

McBREEN & KOPKO

Kenneth A. Reynolds
500 North Broadway, Suite 129
Jericho, New York 11753
(516) 364-1095

Counsel for Brooklyn Interiors, Inc. d/b/a The DDC Group

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

-----X

In re:

BROOKLYN INTERIORS, INC.
d/b/a THE DDC GROUP,

Chapter 11
Case No. 16-22845 (RDD)

Debtor.

-----X

DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT

Deleted: FIRST

This Second Amended Disclosure Statement (the "Disclosure Statement") is filed pursuant to Section 1125 of Title 11, United States Code, on behalf of Brooklyn Interiors, Inc. d/b/a The DDC Group, the Debtor.

Deleted: First

THE BANKRUPTCY COURT HAS CONDITIONALLY APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT ITS TERMS. THE BANKRUPTCY COURT HAS NOT YET DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR CONFIRMATION, AND THE FACT THAT THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT, OR A RECOMMENDATION THAT IT BE ACCEPTED. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT IS SUBJECT TO FINAL APPROVAL AT THE HEARING ON CONFIRMATION OF THE PLAN. OBJECTION TO THE ADEQUACY OF THIS DISCLOSURE STATEMENT MAY BE FILED UNTIL

Deleted: ¶
¶

Formatted: Justified

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

A. INTRODUCTION/NOTICE OF HEARING AND SOURCE OF INFORMATION

Pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), Brooklyn Interiors, Inc. d/b/a The DDC Group, the debtor and debtor-in-possession (the "Debtor") provides this Disclosure Statement to all of its known Creditors and other parties in interest in order to provide information deemed by the Debtor to be material and necessary to enable such Creditors and parties in interest to make a reasonable informed decision in the exercise of their rights to vote on and participate in the Plan of Reorganization proposed by the Debtor (the "Plan"). The proposed Plan is annexed hereto as Exhibit "A".

Deleted: ¶
McBREEN & KOPKO¶
500 North Broadway, Suite 129¶
Jericho, New York 11753¶
(516) 364-1095¶
Counsel for: Brooklyn Interiors, Inc. d/b/a The DDC Group¶
¶
¶
Deleted: creditors

Deleted: creditors

The information contained in this Disclosure Statement is based on the representations made by the Debtor in its Petition and Schedules and all other documents provided to counsel for the Debtor and are believed to be accurate. It has not been subjected to a certified audit or independent review. Therefore, no representation or warranty is made as to its accuracy or completeness. However, the Debtor has reasonably endeavored to obtain and supply all material information. The United States Trustee has reviewed and conditionally approved the Disclosure Statement. The Bankruptcy Court will conduct a hearing on the adequacy of the Disclosure Statement together with confirmation of Debtor's Plan on

Deleted: The Office of the United States Trustee has not yet reviewed and approved the Disclosure Statement. The Bankruptcy Court will conduct a hearing on the adequacy of the Disclosure Statement.
Formatted: Highlight

Terms utilized in this Disclosure Statement, if not defined herein, shall have the same meaning as such terms are used or defined in the Plan unless the context hereof requires a different meaning. To the extent there is any conflict between the language contained in this Disclosure Statement and the Debtor's Plan, the language in the Plan controls.

Formatted: Not Highlight

THE BANKRUPTCY COURT HAS SET _____, 2017
AT _____M. AS THE DATE AND TIME OF THE HEARING FOR FINAL
APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF
THE PLAN AND OBJECTIONS THERETO, WHICH HEARING WILL BE HELD
IN THE UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF
NEW YORK, WHITE PLAINS DIVISION, 300 QUARROPAS STREET, WHITE
PLAINS, NEW YORK 10601. ~~CREDITORS OF AND HOLDERS OF INTERESTS IN~~
THE DEBTOR MAY ATTEND SUCH HEARING. THE BANKRUPTCY COURT
HAS FIXED _____ AS THE DATE AND TIME BY WHICH ALL
WRITTEN OBJECTIONS TO CONFIRMATION OF THE PLAN AND/OR THE
DISCLOSURE STATEMENT SHALL BE FILED WITH THE BANKRUPTCY
COURT AND SERVED SO AS TO BE RECEIVED BY SAID DATE UPON THE
ATTORNEYS FOR THE DEBTOR AND THE UNITED STATES TRUSTEE.

Deleted: ROOM 248,

Deleted: CREDITOR

A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR
YOUR USE IN VOTING ON THE PLAN. IN ORDER TO BE CONFIRMED, THE
PLAN MUST BE ACCEPTED BY A MAJORITY IN NUMBER AND TWO-THIRDS
IN AMOUNT OF THOSE VOTING IN EACH CLASS IMPAIRED UNDER THE
PLAN, EXCEPT TO THE EXTENT THAT THE PLAN MAY BE CONFIRMED
NOTWITHSTANDING THE FAILURE TO OBTAIN SUCH ACCEPTANCE IN
ACCORDANCE WITH SECTION 1129(b) OF THE BANKRUPTCY CODE.

