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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

CAYOT REALTY, INC.,

Chapter 11

Debtor.

Case No. 16-22664(RDD)

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**AMENDED DISCLOSURE STATEMENT OF
CAYOT REALTY, INC.**

DISCLAIMER

PLEASE READ THIS AMENDED DISCLOSURE STATEMENT CAREFULLY. THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE AMENDED PLAN IS IN THE BEST INTEREST OF THE DEBTOR AND ITS CREDITORS AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALLOWED CLAIMS AGAINST THE DEBTOR.

Cayot Realty, Inc, (the “Debtor”) respectfully submits this amended disclosure statement (the “Disclosure Statement”) pursuant to § 1125 of the Bankruptcy Code to accompany its Amended Plan of Reorganization dated June 30, 2017 (the “Plan”), which has been filed with the United States Bankruptcy Court for the Southern District of New York. A copy of the Plan is annexed as Exhibit “A” hereto. Capitalized terms contained in this Disclosure Statement, which are not otherwise defined herein, will have the meaning ascribed to them in the Plan.

I. INTRODUCTION

The purpose of this Disclosure Statement is to provide creditors and equity holders of the Debtor with adequate information to enable them to make an informed judgment concerning the Plan. The Plan is a document that contains the exclusive and final statement of the rights of the Debtor, its creditors, equity holders and other interested parties, and sets forth what each of those groups will receive and how they will receive it. It is strongly recommended that the Plan be read in its entirety. The Disclosure Statement is not a substitute for reading the Plan in full, as the

Disclosure Statement simply describes the Plan, and provides information about the Debtor and the Chapter 11 Case. If the Bankruptcy Court confirms the Plan, it will become binding on the Debtor, all creditors, equity holders and other interested parties.

You are also urged to read the contents of the Disclosure Statement in order to determine what rights you may have to vote on or object to the Plan and before making any decision on any such course of action. Particular attention should be directed to the provisions of the Plan affecting your rights as they existed before the institution of this Chapter 11 Case. Please note, however, that this Disclosure Statement cannot and does not provide a complete description of all of the applicable provisions of the Bankruptcy Code, or other matters that may be deemed significant by creditors and other parties in interest. You are also encouraged to consult with your lawyers and/or advisors as you review and consider the Disclosure Statement and the Plan to enable you to obtain more specific advice on how the Plan will affect you.

In this Chapter 11 Case, the Plan contains three (3) Classes of Creditors and one (1) Class of Interest. The Plan does not impair the Class 1 Claim of Wells Fargo, the Class 2 Claim of Sterling National Bank or the Class 3 Claim of General Unsecured Creditors. The Interest Holder is not impaired. The Class 1, 2 and 3 Creditors will be paid in full upon the refinancing of the Property. The Class 4 Interest Holder will retain his Interest under the Plan and is the sole stockholder of Realty. The Plan is premised on the Debtor's transfer and refinancing of the Property. A copy of the commitment letter is annexed hereto as Exhibit "B". Should the Debtor proceed under the Cure Alternative, an option to be utilized only if Northwind accepts a second position mortgage on the Property, copy of the pertinent commitment letter is annexed hereto as Exhibit "C", The Class 1 Creditor, Wells Fargo, will be impaired and under this alternative, entitled to vote on the Plan.

IN THE OPINION OF THE DEBTOR, THE TREATMENT OF CREDITORS AND THE INTEREST HOLDER UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN

THAT WHICH IS LIKELY TO BE ACHIEVED BY LIQUIDATION OF THE DEBTOR UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTEREST OF THE DEBTOR'S CREDITORS AND INTEREST HOLDER.

The following materials are included with this Disclosure Statement:

1. A copy of the Plan;
2. A copy of an order approving the Disclosure Statement (the "Disclosure Statement Order"), which states: (a) the date by which objections to confirmation of the Plan must be served and filed, (b) the date of the hearing in the Bankruptcy Court to consider confirmation of the Plan, and (c) other relevant information.
3. A ballot for the Class 1 Creditor, Wells Fargo, should the Debtor proceed with the Cure Alternative.

