

LAW OFFICE OF NARISSA A. JOSEPH

305 Broadway, Suite 1001

New York, New York 10007

Tel: 212-233-3060

Fax: 646-607-3335

Email: njosephlaw@aol.com

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

-----X

IN Re:

Chapter 11

477 West 142nd Street Housing Dev Fund Corp

Case No: 15-12178 (SHL)

Debtor

-----X

**DEBTOR'S COMBINED PLAN OF REORGANIZATION AND DISCLOSURE
STATEMENT PROPOSED BY QUEEN MOTHER DR. BLAKELY, JOANN MCLAIN
AND BLUE ROCK CAPITAL HOLDINGS LLC**

This Combined Plan of Reorganization and Disclosure Statement is presented to you to inform you of the proposed Plan for restructuring the debt of Debtor, and to seek your vote to accept the Plan.

You are encouraged to carefully review the full text of this document, including all exhibits and attachments, before deciding how to vote on the Plan. To assist you in your review, please note that a list of definitions and a section of frequently asked questions appear at the end of this document.

IN ADDITION TO CASTING YOUR VOTE TO ACCEPT OR REJECT THE PLAN, YOU MAY OBJECT TO THE ADEQUACY OF THE DISCLOSURES MADE IN THIS DOCUMENT, OR YOU MAY OBJECT TO THE TERMS OF THE PROPOSED PLAN. IF YOU WISH TO OBJECT TO THE ADEQUACY OF THE DISCLOSURES OR THE TERMS OF THE PROPOSED PLAN, YOU MUST DO SO BY

_____.

YOUR BALLOT STATING HOW ARE YOU VOTING ON THE PLAN MUST BE RETURNED BY _____ . THE BALLOT MUST BE MAILED TO THE

**FOLLOWING ADDRESS: 305 BROADWAY, SUITE 1001, NNEW YORK, NEW YORK
10007.**

**A HEARING ON THE CONFIRMATION OF THE PLAN IS SCHEDULED FOR
_____ IN COURTROOM NO. _____ AT THE UNITED STATES
BANKRUPTCY COURT- SOUTHERN DISTRICT OF NEW YORK. ONE BOWLING
GREEN, NEW YORK, NEW YORK**

Your rights may be affected by this Combined Plan and Disclosure Statement. You should consider discussing this document with an attorney.

MARCH 21, 2017

NARISSA A. JOSEPH, ESQ

305 BROADWAY, SUITE 1001

NEW YORK, NEW YORK 10007

212-233-3060

EMAIL: NJOSEPHLAW@AOL.COM

SUMMARY OF THE PLAN AND DISTRIBUTION TO CREDITORS

Proposed plan—Pays all creditors in full and allows the current shareholders to stay in the Premises with Life Estate, monthly rent of \$400.00 and the ability to be brought out at any time in the future at a value to base on the then appraised value of the unit.

- A) Administrative expenses—plan pays all administrative expenses and fees including but not limited to the US Trustee Fees and all approved professional compensation and expenses in full—current value approximately \$500,000.00.
- B) Priority Taxes—to be paid in full including but not limited to NYC Dept of Finance -- \$21,300.68.
- C) Class I- 477 Funding --- secured lender—first mortgage on the subject premises to be paid in full – approximately \$1,800,000.00.
- D) Class II- NYC Dept of Finance to be paid in full—approximately \$535,421.96.
- E) Class III- Dept of Environmental Control Board- to be paid in full- approximately \$111,669.76.
- F) Class IV- Dept of Housing Preservation & Development of City of NY—HPD- \$71,245.28.
- G) Class V—Equity Interest Holders—Equity interest to be cancelled. Agreed upon shareholders- five- Mr. Deberry, Ms.DeBlakely, Ms. Pitts, Ms. Callender and Ms. McClain They will each receive life estates, monthly rent - \$400.00 and the option to be brought out at the shareholder 's request at any time in the future at a value to be determined based on the then appraised value of the unit.

ARTICLE 1

BACKGROUND OF THE DEBTOR

1.1 Filing of the Debtor's Chapter 11 Case

On August 5, 2015, the Debtor filed a voluntary petition relief under the Bankruptcy Code. The Chapter 11 case is pending in the Bankruptcy Code in Southern District of New York.

1.2 Nature of the Debtor's Business

The Debtor is primarily in the business of ownership of real property located at 477 West 142nd Street, New York, New York also known as 1661-1669 Amsterdam Avenue, New York, New York, and identified on a tax map as block 2058, lot 29 (the "Property"). The Property is comprised of a eight residential units and 4 commercial units located on the first floor. Floors 2, 3, 4 and 5 have two apartments. Each apartment is numbered one through 8. The odd numbers are in the South section of the building. The even numbered units are in the North section of the building. The odd numbered units have a kitchen, dining room and living room on the west side of the apartment. There are three bedrooms and a bath on the east side of the apartment. The even numbered apartments are 2, 4, 6, and 8. These are also three (3) bedrooms unit.

1.3 Legal Structure and Ownership

The Property is a Housing Development Fund Corporation ("HDFC") property which is a Special type of limited equity housing cooperative in New York City which is incorporated under Article XI of the New York State Private Housing Finance Law and the Business Corporation Law (BCL). An HDFC is a form of co-op housing interned for low-income New

Yorkers. On or about April 2, 1982, the Debtor was organized as a Housing Development Fund Corporation pursuant to the provisions of Article XI of the Private Housing Finance Law of the State of New York. By deed, dated December 7, 1982, the City of New York granted the Property to the Debtor.

1.4 Debtor's Assets

Debtor's petition values the real property at over seven million dollars.