YOU ARE URGED TO REVIEW THE PLAN, THIS DISCLOSURE
STATEMENT, AND THE BALLOT WITH COUNSEL OF YOUR CHOICE.
HOLDERS OF CLAIMS WHICH ARE IMPAIRED UNDER THE PLAN MAY
VOTE TO ACCEPT OR REJECT THE PLAN BY COMPLETING, MAILING

AND/OR FAXING THE ENCLOSED BALLOT SO AS TO BE RECEIVED ON OR
BEFORE _____, 4:00 P.M. TO DEBTOR'S ATTORNEYS,
AT THE ADDRESS, FAX NUMBER, AND/OR E-MAIL ADDRESS SET FORTH
BELOW:

McBreen & Kopko
500 North Broadway, Suite 129
Jericho, New York 11753
Attn: Kenneth A. Reynolds, Esq.
Fax: (516) 364-0612
E-mail: JDelacruz@mklawnyc.com

**THE DEBTOR RECOMMENDS AND REQUESTS YOUR ACCEPTANCE OF THE
PLAN.**

Other than the information set forth in this Disclosure Statement, the Debtor has not
authorized any Person or entity to make representations concerning the Debtor, its business,
their future income, the value of the Debtor's assets, or the amounts to be distributed under
the Plan. Any representations or inducements made to secure your acceptance of the Plan
which is other than as contained in this Disclosure Statement should not be relied upon by
you in determining whether to accept or reject the Plan.

Deleted: person

B. DEBTOR'S BACKGROUND

(i) **Description of the Debtor and History of Debtor's Business**

The Debtor was formed and incorporated under the laws of the State of New York in
2003 as a commercial and residential interior renovation contracting company.

(ii) **Debtor's Insider**

Insider of the Debtor, as defined by § 101(31) of the Bankruptcy Code, consists of
Dennis Darcy, sole shareholder and President of the Debtor. The compensation paid to
Dennis Darcy by the Debtor during the two year period prior to the commencement of the

Deleted: s

Deleted: s

Debtor's bankruptcy case totals approximately \$112,000.00; and compensation paid to Dennis Darcy by the Debtor during the pendency of this chapter 11 case totals approximately \$65,000.00.

Deleted: 56

Deleted: 1

Deleted: 128

(iii) **Events Leading to Chapter 11 Filing**

The Debtor's bankruptcy filing was precipitated by the burdensome debt incurred on the 428 Greenwich Street renovation job which rendered the company insolvent.

The Debtor has never filed for bankruptcy relief prior to the instant Chapter 11 filing.

C. HISTORY OF THE CHAPTER 11 CASE

The Debtor commenced this proceeding by filing a voluntary petition in the United States Bankruptcy Court for the Southern District of New York under Chapter 11 of the Bankruptcy Code, on June 22, 2016 (the "Petition Date").

As indicated by Schedule "D" of the Debtor's bankruptcy petition and with the claims register maintained on the Bankruptcy Court's docket, secured claims were scheduled and/or filed against the Debtor in an aggregate amount of Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Eight and 02/100 (\$249,988.02) Dollars.

Deleted: the Court

Pursuant to Section 341 of the Bankruptcy Code, a meeting of Creditors was held on July 20, 2016.

Deleted: c

On June 23, 2016 the Debtor filed three (3) first day motions, including a motion to utilize cash collateral, motion to pay employee pre-petition wages, and a motion to pay critical vendors. [Docket Nos. 10, 11, and 12, respectively]. After hearing before the Bankruptcy Court on June 28, 2016 the Bankruptcy Court granted the relief sought in the first day motions. An order approving the payment of pre-petition wages was entered on June 28, 2016 [Docket No. 16]; an order approving the payment of critical vendors was

Deleted: the Court

Deleted: the Court

Deleted:

entered on June 28, 2016 [Docket No. 17]; and an order approving the use of cash collateral on an interim basis was entered on June 28, 2016 [Docket No. 18].

On July 11, 2016 the Debtor filed its motion seeking a bar date. An order setting forth the last day to file proofs of claim was entered on July 20, 2016, scheduling the claims bar date as September 26, 2016 [Docket No. 23]. The claims register and Schedule "F" of Debtor's Petition reflect that there are Unsecured Claims scheduled and/or filed, exclusive of insiders and disputed claims, aggregating Three Hundred Thirty-Six Thousand Three Hundred Twelve and 22/100 (\$336,312.22) Dollars.

Deleted: general unsecured claims

After a hearing before the Bankruptcy Court on August 22, 2016, an order of the Bankruptcy Court was entered on August 23, 2016 approving the use of cash collateral on a final basis [Docket No. 29].

Deleted: the Court

Deleted: the Court

On September 30, 2016 the Debtor filed a motion seeking the retention of McBreen & Kopko as bankruptcy counsel to Debtor [Docket No. 31]. By an order of the Bankruptcy Court dated October 20, 2016 McBreen & Kopko's retention was approved on behalf of the Debtor *nunc pro tunc* to June 22, 2016 [Docket No. 35].

Deleted: the Court

On October 18, 2016 the Debtor filed a Motion to Extend its Time within which Debtor may Assume or Reject its Non-Residential Real Property Lease [Docket No. 37]. By and order of the Bankruptcy Court dated December 21, 2016 the Debtor's time to assume or reject its non-residential real property lease was extended through and including January 18, 2017 [Docket No. 43]. By virtue of a stipulation and order dated January 17, 2017 the Debtor's time to assume or reject its non-residential real property lease was extended through and including April 18, 2017 [Docket No. 46]. By virtue of a further stipulation and order dated April 21, 2017 the Debtor's time to assume or reject its non-residential real property lease was extended through and including June 17, 2017 [Docket No. 59].

Deleted: the Court

On November 18, 2016 the Debtor filed a Motion to Extend its Time to File a Plan of Reorganization [Docket No.38]. By an order of the Bankruptcy Court dated December 21, 2016 the Debtor's time to file a Plan of Reorganization was extended to February 17, 2017 [Docket No. 44].

