

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

In re:	)	
	)	Chapter 11
LTD Management, Inc	)	Case No.: 17-10684-MAF
	)	

**DISCLOSURE STATEMENT WITH RESPECT TO  
PLAN OF REORGANIZATION OF  
LTD MANAGEMENT, INC. DATED OCTOBER 27, 2017**

The above-captioned debtor, LTD Management, Inc. (the “Debtor”), presents this disclosure statement (the “Disclosure Statement”), pursuant to 11 U.S.C. § 1125(b) and (f),<sup>1</sup> to all known creditors and holders of interests in and to the Debtor, in connection with the Debtor’s Plan of Reorganization Dated October 27, 2017 (the “Plan”). A copy of the Plan, which has been filed with the United States Bankruptcy Court for the District of New Hampshire, is filed contemporaneously herewith.

**I. INTRODUCTION**

The Debtor provides this Disclosure Statement, pursuant to Section 1125 of the Bankruptcy Code to all known creditors and other parties in interest of the Debtor. The purpose of this Disclosure Statement is to provide adequate information so that creditors entitled to vote on the Plan may make an informed voting decision.

A ballot for your use in voting to accept or reject the Plan is enclosed. IN ORDER FOR YOUR BALLOT TO COUNT, IT MUST BE RECEIVED AT THE ADDRESS STATED ON THE BALLOT NO LATER THAN \_\_\_\_\_.

Instructions for Ballots:

With this Disclosure Statement, you will receive a Ballot. It is important that you vote. Review the Ballot. Determine which Class includes the Claim or Claims that you hold. On the line for that Class, make a check indicating that it is your class then circle whether you accept or reject the Plan; accept (if you vote in favor) or reject (if you wish to vote against) the Debtor’s Plan. Include the amount of your Claim. Return the completed and signed Ballot to Cheryl C. Deshaies, Esq., P.O. Box 648 Exeter, New Hampshire 03833 or fax it to 1-888-308-7131 or email it to [cdeshaies@deshaieslaw.com](mailto:cdeshaies@deshaieslaw.com). Your ballot must be *received* by one of these means by Attorney Deshaies (not the address for the Bankruptcy Court) on or before \_\_\_\_\_, or it will not count. Do not mail your Ballot to the Debtor. Do not mail your ballot to the Bankruptcy Court.

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<sup>1</sup> Unless otherwise indicated, all statutory references are to Title 11 of the United States Code.

The Debtor has done its best to assure that this Disclosure Statement is correct and complete, but no representations or warranties are made in that regard.

NO REPRESENTATIONS CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT SUMMARIZES THE PLAN. FOR A DEFINITIVE UNDERSTANDING OF THE TERMS OF THE PLAN, IT IS RECOMMENDED THAT YOU REVIEW THE PLAN ITSELF. IF THERE IS ANY DISCREPANCY BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN, THE PROVISIONS OF THE PLAN WILL CONTROL.

The following terms shall have the following meanings when used in initially capitalized form in this Disclosure Statement. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Disclosure Statement that is not defined herein but that is defined in the Bankruptcy Code shall have the meaning assigned to such term in the Bankruptcy Code. Capitalized terms used in this Disclosure Statement, which are not otherwise defined herein, are defined in the Plan.

Administrative Claim shall mean a claim arising and allowable under Section 503(b) of the Bankruptcy Code with respect to the Debtor, including charges against the Debtor's estate under 28 U.S.C. Section 1930.

Allowed with respect to a Claim or Interest other than a Fee Claim, shall mean any Claim or Interest (a) that is the subject of a timely filed proof of claim, or (b) any Claim or Interest that has been listed in the schedules filed with the Bankruptcy Court by the Debtor pursuant to Bankruptcy Code Section 521 and is not listed therein as disputed, unliquidated or contingent; and, in each such case as to which either (i) no objection to the allowance thereof or other similar pleading has been filed within the applicable time period set forth in Article IX of the Plan, or (ii) an objection or other similar pleading has been filed and the Claim or Interest has been allowed by a Final Order but only to the extent so allowed.

Allowed Amount shall mean the amount of any Allowed Claim or Allowed Interest.

Bankruptcy Code shall mean 11 U.S.C. Sections 101 et seq., as in effect with respect to the Case on the Petition Date. All Bankruptcy Code references herein are to the Bankruptcy Code in effect as of the Petition date, unless otherwise stated.

Bankruptcy Court shall mean the United States Bankruptcy Court for the District of New Hampshire, or any other court with jurisdiction over the Case.

Bar Date shall mean the date established by the Bankruptcy Court as the deadline for filing proofs of claims or interests in the Case.

Case shall mean the Chapter 11 Case of the Debtor now pending in the Bankruptcy Court pursuant to Chapter 11 of the Bankruptcy Code referenced as Case Number 17-10684-MAF.

Cash shall mean payment, including by check, issued by or on behalf of the Debtor with respect to any payment of funds required to be made pursuant to the Plan.

Claim shall mean a claim, as defined in Bankruptcy Code Section 101(5), against the Debtor.

Confirmation Date shall mean the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court.

Confirmation Order shall mean the Order (which need not be a Final Order) confirming the Plan pursuant to Bankruptcy Code Section 1129.

Effective Date shall mean \_\_\_\_\_, 2018 as also established in Article VII of the Plan.

Encumbrances shall mean all liens, encumbrances, mortgages, hypothecations, pledges, and security interests of any kind whatsoever.

Executory Contract shall mean an executory contract within the meaning of 11 U.S.C. Section 365 of the Bankruptcy Code.

Fee Claim shall mean the Administrative Claim of a professional person for compensation and/or reimbursement of expenses.

Final Order shall mean an Order of any court, administrative agency or other tribunal as entered on its docket as to which (a) the time to appeal or petition for rehearing or certiorari has expired and as to which no appeal or motion for rehearing or petition for certiorari has been timely filed or taken, (b) if such an appeal or motion for rehearing or petition for certiorari has been timely filed or taken, such order or judgment has been affirmed by the highest tribunal in which review was sought or such appeal, motion for rehearing or petition for certiorari was dismissed or otherwise terminated without modification of such order or judgment, and the time has expired within which any further proceeding for review may be commenced.

Order shall mean an order of the Bankruptcy Court.

Petition Date shall mean May 10, 2017.

Plan shall mean the Debtor's Amended Plan of Reorganization Dated October 27, 2017, as it may be amended or modified by the Debtor from time to time, together with all exhibits, schedules and other attachments thereto, as the same may be amended or modified by the Debtor from time to time, incorporated herein by reference.

Post-Petition Bar Date shall mean the date which is sixty (60) days following the Confirmation Date.

Prime Rate shall mean the annualized rate of interest designated as the "Prime Rate" as published in the Money Rates Section of The Wall Street Journal, Eastern Edition as of the Effective Date of the Plan. If the Prime Rate shall no longer be published in the Money Rates or any other section of The Wall Street Journal, then the holder(s) of an obligation payable with interest at the Prime Rate pursuant to this Plan shall have the right, exercising reasonable judgment, to substitute a new method for determining a comparable per annum interest rate to be charged by the holder(s) and such rate of interest determined by such method shall become the Prime Rate for the purpose of this Plan and any obligation issued pursuant to this Plan.

Priority Claim shall mean an Unsecured Claim arising before the Petition Date and allowable under Section 507(a)(2) through 507(a)(10) of the Bankruptcy Code.

Real Estate shall mean the property known as 63 Route 27 in Raymond, New Hampshire owned by the Debtor.

Reorganized Debtor shall mean LTD Management, Inc after confirmation of the Plan.

Secured Claim shall mean a Claim that is secured by perfected (or similarly binding) encumbrances on any of the Debtor's assets, to the extent provided in 11 U.S.C. Section 506 of the Bankruptcy Code.

Unexpired Lease shall mean a lease that has not expired or terminated within the meaning of 11 U.S.C. Section 365 of the Bankruptcy Code.

Unsecured Claim shall mean a Claim which arose before the Petition Date and which is not secured by any interest in any property of the Debtor's estate, and shall include a Claim which arises from the rejection of an Executory Contract or Unexpired Lease, within the meaning of Section 365 of the Bankruptcy Code; provided, however, that in order to be an Unsecured Claim, such Claim must be evidenced by a proof of claim which has been timely filed by the holder of the Claim (whether or not such proof of claim has been Allowed) prior to the Bar Date, or such Claim must be described on Schedule F filed by the Debtor and not

noted as unliquidated, contingent or disputed on such Schedule (whether or not such claim is deemed Allowed). Unsecured Claim also shall mean the portion of a purportedly secured claim which is determined to be unsecured in accordance with the principles of 11 U.S.C. Section 506 of the Bankruptcy Code.