1.5 Debtor's Liabilities

As of the Petition Date, there was due and owing to the mortgage lender the sum of \$1,725,044.92, plus accrued interest, fees, taxes, insurance and other charges including attorney's fees. In addition, the mortgage lender, the City of New York, through various agencies have filed claims in excess of \$750,000.

1.6 Current and Historical Financial Conditions

In or about 2007, after the Debtor failed to pay its taxes, the City of New York commenced an action to foreclose upon the Property. A Judgment of Foreclosure and Sale was entered on June 11, 2007 by Order of the Supreme Court of the State of New York, New York County. This Judgment authorized the Commissioner and Finance of the City of New York attempted to either convey title back of the City or a third party.

In order to resolve the tax lien obligation, the shareholders of the Debtor began to review various mortgage proposals.

On or about September 20, 2007, shareholder Pitts on behalf of the Debtor executed a

mortgage note in the principal amount of \$650,000 in favor of the Original Lender and a mortgage and security agreement encumbering the Mortgage Premises and securing repayment of the Note. This Mortgage was duly recorded on October 4, 2007 at CRFN 2001000507377.

As Debtor was unable to pay the monthly mortgage the original lender commenced a foreclosure action on February 3, 2009. The debtor appeared in the State Court action and untimely a Judgment of Foreclosure and Sale was issued by the Supreme Court of New York on October 29, 2013. There was an assignment of the mortgage dated March 23, 2015. By orders, dated March 17, 2016 and March 21, 2016, the Court appointed Gregory Messer as the Chapter 11 Trustee. The trustee has been paying the ongoing expenses and collecting the monthly maintenance.

1.7 Events Leading to the Filing the Bankruptcy Case

The property was noticed for sale by the referee which sale was scheduled to occur on August 5, 2015, at the New York County Courthouse, 60 Centre Street, New York, New York. In order to stay the sale, a petition for bankruptcy protection was filed by Shirley Pitts on behalf of the Debtor. Debtor anticipates a sale of its asset.

1.8 Significant Events During the Bankruptcy Case

A. The Filing of the Petition

On August 5, 2015, the Debtor filed a voluntary petition under Chapter 11 of Title 11 Of the United States Code, 11 U.S.C. §§ 101 et seq, in the United States Bankruptcy Code for the Southern District of New York. The Petition was filed pro se, that is, without representation by counsel. The Bankruptcy Petition was signed by Shirley Ann Pitts, whereby she listed herself as the President of the Debtor. Debtor continued in the management and operation of its

business and property pursuant to §§ 1107 and 1108 of the Bankruptcy Code. The Debtor is a single asset real estate case as that term is defined pursuant to § 101 (51B) of the Bankruptcy Code.

B. Events Subsequent to the Petition Date

There is a pending dispute as to corporate ownership. Shirley Pitts filed the Bankruptcy Petition and represented to the Court that she was the president of the Debtor. Queen Mother Dr. Blakely also represented to the Court that she was the president of the Debtor. Ms. Pitts sought to dismiss the case which motion was opposed by other shareholders of the Debtor and was ultimately withdrawn by Ms. Pitts. Accordingly, the Debtor's secured lender sought to appoint a chapter 11 trustee. By orders, dated March 17, 2016 and March 21, 2016, the Court appointed Gregory Messer as the Chapter 11 Trustee. The Trustee has obtained a Bar Date from the Court.

On or about August 11, 2016, there was a plan filed on behalf of Shirley Pitts which proposed to pay the majority of creditors in full and offer a Life Occupancy Lease to the verified shareholders. Said Plan was amended on September 7, 2016 and a Disclosure Statement on September 7, 2016.

On November 18, 2016, the Court entered an Order directing Debtor or its Pre-Petition Counsel to Turn Over Property of the Estate.

On January 19, 2017, the Court approved the Disclosure Stated filed on behalf of Shirley Pitts.

1.9 Projected Recovery of Avoidable Transfers

The Debtor has not yet completed its investigation with regard to prepetition transactions. The Debtor anticipates completing its investigation by June 30, 2017. If you received a payment or other transfer of property within 90 days of bankruptcy, the Debtor may seek to avoid such transfer.

ARTICLE 2
THE PLAN

2.1 DEFINED TERMS

As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires (such meanings to be equally applicable to both the singular and plural, and masculine and feminine, forms of the terms defined):

1.1 "Administrative Expense" Any cost or expense of administration of the Bankruptcy Case entitled to priority under section 507(a)(2) and allowed under section 503(b) of the Code, and any fees or charges assessed against the Debtor's Estate under Chapter 123, Title 28, United States Code, including the costs of curing any executory contracts and unexpired leases pursuant to §365 of the Code.

1.2 "Administrative Expense Claim" A claim for payment of an Administrative Expense.

1.3 "Allowance Date" shall mean the date which a Disputed Claim becomes an Allowed Claim by Final Order.

1.4 "Allowed Claim" shall mean a Claim against the Debtor: (a) to the extent that a Proof of Claim is filed timely or, with leave of the Court late filed as to which (i) no party in interest files an objection or (ii) which is allowed by a Final Order; or (b) which is listed on the Debtor's schedules or any amendments thereto but which is not listed therein as disputed,

unliquidated or contingent.

1.5 "Allowed Secured Claim" shall mean an Allowed Claim for which a Claimant asserts and is determined by a Final Order to hold a valid, perfected and enforceable Lien, security interest or other interest or encumbrance in property in which the Debtor has an interest not subject to avoidance or subordination under the Code or applicable non-bankruptcy law, or an Allowed Claim for which a Claimant asserts a set off under Section 553 of the Code and such Claim is allowed by Final Order, but in any event only to the extent of the value, determined in accordance with section 506(a) of the Code, of the Claimant's interest in the Debtor's interest in the property or to the extent of the amount subject to such set off, as the case may be.

