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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

BNOIS SPINKA,

Case No.: 15-43251 (NHL)

Debtor.

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**FIFTH AMENDED DISCLOSURE STATEMENT FOR
PLAN OF LIQUIDATION FOR
DEBTOR BNOIS SPINKA**

(Presidential Bank, FSB, Proponent)

October 23, 2017

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN.
ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A
DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY
COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL
BUT HAS NOT BEEN APPROVED BY THE COURT.**

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR COPY OF THIS DISCLOSURE STATEMENT. THE PROPONENT URGES YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN ITS ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND SECTION 1125 OF THE BANKRUPTCY CODE. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTOR, ITS PROPERTY, OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND ANY ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE COURT TO BE USED IN CONNECTION WITH THE PLAN. NO SOLICITATIONS FOR OR AGAINST THE PLAN MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE PROPONENT BELIEVES AND HAS MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE LIQUIDATION OF THE DEBTOR AS TO HOLDERS OF CLAIMS AGAINST THE DEBTOR.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE

IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NEITHER CONSTITUTE NOR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE PROPONENT’S STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSES PERFORMED BY THE PROPONENT AND ITS PROFESSIONALS. THE PROPONENT CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE PROPONENT RECOMMENDS THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE PROPONENT THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

EXHIBITS

Exhibit A – Plan of Liquidation

I. INTRODUCTION

A. General

The following introduction is qualified by the Plan of Liquidation of Bnois Spinka (the “**Debtor**”) proposed by Presidential Bank, FSB (the “**Presidential**” or “**Proponent**”), as proponent of even date herewith (the “**Plan**”),¹ which is attached hereto as **Exhibit A**, and the more detailed information and financial statements contained elsewhere in this document. The Plan may be amended from time to time and such amended Plan shall also constitute the Plan.

Proponent believes that confirmation and implementation of the Plan is in the best interests of creditors and that the Plan provides the best available alternative to creditors.

The Debtor has objected to confirmation of the Plan on various grounds. The Debtor’s objections include objections to many provisions under Section 1129 of the Bankruptcy Code. All such objections are reserved and will be addressed by the Court at confirmation of the Plan.

This disclosure statement (“**Disclosure Statement**”) and the other documents described herein are being furnished by the Proponent to Holders of Claims and Interests in the Debtor’s Chapter 11 Case pending before the United States Bankruptcy Court for the Eastern District of New York, Brooklyn Division (the “**Court**”).

Under the Bankruptcy Code, only holders of Claims and Interests that are “impaired” are entitled to vote to accept or reject the Plan. The Bankruptcy Code further provides that a Class that is left unimpaired under the Plan is deemed to have accepted the Plan and a Class that receives no distribution under the Plan is deemed to have rejected the Plan. To become effective, the Plan must be accepted by certain Classes of Claims and confirmed by the Court.

B. Classification and Treatment of Claims Under the Plan.

Certain Classes of Claims are impaired under the Plan and, accordingly, are entitled to vote to accept or reject the Plan. The Proponent is seeking votes to accept the Plan from Holders of Claims in these Classes. For a description of the Classes of Claims and its treatment under the Plan, see Article III of the Plan – Classification of Claims and Interests and Article V of the Plan – Treatment and Impairment of Classes.

Estimated Claim amounts for certain Classes are based upon a preliminary analysis by the Proponent of Claims filed to date in the Debtor’s Chapter 11 Case. There can be no assurance that these estimates are correct. The following treatments are possible only if the Plan is approved and the Debtor’s estimate of the Claims is determined to be valid by the Court. The timing of distributions under the Plan, if any, is subject to conditions and determinations described in later sections of this Disclosure Statement.

Each Class of Claims, except Administrative Claims, Priority Tax Claims, and U.S. Trustee Fees, are placed in the following Classes and will receive the following treatment under the Plan:

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

**Summary of Classification
and Treatment of Claims Under the Plan**

<u>Class</u>	<u>Estimated Claims</u>	<u>Status</u>	<u>Treatment</u>
Class 1 - Other Priority Claims	\$65,000.00	Un-impaired	Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder shall be paid, to the extent such claim has not already been paid during the Chapter 11 Case, in full in Cash in the ordinary course of business by the Plan Administrator, as applicable, on (i) the Effective Date, (ii) the date on which such Other Priority Claim becomes Allowed, or (iii) such other date as may be ordered by the Court.
Class 2 - Presidential Secured Claim	\$5.3 Million	Impaired	<p>Subject to the Committee Action, (i) Presidential's Secured Claim is and shall remain secured by a Lien on the Fallsburg Property, the Wallabout Property, and all personal property of the Debtor wherever located, and (ii) Presidential's Secured Claim shall be deemed allowed. Presidential shall be entitled to all amounts permitted under Section 506(b) of the Bankruptcy Code without further Order of the Court as part of its Secured Claim. The Plan Administrator shall market and sell, subject to Presidential approval, the foregoing property. The property shall be sold by the Plan Administrator in accordance with the terms of this Plan in Article 6. Presidential shall retain its Liens and all Liens shall attach to any proceeds of sale. Absent a sale of property by the Plan Administrator that is acceptable to Presidential, the Plan Administrator shall auction the properties. Presidential may credit bid its Secured Claim at any auction of Assets upon which it holds a Lien. The Committee Action does not seek a total disallowance of Presidential's claim. However, to the extent that Presidential's claim is rendered completely unsecured, then such unsecured claim will be afforded the treatment proposed under this Plan to unsecured creditors. Treatment of Presidential's claim will be made in accordance with the disposition of the Committee Action. Any unsecured deficiency claim shall be treated as a Class 7 – General Unsecured Claim.</p> <p>It is estimated that Class 2 will be paid 100% of its Claims.</p>

<u>Class</u>	<u>Estimated Claims</u>	<u>Status</u>	<u>Treatment</u>
Class 3 – Cornell Realty Secured Claim	\$Unknown	Impaired	<p>Cornell Realty asserts that (i) it owns the Kent Property and (ii) the Debtor does not own the Kent Property. The Debtor asserts that (i) it owns the Kent Property and (ii) Cornell Realty holds a Secured Claim against the Kent Property. A dispute between Cornell Realty and the Debtor exists, although the Debtor has denied such dispute. Proponent does not take a position with respect to the ownership of the Kent Property.</p> <p>All rights of the Debtor and Cornell Realty with respect to the Kent Property shall be determined as part of the two pending adversary proceedings commenced (i) by the Debtor against the City of New York and Its Agencies and the Tax Lien Trusts (Adv. Proc. No. 17-01087-nhl) and (ii) by the City of New York and Its Agencies against the Debtor, Cornell Realty and Samuel Landau as Trustee of the Gita Landau Irrevocable Trust (Adv. Proc. No. 17-01138-nhl) and any objections that may be filed to Cornell Realty’s proof of claim, if necessary. The Bankruptcy Court’s rulings in the two adversary proceedings will determine whether the Kent Property was properly included as part of the Debtor’s estate under 11 U.S.C. § 541(a) and, accordingly, whether it can be sold as an asset of the Debtor’s estate or whether the City of New York and the Tax Lien Trusts can enforce their respective liens against the Kent Property in accordance with non-bankruptcy law against this non-debtor asset. Until such ruling is made, all parties to the adversary proceedings reserve their rights with respect to their property interests in the Kent Property and the Kent Property will not be sold under this Plan.</p> <p>If it is determined by this Court that the Debtor owns the Kent Property, and the Kent Property is property of the estate, then: (i) Cornell Realty’s Secured Claim shall remain secured by a Lien upon Assets upon which Cornell Realty held a Lien prior to the Petition Date; and (ii) the Plan Administrator shall market and sell, subject to Cornell Realty approval, the Kent Property in accordance with the Plan. With respect to (ii), the property shall be sold by the Plan Administrator in accordance with the terms of this Plan in Article 6. Cornell Realty shall retain its Liens and all Liens shall attach to any proceeds of sale. Absent a sale of property by the Plan Administrator that is acceptable to Cornell Realty, the Plan Administrator shall auction the properties. Cornell Realty may credit bid its Secured Claim at any auction of Assets upon which it holds a Lien. Upon information and belief, Cornell Realty holds a Lien on the Kent Property. Any unsecured deficiency claim shall be treated as a Class 7 – General Unsecured Claim.</p> <p>If it is determined by this Court that Cornell Realty owns the Kent Property, and the Kent Property is not property of the estate, then: (i) the Plan does not affect the Kent Property, and (ii) all rights are reserved by the Debtor and Plan Administrator under the Plan with respect to Causes of Action against Cornell Realty, including without limited, Avoidance Actions. Any unsecured deficiency claim of Cornell Realty shall be treated as a Class 7 – General Unsecured Claim.</p> <p>It is estimated that Class 3 will be paid 100% of its Secured Claim, if it is determined by the Bankruptcy Court that it holds a Secured Claim.</p>