## **II. SUMMARY OF THE PLAN**

The Debtor has proposed a Plan of Reorganization. The Plan accompanies this Disclosure Statement. To the extent there are any discrepancies with the Plan, the terms of the Plan control. The Court may approve the Plan if it is fair and equitable, and if it is accepted by at least one class of impaired creditors, not including insiders. Your vote either in favor or against this Plan is important to its approval or rejection. An impaired class is deemed to have voted in favor of the Plan if two-thirds in dollar amount and more than one-half in number of the holders of the Claims of such class vote in favor of the Plan. The impaired classes in this proceeding include: TD Bank, N.A.; the Internal Revenue Service, and National Finance Corporation.

The Plan provides that an existing shareholder –Lisa D’Aoust shall retain her interest in the Debtor. Lisa D’Aoust has contributed new value in the amount of 19,000 to the Debtor during the course of this Case (as described more fully in Section V.C). In return for this new value contribution, following confirmation of the Plan Lisa D’Aoust will serve as President of the Reorganized Debtor and will be the sole equity holder of the Reorganized Debtor.

Under the Plan, the Debtor will utilize primarily the following resources to fund the Debtor’s obligations under the Plan: (a) proceeds from the continued rental of the Real Property, (b) proceeds of the loan from the DIP Lender; and (c) the “new value” that already has been contributed by the Debtor’s equity holder in the amount of \$19,000 during the pendency of this case. It is not anticipated that any avoidance or collection actions will be a source of funding the Plan. The Debtor believes that the alternative to the Plan is liquidation which will provide unsecured creditors with no recovery. By continuing the business through the Reorganized Debtor, the unsecured creditor class will receive more in distributions than it would in a liquidation.

The Debtor has revived or is in the process of reviving the LTD Management, Inc. corporation through a filing with the New Hampshire Secretary of State by: filing the missing annual reports since administrative dissolution; paying the required outstanding fees and charges; and filing the application for revival. Also, the Reorganized Debtor has been in communication with the State of New Hampshire regarding the environmental issues on the Real Estate. The Reorganized Debtor is prepared to work with the New Hampshire Department of Environmental Services in cooperation with state contractors to remove the underground oil tanks and conduct the necessary soil contamination remediation. Based on discussions with John Pasquale from the State of New Hampshire Department of Environmental Services, the Reorganized Debtor believes its portion of the cost for cooperating with the State of New Hampshire to accomplish this

environmental work will be \$5,000. This expense is shown on the Debtor's projections which have been filed as **Exhibit A** to this Disclosure Statement.

The Secured Claim of the Town of Raymond (Class One) will be paid in full on or about the Effective Date of the Plan via a Debtor-in-Possession ("DIP") loan. The loan extended by the DIP lender will be secured by a priming mortgage on the Real Estate at 4% over 15 years with principal and interest payments being due on the 15<sup>th</sup> day of each month. The estimated amount owed to the Town of Raymond is \$48,000. Thus, the estimated monthly payment to the DIP lender will be \$355, as compared to the monthly payment of \$1,219 that would be required to the Town of Raymond if the interest rate continued at 18%. The DIP loan, therefore, helps the Plan achieve feasibility and also serves as protection to those holding junior liens as it reduces the rate at which interest would accrue in the event of a default. The DIP lender will record a mortgage at the Rockingham County Registry of Deeds along with a copy of the Confirmation Order as evidence of its priming lien.

The Secured Claim of TD Bank, N.A. ("TD") (Class Two) will be paid in full according to the terms of a modification to the existing promissory note to be executed by the Reorganized Debtor before the Effective Date. The loan will be amortized over twenty (20) years at a fixed interest rate of 6%. The Debtor's payment obligations to TD in relation to TD Bank, N.A.'s Allowed Secured Claim will continue to be secured by the mortgage which was recorded at the Rockingham County Registry of Deeds at Book 3811, Page 1033. It will enjoy second priority position, immediately junior to the DIP priming lien. TD is fully secured and, therefore, payment in the manner described shall constitute payment in full of any and all amounts owed to TD as of the Petition Date. The existing security agreements and mortgage shall survive confirmation and shall secure the modified promissory note subject only to the priming lien of the DIP lender.

The Secured Claim of the Internal Revenue Service (Class Three) for Tax Years 2007, 2008, 2009, 2010, and 2011 was recorded at the Rockingham County Registry of Deeds via separate IRS tax liens that were recorded at Book 4943, Page 020; Book 5435, Page 2204; Book 5479, Page 1297 and Book 5694, Page 2816. They are fully secured. The Allowed Class Three Claim shall be paid as provided herein. The total Allowed Claim under Class Three shall be paid with 4% interest via monthly payments over the 60 months following the Effective Date of the Plan. The tax liens shall survive confirmation and shall be released consecutively when the tax debt associated with each is paid in full through the Plan.

The mortgage-related Claim of National Finance Corporation (Class Four) is secured by a mortgage in the amount of \$150,000 that was recorded at the Rockingham County Registry of Deeds at Book 5237, Page 1255; it comes after the first IRS lien but before the other IRS liens. It is deemed fully secured. Said Claim shall be paid pursuant to a promissory note the terms of which shall be agreed to by the Debtor and National Finance and assumed by the Reorganized Debtor (the "Note") in the principal amount of \$150,000. Payments on the Note shall begin on the thirtieth (30<sup>th</sup>) day following the Effective Date. The Note will include provisions such as late fees and collection

provisions usual and customary in the industry outside of bankruptcy, the exact terms of which will be agreed upon by National Finance and the Debtor before the Effective Date. The Debtor proposes to pay the Claim of \$150,000 at 6% interest over 20 years.

The attachment-related Secured Claim of National Finance Corporation (Class Five) is purportedly secured by an attachment recorded at the Rockingham County Registry of Deeds at Book 5701, Page 0541. The attachment is recorded after the last of the IRS liens. The total amount due as a Secured Claim under Class Five shall be based upon the Allowed Secured Claim to the extent provided in 11 U.S.C. Section 506(a) of the Bankruptcy Code. Thus, the total estimated amount of Claim Five is \$60,109. Claim Five shall be paid according to a promissory note in the amount of \$60,109 the terms of which shall be agreed upon by National Finance Corporation and the Debtor at 6% over 20 years and shall be paid in monthly installments beginning on the thirtieth (30<sup>th</sup>) day following the Effective Date.

National Finance Corporation also shall hold an Unsecured Claim (Class Six) consisting of the amount owed to National Finance Corporation which, pursuant to 11 U.S.C. Section 506 of the Bankruptcy Code, is not secured by the National Finance Corporation attachment. Debtor asserts that the amount of this Claim is \$33,922.<sup>2</sup> It shall be treated as a general Unsecured Claim under the Plan.

Lisa D'Aoust, the sole stockholder of the Debtor, shall retain her equity interest in the Debtor post-confirmation and shall be the sole equity holder of the Reorganized Debtor in return for the capital infusions Ms. D'Aoust already has made during the pendency of this case in the amount of at least \$19,000 (by paying \$4,000 to the appraiser from her LLC's funds as well as \$11,000 for the deposit to Debtor's counsel, and more than \$4,000 for real estate taxes).

The Debtor believes that the Plan Provides for the fair and equitable treatment of all creditor Claims and that the Plan is in the best interests of all creditors and other parties in interest.

### **III. HISTORY AND BACKGROUND OF THE DEBTOR**

The Debtor is a corporation organized and existing under the laws of the State of New Hampshire. The current sole equity holder is Lisa D'Aoust. The Debtor's principal business is that of a landlord with respect to a mixed use (commercial and residential) building located at 63 Route 27, Raymond, New Hampshire (the "Real Estate").

The Debtor was formed in July 1992 to "engage in the business of real estate purchase, sale, brokerage, management, building and development services." (See Articles of Incorporation). There were three equal owners of the corporation. Its first

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<sup>2</sup> The above being said, the Debtor disputes the calculation of post-judgment interest and asserts that when the proof of claims is amended to fix an inaccurate calculation of post-judgment interest it will reduce National Finance Corporation's unsecured claim to \$22,638.60 and increase the unsecured creditor dividend percentage to 26.5%.

place of business was 43 Freetown Rd, Raymond, New Hampshire 03077. The Debtor operated as a real estate brokerage company under the trade name Team Realty from 1992 -1993. In or about 1993, the Debtor began to operate under the trade name Century 21 Team Realty. The Debtor moved its operations to one of the units at 63 Route 27, Raymond, New Hampshire. Ultimately, the Debtor purchased the Real Estate in March 1998 becoming the landlord to the other tenants. Pursuant to a buyout agreement in 2006, Lisa D'Aoust became the sole stockholder of the Debtor. Ms. D'Aoust continued to operate the Debtor under the trade name Century 21 Team Realty but ceased employing individuals in or about 2007. The Debtor then retained its real estate agents as independent contractors. The Debtor so operated until 2011 when the Debtor began to operate under the trade name owned individually by Lisa D'Aoust, Teamwork Realty, until 2015. In September 2015, the sole stockholder Lisa D'Aoust formed a separate limited liability company – LTD Teamwork Realty, LLC. Commencing January 1, 2016, all of the real estate sales business has been operated under LTD Teamwork Realty, LLC.