1.6 "Allowed Unsecured Claim" shall mean an Unsecured Claim to the extent same is allowed.

1.7 "Bankruptcy Case" shall mean this Chapter 11 bankruptcy case of the Debtor.

1.8 "Bankruptcy Court" shall mean the Court as defined below.

1.9 "Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case, including the Local Rules of the Bankruptcy Court.

1.10 "Cash" shall mean all cash and cash equivalents which evidence immediately available funds in United States dollars.

1.11 "Claim" shall mean a right to payment as set forth in § 101(5) of the Code.

1.12 "Claimant" shall mean the holder of a Claim.

1.13 "Code" shall mean Title 11 of the United States Code (11. U.S.C. § 101 et. seq.), as in effect on the Petition Date and as amended during the Bankruptcy Case.

1.14 "Confirmation Date" shall mean the date of the entry of the Confirmation Order.

1.15 "Confirmation Hearing" shall mean the hearing pursuant to the Code Section 1128 before the Bankruptcy Court regarding the proposed confirmation of the Plan.

1.16 "Confirmation Order" shall mean the order of the Court confirming the Plan.

1.17 "Court" shall mean the United States Bankruptcy Court for the Southern District of New York.

1.18 "Creditor" shall mean any entity that holds a claim against the Debtor.

1.19 "Debtor" shall mean 477 West 142nd Street Housing Dev. Fund Corp. as an income restricted Housing Development Fund Corporation Coop.

1.20 "Disclosure Statement" shall mean the Disclosure Statement approved by the Court pursuant to 11 U.S.C. § 1125.

1.21 "Disputed Claim" shall mean the whole or any portion of any claim against the Debtor to which an objection is timely filed as to which a Final Order has not been entered allowing or disallowing such Claim or any portion thereof.

1.22 "Disbursing Agent" shall mean the Trustee (defined below) in his capacity as Disbursing Agent under the Plan.

1.23 "Effective Date" shall mean the fourteenth (14th) business day after the Confirmation

Date that is not a Saturday, Sunday or "legal holiday" as that term is defined in Bankruptcy Rule

Date shall be the first day thereafter on which the Confirmation Order becomes a Final Order.

1.24 "Estate" means the estate created pursuant to Section 541 of the Code upon the commencement of the Chapter 11 Case.

1.25 "Executory Contracts" shall mean "executory contracts" and "unexpired leases" as such terms are used within Section 365 of the Code.

1.26 "Final Order" shall mean an order of the Court that has not been reversed, amended or stayed, and as to which the time to appeal or to seek review or certiorari thereof has expired, and as to which no appeal, review or rehearing is pending.

1.27 "Foreclosure Action" means the action commenced prior to the filing of this bankruptcy petition in the New York Supreme Court, County of New York, captioned as "Madison Park Investors LLC and E.R. Holdings LLC, both New York Limited Liability Companies v. 477 West 142nd Street Housing Development Fund Corporation, et al.," Index No. 600313/2009, on the property known as 477 West 142nd Street, New York, New York (the "Property").

1.28 "477 Funding Claim" means the Allowed Secured Claim held by 477 Funding Pursuant to (I) a mortgage note in the principal amount of \$650,000.00 dated September 20, 2007, in favor of the Original Lender (the "**477 Funding Note**"); and (ii) a mortgage and security agreement, dated September 20, 2007, in favor of the Original Lender, encumbering the Mortgaged Premises and securing the repayment of the Note (the "**477 Funding Mortgage**,"), as duly recorded with the New York City Office of the City Register on October 4, 2007 at CFRN 2001000507377, together with all interest, costs, fees (including attorney's

fees), charges and other amounts to which 477 Funding Note and 477 Funding Mortgage, as assigned to 477 Funding by assignment instrument, dated March 23, 2015, and duly filed and recorded with the New York City Office of the City Register at CRFN 2015000123482.

1.29 "477 Funding" shall mean 477 W. 142nd Funding LLC.

1.30 "Housing Development Fund Corp.," (HDFC) shall mean a type of limited equity housing cooperative in New York City that is incorporated under Article XI of the New York State Private Housing Finance Law and the Business Corporation Law (BCL).

1.31 "Interest or Equity Interest" shall mean (a) a share in a corporation, whether or not transferable or denominated "stock," or similar security; (b) the interest of a limited partner in a limited partnership; or (c) warrant or right, other than a right to convert, to purchase, sell or subscribe to a share, security or interest as described in this paragraph.

1.32 "Interest Holder or Equity Holder" shall mean current shareholder of the HDFC.

1.33 "Judgment of Foreclosure" shall mean the judgment of foreclosure that was entered in the Foreclosure Action on June 26, 2015.

1.34 "Lien" shall mean a charge against or interest in property to secure payment of a debt or performance of an obligation.

1.35 "Life Tenancy Lease" shall mean a leasehold estate, whereby the Life Occupant is entitled to exclusive use and possession of the leased premises during the life of the Occupant as long as the Occupant continues to comply with the terms of the Life Occupancy Lease and is capable of residing in the premises. The Life Occupancy Lease granted to the Life Occupant under this Plan shall not be assignable or transferable except in the case of the plan proponent Queen Mother Blakely it can be transferred to her Daughter only, and the Life Occupants shall

not have any rights to assign the Life Occupancy Lease except in the case of Queen Mother Blakely to assign it to her Daughter only. The Life Occupancy Lease shall not be subject to any Rent Stabilization or Rent Control Laws under the State of New York and thus shall not be transferable under those statutes and no other person other than the named Life Occupant shall have any right to the leased premises.