<u>Class</u>	<u>Estimated Claims</u>	<u>Status</u>	<u>Treatment</u>
Class 4 – NYC DOF, Water Board, and Tax Lien Trusts Secured Claims (Kent Property)	\$2.1 Million	Un-impaired	<p>The Class 4 Secured Claims of the New York City Department of Finance (“NYC DOF”), the New York City Water Board (“Water Board”), and collectively the NYCTL 1998-2/MTAG and NYCTL 2016-A/MTAG (“Tax Lien Trusts”) shall retain, notwithstanding any contrary provision in the Plan, their respective Liens on the Kent Property to secure any Allowed Secured Claims with such claims to include, without limitation, all pre- and post-petition interest, fees and other applicable charges through and including the date that the NYC DOF, Water Board and the Tax Lien Trusts receive payment of such claims in full. Such Liens shall attach to the Proceeds of the sale of the Kent Property, and such Proceeds shall be paid to NYC DOF, the Water Board and the Tax Lien Trusts at the closing of the sale of the Kent Property in full in Cash. Class 4 shall not be required to file a request for Administrative Claim.</p> <p>It is estimated that Class 4 will be paid 100% of their Claims.</p>
Class 5 – OATH Secured Claims	\$6,000.00	Impaired	<p>The Class 5 Claims of the New York Office of Administrative Trials and Hearings (“OATH”) shall retain its Liens to secure any Allowed Secured Claims. All OATH Secured Claims shall be paid in Cash from the sale of Assets upon which their respective Liens attach. Any unsecured deficiency claim shall be treated as a Class 7 – General Unsecured Claim.</p> <p>It is estimated that Class 5 will be paid 100% of its Claims.</p>
Class 6 - Other Secured Claims	\$Unknown	Impaired	<p>All Class 6 Other Secured Claims shall retain their Liens to secure any Allowed Secured Claims. All Other Secured Claims shall be paid from the sale of Assets upon which their respective Liens attach. Any unsecured deficiency claim shall be treated as a Class 7 – General Unsecured Claim.</p> <p>It is estimated that Class 6 will be paid 100% of its Claims.</p>
Class 7 - General Unsecured Claims	\$6.2 Million	Impaired	<p>Class 7 Claims shall be paid Pro Rata out of available funds only after payment of Class 1, 2, 3, 4, 5 and 6 Claims in full.</p> <p>It is estimated that Class 5 Claims will be paid between 39% and 100% of their Claims.</p>
Class 8 - Interests	N/A	Impaired	<p>The Debtor states there are no interests in the Debtor. To the extent there are Interests in the Debtor, they shall vest in the Debtor.</p>

C. Plan Overview.

The following is a brief overview of the Plan and it is qualified by reference to the Plan itself. For a more detailed description of the terms and provisions of the Plan, please refer to the Plan itself.

The Plan provides for the liquidation of the Debtor after the Debtor’s Assets are appropriately marketed and sold. The Plan addresses disputes related to the Debtor’s ownership of certain property. The Debtor’s schools, synagogue, and summer camp will be closed no later than one hundred fifty (150) days after the Effective Date. Nothing in the Plan prohibits the

Debtor's constituents and leaders from continuing their religious work, teachings, and community service elsewhere.

The potential recoveries are only estimates and the actual recovery will either increase or decrease depending upon the occurrence or non-occurrence of numerous factors, including, but not limited to, the risk factors discussed in Article XI of this Disclosure Statement.

D. Summary of Confirmation Requirements.

Under the Bankruptcy Code, only classes of claims that are "impaired" are entitled to vote to accept or reject the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization or liquidation, that each impaired class of claims accepts the Plan. For a non-consensual plan of reorganization or liquidation, only one impaired class of claims must accept the Plan. A class of creditors accepts a plan if the holders of at least two-thirds in dollar amount, and more than one-half in number, of those creditors that actually cast ballots, vote to accept such plan. A class of interest holders accepts a plan if the holders of at least two-thirds in amount of those interest holders that actually cast ballots, vote to accept such plan.

Any Claims arising from the rejection of Executory Contracts and Unexpired Leases are treated under the Bankruptcy Code as if they arose before the filing of the Chapter 11 petition.

Any Claim in an impaired Class that is subject to a pending objection or is scheduled as unliquidated, disputed, or contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Court temporarily allowing the Claim for the purpose of voting on the Plan.

E. Voting Instructions and Deadline.

The Proponent has prepared this Disclosure Statement as required by section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(c). It is being distributed to Holders of Claims and Interests against the Debtor to assist such Holders in evaluating the feasibility of the Plan, the manner in which its Claims and Interests are treated, and in determining that the Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. A copy of the Plan is attached hereto as **Exhibit A**. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment in voting to accept or reject the Plan.

This Disclosure Statement is subject to the Court's approval, as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each of the Classes whose votes are being solicited to make an informed judgment with respect to the Plan.

THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN ITS ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

This Disclosure Statement describes the background of the Debtor – to the extent known by Proponent – and the significant events leading up to and following the filing of the Chapter 11 Case on the Petition Date. It summarizes the major events that have taken place during the

Debtor's Chapter 11 Case and describes the Plan, which divides creditor Claims and Interests into Classes and provides for the treatment of Allowed Claims and Allowed Interests.

1. General Information. Under the Bankruptcy Code, certain Classes of creditors are deemed to accept or reject the Plan and the vote of these Classes will not be solicited.
2. Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote. If a Creditor holds a Claim or Interest included within a Class that is not Impaired under the Plan, under section 1126(f) of the Bankruptcy Code, the Creditor is deemed to have accepted the Plan with respect to such Claim or Interest and its vote of such Claim or Interest will not be solicited. Class 1 is unimpaired under the Plan.
3. Certain Impaired Classes Are Deemed to Reject the Plan and Do Not Vote. If a Creditor holds a Claim or Interest included within a Class that will not receive any distribution under the Plan, under section 1126(g) of the Bankruptcy Code, the Creditor is deemed to have rejected the Plan with respect to such Claim or Interest and its vote of such Claim or Interest will not be solicited. All Classes other than Class 1 are Impaired under the Plan.
4. Claims Which Are Not Allowed. The Bankruptcy Code provides that only the holders of Allowed Claims are entitled to vote on the Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and until the Court rules on the objection and allows the Claim. If the Court has not ruled on the objection or status of such a Claim, but the Holder of a Claim wishes to vote, the Holder of the Claim may petition the Court to estimate its claim for voting purposes under Bankruptcy Rule 3018(a). Consequently, although holders of such Claims may receive ballots, its votes will not be counted unless the Court, prior to the Voting Deadline, rules on the objection and allows the Claim or, on proper request under Bankruptcy Rule 3018(a) prior to the hearing on Confirmation, temporarily allows the Claim in an amount that the Court deems proper for the sole purpose of voting on the Plan.
5. Voting and Record Date. If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor's acceptance or rejection of the Plan is important and must be in writing and filed on time. The record date for determining which creditors may vote on the Plan is _____. The Voting Deadline is _____ at ____:00 ____m. (prevailing Eastern Time).
 - a. How to Vote. IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED TO THE VOTING AGENT BY THE VOTING DEADLINE.
 - b. Ballots. Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots. IF A CREDITOR RECEIVES MORE THAN ONE BALLOT THE CREDITOR SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF THEM.

IF A CREDITOR IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

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F. The Confirmation Hearing.

On the date and at the time given in the notice served with this Disclosure Statement, the Court will hold a hearing to consider confirmation of the Plan (the “**Confirmation Hearing**”), before the Honorable Nancy Hershey Lord, at the United States Bankruptcy Court for the Eastern District of New York, Brooklyn Division, US Bankruptcy Court, 271-C Cadman Plaza East, Courtroom 3577, Brooklyn, New York 11201. The Court has ordered that objections, if any, to confirmation of the Plan be filed and served within the time and in the manner described in the Confirmation Notice and Order that accompany this Disclosure Statement. The date of the Confirmation Hearing may be continued at such later time(s) as the Court may announce during the Confirmation Hearing or any continued hearing without further notice.

If the Plan is confirmed by the Court, it will be binding on all Claim and Interest Holders regardless of whether an individual Claim or Interest Holder has supported or opposed the Plan.

G. Definitions.

1. Defined Terms. As used in this Disclosure Statement, terms defined in the Plan annexed hereto and not otherwise specifically defined herein will have the meanings attributed to them in the Plan.
2. Interpretation of Terms. Each definition in this Disclosure Statement and in the Plan includes both the singular and the plural, and references in this Disclosure Statement include the masculine and feminine where appropriate. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

II. BACKGROUND

The following is a general description of the Debtor and its history prior to the commencement of this Chapter 11 Case. The information noted below consists of information and statements contained in documents and case filings made by or on behalf of the Debtor and/or its professionals in the Chapter 11 Case. In particular, much of the information set forth below can be confirmed by review of the Declaration of Jacob Feder, Secretary of Bnois Spinka, Pursuant to Local Rule 1007 (Doc. No. 1), filed in this case on July 16, 2015.

A. Description and History of the Debtor.

The Debtor was formed as a corporation pursuant to Article 10 of the Religious Corporation law of the State of New York. The Debtor asserts that it owns, among other property, real property known as (i) 123-127 Wallabout Street, Brooklyn, New York (the “**Wallabout Property**”), (ii) 5405 State Route 42, Fallsburg, New York, in Sullivan County (the “**Fallsburg Property**”), and (iii) 795 Kent Avenue, Brooklyn, New York (the “**Kent Property**”). The Wallabout Property, Fallsburgh Property and Kent Property are collectively referred to as the “**Real Property.**” Cornell Realty disputes the Debtor’s ownership of the Kent Property. Cornell Realty asserts that it owns the Kent Property.

At the Real Property, the Debtor asserts that it owns and/or operates religious institutions, such as synagogues and schools for its members. At the Wallabout Property, the Debtor operates a school for girls and asserts that its affiliate, Congregation Khal Zichron Shmiel Zvi D’Krula (“**Congregation Krula**”) operates a synagogue at the Wallabout Property. The Fallsburg Property consists of a summer camp that the Debtor asserts is operated by an affiliate of the Debtor, namely Yeshiva Nachlas Tzvi D’Krula (“**Yeshiva Krula**”). The Debtor operates a school for boys at the Kent Property.

It remains unclear whether the Debtor, Congregation Krula and Yeshiva Krula are separate entities. The Court instructed the Debtor to provide information related to that issue at the hearing before the Bankruptcy Court on November 24, 2015. On January 12, 2016, the Debtor provided documents to Presidential that purport to be (i) Articles of Incorporation for the Debtor, Congregation Krula and Yeshiva Krula and (ii) By-Laws for the Debtor and Congregation Krula. All entities were formed by the same individuals, namely Naftali Horowitz, Gitty Horowitz, and Chani Halbersam. According to the State of New York Department of State, the Debtor “was dissolved by proclamation of the Secretary of State published on 10/26/2011 pursuant to the Tax Law and that such dissolution has not been annulled.”