The Debtor continues to operate solely in its capacity as the owner of the Real Estate and landlord to its tenants. The Real Estate is comprised of five (5) units. Two of the units are residential and are occupied under written one-year leases. One of these tenants has been occupying his unit for 6-7 years. The other residential tenant has been occupying the premises for one year (lease just renewed) and has always paid on time. The Debtor has every reason to believe that these tenants will continue to renew their leases on an annual basis. The other three units are commercial. Two are occupied, the third has a signed lease and moves in November 1. One of the commercial unit tenants just renewed its lease in June 2017 for a term of three years. That tenant has occupied the building for approximately twelve (12) years. Pursuant to the terms of the lease, the Debtor is permitted to increase the rent for that unit beginning Year Two of the lease upon 60-days' notice. The Debtor expects to implement a small rent increase. LTD Teamwork Realty, LLC occupies one commercial unit and began paying rent at \$1,200 per month in September. LTD Teamwork Realty, LLC serves as the building manager at no charge to the Debtor, managing building maintenance, collection of rent, and re-letting properties as they become vacant. The third commercial unit is not presently occupied but a tenant has signed a written lease, has retrofitted the space to be a salon and will occupy the space commencing November 2017. This tenant has an established salon that she is moving to this location and has a book of business that she is bringing with her. The Debtor has every reason to believe that the salon will be a reliable tenant. The monthly rents collected from each unit appear on the Projections which are included as **Exhibit A** to this Disclosure Statement. The total monthly rent roll commencing November 2017 will be \$4,800. This is expected to increase gradually as leases are renewed and/or renegotiated as indicated in the projections. See also **Section XIII – Financial Projections**.

### **Historical Financials and Events Leading Up to the Bankruptcy:**

As described previously, the Debtor formerly operated as both a real estate broker and an owner of real estate/landlord. It so operated until the end of 2015. Commencing

January 1, 2016, the real estate broker business was separated and now operates under a separate LLC owned by Lisa D'Aoust. Prior to 2016, while the business was operating with the real estate business, the Debtor incurred some income tax liability for years 2007, 2008, 2009, 2010, and 2011 due to depressed real estate sales caused by the housing collapse and the Great Recession. Such made it difficult for the Debtor to meet payroll and pay the income taxes. The Debtor also fell behind in real estate property taxes but has caught up except for years 2013 - 2016. The recovering real estate market has increased the Debtor's annual real estate commissions over the past few years making it possible for the Debtor to keep current with its on-going income tax obligations and to keep current with and make extra payments toward the real estate tax obligations. The remaining arrearages will be cured through the Plan.

(i) Historical Rents:

Over the past three years, there has been a trend of increasing rents as the real estate market has improved. The Debtor's gross rents were: 2014 - \$20,540; 2015 - \$27,250; and 2016 - \$39,240. The Debtor believes that this improvement is due to the improving real estate market and by Lisa D'Aoust's ability to re-focus on the business. In 2014 and 2015, Ms. D'Aoust had a family member battling cancer. That family member needed care and was the parent of a young child who also needed care and supervision. Ms. D'Aoust stepped in to help her family through that difficult time. Whereas Ms. D'Aoust is the sole owner of the Debtor, rent collection, marketing the property to fill vacancies, and real estate sales<sup>3</sup> necessarily suffered during this time. Ms. D'Aoust was unable to spend as much time collecting rents and filling vacancies as she would have liked, nor was she able to spend as much time on her real estate sales. This difficulty was compounded by the fact that her life partner had just lost of his sand and gravel business in 2011 and a secured creditor, National Finance Corporation, was pursuing LTD Management for the deficiency.<sup>4</sup> Those events were a distraction that prevented Ms. D'Aoust from being able to give the Debtor her full attention.

Ms. D'Aoust's family member died in 2016. While this was a tragic and unfortunate event, her passing did enable Ms. D'Aoust to re-focus on the future. She took custody of the minor child and focused her attention on the business. The Debtor now has stable residential and commercial tenants which the Debtor expects to yield annual gross rents of at least \$57,600. Also, a significant increase to the Debtor's rental income going forward will be the rental payments made by Ms. D'Aoust's non-debtor entity, LTD Teamwork Realty, LLC. This non-debtor entity occupies one of the commercial units in the Real Estate and also serves as the manager of the Real Estate

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<sup>3</sup> During 2014 and 2015 Ms. D'Aoust operated her real estate sales business within LTD Management, Inc. At the end of 2015, Ms. D'Aoust separated the two businesses such that her real estate sales business is operated under LTD Teamwork Realty, LLC and the Debtor's only business is owning and renting the Real Estate.

<sup>4</sup> It was in trying to help her partner avoid foreclosure and the loss of his business that Ms. D'Aoust agreed to place a mortgage on the Real Estate owned by the Debtor to the benefit of National Finance, a creditor in this bankruptcy proceeding. The funds were supposed to help prevent foreclosure and loss of the business. It did not work and left the Debtor with a deficiency owed to National Finance.

overseeing necessary maintenance and repairs and collecting rent. LTD Teamwork Realty began paying \$1,200 rent per month to the Debtor in September 2017 and has executed a three-year lease with the Debtor. All of the Debtor's tenants except one recently renewed their leases some at increase monthly rental rates. The one that did not recently renew is due to renew soon and has already indicated that it will stay, renew the lease, and agree to a rent increase. Thus, the Debtor has every reason to believe that its projected income from rents will be accurate and stable income to the Debtor.

(ii) Historical Gross Real Estate Sales of the Debtor and now LTD Teamwork Realty, LLC :

Prior to 2014, the recession and depressed real estate market caused the Debtor significant financial distress due to decreased real estate sales. Historically, the Debtor had experienced a down market for one to three years but never the length of the recent housing downturn which was from 2008 to about 2014. This extended downturn caused the Debtor to be unable to pay its federal income taxes at the end of tax years 2007 -2011. Although the Debtor then began paying its income taxes when due, it had also fallen behind on its real estate property taxes owed to the Town of Raymond, New Hampshire. Although within the last year or more it has been paying its current real estate taxes and making extra payments, it still owes back real estate taxes for 2014 - 2016. These amounts will be paid in full as described in further detail herein through the DIP Lender shortly after confirmation of the Plan.

In 2014, real estate sales experienced noticeable improvement. In 2014 – 2015, the real estate sales business was still being operated under the Debtor's legal entity, LTD Management, Inc. In 2014, the Debtor earned \$60,930 in real estate sales commissions. In 2015 the gross sales commissions were \$61,026. In 2016 the real estate sales business was separated and began to operate under a new legal entity, LTD Teamwork Realty, LLC ("Teamwork Realty"). In 2016 Teamwork Realty's gross real estate sales commissions were \$59,380. This number is likely lower than it could be given that Ms. D'Aoust was still working to stabilize her family situation in much of 2016. She now has custody of the minor child, adequate child care, and is focused on her business. This re-focus and improving real estate market is reflected in the year-to-date gross real estate commissions earned from Jan 1 – September 30, 2017 which total \$79,347. This is an increase of almost \$20,000 more than the *annual* commissions for last year. Moreover, Teamwork Realty expects to close at least three more real estate sales before the end of 2017 for total estimated gross real estate commissions in 2017 of \$97,347. Should sales be equivalent next year, Teamwork Realty projects that it will be able to pay its \$1,200 monthly rent to the Debtor and its other expenses and have at least \$26,000 available to Ms. D'Aoust as an owner's draw for her time and effort. This is a substantial improvement from when the real estate market was depressed and/or Ms. D'Aoust had reduced her activities due to the family member's illness. Ms. D'Aoust is optimistic that 2018's real estate sales will be equally or more successful than 2017 because industry reports suggest that the real estate market is continuing to improve. Also, Teamwork Realty already has a contract to sell a six-unit subdivision of higher-end homes in an established high-end-home neighborhood in the first quarter of 2018. These sales are

expected to bring in at least one third of the total commissions earned in 2017 in just the first quarter of 2018. For these reasons, Ms. D'Aoust believes that LTD Teamwork Realty, LLC will be a valuable and reliable property manager and tenant for the Debtor.