Deleted: the Court

On or about February 14, 2017 the Debtor filed its Second Motion to Extend its Time to File a Plan of Reorganization [Docket No.48]. By an order of the Bankruptcy Court dated March 27, 2016 the Debtor's time to file a Plan of Reorganization was extended to April 18, 2017 [Docket No. 55].

Deleted: By virtue of a stipulation and order dated January 17, 2017 the Debtor's time to assume or reject its non-residential real property lease through and including April 18, 2017 [Docket No. 46].

Deleted: the Court

On May 18, 2017 the Debtor filed its Motion to Extend Time to Obtain Plan Confirmation [Docket No. 62]. By virtue of an order of the Bankruptcy Court dated June 13, 2017 the Debtor's time to obtain Plan Confirmation was extended through and including July 17, 2017.

Formatted: Not Highlight

By virtue of a stipulation and consent order dated March 6, 2017, the Debtor entered into an agreement to vacate its storage units held by Manhattan Mini Storage by April 1, 2017 [Docket No. 54].

On June 21, 2017 the Debtor filed its Second Motion to Extend Time to Obtain Plan Confirmation [Docket No. 68] with a hearing scheduled for July 12, 2017.

D. REORGANIZED DEBTOR

Deleted: ¶

The Plan contemplates that the Debtor shall retain its property and business interests subject only to those liens, claims and encumbrances set forth herein which survive Confirmation of Debtor's Plan.

Deleted: confirmation

E. PROJECTED RECOVERY OF AVOIDABLE TRANSFERS

Deleted: ¶

The Debtor conducted an analysis of potential claims and does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

Deleted: The Debtor

F. PLAN FUNDING

The Plan will be financed from income derived from the operation of Debtor's business.

G. CLASSIFICATION, AMOUNT AND NUMBER OF CLAIMS

The Plan divides all Claims and Interests into the following four (4) Classes, plus Administrative Expenses, Priority Claims, and statutory fees, which are not treated as Classes.

Formatted: Not Highlight

Unclassified Administrative Expenses, Statutory Fees and Priority Claims and Their Treatment

Deleted: The Plan divides all Claims and Interests into the following three (3) Classes, plus Administrative, Priority Claims and Statutory Fees. ¶

1. Administrative Expenses consist of the Allowed Claims of Debtor's Professionals and any other Allowed Administrative Expenses. Administrative Expenses will include the allowed fees and expenses of Debtor's counsel, McBreen & Kopko, in the approximate amount of Fifty-Five Thousand and 00/100 (\$55,000.00) Dollars through Confirmation, inclusive of a prepetition retainer. McBreen & Kopko received a retainer prior to the Petition Date in the amount of Eighteen Thousand Three Hundred Thirty-Three and 00/100 (\$17,575.00) Dollars from the Debtor together with expenses.

The Administrative Expenses of Debtor's Professionals shall be subject to final fee applications pursuant to Bankruptcy Code Section 330 and orders of the Bankruptcy Court approving the fees and expenses as sought by the applications.

The Debtor estimates the total necessary to pay Administrative Expenses on the Effective Date equals ~~than~~ Thirty-Seven Thousand Four Hundred Twenty Five and 00/100 (\$37,425.00) Dollars.

Deleted: not less

The Debtor shall pay the Administrative Expenses in the sum of \$3,000.00 on a monthly basis for twelve (12) months with a final payment of \$1,425.00 on the thirteenth

(13) month, until paid in full except as otherwise agreed to by the parties in writing. If the Administrative Expenses exceed \$37,425.00, the Debtor shall continue to make monthly payments of \$3,000.00 for as many months necessary, together with a final payment in a lesser amount if necessary, to pay the Administrative Expense in full.

2. In addition to Administrative Expenses, there exists one (1) Allowed Priority Claim: the New York State Department of Labor, Unemployment Insurance Division Priority Claim in the amount of One Hundred and 70/100 (\$107.70) Dollars for the tax period April 1, 2013 through September 30, 2014. This Priority Claim shall be paid in full in cash on the Effective Date, together with statutory interest.

3. In addition to Administrative Expense, and Priority Claims, there exists statutory fees due and payable by the Debtor to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of Debtor's business. United States Trustee fees and any applicable interest thereon shall continue to be paid in full in cash by the Debtor until the earlier of the Reorganization Case being closed by entry of a final decree, converted, or dismissed.

Classes of Claims

4. Class I consists of the Allowed Priority Claim and Allowed Unsecured Claim of the Debtor's insider shareholder, Dennis Darcy, holding a Priority wage Claim in the aggregate amount of Twelve Thousand Four Hundred Seventy-Five and 00/100 (\$12,475.00) Dollars. These Claims shall be subordinated to all Allowed Unsecured Claims and will receive no distribution under the Plan. Class I is Impaired under the Plan. Because the holder of the Class I Claims is receiving no distribution under the Plan on account of such Claim, it is deemed to have rejected the Plan.

