169,708.88 to $165,977.87. PFPD: The 6th day of the month following the Effective Date, which is projected to be October 1, 2017 for the purposes of this Disclosure Statement.	Yes
Class 2: **Belletetes Secured Claim Class** Known Objections: Yes Collateral: None Risk of Dilution: No Risk of Plan Failure: No	PMACC: $10,905.22 EAACC: $8,500.00 Dividend Formula: $8,500 in cash on Effective Date. Projected Dividend Based on EAACC: $8,500.00. Projected Liquidation Distribution: $ 0. PFPD: The Effective Date.	Yes

Class Nos. and Titles	Dividend Projection by Class:	Vote
Class 3: **Non-Professional Administrative Claims Class** Known Objections: No Collateral: None Risk of Dilution: No Risk of Plan Failure: Yes	PMACC: unknown EAACC: $2,500.00 Dividend Formula: Allowed Claims in full, without interest. Projected Dividend Based on EAACC: $2,500.00 Projected Liquidation Distribution: $73,445.69 to $18,102.51 shared pro rata with Class 4 creditors, which will not pay the EAACC in full PFPD: The later of the ED or the date on which payment is due under law.	No
Class 4: **Professional Administrative Claims Class** Known Objections: No Collateral: None Risk of Dilution: No Risk of Plan Failure: Yes	PMACC: $75,000.00 EAACC: $75,000.00 Dividend Formula: Allowed Claims in full as follows: $15,000 in cash on the Effective Date and the balance in full, with interest at the rate of 4.25% per annum, in 36 consecutive, equal, monthly installments of principal and interest. Projected Dividend Based on EAACC: $75,000, plus interest Projected Liquidation Distribution: $73,445.69 to $18,102.51 shared pro rata with Class 3 creditors, which will not pay the EAACC in full. PFPD: The later of the 30th day following the Effective Date or the date on which payment is due under state law. No dividends shall be paid to any creditor in this Class until the Court enters an order granting a fee application filed by the professional in whole or in part.	No
Class 5: **Sequel Settlement Class** Known Objections: No Collateral: None Risk of Dilution: No Risk of Plan Failure: No	PMACC: $243,178.94 Estimated Allowed Amount of Claims: $110,000 Dividend Formula: Payment in full on Effective Date. Projected Dividend Based on EAA: $110,000 Projected Liquidation Distribution: $ 0 PFPD: Within ten (10) days of the Effective Date. The Effective Date is projected to be October 1, 2017.	Yes

Class Nos. and Titles	Dividend Projection by Class:	Vote
Class 6: **General Unsecured Claims Class** Known Objections: Yes Collateral: None Risk of Dilution: Yes Risk of Plan Failure: Yes	PMACC: $105,280.92 EAACC: $30,794.34 Dividend Formula: In full, without interest, in 120 consecutive monthly installments, beginning on the 30th day from the Effective Date and on the same date of each succeeding month thereafter until such Allowed Claim is paid in full. Projected Dividend Based on EAA: GUC Option A: A total of $257.00 per month shared pro rata by creditors holding Allowed Claims. GUC Option B: An amount equal to 40% of the amount of an Allowed Claim in this Class on the Effective Date in full satisfaction of such Claim. Projected Liquidation Distribution: $ 0 PFPD: The later of the 30th day following the ED or the Allowance Date.	Yes
Class 7: **Members Class** Known Objections: Yes Collateral: None Risk of Dilution: No Risk of Plan Failure: Yes	The Unit Owners shall retain their membership interests in the Debtor.	Yes

PART ONE
DISCLOSURE STATEMENT OVERVIEW

This Disclosure Statement is divided into Parts, which provides Plan Parties with a summary in lay terms the most important provisions of the Plan and the means for implementing the Plan and provides the other information mandated by the Code and generally required by Bankruptcy Courts as a condition to the approval of a disclosure statement. This Part provides Plan Parties with an overview of this Disclosure Statement.

Parts Two and Three of this Disclosure Statement summarize the most important articles, sections and paragraphs of the Plan itself in the sequence in which they appear in the Plan the

using the same Article and Section titles[1] as those used in the Plan for ease of reference and comparison. In the remaining Parts of this Disclosure Statement, which have no Plan counterpart, the Debtor provides information considered necessary to evaluate the merits of the Plan.

SINCE THE PLAN CONFIRMED BY THE BANKRUPTCY COURT WILL ESTABLISH AND GOVERN THE PARTIES' PLAN OBLIGATIONS FOLLOWING CONFIRMATION, PLAN PARTIES MUST READ THE PLAN CAREFULLY.

PART TWO
PLAN SUMMARY

I. Definitions, Rules of Construction and Primacy. This Article identifies certain Secured and Unsecured Creditors. The definitions of capitalized words, terms and phrases and rules of construction are in the Glossary. In the event of any conflict or inconsistency between the Confirmation Order, the Plan, or this Disclosure Statement, the conflict or inconsistency shall be resolved in favor of the Confirmation Order, then the Plan and last, this Disclosure Statement.

II. Conditions Precedent, Effective Date and Effect of Confirmation.

A. The obligation of the Debtor to implement the Plan is conditioned on the occurrence or satisfaction of the conditions precedent set forth in this Article. The conditions precedent include, among other things, (**1**) the entry of a Confirmation Order that is satisfactory in form and substance to the Debtor and (**2**) the approval of an annual budget that includes the Plan Dividend Assessment and the Capital Improvement Reserve Assessment subject to the entry of a Confirmation Order.

B. The Debtor may waive a condition precedent by filing a written notice of waiver with the Court. This Disclosure Statement uses **October 1, 2017** as the Projected Effective Date for the purposes of the Financial Projections. The earliest Confirmation Date is October 4, 2017 so in all probability the Effective Date will occur in November. Dividends will be postponed based on the actual Effective Date, but the delay will not change the amount, number or sequence of dividend payments. On the Effective Date, the Plan will become a valid and binding

[1] The Part, Section, Article and Paragraph numbers and letters used in this Disclosure Statement may not always match the Part, Section, Article and Paragraph numbers and letters used in the Plan because this Disclosure Statement does not discuss each provision of the Plan.

contract and shall be enforceable by and against the Debtor and all Plan Parties in accordance with applicable state and federal law. In essence, the Plan creates a new relationship between the Debtor and the other Plan Parties although it may be based in whole or in part on pre-petition documents in the case of allowed secured creditors.

C. The Plan establishes and governs the Debtor's and Plan Parties' financial liabilities and obligations and privileges, remedies and rights following Confirmation. The entry of the Confirmation Order will (**1**) create the Classes described in the Executive Summary Table, (**2**) prescribe the treatment of the claims in each Class, (**3**) result in the complete satisfaction of all claims against the Debtor and liens in, to and on the property of the estate other than the liens specifically preserved hereby and equity interests in the Debtor and (**4**) enjoin Plan Parties from taking any action against the Debtor or the Debtor's property prohibited by Code Section 524 with respect to claims. If, and to the extent that there should be any conflict or apparent conflict between the Disclosure Statement and this Plan, the conflict shall be resolved in favor of the Plan.