The Debtor is now paying its income taxes and real estate taxes when they become due. The Debtor did not owe any income taxes for the 2016 tax year and has been paying the Town of Raymond \$750 monthly toward the second half of its 2017 real estate tax obligations. The Debtor expects that the real estate taxes owed for the second half of 2017 will be paid in full by the time they are due in December.

Following is the Debtor's Balance Sheet as of the Petition Date. (This information is provided solely for the purpose of providing information for creditors in connection with their evaluation of the Plan; it is not an independently audited report):

**BALANCE SHEET OF LTD MANAGEMENT, INC.**

**As of May 10, 2017**

**ASSETS:**

<b>63 Route 27, Raymond, NH</b>	<b>\$375,000.00<sup>5</sup></b>
<b>Checking Account</b>	<b>\$ 0.00</b>
<b>Retainer held by bankruptcy counsel</b>	<b>\$ 0.00<sup>6</sup></b>
<b>Back Rents/Receivables Owed to LTD</b>	<b>\$ 3,100.00</b>
<b>Office Furniture and Equipment</b>	<b>\$ 3,000.00</b>
<b>TOTAL ASSETS:</b>	<b>\$381,100.00</b>

**LIABILITIES:**

**Creditors Holding Secured Claims:**

<b>Town of Raymond (Property Tax)</b>	<b>\$ 47,771.57</b>
<b>TD Bank, N.A.</b>	<b>\$ 91,549.29</b>
<b>Internal Revenue Service</b>	<b>\$ 25,340.65</b>
<b>National Finance Corporation</b>	<b>\$210,109.00<sup>7</sup></b>

**Creditors Holding Priority Claims:**

<b>NH Department of Revenue Admin.</b>	<b>\$ 864.87</b>
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**Creditors holding Unsecured Non-priority Claims:**

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<sup>5</sup> The appraised value is \$380,000 but it does not take into account the environmental conditions. Per discussions with the NH Dept. of Environmental Services the deductible for the environmental remediation will be \$5,000. The value of the real estate has been estimated less this amount.

<sup>6</sup> The initial retainer paid was \$6,000 from the personal funds of Ms. D'Aoust from which \$1,717 was used for the bankruptcy court filing fee and \$2,417.00 was paid to Debtor's counsel pre-petition for preparing and filing the Debtor's petition and schedules. Amount remaining in IOLTA at that time was \$3,583. Ms. D'Aoust has continued to make payments toward the retainer at \$1,000 per month.

<sup>7</sup> National Finance Corporation filed a secured claim in the amount of \$ 244,031 .32. The Debtor disputes the exact amount of the debt, the interest rate, and the amount that is secured. The Debtor asserts that the total amount secured is \$210,109 and that \$33,922 is unsecured.

<b>National Finance Corporation</b>	<b>\$ 33,922.00</b>
<b>TOTAL LIABILITIES:</b>	<b>\$ 409,557.38</b>
<b>NET VALUE:</b>	<b>\$ (\$28,457.38)</b>
<b>IV. <u>ASSETS OF, AND CLAIMS AGAINST, THE DEBTOR</u></b>	

The assets of the Debtor are as set forth above. The Bankruptcy Court established a deadline for the filing of proofs of claims against the Estate for the purpose of establishing the Debtor's liabilities which deadline is referred to as the "Bar Date".<sup>8</sup> To the extent that a proof of claim or interest is not filed on or before the Bar Date, and to the extent that the Claim is scheduled by the Debtor as disputed, unliquidated or contingent, such party is deemed to have waived any and all Claims against the Debtor's Estate. No Claim will be entitled to payment until such Claim is an Allowed Claim. If an objection is made to a Claim, no payment will be made until the Bankruptcy Court determines the lawful amount of the Claim. The creditors for the liabilities listed above have filed Claims in the bankruptcy case. The Debtor has reserved the right to object to those Claims. Based on the Claims filed, the Debtor's schedules of assets and liabilities prepared by the Debtor, and the Debtor's most recent estimates of value of its assets, the Claims against the Debtor and the assets of the Debtor can be stated as follows:

**A. *Secured Claims***

A Claim is "Secured" when a creditor holds a lien on particular assets ("Collateral") to assure payment of the Claim. In general, proceeds from any sale of Collateral must be applied first to the repayment of any Claims secured by the Collateral. If the amount of the Claim exceeds the value of the Collateral, then the Claim is considered to be a "Secured Claim" under the Bankruptcy Code, to the extent of the value of the Collateral, and an Unsecured Claim for any balance of the Claim in excess of the value of the Collateral.

The Debtor scheduled creditors holding Secured Claims, as follows:

The Claim held by the Town of Raymond which shall include all of the 2013-2016 real estate taxes.

The Claim held by TD Bank, N.A. which is the First Mortgage secured by the Real Estate and which encumbrance is recorded at the Rockingham County Registry of Deeds at Book 3811, Page 1033.

The liens held by the IRS for the following tax years: 2007, 2008, 2009, 2010, and 2011 all secured by IRS liens recorded at the Rockingham County Registry of Deeds at – Book 4943, Page 0201; Book 5435, Page 2204; Book 5479, Page 1297 and Book 5694, Page 2816. The IRS lien at Book 4943, Page 0201 has

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<sup>8</sup> The Bar Date applies to all Claims and interests against the Estate except for administrative claims under Section 503(b) of the Bankruptcy Code and claims held by governmental entities.

priority over the mortgage held by National Finance Corporation; the rest of the IRS liens were recorded thereafter.

The Claim held by National Finance Corporation secured by a mortgage in the principal amount of \$150,000. This mortgage was recorded at the Rockingham County Registry of Deeds at Book 5237, Page 1255; it comes after the first IRS lien but before the rest of the IRS liens.

The portion of the National Finance Corporation Claim secured to the extent provided in 11 U.S.C. Section 506 of the Bankruptcy Code by an attachment recorded at the Rockingham County Registry of Deeds at Book 5701, Page 0541. It comes after the IRS liens in priority. It shall be treated as an Allowed Secured Claim under the Plan in the amount of \$60,109.

#### **B. *Administrative Claims***

Administrative Claims are Claims arising from the costs and expenses of conducting a Chapter 11 case. They include fees of professional persons employed by the Debtor and by the Creditors' Committee, if any, to the extent approved by the Bankruptcy Court (no Creditors' Committee, however, has been appointed in this Case), and ordinary and necessary Claims incurred after the initiation of the Chapter 11 case. Administrative Claims also include Claims for the costs and expenses of preserving the Debtor's Estate or its assets.

Administrative Claims are entitled, pursuant to Bankruptcy Code Section 507(a)(1), to receive payment before other Priority Claims and before payment of pre-petition Unsecured Claims against the Debtor's Estate. The Debtor estimates that as of the Effective Date, Administrative Claims will consist of the Debtor's obligation to Cheryl C. Deshaies, Esq. in the estimated amount of \$14,000 and the amount of \$5,000 to the State of New Hampshire as the deductible for the environmental remediation on the Real Estate. The Administrative Claims are subject to approval of the Bankruptcy Court pursuant to the procedures set forth in Bankruptcy Code Sections 330 and 331. Debtor's counsel is holding funds in its IOLTA account sufficient to pay most of the attorney's fees. The Debtor has reserves in its checking account sufficient to pay to the remainder owed to Debtor's counsel in a lump sum in December 2017, provided the fees are approved by the Court and to make payments over time (as agreed by NH DES) for the \$5,000 deductible.

#### **C. *Other Unsecured Priority Claims***

The Bankruptcy Code also provides priority for payment of other Claims. Priority Claim means an Unsecured Claim arising before the Petition Date and allowable under Sections 507(a)(2) through 507(a)(10) of the Bankruptcy Code. Such a Claim must be paid ahead of the other unsecured claims in a bankruptcy proceeding. The New Hampshire Department of Revenue holds a Section 507(a)(8) Priority Claim in the

amount of \$864.87 for tax years 2011 – 2016 for which it filed a timely proof of claim. The Debtor has reserves in its checking account sufficient to pay to the New Hampshire Department of Revenue Administration the full amount of \$864.87 within thirty (30) days of Confirmation.

