

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: : Chapter 11
: :
Arthur G. Manning and Deirdre M. Manning, : Case No. 11-15109 (SHL)
: :
Debtors. :
: :

**DISCLOSURE STATEMENT REGARDING DEBTORS’
FIFTH AMENDED PLAN OF REORGANIZATION**

**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.**

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Date: October 24, 2016

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I.
INTRODUCTION

Arthur G. Manning and Deirdre M. Manning are the Debtors in a Chapter 11 bankruptcy case. On November 1, 2011, the Debtors commenced a bankruptcy case by filing a joint Chapter 11 petition under the United States Bankruptcy Code (“Bankruptcy Code”)¹, 11 U.S.C. §101, *et seq.* Chapter 11 of the Bankruptcy Code allows the Debtors, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization. The plan may provide for the debtors to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. **Arthur G. Manning and Deirdre M. Manning, the Proponents**, are the parties proposing the Plan sent to you in the same envelope as this document. **THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE FIFTH AMENDED PLAN WHICH IS ANNEXED HERETO AS EXHIBIT A.** This is a reorganization plan providing for payments over a five (5) year period. In other words, the Proponents seek to complete payments under the Plan by approximately **November 30, 2021**.

A. Purpose of This Document

The Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Bankruptcy Court follows in determining whether or not to confirm (approve) the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,**
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO**

¹ Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Debtors’ Fifth Amended Plan of Reorganization (the “Plan”).

WHAT YOU WOULD RECEIVE IN LIQUIDATION,

(3) THE HISTORY OF THE DEBTORS AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,

(4) WHAT THE BANKRUPTCY COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,

(5) THE EFFECT OF CONFIRMATION, AND

(6) THE FEASIBILITY OF THE PLAN.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the best course of action for you. Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern. Bankruptcy Code Section 1125 requires a Disclosure Statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy Code Section 1125(a) as "information of a kind, and in sufficient detail," about a debtor and its operations "that would enable a hypothetical reasonable investor typical of holders of claims or interests" of the debtor to make an informed judgment about accepting or rejecting a plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code Section 1125.

This Disclosure Statement is provided to each creditor whose claim has been scheduled by the Debtors or who has filed a proof of claim against the Debtors. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Confirmation Procedures

Persons Potentially Eligible to Vote on the Plan

In determining acceptance of the Plan, votes will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtors as undisputed, non-contingent and unliquidated, or who, prior to the hearing on confirmation of the Plan, has filed with the Court a proof of claim which has not been disallowed or suspended prior to computation of the votes on the Plan. The Ballot Form that you received does not constitute a proof of claim. If you are uncertain whether your claim has been correctly scheduled, you should check the Debtors' Schedules, which are on file at the office of the Clerk of the Bankruptcy Court located at: United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408. The Clerk of the Bankruptcy Court will not provide this information by telephone.

THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL THEIR CREDITORS IN THIS CASE.

1. Time and Place of the confirmation Hearing

The hearing at which the Bankruptcy Court will determine whether to confirm the Plan will take place on December **13, 2016 at 10:00 A.M.**, in Courtroom 701, One Bowling Green, New York, New York 10004-1408.

2. Deadline for Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to Janice B. Grubin, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022.

Your ballot must be received by November 30, **2016 at 4:00 P.M. EDT** or it will not be counted.

3. Deadline for Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Bankruptcy Court and served upon the Proponents' counsel, Janice B. Grubin of LeClairRyan, and the Office of the United States Trustee by December **6, 2016**.

4. Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact Janice B. Grubin, Esq., LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022, telephone number: 212 634-5016..

C. Disclaimer

The financial data relied upon in formulating the Plan is based on the Debtors' monthly operating reports. The information contained in this Disclosure Statement is provided by the Debtors. The Proponents represent that everything stated in the Disclosure Statement is true to the Proponents' best knowledge.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

II. BACKGROUND

A. Information about the Debtors and Events Leading to Chapter 11 Filing

The Debtors are **Arthur G. Manning and Deirdre M. Manning**.

Arthur G. Manning has been a medical doctor since 1991 and is board certified by the American Board of Family Practice. He is currently employed as an emergency medicine physician by Maine Coast Memorial Hospital, located at 50 Union Street, Ellsworth, Maine 04605. Dr. Manning has an annual base salary of \$322,400, consisting of his 40 hour work week at \$155 per hour, which is paid bi-monthly. Dr. Manning also works extra shifts , generating an additional \$2,400 per shift. Depending on the hospital's staffing needs and the availability of extra shifts,, his income may fluctuate for the years 2016 through 2021.

The family's gross income (including Mrs. Manning's social security benefits) was \$337,203 and \$353,631 in 2014 and 2015, respectively.

Deirdre Manning is a professional flutist and a homemaker.

Arthur Manning graduated from New York College of Osteopathic Medicine in 1991. From 1991 to 1995 he was chief resident at the Family Practice Residency program at Central Maine Medical Center in Lewiston, Maine where he and his family (his wife Deirdre, son Arden and in-laws Mildred and Patrick McArdle) had re-located when he was accepted. Deirdre, a professional flutist who had recently made both her Carnegie Hall debut and her London debut at the South Bank Centre to critical acclaim, and having previously served on the faculty at Manhattan School of Music, was offered a position on the faculty at Bowdoin College. During this time their second son, Deiran, was born.

Following completion of his residency, in 1995, Dr. Manning was offered a job in the emergency department at Maine Coast Memorial Hospital in Ellsworth and the entire family

moved to Gouldsboro, a rural fishing community. The Mannings purchased a parcel of land near the local lobster pound and broke ground for a house. The framing and heating was done by a local builder and to keep down costs, much of the interior -- sheetrocking, taping, spackling, painting, electrical wiring and some plumbing -- was done by the Mannings with the help of friends.

Consistent with the family's commitment to music, both sons began their musical training at 3. By the age of 10, the younger son had demonstrated prodigious talent. Deirdre drove Deiran to New England Conservatory every week, nearly 6 hours round-trip and, when in 2006, he was accepted into a class of 12 gifted youngsters at the Special Music School in New York City, the Mannings decided that Deirdre would live with him in the city and Arthur would continue to work in Maine. Deirdre, now principal flutist with the Orchestra of the 92nd St Y, took a part-time job at Long Island Conservatory. The reality was, however, that the family became fractured by the long distance between Maine and New York City such that, in 2008, Dr. Manning decided to buy into a chiropractic practice in the city so that he could live with his family in New York City.

During this time, the Mannings were contacted by Countrywide Mortgage, who had bought the mortgage on the Maine house from Union Trust, a Maine bank which has since failed. Countrywide offered a refinancing, with a first and second (HELOC) mortgage to clear all credit card debt and a car loan and a substantial cash-out, as a result of a huge upswing in the value of real estate in Maine. To that end, an appraisal valued the Maine house at over a million dollars, whereas previously the house had been valued under \$500,000. Subsequently, Deiran was accepted into LaGuardia High School of Music and Art, the 'Fame' school, in 2006 and the

Mannings used the cash from the refinancing as a down payment for a 2 bedroom apartment in New York City.

For multiple reasons, the chiropractic practice failed. Dr. Manning terminated his involvement in the practice in 2007 and was threatened with a lawsuit by the chiropractor unless he paid \$30,000. The Mannings paid this amount, but Dr. Manning was now out of work and the family was struggling to make the Maine and the NYC mortgage payments. Dr. Manning secured part-time online work for an insurance company, Carecore National, which kept the Manning's heads above water in 2008 and 2009; however, they began to fall behind in mortgage payments. Dr. Manning was unable to find an ER job in NYC as he was not board certified in emergency medicine, as required.

In 2009, the Mannings decided that Dr. Manning needed to return to his former job at Maine Coast Memorial. His position had been filled so that it took over a year before the hospital was able to re-hire him in September, 2010. Unfortunately, Dr. Manning was forced to file chapter 7 in December, 2010 as the family could not keep up with its bills. However, although his credit card debt discharged in June 2011, the family was still overwhelmed with significant liabilities, and the resultant stress, due to Dr. Manning being unemployed for a full year: (i) Mrs. Manning had not been included in the Chapter 7 bankruptcy case, so that there was a business loan and credit card debt taken in her name (connected with the chiropractic practice), (ii) the New York City and Maine mortgages had been reaffirmed; and (iii) Arden, their older son, was out of work and needed financial assistance.

On the recommendation of a close friend, the Mannings consulted with Joshua Bleichman, who recommended filing chapter 11 for both the Mannings. The Chapter 11 Case was filed on November 1, 2011.

Prior to and during the Chapter 11 Case, Dr. Manning continues to work full-time at Maine Memorial and Mrs. Manning teaches flute and performs in New York City and Maine and organizes the annual Winter Harbor classical musical festival in Maine, now in its 8th year.

B. Significant Events During the Bankruptcy

1. Bankruptcy Proceedings

The following is a list of significant events which have occurred during the Chapter 11 Case:

- On November 14, 2011, the Debtors filed their Schedules of Assets and Liabilities (“**Schedules**”) and their Statement of Financial Affairs. The Debtors’ Schedule A listed three (3) parcels of improved real property: the NYC Property, the Maine Property and a house located at 791 Bartlett Hill Road, Gouldsboro, Maine. The Bartlett Hill Road property was listed as an interest in probate, held by both Debtors, with a value of \$15,000, against a secured claim of \$48,000. This listing was made in error because the property was held by the ten year old (and still open) probate estate of Mildred J. McArdle, Debtor Deirdre Manning’s deceased mother, for which estate Mrs. Manning was named the executrix. While Mrs. Manning’s mother left the house to her daughter in her will, the bequest was subject to the assumption of a \$48,000 mortgage, which the Mannings lacked the funds to assume or substitute and, therefore, communicated to the bank to foreclose prior to the commencement of the Chapter 11 Case. Accordingly, the Mannings never took title to the Bartlett Hill Road property, expecting the mortgagee bank to foreclose although the property was listed on their schedules. Most recently, the Mannings learned that the Bartlett Hill Road property had never been foreclosed and that it had been the residence of a recently deceased homeless friend of Mildred McArdle.

The Mannings are actively working with the mortgagee and its servicer to ensure that the property is surrendered and properly administered.

- By application filed March 20, 2012, the Debtors sought to retain Bleichman and Klein. No order of retention was ever approved by the Court.
- On April 22, 2013, the Court entered two separate orders declaring that the claims held by Countrywide Home Loans against the Debtors' real property located in New York and Maine - HELOCs - were unsecured claims.
- By Stipulation and Order dated August 27, 2015, the Bankruptcy Court approved a loan modification on the Debtors' NYC Property, the terms of which the Debtors have been paying since approximately that date.
- On February 1, 2016, the IRS filed its motion to dismiss or convert the Chapter 11 Case (the "IRS Motion"). On February 22, 2016, the Tax Assessor for the State of Maine Bureau of Revenue Services ("Maine") filed a response in support of the IRS Motion.
- By Stipulation dated February 25, 2016, the Debtors finally came to an agreement with their mortgagor concerning the Maine Property, the terms of which the Debtors have been paying since the middle of 2016.
- At a hearing on March 3, 2016, the Court granted the IRS Motion, and in its ruling directed all parties in interest to weigh in as to whether the Chapter 11 Case should be converted to Chapter 7 or dismissed and scheduled a status conference for March 22, 2016.
- By letter dated March 4, 2016, counsel for the Debtors, Joshua Bleichman, indicated the Debtors' preference for a dismissal of their Chapter 11 Case rather than a conversion to Chapter 7.