1.36 "Life Occupant" shall mean any individual that is issued a Life Occupancy Lease in the property owned by the New Entity.

1.37 "New Entity" shall mean The New Entity created by Blue Rock Capital Holdings LLC or its designee to hold the deed to the Property.

1.38 "Old Common Stock" shall mean all of the issued and outstanding shares of the common stock of the Debtor.

1.39 "Old Common Interests" shall mean all shares of Old Common Stock and all options, warrants or rights, contractual or otherwise to acquire shares of Old Common Stock.

1.40 "Plan Proponent" shall mean Queen Mother Doctor Blakely, President and Shareholder in the Debtor and Blue Rock Capital Holdings LLC or its designee. The obligation of Plan Proponent Blue Rock or its designee, to make any payments pursuant to the plan is strictly conditioned upon such payments being made simultaneously with a transfer of good marketable title to Blue Rock, or its designee, and that Blue Rock shall have no obligation whatsoever to make any payments under the Plan unless there is closing of its purchase of the premises.

1.41 "Petition Date" shall mean August 5, 2015, the date of the filing of the Bankruptcy Case by the Debtor.

1.42 "Plan" shall mean this Plan of Reorganization filed in these Proceedings together with any and all modifications and/or amendments hereto.

1.43 "Plan Payment" shall mean the funds contributed, or caused to be contributed, by the Plan Proponent on or before the Confirmation Date to be used for distributions on accounts of Allowed Claims and other charges, fees, payments or distributions required under this Plan. Any payments made by the Plan Proponent Blue Rock should only be paid at a closing of the Property.

1.44 "Property" shall mean the real property, including fixtures, equipment and personal property owned by the Debtor and located at 477 West 142nd Street, New York, New York. The building is a 5 story walk up apartment building located in the Hamiltoen Heights, Historic District. The first floor consists of four commercial spaces. Floors 2, 3, 4, 5 have two apartments each. Each apartment is numbered one through eaight (8). The odd numbered apartments are in the south section of the Property. The even numbered units are in the north section of the Property. The property is approximately 80 yeas old. In additon, an exterior wall of the Property has been rented for advertising purposes.

1.45 "Priority Non- Tax Claim" shall mean a Claim entitled to priority under sections 507(a)(2), (3),(4),(5), (6) or (7) of the Bankruptcy Code, but only to the extent it is entitled to priority in payment under any such sunsection

1.46 "Priority Tax Creditor" shall mean a Creditor holding a priority tax claim.

1.47 "Priority Tax Claim" shall mean any Claim entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code, but only to the extent it is entiteld to priority under such subsection.

1.48 "Shareholder" shall mean an individual residing at the Property who currently has a stock certificate or is entitled to have a stock certificate.

1.49 "Trustee" shall mean Gregory Messer, Esq., as Chapter 11 Trustee appointed by Order dated March 21, 2016 or any successor trustee.

1.50 "Unsecured Claim" shall mean a claim for which the Claimant does not hold (a) a valid, perfected and enforceable Lien, security interest or other interest in or encumbrance against property of the Debtor or the Debtor's Estate; (b) a right to setoff to secure the payment of such Claim. An Unsecured Claim includes, but is not limited to, a Claim for damages resulting from rejection of any Executory Contract pursuant to Section 365 of the Code. (c) Unsecured Claims shall include all Claims against the Debtor that are not expressly otherwise dealt with in the Plan.

1.51 "Unsecured Creditor" shall mean the owner or holder of an Allowed Unsecured Claim.

1.52 "Other Definitions" shall mean a term used and not defined herein but that is defined in the Bankruptcy Code shall have the meaning set forth therein. 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. Moreover, some terms defined herein are defined in the section in which they are used.

2.2

UNCLASSIFIED CLAIMS

Certain types of claims are not placed into voting classes; instead they are unclassified. 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, the Proponent has not placed the following claims in a class. The treatment of these claims is provided below:

Administrative Expenses and Fees: Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 503(b). Fees payable to the Clerk of the Bankruptcy Court and the Office of the United States Trustee were also incurred during the Chapter 11 Case. The Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

Court Approval of Professional Compensation and Expenses Required:

The Court must approve all professional compensation and expenses. Each professional person requesting compensation in the case pursuant to Sections 327, 328, 330, 331, 503 (b) or 1103 of the Bankruptcy Code shall file an application for allowance of final compensation and reimbursement of expenses not later than ninety (90) days after the Confirmation Date. The Plan Proponent estimates that total Administration Expenses including all professional fees be no more than \$500,000.00. In addition to the amount of estimated Administration Expenses, the Plan Proponent expects to seek entry of an order under section 503 authorizing the Debtor to pay (a) its actual, necessary expenses and (b) reasonable compensation for its retained professionals. No motion or application is required to fix fees payable to the Clerk's Office or the Office of the

United States Trustee, as those fees are determined by statute.

Priority Tax Claims: Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires, and thus this Plan provides, that each holder of such a 507(a)(8) priority tax claim receives the present value of such claim in deferred cash payments. As of the Date hereof, the only Priority Tax Claim is the Priority tax Claim of the NYC Department of Finance in the amount of \$21,300.68, pursuant to proof of Claim No.1, filed on November 13, 2015 by the New York City Department of Finance plus appropriate interest. Allowed Priority Claims shall be paid in full, in Cash, on the Effective Date, or on the date of the entry of the Court's order approving such Priority Claim.