This Disclosure Statement was approved by the Bankruptcy Court by the Disclosure Statement Order on _____, 2017 after notice and hearing pursuant to § 1125 of the Bankruptcy Code. **THE BANKRUPTCY COURT HAS NOT CONFIRMED THE PLAN AND NEITHER THIS DISCLOSURE STATEMENT NOR THE DISCLOSURE STATEMENT ORDER IS TO BE CONSTRUED AS APPROVAL OR ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.**

As stated in the Disclosure Statement Order, the Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for **October 31, 2017 at 10:00 a.m.** Holders of Claims, the Interest Holder and other parties in interest may attend this hearing. Objections to confirmation of the Plan, if any, must be in writing and filed with the Bankruptcy Court and served, so as to be received no later than **5:00 P.M. on October 24, 2017** upon all of the following parties:

Rosemarie E. Matera, Esq.
Kurtzman Matera, P.C.
Attorneys for the Debtor
664 Chestnut Ridge Road
Spring Valley, New York 10977

Serene K. Nakano, Esq.
Office of the United States Trustee
201 Varick Street
New York, New York 10014

The following is a description of the assets, liabilities and affairs of the Debtor, a description and analysis of the Plan, and an analysis of alternatives to the Plan.

II. CHAPTER 11 - IN GENERAL

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Chapter 11 is also utilized for the purpose of achieving an orderly liquidation. Upon filing of a plan of reorganization under Chapter 11, an estate is created containing all of the debtor's property and generally, the debtor remains in control of its property and business as a debtor-in-possession. It is possible for a Court, however, to order the appointment of a trustee in a Chapter 11 proceeding. Under Section 362 of the Bankruptcy Code, the commencement of a case under the Bankruptcy Code invokes an automatic stay of all attempts to collect claims or enforce liens against the debtor or the property of a debtor that arose prior to the commencement of such debtor's case or that otherwise interfere with the debtor's property. Under Chapter 11, a debtor is authorized to reorganize its business and capital structure for the benefit of its estate, creditors and stockholders.

Confirmation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for treating claims against, and interests (e.g., common stock) in a debtor. A claim or interest is impaired under a plan of reorganization if the plan of reorganization provides that such claim will not be repaid in full, with interest, or that the legal, equitable or contractual rights of the holder of such claim or interest are altered. A holder of an impaired claim or interest is entitled to vote to accept or reject a plan of reorganization. Chapter 11 does not require every holder of a claim and interest to vote in favor of a plan of reorganization

in order for the Bankruptcy Court to confirm the plan of reorganization. The Bankruptcy Court must, however, find that the plan of reorganization meets a number of statutory tests before it may confirm, or approve, the plan of reorganization. Many of these tests are designed to protect the interests of holders of claims or interests who do not vote to accept the plan of reorganization but who will nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court. Here, no Claim is impaired as the Class 1 and Class 2 Secured Creditors and Class 3 General Unsecured Creditors will be paid in full on the Effective Date and the Class 4 interest Holder will be the one hundred percent stockholder of Realty.

NO PERSON IS AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ANNEXED HERETO OR INCORPORATED HEREIN BY REFERENCE OR REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR.

NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH HEREIN.

THE INFORMATION CONTAINED HEREIN HAS BEEN PREPARED BY THE DEBTOR IN GOOD FAITH, BASED UPON UNAUDITED INFORMATION AVAILABLE TO THE DEBTOR AS OF THE DATE HEREOF. ALTHOUGH THE DEBTOR HAS USED ITS BEST EFFORTS TO ENSURE THAT SUCH INFORMATION IS ACCURATE, THE INFORMATION CONTAINED HEREIN IS UNAUDITED. THE DEBTOR BELIEVES THAT THIS DISCLOSURE STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE ANY IMPLICATION THAT THERE

HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE STATEMENT AND THE DATE THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST OR AN INTEREST IN THE DEBTOR.

THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EACH CREDITOR AND INTEREST HOLDER IS ENCOURAGED TO READ, CONSIDER AND CAREFULLY ANALYZE THE TERMS AND PROVISIONS OF THE PLAN. THE DEBTOR RESERVES ITS RIGHT, IN ITS SOLE DISCRETION AND EXERCISE OF ITS BUSINESS JUDGMENT, TO WITHDRAW THE PLAN AT ANY TIME PRIOR TO CONFIRMATION BY PLACING A NOTICE OF SUCH WITHDRAWAL ON THE DOCKET FOR THIS CASE MAINTAINED BY THE CLERK OF THE BANKRUPTCY COURT.

THE BANKRUPTCY COURT HAS NOT VERIFIED THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

FAILURE BY A CREDITOR OR THE INTEREST HOLDER TO TIMELY FILE AN OBJECTION TO CONFIRMATION OF THE PLAN IN ACCORDANCE WITH THE DISCLOSURE STATEMENT ORDER AND THE BANKRUPTCY CODE SHALL CONSTITUTE AN AGREEMENT BY SILENCE TO ACCEPT THE TERMS CONTAINED IN THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN PROVIDES FOR INJUNCTIVE RELIEF AS TO THE DEBTOR, THE PROPERTY AND REALTY. THE PERMANENT

INJUNCTIONS SET FORTH IN THE PLAN WILL APPLY TO HOLDERS OF ANY CLAIM, INTEREST, LIEN, ENCUMBRANCE OR DEBT, WHETHER SECURED OR UNSECURED, GRANTED PRIORITY STATUS, INCLUDING PRIORITY TAX (FEDERAL OR STATE), NON-PRIORITY UNSECURED CLAIMS OR ANY INTEREST IN THE DEBTOR. CREDITORS AND INTEREST HOLDERS WILL BE BOUND BY THIS INJUNCTIVE PROVISION UNLESS CREDITORS TIMELY FILE OBJECTIONS IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE DISCLOSURE STATEMENT ORDER OR HEREIN AND APPEAR AT THE CONFIRMATION HEARING, TO PROSECUTE ANY OBJECTION.

**III. HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS
DURING THE CHAPTER 11**

The Debtor is the owner of the Property. Charles L. Cayot, III is the sole stockholder of the Debtor and its President. He has received no compensation during the Chapter 11 case. The property consists of thirty-six (36) trailers and two buildings. The buildings are rented to a dental office at a monthly rental of \$1,600.00 and a pizza place at a monthly rental of \$1,200.00. Both the dental office and the pizza place have been tenants at the Property since 2003. The monthly rental for each of the trailers is \$980.00. There were twenty-five (25) leases for the trailers as of the Filing Date. Thus, the total rent roll, at capacity, is \$38,080.00. A copy of the Debtor's most recent monthly operating report is annexed hereto as Exhibit "D".

Prior to the Filing Date, the Debtor fell behind in its payments to Wells Fargo. Wells Fargo commenced a foreclosure against the Debtor in the Supreme Court of the State of New York, County of Rockland. Sterling, despite what may have been a result of unapplied payments, likewise commenced an action against the Debtor in the Supreme Court of the State of New York, County of Rockland.

The Debtor filed a Chapter 11 Case to stop the foreclosure of the Property. The Debtor retained Kurtzman Matera, P.C. as its bankruptcy counsel.

Immediately following the Filing Date, the Debtor negotiated with Wells Fargo for the use of cash collateral. With the inclusion of Sterling, the consensual use of cash collateral was approved by Order of the Bankruptcy Court. Thus, the Debtor has collected its rents, paid its real property taxes, insurance, license extension fees and its monthly mortgage obligation to Wells Fargo in an amount of \$14,893.93 and in an amount of \$300.00 to Sterling.

The Debtor has sought to refinance the Property with the intent of satisfying the Class 1, 2 and Class 3 Creditors in full. Northwind (or an affiliate designee) has agreed to the financing of the Property which, on the Effective Date, will be transferred to Realty, in an amount of \$2,500,000.00. The funds generated therefrom will, upon closing at a date not more than sixty (60) days after Confirmation, pay all Allowed Creditors in full, and the Class 4 Interest Holder will retain his equity position in the Debtor, receive no compensation therefore, and be the sole stockholder of Realty. The rents will pay the new secured monthly mortgage obligation.