- By letter dated March 16, 2016, the Debtors, among other things, requested that the Court give them one last opportunity to turn their case around and informed the Court that, on March 14, 2016, they had selected Janice Grubin of LeClairRyan, A Professional Corporation (“LeClairRyan”), as their new counsel, subject to the Court’s approval.
- On March 17, 2016, a Stipulation for Substitution of Counsel replacing the Bleichman and Klein firm with LeClairRyan was filed, signed by Joshua Bleichman, Janice Grubin, and the Debtors.
- On March 18 and March 21, 2016, the Debtors, with the assistance of their new proposed counsel, circulated a draft plan term sheet and proposed budget to the IRS, Maine and the State of New York (“New York” and, with IRS and Maine, the “Taxing Authorities”) and the mortgagee servicer for the Maine property, Bank of America, which they hoped to form the basis of discussions leading to a consensual plan.
- By Statement dated March 21, 2016, the Office of the United States Trustee (the “U.S. Trustee”) recounted the Court’s ruling from March 3, 2016 and recent case developments, stating that it did not object to a reconsideration of the ruling made on March 3, 2016 provided the Debtors met certain conditions.
- At the March 22, 2016 status conference, the Court, after hearing from the Debtors, the U.S. Trustee and the Taxing Authorities, directed the Debtors to timely file their 2015 tax returns and submit a motion for reconsideration of the Court’s March 3, 2016 ruling (the “Reconsideration Motion”). The Court further directed that the Reconsideration Motion should contain a response date providing sufficient time for the Taxing Authorities to analyze the Debtors’ 2015 returns and other submitted (and claimed missing) filed returns vis a vis the Debtors’ tax situation and the Chapter 11 Case.

- The Debtors' request to retain the professional services of Alan Goodman, CPA was approved on March 29, 2016.
- On April 4, 5 and 6, 2016, the Debtors filed their federal, Maine and New York state tax returns for 2015 and paid the amounts due and the first estimated 2016 taxes by liquidating their retirement accounts (approximately \$24,300). The Debtors also provided the tax returns that Maine (2010) and New York (2010, 2012 and 2013) claimed were missing.
- On April 26, 2016, the Debtors filed their Reconsideration Motion [Docket No. 164], which the Court has adjourned, together with the IRS Motion, with the support of counsel to the Taxing Authorities and Bank of America, pending the Debtors' progress on promulgating a feasible plan of reorganization.
- On April 27, 2016, the Court entered an order approving the Debtors' retention of LeClairRyan as bankruptcy counsel, including a \$15,000 retainer to be held in escrow pending a plan going effective.
- By Order entered August 12, 2016, the Court set September 19, 2016 as the bar date for the filing of claims against the Debtors [Docket No. 176].
- Between March 14, 2012 and March 2, 2016, the Debtors, through the Bleichman firm, filed three proposed plans of reorganization and one proposed disclosure statement.
- The Debtors are current with their monthly operating reports and the payment of UST fees.

2. Other Legal Proceedings

With the possible exception of the open probate proceeding of Mrs. Manning's mother, as discussed earlier in the context of the Bartlett Hill property, the Debtors are not currently involved in any non-bankruptcy legal proceedings.

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers

The Debtors do not anticipate pursuing or realizing any recoveries on fraudulent or preferential transfers.

4. Procedures Implemented to Resolve Financial Problems

In an effort to remedy the problems that led to the bankruptcy filing, the Debtors have agreed to restrict themselves to a strict budget.

5. Current and Historical Financial Conditions.

<u>Property</u>	<u>Estimated Value</u>	<u>Estimated Secured Claim</u>
Maine Property	\$650,000	\$650,000
NYC Property	\$735, 000	\$743,596
Vehicles	\$10,000	\$2,000
Musical Instruments	\$22,500.00	\$11,125
Miscellaneous Personal Property	\$3,500.00	0

For additional historical financial data, please review the September 2016 monthly operating report filed by the Debtors.

III. SUMMARY OF THE FIFTH AMENDED PLAN OF REORGANIZATION

A. What Creditors Will Receive Under the Proposed Plan

The Plan classifies claims in three classes. The Plan states whether each class of claims is

impaired or unimpaired. The Plan provides the treatment each class will receive. The Debtors have no equity interests.

The inclusion of any Claim in the estimates set forth below does not constitute a waiver by the Debtors to object to any Claim on or before the objection deadline established under the Plan.

A summary of the proposed treatment of unclassified and classified claims under the Plan is as follows:

<u>CLASS NO.</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u>	<u>IMPAIRED</u>	<u>TREATMENT</u>
N/A	Administrative Claims	No	N/A	100% of tax and interest on Effective Date For IRS and Maine: penalty portions paid in quarterly distributions by 12 th , month, with statutory interest For NYS: penalty portion reclassified as general unsecured claim.
N/A	Priority Tax Claims	N/A	N/A	Quarterly distributions to be completed by 24 th month ,with statutory interest
1	Bayview Secured Claim	No	No	Pursuant to Bankruptcy Court- approved loan modification
2	Di Tech Financial Secured Claim	No	Yes	Pursuant to proposed Bankruptcy Court- approved loan modification
3	General Unsecured Claims	No	Yes	Approximately 16 to 18 cents on the dollar, with semi-annual payments to commence on the twentieth month

B. Unclassified Claims

Certain types of claims are not placed into voting classes. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such and as set forth above, the Proponents have not placed the following claims in a class.

1. Administrative Expenses

Administrative expenses are claims for fees, costs or expenses of administering the Debtors' Chapter 11 Case which are allowed under Bankruptcy Code Section 507(a)(1), including all professional compensation requests pursuant to Sections 330 and 331 of the Bankruptcy Code. The Bankruptcy Code requires that all administrative expenses, including taxes and fees payable to the Bankruptcy Court and the Office of the United States Trustee which were became due or were incurred during the pendency of the case, must be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

In accordance with section 1129(a) (9) of the Bankruptcy Code, the Plan provides that each Holder of an Allowed Administrative Claim shall receive Cash Distributions on account of its Administrative Claim on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. Accordingly, Allowed Administrative Claims shall be paid on, or as soon as reasonably practicable after, the later of (i) the Effective Date; (ii) the date that such Administrative Claim becomes an Allowed Administrative Claim; or (iii) the date such Administrative Claim becomes payable pursuant to any statute or agreement between the Debtors and the holder of such Administrative Claim, unless a particular claimant agrees to a different treatment, provided however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of

any agreements relating thereto. If the Holder agrees, all penalties on, with respect to or arising in connection with any Administrative Claim shall be treated as a Class 3 General Unsecured Claim, provided, however, that nothing in the Plan requires the Holder of such Administrative Claim to agree to treat such penalty as a Class 3 General Unsecured Claim, provided, further, however, that any agreement to extend beyond the Effective Date the payment period of the penalty portion of an Administrative Claim held by the Taxing Authorities shall entitle such Holder to the required statutory interest on such unpaid penalty portion until paid in full. With the exception of the Taxing Authorities who have filed Administrative Claims, any Person asserting an administrative claim must file a motion for allowance of the asserted administrative claim within thirty (30) days of the Effective Date. In addition, no motion is required to fix fees payable to the Clerk's Office or the Office of the United States Trustee.

As noted, the Debtors had originally retained the law firm of Bleichman and Klein as their bankruptcy counsel, which firm was replaced by LeClairRyan, A Professional Corporation, by Stipulation dated March 16, 2016 [Docket. No. 155]. The Court awarded the Bleichman firm fees and expenses in the amounts of \$15,929.50 and \$325, respectively, by Order entered on March 14, 2013 [Docket No. 64], which the Bleichman firm has agreed not to seek payment of, subject to documentation. In addition, the Debtors hired an accountant, Alan Goodman, CPA, in the Chapter 11 Case. LeClairRyan estimates its fees through the close of the case at \$150,000, which fees will be reduced by the \$15,000.00 currently being held in escrow. Alan Goodman estimates his fees through the close of the case at \$5,000.00, which fees will be paid by a third-party, Galina Datskovsky, pursuant to his retention order. These fee amounts are estimates and the actual fees could be higher or lower. Pursuant to the Plan, Alan Goodman and LeClairRyan will be paid on the Effective Date of the Plan, unless they agree to a different treatment.

LeClairRyan has agreed to provide the Debtors with a 20% fee discount and to be paid 50% of its Bankruptcy Court approved fee on or about the Effective Date and the remaining amount during the first year of the Plan.

Bankruptcy Court Approval of Professional Compensation Required:

Pursuant to the Bankruptcy Code, the Bankruptcy Court must approve all professional compensation and expenses before the compensation and expenses will be due and owing, regardless of who pays the approved compensation and expenses. The professional in question must file and serve a properly noticed fee application for compensation and reimbursement expenses and the Bankruptcy Court must rule on the application. Only the amount of compensation and reimbursement of expenses approved and allowed by the Bankruptcy Court will be owned and required to be paid under the Plan as an Allowed Administrative Claim.

Each professional person who asserts an Administrative Claim that accrues before the Confirmation Date shall file with the Bankruptcy Court, and serve on all parties required to receive notice, an application for compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date of the Plan. Failure to file such an application timely shall result in the professional person's claim being forever barred and discharged. With the exception of the Taxing Authorities who have filed Administrative Claims, each and every other person asserting an Administrative Claim shall be required to file a motion for allowance for the asserted Administrative Claim within thirty (30) days of the Effective Date of the Plan, or such Administrative Claim shall be deemed forever barred and discharged. No motion is required to fix the fees payable to the Clerk's Office or Office of the United States Trustee as such fees are determined by statute like the Taxing Authorities' Administrative Claims.

To date, the total amount of Administrative Claims asserted by the Taxing Authorities against the Debtors is \$93,903.99, consisting of:

- Internal Revenue Service -- \$38,807.35, including \$5,895.90 in penalties [Claim No. 20-3]
- New York State Department of Taxation and Finance -- \$24,500.31, including \$3,824.09 in penalties [Claim No. 22]
- State of Maine Bureau of Revenue Services -- \$30,596.33, including \$9,040.04 in penalties [Claim No. 23-1].

Upon the Debtors' request, the Internal Revenue Service and the State of Maine have agreed to allow the penalty portion of their Administrative Claims – for a total of approximately \$15,000 - paid out in quarterly installments the first 12 months of the Plan, provided that the statutory interest runs on such Claims until paid in full. New York State has agreed to allow the penalty portion of its Administrative Claim -- \$3,824.09 – to be paid as a Class 3 General Unsecured Claims

Therefore, the total amount of Administrative Claims asserted by the Taxing Authorities to be paid on the Effective Date of the Plan is approximately \$75,000.00.

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Bankruptcy Code Section 507(a)(8). The Bankruptcy Code requires that each holder of such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period not exceeding five years from the petition date.

The Debtors have negotiated a waiver of the five year payment period from each of the Taxing Authorities, which is defined as the Five Year Waiver.