B. Events Leading to the Filing.

In June 2013, Presidential commenced a foreclosure action against the Debtor after the Debtor failed to comply with the terms and provisions of their loan documents with Presidential by failing and omitting to pay the monthly installments of principal and interest that came due and owing beginning in October, 2012. In February 2013, the Debtor made one payment on the mortgage and instrument secured by the mortgage, this payment being the first received since October 2012. Presidential asserts that no payments have been received since that February 2013 payment. In February 2015, Presidential obtained a judgment of foreclosure. A foreclosure sale was scheduled for July 17, 2015, but did not go forward and was cancelled due to the filing of the instant case.

After acceleration of the loan, the Debtor’s affiliate, Yeshiva Krula, attempted to make a partial payment. The payment was rejected by letter dated March 18, 2009 from former foreclosure counsel to Presidential.

III. EVENTS OCCURRING DURING THE DEBTOR'S CHAPTER 11 CASE

The following is a general summary of the Debtor's Chapter 11 Case, the Debtor's operations following the Petition Date and the Debtor's restructuring initiatives since the Petition Date. The information set forth below was obtained from documents and case filings made by or on behalf of the Debtor and/or its professionals as well as made by other parties-in-interest in the Chapter 11 Case.

A. Commencement and Initial Stages of the Chapter 11 Case

The Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on July 16, 2015, thereby commencing this Chapter 11 Case. The Debtor continues to operate its business as a debtor in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtor's bankruptcy case; however, Presidential has filed a motion seeking appointment of a chapter 11 trustee pursuant to Section 1104 of the Bankruptcy Code, which the Court has continued *sine die*.

First-Day Motions and Use of Cash Collateral

The Debtor filed its first day motions including its Application for Order Authorizing Debtor to Pay Pre-Petition Wages and Benefits (Doc. No. 4) on July 17, 2015, its Application in Support of Debtor's Continued use of Pre-Petition Cash Management System, Continued use of Bank Account and Business Forms, and to Pay Certain Critical Vendors (Doc. No. 11) on July 20, 2015; and its Application in Support of Temporary and Final Use of Cash Collateral (Doc. No. 17) on July 21, 2015 (collectively, the "**First-Day Motions**"). Presidential filed its Motion for an Order Prohibiting the Debtor's Unauthorized use of Cash Collateral (Doc. No. 9) on July 20, 2015 and its objections to the Debtor's First Day Motions on July 21, 2015. A hearing was held on July 22, 2015 to consider the First Day Motions, whereat Judge Lord approved the limited use of cash collateral by order entered on August 1, 2015 (Doc. No. 35). The Court scheduled an interim hearing on the First-Day Motions for August 4, 2015.

On August 4, 2015, the Court held an interim hearing on the Debtor's Cash Collateral Motion and related budgets for the period from July 15 through August 15, 2015. When the Debtor arrived at the August 4 hearing, it provided new budgets to Presidential and the Office of the United States Trustee that had not previously been filed with the Court, including budgets proposing (for the first time) cash collateral use through September 15, 2015. Specifically, the Debtor requested additional use of cash on August 4, to pay expenses totaling \$578,736. After hours of meetings, the parties stipulated to limited cash collateral use through September 15, 2015.

On August 12, 2015, this Court entered its Interim Order Approving Use of Cash Collateral and Scheduling Hearing on Final Use of Cash Collateral (the "**Interim Order**") (Doc. No. 56), which embodied the parties' agreement reached on August 4, 2015.² Approximately two weeks later on August 25, 2015, the Debtor filed new cash collateral budgets

² The Interim Order was supplemented on August 28, 2015 (Doc. No. 75) to include the exhibits not attached at Doc. No. 56. The terms of the Interim Order remained the same.

in two separate filings (Doc. Nos. 70 & 71). Presidential objection to the new budgets (Doc. No. 81), arguing that the filings materially changed the Debtor's prior request to use cash collateral, the proposed expenditures addressed in the Interim Order, and the requested term of cash collateral use. The new budgets were filed only two weeks prior to the hearing, the Debtor sought approval of the new budgets on a final basis which demonstrated continuing losses through December 2015 totaling approximately \$200,000.

The Court held a hearing on September 9, 2015, where the Court denied the Debtor final use of cash collateral, but permitted the Debtor further limited use of cash collateral (in excess of \$300,000) through October 16, 2015. On October 6, 2015, the Court entered its Order Approving Use of Cash Collateral for the Period September 16, 2015 through October 16, 2015. A hearing was held on October 15, 2015, where the Court permitted the Debtor further limited use of cash collateral through November 30, 2015 and on October 29, 2015, the Court entered its Order Approving Use of Cash Collateral for the Period October 15, 2015 through November 30, 2015.

The Court granted further interim use of cash collateral at a hearing held on November 24, 2015, permitting use of cash collateral through January 4, 2016. On December 8, 2015 the Court entered its Order Approving use of Cash Collateral for the period December 1, 2015 through January 4, 2016. Further use of Cash Collateral has been approved from time to time. The most recent cash collateral order was entered October 9, 2017 (Doc. No. 450).

Motion for 2004 Examination of Yeshiva Krula

In the Debtor's Declaration Pursuant to Local Rule 1007, Mr. Feder declared that "[t]he Debtor's books and records are maintained by the Debtor or by Krula entities who may be involved in the operations." Feder Affidavit, ¶14. The Debtor has asserted thus far in the Bankruptcy Case that Yeshiva Krula, an affiliated entity of the Debtor, operates the summer camp at the Fallsburg Property.

Financial Statements provided to Presidential in 2012 paint a picture of the summer camp's operations that is substantially different than that presented by the Debtor through its filings in the instant case. As Presidential cannot accept unsubstantiated assertions from the Debtor regarding Yeshiva Krula's status to do business, its finances, or the relationship and relevant transactions between Yeshiva Krula and the Debtor, on August 13, 2015, Presidential filed its Motion for an Order, Pursuant to Fed. R. Bankr. P. 2004, Authorizing Presidential Bank to Examine Yeshiva Nachlas Tzvi D'krula (the "**2004 Motion**") (Doc. No. 58). The 2004 Motion was granted by Order entered on September 5, 2015 (Doc. No. 82) and Presidential served its subpoena *duces tecum* on Yeshiva Krula in accordance with this Court's Order on November 4, 2015. Yeshiva Krula requested an extension of time to respond to the subpoena, and Presidential agreed to extend the return date to and including Friday, December 11, 2015. No documents were produced on December 11 and counsel for Presidential requested a meet and confer. No response was received to that request. On December 30, 2015, Presidential filed a Motion for Contempt and Sanctions against Yeshiva Krula (the "**Contempt Motion**") (Doc. No. 167). Thereafter, on January 12, 2016, Yeshiva Krula produced certain responsive documents. A

hearing to consider the Contempt Motion was scheduled to be held on January 20, 2016 at 11:30 a.m. The Contempt Motion was withdrawn by Presidential in open Court on February 23, 2016.

B. Meeting of Creditors

The first meeting of creditors pursuant to section 341 of the Bankruptcy Code was held on September 21, 2015 at 271-C Cadman Plaza East, Room 2579 – 2nd Floor, Brooklyn, New York 11201-1800. The Debtor appeared through its secretary, Jacob Feder, along with Joel Goldenberg, an individual who volunteers to handle certain legal and financial business of the Debtor. A copy of the transcript from the first meeting of creditors is attached as Exhibit A to Presidential Bank’s Motion for an Order Directing the Appointment of a Chapter 11 Trustee Pursuant to 11 U.S.C. § 1104 (the “**Trustee Motion**”) (Doc. No. 96).

C. Claims Bar Date

The Debtor filed a motion on November 11, 2015 to establish a claims bar date. No objections were filed. The proof of claim bar date is February 9, 2016 (Doc. No. 147).

D. Termination of Exclusivity

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptances of a chapter 11 plan for an initial period of 120 days from the date on which the debtor filed for voluntary relief under Chapter 11. If the debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the date on which the debtor filed for voluntary relief to solicit acceptances to the plan. During these exclusive periods, no other party in interest may file a competing plan. A bankruptcy court may extend these periods in favor of a debtor upon request of a party in interest and “for cause.”

The exclusivity period in this Chapter 11 Case extended through and including November 13, 2015. The Debtor did not file a plan or disclosure statement on or before November 13, 2015. The Debtor further did not file a motion to extend the exclusivity period on or before November 13, 2015. The exclusivity period expired by operation of section 1121 of the Bankruptcy Code. As a result and effective November 14, 2015, creditors and parties in interest may file plans and disclosure statements for consideration by the Bankruptcy Court. A party in interest under section 1121 of the Bankruptcy Code includes, without limitation, secured creditors, unsecured creditors, an official committee of creditors and other parties to the bankruptcy proceeding.

E. Presidential Bank’s Trustee Motion

On October 14, 2015, Presidential filed its Trustee Motion. Presidential argues that cause exists to appoint a Chapter 11 Trustee as the Debtor (i) has and continues to waste estate assets and generate consistent net operating losses, (ii) has created irreconcilable conflicts of interest, (iii) has left in charge Mr. Feder, who lacks the competence necessary to run the Debtor’s operations, protect its assets and reorganize its affairs, and (iv) has further eroded creditor

confidence that the Debtor can effectively police its own and affiliated entities' conduct and navigate itself appropriately through the Chapter 11 process.

The Debtor, the *Ad Hoc* Committee of Unsecured Creditors, and Cornell Realty Management LLC filed responses to the Trustee Motion. The Court set a hearing on the Trustee Motion for January 4, 2016 at 2:00 p.m. The Trustee Motion has been adjourned by the Court without scheduling a future hearing date.

F. Committee of Unsecured Creditors

An Official Committee of Unsecured Creditors was appointed in this Chapter 11 Case on December 4, 2015 (Doc. No. 129). The Committee does not support the Plan.