**D. General Unsecured Claims**

Claims that are not fully Secured Claims, or Claims not entitled to Priority under the Bankruptcy Code are considered “general unsecured claims.” If a claimant supplied goods or services and/or a Claim arose prior to the Petition Date, and the claimant holds no security for payment of the Claim, the claimant holds a general Unsecured Claim. In addition, a Claim for damages resulting from the Debtor’s rejection of an executory contract is a general Unsecured Claim, as is the Claim of a secured creditor, to the extent that the Claim exceeds the value of the collateral and will be treated as a general Unsecured Claim under the Plan.

In order to become an Allowed Claim, and thus receive payment pursuant to the Plan, a general Unsecured Claim must have either been (i) set forth in a proof of claim properly filed with the Bankruptcy Court on or before the Bar Date, or (ii) listed by the Debtor in its schedules of liabilities filed with the Bankruptcy Court as a general Unsecured Claim which was neither disputed, unliquidated or contingent. Even if properly filed or scheduled, a Claim may still be disallowed if an objection to the Claim is filed by the Debtor and sustained by the Bankruptcy Court.

The total of general Unsecured Claims is estimated by the Debtor to be approximately \$33,922 is consisting of the portion of the Claim held by National Finance Corporation which exceeds the value of the collateral and, therefore, will be treated, pursuant to 11 U.S.C. § 506(a) as a General Unsecured Claim.

**V. DESCRIPTION OF THE PLAN**

**A. Introduction**

The following description of the Plan is only a summary. Creditors and other parties in interest are urged to carefully read the Plan in full. If the Bankruptcy Court confirms the Plan, the Plan will be binding upon the Debtor, all creditors, and other affected parties.

In Order for any Claim to be paid pursuant to the Plan, the Plan must be confirmed by the Bankruptcy Court and must take effect in accordance with its terms. The hearing at which the Court will consider confirmation of the Plan has been scheduled to take place on \_\_\_\_\_ 2017 at \_\_\_\_\_ a.m./p.m., in Courtroom A at the United States Bankruptcy Court, Warren B. Rudman United States Courthouse, 55 Pleasant Street, Concord, New Hampshire 03301. If the Plan is confirmed on that date, the Plan will take effect on the Effective Date as defined in the Plan.

In order for your particular Claim against the Debtor to receive a distribution under the Plan, the Claim must be an Allowed Claim. A Claim is Allowed when it is determined to be valid pursuant to procedures established by the Bankruptcy Code, the Bankruptcy Court and the Plan. For further information in this regard, see Section VIII, "Allowance of Claims and Interests," below.

**B. *Treatment of Non-Classified Claims***

Under the Plan, certain Claims are not classified. These include Administrative Claims pursuant to 11 U.S.C. §§ 507(a)(1) and 503(b) including charges against the Debtor's estate under 28 U.S.C. Section 1930. Administrative Claims will be paid in full on the later of the date that such Claim becomes an Allowed Administrative Claim and: (i) the date that payment of such Claim is due in accordance with its terms or; (ii) in accordance with any applicable provision of the Bankruptcy Code; or (iii) as otherwise agreed by the professional.

Debtors' counsel estimates that, as of the Confirmation Date, approximately \$14,000 is owed to Cheryl C. Deshaies, Esq. of Deshaies Law for legal services related to this Case. An application for allowance of these fees shall be filed by Debtor's counsel and the fees paid only upon approval by the Court. Any Administrative Claim for outstanding fees incurred in the Case pursuant to 28 U.S.C. Section 1930(a)(6) (e.g. Quarterly Fees) and due and payable as of the Effective Date shall be paid in full on the Effective Date. Thereafter, the Reorganized Debtor shall pay any and all fees lawfully due and payable under 28 U.S.C. Section 1930(a)(6) with respect to the Case in the ordinary course without necessity of allowance by the Court until entry of an Order closing the Case.

**C. *Classification of Claims under the Plan***

The Plan divides Claims (other than Administrative and unclassified Priority Claims) against the Debtor into eight (8) classes. Distributions to holders of Allowed Claims under the Plan are in full settlement and satisfaction of those claims, including any interest accrued thereon. Following is a list of the eight (8) classes of Claims:

Class One shall consist of the Allowed Secured Claim held by the Town of Raymond which shall include all of the 2013-2016 real estate taxes with interest and penalties outstanding as of the Effective Date. This class has super priority secured status.

Class Two shall consist of the Allowed Secured Claim held by TD Bank, N.A. which is the First Mortgage secured by the Real Estate and which encumbrance is recorded at the Rockingham County Registry of Deeds at Book 3811, Page 1033.

Class Three shall consist of the Allowed Secured Claims of the IRS. The Allowed Secured Claim is for the following tax years: 2007, 2008, 2009, 2010, and 2011

all secured by IRS liens recorded at the Rockingham County Registry of Deeds as follows – Book 4943, Page 0201; Book 5435, Page 2204; Book 5479, Page 1297 and Book 5694, Page 2816. The IRS lien at Book 4943, Page 0201 has priority over the mortgage held by National Finance Corporation; the rest of the IRS liens were recorded thereafter.

Class Four shall consist of the Allowed Secured Claim held National Finance Corporation. The Class Four Claim is secured by a mortgage in the principal amount of \$150,000. This mortgage was recorded at the Rockingham County Registry of Deeds at Book 5237, Page 1255; it comes after the first IRS lien but before the rest of the IRS liens.

Class Five shall consist of the Allowed Secured Claim held by National Finance Corporation to the extent provided in 11 U.S.C. Section 506 of the Bankruptcy Code. The Class Five claim is purportedly secured by an attachment recorded at the Rockingham County Registry of Deeds at Book 5701, Page 0541. It comes after the IRS liens in priority. Pursuant to 11 U.S.C. Section 506 of the Bankruptcy Code, the Debtor asserts that the Class Five claim is in the amount of \$60,109. It shall be treated as an Allowed Secured Claim under the Plan in this amount.

Class Six shall consist of the Allowed Unsecured Claim held by National Finance Corporation. It shall consist of the amount owed to National Finance Corporation, which pursuant to 11 U.S.C. Section 506 of the Bankruptcy Code, is not secured by the National Finance attachment. The Debtor asserts the Class Six claim to be in the approximate amount of \$33,922<sup>9</sup>. It shall be treated as a General Unsecured Claim in this amount under the Plan.

Class Seven shall consist of the Claim held by the New Hampshire Department of Revenue Administration in the amount of \$864.87 for tax years 2011 – 2016. It shall be treated as a Section 507(a)(8) Priority Claim in this amount under the Plan.

Class Eight shall consist of the equity interest held by Lisa D'Aoust, the Debtor's President and only equity holder.

#### **D. *Treatment of Classified Claims and Interests***

Classes 2, 3, 4, 5, and 6 are impaired under the Plan within the meaning of Bankruptcy Code Section 1124. The Plan's treatment of the classes of Claims and Interests are as follows:

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<sup>9</sup> The above being said, the Debtor disputes the calculation of post-judgment interest and asserts that when the proof of claims is amended to fix an inaccurate calculation of post-judgment interest it will reduce National Finance Corporation's unsecured claim to \$22,638.60 and increase the unsecured creditor dividend percentage to 26.5%.

Class One – Town of Raymond. The Town of Raymond real estate taxes enjoy super priority under New Hampshire law. In full and final satisfaction of the Claim in Class One, such Claim shall be paid as follows: (a) the amount of the Allowed Secured Claim will be paid in full after confirmation on or about the Effective Date of the Plan. The Class One Claim shall be paid by an outside lender (“DIP Lender”) who will be loaning the Debtor the funds to pay the Town of Raymond in full. The loan extended by the DIP Lender will be secured by a priming mortgage on the Real Estate at 4% over 15 years with principal and interest payments being due on the 15<sup>th</sup> day of each month. The estimated amount owed to the Town of Raymond is \$48,000. The estimated monthly payment to the DIP lender, therefore, will be approximately **\$355**. The Class One Claim is not impaired under the Plan and the holder of such Claim will not be entitled to vote as a class to accept or reject this Plan.

Class Two – TD Bank, N.A. In full and final satisfaction of the Claim Allowed in Class Two, such Claim shall be paid as provided herein. The total amount due shall be based upon the Allowed Secured Claim with post-petition interest and fees less adequate protection payments made until the Effective Date. Said claim shall be paid pursuant to the existing promissory note as modified as agreed by the Debtor and TD and assumed by the Reorganized Debtor with the amount being treated as a Secured Claim. Payments on the modified note shall begin on the thirtieth (30<sup>th</sup>) day following the Effective Date. The modified Note will include provisions such as late fees, collection provisions, which are usual and customary in the industry outside of bankruptcy, the exact terms of which will be agreed upon by TD and the Debtor before the Effective Date. The amount due on the modified note shall be adjusted to the amount due at the time of the Effective Date such that the amount asserted on the proof of claim may be increased to reflect any interest, costs and fees accruing through the Effective Date, and decreased to reflect any post-petition adequate protection payments made by the Debtor and applied to the loan balance. The estimated amount owed to TD is \$91,550. The estimated payment to TD with 6% interest to pay the loan in full in 20 years will be approximately **\$656**. The Class Two Claim is impaired under the Plan and the holder of such Claim will be entitled to vote to accept or reject this Plan.