In accordance with section 1129(a)(9)(C) of the Bankruptcy Code and the Five Year Waiver, the Plan provides that each Holder of an Allowed Priority Tax Claim shall receive quarterly distributions in Cash on account of its Allowed Priority Tax Claim, with statutory interest, from the Plan Distribution Priority Tax Claims Account, to be completed by the twenty-fourth (24th) month of the Plan. Furthermore, if the holder agrees, If the Holder agrees, all penalties on, with respect to or arising in connection with any Priority Tax Claim shall be treated as a Class 3 General Unsecured Claim, provided, however, that nothing in this Section 4.2 requires the Holder of such Priority Tax Claim to agree to treat such penalty as a Class 3 General Unsecured Claim

To date, the total amount of Priority Tax Claims asserted against the Debtors is \$50,350.91, consisting of:

- Internal Revenue Service -- \$9,681.88 [Claim No. 4-2]
- New York State Department of Taxation and Finance -- \$22,575.25 [Claim No. 18-4]
- State of Maine Bureau of Revenue Services -- \$18,093.78 [Claim No. 19-2]

3. *NONPAYMENT OF ALLOWED ADMINISTRATIVE TAX CLAIM OR PRIORITY TAX CLAIMS AND NONPERFORMANCE OF TAX OBLIGATIONS*In the event that any Allowed Administrative Claim held by a Taxing Authority (an “Administrative Tax Claim”) or Allowed Priority Tax Claim is not paid in accordance with the terms set forth in the Plan (or on such other terms agreed to by the applicable Taxing Authority and the Reorganized Debtors in writing) or the Reorganized Debtors are delinquent in their filing and payment requirements, such acts will constitute an Event of Default, which, if not cured within thirty (30) days after the applicable Taxing Authority provides the Reorganized Debtors and their undersigned counsel with written notice (email notification to counsel of record for the

Reorganized Debtors shall be sufficient notification for all purposes of this paragraph), such Taxing Authority may institute collection action on the full amount of the unpaid Allowed Administrative Tax Claim or Allowed Priority Tax Claim and/or pursue all other available remedies in any applicable administrative or judicial forum, without further leave of the Bankruptcy Court or relief from a stay or injunction prohibiting such action or remedy, to the extent such stay or injunction is in effect. For purposes of this Section 4.4, the term “delinquent” shall mean the failure to meet applicable deadlines established by the applicable Taxing Authority, as such deadlines may be extended by agreement with the applicable Taxing Authority. In addition, the Taxing Authorities reserve all rights as against the Debtors and, by not objecting to the Plan, do not waive their ability to collect tax revenue from the Debtors and the Reorganized Debtors, as the case may be, to the extent permitted by law. The Allowed Administrative Tax Claim or Allowed Priority Tax Claims shall retain its status as an Administrative Tax Claim or a Priority Tax Claim following the Confirmation Date and shall further retain its status as an Administrative Tax Claim or Priority Tax Claim following the Effective Date until paid in full. No Allowed Administrative Tax Claims or Allowed Priority Tax Claims shall be discharged.

C. Classified Claims

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The Plan contains two classes of secured claims.

i. Class 1: Bayview Secured Claim.

The Class 1 Claim consists of the secured claim of Bayview secured by the Debtors’ real property located at 230 Riverside Drive, Apartment 8-0, New York, NY 10025. Bayview filed a secured proof of claim in the amount of \$745,596.39 [Claim No. 16-2]. By August 2015

Stipulation and Order dated August 17, 2015 (Docket No. 115], the Bankruptcy Court approved a loan modification agreement, through a program called Making Home Affordable found by Mrs. Manning, which provides for monthly payments of \$3,339.69 until December 1, 2036, when the remaining balance of \$482,669.68 will be due. The Debtors have been paying the monthly amount to Bayview since July, 2015.

Accordingly, the Holder of the Allowed Bayview Secured Claim shall, on account of its Allowed Secured Claim, continue to be paid, monthly, in Cash, outside of the Plan by the Debtors in accordance with the August 2015 Stipulation and Order, retain its interest in the NYC Property until paid in full, and retain unaltered the legal, equitable and contractual rights to which such Allowed Secured Claim entitles the Holder thereof.

ii. Class 2: Di Tech Financial Secured Claim.

The Class 2 Claim consists of the secured claim of Di Tech Financial secured by the Debtors' real property located at 41 Sea Swept Lane, Gouldsboro, ME 04607. The prior servicer, Bank of America, N.A., filed a secured proof of claim in the amount of \$1,014,745.51 [Claim No. 17]. The Debtors and Bank of America have stipulated that the value of the property securing the Di Tech Financial Secured Claim is \$650,000.00 [Docket No. 147] and have agreed to amortize a thirty year mortgage on that amount with a 5% interest rate, subject to Bankruptcy Court approval. Therefore, the Di Tech Financial Secured Claim shall be Allowed in the amount of \$650,000.00 and the deficiency portion shall be classified in Class 3. The Debtors have been paying the monthly amount of \$3,986.18 since July, 2015 and plan to memorialize this arrangement with a proposed November 2016 Stipulation and Order..

Accordingly, the Holder of the Allowed Di Tech Financial Secured Claim shall, on account of its Allowed Secured Claim, continue to be paid monthly, in Cash, outside of the Plan

by the Debtors, and retain its interest in the Maine Property until paid in full, pursuant to the proposed October 2016 Stipulation and Order.

2. Class of General Unsecured Claims

General unsecured claims are uncollateralized claims not entitled to priority under Bankruptcy Code Section 507(a).

The Class 3 Claims consist of the Claims scheduled in the Debtors' Schedules and those that were filed by Creditors as unsecured proofs of claim. The Holders of Allowed General Unsecured Claims will be paid their *pro rata* share of the cash set aside for the payment of Allowed General Unsecured Claims in the Plan. Specifically, each Holder of an Allowed General Unsecured Claim shall receive, on account of and in full satisfaction, settlement, release and discharge of, and in exchange for, such General Unsecured Claim, its *pro rata* share of the Plan Payments from the Plan Distribution General Unsecured Claims Account, with semi-annual payments to commence on the twentieth month of the Term and conclude on the sixtieth month.

To date, the total estimated amount of Class 3 General Unsecured Claims asserted against the Debtors is \$1,039,933. This number is an estimate, and the actual amount may be higher or lower depending upon whether there are any successful claims objections by the Reorganized Debtors. The Debtors estimate that holders of allowed general unsecured claims will realize a distribution in the range of sixteen (16) to eighteen (18) cents on the dollar.

The General Unsecured Claims consist of the following:

- Department Stores National Bank/Macy's -- \$320.52 [Claim No. 2]
- Internal Revenue Service -- \$44,583.45 [Claim No. 4-2]
- Real Time Resolutions, Inc. -- \$142,791.10 [Claim No. 5]
- Wells Fargo Bank, N.A. -- \$19,542.17 [Claim No. 6]

- Talbots -- \$1,391.83 [Claim No. 7]
- Real Time Resolutions, Inc. -- \$236,105.06 [Claims No. 8]
- Consolidated Edison Company of New York, Inc. -- \$87.72 [Claim No. 9]
- Capital One Bank (USA), N.A. -- \$14,014.63 [Claim No. 10]
- Chase Bank USA, N.A. -- \$11,771.45 [Claim No. 11]
- Chase Bank USA, N.A. -- \$4,132.54 [Claim No. 12]
- Chase Bank USA, N.A. -- \$9,547.25 [Claim No. 13]
- Chase Bank USA, N.A. -- \$971.49 [Claim No. 14]
- Dell Financial Services L.L.C. -- \$2,359.34 [Claim No. 15]
- Bank of America, N.A. -- \$364745.51 [Claim No. 17]
- New York State Department of Taxation and Finance -- \$3,971.71 [Claim No. 18-4]
- State of Maine Bureau of Revenue Services -- \$1,274.25 [Claim No. 19-2]
- Alan Goodman -- \$3,000 [Sch. F]
- Bar Harbor Bank TR -- \$3,000 [Sch. F]
- Continental Airlines -- \$4,242.47 [Sch. F]
- GLELSI/GOAL Financial -- \$164,624.00 [Sch. F.]
- Maine Coast Memorial -- \$632.07 (total) [Sch. F.]
- Bar Harbor Bank TR -- \$3,000.00 [Sch. F]
- New York State Department of Taxation and Finance -- \$3,824.09 penalty portion of Administrative Claim (agreed) [Claim No. 22]

In their Schedule F, the Debtors listed Dr. Manning's student loan for medical school owed to GLELSI/GOAL in the amount of \$164,624.00. When the Debtors contacted this creditor to confirm the amount, they were informed that the debt had been purchased by American

Education Services. The Debtors are in the process of confirming this debt and the amount, and acknowledge that such claim is nondischargeable, pursuant to Bankruptcy Code Sections 523(a)(8) and 1141(d)(2).

D. Means of Effectuating the Plan

1. Funding of the Plan

The Plan will be funded by: (i) Cash on hand, estimated at \$75,000.00; (ii) the Reorganized Debtors' projected disposable income generated from Debtor Arthur Manning's practice of medicine and Debtor Deirdre Manning's social security income; and (iii) the Exit Loan. The Reorganized Debtors will (i) fund the Plan Payments by paying \$6,000 per month into the Plan Distribution Account during the Term and (ii) pay the Bayview Secured Claim and the Bank of America Secured Claim outside of the Plan pursuant to the August 2015 Stipulation and Order and the November 2016 Stipulation and Order relating to each Secured Claim, as applicable.

2. Exit Loan

Galina Datskovsky, a family friend of the Debtors, shall provide an unsecured loan to the Debtors, which loan shall be disbursed in full on the Effective Date and memorialized by a promissory note issued by the Reorganized Debtors on the Effective Date in the form attached as a Plan Supplement, with a principal amount of \$50,000.00 and bearing a maturity date of November 30, 2021 at 0% interest per annum, with payments commencing and concluding in the fifth and final year of the Term of the Plan.

3. Post-confirmation Management

The Debtors shall continue to manage the affairs and properties of the Debtors post-confirmation.

4. Disbursing Agent

Galina Datskovsky shall act as the disbursing agent for the purpose of making all Distributions provided for under the Plan.

E. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

The Plan provides that all executory contracts and unexpired leases, except for those specifically assumed by the Debtors above or previously assumed by Court Order, shall be deemed rejected.

Any and all proofs of claim with respect to claims arising from said rejection must be filed with the Bankruptcy Court within the earlier of (i) the date set forth for filing claims in any order of the Bankruptcy Court approving such rejection or (ii) thirty (30) days after the Confirmation Date. Any such claims, proofs of which are not filed timely, will be barred forever from assertion.

The Debtors do not believe they have any executory contracts or unexpired leases.

2. Retention of Jurisdiction

The Court will retain jurisdiction as provided in Article XI of the Plan.

3. Procedures for Resolving Contested Claims

The Reorganized Debtors shall have thirty (30) days after the Effective Date to object to the allowance of all Administrative, Priority and Priority Tax Claims and General Unsecured Claims.

4. Effective Date

The Plan will become effective on January 1, 2017.

5. Modification

The Plan Proponents may alter, amend or modify the Plan at any time prior to the Confirmation Date and thereafter as provided in Section 1127(b) of the Bankruptcy Code.

F. Tax Consequences of Plan

CREDITORS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues this Plan may present to the Debtors. The Proponents CANNOT and DO NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the federal and state tax codes embody many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

G. Risk Factors

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors.