In connection with the Chapter 11 Case, the Debtor sought and obtained an Order setting a last date to file claims. Proof of claims were due by September 15, 2016. Governmental units had until November 14, 2016, to file proofs of claim. The Claims Register maintained by the Clerk of the Bankruptcy Court reflects the following proofs of claim:

No. 1-2	NYS Department of Taxation and Finance	\$	367.97
No. 2-2	Department of the Treasury Internal Revenue Service	\$	949.29
No. 3-1	Aqua-Vize Water Solutions, Inc..	\$	2,874.02
No. 4-1	Colony AMC OPCO, LLC, as special Servicer for Wells Fargo	\$2,096.754.40	
No. 5-1	Sterling National Bank f/k/a Provident Bank	\$	8,971.35
No. 6-1	NYS Department of Taxation and Finance - Bankruptcy Section	\$	160.28

All Allowed Creditors will be paid in full at the closing with the transfer and financing of the Property.

IV. PLAN OF REORGANIZATION

The Debtor believes that under the Plan, holders of Allowed Claims against and Interests in the Debtor will obtain a recovery from the estate of the Debtor having a value in excess of what otherwise would be available if the assets of the Debtor were liquidated and administered pursuant to Chapter 7 of the Bankruptcy Code or the case was dismissed to allow Wells Fargo to foreclose. Conversion to Chapter 7 would, at the least, entail commissions to a trustee not payable in Chapter 11 and, most likely, a trustee would hire professionals who would be compensated from the bankruptcy estate.

THE FOLLOWING IS A SUMMARY OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE INFORMATION SET FORTH IN THE PLAN.

A. Classification and Treatment of Claims and Interests

The Plan provides for the division of holders of claims and interests as follows:

1. Unclassified Claims. The Bankruptcy Code provides that certain types of claims are entitled to priority in payment and need not be classified and generally describes the manner in which some of these claims are to be paid. Specifically, the Plan provides for payment of fees of the United States Trustee and Administrative Claims, which are not required to be classified under § 1123(a)(1) of the Bankruptcy Code.

These provisions are reflected in the Plan as follows:

(a) United States Trustee Fees. There are fees payable to the United States Trustee pursuant to 28 USC § 1930(a)(6) (the “USC Fees”), which is a non-classified category of Claims. The Debtor will pay all outstanding amounts due to the United States Trustee upon Confirmation and through the Effective Date as and when due. Realty will pay the USC Fees arising from and after the Effective Date as and when due until the entry of a final decree in the Case.

(b) Administrative Creditors. Administrative Creditors are entitled to priority in payment pursuant to §503 and §507(a)(2) of the Bankruptcy Code. Administrative Creditors consist of costs and expenses incurred during the case. The Plan provides that Allowed Administrative Creditors, including the fees of professionals, should be paid in full, in cash upon the latter of: (a) the Effective Date; (b) the date upon which the Bankruptcy Court enters an Order allowing such Administrative Claim; or (c) on such other date as may be ordered by the Bankruptcy Court as agreed with the Claimant. The Debtor estimates that, as of the Effective Date, outstanding administration claims will be that of Kurtzman Materna, P.C. for attorney's fees due and owing as counsel for the Debtor in an amount of approximately \$30,000.00, plus the commission due to Premier Global Capital, the financial broker for the Debtor retained by Order of the Bankruptcy Court.

2. Tax Claims. Allowed Tax Claims, which exclude §507(a)(1) administrative tax claims, shall be paid to the Internal Revenue Service and the New York State Department of Taxation and Finance pursuant to §1129(a)(9)(C) of the Bankruptcy Code upon the closing of the refinancing of the Property.

3. Classified Claims. The Plan divides the remaining Claims against and Interests in the Debtor into various Classes. Below is a description of the general Classes and Interests in the Debtor and their treatment under the Plan.

(a) Class 1. The Class 1 Claim of Wells Fargo is an Allowed Secured Claim within the meaning of §506 of the Bankruptcy Code in an amount of approximately \$2,100,000.00. Wells Fargo will be paid its monthly payment pursuant to the Cash Collateral Consent Order until the closing from rental income. On the Effective Date, the Allowed Secured Claim of Wells Fargo will be paid in full in cash, including post Filing Date interest. If the Northwind Refinancing does not occur, Wells Fargo shall receive the treatment set forth in Article XVI of the Plan through one of the

Alternative means of Confirmation, Cure or Sale. This Class is not impaired under §1124 of the Bankruptcy Code and not entitled to vote on the Plan.