Class Three – IRS Allowed Secured Claim. The IRS has a secured claim which is for Tax Years 2007, 2008, 2009, 2010, and 2011 . The IRS liens securing its claim enjoy second, fourth, fifth and sixth priority at the registry of deeds and were recorded at Book 4943, Page 0201; Book 5435, Page 2204; Book 5479, Page 1297 and Book 5694, Page 2816. The Allowed Class Three Claim shall be paid as provided herein. The total amount due under Class Three with interest and penalties is approximately \$25,340.65. This amount shall be paid with 4% interest via monthly payments over the 60 months following the Effective Date of the Plan. The estimated monthly payment to pay this Class Three Claim in full will be approximately **\$467.00**. The tax liens shall survive confirmation and shall be released consecutively when the associated tax debt is paid in full through the Plan. The Class Three Claim is impaired under the Plan and the holder of such Claim will be entitled to vote as a class to accept or reject this Plan.

Class Four – Allowed Secured Claim of National Finance Corporation. In full and final satisfaction of the Claim Allowed in Class Four, such Claim shall be paid as provided herein. The total amount due under Class Four shall be based upon the Allowed Secured Claim. Said claim shall be paid pursuant to a promissory note as agreed by the Debtor and National Finance Corporation and assumed by the Reorganized Debtor (the “Note”) in the principal amount of \$150,00. Payments on the Note shall be made on the thirtieth (30<sup>th</sup>) day following the Effective Date. The Note will include provisions such as late fees and collection provisions usual and customary in the industry outside of bankruptcy, the exact terms of which will be agreed upon by National Finance Corporation and the Debtor before the Effective Date. The Debtor proposes to pay the Secured Claim of \$150,000 at 6% interest over 20 years. The estimated monthly payment will be approximately \$1,075.00. The Class Four Claim is impaired under the Plan and the holder of such Claim will be entitled to vote as a class to accept or reject this Plan.

Class Five – Second Allowed Secured Claim of National Finance Corporation. Class Five is a Claim purportedly secured by the attachment recorded at the Rockingham County Registry of Deeds at Book 5701, Page 0541. In full and final satisfaction of the Claim in Class Five the Claim shall be paid as provided herein. The total amount due under Class Five shall be based upon the Allowed Secured Claim to the extent provided in 11 U.S.C. Section 506(a) of the Bankruptcy Code. Thus, the total estimated amount of Claim Five is \$60,109. Claim Five shall be paid according to a promissory note (the “Note Related to the Attachment”) in the amount of \$60,109 and shall be paid in monthly installments at 6% over 20 years. The estimated monthly payment is \$431. The Class Five Claim is impaired under the Plan and the holder of such Claim will be entitled to vote as a class to accept or reject this Plan.

Class Six – General Unsecured Claim of National Finance Corporation. The Class Six Claim shall consist of the amount owed to National Finance Corporation, which pursuant to 11 U.S.C. Section 506 of the Bankruptcy Code, is not secured by the National Finance Corporation attachment. The Debtor asserts the Class Six Claim to be in the amount of \$33,922.<sup>10</sup> In full and final satisfaction of the Unsecured Claim of National Finance, the Debtor will make payments toward this debt for the sixty (60) months following the Effective Date at \$100 per month beginning thirty (30) days after the Effective Date for a total payment of \$6,000 which is a 17.68% distribution. The Debtor reserves the right to make this payment in a lump sum from non-debtor funds should Ms. D’Aoust wish to contribute her personal funds. When a total of \$6,000 has been paid, whether by monthly payment, lump sum, or a combination of the two, the debt shall be deemed satisfied in full.

Class Seven – New Hampshire Department of Revenue Administration. In full

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<sup>10</sup> The above being said, the Debtor disputes the calculation of post-judgment interest and asserts that when the proof of claims is amended to fix an inaccurate calculation of post-judgment interest it will reduce National Finance Corporation’s unsecured claim to \$22,638.60 and increase the unsecured creditor dividend percentage to 26.5%.

and final satisfaction of the Claim in Class Seven, the claimant shall receive payment in full of this Claim in the amount of **\$864.87** within thirty (30) days of the Effective Date. The Class Seven Claim is not impaired under the Plan. In the event the claimant fails to vote and the Plan is confirmed, such claimant shall be deemed to have accepted payment as described in this paragraph as payment in full and final satisfaction of the Claim.

Class Eight - Equity. The sole stockholder of the Debtor is Lisa D'Aoust. In return for capital infusions that Ms. D'Aoust has made during the pendency of this case in the amount of at least \$19,000 (by paying \$4,000 to the appraiser from her LLC's funds as well as \$11,000 for the deposit to Debtor's counsel, and more than \$4,000 for real estate taxes). Ms. D'Aoust shall retain her equity interest and shall be the sole equity holder of the Reorganized Debtor. The Class Eight Claim is not entitled to vote.

## **VI. MEANS FOR EXECUTION OF THE PLAN**

Plan Funds. The funds necessary for the Debtor to execute and implement the Plan will come from the following sources: (a) the proceeds from the continued rental of the Real Property, (b) the proceeds of the loan from the DIP Lender; (c) reserves in the Debtor's checking account; and the (d) "new value" that already has been contributed by the Debtor's equity holder in the amount of \$19,000 (by paying \$4,000 to the appraiser from her LLC's funds as well as \$11,000 for the deposit to Debtor's counsel, and more than \$4,000 to real estate taxes). It is not anticipated that any avoidance or collection actions will be a source of funding the Plan.

Transfer of Real Estate. By virtue of the Order of Confirmation, all of the Assets of the Debtor shall be deemed transferred to the Reorganized Debtor free and clear of all liens and encumbrances. Notwithstanding, the real estate and other assets which were subject to the liens of the Town of Raymond, mortgage of TD Bank, liens of IRS and mortgage of National Finance shall continue to be so encumbered except that the new mortgage that the Debtor shall enter into with the DIP Lender to pay off the real estate tax debt shall replace the real estate tax liens and shall enjoy priority over all other liens. The real estate also will continue to be encumbered by the attachment held by National Finance Corporation but only to the extent of the value of the collateral as of the Petition Date pursuant to 11 U.S.C. Section 506 of the Bankruptcy Code. The Reorganized Debtor shall be liable for all obligations under the Plan including but not limited to the obligations to the DIP Lender and the modified notes held by TD Bank and National Finance Corporation.

## **VII. EXECUTORY CONTRACTS**

Under the Bankruptcy Code, the Debtor has the right to either reject or assume any contract that was "executory" on the Petition Date. While definitions of "executory" vary, the most widely accepted definition is that an executory contract is one where there is material performance remaining on the part of both the debtor and the other party to the

contract as of the Petition Date. The right of the Debtor to “assume” or “reject” means that the Debtor has three options: (i) to reject the contract, which dates such rejection to the moment before the Petition Date, with the consequence that the other party to the contract has the right to present an unsecured Claim for the damages it incurs by reason of such rejection; (ii) to assume the contract, with the consequence that the contract continues in accordance with its terms with the debtor, all defaults are cured, and no damage Claims are presented; or (iii) to assume the contract upon negotiated amended terms and provisions.

The Debtor’s executory contracts consist of the following leases: Unit 2 (Commercial Unit) – \$600/month for three years through April 30, 2020; Unit 3 (Commercial Unit) – \$600/month for one year, expired by its own terms on June 30, 2017; Unit 4 (Residential) -- \$1,100/month for one year, expiring January 31, 2018; and Unit 1 (Residential) -- \$1,100/month for one year, expiring October 31, 2017. The leases for Units 1 and 3 have expired and have been replaced, post-petition with leases of equivalent or longer terms with equivalent or higher per month rates. The lease for Unit 4 is due to expire in January 2018. However, this tenant has resided in that unit for six to seven years; the Debtor has every reason he will renew the lease promptly. The Debtor’s principal’s non-debtor entity, LTD Teamwork Realty, LLC has executed a post-petition three-year lease with the Debtor at \$1,200/month. Upon confirmation of the Plan, the Debtor will be deemed to have assumed the leases for Unit 2 and 4. A summary of the leases currently in effect are listed in **Exhibit B** to this Disclosure Statement.