Based on the analysis of the risks summarized below, the Proponents believe that the Plan is viable and will meet all requirements of confirmation. There is a risk that, since the Debtors are individuals, there are issues relative to Dr. Manning's earnings and the ongoing management of the Debtors' assets in the event of certain circumstances which may render the Debtors with diminished earnings and/or incapable of earning or continuing to manage their assets.

IV.
CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The Proponents CANNOT and DO NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Bankruptcy Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, that creditors or interest holders have accepted the Plan, that the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and that the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

1. Who May Object to Confirmation of the Plan

Any party in interest may object to the confirmation of the Plan, but, as explained below, not everyone is entitled to vote to accept or reject the Plan.

2. Who May Vote to Accept/Reject the Plan

A creditor has a right to vote for or against the Plan if that creditor has a claim that is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class.

a. What Is an Allowed Claim

As noted above, a creditor must first have an allowed claim to have the right to vote. Generally, any proof of claim will be allowed, unless a party in interest brings a motion objecting

to the claim. When an objection to a claim is filed, the creditor holding the claim cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection or allows the claim for voting purposes. The Debtors specifically reserve the right to object to all claims.

THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE IS
SEPTEMBER 19, 2016.

A creditor may have an allowed claim even if a proof of claim was not timely filed. A claim is deemed Allowed if (1) it is scheduled on the Debtors' schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the claim.

b. What Is an Impaired Claim

As noted above, an allowed claim only has the right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of their claim plus interest.

In this case, the Proponents believe that Classes 2 and 3 are impaired and that holders of claims in those classes are therefore entitled to vote to accept or reject the Plan. The Proponents believe that Class 1 is unimpaired and that the holder of the claim in that class therefore does not have the right to vote to accept or reject the Plan. Parties who dispute the Proponents' characterization of their claim as being impaired or unimpaired may file an objection to the Plan contending that the Proponents have incorrectly characterized the class.

3. Who Is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not receive or retain any

value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

5. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class has accepted the Plan without counting the votes of any insiders within the class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cramdown” on non-accepting classes, as discussed in Sections 7 and 8 below.

6. Votes Necessary for a Class of Claims to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the allowed claims that actually voted, voted in favor of the Plan.

7. Treatment of Nonaccepting Classes

As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner required

by the Code. The process by which nonaccepting classes are forced to be bound by the terms of the Plan is commonly referred to as “cramdown”. The Code allows the Plan to be “crammed down” on nonaccepting classes of claims if it meets all consensual requirements except the voting requirements of Section 1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11. U.S.C. §1129(b) and applicable case law.

8. Request for Confirmation despite Nonacceptance by Impaired Classes

The party proposing this Plan asks the Court to confirm this Plan by cramdown on impaired classes if any of these classes do not vote to accept the Plan.

B. Liquidation Analysis

Another confirmation requirement is the "Best Interest Test", which requires a liquidation analysis. Under the Best Interest Test, if a claimant is in an impaired class and that claimant does not vote to accept the Plan, then that claimant must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

1. Liquidation Under Chapter 7

In a Chapter 7 case, the debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims. In order for the Bankruptcy Court to be able to confirm this Plan, the Bankruptcy Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Proponents maintain that this requirement is met here.

Attached hereto as **Exhibit B** is a Chapter 7 liquidation analysis prepared by the Debtors. It shows, in balance sheet format, that all creditors will receive at least as much under the Plan as such creditor would receive under a Chapter 7 liquidation.

2. Sixty Month Term of Plan From Projected Disposable Income

Section 1129 of the Bankruptcy Code and related sections provide that if a holder of an allowed unsecured claim objects to the plan, the debtor must pay, for five years, through the plan an amount not less than his projected disposable income.

Under the Plan, the Debtors propose to pay their mortgages outside the Plan and to fund the Plan Payments over a sixty month period with monthly payments of \$6,000 from Dr. Manning's earnings, for a total of \$360,000. While Dr. Manning anticipates modest wage increases over the life of the Plan, he believes that such increases will be offset by an increasing cost of living.

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtors will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on such date. The Proponents maintain that this aspect of feasibility is satisfied. To the extent that any deficiencies exist prior to the Effective Date, the Debtors intend to satisfy those deficiencies with proceeds from the Exit Loan and by its counsel's agreement to be paid 50% of its approved fees and expenses through 2017.

The second aspect considers whether the Proponents will have enough cash over the life of the Plan to make the required Plan payments.

The Proponents believe that this second aspect of the feasibility requirement is because they will be generating cash flow from Dr. Manning's employment.

In summary, in addition to paying their Administrative and Priority Tax Claims in full, the Debtors propose to pay 100% of each allowed Secured Claim in accordance with consensual mortgage modifications outside the Plan and, under the Plan, a *pro rata* share, representing a distribution of approximately 16% to 18% on the dollar, to each of the allowed General Unsecured Claims from the funds accumulating in the Plan Distribution Account. As Debtors' monthly operating reports and the attached five year cash flows, annexed hereto as Exhibit C, demonstrate, the Debtors will have an average cash flow, after paying their monthly living expenses and post-confirmation taxes, to make the monthly Plan Payments of \$6,000. The Proponents contend that Debtors' financial projections are feasible in light of the financial records maintained by the Debtors prior to and during the pendency of the Chapter 11 Case. Furthermore, as discussed earlier in the Disclosure Statement, Debtors have implemented procedures, including the oversight of a third-party Disbursing Agent, to ensure that the Plan Payments will be made.

Accordingly, the Proponents believe, on the basis of the foregoing, that the Plan is feasible.

V.
EFFECT OF CONFIRMATION OF PLAN

A. Discharge

The Plan provides that, upon completion of payments under the Plan and the entry of the final decree, the Debtors shall be discharged of liability for payment of debts incurred before

confirmation of the Plan, to the extent specified in 11 U.S.C. §1141. However, any liability imposed by the Plan will not be discharged. If Confirmation of the Plan does not occur or if, after Confirmation occurs, the Debtors elect to terminate the Plan, the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims against the Debtors or their Estate or any other persons, or to prejudice in any manner the rights of the Debtors or their Estate or any person in any further proceeding involving the Debtors or their Estate. The provisions of the Plan shall be binding upon the Debtors and all Creditors, regardless of whether such Claims are impaired or whether such parties accept the Plan, upon Confirmation thereof.

INJUNCTION.

Except as set forth herein, on and after the Confirmation Date, every Holder of a Claim shall be precluded and permanently enjoined from asserting against the Debtors, their respective professionals and agents, or their respective assets or properties, any further claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

2. EXCULPATION.

Except for the Distributions provided for in the Plan, the Debtors, and their respective agents (including any professionals retained by such persons), shall have no liability to each other or to any Holder of a Claim for any act or omission occurring on or after the Petition Date in connection with, or arising out of, transactions, relationships or dealings relating to the settlement of Claims incorporated in the Plan, the solicitation of votes for the confirmation of the Plan, the consummation of the Plan, the administration of the Plan or property to be distributed

under the Plan, and any other matter pertaining to the Chapter 11 Case, except for an act or omission constituting intentional misconduct or gross negligence, and in all respects shall be, and shall have been, entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan, provided, however, that, nothing in the Plan shall limit the liability of the Debtors' lawyers to the Debtors pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1) (2013).

Plan Creates New Obligations

The obligations to creditors that Debtors undertake in the confirmed Plan replace those obligations to creditors that existed prior to the Effective Date of the Plan. Debtors' obligations under the confirmed Plan constitute binding contractual promises that, if not satisfied through performance of the Plan, create a basis for an action for breach of contract under New York law. To the extent a creditor retains a lien in the Plan, that creditor retains all rights provided by such lien under applicable non-bankruptcy law.

B. Revesting of Property in the Debtors

Except as provided in the Plan, the Confirmation of the Plan revests all of the property of the Estate in the Debtors.

C. Modification of Plan

The Proponents may modify the Plan at any time before Confirmation. However, the Bankruptcy Court may require a new disclosure statement and/or revoting on the Plan if the Proponents modify the plan before confirmation.

The Proponents may also seek to modify the Plan at any time after Confirmation so long as (1) the Plan has not been substantially consummated and (2) the Bankruptcy Court authorizes the proposed modification after notice and a hearing. The Proponents further reserve the right to modify the treatment of any Allowed Claims at any time after the Effective Date of the Plan

upon the consent of the Creditor whose Allowed Claim treatment is being modified, so long as no other Creditors are materially adversely affected.

In addition, pursuant to Bankruptcy Code 1127(e), the Plan may be modified at any time after confirmation but before the completion of Plan Payments, whether or not the Plan has been substantially consummated, upon request of the Debtors, the Reorganized Debtors, the U.S. Trustee or the holder of an allowed unsecured claim to increase or reduce the amount of Plan Payments, to extend or reduce the time period for such payments or to alter the amount of the Distribution to a creditor whose claim is paid outside of the Plan.

D. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under Section 1112(b) of the Bankruptcy Code, after the Plan is confirmed, if there is a default in performance of the Plan or if cause exists under Section 1112(b). If the Bankruptcy Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the reverted property only to the extent that relief from stay was not previously granted by the Bankruptcy Court during this case.

Quarterly fees pursuant to 28 U.S.C. §1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree.

Upon completion of Plan Payments, the Reorganized Debtors shall file a Notice with the Bankruptcy Court, requesting a discharge, and an application for the entry of a final decree closing the Chapter 11 Case.

**VI.
RECOMMENDATION**

The Debtors believe that the Plan affords holders of Claims the potential for the greatest realization from the assets of their Estate and, therefore, is in the best interests of all holders of Claims. Accordingly, the Debtors recommend that all holders of Claims eligible to vote accept the Plan.

Dated: October 24, 2016
New York, New York

By: /s/ Arthur G. Manning
Arthur G. Manning

By: /s/ Deirdre M. Manning
Deirdre M. Manning

EXHIBIT A
(Fifth Amended Plan of Reorganization)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: : Chapter 11
: Case No. 11-15109 (SHL)
Arthur G. Manning and Deirdre M. Manning, :
: Debtors. :
:

FIFTH AMENDED PLAN OF REORGANIZATION

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Date: October 24, 2016

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	X	
In re	:	Chapter 11
	:	
Arthur G. Manning and Deirdre M. Manning,	:	Case No. 11-15109 (SHL)
	:	
Debtors.	:	
	:	
-----	X	

FIFTH AMENDED PLAN OF REORGANIZATION

INTRODUCTION

Arthur G. Manning and Deirdre M. Manning (collectively, the “*Debtors*” and each, individually, a “*Debtor*”), propose the following plan of reorganization in the above-captioned case for the resolution of the outstanding Claims against the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of (a) Debtors’ history, employment, and assets (b) a summary and analysis of the Plan, (c) the consideration to be issued under the Plan and (d) certain matters related to the Confirmation and consummation of the Plan. The Debtors are proponents of the Plan within the meaning of Bankruptcy Code section 1129. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 and Bankruptcy Rule 3019, the Proponents reserve the right to alter, amend, modify, revoke or withdraw the Plan.

**ARTICLE I
DEFINITIONS AND INTERPRETATION**

A. *DEFINITIONS.* The following terms, when used in this Plan or any subsequent amendments or modifications thereof, and in addition to those terms defined in the text of the Plan, shall have the respective meanings hereinafter set forth.