Deleted: Administrative Claims consist of the Allowed Claims of Debtor's duly retained professionals and any other administrative expenses allowed under Section 503 of the Bankruptcy Code. Administrative Claims will include the fees and expenses of Debtor's counsel, McBreen & Kopko, in the approximate amount of Fifty Five Thousand and 00/100 (\$55,000.00) Dollars through confirmation, inclusive of a pre-petition retainer. McBreen & Kopko received a retainer prior to the Petition Date in the amount of Fifteen Thousand and 00/100 (\$17,575.00) Dollars from the Debtor together with expenses. ¶

The claims of Debtor's professionals shall be subject to final fee applications pursuant to Bankruptcy Code Section 330 and orders of the Court approving the fees and expenses as sought by the applications. ¶

The Debtor estimates the total necessary to pay Administrative Claims on the Effective Date equals not less than Thirty-Seven Thousand Four Hundred Twenty Five and 00/100 (\$37,425.00) Dollars. ¶

In order to confirm the Plan, it is necessary for the Debtor to satisfy the Administrative Claims in full at or before Confirmation or have the holder of each Administrative Claim agree to different treatment. ¶

Deleted: ,
Deleted: , secured and general unsecured claims,

Deleted: Reorganized Debtor's case

Deleted: In addition to Administrative Claims there exists one (1) Allowed Priority Claim: (a) the New York State Department of Labor, Unemployment Insurance Division with a priority claim in the amount of One Hundred and 70/100 (\$107.70) Dollars for the tax period April 1, 2013 through September 30, 2014.

Formatted: Font: Bold, Underline

Deleted: General

Deleted: impaired

5 Class II consists of the Allowed Secured Claim of JPMorgan Chase Bank, N.A. holding a claim in the aggregate amount of Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Eight and 02/100 (\$249,988.02) Dollars. Class II is Impaired under the Plan and the holder of the Allowed Secured Claim in this Class is entitled to vote to accept or reject the Plan.

Deleted: impaired

6 Class III consists of the Allowed Unsecured Claims. The amount of all Allowed Unsecured Claims totals approximately Three Hundred Thirty-Six Thousand Three Hundred Twelve and 22/100 (\$336,312.22) Dollars. Class III is Impaired under the Plan and the holders of the Allowed Unsecured Claims in this Class are entitled to vote to accept or reject the Plan.

Deleted: General

Deleted: General

Deleted: impaired

Deleted: General

7 Class IV consists of the Allowed Interest in the Debtor. This Class is not Impaired under the Plan and is deemed to have accepted the Plan.

Deleted: impaired

H. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. Confirmation Hearing

The Bankruptcy Court has set _____m. as the date and time for a hearing to determine whether the Plan has been accepted by the requisite number of Creditors and whether the other requirements for Confirmation of the Plan have been satisfied. Each Creditor will receive notice of the Confirmation Hearing.

Deleted: 3. Class I consists of the claims of the Debtor's insider shareholder, Dennis Darcy, holding a priority wage claim in the aggregate amount of Twelve Thousand Four Hundred Seventy-Five and 00/100 (\$12,475.00) Dollars. The claim of the Debtor's insider shall be subordinated to the claims of the general unsecured creditors and will receive no distribution under the Plan, but shall retain his equity interests in the Debtor.¶

4. Class II consists of the allowed secured claim of JPMorgan Chase Bank, N.A. holding a claim in the aggregate amount of Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Eight and 02/100 (\$249,988.02) Dollars.¶

5. Class III consists of the general unsecured creditors. The amount of general unsecured claims totals approximately Three Hundred Thirty-Six Thousand Three Hundred Twelve and 22/100 (\$336,312.22) Dollars.¶

6. In addition to Administrative, Priority, secured and general unsecured claims, there exists statutory fees due and payable by the Debtor to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6). United States Trustee fees and any applicable interest thereon shall continue to be paid by the Debtor until the earlier of Debtor's case being closed by entry of a final decree, converted, or dismissed.¶

2. Requirements for Confirmation

In order to confirm the Plan, Section 1129 of the Bankruptcy Code requires the Bankruptcy Court to make a series of determinations concerning the Plan, including that:

Deleted: Creditor

Deleted: confirmation

Deleted: Creditor

Deleted: ¶

Deleted: ¶

¶

- a. the Plan classifies Claims and Interests in a permissible manner;
- b. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code;

- c. the proponent of the Plan (here the Debtor) has proposed the Plan in good faith;
- d. the Plan proponent's disclosures concerning the Plan have been adequate and have included information concerning all payments and distributions to be made in connection with the Plan.

The Debtor believes that all of these conditions have been met or will be met by the time of the Confirmation Hearing, and the Debtor will seek a determination of the Bankruptcy Court to this effect at the Confirmation Hearing.

Deleted: the Court

3. Acceptances Necessary for Confirmation

The Bankruptcy Code requires that the Plan be accepted by requisite votes of Creditors, except to the extent that "cram down" is available under Section 1129(b) of the Bankruptcy Code. The Bankruptcy Code requires that the Plan be feasible. Annexed hereto as Exhibit "B" are the projections of the Debtor over a three (3) year period demonstrating that the proposed payments enumerated under the Plan are feasible.

Deleted: Creditor

Deleted: four

Deleted: 4

The Bankruptcy Code also requires that the Plan place each Creditor's Claim in a class with other Claims which are substantially similar. The Debtor believes that the classification system in the Plan meets the Bankruptcy Code's standard. Although the Bankruptcy Court must independently conclude that the Plan's classification system is legally authorized, any Creditor who believes that the Plan has improperly classified any group of Claims may object to Confirmation of the Plan.

Deleted: Creditor

Deleted: the Court

Deleted: Creditor

At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Class of Creditors whose Claims are Impaired under the Plan. Under Section 1126 of the Bankruptcy Code, any Impaired Class is deemed to accept the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of Class members who have voted on the Plan.