III. Plan Classes; Impairment, Voting Rights and Acceptance.

The Confirmation of the Plan will create the Classes listed in the Executive Summary Table. The Executive Summary Table and this part of the Plan identify the Classes to be created by the Confirmation of the Plan, whether or not they are entitled to vote on the Plan in the Debtor's opinion, and the right of the Debtor to ask the Bankruptcy Court to Confirm or "cram down" the Plan over the objection of one or more Classes. A claim or equity interest will be impaired by Confirmation if the Plan changes in any way the "legal, equitable, and contractual rights to which the claim or interest entitles the holder" outside of the Case unless the treatment of the claim satisfies the complex provisions of Section 1124(2). Except for insiders (whose votes may not be counted in determining whether an impaired class has accepted the Plan), creditors holding Priority Claims for which the Code prescribes specific treatment and creditors holding claims with respect to which the Debtor has filed an objection, creditors holding impaired claims may vote to accept or reject the Plan.

To limit repetition and avoid inconsistencies, all of the information given in the Executive Summary Table, Exhibit A and the parts of the Plan which will govern the treatment of claims in a Class is incorporated into the discussion of the Classes in this Disclosure

Statement For more information regarding any Class, reference may be made to the part of the Plan.

IV. Classes of Secured Claims.

A. Class 1: Granite Bank Secured Claim Class.

1. This Class will include the Allowed Secured Claim held by the Bank, which is the subject of Proof of Claim 6-1. The Debtor and the Bank have not yet reached an agreement on the Allowance, payment and treatment of claims in this Class.

2. If the Debtor and the Bank agree to Modified Loan Documents, the Bank will be Allowed a secured claim in an amount equal to the principal due the Bank on account of the Bank Loan on the Effective Date, less the principal portion of adequate protection payments made by the Debtor during this Case, plus accrued and unpaid interest at a reduced rate of interest, 4.5% or less, which will be repaid in equal monthly installments over a period of 10 years. The estimated monthly payment will be 3,627.00 per month. The Debtor has made adequate protection payments to the Bank which have reduced the principal balance of the claim in this Class by slightly more than $3,000 per month and paid approximately $32,000, which includes an overpayment of approximately $11,000. As a result, the Debtor projects the amount of the Allowed Secured Claim resulting from the Modified Bank Loan Documents to be $350,000.

3. The Bank will also make the Bank Capital Improvements Loan to the Debtor pursuant to the Modified Bank Documents. If the Bank and the Debtor settle their disputes, including the Bank Adversary Proceeding and the Bank Valuation Matter, the Debtor will dismiss the Proceedings with prejudice and the parties will discharge, release and relinquish their Causes of Action against each other, except and save only for those arising under the Modified Loan Documents and the Plan.

4. In the exercise of the Debtor's business judgment, the Debtor determined that entering into Modified Bank Loan Documents would be fair, reasonable and in the best interests of the Debtor and the estate because the extension of the Bank Loan, coupled with the fixed, below market interest rate saves the Debtor a substantial amount of money over the next 10 years and gives the Debtor certainty with respect to its debt service cost. In addition, the

settlement provides financing for necessary capital improvements and repairs and prevents the Debtor from having to address a large Unsecured Claim.

5. If the Bank and the Debtor do not agree to Modified Bank Loan Documents, then the Debtor will continue to prosecute the Bank Adversary Proceeding and the Bank Valuation Matter. The Debtor and the Bank may compromise or settle Proceedings. The Bank will be allowed a secured claim in the amount agreed to by the parties or set by the Court. Even if the Bank prevails, the Debtor will not be obligated to continue to pay the full amount of the Maximum Amount of the Claim in this Class with interest at the rate provided for in the Bank Loan Documents over the remainder of the term as it has proven that it can do. Should the Debtor establish that the Bank Collateral was not worth as much as the secured claim asserted by the Bank, the Allowed Bank Claim will be substantially smaller than the Allowed Bank Secured Claim resulting from an agreement to execute the Modified Bank Loan Documents.

B. Class 2: Belletetes Secured Claim Class.

1. This Class includes the statutory lien claim held or asserted by Belletetes Inc. in Proof of Claim 3-1, which arises from, out of or incidental to the Order entered by Merrimack Superior Court in *Belletete's Inc. v. Sequel Development et al*, Case No. 15-CV-715 (Merr. 2015). The claim in this Class shall be compromised and allowed as a Secured Claim in the amount of $8,500 and paid in full on the Effective Date of this Plan pursuant to a settlement agreement reached with Belletetes and Sequel. The settlement reduces the claim by a minimum of approximately $2,000 and a maximum of $4,000. In consideration of the settlement, Belletetes has agreed to release any claims that it has or may have against Sequel and support the Confirmation of the Plan as part of the settlement.

2. In the exercise of the Debtor's business judgment, the Debtor determined that the settlement was fair, reasonable and in the best interests of the Debtor and the estate. The compromise and settlement of this claim saved the Debtor money and paved the way to the settlement with Sequel, which reduced its claim by approximately $137,000, and paved the way to the Sequel Settlement and, perhaps, a settlement with the Bank. For more information regarding this Class, reference should be made the Executive Summary Table, Exhibit A and the part of the Plan titled "Class 2: Belletetes Secured Claim Class", which are incorporated into this Section by reference.

V. Classes of Priority Claims.

A. Class 3: Non-Professional Administrative Expense Class. This Class includes all Priority Creditors holding or asserting claims for administrative expenses entitled to priority under Code Section 507(a) (2), including without limitation, those named in Exhibit A, "Administrative Expense Creditors and Claims." On the Effective Date, the Debtor shall pay in full all quarterly fees then due the United States Trustee. Except for the quarterly fee due the UST, all of the other claims in this Class shall be paid in full as described in the Executive Summary Table. For more information regarding this Class, reference should be made the Executive Summary Table, Exhibit A and the part of the Plan titled "Class 3: Non-Professional Administrative Expense Class", which are incorporated into this Section by reference.

B. Class 4: Professional Administrative Expense Class.

1. This Class includes all claims held or asserted by professionals retained pursuant to Code Section 327 for professional expenses to the extent entitled to priority under Section 507(a) (2), including without limitation, the "Professional Administrative Creditors" identified in Exhibit A. The Debtor shall pay the Allowed Claim in this Class in full, with interest at the rate of 4.25% per annum, as described in the Executive Summary Table. The Debtor's Counsel agreed accept less favorable treatment than required by the Code – payments over the first 12 months of the Plan instead of the Effective Date -- to facilitate the payment of the Dividends due Belletetes, Sequel and others on the 30th day following the Effective Date. For more information regarding this Class, reference should be made the Executive Summary Table, Exhibit A and the part of the Plan titled "Class 4: Professional Administrative Expense Class", which are incorporated into this Section by reference.