G. Briefing Related to the Plan.

The Court required certain parties in interest to submit briefs on certain issues concerning Presidential's Plan. The issues raised by the Court concerned (i) whether a creditor of a non-profit debtor (like the Debtor here) may file a liquidating plan (like the Plan here) concerning such non-profit debtor, and (ii) if the answer is "yes," whether Presidential's Plan complies with applicable law. Presidential submits that the answer to both questions is "yes." The Debtor and the Committee submit that the answer to both questions is "no." The issues have been fully briefed (Doc. Nos. 212, 213, 214, 226, 227, 228, 234). The Court has not yet ruled on the issues.

H. Challenge Action.

The Debtor had through and including December 4, 2015 to challenge the Proponent's liens and claims. The Debtor filed no such challenge. All other parties in interest, other than the Committee, had through and including January 12, 2016 to file a challenge action. No action was filed by January 12, 2016. The Committee had through and including February 19, 2016 to file a challenge to the Proponent's liens and claims, unless extended by the Bankruptcy Court for cause.

On February 19, 2016, the Committee filed the Committee Action (Doc. No. 223), consisting of an objection to Presidential's claim, a motion for relief from stay to challenge a final order of the Supreme Court of New York (Sullivan County) liquidating Presidential's claim, and a motion requesting standing to assert the foregoing challenge in state court. The Committee seeks to reduce the amount of Presidential's secured claim. The Committee asserts, *inter alia*, that the loan documents evidencing Presidential's loan to the Debtor did not comply with one or more court orders approving the loan. Presidential opposes the Committee Action both procedurally and substantively. If the Committee Action results in a reduction of the Presidential's secured claim, then such reduced claim will be afforded the treatment proposed under this Plan.

The Committee Action does not seek a total disallowance of Presidential's claim. However, to the extent that Presidential's claim is rendered completely unsecured, then such unsecured claim will be afforded the treatment proposed under this Plan to unsecured creditors.

Treatment of Presidential's claim will be made in accordance with the disposition of the Committee Action.

I. Mediation.

On July 31, 2016 (Doc. No. 331), the Bankruptcy Court entered a Mediation Referral Order for the parties to the bankruptcy to engage in plan mediation. Lori Lapin Jones, Esquire was appointed the mediator. At the conclusion of the mediation, the terms of a consensual plan were reached, which (i) permitted the Debtor to reorganize and (ii) restructured the secured claim of Presidential, subject to the effective date of a consensual plan, with a substantial cash payment on such effective date.

The parties did not move forward with the terms of the mediation due to certain disagreements. On May 25, 2017, the Bankruptcy Court instructed the Debtor to file an amended plan and disclosure statement by Wednesday, June 7, 2017. The Debtor failed to meet that deadline. As a result, Presidential filed the Plan as amended.

Subsequent thereto, the parties engaged in further negotiations related to a plan resolution, however, no agreement was reached. Presidential presented an offer to the Debtor by email dated August 9, 2017, but that offer was not and has never been accepted by the Debtor and was withdrawn by Presidential. The Debtor contends that an agreement was reached with Presidential. Presidential disputes the Debtor's position (Doc. Nos. 446, 452).

J. Kent Property Tax Litigation and Resolution of Kent Property Ownership.

A dispute exists with respect to real property and related tax liability exceeding \$2.0 Million that have been assessed against the Kent Property. The Debtor asserts that it owns the Kent Property and should be exempt from the taxes. According to filings by Cornell Realty, it claims 'current status as the titled fee owner of the Kent Property.' (Doc. No. 189). In addition, '[a]s a result of the Debtor's default of its obligations to Cornell [Realty] under the Kent Note, the Debtor provided Cornell [Realty] with a Bargain and Sale Deed [] with respect to the Kent Property, which Cornell [Realty] recorded on January 5, 2012.' (Doc. No. 189). The Debtor disputes these facts.

The Debtor filed a Complaint against the City of New York and Its Agencies (the "**City of New York**") and NYCTL 1998-2 Trust and NYCTL 2016-A Trust (collectively, the "**Trusts**") on June 29, 2017 (Adv. Proc. No. 17-01087) seeking to, inter alia, reassess and re-determine the Debtor's tax liability with respect to the Kent Property pursuant to section 505(a) of the Bankruptcy Code. Both the City of New York and the Trusts have filed Motions to Dismiss the Debtor's complaint. The Debtor has opposed the motions to dismiss. A hearing on those motions will be held October 25, 2017.

On September 13, 2017, the City of New York filed a Complaint against the Debtor, Cornell Realty and Samuel Landau as Trustee of the Gita Landau Irrevocable Trust (Adv. Proc. No. 17-01138) seeking, among other things, a declaratory judgment as to whether the Debtor or

Cornell own the Kent Property as of the Petition Date and whether the Kent Property is property of the Debtor's estate. On October 11, 2017, the Debtor filed a motion for summary judgment as to the City of New York's complaint. The City of New York has opposed the motion. A hearing on the motion for summary judgment will be held on October 25, 2017.

IV. PLAN OF LIQUIDATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A.

A. Liquidation Details

Pursuant to the Plan, the Proponent intends to liquidate the Debtor's Assets through the marketing and sale of the Assets by the Plan Administrator as a representative of the Estate. The Plan addresses disputes related to the Debtor's ownership of certain property. The Debtor's schools, synagogue, and summer camp will be closed no later than one hundred fifty (150) days after the Effective Date. Nothing in the Plan prohibits the Debtor's constituents and leaders from continuing their religious work, teachings, and community service elsewhere.

B. Classification and Treatment of Claims Under the Plan.

The Claims and Interests against the Debtor are divided into Classes according their seniority, and other criteria. The Classes of Claims in the Debtor and the funds and other property to be distributed under the Plan are described more fully below.

THE PROPONENT BELIEVES THAT THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTOR'S ASSETS.

C. Treatment of Administrative Claims, Tax Claims, and Trustee Fees.

Certain Claims need not be classified under a plan pursuant to the Bankruptcy Code, including Administrative Claims and Priority Tax Claims. These Claims are not entitled to vote on the Plan.

- 1. Administrative Claims.** Except to the extent that a Holder of an Allowed Administrative Claim agrees to less favorable treatment, liabilities incurred in the ordinary course of business by the Debtor since the Petition Date that are described in the Plan as Allowed Administrative Claims will be paid in full in Cash on the unpaid portion of its Allowed Administrative Claim on the latest of: (1) on the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (2) on the date such Administrative Claim is Allowed; (3) the date such Allowed Administrative Claim becomes due and payable; and (4) the date or dates on which that Claim is payable by its terms, consistent with past practice and in accordance with past terms. Holders of Administrative Claims will not be entitled to vote on the Plan. Administrative expenses will likely include attorneys' fees incurred by professionals of the Debtor, professionals of the Committee, and any other estate professionals assuming the fees are approved by the Court. No interim fee applications have been filed by these estate professionals. The Debtor estimates administrative claims to be approximately

\$335,000.00 set forth in its latest disclosure statement, and such fees continue to accrue.

2. **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.
3. **U.S. Trustee Fees.** **U.S. Trustee Fees include all fees and charges assessed against the Debtor's Estate under section 1930 of Title 28 of the United States Code. All U.S. Trustee Fees will be paid in full by the Plan Administrator as they become due and owing. The Debtor and/or Plan Administrator shall pay the United States Trustee quarterly fees arising under 28 U.S.C. § 1930(a)(6) and any applicable interest under 31 U.S.C. § 3717 from and after the Petition Date through the entry of a final decree closing this case or until this case is converted or dismissed, whichever is earlier. The Debtor and/or Plan Administrator shall file, or cause to be filed, quarterly status reports and quarterly disbursement reports in this case, and schedule post-confirmation status conferences in this case until the entry of the final decree closing this case, or the dismissal or conversion of this case, whichever happens earlier.**

D. Treatment of Classified Claims.

All Claims and Interests, except those described in Section V.C, are placed in the following Classes of Claims and Interests, pursuant to section 1123(a)(1) of the Bankruptcy Code, which section specifies the treatment of such Classes of Claims and Interests and of its Impaired or Unimpaired status, pursuant to sections 1123(a)(2) and 1123(a)(3) of the Bankruptcy Code. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of the Class and is classified in a different Class to the extent that the Claim qualifies within the description of that different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under the Plan. Unless the Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of the Plan (including its distribution provisions), classified Claims and Interests shall receive the treatment set forth below. The Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in the Plan, the Plan will not provide any distributions on account of a Claim for which the obligation to pay has been assumed by a third party.

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Presidential Secured Claim	Impaired	Entitled to Vote
3	Cornell Realty Secured Claim	Impaired	Entitled to Vote
4	NYC DOF, Water Board, and Tax Lien Trusts Secured Claims (Kent Property)	Unimpaired	Deemed to Accept
5	OATH Secured Claims	Impaired	Entitled to Vote
6	Other Secured Claims	Impaired	Entitled to Vote
7	General Unsecured Claims	Impaired	Entitled to Vote
8	Interests	Impaired	Presumed to Reject

E. Acceptance Requirements.

1. Acceptance or Rejection of the Plan.

Classes 2, 3, 5, 6 and 7 are Impaired under the Plan and are entitled to vote to accept or reject the Plan. Class 8 is presumed to reject the Plan. A Class of Claims Holders is deemed to accept a plan if the Holders of at least two-thirds in dollar amount, and more than one-half in number, of those Creditors that actually cast ballots, vote to accept such plan. A Class of Interest Holders is deemed to accept a plan if the Holders of at least two-thirds in amount of those Interest Holders that actually cast ballots, vote to accept such plan.