1.1 “*Administrative Claim*” means an administrative expense of, or Claim against, the Debtors under section 503 of the Bankruptcy Code including, but not limited to, any actual and necessary expenses of preserving the assets of the Debtors, any fees or charges assessed against the Debtors under section 1930, chapter 123 of title 28 of the United States Code, and other Claims, as ordered by the Bankruptcy Court, that are entitled to priority under section 507(a)(1) of the Bankruptcy Code.

1.2 “*Allowed*” when used as an adjective modifying the word “Claim,” means any Claim against the Debtors, or any of them, proof of which was filed on or before the date designated by the Bankruptcy Court as the last day for filing proofs of claim against the Debtors, or which has been or hereafter is scheduled by the Debtors as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by the Plan, the

Bankruptcy Code, the Bankruptcy Rules or an order of the Bankruptcy Court, or as to which an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order. The phrase “*Allowed amount of a Claim*” or terms of similar import, when referring to a Claim, means the amount of the Claim that has been Allowed. Unless otherwise specified in the Plan, the phrase “*Allowed Claim*” or terms of similar import shall not, for purposes of computation of distributions under the Plan, include interest on the amount of a Claim from and after the Petition Date.

1.3 “*August 2015 Stipulation and Order*” means that *Stipulation and Order Approving Loan Modification, dated August 17, 2015, [Docket No. 115], which modified the existing mortgage on the NYC Property and provided for monthly payments based upon a principal amount of \$743,596.39, payable at a 3.375% interest rate over 22 years, with the balance due at maturity.*

1.4 “*Bankruptcy Code*” means title 11 of the United States Code, as amended, in effect and applicable to the Chapter 11 Case concerning the Debtors.

1.5 “*Bankruptcy Court*” means the United States Bankruptcy Court for the Southern District of New York or, to the extent of any withdrawal of the reference of the Chapter 11 Case or any proceedings arising therein or relating thereto and commenced in said bankruptcy court made pursuant to 28 U.S.C. § 157, the United States District Court for Southern district of New York.

1.6 “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, as amended from time to time, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case.

1.7 “*Bayview Secured Claim*” means the Secured Claim serviced by Bayview Loan Servicing, secured by the NYC Property and memorialized by the August 2015 Stipulation and Order.

1.8 “*Business Day*” means any day other than a Saturday, Sunday, or “legal holiday” as such term is defined in Bankruptcy Rule 9006(a).

1.9 “*Cash*” means lawful currency of the United States of America.

1.10 “*Chapter 11 Case*” means the case under chapter 11 of the Bankruptcy Code commenced in the Bankruptcy Court by the filing of a voluntary petition by the Debtors on the Petition Date, docket number: 11-15109 (SHL).

1.11 “*Claim*” means a claim against the Debtors, as such term is defined in section 101(5) of the Bankruptcy Code.

1.12 “*Claimant*” means the holder of a Claim against the Debtors.

1.13 “*Class*” means a category of holders of Claims which are substantially similar to other Claims or interests in such Class.

1.14 “**Confirmation Date**” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on its docket.

1.15 “**Confirmation Hearing**” means the hearing at which the Bankruptcy Court will consider confirmation of the Plan.

1.16 “**Confirmation Order**” means the order of the Bankruptcy Court confirming the Plan, in a form that is acceptable to the Debtor Proponents, pursuant to section 1129 of the Bankruptcy Code.

1.17 “**Creditor**” means a Person who holds a Claim against any Debtor.

1.18 “**Debtors**” means Arthur G. Manning and Deirdre M. Manning.

1.19 “**Disclosure Statement**” means the written statement, dated October 24, 2016, which, among other things, describes the Plan and is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3018.

1.20 “**Disputed Claim**” means a Claim (or portion thereof) against any Debtor as to which: (a) a proof of Claim has been filed, or deemed filed, under applicable law or order of the Bankruptcy Court, with the Bankruptcy Court; (b) an objection has been timely filed; and (c) such objection has not been: (i) withdrawn, (ii) overruled or denied in whole by a Final Order, or (iii) granted in whole or part by a Final Order, *provided* that the Bankruptcy Court may estimate a Disputed Claim for purposes of allowance pursuant to section 502(c) of the Bankruptcy Code. For purposes of the Plan, a Claim shall be considered a Disputed Claim in its entirety if: (x) before the time that an objection has been or may be filed, the amount of the Claim specified in the proof of Claim exceeds the amount of any corresponding Claim scheduled by the Debtors in their Schedules; (y) there is a dispute as to classification of the Claim; or (z) the Claim is unliquidated or contingent.

1.21 “**Disbursing Agent**” means Galina Datskovsky, or any party appointed by and subject to Bankruptcy Court approval, which party shall effectuate this Plan and hold and distribute the Cash to be paid to holders of Allowed Claims pursuant to the provisions of this Plan and the Confirmation Order.

1.22 “**Distribution**” means the Plan Payments.

1.23 “**Di Tech Financial Secured Claim**” means the Secured Claim serviced by Di Tech Financial, secured by the Maine Property and memorialized by the proposed November 2016 Stipulation and Order.

1.24 “**Effective Date**” means the first Business Day after the Confirmation Order has been entered pursuant to Bankruptcy Rules 5003 and 9021, and has become a Final Order.

1.25 “**Estate**” means the estate of the Debtors created in the Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

1.26 “**Exit Loan**” means that certain non-interest bearing unsecured loan provided by Galina Datskovsky, which shall be disbursed in full on the Effective Date and memorialized by a promissory note issued by the Reorganized Debtors on the Effective Date in the form attached as a Plan Supplement, with a principal amount of \$50,000.00 and bearing a maturity date of December 31, 2021 at 0% interest per annum, with payments commencing in the fifth and final year of the Term of the Plan.

1.27 “**Final Order**” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction which may hear appeals from the Bankruptcy Court, which having not been reversed, modified or amended and not being stayed, and the time to appeal from which or to seek review or rehearing or petition for *certiorari* from which having expired without an appeal or application for review or rehearing having been filed, has become final and is in full force and effective.

1.28 “**Five Year Waiver**” means the waiver granted by the Taxing Authorities to the Debtors to allow payments under the Plan to be made to them beyond the five year period set forth in Section 1129(a)(9)(C)(ii) of the Bankruptcy Code.

1.29 “**General Unsecured Claim**” means any Claim against the Debtors other than a Secured Claim, Administrative Claim, Priority Claim or Priority Tax Claim.

1.30 “**Holder**” means a Person holding a Claim.

1.31 “**Maine Property**” means that improved real property located at 41 Sea Swept Lane, Gouldsboro, Maine 04607.

1.32 “**November 2016 Stipulation and Order**” means that proposed Stipulation and Order Approving Loan Modification, dated November, [__] 2016, which modifies the existing mortgage on the Maine Property and provides for monthly payments based upon a principal amount of \$650,000.00, payable at a 5% interest rate for a term of thirty (30) years, with the balance of the amount asserted in Proof of Claim No. 17 to be treated as a general unsecured claim.

1.33 “**NYC Property**” means that improved real property located at 230 Riverside Drive, Apartment 8-0, New York, New York 10025.

1.34

1.35 “**Person**” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization, or a government or any subdivision thereof, or any other entity.

1.36 “**Petition Date**” means November 1, 2011, the date on which the Debtors commenced their case under chapter 11 of the Bankruptcy Code.

1.37 “**Plan**” means, until the Confirmation Date, the Fifth Amended Plan of Reorganization, dated October 24, 2016, as proposed under chapter 11 of the Bankruptcy Code and as the same may be altered, amended, or modified from time to time, and, from and after the

Confirmation Date, the Fifth Amended Plan of Reorganization as confirmed by the Bankruptcy Court.

1.38 “**Plan Distribution Account**” means, collectively, the two segregated accounts established by the Debtors on or before the Effective Date and funded monthly by the Reorganized Debtors, from which Plan Payments will be made.

1.39 “**Plan Distribution General Unsecured Claims Account**” means the segregated account established by the Debtors on or before the Effective Date and funded monthly by the Reorganized Debtors to make the Plan Payments to Holders of General Unsecured Claims.

1.40 “**Plan Distribution Priority Tax Claims Account**” means the segregated account established by the Debtors on or before the Effective Date and funded monthly by the Reorganized Debtors to make the Plan Payments to Holders of Priority Tax Claims.

1.41 “**Plan Payments**” means the payments, in Cash, made by the Disbursing Agent under the Plan to Holders of Allowed General Unsecured Claims, Allowed Administrative Claims and Allowed Priority Tax Claims.

1.42 “**Plan Supplement**” means the one or more supplements to the Plan containing certain schedules, documents and/or forms of documents relevant to the implementation of the Plan (including, without limitation, the promissory note memorializing the Exit Loan, the Disbursing Agent agreement and the November 2016 Stipulation and Order) to be filed with the Bankruptcy Court no later than five (5) days prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms of the Plan,

1.43 “**Priority Tax Claim**” means any Claim against the Debtors, or any of them, to the extent entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

1.44 “**Proponents**” mean the Debtors.

1.45 “**Reorganized Debtors**” mean the Debtors after confirmation of the Plan.

1.46 “**Schedules**” means the schedules of assets and liabilities, schedules of executory contracts, and statements of financial affairs filed by the Debtors pursuant to Bankruptcy Code section 521, the Official Bankruptcy Forms and the Bankruptcy Rules, and any and all amendments thereto.

1.47 “**Secured Claim**” shall mean any Claim that is secured by, or payment of which is provided for by, a lien on property in which the Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value, as of the Effective Date or such other date as shall be established by the Bankruptcy Court, of such Claim Holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined by the Bankruptcy Court pursuant to section 506 of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code or as otherwise agreed upon in writing by the Claim Holder and the Debtors.

1.48 “**Taxing Authorities**” means, collectively, the Internal Revenue Service, the State of Maine Bureau of Revenue Services and the New York State Department of Taxation and Finance.

1.49 “**Term**” means the sixty (60) month, or five (5) year, duration of the Plan.

1.50 “**United States**” or “**U.S.**” means the United States of America.

B. **INTERPRETATION AND RULES OF CONSTRUCTION.** Unless otherwise specified, all Section, Article, Schedule and Exhibit references in the Plan are to the respective Section in, Article of, or Schedule or Exhibit to, the Plan, as the same may be amended, waived, or modified from time to time in accordance with the provisions hereof. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan (excluding the Plan Documents, unless made applicable thereto pursuant to an express provision thereof). When anything is described or referred to in this Plan in general terms and one or more examples or components of what has been described or referred to generally is associated with that description (whether or not following the word “including”), the examples or components shall be deemed illustrative only and shall not be construed as limiting the generality of the description or reference in any way. All personal pronouns used in the Plan, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and the plural shall include the singular.

C. **OTHER TERMS.** The words “herein,” “hereof,” “hereto,” “hereunder” and others of similar import refer to the Plan as a whole and not to any particular Section, Subsection, or clause contained in the Plan. A capitalized term used herein that is not defined herein or in the Disclosure Statement relating to the Plan, shall have the meaning ascribed to that term, if any, in the Bankruptcy Code or Bankruptcy Rules.

D. **HEADINGS.** Headings are used in the Plan for convenience of reference only and shall not constitute a part of the Plan for any other purpose. Headings shall not limit or otherwise affect the provisions of the Plan.

E. **INCORPORATION OF EXHIBITS.** Each of the Plan Documents constituting an exhibit or appendix to the Disclosure Statement or an exhibit to the Plan is incorporated into and is a part of the Plan as if set forth in full herein.