VI. Classes of Non-Priority Unsecured Claims and Equity Interest Classes.

A. Class 5: Sequel Settlement Class. This Class includes the claims asserted by Sequel in Proof of Claim 4-1 in the amount of $247,000, which will be settled by Belletetes and the Debtor by the allowance of a reduced claim and paid in full on the Effective Date subject to the Confirmation of the Plan. Sequel will be Allowed a claim in this Class in the amount of $110,000 despite the Causes of Action that the Debtor believes it holds against Sequel and its principals because of the deep discount and the retention of liability to subcontractors, laborers, materialmen and suppliers that did work for Sequel, or provided labor, materials and other goods

purchased by Sequel for use in connection with the Condominium. The settlement obligates Sequel to support this Plan. For more information regarding this Class, reference should be made the Executive Summary Table, Exhibit A and the part of the Plan titled "Class 5: Sequel Settlement Class," which are incorporated into this Section by reference.

Before the election of the current Board of Directors, the Debtor, acting under the control of Sequel and the Sequel Directors, made hundreds of thousands of dollars in preferential and/or fraudulent transfers to Sequel, including without limitation, those resulting from property management in excess of the market rate, paying itself to supervise work being done by its own personnel and independent contractors, such as landscapers, (c) paying itself a fee of $17,000 per building or $102,000 to manage the "Hall Project" funded by the Bank and (d) letting contracts to itself and others without competitive bidding. Many of the Causes of Action against Sequel may be barred by statutes of limitation (except to the extent available as an offset, recoupment or other defense), the so-called Rooker-Feldman Rule and the doctrines of collateral estoppel and res judicata. A statute of limitation does not bar the defensive assertion of time-barred Cause of Action by way of an offset or recoupment. Nevertheless, the doctrines of res judicata and collateral estoppel often described as the "one bite at the apple rules" may not bar the prosecution of a Cause of Action that did not exist at the time of the earlier Proceeding, such as Chapter 5 Actions that only come into existence on the filing of a Bankruptcy case.

In the exercise of the Debtor's business judgment, the Debtor determined that the settlement was fair, reasonable and in the best interests of the Debtor and the estate. The books of account and other records relating to Sequel's management of the property were incomplete. Deciphering the books of account, tracing payments and trying a long case that would have required forensic experts would have been extremely expensive. Sequel and its equity holders and officers would have raised a number of defenses, including the statute of limitations, res judicata, collateral estoppel and claims and issue preclusion. The Debtor believed that it would prevail and establish liability, but knew that the cost would be at least $50,000. As a result, the Debtor concluded that the settlement, which would facilitate a successful, consensual reorganization was in the best interest of the estate as a whole.

B. Class 6: General Unsecured Claims Class. Except for Sequel, this Class includes all creditors holding or asserting Non-Priority Unsecured Claims against the Debtor, including without limitation, those identified in the General Unsecured Creditors and Claims

section of Exhibit A. The Plan grants creditors holding Allowed Claims in this Class 2 different treatment options known as GUC Option A and GUC Option B. Creditors may elect to be paid in full over a period of 10 years without interest or accept a payment equal to 40% of their Allowed Claims on the Effective Date, which gives them essentially the same treatment as Sequel. Creditors who do not elect will be deemed to have chosen the payment in full Option. For more information regarding this Class, reference should be made the Executive Summary Table, Exhibit A and the part of the Plan titled "Class 5: General Unsecured Claims Class", which are incorporated into this Section by reference.

C. Class 7: Members Class. This Class includes all of the members of the Association. Membership is, and will continue to be limited to Unit Owners. The Unit Ownership Interests have no independent economic value. They cannot be sold or traded for value. No dividend will be paid to any Unit Owner on account a Unit Ownership Interest. Under the Plan, the Unit Owners will retain their Unit Ownership Interests and their privileges, remedies and rights under the Declaration and Bylaws.

VII. Post-Confirmation Debtor, Ownership, Management and Dissolution.

A. Reorganized Debtor, Ownership and Management. The reorganized Debtor will continue to be a voluntary association organized and existing under the laws of the State of New Hampshire. It will be governed by the Condominium Act, the Declaration and the Bylaws, as now existing and as amended from time to time, which may be referred to on occasion as the "Governance Documents". The Board of Directors will manage the business and affairs of the Debtor subject to the control of the Unit Owners as provided for in the Governance Documents. Following Confirmation, NH Core Properties (individually, "NHCP") will continue to manage for the remainder of the term of the NHCP Management Agreement, which will be assumed by the Debtor on the Effective Date.

B. No Insider Compensation. No Unit Owner or Director shall be paid for management services provided to or work done for the Debtor. A Unit Owner or Director may be reimbursed for costs and expenses reasonably paid in connection with management services provided to the Debtor.

C. Use of Ordinary Income and Extraordinary Income. From the Debtor's ordinary and extraordinary revenue following Confirmation, The Debtor will first make the

payments due the Bank on account of its Allowed Secured Claim, the Bank Capital Improvements Line if it is made by the Bank and the deferred payments due Professional Administrative Expense Creditors holding Allowed Claims. The costs and expenses incurred by the Debtor in the ordinary course of business will then by paid by the Debtor. The revenue remaining after the payment of Debtor's ordinary course of business expenses. As shown by Exhibit D, Financial Projections, which is a projected Income and Expense Statement for the term of the Plan prepared on a cash basis, the Debtor will have enough revenue to fund the Plan.

VIII. Certain Implementing Acts, Actions and Transactions.

A. Termination of Sequel Appeal. Pursuant to the Sequel settlement, the Debtor and Sequel will terminate the appeal from the Sequel Judgment on a "neither party basis" by filing an Agreement for Docket Markings.

B. Termination of Valuation Matter. The Valuation Matter involving the Bank and Belletetes, as the holders of liens of record on property of the estate, will be withdrawn by the Debtor with the consent of the Bank and Belletetes by filing a Notice of Withdrawal which reads as follows: "Withdrawn due to settlement of issues raised in this Valuation Matter pursuant to the Plan of Reorganization confirmed in *In re Carrington Farms Condominium Owners' Association*, Case No 17-10137-BAH. No interest; no costs; each party to bear its own attorneys' fees incurred in connection with this Contested Matter."