(b) **Class 2.** The Class 2 Claim of Sterling is an Allowed Secured Claim on the Property in an amount of \$8,971.35, subject to reduction by Post Filing Date payments. Sterling will be paid its monthly payment pursuant to the Cash Collateral Consent Order of \$300.00 until the closing on the refinancing of the Property, from rental income. On the Effective Date, the Allowed Secured Claim of Sterling will be accelerated and fully satisfied. The Claim of Sterling is not impaired and not entitled to vote on the Plan.

(c) **Class 3.** The Plan provides that the holders of the Class 3 Allowed Unsecured Claims, will be paid in full in cash on the Effective Date. Class 3 Creditors are estimated at \$16,000.00 per schedule "F" of the Chapter 11 Petition. This Class is not impaired and not entitled to vote on this Plan.

(d) **Class 4.** The Class 4 Interest Holder will retain his Interest in the Reorganized Debtor. The Interest Holder is also the sole stockholder of Realty, which will take title to the Property at Closing. This Class is not impaired and not entitled to vote on the Plan.

B. Effect of Confirmation

1. **FULL AND FINAL SATISFACTION.** All payments and distributions hereunder shall be in full and final satisfaction, settlement and release of all Claims and Interests of any nature whatsoever, except as provided in the Plan.

2. **EXECUTORY CONTRACTS AND UNEXPIRED LEASES.** The Debtor will assume and assign all leases for the Property to Realty.

3. **DISPUTED CLAIMS.** The amount of any Disputed Claim which would otherwise be distributed to the Allowed Class Claimant will be reserved from any distribution where the Allowed Class Claimant is a Disputed Claim. Upon a Disputed Claim becoming an Allowed Claim by a Final

Order, any distribution then due to be made in respect of such Claim shall be issued within ten (10) business days.

4. UNCLAIMED CASH OR INTEREST. Any person who fails to claim any cash or interest within three (3) months from the date such cash or interest is distributed, shall forfeit all rights to that distribution and shall have no claim whatsoever against the Debtor. Unclaimed cash shall be returned to the Debtor or its successor.

5. EVENT OF DEFAULT. An Event of Default of the Debtor shall be a failure to make any payment required to be made by the Plan which is not cured within thirty (30) days after written notice to the attorneys for the Debtor.

Upon the occurrence of an Event of Default and following the failure of the Debtor to cure such default within the applicable cure period or as otherwise agreed between the parties, at the election of any creditor or party in interest and after notice and a hearing, the Court will consider the application of such party to reopen, dismiss or convert the Debtor's Chapter 11 Case. In such event, the Plan shall be of no further force or effect, and the discharge and injunctions contained in Article XVI thereof shall automatically be revoked and terminated.

6. DISCHARGE OF THE DEBTOR. Except as otherwise provided in §1141(d) of the Bankruptcy Code and in the Plan, Confirmation of the Plan will act as a discharge effective as of the Confirmation Date, of all claims against and interests in the Debtor that arose at any time prior to such date. Pursuant to §1141 of the Bankruptcy Code, the discharge of the Debtor will be effective as to each claim regardless of whether a proof of claim was therefore filed, whether a claim is an Allowed Claim or whether the Claim holder votes to accept the Plan. The holder of a discharged Claim shall be forever barred and precluded from asserting against the Debtor, its assets or property, successors or assigns, including Realty, any other or further Claim or Interest based upon any documents, instrument, act, omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

7. **MODIFICATION OR WITHDRAWAL OF THE PLAN.** The Debtor reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan prior to the Confirmation Date or to withdraw the Plan in its sole discretion. After the Confirmation Date, the Reorganized Debtor or Realty may, upon order of the Bankruptcy Court, in accordance with §1127(b) of the Bankruptcy Code remedy any defect or omission, reconcile any inconsistencies in the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan or seek an extension of the timeframe for achieving a closing, cure or sale of the Property.