Deleted: the Court

Deleted: Creditor

Deleted: who's

Deleted: impaired

Deleted: i

Further, unless there is unanimous acceptance of the Plan by an ~~Impaired Class, the~~ Bankruptcy Court must also determine that under the Plan, Class members will receive property of value as of the Effective Date of the Plan that is not less than the amount such Class members would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. Annexed hereto as Exhibit "C" is a liquidation analysis, which demonstrates that holders of all claims will not receive less under the Plan than such claim would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

~~Deleted: i~~
~~Deleted: the Court~~

4. Confirmation of Plan Without Necessary Acceptances

The Plan may be confirmed even if it is not accepted by all of the ~~impaired~~ classes if ~~the Bankruptcy Court~~ finds that the Plan was accepted by at least one ~~impaired~~ Class and does not discriminate unfairly against, and is fair and equitable with respect to all non-accepting ~~impaired~~ Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code and requires, among other things, that the ~~creditors~~ in the impaired classes must either receive or retain the full value of their ~~claims~~ or, if they receive less, subject to certain limited exceptions, no ~~class~~ with a junior priority may receive anything. In this case, the Class I insider ~~shareholder, Dennis Darcy, represents a junior priority to other~~ Creditors in the case. The Plan contemplates that Class I shall receive no monetary distribution. The Plan, however, provides that Class ~~IV~~ shall retain its ~~Interests~~ in the Debtor. Based upon the foregoing, it is possible that the absolute priority rule, as explained in Section Q of this Disclosure Statement, may be implicated in this case.

~~Deleted: impaired~~

~~Deleted: the Court~~
~~Deleted: impaired~~

~~Deleted: impaired~~

~~Deleted: Creditors~~

~~Deleted: Claims~~

~~Deleted: Class~~

~~Deleted: and~~

~~Deleted: creditors~~

~~Deleted: I~~

~~Deleted: equity~~

~~Deleted: i~~

~~Deleted: Absolute Priority Rule~~

5. Persons Entitled to Vote on the Plan

~~Deleted: ¶~~

Only the votes of Classes whose ~~Claims~~ are ~~Impaired~~ by the Plan will be counted in connection with Confirmation. Generally, this includes any Creditors who, under the Plan,

~~Deleted: '~~

~~Deleted: impaired~~

~~Deleted: Creditor~~

will receive less than payment in full of the Allowed Amount of their Claims on the Effective Date.

In determining the acceptance of the Plan, votes will be counted only of Allowed Claims.

Deleted: if submitted by a Creditor whose Claim is scheduled by the Debtor as undisputed, non-contingent, and liquidated or who timely filed with the Bankruptcy Court a proof of claim which has not been objected to or disallowed.

6. Solicitation of Acceptances

This Disclosure Statement must be finally approved by the Bankruptcy Court in accordance with Section 1125 of the Bankruptcy Code and be provided to each Creditor whose Claim has been scheduled by the Debtor or who filed a proof of claim. This Disclosure Statement is intended to assist Creditors whose Claims are Impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, acceptance or rejection of the Disclosure Statement means that this document sets forth "adequate information" as required by the Bankruptcy Code, and does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

Deleted: the Court

Deleted: Creditor

Deleted: Creditor

Deleted: impaired

Deleted: the Court

7. Voting Procedures

All Persons or entities entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, and signing the ballot for accepting or rejecting the Plan to be sent to them under separate cover, and delivering same to counsel for the Debtor: Kenneth A. Reynolds, Esq., McBreen & Kopko, 500 North Broadway, Suite 129, Jericho, New York 11753 via first class mail, e-mail (jdelacruz@mklawny.com) or facsimile (516-364-0612). In order to be counted, all ballots must be received by McBreen & Kopko on or before the date set forth in the Notice of Hearing on Confirmation of Plan. A copy of the proposed ballot has been annexed hereto as Exhibit "D".

Deleted: persons

I. DESCRIPTION OF THE PLAN

The following is a summary of certain provisions of the Plan. IT IS NOT A COMPLETE STATEMENT OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO PROVISIONS OF THE PLAN. The Plan is annexed to this Disclosure Statement as Exhibit "A". The Plan, which is subject to the provisions of the Bankruptcy Code, provides for treatment of all Creditors of the Debtor. SINCE THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS, AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE IN MAKING ANY DECISIONS REGARDING YOUR VOTING ON THE PLAN.

Deleted: Creditor

1. **Summary of Classifications and Treatment of Classes that are Impaired**

Deleted: Claims, Interests and Statutory Fees under the Plan

The Plan divides all Claims and Interests into the following four (4) Classes, plus Administrative Expenses, Priority Claims, and statutory fees, which are not treated as Classes. The Classes and payments to be made in respect of, or treatment proposed to be accorded to Allowed Claims of each Class under the Plan are summarized and described below. The term "Allowed Claim" is defined in the Plan. The Plan also defines "Disputed Claim(s)" and proposes the treatment to be accorded to Disputed Claims. The proposed treatment of Disputed Claims is also summarized and described below.

Formatted: Not Highlight

Formatted: Not Highlight

Deleted: The Plan divides Claims of the Debtor into Administrative Claims and three (3) Classes of Claims

(a) Class I Claim

Deleted: ¶
¶
¶

Class I consists of the claim of the Debtor's insider shareholder holding a Priority wage Claim in the aggregate amount of Twelve Thousand Four Hundred Seventy-Five and 00/100 (\$12,475.00) Dollars. The Claims of the Debtor's shareholder shall be subordinated to all Allowed Unsecured Claims and will receive no distribution under the Plan.