C. Plan Assessments. Subject to the Confirmation of this Plan or another plan of reorganization proposed by the Debtor, acting through its duly elected Board of Directors, the Debtor has made the following assessments on, before or as of the Effective Date for the purpose of funding specific, long-term financial obligations arising under this Plan:

1. Plan Dividend Assessment. To fund the payment of the dividends due Convenience Creditors and General Unsecured Creditors holding Allowed Claims, which are liabilities that arose prior to the Petition Date and would otherwise burden future Unit Owners, the Debtor will make a special assessment in the total Allowed amount thereof in accordance with the Condominium Act and the Governance Documents, which may be referred to on occasion as the "Plan Dividend Assessment." The Plan Dividend Assessment shall be used for the purpose of paying the amounts due Sequel, Belletetes and other General Unsecured Creditors holding Allowed Claims under this Plan as and when the dividends become due and payable or

replenishing or funding the Reserve Account or Capital Improvements Reserve Account. The Plan Dividend Assessment shall be due and payable in full on the day following the date on which the Confirmed Plan is confirmed by the Court and the full amount thereof shall be secured from and after that date by a lien on each Unit Owner's Unit in the Condominium. A Unit Owner may elect to pay the Plan Dividend Assessment in full in 22 consecutive, equal installments, without interest, beginning on the 30th day from the assessment date and on the same date of each month thereafter unless a Unit Owner sells a Unit in which case the unpaid balance of the Plan Dividend Assessment shall be immediately due and paid in full from the sale proceeds before the Debtor shall be required to release the lien or the Board elects to demand immediate payment in full of the unpaid balance of the Plan Dividend Assessment in the event of a default. If a Unit Owner shall be more than three months in arrears in the payment of installments due on the Plan Dividend Assessment, the Board may in the exercise of reasonable business judgment elect to demand the payment of the unpaid balance of the Plan Dividend Assessment and then enforce the lien as permitted by the Condominium Act, the Governance Documents and any other applicable law.

2. Capital Reserve Fund Assessment. To create a fund in the amount of $240,000 over a period of 10 years for the sole purpose of paying for capital improvements, the Debtor shall make a special assessment in amount in accordance with the Condominium Act and the Governance Documents, which may be referred to on occasion as the "Capital Reserve Fund" and the "Capital Reserve Assessment." The Capital Reserve Amount shall be due and payable in 120 consecutive, equal monthly installments, beginning on the 30th day following the Effective Date and on the same date of each succeeding month thereafter subject to the further provisions hereof. The liability of an Unit Owner to pay the Capital Improvements Assessment shall be secured by a lien on the Unit Owner's Unit. The Capital Reserve Assessment will be used solely for the purpose of paying the amounts due the Bank on account of the Bank Capital Improvements Line or for the Capital Improvements or other capital improvements that the Board elects to pay for in cash rather than use the Bank Capital Improvements Line. In the event of a sale of a Unit, the unpaid balance of the Capital Reserve Assessment then due from a Unit Owner, shall be immediately due and paid in full from the sale proceeds before the Debtor shall be required to release the lien securing the payment thereof. If a Unit Owner shall be more than three months in arrears in the payment of installments due on the Capital Improvement

Assessment, the Board may in the exercise of reasonable business judgment elect to demand the payment of the unpaid balance of the Capital Improvement Assessment and then enforce the lien as permitted by the Condominium Act, the Governance Documents and any other applicable law.

3. Restricted Accounts for Assessment Proceeds. The Debtor shall deposit all payments made on account of the Plan Dividend Assessment or the Capital Improvements Assessment before the Effective Date of the Plan in an escrow account for the benefit of the Unit Owners whom or which made the payments pending Confirmation of this Plan or another plan of reorganization proposed by the Debtor. The payments shall be returned to the Unit Owners if this Plan, as proposed or modified by the Debtor, should not be confirmed on or before June 30, 2018 or this Case should be converted to a liquidation proceeding under Chapter 7 of the Code or dismissed by the Court. No later than the Effective Date, the payments shall be deposited in one or more segregated, interest bearing accounts with the Bank in the name of Carrington Farms Condominium Owners' Association that may be used only for the purposes permitted by this Plan. At such time as the dividends due Unsecured Creditors holding Allowed Claims during the first 12 months of the Plan have been paid in full, the remainder of the Plan Dividend Assessment funds shall be transferred to the Reserve or Capital Improvements Reserve Account subject to any lien thereon held by the Bank.

IX. Executory Contracts and Unexpired Leases.

A. The Plan Article captioned *Executory Contracts and Unexpired Leases* governs the assumption, assumption and assignment and rejection of executory Contracts and unexpired real estate leases which are referred to collectively as "Contracts." The Debtor has no unexpired leases of real estate. Under the Plan, the entry of the Confirmation Order will automatically approve and authorize the Debtor to implement its decisions regarding the assumption, assumption and assignment and/or rejection of executory Contracts and unexpired leases as permitted by the Plan.

B. The Debtor will assume the NHCP Property Management Agreement, its budget plans with utilities and its insurance premium finance agreement, which allow it to pay for utilities and insurance through relatively equal payments spread over a 12-month period. The Debtor will reject the existing laundry contract. Although the Debtor does not know of any executory contracts or unexpired leases of real estate other than those identified herein, the

Debtor will reject each and every other executory contract and unexpired lease existing on the Effective Date, whether known or unknown to the Debtor.

C. Each non-debtor party or a "counterparty" to a rejected contract shall have a general unsecured claim, sometimes known as a rejection claim. The non-debtor or counterparty to the rejected executory contract or unexpired real estate lease will have 30 days from the Effective Date to file a rejection claim with the Bankruptcy Court; failing which such claim will be forfeited and barred forever. If a counterparty files a rejection claim, the claim will be allowed in the amount agreed to by the Debtor and a counterparty or the amount fixed by the Court if the Debtor files an objection.

X. Proceedings and Causes of Action.

A. Except for, and to the extent that a claim shall be expressly Allowed by the entry of the Confirmation Order, such as certain claims asserted by Belletete's and Sequel and possibly the Bank, the Plan Article titled "Proceedings and Causes of Action" governs the settlement, termination and the retention and continued prosecution of pending proceedings and causes of Condominium Action owned by the Debtor. Among other things:

1. The entry of the Confirmation Order will terminate the Bank Adversary Proceeding and the Bank Valuation Matter with prejudice if the Debtor and the Bank agree to Modified Loan Documents as provided for in Article IV, Section A hereof.