## **VIII. ALLOWANCE OF CLAIMS AND INTERESTS**

The Bankruptcy Code provides for pre-petition Claims to be asserted in two ways. First, a creditor may file a proof of claim with the Bankruptcy Court on the appropriate official form. Notice was mailed to all known creditors of the Debtor informing them of the deadline (the “Bar Date”) for filing proofs of claim. Second, a creditor is excused from the requirement of filing a proof of claim if the creditor’s Claim is listed on the schedules of liabilities filed by the Debtor with the Bankruptcy Court, if it is not listed therein as an obligation that is disputed, unliquidated or contingent, and the creditor agrees with the scheduled amount and nature of the Claim. The Bar Date for filing claims was September 7, 2017 for non-governmental entities and the last date for governmental units is November 6, 2017.

Holders of Administrative Claims entitled to priority under the Bankruptcy Code arising before the Confirmation Date and still outstanding sixty (60) days thereafter will be required to file a proof of claim or an application for compensation with the Bankruptcy Court on or before such 60<sup>th</sup> day (the “Post-Petition Bar Date”). Administrative Claims by a professional person for compensation and/or reimbursement of expenses, a Fee Claim, must be submitted to the Bankruptcy Court on or before the Post-Petition Bar Date.

Once a Claim (other than a Fee Claim) has been properly asserted, it will automatically be Allowed unless an objection is timely filed by an interested party, usually the Debtor itself, against the Claim (you will be sent a copy of the objection). You will have an opportunity to submit a reply and, if appropriate, to be heard by the Bankruptcy Court. Fee Claims will be allowed only by a Bankruptcy Court Order. The Plan provides that no distribution will be made on account of any Claim as to which an objection is filed until the objection is resolved.

In general, bankruptcy courts enforce deadlines for the assertion of Claims. Therefore, if you are required to file a proof of claim by the Bar Date or an application for compensation or proof of claim with regard to an Administrative Claim before the Post-Petition Bar Date, but fail to do so, your Claim may be disallowed and may not be paid even if the Claim would otherwise have been entitled to payment.

#### **IX. INJUNCTION AND STAY**

Under the Plan, entry of the Confirmation Order will constitute an injunction applicable to all persons, staying and enjoining the enforcement or attempted enforcement by any means of all liens, Claims and debts (i) discharged pursuant to the Plan and/or (ii) not discharged but relating to the Debtor. In the event of a default under the Plan, which default is not cured in accordance with any applicable grace period, and unless the Bankruptcy Court orders otherwise, such injunction shall be deemed dissolved without further Order of the Bankruptcy Court.

#### **X. ALTERNATIVES TO THE PLAN; LIQUIDATION ANALYSIS**

The alternative to the Plan is the liquidation of the Debtor's assets in a proceeding under Chapter 7 of the Bankruptcy Code, and the distribution of the net proceeds thereof to secured, priority, and unsecured creditors in the order of priority and manner provided under the Bankruptcy Code. In general, this would require that secured creditors be paid first, then administrative expense creditors, including administrative expense creditors in the Chapter 11 case and in the Chapter 7 case (with the latter having priority), then priority creditors, with the balance, if any, distributed to unsecured creditors on a pro rata basis.

In a Chapter 7 case, all of the Debtor's assets would be liquidated. Although it is impossible to determine the exact liquidation value of the Debtor's assets, as described above, the Real Estate has been appraised to have a fair market value of \$380,000 (as currently improved). However, that market value is based on an appraisal that does not take into account the uncertainty of the environmental contamination and necessary remediation and the likelihood that many potential buyers will become uninterested in the property when they learn of the environmental conditions. Assuming a liquidation value of seventy percent (70%) of the fair market value, a liquidation of the Real Property of the Debtor would likely generate approximately \$262,500. Thus, the proceeds of the sale

of the Real Property would be used exclusively to satisfy the priority Claim of the New Hampshire Department of Revenue Administration, the secured Claim of the Town of Raymond, the secured Claim of TD Bank, the first tax lien held by the IRS (Book 4943, Pg. 0201), and the mortgage held by National Finance Corporation. The three junior IRS liens totaling approximately \$17,900 would receive nothing, as well as the attachment held by National Finance Corporation.

In the event the Case is converted to Chapter 7, the Chapter 7 Trustee may attempt to collect payments made by the Debtor in the ninety (90) days prior to the Petition Date (or may attempt to collect payments to insiders made within one (1) year of the Petition Date). However, there were no payments made by the Debtor in the (90) days prior the Petition Date and there were no significant payments by the Debtor to any insiders in the one year leading up to the Petition Date. The Debtor believes there would be no reason to convert the case to chapter 7 because there would be no revenue from a liquidation available to the unsecured creditors.

Under the Plan, the Debtor not only agrees to pay Secured Claims the full value of the assets that serve as Collateral for the Claims with interest at market commercial loan rates, but it also agrees to pay the one Priority Claim in full within thirty (30) days of the Effective Date and a small distribution to unsecured creditors. Based on the foregoing, the Debtor believes that confirmation of the Plan will result in an enhanced return to unsecured creditors and is in the best interest of the creditors.

## **XI. ACCEPTANCE AND CONFIRMATION OF THE PLAN**

### ***A. Acceptance by Impaired Classes***

The Bankruptcy Code provides that any class of creditors or stockholders whose rights are “impaired” (in general terms, not fully honored) under a proposed plan of reorganization has the right to vote, as a class, to accept or reject the Plan. Under the Plan, Claims that have been objected to and not allowed shall have no right to vote with respect to the acceptance or rejection of the Plan, except as otherwise ordered by the Bankruptcy Court. A class of creditors accepts the Plan if more than one-half of the ballots that are timely received from members of the class, representing at least two-thirds of the dollar amount of Claims for which ballots are timely received, are cast in favor of the Plan. If a plan impairs any class of claims, then, among other requirements, at least one class of impaired claims must vote to accept the Plan in order for it to be confirmed.

If any impaired class of claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if the Plan “does not discriminate unfairly” and is “fair and equitable” as to the non-accepting class.

Under the Plan, Classes 2, 3, 4, 5, and 6 are impaired under the Plan within the meaning of Bankruptcy Code Section 1124.

**B. *Best Interest of Creditors Test***

To obtain confirmation of the Plan, the Debtor must also satisfy the so-called “best interest of creditors” test embodied in Section 1129(a)(7) of the Bankruptcy Code. This test requires that the Plan provide each non-accepting creditor with at least as much value as would a liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan satisfies this test because, for the reasons described above, the Plan would provide to any non-accepting creditor a dividend equal to or greater than the dividend such creditor would receive through liquidation of the Debtor.

**XII. VOTING AND OBJECTING TO PLAN**

**A. Voting**

Prior to the Confirmation Hearing, certain creditors will have an opportunity to vote to accept or reject the Plan. Pursuant to the Bankruptcy Code, holders of Claims in Classes 2, 3, 4, 5, and 6 (the “Voting Classes”) are entitled to vote on the Plan because these Classes are “impaired” under the Plan within the meaning of Bankruptcy Code Section 1124. The impairment of a Claim or Interest generally occurs if the legal, equitable, or contractual rights of the holder are altered.

The Plan may be confirmed even if it is not accepted by each of the Voting Classes. The Bankruptcy Code defines “acceptance” with respect to a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims in such class whose holders cast ballots. If the Plan is not accepted by all classes of impaired creditors (i.e., Classes 2, 3, 4, 5, and 6), the Debtor nonetheless will seek to have the Plan confirmed, because the Debtor believes the Plan is “fair and equitable” and does not “unfairly discriminate” against any non-accepting Class of creditors or stockholders, as provided in Bankruptcy Code Section 1129.

The Debtor is providing copies of this Disclosure Statement and Ballots, which include detailed voting instructions, to all known holders of Claims in the Voting Classes. If you are entitled to vote as the holder of an Allowed Claim in one of the Voting Classes, you may vote by completing the enclosed Ballot and timely returning the Ballot in the enclosed envelope to the address identified on your Ballot. Ballots must be returned to counsel for the Debtor at the address set forth on the envelope enclosed with your Ballot or faxed or emailed to the contacts indicated below. If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing.