Deleted: . . .

Deleted: 3.1

(b) Class II Claim (Secured Claim of JPMorgan Chase Bank, N.A.)

Deleted: 3.2

Class II consists of the Allowed Secured Claim of JPMorgan Chase Bank, N.A. in the aggregate amount of Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Eight and 02/100 (\$249,988.02) Dollars. This Claim II shall be paid in full by the Debtor's: continuing to make monthly interest-free payments of \$1,200.00 per month through the Effective Date; thereafter, on the first day of every month, making monthly interest-free payments of \$1,200.00 per month for the subsequent sixty (60) months; and thereafter, making monthly interest-free payments of \$2,200.00 per month until Chase's Allowed Secured Claim is paid in full.

(c) Class III Claims (Unsecured Claims)

Class III consists of all Allowed Unsecured Claims. The amount of Allowed Unsecured Claims filed and/or scheduled is approximately Three Hundred Thirty-Six Thousand Three Hundred Twelve and 22/100 (\$336,312.22) Dollars. Under the Plan, each holder of a Class III Claim shall receive fifteen percent (15%) of its Allowed Unsecured Claim, payable over thirty-six (36) equal monthly installments, without interest, commencing on the Effective Date.

(d) Class IV Claims (Interests)

The Debtor's sole Interest holder shall retain his Interests in the Debtor under the Plan in return for having waived his Claims against the Debtor.

(e) Classes Impaired Under the Plan

Under Section 1126 of the Bankruptcy Code, Classes of Claims which are Impaired are entitled to vote on a plan of reorganization. Under Section 1124 of the Code, a Class of Claims is Impaired unless the Plan, with respect to such Class:

- (a) leaves unaltered the legal, equitable and contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; or

Deleted: This Claim shall be paid in full by virtue of the Debtor continuing to make monthly interest free payments of \$1,200.00 per month through the Effective Date of the Plan. Thereafter, on the first day of the month following the Effective Date, the Debtor shall make monthly interest free payments of \$1,200.00 per month for the subsequent sixty (60) months; and thereafter on the 61st month following the Effective Date of the Debtor's Plan, the Debtor shall pay \$2,200.00 per month, interest free until Chase's Claim is paid in full.

Deleted: 3.3

Deleted: General

Deleted: Creditor

Deleted: General

Deleted: 3.4

Deleted: interest

Deleted: interests

Deleted: ¶

Deleted: a. Administrative Claims ¶ Administrative Claims consist of the Allowed Claims of Debtor's duly retained professionals and any other administrative expenses allowed under Section 503 of the Bankruptcy Code. Administrative Claims will include the fees and expenses of Debtor's counsel, McBreen & Kopko, in the approximate amount of Fifty-Five Thousand and 00/100 (\$55,000.00) Dollars through confirmation, inclusive of a pre-petition retainer. McBreen & Kopko received a retainer prior to the Petition Date in the amount of Eighteen Thousand Three Hundred Thirty-Three and 00/100 (\$17,575.00) Dollars from the Debtor together with expenses. ¶

The claims of Debtor's professionals shall be subject to final fee applications pursuant to Bankruptcy Code Section 330 and orders of the Court approving the fees and expenses as sought by the applications. ¶

The Debtor estimates the total necessary to pay Administrative Claims on the Effective Date equals not less than Thirty-Seven Thousand Four Hundred Twenty Five and 00/100 (\$37,425.00) Dollars. ¶

In order to confirm the Plan, it is necessary for the Debtor to satisfy the Administrative Claims in ... [1]

Deleted: g.

Deleted: The

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: No underline, Font color: Auto, Highlight

Deleted: impaired

Deleted: impaired

Formatted: Indent: Left: 0.5"

- (b) reinstates a previously accelerated Claim or Interest by which (a) curing any prepetition defaults (other than a default under Section 365(b)(2) of the Code, (b) reinstating the maturity of such Claim or Interest as it existed result of reliance on a contractual acceleration provisions or similar applicable law, and (c) not otherwise altering the legal, equitable or contractual rights to which such Claim or Interest entitle the holders of such Claim or Interest; or
- (c) provides on the Effective Date that (a) with respect to a class of Claims, the holders of such Claims receive cash, equal to the allowed amount of their Claims; and (b) with respect to a class of Interests, the holders of such Interests receive the greater of any fixed liquidation preference that they are entitled to under any security, or any fixed price at which the debtor may redeem such security pursuant to the terms of such security.

Deleted: Cash

Class I is Impaired under the Plan and is deemed to have rejected the Plan. Classes II and III are Impaired under the Plan and entitled to vote on the Plan. Class IV is not Impaired under the Plan and is not entitled to vote. Additionally, Administrative Expenses, Priority Claims, and statutory fees, which are not treated as Classes, are not Impaired under the Plan and are not entitled to vote.

- Deleted: I and
- Deleted: ,
- Deleted:
- Deleted: impaired
- Deleted: es I and
- Deleted: are
- Deleted: are
- Deleted:
- Deleted: Expense ClaimsClaims
- Deleted: and
- Deleted: impaired

J. CURRENT BALANCE SHEET, LIQUIDATION ANALYSIS AND STATEMENTS OF OPERATION

a. Balance Sheet

Annexed hereto as Exhibit “F” is a copy of Debtor’s balance sheet as of February 28, 2017.

b. Liquidation Analysis

Annexed as Exhibit “C” is a Liquidation Analysis.

c. Statements of Income and Expenses

Deleted: ¶
¶

Monthly statements of income and expenses for the period of June, 2016 through February, 2017 are annexed hereto as Exhibit “G”.