2. Except for any Causes of Action against the Bank, Sequel or others that are expressly discharged, released or relinquished by this Plan, the Debtor shall retain and may prosecute any of the following Causes of Action known as the "Retained Proceedings" and "Retained Causes of Action" notwithstanding the entry of the Confirmation Order:

3. Except for any Causes of Action against the Bank, Sequel or others that are expressly discharged, released or relinquished by this Plan, the Debtor will retain and may prosecute to judgment, compromise, settle or release any one or more of the following Causes of Condominium Action:

a. Any and all Actions identified in an Exhibit filed with the Court at least 10 days before the beginning of the hearing on the Confirmation of the Plan.

b. All Causes of Action arising under Chapter 5 of the Code or the New Hampshire Uniform Fraudulent Transfer Act in an amount in excess of $2,500, except for those against Belletetes, Sequel and their equity holders, officers, employees and agents.

c. Objections to claims filed pursuant to, and as permitted by this Plan and the Confirmation Order.

d. Applications for or pertaining to the payment of Condominium Fees and reimbursement of costs and expenses, the retention of special counsel or other Professionals, the entry of a Final Decree or any other administrative matter.

e. Any other contested matter or adversary proceeding pending on the date of the Application for Final Decree filed in this Case.

4. The Plan permits the Debtor to retain counsel on a standard contingent fee basis or modified contingent fee basis. The Debtor's Counsel, who has already been approved by the Bankruptcy Court, may be retained on a standard contingent fee basis without prior Bankruptcy Court approval. Any other attorney selected by the Debtor must be approved by the Bankruptcy Court. No Retained Actions may be settled without prior Bankruptcy Court approval.

XI. Resolution of Disputed Claims and Payment of Dividends.

A. This Article establishes the procedures for resolving disputes pertaining to claims and the payment of dividends on Allowed Claims. The Class and claims summary attached as Exhibit A lists the claims known to the Debtor on a Class-by-Class basis.

B. The Debtor will pay the dividends becoming due under the Plan by mailing a check to the allowed creditor. Dividend checks will be mailed to the addresses given by allowed creditors in **(1)** their proofs of claim or **(2)** any written notice of change of address delivered to the Debtor. Since "undeliverable dividends" will become the property of the Debtor, creditors should make sure that they notify the Bankruptcy Court and the Debtor of any change of address.

XII. Implementation Generally. This article establishes the Debtor's authority to implement the Plan, which will become a contract between the Debtor and each holder of an allowed claim or interest. It obligates the Debtor and each Plan Party to implement the Plan – pay, perform and satisfy their financial liabilities and other obligations to each other under the Plan and execute

any Plan documents that satisfy the requirements of the *Plan Documents* part of the Plan and Disclosure Statement titled. Confirmation may impose on Plan Parties the implied contractual duties of good faith and fair dealing arising under state law. The Debtor and the Plan Parties must do, execute or cause to be done and executed all further acts and documents as may be reasonably necessary to implement the Plan. In addition, the entry of the Confirmation Order will authorize the Debtor to do or take, or cause to be done or taken, close or cause to be closed and execute or cause to be executed any other Condominium Act, Condominium Action, document or transaction, which the Debtor reasonably believes to be necessary for the successful implementation of the Plan or incidental thereto.

XIII. Claim Treatment Generally.

A. In an effort to avoid repetition and accidental inconsistencies, the Plan article titled *Claim Treatment Generally* contains provisions that relate to more than one Class. One of the sections of this Article pertains just to secured claim Classes and the other applies to all Classes of claims. A Class may be exempted from a generally applicable treatment provision in the part of the Plan that addresses specifically the treatment of claims in the Class because that is the exception, not the rule. In this part, the Debtor summarizes the most important provisions applicable to more than one Class.

B. In the Plan section captioned *Provisions Generally Applicable to Secured Claims*, the Plan sets forth a number of provisions that are generally applicable to secured claims. It includes the following:

1. Except as otherwise provided by orders previously entered by the Bankruptcy Court in this Case, the reorganization value of the Estate property will be the reorganization value proposed by the Debtor in the Plan unless the Bankruptcy Court sets a different value based on a timely objection filed by a Plan. A Confirmation objection based on a dispute regarding the reorganization value objection will commence automatically a contested, valuation matter as part of the Confirmation process or a separate hearing as deemed appropriate by the Court. The Debtor and a secured creditor may stipulate to reorganization and collateral values and the amount of an allowed secured claim subject to Bankruptcy Court approval. Whether or not the Bankruptcy Court sets the reorganization value of any property, the collateral value of that property to a secured creditor will be determined in accordance with the *Provisions*

Generally Applicable to Secured Claim Classes.

2. This part of the Plan also modifies automatically loan documents and other documents evidencing or pertaining to secured claims so that they are conformed automatically to the Confirmed Plan and pre-petition breaches and defaults are automatically waived by the entry of the Confirmation Order. If the Debtor and the Bank enter into Modified Loan Documents, the Bank, the Allowed Bank Secured Claim and the Modified Bank Loan Documents will be outside the scope of this part of the Plan.

3. Finally, this part of the Plan limits allowed secured claims and the security provided by preserved liens to the lesser of (**a**) the collateral value of a secured creditor's collateral, less the principal portion of adequate protection payments made to the creditor or (**b**) the amount of the allowed secured claim held by the creditor.

C. The Plan section captioned *Provisions Generally Applicable to All Claims* sets forth basic rules applicable to secured and unsecured creditors. "Disputed," as the used in Exhibit A, *Class, Creditor and Claim Summary* means disputed, contingent and/or unliquidated in amount. Finally, this part of the Plan allows creditors in any Class to accept less favorable treatment than proposed in the Plan and preserves their offset and recoupment rights under the Code. Except for, and to the extent that a claim shall be expressly Allowed by the entry of the Confirmation Order, such as certain claims asserted by Belletete's and Sequel and possibly the Bank, the Debtor may object to (**1**) any of the claims listed in Exhibit A or the Schedules filed in support of the Petition as disputed, contingent or unliquidated, (2) any claim based on (**a**) the failure of the creditor to file timely a necessary Proof of Claim, (**b**) an offset, recoupment, counterclaim or other defense of which the Debtor did not have Actual Knowledge on the Disclosure Date, (**c**) an accounting dispute arising from a difference between the amount claimed by a creditor in a timely filed Proof of Claim and the amount of a claim listed by the Debtor in Exhibit A as being undisputed or the amount shown as being due on the Debtor's financial records or (d) a factual or legal basis for an objection of which the Debtor did not have actual knowledge on the date of the Disclosure Statement approved by the Court. Finally, this part of the Plan allows creditors in any Class to accept less favorable treatment than proposed in the Plan.

PART FIVE

AFFILIATES, RELATED ENTITIES AND INSIDERS

This Part does not have a Plan counterpart. It provides Plan Parties with pre-petition information regarding the ownership and management of the Debtor and the primary reason or reasons that the Debtor sought protection under the Code and a summary of the significant events that occurred during the Case.