Classes 1 and 4 are Unimpaired under the Plan and are, therefore, conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Proponent shall seek and does seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to rejecting Classes of Claims and Interests. The Proponent reserves the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

F. Means for Implementation of the Plan.

1. Operations Between the Confirmation Date and the Effective Date.

During the period from the Confirmation Date through and until the Effective Date, the Debtor may continue to operate its business as debtor-in-possession, subject to the oversight of the Bankruptcy Court, as provided in the Bankruptcy Code, the Bankruptcy Rules, and all orders of the Bankruptcy Court that are then in full force and effect.

2. Operations by the Debtor After the Effective Date.

Pursuant to the Short Term Debtor Lease Agreements with the Plan Administrator, the Debtor may continue to operate its religious schools at the Wallabout Property and its summer camp at the Fallsburg Property after the Effective Date through one hundred fifty (150) days after the Effective Date, in accordance with applicable law and with its present management, officers and directors, provided however the Debtor shall provide (i) a budget for such operations

period supported by historical financial information, acceptable to the Proponent in all respects, by no later than seven (7) days prior to the hearing on confirmation of the Plan and (ii) monthly operating reports for each month of operations after the Effective Date due on the fifteenth (15th) day of each month commencing the fifteenth (15th) day of the month after the Effective Date. The Debtor may continue to operate its religious school at the Kent Property, subject to Cornell Realty's consent and the Bankruptcy Court's determination of whether the Kent Property is property of the estate. The Debtor's operations shall cease and terminate, effective one hundred fifty (150) days after the Effective Date, and the Debtor shall immediately surrender all Assets to the Plan Administrator and vacate the Fallsburg Property, Wallabout Property and Kent Property. The Debtor shall be liable to the Proponent, other Holders of Secured Claims, the Plan Administrator and the Estate for any diminution in the value of the properties caused by its operations of such properties.

3. Dissolution of the Debtor.

The Debtor shall dissolve and wind up its remaining affairs effective one hundred fifty (150) days after the Effective Date, in accordance with the Plan, its Certificate of Incorporation, and applicable law. Nothing in the Plan prohibits the Debtor's constituents and leaders from continuing their religious work, teachings, and community service elsewhere.

4. Appointment of Plan Administrator.

On the Effective, the Plan Administrator shall be appointed and entry of the Confirmation Order shall constitute approval of such appointment. The Plan Administrator shall be appointed as a representative of the Estate pursuant to section 1123(b) of the Bankruptcy Code to carry out the provisions of the Plan and may serve without bond. The Plan Administrator shall be paid reasonable compensation for services related to implementation of this Plan. The Plan Administrator and the terms and conditions of its employment shall be disclosed no later than seven (7) days prior to the Voting Deadline.

5. Marketing and Sale of Assets.

As soon as practicable the Effective Date and subject to the terms of the Plan (including Section 5.3 of the Plan related to Cornell Realty's rights in the Kent Property), the Plan Administrator shall market and offer for sale the Fallsburg Property, Wallabout Property, Kent Property and all other Assets (other than Cash) of the Debtor. The Plan Administrator shall engage a broker, satisfactory to the Proponent in all respects, to market the Assets. All contracts for sale shall be shared with the Holder of a Secured Claim on the Asset to be sold under such contract of sale, and such contract shall be subject to its consent. The Plan Administrator shall not sell Assets without such consent. Absent an arms' length sale of all Assets on or before one hundred fifty (150) days after the Effective Date, the Plan Administrator shall sell all remaining Assets at auction. Bidding procedures will be included in the Plan Supplement. The Bankruptcy Court's entry of the Confirmation Order shall constitute approval of the sale of the Assets free and clear of all liens, claims, encumbrances and interests, with such liens, claims, encumbrances and interest attaching to the proceeds of sale, provided however, a sale of the Fallsburg Property under the Plan will be subject to the recorded life estates of (i) Charles Freilick and Rita Freilick related to Bungalow No. 29 and (ii) Charles Freilick and Kenneth Larson in and for the Garage Barn, that may exist on the Fallsburg Property.

Presidential does not intend to pursue a title claim related to the life estates, as the current title policy purchased by the Debtor for the benefit of Presidential excludes the life estates from coverage. Further, Presidential submits that the life estates likely have no adverse effect on the value of the Fallsburg Property, as of the date the Debtor purchased the Fallsburg Property. That is because the Debtor purchased the Fallsburg Property subject to the life estates. A copy of the title policy will be filed with the Plan Supplement.

6. Sources of Funds.

The Plan shall be funded by Cash proceeds from ongoing operations of the Debtor, the sale of Assets, recoveries of Causes of Action and Avoidance Actions, and Exit Financing. The Exit Financing shall be secured by a first priority priming lien on the Fallsburg Property, the Wallabout Property, and all personal property of the Debtor (excluding the Kent Property). The Exit Financing shall be subordinate to the recorded life estates of (i) Charles Freilick and Rita Freilick related to Bungalow No. 29 and (ii) Charles Freilick and Kenneth Larson in and for the Garage Barn, that may exist on the Fallsburg Property. A sale of the Fallsburg Property under the Plan will be subject to the recorded life estates of (i) Charles Freilick and Rita Freilick related to Bungalow No. 29 and (ii) Charles Freilick and Kenneth Larson in and for the Garage Barn, that may exist on the Fallsburg Property.

7. Vesting of Assets.

Except as otherwise provided in this Plan, all property, including property listed in the Schedules and not surrendered previously by the Debtor or otherwise provided for herein, of the Estate including Causes of Action and Avoidance Actions shall vest in the Debtor as of the Effective Date. On the Effective Date, only the Plan Administrator (and not the Debtor) may use, acquire, and dispose of property and the Assets and commence, prosecute, compromise or settle any Claims and Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or Confirmation Order. The Plan Administrator is granted and has standing to commence, prosecute, compromise or settle any Claims and Causes of Action. All Causes of Action, including Avoidance Actions, are expressly reserved under the Plan and no Causes of Action or Avoidance Actions are waived. The Debtor shall provide the Plan Administrator access to the Assets, including without limitation, keys and access codes to the Assets, as of the Effective Date of the Plan.

8. Working Capital.

All general working capital requirements of the Plan Administrator on and after the Effective Date shall be funded with Cash receipts, Sale Proceeds, and Exit Financing. All general working capital requirements of the Debtor on or after the Effective Date shall be funded by the same source of working capital of the Debtor that existed prior to the Effective Date.

9. Resolution of Kent Property Ownership.

According to filings by Cornell Realty, it claims 'current status as the titled fee owner of the Kent Property.' (Doc. No. 189). In addition, '[a]s a result of the Debtor's default of its obligations to Cornell [Realty] under the Kent Note, the Debtor provided Cornell [Realty] with a Bargain and Sale Deed [] with respect to the Kent Property, which Cornell [Realty] recorded on

January 5, 2012.’ (Doc. No. 189). The Debtor disputes these facts. The resolution of ownership of the Kent Property shall be resolved as part of the two pending adversary proceedings commenced (i) by the Debtor against the City of New York and Its Agencies and the Tax Lien Trusts (Adv. Proc. No. 17-01087-nhl) and (ii) by the City of New York and Its Agencies against the Debtor, Cornell Realty and Samuel Landau as Trustee of the Gita Landau Irrevocable Trust (Adv. Proc. No. 17-01138-nhl) and any objections that may be filed to Cornell Realty’s proof of claim, if necessary. The Bankruptcy Court’s rulings in the two adversary proceedings will determine whether the Kent Property was properly included as part of the Debtor’s estate under 11 U.S.C. § 541(a) and, accordingly, whether it can be sold as an asset of the Debtor’s estate or whether the City of New York and the Tax Lien Trusts can enforce their respective liens against the Kent Property in accordance with non-bankruptcy law against this non-debtor asset. Until such ruling is made, all parties to the adversary proceedings reserve their rights with respect to their property interests in the Kent Property and the Kent Property will not be sold under this Plan. All Causes of Action against Cornell Realty are expressly reserved under the Plan.

10. Disbursement of Cash.

The Plan Administrator shall make all distributions of cash or other property required under the Plan, unless the Plan specifically provides otherwise. The Plan Administrator shall make a Final Distribution under the Plan on or before three hundred thirty (330) days after the Effective Date, unless otherwise agreed in writing with the Proponent.

11. Liquidation Transactions.

On the Effective Date or as soon as reasonably practicable thereafter, the Plan Administrator may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including:

- (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Persons may agree;
- (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Persons agree;
- (c) the execution and delivery of a new promissory note and mortgage between the Debtor, Plan Administrator and Presidential related to the Exit Financing on the terms contained in the Plan;
- (d) the filing of appropriate certificates or articles of incorporation or amendments thereof, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and
- (e) all other actions that the applicable Persons determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

12. Corporate Action.

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including all actions contemplated by the Plan (whether to occur before, on, or after the Effective Date). The Debtor shall execute all documents necessary to effectuate and consummate the terms of the Plan, including without limitation, Quitclaim Deeds, Bills of Sale and Certificates of Title in favor of any purchaser of the Assets and the Plan Supplement documents. Upon any failure by Debtor to execute such documents, including without limitation the documents included in the Plan Supplement, Plan Administrator may make, execute and record any and all such documents, instruments, certificates, mortgages, security agreements, and other documents for and in the name of the Debtor, all at the sole expense of the Debtor, and the Debtor hereby appoints the Plan Administrator the agent and attorney-in-fact of the Debtor to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Debtor irrevocably authorizes the Plan Administrator at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Plan Administrator and Proponent to establish or maintain the validity, perfection and priority of the security interests and liens granted pursuant to the Plan, and the Debtor ratifies any such filings made by the Plan Administrator or Proponent. In addition, at any time, and from time to time, upon request by the Plan Administrator or Proponent, the Debtor will, at the Debtor's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Plan Administrator and Proponent, be necessary or desirable in order to effectuate the terms of the Plan.

13. Section 1146 Exemption from Certain Taxes and Fees.

Pursuant to section 1146(a) of the Bankruptcy Code, a transfer of property pursuant to the Plan will not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to:

- (a) the creation and recordation of any mortgage, deed of trust, lien, or other security interest;
- (b) the making or assignment of any lease or sublease;
- (c) any restructuring transaction authorized by the Plan; or
- (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan.

14. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released, the Plan Administrator shall be vested with and shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Plan Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Plan Administrator may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Estate. No Person

may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Plan Administrator, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Plan Administrator has released any Person or Person on or before the Effective Date (including pursuant to the Releases by the Debtor or otherwise), the Plan Administrator, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Plan Administrator expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or consummation of the Plan.

G. Treatment of Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Except as otherwise provided in the Plan or in an order of the Bankruptcy Court, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, each of the Executory Contracts and Unexpired Leases of the Debtor will be deemed rejected as of the Effective Date, unless such Executory Contract or Unexpired Lease:

- (a) was assumed or rejected previously by the Debtor;
- (b) expired or terminated pursuant to its own terms before the Effective Date;
- (c) is the subject of a motion to assume filed on or before the Effective Date; or
- (d) is identified as an Executory Contract or Unexpired Lease to be assumed in the Plan or the Plan Supplement filed on or before the Effective Date.

In addition to any and all Executory Contract(s) and Unexpired Lease(s) assumed previously pursuant to an Order of the Bankruptcy Court, the Debtor shall assume the following Executory Contracts and Unexpired Leases effective as of the Effective Date, provided, however, all leases related to the Kent Property shall be assumed on the date it is determined by Final Order of the Bankruptcy Court that the Debtor is the owner of the Kent Property:

<u>Counterparty</u>	<u>Description</u>	<u>Cure Amount</u>
BeAbove 134-11 Kew Gardens Road Richmond Hill, NY 11418	Non-Residential Real Property Lease (Kent Property)	No default; No proposed Cure
T-Mobile 458 5th Street Brooklyn, NY 11215	Cell Tower Lease (Wallabout Property)	No default; No proposed Cure

Entry of the Confirmation Order will constitute a Bankruptcy Court order approving the assumptions or rejections and assumptions and assignments of such Executory Contracts or Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of Executory

Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall vest in the Debtor and be fully enforceable by the Plan Administrator in accordance with its terms and the Plan, except as such terms may have been modified by such order.

Notwithstanding anything to the contrary in the Plan, the Proponent, as applicable, reserves the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Plan Administrator shall have the right to terminate, amend, or modify any intercompany contracts, leases, or other agreements without approval of the Bankruptcy Court.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided in the applicable Order approving the rejection, the General Claims Bar Date shall apply to Claims arising as a result of the rejection of an Executory Contract or Unexpired Lease pursuant to a Final Order of the Bankruptcy Court entered prior to the Confirmation Date. PROOFS OF CLAIM WITH RESPECT TO CLAIMS ARISING FROM THE REJECTION OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES PURSUANT TO THE CONFIRMATION ORDER, IF ANY, MUST BE FILED WITH THE BANKRUPTCY COURT WITHIN THIRTY (30) DAYS AFTER THE DATE OF ENTRY OF THE CONFIRMATION ORDER. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed by the applicable deadline will be automatically Disallowed, forever barred from assertion, and shall not be enforceable against, as applicable, the Debtor, the Plan Administrator, the Estate, or property of the foregoing parties, without the need for any objection by the Plan Administrator, as applicable, or further notice to, or action, order, or approval of the Bankruptcy Court. Any Claim arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases, to the extent it is timely filed and is an Allowed Claim, shall be classified as a General Unsecured Claim in the Chapter 11 Case. To the extent Rejection Claims initially are Disputed Claims, but subsequently become Allowed Claims, the Plan Administrator shall pay such Rejection Claims in accordance with the Plan, but nothing herein shall constitute a determination that any such rejection gives rise to or results in a Claim or constitutes a waiver of any objections to such Claim by the Plan Administrator, or any party in interest.

3. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary amounts by which any Executory Contract or Unexpired Lease to be assumed under the Plan is in default will be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure. If there is a dispute regarding:

- (a) the nature or amount of any Cure,
- (b) the ability of the Plan Administrator to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or
- (c) any other matter pertaining to assumption,

Cure will occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise will result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption.

4. Insurance Policies.

Notwithstanding anything herein to the contrary, as of the Effective Date, the Debtor will assume (and assign to the Debtor if necessary to continue the Insurance Policies in full force) all of the Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtor's foregoing assumption and assignment of each of the Insurance Policies.

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to pre-Petition Date Executory Contracts and Unexpired Leases that have been executed by the Debtor during this Chapter 11 Case will not be deemed to alter the pre-Petition Date nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

6. Reservation of Rights.

Nothing contained in the Plan or the Plan Supplement will constitute an admission by the Proponent that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Estate has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Plan Administrator, as applicable, will have forty-five (45) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

7. Contracts and Leases Entered into After the Petition Date.

Notwithstanding any other provision in the Plan, contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed or addressed by the Plan Administrator in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

H. Provisions Governing Distributions.

1. Timing and Calculation of Amounts to Be Distributed.

Except as otherwise provided in the Plan (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, on the next Distribution Date, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor will receive distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided herein.

Classes 2-6 will be paid from the proceeds of sales of Assets. Class 7 will be paid its Pro Rata Share with Sale Proceeds (such proceeds of sale of one or more Assets, after the payment of Allowed Secured Claims and costs of sale relate to such Assets) and repayment of Exit Financing. Proponent anticipates that all sales of Assets will be finalized and distributions will be made by December 31, 2018.

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims will be made pursuant to the provisions set forth in the Plan. Except as otherwise provided herein or in the Plan, Holders of Claims will not be entitled to interest, dividends, or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Plan Administrator as Disbursing Agent.

Except as otherwise provided in the Plan, all distributions under the Plan will be made by the Plan Administrator as Disbursing Agent(s) or such other Person designated by the Plan Administrator as a Disbursing Agent(s).

3. Rights and Powers of Disbursing Agent.

The Disbursing Agent will be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated in the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

4. Payments and Distributions on Disputed Claims.

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims will be deemed to have been made on the Effective Date.

5. Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Plan Administrator, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions will be made with respect to any Disputed Claim until all Disputed Claims held by the Holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6. Delivery of Distributions in General.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made to Holders of record as of the Distribution Record Date by the Disbursing Agent. Distributions to Holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtor's books and records. Distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an Allowed Claim will have and receive the benefit of the distributions in the manner set forth in the Plan. None of the Proponent, Plan Administrator, and the applicable Disbursing Agent will incur any liability whatsoever on account of any distributions under the Plan except for gross negligence, willful misconduct, or fraud.

7. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder will be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made as soon as practicable after such distribution has become deliverable; provided, however, that such distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six (6) months from the applicable Distribution Date. After such date, all "unclaimed property" or interests in property will revert to the Debtor for distribution under applicable law (notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary), and the Claim of any Holder to such property will be discharged and forever barred.

8. Withholding and Reporting Requirements.

In connection with the Plan and all instruments issued in connection therewith, the Disbursing Agent will comply with all applicable withholding, and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan will be subject to any such withholding or reporting requirements.

9. Setoffs.

Except as set forth herein, the Plan Administrator may withhold (but not set off except as set forth below) from the distributions called for under the Plan on account of any Allowed Claim an amount equal to any claims, equity interests, rights, and Causes of Action of any nature that the Debtor may hold against the Holder of any such Allowed Claim. In the event that any such claims, equity interests, rights, and Causes of Action of any nature that the Debtor may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Plan Administrator may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim) the amount of any adjudicated or resolved claims, equity interests, rights, and Causes of Action of any nature that the Debtor may hold against the holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim under the Plan will constitute a waiver or release by the Plan Administrator of any such claims, equity interests, rights, and Causes of Action that the Debtor may possess against any such holder, except as specifically provided herein.

10. Insurance Claims.

No distributions under the Plan will be made on account of Allowed Claims until the holder of such Allowed Claim has exhausted all remedies with respect to the Debtor's Insurance Policies. To the extent that one or more of the Debtor's insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged without an objection to such Claim having to be filed and without any further notice to, action by, or order or approval of the Bankruptcy Court.

11. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims will be made in accordance with the provisions of any applicable Insurance Policy.

Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor, Plan Administrator or any Person may hold against any other Person, including insurers under any policies of insurance, nor will anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

I. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.

1. Prosecution of Objections to Claims.

As of the Effective Date, the Plan Administrator will have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan, including the Committee Action. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Plan Administrator reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

2. Allowance of Claims.

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Plan Administrator after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All Claims of any Person against the Debtor will be disallowed unless and until such Person pays, in full, the amount it owes the Estate.

3. Distributions After Allowance.

On the Distribution Date following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent will provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim.

4. Estimation of Claims.

As of the Effective Date, the Plan Administrator may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the

Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

J. Conditions Precedent to Confirmation of the Plan and the Effective Date.

1. Conditions Precedent to Confirmation.

It will be a condition to confirmation of the Plan that each of the following provisions, terms, and conditions will have been satisfied or waived pursuant to the provisions of the Plan:

- (a) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, in form and substance reasonably acceptable to the Proponent, approving the Disclosure Statement with respect to the Plan and the solicitation of votes thereon as being in compliance with section 1125 of the Bankruptcy Code and applicable non-bankruptcy law.
- (b) The Confirmation Order (i) shall be, in form and substance, reasonably acceptable to the Proponent; and (ii) shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.
- (c) The Plan and the Plan Supplement, including any schedules, documents, supplements, and exhibits thereto shall be, in form and substance, reasonably acceptable to the Proponent.

2. Conditions Precedent to the Effective Date.

It will be a condition to the Effective Date that each of the following provisions, terms, and conditions will have been satisfied or waived pursuant to the provisions of the Plan.