8. **METHOD OF DISTRIBUTION UNDER THE PLAN.** The Debtor shall make all cash payments or other distributions under the Plan.

9. **OBJECTIONS TO CLAIMS.** The Debtor reserves the right to commence objections not previously filed with the Court within one hundred twenty (120) days after the Confirmation Date.

10. **PREFERENCE AND FRAUDULENT CONVEYANCE ANALYSIS.** The Debtor is unaware of preferences or fraudulent conveyances.

11. **LIMITATION OF LIABILITY.** From and after the Effective Date, to the extent permitted under Section 1125(e) of the Bankruptcy Code, the Debtor, Realty, their officers and directors and Professionals shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with the Case, including the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan, any Exhibits thereto, the Disclosure Statement or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; *provided, however,* that the foregoing provisions (a) shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent that act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct, and (b) shall not abrogate any

applicable disciplinary rules. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in the Plan shall limit the liability of the lawyers to their respective clients pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1) (2009)

12. **INJUNCTION.** On the Effective Date of the Plan, except as otherwise provided in the Plan or the Confirmation Order, all Persons shall be deemed to be bound by the terms of the Plan, including holders of Claims or Interests not listed in the Schedules, or listed on the Schedules as disputed, unliquidated or contingent, who did not file Proofs of Claim or Interest by the applicable Bar Date, and, to the extent permitted under §1141(d)(3) of the Bankruptcy Code, will be prohibited from:

a) commencing or continuing any suit, action or other proceeding of any kind or nature or employing any process against the Debtor, the Estate, the Assets, the Estate Representative or any direct or indirect successor to the Debtor, including Realty, or to interfere with the consummation or implementation of this Plan, or the Distributions to be made hereunder,

b) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against the Debtor, the Estate or the Assets or any direct or indirect successor in interest to the Debtor, including Realty, or any assets or property of such successor,

c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien against the Debtor, the Estate or the Assets, or any direct or indirect successor in interest to the Debtor, or any assets or property of such successor including Realty, other than as contemplated by the Plan,

d) except as provided herein, asserting any setoff, right of subrogation or

recoupment of any kind, directly or indirectly, against any obligation due the Debtor, the Estate or the Assets, or any direct or indirect successor in interest to the Debtor, including Realty, or any assets or property of such successor, and

e) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

13. POST-CONFIRMATION QUARTERLY FEES AND REPORTS. Debtor will be responsible for post-confirmation reports and the payment of quarterly fees to the United States Trustee. Post-Confirmation quarterly reports continue to be due and quarterly fees pursuant to 28 U.S.C. §1930(a)(6) and 31 U.S.C. §3717 and any interest thereon 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. Any outstanding amounts due to the Office of the United States Trustee shall be paid at Confirmation. Post-Confirmation Quarterly Reports will, as required by Local Bankruptcy Rule 3021-1(c), be filed within forty-five (45) days of the entry of the post-confirmation order in this case, and then every January 15th, July 15th and October 15th until a final decree has been entered.

14. Post Confirmation Management. The sole officer of Realty will be Mr. Cayot as President. He will receive no salary on account of his position. Mr. Cayot will remain President of the Debtor, receiving no salary.

C. Means of Execution of the Plan.

1. Source of Funds. The Debtor shall realize the funds to pay Allowed Administration Claims, Allowed Tax Claims and the Allowed Secured Claims upon the financing of the Property. All monies will be distributed in accordance with the terms of the Plan. Ongoing funds to pay post confirmation mortgage payments, taxes and insurance, will be obtained from the payment of rent.

2. Assumption of Executory Contracts and Unexpired Leases. The Debtor has

unexpired leases for the trailers which will be assumed as of the Effective Date and assigned to Realty under §§365 and 1123 of the Bankruptcy Code. There are no known cure issues and no cure amounts due under the leases for the trailers.