XIV. Affiliates, Insiders and Primary, Adverse Effects of Insider Status.

A. No Affiliates. Under the Code, "affiliate" is a defined term. The Debtor has no affiliates.

B. Insiders. "Insider" is defined in the Code. An insider is a person or entity who has one of the specific relationships with the Debtor described in the Code or qualifies as a "person in control of the Debtor" at the time of a specific event. The current directors of the Debtor, are insiders by definition. The Sequel Directors were insiders in the Debtor's judgment. Except for the persons identified herein, the Debtor does not believe that any other person or entity is, or was an insider at any time relevant to this Disclosure Statement.

C. Primary Adverse Effects of Insider Status. An insider creditor bears certain, specific burdens that flow from the creditor's insider status. Votes accepting the Plan cast by insiders may not be counted in determining acceptance by a Class. Being an insider does not by itself permit the subordination of a claim held by an insider, but transactions between or among a debtor and an insider are subjected to more scrutiny by a Bankruptcy court to ensure that the insider did not use the insider's control over the debtor to damage other creditors.

PART SIX
SIGNIFICANT PROPERTY, REORGANIZATION VALUE AND EFFECT OF HYPOTHETICAL LIQUIDATION

This Part has no counterpart in the Plan. It describes and values the property of the estate having significant value. In addition, this Part describes a hypothetical liquidation of the property of the estate and projects the amount that each Class would recover from foreclosure sales of the Premises.

XV. Significant Property to Be Retained by Debtor; Use and Reorganization Values.

A. Scope and Purpose. In this Article, the Debtor describes and values the property

of the estate that will exist on the Effective Date. The Retained Property – the property to be kept to implement the Plan -- is valued on a Reorganization Value and a Liquidation Value basis. The Abandoned Property – all of the other property of the estate, will be abandoned or liquidated following Confirmation and is valued on a Liquidation Value basis only. "Significant property" means property that has a value of more than $5,000 alone or as part of class, kind or type of property, such as accounts. The Debtor concluded that property worth less than $5,000 is of inconsequential value and immaterial to an evaluation of the merits of the Plan. To provide an easy comparison of the values of the property of the estate under the Plan and in the Hypothetical Liquidation, the Reorganization and Liquidation Values are summarized and compared in a tabular format in Exhibit C, Hypothetical Liquidation and Distribution Table.

B. Retained Property; Values and Liens. To implement the Plan, the Debtor will retain the following property:

1. Cash on hand, which is estimated to be worth $167,046 on the Effective Date on either a Reorganization or Liquidation Value basis subject to the Bank Liens to the extent preserved by this Plan. The Debtor will use the cash on hand to make any payments due the Bank, the Non-Professional Administrative Expense Creditors and Professional Administrative Expense Creditors under the Plan. Since the cash is on deposit with the Bank, at least $147,322.81 and, perhaps all of it will remain subject to the Bank Liens.

2. Pre-petition accounts or accounts receivable which arose from the assessment of Condominium Fees, will likely total $24,873.41 on a book value basis on the Effective Date. The Debtor believes that the Reorganization Value of the accounts is $24,873.41. The Bank Lien and Replacement Lien encumber the pre-petition accounts, but the proceeds may be used to implement the Plan.

3. General Intangibles which consist primarily of prepayment intangibles -- the annual right to assess, collect and spend the Condominium Fees under the Governance Documents. The general intangibles create approximately $624,000 on annual basis or $52,000 per month as long as the Debtor exists. Assuming that the Court Confirms the Plan and the Debtor continues to operate, the Reorganization Value of the General Intangibles going forward should be roughly equal to the dividends to be paid pursuant to the Plan -- $512,517.42, plus interest to the Bank and Professional Administrative Expense Creditors holding Allowed Claims.

The Debtor contends in the Bank Valuation Matter and Adversary Proceeding that the commencement of this case cut off the Bank liens on the general intangibles that arose or came into existence following the Petition Date and the accounts and other proceeds thereof. The Bank vigorously disputes that contention. Under the Plan, the postpetition general intangibles and the proceeds of them may be used to implement the Plan.

4. Chapter 5 Actions, including preferential and fraudulent transfers subject to avoidance under the Code which constitutes unencumbered property. The Debtor listed potentially preferential payments made to Granite Bank, NHCP, Liberty Utilities, Cronin, Bisson & Zalinsky, William S. Gannon PLLC and RJG Universal Builders totaling $120,259.38 during the 90-days preceding the Petition Date. The Debtor has agreed to settle any Chapter 5 Actions against Sequel. Most of the potential preferential transfer defendants likely have ordinary course of business defenses and new value defenses. As a result, the Debtor values the preference claims at less than $15,000 in the aggregate.

XVI. Hypothetical Liquidation Analysis and Best Interests of Creditors.

A. Purpose.

1. For a number or reasons, debtors must provide creditors with an analysis of the financial consequences of a hypothetical liquidation of the property of the estate, which is referred to herein as the Hypothetical Liquidation. Creditors need to compare the consequences of the Hypothetical Liquidation to the dividends to be paid them under the Plan. The information is also necessary to decide if a Class of creditors will be paid more under the Plan than they would receive in the Hypothetical Liquidation. Underlying every hypothetical liquidation is a number of assumptions.

2. In preparing this Hypothetical Liquidation, the Debtor made the following, material assumptions:

a. The Debtor would be dissolved by, or as a result of the conversion.

b. The Bankruptcy Court would authorize the United States Trustee to appoint a Chapter 7 Trustee for the purpose of liquidating the property of the estate on the conversion date. The Trustee would seek or the to operate the business of the Debtor. If the

Trustee sought authority to operate the business of the Debtor, the request would be denied by the Court.

c. The Trustee would charge the statutory fee set by Code Section that would be approximately 5% on average of the money collected and disbursed by the Trustee in the Hypothetical Liquidation.

d. The Trustee would retain counsel that would charge fees equal to 15% of the of the money collected and disbursed by the Trustee in the Hypothetical Liquidation.

e. The Bank would foreclose the Bank Liens on the Bank Collateral at a cost equal to 10% of the Liquidation Value thereof because virtually all of the Bank Collateral would consist of cash on deposit with the Bank and accounts secured by liens on Condominium Units.

f. The only unencumbered property would be the Chapter 5 and Civil Causes of Action described in Article X, post-petition cash, $8016.59, the pre-petition utility deposit, $3,370 and the accounts that arose after the Petition Date, perhaps $6,715.92 to $8,059.10.

B. Reduced Liquidation Values and Basis. The Liquidation Value of property is almost always less than it Reorganization Value, whether viewed a going concern value, fair market value or replacement cost. A Liquidation is a forced sale or disposition, not a negotiated arms-length transaction. In the Debtor's business judgment:

1. The Reorganization and Liquidation Values of the projected cash on hand should be identical. The Bank would, however, exercise its right to foreclose the Bank Liens on the cash and apply it in reduction of the Allowed Bank Secured Claim. In Hypothetical Liquidation, nothing would be left for a Chapter 7 Trustee and Unsecured Creditors.