- (a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption and assignment and rejection of Executory Contracts and Unexpired Leases.
- (b) The Confirmation Order, in form and substance reasonably acceptable to the Proponent, shall have been entered by the Bankruptcy Court and shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.
- (c) All of the schedules, documents, supplements, and exhibits to the Plan shall have been filed in form and substance reasonably acceptable to the Proponent.
- (d) All actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties

and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.

The Proponent anticipates the Plan's Effective Date to be within thirty (30) days after the Confirmation Date.

3. Waiver of Conditions.

The conditions to confirmation and consummation of the Plan set forth herein may be waived at any time by the Proponent; provided, however, that the Proponent may not waive entry of an order or orders approving the Disclosure Statement and confirming the Plan.

4. Effect of Failure of Conditions.

If the consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will:

- (a) constitute a waiver or release of any claims by or Claims against the Debtor;
- (b) prejudice in any manner the rights of the Proponent, any Holders of Claims or Interests, or any other Person; or
- (c) constitute an admission, acknowledgment, offer, or undertaking by the Proponent, any Holders of Claims or Interests, or any other Person in any respect.

K. Modification, Revocation, or Withdrawal of the Plan.

1. Modification and Amendments.

Except as otherwise specifically provided in the Plan, the Proponent reserves the right to modify the Plan in accordance with the Bankruptcy Code. Any such modification will be considered a modification of the Plan and shall be made in accordance with the Plan.

2. Effect of Confirmation on Modifications.

Entry of a Confirmation Order will mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan.

The Proponent reserves the right to revoke or withdraw the Plan before the Effective Date. If the Proponent revokes or withdraws the Plan, or if Confirmation does not occur, then:

- (a) the Plan will be null and void in all respects;
- (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, will be deemed null and void; and
- (c) nothing contained in the Plan will: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Proponent or any other Person; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Proponent or any other Person.

L. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Case and all matters, arising out of or related to, the Chapter 11 Case and the Plan, including jurisdiction:

- (a) To Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) To decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- (c) To resolve any matters related to: (a) the assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which the Debtor or Plan Administrator is a party or with respect to which the Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Costs pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) the Proponent or Plan Administrator amending, modifying, or supplementing, after the Confirmation Date, pursuant to Article V hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed and assigned or rejected or otherwise; (c) the limited tenancies provided to the Debtor under this Plan, including the enforcement of provisions related to the Debtor's requirement to vacate and surrender the Assets and (d) any dispute regarding whether a contract or lease is or was executory or expired;
- (d) To ensure that distributions to holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;
- (e) To adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;
- (f) To adjudicate, decide, or resolve any and all matters related to Causes of Action;
- (g) To adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
- (h) To enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
- (i) To resolve any avoidance or recovery actions under sections 105, 502(d), 542 through 551, and 553 of the Bankruptcy Code;
- (j) To resolve any case, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any Person's obligations incurred in connection with the Plan;
- (k) To issue injunctions, enter, and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;

- (l) To resolve any case, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (m) To enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;
- (o) To adjudicate any and all disputes arising from or relating to distributions under the Plan;
- (p) To consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (q) To determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;
- (r) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
- (s) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (t) To hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge;
- (u) To enforce all orders previously entered by the Bankruptcy Court;
- (v) To hear any other matter not inconsistent with the Bankruptcy Code; and
- (w) To enter an order concluding or closing the Chapter 11 Case.

M. Miscellaneous Provisions.

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement will be immediately effective and enforceable and deemed binding upon the Debtor, the Plan Administrator, and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

2. Additional Documents.

On or before the Effective Date, the Plan Administrator or Proponent may, but is not required to, file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Plan Administrator and the Debtor, as applicable, and all Holders of Claims receiving

distributions pursuant to the Plan and all other parties in interest will, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan. Upon any failure by Debtor to execute documents pursuant to the terms of the Plan, including without limitation the documents included in the Plan Supplement, Plan Administrator may make, execute and record any and all such documents, instruments, certificates, mortgages, security agreements, and other documents for and in the name of the Debtor, all at the sole expense of the Debtor, and the Debtor hereby appoints the Plan Administrator the agent and attorney-in-fact of the Debtor to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Debtor irrevocably authorizes the Plan Administrator at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Plan Administrator and Proponent to establish or maintain the validity, perfection and priority of the security interests and liens granted pursuant to the Plan, and the Debtor ratifies any such filings made by the Plan Administrator or Proponent. In addition, at any time, and from time to time, upon request by the Plan Administrator or Proponent, the Debtor will, at the Debtor's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Plan Administrator and Proponent, be necessary or desirable in order to effectuate the terms of the Plan.

3. Dissolution of Any Committees.

On the Effective Date, the Committee will dissolve and members thereof will be released and discharged from all rights and duties from or related to the Chapter 11 Case.

4. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by the Proponent with respect to the Plan, the Disclosure Statement, or the Plan Supplement will be or will be deemed to be an admission or waiver of any rights of the Plan Administrator or Proponent with respect to the holders of Claims or Interests before the Effective Date.

5. Successors and Assigns.

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Person.

6. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Proponent will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Proponent and its respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan.

7. Closing of Chapter 11 Case.

The Proponent or the Plan Administrator shall seek to close its Chapter 11 Case on or before one (1) year after the Effective Date, unless otherwise Ordered by the Bankruptcy Court for good cause shown.

V. RISK FACTORS IN CONNECTION WITH THE PLAN

The Holders of Claims and Interests should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against the Debtor. The liquidation of the Debtor's Assets provides the most certain and streamlined means by which to pay creditors in this case.

B. Certain Bankruptcy Considerations.

Although the Proponent believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Confirmation Date and the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth herein. There can be no assurance that such conditions will be satisfied or waived. If the consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or this Disclosure Statement shall:

- (a) constitute a waiver or release of any claims by or Claims against the Debtor;
- (b) prejudice in any manner the rights of the Proponent, any holders of Claims or Interests, or any other Person; or
- (c) constitute an admission, acknowledgment, offer or undertaking by the Proponent, any Holders of Claims or Interests, or any other Person in any respect.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Proponent believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims and Interests encompasses Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Plan provides that certain Classes are Impaired under the Plan and are entitled to vote to accept or reject the Plan. As to each impaired Class that does not vote to accept the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to these Classes. The Proponent believes that the Plan satisfies these requirements.

Future results are dependent upon the successful confirmation and implementation of a plan of liquidation.

C. No Duty to Update Disclosures.

The Proponent has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Proponent is required to do so pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

D. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement (and any related documents) that are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims or Interests that are entitled to vote to accept or reject the Plan.

E. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Proponent or Holders of Claims and Interests.

F. Class Estimations.

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed Amount of Claims might differ materially in some respect from the estimated amounts as the estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed Amount of Claims may vary materially from those estimated herein.

G. Tax and Other Related Considerations.

The contents of this Disclosure Statement are not intended and should not be construed as tax, legal, business, or other professional advice. Holders of Claims and Interests should seek advice from their own independent tax, legal, or other professional advisors based on their own individual circumstances.

VI. FINANCIAL PROJECTIONS

Proponent has no credible financial projections for the Debtor, as the Debtor has failed to provide to Proponent or the Court any recent historical financial information that may be used to estimate further financial needs of the Debtor for its future operations.

Proponent intends to provide working capital to the Plan Administrator to satisfy certain confirmation requirements (including Administrative Claims and U.S. Trustee Fees) and other operating needs to effectuate the terms of the Plan, to the extent Sale Proceeds and Cash are insufficient. The Exit Financing shall be repaid first with Sale Proceeds and shall be secured by a first priority lien upon the Fallsburg Property, the Wallabout Property and all personal property

of the Debtor. Based upon the filings by the Debtor thus far in this Chapter 11 Case, it is not possible at this time to determine the potential amount of the Exit Financing.

VII. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN OF LIQUIDATION

The Plan must be approved by the Court after a confirmation hearing.

A. Elements of Confirmation.

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Court determine that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Chapter 11 Case. The Bankruptcy Code also requires that:

- (a) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under section 1129(b) of the Bankruptcy Code;
- (b) the Plan is feasible (that is, there is a reasonable probability that the Proponent will be able to perform its obligations under the Plan without needing further financial reorganization not contemplated by the Plan); and
- (c) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under Chapter 7 of the Bankruptcy Code).

To confirm the Plan, the Court must find that all of the above conditions are met, unless the applicable provisions of section 1129(b) of the Bankruptcy Code are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

B. Best Interests of Creditors.

With respect to each Impaired Class of Claims and Interests, confirmation of the Plan requires that each holder of a Claim or Interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of each Impaired Class of Claims and Interests if the Debtor was liquidated under Chapter 7, the Court must first determine the respective aggregate dollar amounts that would be generated from the Debtor’s assets if its Chapter 11 Case was converted to Chapter 7 case under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the Debtor’s assets by a Chapter 7 trustee.

Because the Plan is a liquidating Plan (liquidating under Chapter 11 as opposed to Chapter 7), the Proponent submits that Proponent meets the “best interest of creditors” test. The Proponent believes that liquidation under Chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee (including the Trustee’s statutory commissions) and attorneys and other professionals during such liquidation.

Based upon information provided by the Debtor and filed with the Bankruptcy Court, the Debtor believes it has significant equity in its Assets. According to the Debtor's Summary of Schedules filed in the Chapter 11 Case (Doc. No. 80), the Debtor's Assets exceed all of its liabilities by over \$2Million. The Debtor asserts that the following properties have the following values:

Wallabout Property: \$8Million
 Kent Property: \$5Million
 Fallsburg Property: \$2.5Million
 Personal Property: \$2,499,667.00
Total: \$17,999,677.00

See Doc. No. 80 (Schedules A & B). For purposes of the Plan only, the Proponent does not dispute the Debtor's values above. The Debtor asserts that it owes all creditors \$15,952,801.51 (Doc. No. 80).