V. ALTERNATIVE METHODS OF CONFIRMATION

If the Debtor is unable to obtain the full amount permitted by the Commitment Letter, Exhibit “B” hereto, or should such amount be insufficient to achieve the payments of Allowed Creditors as contemplated in the Plan, the Debtor will pursue two (2) alternative methods of Confirmation. First, the Debtor will seek to borrow from the same entity that has issued the Commitment Letter, secured by a second position mortgage on the Property, a sum of \$400,000.00 that will permit the curing of the default and reinstating of the Claim of the Class 1 Creditor, Wells Fargo, as Allowed, plus produce the distribution for the other Allowed Creditors as contemplated by the Plan. (“Cure Alternative”). See Exhibit “C” hereto. Under the Cure Alternative the claim of Wells Fargo is impaired and Wells Fargo is entitled to vote on the Plan. Second, in the event both the complete refinancing, the means explored at length in the Plan, and the Cure Alternative, do not occur for any reason, the Debtor will seek to sell the Property (“Sale Alternative”). The Debtor will obtain a broker to market the Property. Allowed Creditors and Interests will be paid as dictated by the absolute priority rule, with Allowed Secured Creditors, Administrative Claims, Tax Claims, General Unsecured Claims and the Interest Holder paid in the order of priority. The intent of the inclusion of these alternatives is to avoid the delay and cost inevitably resulting from an inability to confirm a plan, causing the Debtor to redraft and reinitiate the process. The Cure Alternative must occur, absent further order of the Bankruptcy Court, no later than thirty (30) days after the Closing Deadline. The Debtor shall have ninety (90) days from the Closing Deadline to locate a prospective purchaser for the Property under the Sale Alternative or, ten (10) days after the conclusion of such ninety (90) day period, file with the Bankruptcy Court, an application seeking approval for an auction of the Property. The funds generated from a sale of the Property will be distributed to

Creditors as set forth in the Plan with any surplus to the Interest Holder. It is anticipated that the Property can sell for a sum of \$3,000,000.00. This amount will permit the payment of all Allowed Creditors in full and produce a distribution for the Class 4 Interest Holder. Under the Sale Alternative, Creditors are not impaired.

VI. CONFIRMATION AND CONSUMMATION PROCEDURE

A. Overview

If all classes of claims and equity interests accept a Chapter 11 plan, a bankruptcy court may confirm the plan if it independently determines that the requirements of §1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the “best interests of creditors” test and be “feasible”. The “best interests” test generally requires that the value of the consideration to be distributed to the holders of claims or equity interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. Under the “feasibility” requirement, a bankruptcy court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization. Here, the Debtor believes that the Plan satisfies all the applicable requirements of § 1129(a) of the Bankruptcy Code, including, in particular, the best interests of creditors’ test and the feasibility requirement.

Classes of claims or equity interests that are not “impaired” under a plan are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution and retain no property under the plan are conclusively deemed to have rejected the plan. Accordingly, acceptance of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. There are no impaired Classes.

B. Confirmation of the Plan

Elements of §1129 of the Bankruptcy Code

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the conditions to confirmation under § 1129 of the Bankruptcy Code are satisfied.

Such conditions include the following:

- a. The Plan complies with the applicable provisions of the Bankruptcy Code.
- b. The Debtor has complied with the applicable provisions of the Bankruptcy Code.
- c. The Plan has been proposed in good faith and not by any means proscribed by law.
- d. Any payment made or promised by the Debtor or by an entity issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Case, or in connection with the Plan and incident to the Case, has been disclosed to the Bankruptcy Court; and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- e. With respect to each impaired class of Claims or Interests, each holder of an impaired Claim or impaired Interest either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such entity, property of a value, as of the applicable consummation date under the Plan, that is not less than the amount that such entity would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code.
- f. In the event that the Debtor does move to confirm the Plan consensually, each class of Claims or Interests entitled to vote has either accepted the Plan or is not impaired under the Plan.
- g. Except to the extent that the holder of a particular Claim has agreed to a different

treatment of such Claim, the Plan provides that Administrative Claims and Priority Claims will be paid in full on the Effective Date and that Priority Tax Claims pursuant to § 1129(a)(9)(C).

h. At least one impaired class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such class.

i. 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 other successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

j. All fees payable under section 1930 of Title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Debtor believes that the Plan will satisfy all the statutory provisions of Chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the provisions of the Bankruptcy Code, and that the Plan is being proposed and will be submitted to the Bankruptcy Court in good faith. In this Chapter 11 Case, no Allowed Claim is impaired and thus, no Class is voting to accept or reject the Plan. All Allowed Claims will be paid in full at the closing of the Property.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