Class I

2.2 **Classification:** Class I consists of the Secured Claim of 477 Funding Claim ("Lender"). As of the Petition Date, there was due and owing to 477 Funding the sum of \$1,725,044.92, plus accrued interest, fees, taxes, insurance and other charges including attorney's fees. The claim is approximately \$1,800,000.00, plus additional costs and fees.

2.3 **Treatment:** The Disbursing Agent or Plan Proponent shall pay the allowed amount of the Class I claims, as allowed, in full, in Cash, on the Effective Date. Class I is an unimpaired class and is not entitled to vote to accept or reject the Plan.

Class II

2.4 **Classification:** Class II consists of the Secured Claims of the New York City's Department of Finance ("DOF"). DOF has filed two secured claims based on Real Estate taxes. Claim #4-1 (Amended by #6-1) in the amount of \$173,400.23, has been filed as an Administrative Secured Claim based on post-petition taxes. Claim #5-1 has been filed in the amount of \$362,021.73 based on pre-petition real estate taxes.

2.5 **Treatment:** The Disbursing Agent or Plan Proponent shall pay the allowed amount of the Class II Claims, as allowed, in full, in Cash, on the Effective Date. Class II is an unimpaired class and is not entitled to vote to accept or reject the Plan.

Class III

2.6 **Classification:** Class III consists of the Secured Claims of the Environmental Control Board in the amount of \$111,669.76, Claim #3-1.

2.7 **Treatment:** The Disbursing Agent or Plan Proponent shall pay the allowed amount for the Class III Claims, as allowed, in full, in Cash, on the Effective Date. Class III is an unimpaired class and is not entitled to vote to accept or reject the Plan.

Class IV

2.8 **Classification:** Class IV consists of the Secured Claim of the Department of Housing Preservation and Development of the City of New York (“HPD”) based upon pre-petition civil penalty judgments obtained for violations and for emergency work orders. HPD has filed three claims #7-1 in the amount of \$5130.00, Claim #8-1 in the amount of \$9,625.00, based on Real Estates Taxes. Claims #9-1 in the amount of \$10,000 and claim #10 in the amount of \$46,490.28.

2.9 **Treatment:** The Disbursing Agent or Plan Proponent shall pay the allowed amount of the Class IV Claims, as allowed, in full, in Cash, on the Effective Date. Class IV is an unimpaired class and is not entitled to vote to accept or reject the Plan.

Class V

2.10 **Classification:** Class V consist of all allowed Unsecured Claims against the Debtor. The Trustee has not yet filed Schedules. Three shareholders of the Property, Blakely, Deberry

and McClain have filed unsecured claims (#'s 11-14) totaling \$4,250,000.00.

2.11 **Treatment:** These shareholders, Blakely, DeBerry and McClain has agreed to withdraw their claims, and has agreed to vote in favor of this Plan only. Class V is an impaired class and is entitled to vote to accept or reject the Plan.

Class VI

2.12 **Classification:** Class VI consists of the Equity Interests in the Debtor that are held by the Plan Proponent and by all other holders of Equity Interests.

2.13 **Treatment:** In exchange for the Plan Payment and payment of all Creditor Claims and other amounts to be paid pursuant to this Plan, on the Effective Date (a) all outstanding Equity Interests in the Debtor shall be cancelled and deemed terminated and of no force and effect, (b) the holders of such Equity Interests shall not be entitled to retain or receive any property on account of such Equity Interests except that the five tenants, DeBerry, DeBlakely, Pitts, Callendar and McClain, who may have had viable claims to shareholder status will be granted a Life Occupancy Lease except that if any of said tenants, in any manner, directly or indirectly, attempt to contest or oppose the plan herein or any subsequent version thereof (including any amendments herein) or commences, continues, or prosecutes any legal proceedings to contest the plan herein, including but not limited to the continued prosecution of the alternative plan proposed by Pitts, then such tenant person shall forfeit his or her right to a Life Occupancy Lease and (c) the deed to the Property shall be transferred to a new entity designated by the Plan Proponent.

2.14. **Impairment:** Class VI is an impaired class and is entitled to vote to accept or reject the Plan.

ARTICLE 2.3

MEANS FOR IMPLEMENTATION OF THE PLAN

3.1 The funds necessary for implementation of the plan will be provided by the Plan Proponent and will be distributed as follows:

Priority Level Payment or Other Settlement of Claim United States Trustee Fees- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Administrative Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Priority Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class I Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class II Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class III Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class IV Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class V Claims- In full, in Cash on the Effective Date or as soon as practicable thereafter from the Disbursing Agent or Plan Proponent.

Class VI Claims- In exchange for the Plan Payment and payment of all Creditor Claims and other amounts to be paid pursuant to this Plan, (a) the Class VI Interest held by the Plan Proponent shall be cancelled and extinguished, (b) the Class VI Interests owned by all other holders of Equity Interests shall be cancelled and extinguished, (c) the Plan Proponent or her designee will be deemed the new 100% Equity Interest holder in the Debtor and (d) the deed to the Property shall be transferred to a new entity designated by the Plan Proponent.

3.2 The Plan Proponent is authorized to act as a nominee for the Debtor and to execute any necessary documents in connection with the Plan including, but not limited to, as needed, documents providing for (a) termination of the HDFC of the Debtor and the Property, (b) the grant of the Life Occupancy Leases to the Life Tenants.