2. Although the total, face amount of the Debtor's projected accounts is relatively small, they would have less value in the Hypothetical Liquidation. The Bank would, however, exercise its right to foreclose the Bank Liens on the cash and apply it in reduction of the Allowed Bank Secured Claim. Except for post-petition cash, $8016.59, the pre-petition utility deposit, $3,370 and the meager amount of accounts that arose after the Petition Date, perhaps $6,715.92 to $8,059.10, and may not be encumbered by the Bank Replacement Lien, a

Chapter 7 Trustee would not receive any money from the Liquidation of the accounts.

3. The general intangibles have little if any value in the Hypothetical Liquidation. The Bank Liens would encumber the accounts constituting the proceeds of payment general intangibles billed prior to the conversion date. No further Condominium Fees would be billed by the Debtor or Chapter 7 Trustee. As a result, a Chapter 7 Trustee would not receive any money from the Liquidation of the accounts.

4. The total Liquidation Value of the property of the estate resides in the Chapter 5 Actions and Civil Actions that might be filed against the potential preference and fraudulent transfer defendants, Sequel and the Sequel Directors.

C. Other Differences Between Plan and Hypothetical Liquidation.

1. In the Plan, the Debtor's Counsel will be paid over time. Allowed Chapter 7 Administrative Expenses (which will not exist under the Plan) and Chapter 11 Administrative Expense Claims will have to be paid in full before any money is distributed to junior Classes of creditors under the Code. Although the Court will not likely approve all of the fees, costs and expenses of the Debtor's Counsel in a Hypothetical Liquidation, the Debtor assumed that the Court would allow Chapter 11 Non-Professional and Professional Administrative Expenses in the amount of $77,500.

2. The Convenience Claims Class and General Unsecured Claims Class would be consolidated in the Hypothetical Liquidation. Given the limited amount of money available for distribution to Unsecured Creditors, it seems unlikely that a Chapter 7 Trustee would make an effort to subordinate any Allowed Claims held by Sequel.

D. Projected Distributions of Hypothetical Liquidation Proceeds. The Hypothetical Liquidation Summary included in the Appendix as Exhibit B projects in a tabular form the projected distributions that would be made to creditors from the liquidation. The Bank would apply the cash on deposit with it, the proceeds of pre-petition accounts and, perhaps, the proceeds of post-petition accounts, including those resulting from payment intangibles existing on the conversion date. The Bank would lose at least $180,291.12 based on the High Liquidation Value of the Bank Collateral -- $350,000 less $169,708.88 -- in the Debtor's judgment. The Chapter 7 Administrative Expenses estimated to be $3,500 at the most would be

paid in full from the proceeds of the unencumbered property. The Chapter 11 Non-Professional and Professional Administrative Expense Creditors holding Allowed Claims would share between $73,445.69 (assuming that the Debtor bills $54,000 immediately before the conversion and the Bank Liens do not encumber the resulting accounts) and $18,102.51, but still suffer a loss. No other Allowed Creditor would recover any money from the Hypothetical Liquidation.

PART SEVEN
CONFIRMATION GENERALLY, FEASIBILITY, BEST INTERESTS OF CREDITORS AND CRAM DOWN

This Part has no counterpart in the Plan. It discusses the requirements for Confirmation generally, the risks inherent in the Plan, its feasibility and explains why the Debtor believes that the Plan satisfies the best interests of creditors test.

XVII. Confirmation Generally. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Code are met. The requirements for Confirmation of the Plan are that:

A. The Plan is feasible,

B. The Plan is accepted by all impaired Classes of claims and equity interests, and

C. To the extent that any holder of a claim or interest in an impaired Class does not vote for the Plan, it will receive or retain under the Plan property of a value that is not less than the amount that would be received or retained if the Debtor were liquidated under Chapter 7 of the Code on the Effective Date of the Plan.

D. If one impaired voting Class accepts the Plan, the Bankruptcy Court may confirm the Plan by “cramming it down” on objecting creditors if the Plan satisfies all of the requirements of Code Section 1129(a), except (a)(8), and "does not discriminate unfairly" and is "fair and equitable" as to such Class:

XVIII. Feasibility.

A. Plan Is Feasible in Debtor’s Business Judgment. In the Debtor’s opinion, the Plan is feasible. Feasible means “workable” or having “a reasonable likelihood of success." In the Debtor’s business judgment, the Plan is feasible for the reasons given in the following

Sections of this Article.

B. Successful Management History. Since the termination of the Sequel property management agreement, the Debtor has successfully managed the Condominium. It reduced the property management Condominium Fees by approximately 50%. Contracts must now be bid. Two signatures are required on checks for more than $5,000. The Debtor has made all of the adequate protection payments due the Bank which exceed in amount those that will be required by the Plan and is current in the payment of its ordinary course operating costs and expenses. Despite the need to make major capital improvements, the Debtor has developed a capital improvements plan that will limit minimize future increases in Condominium Fees.

C. No Significant Revenue Risk. Unlike most Chapter 11 debtors, the Debtor (as long as it exists) is not dependent for revenue on the sale of goods or services because it has the ability the assess the Condominium Fees necessary to operate the Association for the benefit of the Unit Owners. Cash flow might decline if the Condominium Fees became so high due to deferred maintenance and the Sequel Judgment that investor Unit Owners decided as a matter of business judgment to walk away from their Units and consumer Unit Owners simply could not pay the Condominium Fees, but the Plan mitigates against that risk by allocating the Plan Dividend Assessment to the current Unit Owners that elected or suffered the election of the Sequel Directors, but permits them to pay it over a 10 year period and the Capital Reserve Fund Assessment . Since the Plan provides the means to address the deferred maintenance issues and the Sequel Judgment, the Debtor views the revenue risk as remote.

D. Financial Projections.

1. Attached as Exhibit D, Financial Projections is the Debtor's projected Income and Expense Statement. The Financial Projections are essentially an income and expense statement prepared on a cash basis. The Financial Projections assume that Condominium Fees will increase by 3% per year and the Plan Dividend Assessment and Capital Reserve Fund Assessment will be made. Expenses are projected to increase by 2.5%. The Financial Projections assume that the Bank and the Debtor will enter into Modified Bank Loan Documents and hold an Allowed Secured Claim in the estimated amount of $350,000, which will bear interest at the rate of 4. 5% per annum and be repaid over the period beginning on the Effective Date and ending on January 5, 2018.

2. The Debtor will pay for the essential Capital Improvements identified in Exhibit E, Capital Improvements and Projected Cost out of the Capital Reserve Fund because the Bank may or may not make the Bank Capital Improvements Line. The Financial Projections show that the Debtor will have sufficient funds to pay the dividends due under the Plan after paying its operating costs and expenses. Consequently, the Debtor expects to be able to make the payments required by the Plan.