K. CONFIRMATION REQUIREMENTS

The Confirmation Requirements and requirements of "cram down" are more fully enumerated in Section H.

L. THREE YEAR PROJECTION OF OPERATIONS OF REORGANIZED DEBTOR

Annexed as Exhibit "B" are the projections of the Debtor's operations for the three (3) year period subsequent to the Effective Date.

Deleted: ¶

M. POTENTIAL LITIGATION BY DEBTOR AGAINST INSIDERS AND OTHERS

NONE.

N. OTHER LITIGATIONS

The Debtor is currently reviewing its books and records to evaluate if it has any possible accounts receivable collection actions to commence.

O. CLAIMS OBJECTIONS

The Debtor is currently reviewing its books and records to evaluate which, if any, claims shall be made the subject of an objection.

Deleted: ¶

P. LIQUIDATION ANALYSIS

If this Plan is not confirmed, the Debtor and/or Creditors may file another Plan which may call for higher or lower payments to Creditors. Notwithstanding the foregoing, the likely result will be the liquidation of the Debtor. Under this scenario, as reflected in Exhibit "C" annexed hereto, administrative fees exceed the value of the Debtor's assets such that Unsecured Creditors would receive no distribution.

Deleted: c

Deleted: c

Deleted: u

Deleted: creditors

Q. ABSOLUTE PRIORITY RULE

With certain exceptions, one of the requirements for confirmation under Section 1129(b) of the Bankruptcy Code is that a plan not provide for any payments to a junior class unless all superior classes are paid in full. Since unsecured creditors are superior to the Debtor's Interest holder, the Debtor's Interest holder may not retain his interests, unless one of three situations occur:

1. The plan provides for full payment to unsecured creditors; or
2. The equity interest holders seeking to retain their equity interests contribute "money or money's worth" in the form of needed capital to the reorganized debtor reasonably equivalent in value to that of the equity interest sought to be retained; or
3. The class of unsecured creditors waive their rights by consenting to the plan, as proposed.

In the present case, the Unsecured Creditors are expected to consent to the Plan as proposed, and therefore, the Debtor does not anticipate seeking a "cram down" of the Claims of Unsecured Creditors. The Debtor's largest Secured Creditor, JPMorgan Chase Bank, N.A. is expected to vote in favor of the Plan as proposed.

R. TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN SELECTED SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES BUT NOT STATE, LOCAL OR FOREIGN TAX CONSEQUENCES, OF THE PLAN TO THE DEBTOR, HOLDERS OF CLAIM AND INTERESTS. THESE TAX CONSEQUENCES MAY BE AFFECTED BY SUCH FACTORS AS CHANGES IN THE STRUCTURE OF THE DEBTOR FROM THAT DESCRIBED HEREIN. THE FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS MAY VARY SIGNIFICANTLY DEPENDING ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN

Deleted: Cconfirmation

Deleted: t

Deleted: general unsecured Unsecured Creditors

Deleted: interest

Deleted: interest

Deleted: their

Deleted: general unsecured Unsecured creditorCreditors

Deleted:

Deleted: stockholders

Deleted: Unsecured creditors Creditors

Deleted: Pplan

Deleted: unsecured

Deleted: creditors

Deleted: claims

Deleted: u

Deleted: creditors

ARE UNCERTAIN BECAUSE OF THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN FEDERAL INCOME TAX LAWS. ACCORDINGLY, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

In general, the federal income tax consequences to the Debtor and to each holder of an Allowed Claim will depend on numerous factors. These factors include but are not limited to the following:

- A. The identity and status of the particular Claimant for federal income tax purposes;
- B. The financial status of the Claimant and the Debtor, including the amount and character of any current tax attributes and tax attribute carryovers or carrybacks of the Claimant and/or the Debtor;
- C. The nature (recourse or nonrecourse) and terms of the debt instrument(s) to be restructured including the allocation of payments between principal and accrued but unpaid interest;
- D. The accounting method of the Claimant;
- E. The relationship, if any, between the Debtor and Claimants;
- F. The residency, alienage or place of legal incorporation or formation (foreign or U.S.) of the Claimant and/or the ~~Persons owning beneficial equity interests~~ in the Claimant.
- G. The type or method of debt restructure adopted by the Debtor and Claimant and the timing of such debt restructure.

The application of the factors to each Claimant will depend on the Claimant's individual facts and circumstances. In addition the federal income tax consequences to the Debtor and Claimants may depend on events which occur several years after the Plan is implemented.

Deleted: p

THE DEBTOR'S LEGAL COUNSEL DOES NOT HAVE SUFFICIENT INFORMATION TO DETERMINE ALL OF THE SPECIFIC FEDERAL INCOME TAX CONSEQUENCES TO EACH OF THE CLAIMANTS RESULTING FROM THE PLAN. ACCORDINGLY, EACH HOLDER OF A CLAIM IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

NO RULINGS HAVE BEEN OR ARE EXPECTED TO BE REQUESTED FROM THE INTERNAL REVENUE SERVICE OR ANY STATE TAX AGENCY CONCERNING ANY OF THE TAX MATTERS DESCRIBED HEREIN. THERE CAN BE NO ASSURANCE THAT THE IRS OR ANY STATE TAX AGENCY WILL NOT CHALLENGE THE POSITIONS TAKEN BY THE DEBTOR WITH RESPECT TO ANY OF THE ISSUES ADDRESSED HEREIN OR THAT A COURT OF COMPETENT JURISDICTION WOULD NOT SUSTAIN SUCH A CHALLENGE.