3.3. Termination and Dissolution of the Debtor.

A. The Debtor shall be dissolved on the Effective Date.

B. The Old Common Stock and Old Common Interests shall be deemed canceled on the Effective Date

C. The Debtor's certificate of incorporation shall be terminated and shall be of no further force and effect.

D. The Debtor's Bylaws shall be terminated and shall be of no further force and effect.

E. The Plan Proponent shall file, or cause to be filed, all necessary documents to accomplish the dissolution of the Debtor.

F. The HDFC status of the Debtor and the Property shall terminate in the Effective Date

3.4 Monthly Payments by Life Tenants. Each Life Tenant shall, on the first day of the month following the grant of Life Occupancy Lease and on the first day of every month thereafter, pay to the Owner the sum of \$400.00 for as long as they shall reside in the Property. This monthly payment shall also be transferred or assigned to Doctor Blakely's daughter.

3.5 Terms and Conditions of Life Estates.

Each of the Life Tenants shall have the rights and obligations of a tenant under an apartment lease in the form attached to the Disclosure Statement. Such rights and obligations shall not entitle such unites or the Life Tenants or any future tenants to rent stablization or any additional rights applicable to tenants under New York City & New York State Law or regulations as preoccupying tenants.

New Entity will pay all ongoing real estate taxes, water and sewer charges, all heat, salary of the supper, all repairs including but not limited to window replacement, appliance replacement, plumbing repairs, electrical issues and shall paint the units pursuant to the NYC HPD regulations.

New Entity shall offer maintenance position to any of the current shareholders/ family members who may desire and qualified for such position. Owner will encourage new commercial tenants to hire the Life Tenants and/or their family members for any positions that may become available.

Owner agrees to provide New Future Foundation office space equal to the current space located in the Property in either Property first floor, cellar or another suitable building the Owner may own in Harlem. Life Tenants will have the right of first refusal to purchase the Property should the Owner decide to sell the Property.

In the event Life Tenants decides to sell their units or interest in their units, the Owner shall have to the right of first refusal. The buyout price shall be the negotiated amount on the fair market value based on vacating Life Tenant's appraisal, Owner's appraisal and Neutral Real Estate Broker appraisal.

3.6 Surrender of Premises: Any party living, occupying or squatting in the Property, Except for the Life Tenants, and other holders of valid tenancies, if any, in or at the Property, shall surrender possession, dominion and control over the Property, or any portion thereof on the Effective Date.

3.7 No Successor Liability:

Pursuant to the Plan, the Confirmation Order and 11 U.S.C. §§ 363 (f) and 1129, the transfer of the Property to the New Entity shall be free and clear all liens, claims (as such term is defined by section 101 (5) of the Bankruptcy Code), encumbrances, rights, remedies, restrictions, interests, liabilities and contractual commitments of any kind or nature whatsoever, whether arising before or after the Petition Date, whether at law or in equity, including all rights or claims based on any successor or transferee liability, all environmental claims, all change in control provisions, all right to object or consent to the effectiveness of the transfer of the Property to New Entity or to be excused from accepting performance by New Entity to performing for the benefit of New Entity under any Executory Contract and all rights at law or in equity.

3.8 Conditions Precedent

a. Conditions Precedent to Confirmation. Confirmation of the Plan shall not occur unless and until the following conditions have been satisfied or waived, pursuant to Section

8.3, in writing by the Debtor: (a) an order approving the Disclosure Statement as containing adequate information pursuant to Bankruptcy Code §1125 shall have been entered and (b) the Court shall hold and conclude a hearing to confirm the Plan pursuant to section 1128 of the Plan.

b. Conditions Precedent to the Effective Date. Notwithstanding any other provisions of the Plan or the Confirmation Order, the Effective Date of the Plan shall not occur, and the Plan shall not be binding on any party, unless and until each of the following conditions has been satisfied or waived in writing by the Debtor:

i. The Confirmation Order shall have been entered by the Bankruptcy Court and shall have become a Final Order

ii. The Plan Payment shall have been transferred to the Disbursing Agent for disbursement in accordance with the Plan, and all other amounts have been transferred to the Debtor for distribution to Holders of Allowed Claims, Administrative Claims, US Trustee Fees and Priority Tax Claims.

iii. All actions, other documents and agreements necessary to implement the Plan shall have been adopted, effected or executed and delivered to the Disbursing Agent for filing with the necessary governmental units;

iv. The Old Common Stock and Old Common Interests shall have been canceled.

Waiver of Conditions. The Plan Proponent may, but shall have no obligation to, waive any conditions set forth in this Article at any time, without notice, without leave of or order of the Bankruptcy Court, and without any formal action other than proceedings to

consummate the Plan. The failure to satisfy or waive any condition may be asserted by the Plan Proponent regardless of the circumstances giving rise to the failure of such conditions to be satisfied.

4.1 All rights pursuant to Sections 502, 544, 545 and 546 of the Code, all preference claims pursuant to Section 547 of the Code, all fraudulent transfer claim pursuant to Section 548 of the Code, and all claim relating to post-petition transactions under Section 549 of the Code are hereby preserved for the benefit of Debtor. Prosecution and settlement of such Claims shall be the exclusive responsibility of Debtor and all proceeds from such actions shall vest in and be the property of Debtor.

ARTICLE 2.5

PROVISIONS FOR THE RESOLUTION OF DISPUTED

CLAIMS AND OBJECTIONS TO PROOFS OF CLAIM

5.1 **Objections to Claims.** The Debtor may object to and contest to the allowance of any Claims.

5.2 **Filing of Response.** Prior to the expiration of twenty (20) days from receipt of an objection, the Claimant whose Claim has been objected to in accordance with the immediately preceding paragraph must file with the Court and serve upon the objecting party a response to such Claim objection. Failure to file such a response within the twenty (20) day time period shall cause the Court to enter a default judgment against the non-responding Claimant and thereby grant the relief requested in

the Claim objection.