ARTICLE II CLASSIFICATION OF CLAIMS

2.1 **CLAIMS AND INTERESTS CLASSIFIED.** For purposes of voting on and making distributions under the Plan, all Claims (except for Administrative Claims and Priority Tax Claims) shall be classified as set forth in **Section 2.3**, provided that no Holder of a Disputed Claim shall be entitled to vote or to receive Distributions under the Plan except as otherwise specifically provided for elsewhere in the Plan or by order of the Bankruptcy Court.

2.2 **ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS.** As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtors shall not be classified for purposes of voting on or receiving distributions

under the Plan. All such Claims shall be treated separately as unclassified Claims on the terms set forth in *Article IV*.

2.3 *CLAIMS AGAINST THE DEBTORS.*

2.3.1 **Class 1 Claim.** Class 1 consists of the Bayview Secured Claim.

2.3.2 **Class 2 Claim.** Class 2 consists of the Di Tech Financial Secured Claim.

2.3.3 **Class 3 Claims.** Class 3 consists of all General Unsecured Claims.

**ARTICLE III
IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS**

3.1 *UNIMPAIRED CLASSES OF CLAIMS.* Class 1 is unimpaired under the Plan.

3.2 *IMPAIRED CLASSES OF CLAIMS.* Classes 2 and 3 are Impaired under the Plan.

3.3 *IMPAIRMENT CONTROVERSIES.* If a controversy arises as to whether any Claim, or any Class of Claims, is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, resolve such controversy.

**ARTICLE IV
TREATMENT OF ADMINISTRATIVE AND PRIORITY TAX CLAIMS**

4.1 *ADMINISTRATIVE CLAIMS.* In accordance with section 1129(a)(9) of the Bankruptcy Code, each Holder of an Allowed Administrative Claim shall receive Cash Distributions on account of its Administrative Claim on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. Accordingly, Allowed Administrative Claims shall be paid on, or as soon as reasonably practicable after, the later of (i) the Effective Date; (ii) the date that such Administrative Claim becomes an Allowed Administrative Claim; or (iii) the date such Administrative Claim becomes payable pursuant to any statute or agreement between the Debtors and the holder of such Administrative Claim, unless a particular claimant agrees to a different treatment, provided however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto. If the Holder agrees, all penalties on, with respect to or arising in connection with any Administrative Claim shall be treated as a Class 3 General Unsecured Claim, provided, however, that nothing in this Section 4.1 requires the Holder of such Administrative Claim to agree to treat such penalty as a Class 3 General Unsecured Claim, provided, further, however, that any agreement to extend beyond the Effective Date the payment period of the penalty portion of an Administrative Claim held by the Taxing Authorities shall entitle such Holder to the required statutory interest on such unpaid penalty portion until paid in full. With respect to the penalty portions of the Administrative Claims held by the Internal Revenue Service and the State of Maine Bureau of Revenue Services, such penalty portions shall be paid in full in quarterly distributions by the twelfth month of the Term, with statutory interest. With respect to the penalty portion of the Administrative Claim held by the New York State Department of Taxation and Finance, such penalty portion shall be reclassified and treated as a

Class 3 General Unsecured Claim. With the exception of the Taxing Authorities who have filed Administrative Claims, any Person asserting an administrative claim must file a motion for allowance of the asserted administrative claim within thirty (30) days of the Effective Date. In addition, no motion is required to fix fees payable to the Clerk's Office or the Office of the United States Trustee.

4.1.1 Bankruptcy Court Approval of Professional Compensation and Expenses Required. The Bankruptcy Court must approve all professional compensation and expenses. Each professional person requesting compensation in the Chapter 11 Case pursuant to sections 327, 328, 330, 331, or 503(b) of the Bankruptcy Code shall file an application for allowance of final compensation and reimbursement of expenses not later than thirty (30) days after the Confirmation Date. The Reorganized Debtors are authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Effective Date in the ordinary course and without the need for Bankruptcy Court approval.

4.2 PRIORITY TAX CLAIMS. In accordance with section 1129(a)(9)(C) of the Bankruptcy Code and the Five Year Waiver, each Holder of an Allowed Priority Tax Claim shall receive Distributions in Cash on account of its Allowed Priority Tax Claim from the Plan Distribution Priority Tax Claims Account, with quarterly distributions to commence on the second month anniversary of the Effective Date until paid in full, with statutory interest per annum. If the Holder agrees, all penalties on, with respect to or arising in connection with any Priority Tax Claim shall be treated as a Class 3 General Unsecured Claim, provided, however, that nothing in this Section 4.2 requires the Holder of such Priority Tax Claim to agree to treat such penalty as a Class 3 General Unsecured Claim.

4.3 SATISFACTION OF ADMINISTRATIVE AND PRIORITY TAX CLAIMS. The treatment of, and consideration to be received by, Holders of Allowed Administrative Claims and Allowed Priority Tax Claims pursuant to this *Article IV* will be in full satisfaction, settlement, release and discharge of and exchange for their respective Administrative and Priority Claims against the Debtors. .

4.4 NONPAYMENT OF ALLOWED ADMINISTRATIVE AND ALLOWED PRIORITY TAX CLAIMS AND NONPERFORMANCE OF TAX OBLIGATIONS. In the event that any Allowed Administrative Claim held by the Taxing Authorities ("Administrative Tax Claim") or Allowed Priority Tax Claim is not paid in accordance with the terms set forth in the Plan (or on such other terms agreed to by the applicable Taxing Authority and the Reorganized Debtors in writing) or the Reorganized Debtors are delinquent in their filing and payment requirements, such acts will constitute an Event of Default, which, if not cured within thirty (30) days after the applicable Taxing Authority provides the Reorganized Debtors and their undersigned counsel with written notice (email notification to counsel of record for the Reorganized Debtors shall be sufficient notification for all purposes of this paragraph), such Taxing Authority may institute collection action on the full amount of the unpaid Allowed Administrative Tax Claim or Allowed Priority Tax Claim and/or pursue all other available remedies in any applicable administrative or judicial forum, without further leave of the Bankruptcy Court or relief from a stay or injunction prohibiting such action or remedy, to the extent such stay or injunction is in effect. For purposes of this Section 4.4, the term "delinquent" shall mean the failure to meet applicable deadlines established by the applicable Taxing Authority, as such deadlines may be extended by agreement

with the applicable Taxing Authority. In addition, the Taxing Authorities reserve all rights as against the Debtors and, by not objecting to the Plan, do not waive their ability to collect tax revenue from the Debtors and the Reorganized Debtors, as the case may be, to the extent permitted by law. The Allowed Administrative Tax Claims and the Allowed Priority Tax Claims shall retain their status as Administrative Tax Claims and Priority Tax Claims following the Confirmation Date and shall further retain their status as Administrative Tax Claims and Priority Tax Claims following the Effective Date until paid in full. No Allowed Administrative Tax Claims or Allowed Priority Tax Claims shall be discharged.

ARTICLE V

TREATMENT OF CLASSIFIED CLAIMS

5.1 *CLASSIFIED CLAIMS AGAINST THE DEBTORS.* Classified Claims against the Debtors shall be treated as follows: :

5.1.1 **Class 1 (Bayview Secured Claim).** The Class 1 Claim is unimpaired. The Holder of the Allowed Bayview Secured Claim shall continue to be paid, monthly, in Cash, by the Reorganized Debtors and retain its interest in the NYC Property until paid in full, in accordance with the August 2015 Stipulation and Order and retain unaltered the legal, equitable and contractual rights to which such Allowed Secured Claim entitles the Holder thereof and in full satisfaction, settlement, release and discharge of, and in exchange for, such Secured Claim.

5.1.2 **Class 2 (Di Tech Financial Secured Claim).** The Class 2 Claim is Impaired. The Holder of the Allowed Di Tech Financial Secured Claim shall be paid monthly, in Cash, by the Reorganized Debtors and retain its interest in the Maine Property until paid in full, pursuant to the November 2016 Stipulation and Order on account of its Allowed Secured Claim and in full satisfaction, settlement, release and discharge of, and in exchange for, such Secured Claim..

5.1.3 **Class 3 (General Unsecured Claims).** Class 3 Claims are Impaired. Each Holder of an Allowed General Unsecured Claim shall receive, on account of and in full satisfaction, settlement, release and discharge of, and in exchange for, such General Unsecured Claim, its *pro rata* share of the Plan Payments from the Plan Distribution General Unsecured Claims Account, in Cash, with semi-annual payments to commence on the twentieth month of the Term and conclude on the sixtieth month of the Term.

ARTICLE VI

ACCEPTANCE OR REJECTION OF THE PLAN

6.1 *VOTING CLASSES.* Each Holder of an Allowed Claim in Classes 2 and 3 shall be entitled to vote to accept or reject the Plan, unless otherwise ordered by the Bankruptcy Court. The Holder of the Claim in Class 1, which is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, is not entitled to vote to accept or reject the Plan.

6.2 *ACCEPTANCE BY IMPAIRED CLASSES.* An impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than a Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims voting in such

Class have voted to accept the Plan, and (b) more than one-half in number of Holders (other than the Holders designated under section 1126(c) of the Bankruptcy Code) of such Allowed Claims voting in such Class have voted to accept the Plan.

6.3 *CRAMDOWN*. The Debtors reserve the right to (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the rejection of the Plan by Classes 2 and/or 3 and/or (b) modify the Plan pursuant to the provisions of Section 13.6 to provide treatment sufficient to assure that the Plan does not discriminate unfairly, and is fair and equitable, with respect to the Class or Classes not accepting the Plan, and, in particular, the treatment necessary to meet the requirements of sections 1129(a) and (b) of the Bankruptcy Code with respect to the rejecting Class or Classes and any other Classes affected by such modifications..

ARTICLE VII MEANS FOR IMPLEMENTATION OF THE PLAN

7.1 *FUNDING THE PLAN*. The Plan will be funded by: (i) Cash on hand, estimated at \$75,000.00; (ii) the Reorganized Debtors' projected disposable income generated from Debtor Arthur Manning's practice of medicine and Debtor Deirdre Manning's social security income; and (iii) the Exit Loan. The Reorganized Debtors will (i) fund the Plan Payments by paying \$6,000 per month into the Plan Distribution Account during the Term and (ii) pay the Bayview Secured Claim and the Di Tech Financial Secured Claim outside of the Plan pursuant to the August 2015 Stipulation and Order and the November 2016 Stipulation and Order relating to each Secured Claim, as applicable.

7.2 *EXEMPTION FROM CERTAIN TRANSFER TAXES AND RECORDING FEES*. To the fullest extent permitted by Bankruptcy Code section 1146(a), any transfer from the Debtors to the Reorganized Debtors or to any entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, securities, or other interest in the Debtors or the Reorganized Debtors; (b) the creation, modification, consolidation, or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles, or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, sales or use tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

7.3 *PRE-EFFECTIVE DATE INJUNCTION OR STAYS*. Except as otherwise provided for in the Plan, all injunctions or stays, whether by operation of law or by order of the Bankruptcy Court, provided for in the Chapter 11 Case pursuant to Bankruptcy Code sections

105 or 362 or otherwise that are in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

7.4 *CANCELLATION OF LIENS.* On the Effective Date, except as set forth in the Plan, any Lien securing any Claim shall be deemed released, and the Holder of such Claim shall be authorized and directed to release any collateral or other property of the Debtors (including any cash collateral) held by such Holder and to take such actions as may be requested by Debtors (or Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by Debtors (or Reorganized Debtors, as the case may be).