Assuming liquidation costs, including costs of sale and commissions, tax claims, and Plan expenses at \$2Million (which is more than ten percent (10%) of the Debtor's scheduled value of its Assets), all creditors should be paid in full including the over \$6Million in unsecured non-priority Claims listed in the Debtor's Schedules.

If the Assets are valued at a lower amount or do not achieve at sale the Debtor's asserted value, then it is possible that all creditors will not be paid in full. If, for example, the value of the Debtor's Assets equals 75% of the Debtor's asserted value (namely, \$13,499,757.80), it is estimated that unsecured creditors will receive only 39% of their claims, as follows:

All Assets at 75% of Debtor's Value: \$13,499,757.80
 Less Liquidation Costs, Tax Claims, and Related Plan Expenses (10%): \$1,349,975.78
 Less Secured Claims: \$9,503,844.00
 Less Priority Claims: \$114,019.16 (Debtor asserts less at \$65,000)
 Available Funds for Unsecured Creditors: \$2,531,918.86 (39.97%)

Liquidation costs and Plan expenses include the Exit Financing, fees and expenses of the Plan Administrator and its professionals, real estate commissions, and related expenses. Presidential submits that the 10% estimate is conservative and anticipates expenses to be closer to 8% or less.

Although the Proponent believes that the Plan meets the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Court will determine that the Plan meets this test.

C. Feasibility of the Plan.

The Bankruptcy Code requires that the Court determine that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. For purposes of showing that the Plan meets this feasibility standard, the Proponent has

analyzed the ability of the Plan Administrator to meet its obligations under the Plan and retain sufficient liquidity and capital resources to conduct the liquidation proposed.

The Plan provides for the liquidation of the Debtor. Proponent has agreed to provide Exit Financing to implement the terms of the Plan. The Exit Financing shall be sufficient to pay Administrative Claims, U.S. Trustee fees and other amount for confirmation and post-confirmation purposes related to the Plan Administrator's implementation of the Plan. The Exit Financing shall be repaid by the Plan Administrator with interest. The Exit Financing shall be secured by a first priority priming lien upon the Fallsburg Property, Wallabout Property, and all personal property of the Debtor. The Exit Financing remains subject to definitive documentation and terms acceptable to Proponent. Documents related to the Exit Financing shall be filed with the Plan Supplement.

D. Confirmation of the Plan if One or More Classes Do Not Accept.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if such plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. A Bankruptcy Court may confirm a plan at the request of the Debtor or proponent if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of claims that rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of: (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain any property at all on account of such junior interest under the plan.

E. Hearing on Confirmation of the Plan.

At the time and place given in the notice served with this Disclosure Statement, the Court will hold a hearing to determine if the Plan has been accepted by a requisite number of Claims and whether the other requirements for Confirmation of the Plan have been satisfied.

CREDITORS ARE NOT REQUIRED TO ATTEND THE HEARING ON CONFIRMATION UNLESS THEY HAVE EVIDENCE OR ARGUMENT TO PRESENT TO THE COURT CONCERNING THE MATTERS TO BE ADDRESSED AT THE HEARING ON CONFIRMATION.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

This Disclosure Statement does not discuss any federal income tax consequences of the Plan to Creditors. Accordingly, Creditors should consult their own tax advisors regarding their ability to recognize a loss for tax purposes and any other tax consequences to them of the Plan.

The Debtor is a 503(c) entity and does not pay income tax. Presidential submits there will be no capital gains associated with the sales contemplated by the Plan. The Debtor believes there is a significant probability that capital gains taxes will be assessed.

DUE TO A LACK OF DEFINITIVE JUDICIAL OR ADMINISTRATIVE AUTHORITY AND INTERPRETATION, SUBSTANTIAL UNCERTAINTIES EXIST WITH RESPECT TO VARIOUS TAX CONSEQUENCES OF THE PLAN. FOR THE FOREGOING REASONS CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE, AND LOCAL) OF THE PLAN.

IX. EFFECTS OF PLAN CONFIRMATION

A confirmed plan leaves the Holders of Claims with new rights as set forth in the confirmed plan. Therefore, in the event of a default after Confirmation, a Holder of a Claim may pursue its remedies under the Plan. Some rights may remain with Holders of Claims after the provisions of the confirmed Plan have been carried out. The automatic stay of section 362(a) of the Bankruptcy Code as to actions against the Debtor's Assets remains in effect until the Chapter 11 Case is closed. Thereafter, all parties-in-interest will be enjoined from taking any action inconsistent with the Plan.

A. Compromise and Settlement of Claims, Interests, and Controversies.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and holders of Claims and Interests, and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Plan Administrator may compromise and settle Claims against them and Causes of Action against other Persons.

B. Injunction.

CONFIRMATION OF THE PLAN SHALL SERVE TO SATISFY ALL CLAIMS OR CAUSES OF ACTION ARISING OUT OF ANY CLAIM ADDRESSED BY THE TERMS OF THE PLAN AND WILL OPERATE AS AN INJUNCTION AGAINST THE COMMENCEMENT OR CONTINUATION OF AN ACTION, THE EMPLOYMENT OF PROCESS, OR AN ACT, TO COLLECT OR RECOVER FROM, OR OFFSET AGAINST, PROPERTY OF THE DEBTOR EXCEPT AS PROVIDED IN THE PLAN.

C. Exculpation.

AS OF THE EFFECTIVE DATE AND TO THE EXTENT PERMITTED BY SECTION 1125 OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION INCLUDING THE OBLIGATIONS OF THE PLAN ADMINISTRATOR UNDER THIS PLAN AND THE CONTRIBUTIONS OF THE RELEASED PARTIES TO FACILITATE AND IMPLEMENT THIS PLAN, THE RELEASED PARTIES SHALL NOT HAVE OR INCUR ANY LIABILITY TO, OR BE SUBJECT TO ANY RIGHT OF ACTION BY, ANY HOLDER OF A CLAIM OR ANY HOLDER OF AN INTEREST, OR ANY OTHER PARTY IN INTEREST, OR THE DEBTOR, OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, REPRESENTATIVES, FINANCIAL ADVISORS, ATTORNEYS, OR AGENTS ACTING IN SUCH CAPACITY, OR AFFILIATES, OR ANY OF THEIR SUCCESSORS OR ASSIGNS, FOR ANY ACT OR OMISSION OCCURRING AFTER THE PETITION DATE RELATING TO, IN ANY WAY, OR ARISING FROM (I) THE PREPARATION AND/OR PROSECUTION OF THIS CASE, (II) FORMULATING, NEGOTIATING OR IMPLEMENTING THE PLAN (INCLUDING THE DISCLOSURE STATEMENT), ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN; (III) ANY OTHER POST-PETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE LIQUIDATION OF THE DEBTOR; (IV) THE SOLICITATION OF ACCEPTANCES OF THE PLAN, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, OR (V) THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR THEIR GROSS NEGLIGENCE, WILLFUL MISCONDUCT, INTENTIONAL FRAUD OR CRIMINAL CONDUCT AS DETERMINED BY A FINAL ORDER, AND IN ALL RESPECTS EACH OF THE RELEASED PARTIES SHALL BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THE FOREGOING MATTERS. THIS EXCULPATION SHALL BE IN ADDITION TO, AND NOT IN LIMITATION OF, ALL OTHER RELEASES, INDEMNITIES, EXCULPATIONS, AND ANY OTHER APPLICABLE LAW OR RULES PROTECTING SUCH RELEASED PARTIES FROM LIABILITY.

D. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and existent on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Chapter 11 Case is closed. Upon the Effective Date, all injunctions or stays contained in the Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

E. Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged. For the avoidance of doubt, except as otherwise provided in the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

F. Discharge of Debtor.

The Debtor is not entitled to, nor is it granted, a discharge pursuant to Section 1141(d)(3)(A) & (B) of the Bankruptcy Code.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**A. Liquidation Under Chapter 7.**

If no Chapter 11 Plan can be confirmed, the Chapter 11 Case may be converted by the Debtor with its consent, in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Proponent believes that liquidation under Chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee (including the Trustee's statutory commissions) and attorneys and other professionals during such liquidation. The Plan also envisions the marketing and sale of the Assets over time to assist the Plan Administrator in maximizing the return for creditors in this Chapter 11 Case.

B. Alternative Plan of Liquidation.

If the Plan is not confirmed, the Debtor or any other party-in-interest could attempt to formulate a different plan of reorganization or liquidation. During the course of negotiation of the Plan, the Proponent explored various other alternatives and concluded that the Plan represented the best alternative to protect the interests of creditors and parties-in-interest and most expeditious means by which to conclude this Chapter 11 Case. The Proponent has not changed its conclusions.

According to the Debtor's most recent disclosure statement and plan, the Debtor has proposed a plan of reorganization that proposes to pay (i) unsecured creditors over 10 years and (ii) Presidential over a number of years, with a balloon payment to both at the end of the respective periods. Presidential Bank will be paid over 10 years under the Debtor's Plan if it is determined that Presidential Bank is unsecured. Presidential submits that such plan of reorganization is not feasible, among other things, for the reasons Presidential set forth in its objection to the Debtor's Disclosure Statement and for the reasons that will be articulated in Presidential's objection to the Debtor's plan. Under Presidential's Plan, Presidential and all creditors will be paid their claims, or a portion thereof, in less than a year after the Effective Date, unless that period of time is extended by the Plan Administrator and Presidential. A delay

in the resolution of the Committee Action may delay payment of Presidential's claim under the Plan or under the Debtor's plan of reorganization.

XI. CONCLUSION AND RECOMMENDATIONS

The Proponent urges all creditors entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by immediately returning its properly completed ballot(s) to the appropriate voting agent as set forth on the ballot(s) within the time stated in the notice served with this Disclosure Statement.

[SIGNATURES ON FOLLOWING PAGE]

Dated: October 23, 2017

Respectfully submitted,

PRESIDENTIAL BANK, FSB

By: 

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Title: Executive Vice President and Authorized Agent

/s/ Joel L. Perrell Jr.

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