**YOUR BALLOT MUST BE RETURNED AND RECEIVED NO LATER THAN \_\_\_\_\_ (THE “VOTING DEADLINE”), OR IT WILL NOT BE COUNTED IN CONNECTION WITH CONFIRMATION OF THE PLAN. IN**

**NO CASE SHOULD A BALLOT BE DELIVERED TO THE BANKRUPTCY COURT.**

All votes to accept or reject the Plan must be cast by using the appropriate form of Ballot. Only votes using such Ballots will be counted, except to the extent the Bankruptcy Court orders otherwise. All Ballots must be actually received by the Debtor's counsel by the Voting Deadline by first class mail, email, OR fax at the following contact information:

Cheryl C. Deshaies, Esq.  
P.O. Box 648  
Exeter, NH 03833  
Email: [cdeshaies@deshaieslaw.com](mailto:cdeshaies@deshaieslaw.com)  
Fax: 1-888-308-7131

For questions about voting procedures, the amount of your Claim, or the packet you reviewed, please contact:

Cheryl C. Deshaies, Esq.  
Phone: 603-580-1416  
Email: [cdeshaies@deshaieslaw.com](mailto:cdeshaies@deshaieslaw.com)

**B. Deadline For Objecting to Confirmation of The Plan**

All creditors and stockholders are entitled to be heard with respect to confirmation of the Plan, even if they are not eligible to vote to accept or reject the Plan. Objections to confirmation of the Plan must be filed with the Bankruptcy Court on or before \_\_\_\_\_ and served so as to be received on that date by the persons listed in the preceding section of this Disclosure Statement.

**XIII. FINANCIAL PROJECTIONS**

In connection with the Plan, the Debtor has prepared certain projections of its future performance and that of the Debtor's principal's non-debtor entity LTD Teamwork Realty, LLC attached hereto as **Exhibit A**.

(i) Debtor's Projections:

From January 1 - September 30 2017, the total gross revenue that the Debtor received from renting the Real Estate as \$19,850. However, this is not representative of the rental income the Debtor expects to receive going forward. The Debtor had a non-performing tenant that was asked to vacate and there was a short lag in re-letting the premises. This lag was primarily due to the tenant needing to retrofit the space so it would accommodate her business. The tenant moves in November 1 and is expected to be a well-performing tenant; it is an established entity with a book of business being

carried from its prior location. The remainder of the tenants in the building consist of long-standing, reliable tenants and one tenant who has been there one year and has always paid on time. Most of the Debtor's existing tenants have recently renewed and the one that is due to renew in February has indicated that he will do so. (See also Summary of Leases at **Exhibit B.**)

The Debtor expects that its existing tenants will continue to renew their leases as they term out and pay their rents on time yielding annual gross rental income in Year 1 of \$61,000 and then in Years 2 – 5 \$62,400 annually. The Projections show the Debtor meeting its monthly and annual expenses as they become due except in Months 1, 2 and 5. The aggregate shortfall for those months totals just \$1,575.87 and will be met by using the Debtor's cash reserves.<sup>11</sup> Other than in Months 1, 2 and 5, the Projections show that the Debtor will be able to meet its monthly expenses. To the extent that the expenses for operating the building increase during years 2 -5, the Debtor will be able to make small increases to rent under the terms of the leases and/or as they are renewed in order to account for those changes.

(ii) LTD Teamwork Realty, LLC's Financial Condition:

The Debtor believes LTD Teamwork Realty, LLC will be a reliable property manager and tenant. Income generated by LTD Teamwork Realty, LLC has enabled Ms. D'Aoust to pay more than \$28,000 toward back real estate taxes early within the 2017 tax year before the bankruptcy was filed. Income generated from LTD Teamwork Realty, LLC also as enabled Ms. D'Aoust to make substantial contributions to the administrative expenses of this bankruptcy (approximately \$19,000 which includes \$4,000 in post-petition real estate taxes; \$11,000 in attorneys' fee deposits; and \$4,000 for the appraiser).

From Jan 1 – September 30, 2017, LTD Teamwork Realty, LLC has had gross revenue from sales commissions in the amount of \$79,347. This is an increase of almost \$20,000 more than the *annual* commissions for last year. In prior years, the gross real estate commissions were: \$59,380 – 2016; \$61,026 – 2015; and 2014 - \$60,930. The noticeable increase in 2017 is due to a continuing improvement in the real estate market and the stabilization of Ms. D'Aoust's family situation (e.g. the passing of her family member and taking custody of the minor child). Also, filing the Debtor into bankruptcy has enabled Ms. D'Aoust to stabilize her financial situation by preventing foreclosure and gaining the breather she needed to focus on filling a vacancy and renewing the other leases for the Real Estate with small rent increases. It has also allowed Ms. D'Aoust to re-focus on her real estate sales business. Going forward, with a continually improving real estate market and having a set budget for payments under the Plan, Ms. D'Aoust will be able to focus on selling real estate, the thing she does best.

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<sup>11</sup> Pursuant to the last monthly operating report filed by the Debtor (September 2017) the Debtor has cash reserves of over \$9,000 from which it will pay the \$5,000 deductible to the State of New Hampshire for the environmental remediation, any amount still owing to Debtor's counsel, and will cover the Months 1,2 and 5 shortfalls.

Teamwork Realty expects to close at least three more real estate sales before the end of 2017 (for which Teamwork already is contracted and one is scheduled) increasing the total estimated gross real estate commissions for 2017 to \$97,347. Moreover, it has been contracted for approximately six sales in the first quarter of 2018 which should promptly bring in approximately one third of the revenue it earned in 2017. Generally, Teamwork Realty has approximately \$20,000 in annual business expenses (when not including the lump sums it has made toward back real estate taxes and its recent contributions to this administrative expenses of this bankruptcy). Therefore, should sales be equivalent next year, Teamwork Realty projects it will be able to pay its \$1,200 monthly rent to the Debtor and its ordinary expenses and have at approximately \$26,000 available to Ms. D'Aoust as an owner's draw for her time and effort. For these reasons, the Debtor believes LTD Teamwork Realty, LLC will be a reliable and beneficial tenant and property manager.

(iii) Limitations of the Projections:

The Projections reflect significant assumptions, including various assumptions with respect to the anticipated future performance of the Debtor, its tenants (including LTD Teamwork Realty, LLC) after the restructuring contemplated under the Plan is consummated, including assumptions about the rental and sale real estate market, general business and economic conditions, and other matters. Many of the assumptions involve conditions that are beyond the control of the Debtor. Any future changes in these conditions may materially impact the Debtor's ability to achieve the Projections.

THEREFORE, WHILE THE PROJECTIONS ARE PRESENTED FOR THE PROJECTION PERIOD, ACTUAL RESULTS MAY VARY MATERIALLY FROM THE PROJECTED RESULTS. NO REPRESENTATION, GUARANTY, OR WARRANTY CAN BE MADE OR IS MADE WITH RESPECT TO THE ACCURACY OF THE PROJECTIONS OR THE ABILITY OF THE DEBTOR TO ACHIEVE THE PROJECTED RESULTS.

Attached as **Exhibit A** to this Disclosure Statement are financial projections for the Debtor. Attached as **Exhibit B** to this Disclosure Statement is a summary of the leases presently in place. Attached as **Exhibit C** is the Commitment Letter for the DIP funding which will pay off the back real estate taxes. Attached as **Exhibit D** is the proposed ballot. Finally, attached as **Exhibit E** is the DES letter of eligibility of assistance.

#### **XIV TAX CONSEQUENCES**

This disclosure statement is not intended to provide any tax advice to any party. You are encouraged to consult with your own tax advisor with respect to tax aspects of the Plan.

## **XV. RISKS**

The success of the Plan is subject to certain economic risks. Among other things the Debtor believes the following risks exist: (i) that LTD Teamwork Realty, LLC will become an unreliable tenant if the real estate sales market takes another unexpected long-term down-turn (which is not what the market is presently predicting); (ii) that there could be a vacancy in one or more units in the Real Estate causing a shortfall in rents received if the vacancy is unexpected or requires eviction proceedings; and/or (iii) that Lisa D'Aoust, the principal owner of the Debtor and of LTD Teamwork Realty, LLC might die in which event there could be an adverse change in ownership and management that could cause financial problems which could cause the Plan to fail. The Debtor believes these are events unlikely to take place because to the best of her knowledge Ms. D'Aoust is in good health and the real estate market is predicted to continue to improve.

## **XVI. CONCLUSION AND RECOMMENDATION**

The Debtor believes that the Plan represents the best possible means of satisfaction of all creditor Claims with the best possible distribution to its creditors, and is fair and equitable to all parties. The Debtor hopes and encourages all impaired creditors to vote to accept the Plan.

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By: /s/ Cheryl C. Deshaies  
Cheryl C. Deshaies, Esq. BNH #05451  
24 Front Street, Suite 111  
P.O. Box 648  
Exeter, New Hampshire 03833  
(Tel) (603) 580-1416  
(Fax) 1-888-308-7131