XIX. Risk Factors to be Considered by Creditors.

The Plan imposes relatively little risk on creditors other than those discussed in the preceding Article. A Plan default is conceivable, but it would require a significant adverse event, such as the need to make far more capital improvements than contemplated by the Capital Improvements Budget, a need to make them at a much faster pace or a decline in the real estate market so serious that the Units have little value. In any of those events and others that cannot be foreseen, the Debtor's ability to collect

XX. Best Interests of Creditors, Acceptance and Cram Down.

A. Plan Is in the Best Interests of Creditors.

1. Confirmation of the Plan is in the best interests of creditors within the meaning of the Code. Determining whether or not the Plan satisfies the "best interests test" requires a comparison of the dividends are expected to receive under the Plan to the distributions that impaired creditors would receive in the hypothetical liquidation described earlier in this Disclosure Statement.

2. Included in the Appendix is Exhibit C, Liquidation and Plan Comparison. It compares in a tabular format the dividends projected to be paid to holders of Allowed Claims in each Class pursuant to the Plan to the amount or liquidation distribution that the Class would receive from the hypothetical liquidation of the Debtor's property, as shown by Exhibit B, Hypothetical Liquidation Summary. All creditors will receive far more under the Plan than they would receive through a liquidation. Consequently, the Plan satisfies the "best interests of creditors" test.

3. Exhibit B shows that in a liquidation:

a. Only the Chapter 7 Trustee, the Trustee's Counsel and would more

probably than not be paid in full from the Hypothetical Liquidation proceeds.

b. The Bank would suffer a significant loss.

c. Chapter 11 Allowed Administrative Expenses would not be paid in full.

d. Unsecured creditors would not likely receive any money from the Hypothetical Liquidation unless the Chapter 7 Trustee prosecuted Chapter 5 Condominium Actions aggressively and successfully against Chapter 5 defendants with the ability to pay judgments rendered against them. Many of them would have ordinary course of business defenses to any preferential transfer claim. All impaired Classes of creditors will receive more under the Plan than they would receive through a liquidation. Consequently, the Plan satisfies the "best interests of creditors" test.

B. Acceptance of Plan. Pursuant to Section 1126(c) of the Code, a Class of impaired claims has accepted a plan of reorganization when such plan has been accepted by creditors (other than an entity designated under Section 1126(e) of the Code) that hold at least two-thirds in aggregate dollar amount of Allowed Claims in such Class and more than one-half in number of the Allowed Claims of such Class held by creditors (other than any entity designated under Section 1126(e) of the Code) that have Condominium Actually voted to accept or reject the plan. Section 1126(e) of the Code allows the Bankruptcy Court to designate the votes of any party that did not vote in good faith or whose vote was not solicited or procured in good faith or in accordance with the Code. Holders of claims who fail to vote are generally not counted as either accepting or rejecting the plan.

C. Cramdown and Absolute Priority.

1. Section 1129(b) of the Code permits a Bankruptcy Court to confirm a plan even if an impaired voting Class rejects the plan or a creditor objects to its Confirmation through a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of claims or Equity Interest Holders that is impaired under, and has not accepted, the plan. The Plan will automatically become a motion asking the Bankruptcy Court to Confirm it over the objection of any Class or Classes entitled to vote to accept or reject the Plan if such Class rejects the Plan.

2. Nonconsensual Confirmation requires the Bankruptcy Court to find that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, rejecting Class. The Plan satisfies both requirements. The Plan priority scheme follows the Code. No creditor holding an Allowed Claim in a Class will receive money or property on account of the Allowed Claims unless all Allowed Claims in the senior Classes have been paid in full. If necessary, the Bankruptcy Court will have the power and authority to Confirm the Plan.

PART EIGHT

ADDITIONAL DISCLOSURES

This Part has no counterpart in the Plan. It provides the additional disclosures typically required by Bankruptcy courts.

XXI. Tax Returns and Tax Consequences to Creditors.

A. Status Debtor of Federal and State Tax Returns. The Debtor has filed all of the federal and state tax returns that were due on or before the Disclosure Date.

B. Tax Consequences to Creditors. The Confirmation and implementation of the Plan may result in federal income and/or state tax consequences to creditors. The tax consequences may and more probably than not will vary among the creditors because of their unique businesses and tax considerations and the claim itself. Consequently, creditors are urged to consult with their tax advisors in order to determine the tax implications of the Plan under federal and state law.

C. Acquisition of Claims by Insiders. No claims have been acquired by any insider since the Petition Date.

D. Qualifications and Limitations.

1. Primary Source of Information. The information contained in this Disclosure Statement came from the Debtor's management and its books of account and other financial records.

2. Dating of Information and Statements. All of the statements contained in this Disclosure Statement are being made as of the Disclosure Date unless otherwise stated in

the body of this Disclosure Statement.

3. Limited The use of Disclosure Statement. Only Plan Parties are intended to receive and the use the information contained in this Disclosure Statement. It has been prepared by the Debtor to provide Plan Parties with adequate information to permit them to make an informed decision about the merits of the Plan. Although the Bankruptcy Court determined that this Disclosure Statement provides adequate information, its Order approving the Disclosure Statement does not mean and should not be interpreted to mean that the Bankruptcy Court has endorsed or determined that the Plan will or will not be successful or that creditors should vote for it.

4. No Approval of Securities Regulators. No benefits offered to Plan Parties under the Plan have been approved or disapproved by the SEC, NASD or any other governmental authority. Neither the SEC, NASD nor any other governmental authority has passed, or will pass upon the merits of the Plan except for the Bankruptcy Court.

5. No Other Representations. No representations concerning the Debtor, particularly regarding future business operations or the value of the Debtor's assets, have been authorized by the Debtor, except as set forth in this statement.

6. Projections. Much of the information contained herein consists of projections of future performance of a very complicated and uncertain business. The Debtor has made a reasonable effort to insure that the assumptions, estimates, financial projections and predictions have a reasonable basis in fact. The Plan term is 10 years. During that period, factors beyond the control of the Debtor and its management will affect the implementation and success of the Plan. Under no circumstances should any Plan Party view the information as a guaranty, representation or warranty.

CERTIFICATE OF SERVICE

I hereby certify that on this date I served the foregoing pleading on all persons/entities named on the CM/ECF Electronic Service List by causing it to be filed electronically via the CM/ECF filing system and mailed to the following persons/entities by first-class United States Mail, postage pre-paid, or in such other manner as may be indicated:

All persons and entities named on the CM/ECF Electronic Service List - electronically via the CM/ECF filing system.

Dated: September 8, 2017

/s/ Beth E. Venuti
Beth E. Venuti, Paralegal