ARTICLE 2.6

6.1 **Retention of Jurisdiction**. The Court shall have jurisdiction over all matters arising under, arising in, or relating to Debtor's Bankruptcy Case including, but not limited to, proceedings:

6.1.1 To consider any modification of the Plan under section 1127 of the Code;

6.1.2 To hear and determine all Claims, controversies, suits and disputes against the Debtor to the full extent permitted under 18 U.S.C. § 1334 and 28 U.S.C. § 157;

6.1.3 To hear, determine and enforce all Claims and causes of action which may exist on behalf of the Debtor or the Debtor's estate, including, but not limited to, any right of the Debtor or the Debtor's Estate to recover assets pursuant to the provisions of the Code and any right to determine the validity or amount of tax claims asserted against the Debtor pursuant to Section 505 of the Bankruptcy Code including, but not limited to tax claims;

6.1.4 To hear and determine all requests for compensation and/or reimbursement of expenses which may be made;

6.1.5 To value assets of the Estate;

6.1.6 To enforce the Confirmation Order, the final decree, and all injunctions therein;

6.1.7 To enter an order concluding and terminating the Bankruptcy Case;

6.1.8 To correct any defect, cure any omission, or reconcile any inconsistency in the Plan, or the Confirmation Order;

6.1.9 To determine all questions and disputes regarding title to the assets of the Debtor;

6.1.10 To re-examine Claims which may have been allowed for purposes of voting, and to determine objections which may be filed to any Claims.

ARTICLE 2.7

GENERAL PROVISIONS

7.1 **Headings.** The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the meaning of the Plan.

7.2 **Contents of Confirmation Order.** The Confirmation Order shall contain such injunctions and other orders as may be necessary to implement the Plan.

7.3 **No Payment of Disputed Claims.** This Plan contemplates the payment of Allowed Claims only. No Disputed Claims shall be paid, nor shall distributions be made to a creditor holding a Disputed Claim, until such Claim, or any part thereof, becomes an Allowed Claim, if ever.

7.4 **Discharge of Claims not Classified.** Any Claim not specifically classified within this Plan shall not receive distributions under the Plan on account of such Claim, and shall be deemed discharged and forever barred.

7.5 **Notice to Debtor.** Whenever this Plan requires that notice be given to the Debtor such notice shall be given to:

**Law Offices of Narissa A. Joseph, Esq. 277 Broadway, Suite 501 New York, New York
10007 Attn: Narissa A. Joseph, Esq.**

7.6 **Calculation of Time Periods.** Bankruptcy Rule 9006 is incorporated herein for purposes of calculating the dates set forth herein.

7.7 **Other Actions.** Nothing contained herein shall prevent the Debtor, or Creditors from taking such actions as may be necessary to consummate the Plan, although such actions may not specifically be provided for within the Plan.

ARTICLE 2.8

MODIFICATIONS

8.1 **Modification of Plans.** The Debtor may seek amendments or modifications to the Plan in accordance with section 1127 of the Code at any time prior to the Confirmation Date. After the Confirmation Date, the Debtor may seek to remedy any defect or omission or reconcile any inconsistencies in the Plan or in the Confirmation Order, in such manner as may be necessary to

carry out the purposes and intent of the Plan.

ARTICLE 2.9

INJUNCTION, DISCHARGE AND PROPERTY OF THE ESTATE

9.1 **Discharge**. The confirmation of this Plan shall discharge the Debtor from any Claim that accrued or arose on or before the Confirmation Date pursuant to 11 U.S.C. §1141 (d)(1).

9.2 **Injunction**. The Confirmation Order shall contain an injunction of the Court against the commencement or continuation of any action, the employment of process, or any act, to collect, recover or offset from the Debtor or their respective property or properties, any obligation or debt except pursuant to the terms of the Plan.

ARTICLE 2.10

CLOSING THE CASE

10.1 Upon substantial consummation, the Debtor may move for a final decree to close the Bankruptcy Case and to request such other orders as may be just.

ARTICLE 3

FEASIBILITY OF PLAN

The Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

3.1 Ability to Fund Plan.

The Plan Proponent believes that the Debtor 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 that date.

ARTICLE 4

LIQUIDATION VALUATION

To confirm the Plan, the Bankruptcy Court must find that all Creditors and Equity Interest holders who do not accept the Plan will receive at least as much under the Plan as such Claimants and Equity Interest Holders would receive in a Chapter 7 Liquidation. The Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code, in which case a Chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to Creditors pursuant to Chapter 7 of the Bankruptcy Code. With this conversion, an additional tier of administrative expenses entitled to priority under § 507(a)(2) of the Bankruptcy Code would be incurred. Such administrative expenses would include the Chapter 7 trustee's commissions and would include fees for the trustee's attorneys, accountants or other professionals retained by the trustee. It is clear that in a distressed sale liquidation of the Debtor's assets, unsecured Creditors will receive no distribution on their Claims.

ARTICLE 5

Discharge

On the Confirmation Date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141 (d)(6)(A) if a timely

complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141 (d)(6)(B).

ARTICLE 6 **TAX CONSEQUENCES**

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtor and the holders of Claims based upon the Debtor and the holders of Claims based upon the Internal Revenue Code, the Treasury Regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtor and holders of Claims. In addition, certain aspects of the following discussion are based on proposed Treasury Regulations.