7.5 *EFFECTUATING DOCUMENTS; FURTHER TRANSACTIONS.* On and after the Effective Date, the Reorganized Debtors are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

7.6 *NO FURTHER APPROVALS.* The transactions contemplated by the Plan shall be approved and effective as of the Effective Date without the need for any further state or local regulatory approvals or, unless otherwise required by the Plan, approvals by any non-Debtor parties, and without any requirement for further action by the Debtors, the Reorganized Debtors, or any entity created to effectuate the provisions of the Plan.

7.7 *DISTRIBUTION PROVISIONS.*

7.7.1 **Date of Distributions.** Unless otherwise provided herein, the Distributions to be made hereunder shall be made (i) on the Effective Date or as soon as practicable thereafter and deemed made on the Effective Date or (ii) within the Term from the Plan Distribution Account. In the event that any Distributions or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such Distribution or the performance of such act maybe completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

7.7.2 **Delivery of Distributions.** All Distributions to any holder of an Allowed Claim shall be to the address of such holder as set forth on the Schedules, or the books of the Debtors, unless Debtors have been notified in writing of a change of address, including, without limitation, by filing of a proof of a Claim by such holder that contains an address for such holder different from the address reflected in the Schedules or records of the Debtors. In the event that any Distribution to any holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder, but no Distribution to such holder shall 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 to such holder without interest; provided that such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such dates, all unclaimed property or interests in property shall revert to the Reorganized Debtors, and

the Claim of any other holder of such property or interest in property shall be discharged and forever barred.

7.7.3 Setoffs and Recoupment. The Debtors may, but shall not be required to, set off against, or recoup from, any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claim of any nature whatsoever that the Debtors may have against the Claimant, but neither the failure to do so nor allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors, as the case may be, of any such Claim that they may have against the Claimant.

7.7.4 Distributions After Effective Date. Distributions made after the Effective Date or on the designated date(s) during the Term to holders of Disputed Claims that are not Allowed Claims as of the Effective Date as of such designated date(s) but which later become Allowed shall be deemed to have been made on the Effective Date or such designated date(s), as the case may be.

7.7.5 Distributions to Holders as of the Confirmation Date. As of the close of business on the Confirmation Date, the claims register shall be closed, and there shall be no further changes in the record holder of any Claims. The Debtors and the Disbursing Agent shall be no obligation to reorganize any transfer of any Claims occurring after the close of business on the Confirmation Date, and shall instead be entitled to recognize and deal for all purposes under the Plan with only those holders of record as of the close of business on the Confirmation Date.

7.8 POST-CONFIRMATION MANAGEMENT. The Reorganized Debtors will continue to manage their property and assets post-confirmation.

7.9 DISBURSING AGENT. The Disbursing Agent shall make all Distributions provided for under the Plan.

ARTICLE VIII BAR DATE AND PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

The bar date for filing a proof of claim in this case is September 19, 2016. Unless another date is established by the Bankruptcy Court or in the case of any Claim such date is extended by the Bankruptcy Court, all objections to Claims shall be filed with the Bankruptcy Court and served on the Holders of such Claims by thirty (30) days after the Effective Date. If an objection has not been filed to a proof of Claim or a scheduled Claim by the objection bar date established in this *Article VIII*, the Claim to which the proof of Claim or scheduled Claim relates shall be treated as an Allowed Claim if such Claim has not been disallowed earlier. After the Effective Date, only the Reorganized Debtors can object to Claims.

8.1 NO DISTRIBUTION PENDING ALLOWANCE. Notwithstanding any other provision of the Plan, no Cash or other property shall be distributed under the Plan on account of any Disputed Claims, unless and until such Claim becomes an Allowed Claim.

8.2 RESOLUTION OF DISPUTED CLAIMS. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors shall have the sole right, to the

exclusion of all others, to make and file objections to Claims, including to the priority of any liens or Claims under section 506(c) of the Bankruptcy Code, and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Debtors elect or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

8.3 *ESTIMATION*. The Debtors may request that the Bankruptcy Court estimates any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors have previously objected to such Claim, and if the Bankruptcy Court estimates any Disputed Claim, that estimated amount may constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claim objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn or otherwise resolved subsequently, without further order of the Bankruptcy Court.

8.4 *ALLOWANCE OF DISPUTED CLAIMS*. If, on or after the Effective Date, any Disputed Claim in a Class that is entitled to receive a distribution under the Plan becomes an Allowed Claim, the Debtor shall, as soon as practicable, distribute to the holder of such Allowed Claim Cash in an aggregate amount sufficient to pay to such holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

8.5 *EXPENSES INCURRED ON OR AFTER THE EFFECTIVE DATE*. Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of Reorganized Debtors, the amount of any reasonable fees and expenses incurred by any professional or the Disbursing Agent on or after the Effective Date in connection with implementation of the Plan, including without limitation, reconciliation of, objection to, and settlement of Claims, shall be paid in Cash by Reorganized Debtors.

ARTICLE IX EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 *ASSUMPTIONS*. The following are the unexpired leases and executory contracts to be assumed as obligations of the Reorganized Debtors under this Plan:

- **NONE**

On the Effective Date, each of the unexpired leases and executory contracts listed above shall be assumed as obligations of the Reorganized Debtors. The Order of the Bankruptcy Court confirming the Plan shall constitute an Order approving the assumption of each lease and contract listed above. If you are a party to a lease or contract to be assumed and you object to the

assumption of your lease or contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

9.2 *REJECTIONS*. On the Effective Date, all executory contracts not specifically assumed shall be deemed to be rejected. The order confirming the Plan shall constitute an order approving the rejection of the lease or contract. If you are a party to a contract or lease to be rejected and you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. See Disclosure Statement for the specific date.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR CONTRACT HEREUNDER IS THIRTY (30) DAYS AFTER THE CONFIRMATION DATE.

Any claim based on the rejection of an executory contract or unexpired lease will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.

ARTICLE X CONDITIONS PRECEDENT TO EFFECTIVENESS OF THE PLAN

10.1 *CONDITIONS TO THE EFFECTIVE DATE*. Consummation of the Plan and the occurrence of the Effective Date are subject to satisfaction of the following conditions:

(a) The Confirmation Order shall have been entered and not have been stayed or vacated on appeal.

(b) All statutory fees and obligations then due and payable to the Office of the U.S. Trustee shall have been paid and satisfied.

(c) All governmental and material third party approvals and consents necessary in connection with the transactions contemplated by the Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect.

10.2 *WAIVER OF CONDITION*. The conditions set forth in Article 10.1 of the Plan may be waived in whole or in part by the Proponents, *provided*, that the condition requiring that the Confirmation Order shall have been entered by the Bankruptcy Court may not be waived.

10.3 *NOTICE OF EFFECTIVE DATE*. The Reorganized Debtors shall file with the Bankruptcy Court a notice of the occurrence of the Effective Date within a reasonable period of time after the conditions in Article 10.1 of the Plan have been satisfied or waived pursuant to Article 10.2 of the Plan.

10.4 *ORDER DENYING CONFIRMATION*. If the Plan is not consummated, then nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims against in the Debtors; (b) prejudice in any manner the rights of the Holder of any Claim against Debtors; (c) prejudice in any manner any right, remedy, defense or claim of Debtors; (d) be deemed an admission against interest by the Debtors; or (e) constitute a settlement, implicit or otherwise, of any kind whatsoever.

ARTICLE XI
RETENTION OF JURISDICTION

11.1 *SCOPE OF JURISDICTION.* The Bankruptcy Court will retain and have exclusive jurisdiction on and after the Confirmation Date for the following purposes:

11.1.1 **Objections to Claims.** To hear and determine objections to Administrative Claims or proofs of Claims whenever filed both before and after the Confirmation Date, including any objections to the classification of any Claim and to allow or disallow any Disputed Claim, in whole or in part;

11.1.2 **Estimation of Claims.** To hear and determine any and all motions to estimate Claims regardless of whether the Claim is the subject of a pending objection, a pending appeal or otherwise;

11.1.3 **Assumption or Rejection of Executory Contracts.** To hear and determine any and all pending applications for the rejection or assumption of executory contracts or unexpired leases to which the Debtors or a Debtor are a party or with respect to which a Debtor may be liable and to hear and determine, and, if need be, to liquidate, any and all Claims arising therefrom;

11.1.4 **Implementation of the Plan.** To enforce the provisions of the Plan and to consider and enforce any proposed amendments thereto and to hear and determine all controversies, suits and disputes that may arise in connection with the interpretation, implementation or enforcement of the Plan, the Estate's obligations and releases under the Plan, and to determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan or the Confirmation Order or their implementation;

11.1.5 **Aid Execution of the Plan.** To enter such orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;

11.1.6 **Determination of Proceedings.** To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date or commenced thereafter;

11.1.7 **Enforcement of Orders.** To enforce all orders, judgments, injunctions and rulings entered in connection with the Chapter 11 Case;

11.1.8 **Allowance of Fees and Expenses.** To determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;

11.1.9 **Recovery of Assets.** To hear and determine all proceedings to recover all assets of the Debtors and property of the Estate, wherever located, including any Claims and any other causes of action or rights to payment of Claims that belong to the Debtors that may be pending on the Confirmation Date or that may be instituted at any time by the Reorganized Debtors thereafter;

11.1.10 **Resolve Tax Issues.** To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

11.1.11 **Other Matters.** To hear any other matter as to which jurisdiction is not inconsistent with the Bankruptcy Code; and

11.1.12 **Closing the Case.** To enter a final decree closing the Chapter 11 Case.

11.2 **FAILURE OF THE BANKRUPTCY COURT TO EXERCISE JURISDICTION.** If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under or related to the Case, this **Article XI** shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE XII EFFECT OF CONFIRMATION OF PLAN

12.1 **COMPROMISE AND SETTLEMENT OF CLAIMS, INTERESTS AND CONTROVERSIES.** Pursuant to 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 and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any allowed claim, or any distribution to be made on account of such allowed Claim. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such claims and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of Debtors, their Estate, and Holders of Claims and is fair, equitable, and reasonable.

12.2 **DISCHARGE.** The Debtors shall be discharged of liability for payment of debts incurred before Confirmation upon completion of all payments under this Plan, to the extent specified in 11 U.S.C. § 1141(d)(5). If Confirmation of this Plan does not occur, the Plan shall be deemed null and void and, nothing contained in this Plan shall be deemed to constitute a waiver or release of any claims against the Debtors or their Estate or any other Persons, or to prejudice in any manner the rights of the Debtors or their Estate or any Person in any further proceeding involving the Debtors or their Estate.

12.3 **INJUNCTION.** **Except as set forth herein, on and after the Confirmation Date, every Holder of a Claim shall be precluded and permanently enjoined from asserting against the Debtors, their respective professionals and agents, or their respective assets or properties, any further claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.**

12.4 **EXCULPATION.** Except for the distributions provided for in the Plan, the Debtors, and their respective agents (including any professionals retained by such persons), shall have no liability to each other or to any Holder of a Claim for any act or omission occurring on

or after the Petition Date in connection with, or arising out of, transactions, relationships or dealings relating to the settlement of Claims incorporated in the Plan, the solicitation of votes for the confirmation of the Plan, the consummation of the Plan, the administration of the Plan or property to be distributed under the Plan, and any other matter pertaining to the Chapter 11 Case, except for an act or omission constituting intentional misconduct or gross negligence, and in all respects shall be, and shall have been, entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan, provided, however, that, nothing in the Plan shall limit the liability of counsel to the Debtors or Reorganized Debtors pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1) (2013).