Alternatives to the Plan, outside of those permitting Confirmation, include, with limitation, the conversion of the Chapter 11 Case to a Case under Chapter 7 of the Bankruptcy Code and subsequent liquidation of the Debtor by a Chapter 7 trustee. After studying these alternatives, the Debtor has concluded that the Plan is the best alternative and will maximize recoveries of holders of Claims and Interests. The following discussion provides a summary of the analysis supporting its conclusion that a Chapter 7 liquidation of the Debtor or an alternative Chapter 11 plan for the Debtor will not provide higher value to holders of Claims and Interests.

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If no Chapter 11 plan can be confirmed, the Case may be converted to a Case under Chapter 7, in which event a trustee would be elected or appointed to liquidate the Property of the Debtor and pursue any claims the Debtor may have, for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code. The Debtor has determined that the refinancing of the Property pursuant to confirmation of the Plan, cure or a sale by the Debtor with the approval of the Bankruptcy Court, will provide each Creditor or Interest Holder with a greater and quicker recovery than it would receive pursuant to liquidation of the Debtor under Chapter 7. In a Chapter 7, a trustee would receive a commission and hire professionals, increasing the cost of administration. It is also likely that a trustee would choose a course of action that would expeditiously liquidate the Property given that the trustee has a duty to creditors, and not interest holders. In such event, auctioneers are paid commissions of up to ten (10%) percent of the sale price. The auctioneer's commission is in addition to the commission of the Chapter 7 trustee.

B. Alternative Chapter 11 Plans

If the Plan is not confirmed, any other party in interest could undertake to formulate a different Chapter 11 plan. With respect to an alternative Chapter 11 plan, the Debtor has examined various other alternatives in connection with the process involved in the formulation and development of the Plan. The Debtor believes that the Plan, as described herein, with its "built in" alternatives, enables holders of Claims to realize the best recoveries under the present circumstances.

VIII. TAX CONSEQUENCES OF CONFIRMATION

Confirmation may have federal income tax consequences for the Debtor and holders of Claims and Interests. The Debtor has not obtained and does not intend to request a ruling from the Internal Revenue Service, nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. Creditors and holders

of Interests are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of the Allowed Amount and/or stock under this Plan.

IX. RETENTION OF JURISDICTION

Notwithstanding Confirmation of this Plan or occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

10.1 Determination of all controversies relating to or concerning the classification, allowance, disallowance, subordination or satisfaction of Claims;

10.2 Determination of the validity, extent, value, priority and avoidability of consensual and non-consensual liens and other encumbrances;

10.3 Determination of tax liability pursuant to §505 of the Code;

10.4 Determination of all matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease;

10.5 Determination and fixing of all administration expenses entitled to priority pursuant to §507(a)(1) of the Code, including compensation to counsel, and other professionals;

10.6 Resolution of controversies and disputes regarding the interpretation of this Plan;

10.7 Determination of any applications, motions, adversary proceedings and contested or litigated matters properly before or hereafter brought in this Court;

10.8 Liquidation or other determination of all disputed, contingent or unliquidated Claims;

10.9 Modification of the Plan pursuant to Section 1127 of the Code;

10.10 Implementation of the provisions of this Plan and entry of orders in aid of Confirmation and consummation of the Plan;

10.11 Determination of such matters as may be provided for in the Confirmation Order or may be in aid of consummation of the Plan at any time until the final distribution payable to Claim or Interest holders has been made;

10.12 Adjudication of any causes of action that arose pre-Confirmation or in connection with the implementation of this Plan;

10.13 Entry of a Final Order closing the Debtor's case; and

10.14 Resolution or reconciliation of any omission or inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan.

IX. CONCLUSION

The Debtor recommends acceptance of the Plan.

Dated: Pomona, New York
August 15, 2017

Cayot Realty, Inc.

/s/ Charles Cayot, III
Charles Cayot, III
Managing Member/President

Dated: Spring Valley, New York
August 21, 2017

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