The tax consequences of certain aspects of the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. The Plan Proponent has not requested, nor do they intend to request, a tax ruling from the IRS, nor will the Plan Proponent, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, matters not discussed below may affect the federal income tax consequences to the Debtor, holders of Claims and holders of Interests. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtor or the holders of Claims, and the discussion does not address the tax consequences of the Plan to certain types of holders of Claims and holders of Interests (including non-U.S. persons, financial institutions, life insurance companies, tax-exempt organizations and

taxpayers subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE PLAN PROPONENT AND ITS COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR, HOLDERS OF CLAIMS OR HOLDERS OF INTEREST, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES, THE TAX LAWS APPLICABLE TO INDIVIDUALS AND CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIM AND HOLDERS OF INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN STATE AND LOCAL TAX CONSEQUENCES.

a. Tax Consequences to the Debtor

Consummation of the Plan, including certain cancellation of indebtedness of the Debtor and other actions required under the Plan may result in recognition of income, deductions, gain or loss to the Debtor and possible the incurrence of tax on the part of the Debtor or the Plan Proponent. Any such tax constitute an Administrative Expense Claim of the Debtor.

b. General Tax Consideration for Holders of Claims

The receipt of solely Cash by a holder of an Allowed Class VI Claim against the Debtor may be a fully taxable transaction. Accordingly, a holder of such a Claim may recognize gain or loss in an amount equal to the difference between (1) the amount realized by the holder in

satisfaction of its Claim (other than in respect of any Claim for accrued but unpaid interest, and excluding any portion required to be treated as imputed interest due to the post-Effective Date distribution of such consideration following the resolution of any Disputed Claims in the same class), and (ii) the holder's adjusted tax basis in its Claim (other than any Claim for accrued but unpaid interest).

The Plan Proponent has not researched the tax consequences of the Plan to holders of Claims and Interests nor has it requested a ruling from federal, state or local taxing authorities with respect to these matters. There may be federal, state, local or foreign tax considerations applicable to each Creditor or holder of an Interest. EACH CREDITOR AND HOLDER OF AN INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN AND APPLICABLE FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS. The Plan is not intended to result in the forfeiture or compromise of any of the Debtor's tax attributes, all of which are preserved to the extent allowed by applicable law.

c. Transfer Taxes

Pursuant to § 1146 of the Bankruptcy Code the issuance, transfer, or exchange or any security and the making or delivery or any instrument of transfer in connection with or in furtherance of the Plan shall be exempt and shall not be subjected to tax under any law imposing a stamp tax, real estate Transfer Tax, mortgage recording tax or similar tax, and, to the extent provided by §1146 of the Bankruptcy Code, if any, shall not be subject to any state, local or federal law imposing sales tax. In addition, pursuant to §1142 (b) of the Bankruptcy Code, the Order confirming the Plan shall direct the City Register of the City of New York, County of New

York to record any recordable document executed in connection with the consummation of the Plan, without the payment of Transfer Taxes. The Register, and any applicable Register's Office in the State of New York or its municipalities and counties shall record any recordable document executed in connection therewith without the payment of any Transfer Taxes.

In the event any provision of the Plan is determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any or all other provisions of the Plan.

CONCLUSION

The acceptance of the holders of all Classes of impaired Claims are hereby solicited. The Plan Proponent believes that Confirmation of the Plan is in the best interests of all Creditors. The Plan Proponent has worked diligently and expeditiously to formulate a Plan that would afford Creditors substantially more than they would receive if the Chapter 11 Case were converted to liquidation case under Chapter 7 of the Bankruptcy Code. The Plan Proponent believes that the Plan is in the best interests of Creditors and strongly urges all Creditors to vote for the Plan.

THE PLAN PROPONENT SUBMITS THAT THE PLAN COMPLIES IN ALL RESPECTS WITH CHAPTER 11 OF THE BANKRUPTCY CODE, AND RECOMMENDS TO HOLDERS OF CLAIMS AND INTERESTS WHO ARE ENTITLED TO VOTE ON THE PLAN THAT THEY VOTE TO ACCEPT THE PLAN, THE PLAN PROPONENT REMINDS SUCH HOLDERS THAT EACH BALLOT< SIGNED AND MARKED TO INDICATE THE HOLDER'S VOTE, MUST BE RECEIVED BY NO LATER THAN 5:00 P.M. E.S. T. ON MARCH , 2016 AT THE FOLLOWING ADDRESS

LAW OFFICE OF NARISSA JOSEPH

/s/ NARISSA A. JOSEPH

305 BROADWAY, SUITE 501

NEW YORK, NEW YORK 10007

TEL: 212-233-3060

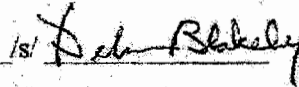
FAX: 646-607-3335

Email: njosephlaw@aol.com

Dated: New York, New York

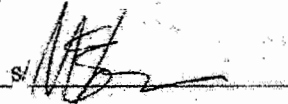
~~February 23, 2017~~

MARCH 21, 2017



Queen Mother Dr. Blakely

Shareholder



McClain

Shareholder



Blue Rock Capital Holdings LLC

Plan Proponent

LAW OFFICE OF NARISSA JOSEPH

/s/ NARISSA A. JOSEPH

305 BROADWAY, SUITE 501

NEW YORK, NEW YORK 10007

TEL: 212-233-3060

FAX: 646-607-3335

Email: njosephlaw@aol.com

Dated: New York, New York

March 21, 2017

_____/s/_____

Queen Mother Dr. Blakely

Shareholder

_____/s/_____

McClain

Shareholder

_____/s/_____

Blue Rock Capital Holdings LLC

Plan Proponent