12.5 *REVESTING OF PROPERTY IN THE DEBTORS.* Except as provided elsewhere in the Plan, the Confirmation reverts all of the property of the Estate in the Debtors.

12.6 *POST-CONFIRMATION CONVERSION/DISMISSAL.* A creditor or party in interest may bring a motion to convert or dismiss the case under §1112(b) of the Bankruptcy Code, after the Plan is confirmed, if there is a default in performing under the Plan. If the Bankruptcy Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 Estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 Estate, and the automatic stay will be reimposed upon the revested property only to the extent that relief from stay was not previously granted by the Bankruptcy Court during this case.

12.7 *PLAN CREATES NEW OBLIGATIONS.* The obligations to creditors that Debtors undertake in the Plan replace those obligations to creditors that existed prior to the Effective Date of the Plan. The Reorganized Debtors' obligations under the Plan constitute binding contractual promises that, if not satisfied through performance of the Plan, create a basis for an action for breach of contract under New York law. To the extent a creditor retains a lien in the Plan, that creditor retains all rights provided by such lien under applicable non-bankruptcy law.

ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1 *TERMS BINDING.* Upon the occurrence of the Effective Date, all provisions of the Plan, including all agreements, instruments and other documents filed in connection with the Plan and executed by the Debtors, or the Reorganized Debtors in connection with the Plan, shall be binding upon the Debtors, the Reorganized Debtors, all Holders of Claims and all other Persons that are affected in any manner by the Plan. All agreements, instruments and other documents filed in connection with the Plan shall have full force and effect, and shall bind all parties thereto, subject to the occurrence of the Effective Date, upon the entry of the Confirmation Order, whether or not such agreements, instruments or other documents actually shall be executed by parties other than the Debtors, or the Reorganized Debtors, or shall be issued, delivered or recorded on the Effective Date or thereafter. 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 of such Person.

13.2 *SEVERABILITY.* If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall

have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Proponents' consent; and (c) non-severable and mutually dependent.

13.3 *COMPUTATION OF TIME.* In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

13.4 *CONFIRMATION ORDER AND PLAN CONTROL.* Except as otherwise provided in the Plan, in the event of any inconsistency between the Plan, Disclosure Statement, any exhibit to the Plan or any other instrument or document created or executed pursuant to the Plan, the Plan shall control. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control.

13.5 *INCORPORATION BY REFERENCE.* The Plan Supplement is incorporated herein by reference.

13.6 *MODIFICATIONS TO THE PLAN.* The Proponents may amend or modify the Plan, the Plan Supplement, and any schedule or supplement hereto, at any time prior to the Effective Date in accordance with the Bankruptcy Code, Bankruptcy Rules and any applicable court order. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 and Bankruptcy Rule 3019 and those restrictions on modification set forth in the Plan, the Proponents expressly reserve their rights to alter, amend or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented, if the proposed alteration, amendment, modification or supplement does not materially and adversely change the treatment of the Claim of such Holder. In addition, pursuant to Bankruptcy Code 1127(e), the Plan may be modified at any time after confirmation but before the completion of Plan Payments, whether or not the Plan has been substantially consummated, upon request of the Debtors, the Reorganized Debtors, the U.S. Trustee or the holder of an allowed unsecured claim to increase or reduce the amount of Plan Payments, to extend or reduce the time period for such payments or to alter the amount of the Distribution to a creditor whose claim is paid outside of the Plan.

13.7 *REVOCATION, WITHDRAWAL OR NON-CONSUMMATION.* The Proponents reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date. If the Proponents revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, then the Plan (including the fixing or limiting to an amount

certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void; *provided, however*, that all orders of the Bankruptcy Court and all documents executed pursuant thereto, except the Confirmation Order, shall remain in full force and effect. In such event, nothing contained herein, and no acts taken in preparation for consummation of the Plan, shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person, to prejudice in any manner the rights of the Debtors or any Person in any further proceedings or to constitute an admission of any sort by the Debtors or any other Person.

13.8 *COURTS OF COMPETENT JURISDICTION.* If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan or in the Chapter 11 Case, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

13.9 *PAYMENT OF U.S. TRUSTEE QUARTERLY FEES.* All fees due and payable pursuant to section 1930 of title 28 of the United States Code prior to the Effective Date shall be paid by the Reorganized Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. The Debtors shall remain obligated to pay quarterly fees to the Office of the U.S. Trustee until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under chapter 7 of the Bankruptcy Code.

13.10 *NOTICE.* All notices, requests and demands to or upon the Proponents, to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received, addressed as follows:

If to the Debtors: LeClairRyan, A Professional Corporation
885 Third Avenue
New York, New York 10022
Telephone: 212-634-5016
Facsimile: 212-634-5062
Attention: Janice B. Grubin, Esq.

13.11 *RESERVATION OF RIGHTS.* The filing of the Plan, the Disclosure Statement, any statement or provision contained in the Plan or Disclosure Statement, or the taking of any action by the Debtors or the Reorganized Debtors with respect to the Plan or Disclosure Statement, shall not be deemed to be an admission or waiver of any rights of the Debtors or the Reorganized Debtors with respect to any Holders of Claims against in the Debtors.

13.12 *NO WAIVER.* Neither the failure of the Debtors to list a Claim in the Debtors' Schedules, the failure of the Debtors to object to any Claim for purposes of voting, nor the failure of the Debtors to object to a Claim (including, without limitation, an Administrative Expense Claim) prior to the Confirmation Date or the Effective Date, shall, in the absence of a legally-effective express waiver or release executed by the Debtors with the approval of the

Bankruptcy Court, if required, and with any other consents or approvals required under the Plan, be deemed a waiver or release of the right of the Debtors or the Reorganized Debtors or their respective successors, either before or after solicitation of votes on the Plan, the Confirmation Date or the Effective Date, to object to or examine such Claim (including, without limitation, an Administrative Expense Claim), in whole or in part.

13.13 *NOTICE OF COMPLETION OF PLAN PAYMENTS* Upon completion of Plan Payments, the Reorganized Debtors shall file a Notice with the Bankruptcy Court, requesting a discharge, and an application for the entry of a final decree closing the Chapter 11 Case.

Dated: October 24, 2016
New York, New York

By: /s/ Arthur G. Manning
Arthur G. Manning

By: /s/ Deirdre M. Manning
Deirdre M. Manning

EXHIBIT B
(Liquidation Analysis)

Arthur G. Manning and Deirdre M. Manning
Liquidation Analysis
(Values in US dollars)

	Notes	Value as of October 24, 2016	Average Estimated Recovery Rate	Estimated Liquidation Value
Cash		75,000	100%	75,000
Maine Property	<i>a</i>	650,000	79%	514,750
NYC Property	<i>b</i>	735,000	49%	359,800
2012 Honda CRV	<i>c</i>	7,887	63%	5,000
2002 BMW 3 Series	<i>d</i>	2,500	50%	1,250
Musical Instruments		22,500	50%	11,125
Miscellaneous Personal Property		3,500	0%	0
Total Assets				\$966,925
<u>Less Estimated Costs Associated with Liquidation</u>				
Chapter 7 professional fees and trustee commission				(80,000)
Bankruptcy Administrative Claims and Prior Period Expenses	<i>e</i>			(243,905)

Net Estimated Proceeds Available for Creditor Distribution

Estimated Secured and Priority Claims	<i>f</i>			1,497,596
% Recovery				53

Net Estimated Proceeds Available for Unsecured Creditor Distribution

Estimated Unsecured Claims				1,039,993
% Recovery				0

Notes

- a* Based on November 2011 appraisal; liquidation value includes broker commission and legal fees (\$39,000) and 35% capital gains tax on \$275,000 (\$96,250).
b Based on October, 2011 appraisal; liquidation value includes broker commission and legal fees (\$44,100) and NY state exemption (\$331,100)
c 153,000 miles.
d 150,000 miles
e Chapter 11 professional fees (\$150,000) and administrative tax claims (\$93,905)
f NYC and Maine mortgages, (\$1,393,596), priority tax claims (\$54,000) and Exit Loan (\$50,000)

EXHIBIT C
(Five Year Cash Flows)

1	YEAR 1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
2	MONTH AND YEAR	1/1/17	2/1/17	3/1/17	4/1/17	5/1/17	6/1/17	7/1/17	8/1/17	9/1/17	10/1/17	11/1/17	12/1/17	DATE	DATE	PAID TO
3	NET INCOME	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	264,924.00
4	DEDUCTIONS															
5	housing	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615			
6	food and clothing	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520			
7	medical	500	500	500	500	500	500	500	500	500	500	500	500			
8	transportation	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000			
9	insurance	225	225	225	225	225	225	225	225	225	225	225	225			
10	US trustee	217	217	217	217	217	217	217	217	217	217	217	217			
11	miscellaneous	700	700	700	700	700	700	700	700	700	700	700	700			
12	emergency	300	300	300	300	300	300	300	300	300	300	300	300			
13	NYS estimated tax	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000			
14	PLAN PAYMENTS															
15	Le Clair Ryan	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500			54000
16	Taxes	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500			18000
17	TOTAL	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077			264924

DEDUCTIONS	YEAR 2												YEAR TO PAID TO DATE		
	MONTH AND YEAR	1/1/18	2/1/18	3/1/18	4/1/18	5/1/18	6/1/18	7/1/18	8/1/18	9/1/18	10/1/18	11/1/18		12/1/18	DATE
NET INCOME	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	
DEDUCTIONS															
housing	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615
food and clothing	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520
medical	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
transportation	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
insurance	225	225	225	225	225	225	225	225	225	225	225	225	225	225	225
US trustee	217	217	217	217	217	217	217	217	217	217	217	217	217	217	217
miscellaneous	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
emergency	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
NYS estimated tax	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PLAN PAYMENTS															
Le Clair Ryan	4500	1500	0	0	0	0	0	0	0	0	0	0	0	0	0
taxes	1500	4500	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000
unsecured	0	0	0	0	0	0	0	0	3000	3000	3000	3000	3000	3000	3000
TOTAL	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	21953	21953

YEAR 4

	1/1/20	2/1/20	3/1/20	4/1/20	5/1/20	6/1/20	7/1/20	8/1/20	9/1/20	10/1/20	11/1/20	12/1/20	YEAR TO PAID TO DATE	YEAR TO PAID TO DATE
MONTH AND NET INCOME	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00	22,077.00		
DEDUCTIONS														
housing	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615	10615
food and clot	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520	1520
medical	500	500	500	500	500	500	500	500	500	500	500	500	500	500
transportatic	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
insurance	225	225	225	225	225	225	225	225	225	225	225	225	225	225
US trustee	217	217	217	217	217	217	217	217	217	217	217	217	217	217
miscellaneou	700	700	700	700	700	700	700	700	700	700	700	700	700	700
emergency	300	300	300	300	300	300	300	300	300	300	300	300	300	300
NYS estimate	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PLAN PAYMENTS														
unsecured	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000
TOTAL	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077	22077
													72000	159,000