S. TAX CONSEQUENCES TO ALLOWED CLAIMANTS

The federal income tax consequences with respect to payments of cash to Allowed Claimants in partial or full satisfaction of debt, or pursuant to a tax free recapitalization or other restructuring, depend on the allocation of such payments to principal and interest owed on the debt. The allocation of payments between interest and principal may affect:

- a. the existence and timing of recognition of interest income by a cash basis Claimant;
- b. the existence and timing of interest deductions on a cash basis (and sometimes to an accrual basis) Debtor;
- c. the amount (and possibly the character) of worthless debt loss recognized by the Claimants;

- d. the amount of cancellation of indebtedness income recognized by the Debtor; and
- e. the amount of gain or loss recognized by the Claimant pursuant to a recapitalization under Internal Revenue Code § 368(a)(1)(E).

An Allowed Claimant will recognize ordinary income to the extent that any stock, debt securities, other premises, or cash received is attributable to interest (including original issue discount) which has accrued while the Claimant held the debt and which the Claimant previously included in income, exceeds the fair market value of stock, debt and cash received by the Claimant which is attributable to such accrued interest (including OID).

In addition, such Claimants will realize gain on such amount equal to the excess of the fair market value of stock, debt, other premises and cash received (excluding amounts attributable to interest and discussed above) over the cost or other tax basis of the debt claims surrendered (excluding any tax basis allocated to accrued interest). The gain may be a capital gain or ordinary gain unless the exchange has the effect of the distribution of a dividend under Internal Revenue Code § 305 (discussed below) in which case gain recognized that is not in excess of earnings and profits of the Debtor will be treated as a dividend. A corporate Claimant who receives a dividend may qualify for a dividend received deduction with respect to the dividend.

The rules regarding taxation of payments to Claimants which are attributable to other accrued but unpaid income items (e.g., rents, compensation, royalties, dividends, etc.) are similar to the rules described above for payments allocated to interest.

- Importance of Obtaining Professional Tax Assistance.

Deleted: professional

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF SELECTED FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH, AND RECEIPT OF

ADVICE FROM, A TAX PROFESSIONAL. THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN THAT ARE DESCRIBED HEREIN AND THE STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN THAT ARE NOT ADDRESSED HEREIN, ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. ACCORDINGLY, EACH CLAIMANT AND EQUITY HOLDER IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

T. MAINTENANCE OF EMPLOYEE BENEFIT PLANS

The Debtor does not maintain any employee benefit plans.

U. ACCOUNTING PROCESS

The financial information contained in this Disclosure Statement was derived from the Petition, Schedules and monthly operating reports filed by the Debtor in this case.

V. POST-PETITION ASSETS AND LIABILITIES

The Debtor has not accrued significant assets or liabilities except as otherwise set forth herein.

W. EXECUTORY CONTRACTS

Unless the Confirmation Order shall otherwise provide, or the Debtor shall have filed a motion to reject any executory contracts on the Effective Date, the Debtor will assume all executory contracts which have not otherwise been terminated or expired by their

own terms. The Debtor's cure amount for its lease of non-residential real property of

Formatted: Not Highlight

~~\$2,460.00 shall be paid prior or on the Effective Date, or as otherwise agreed to by the parties in writing.~~

- Formatted: Not Highlight
- Deleted: Confirmation
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight

A proof of claim for any claim arising from the rejection of an executory contract shall be filed within thirty (30) days subsequent to the date that an order is entered rejecting the executory contract and the claim arising from the rejection of an executory contract for which a proof of claim is not filed within such time period shall be disallowed in its entirety and forever barred.

The Debtor does not anticipate rejecting any executory contracts.

X. RETENTION OF JURISDICTION

Following Confirmation, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, without limitation, for the following purposes: (i) to determine the allowability, classification, or priority of Claims; (ii) to construe and to take any action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court; (iii) to issue such orders as may be necessary for the implementation, execution, performance, and consummation of the Plan; (iv) to determine any and all applications for allowance of compensation and expense reimbursement of professionals; (v) to determine any other request for payment of ~~Administrative Expenses~~; (vi) to determine all applications, motions, adversary proceedings, contested matters, claim objections, and any other litigated matters instituted prior to the closing of the Reorganization Case, including litigation commenced to set aside or avoid any transfers pursuant to Bankruptcy Code Sections 544, 545, 547, 548, 549, 550 and 553; (vii) to modify the Plan under Bankruptcy Code Section 1127, to remedy any defect or omission in the Plan, or to reconcile any inconsistency in the Plan, or to reconcile any inconsistency in the Plan so as to carry out its intent and purposes.

- Deleted: Professional Persons
- Deleted: Administrative Claim

Y. DISTRIBUTIONS UNDER THE PLAN

General Matters Concerning the Distribution of Consideration

1. The Disbursing Agent

The Reorganized Debtor shall act as the disbursing agent under the Plan.

2. Cash Payments

Cash payments made pursuant to the Plan will be made on or after the Effective Date in U.S. dollars by checks drawn on a banking institution that is an authorized depository in the Southern District of New York selected by the Debtor or by wire transfer from a banking institution that is an authorized depository in the Southern District of New York, at the option of the Debtor.

3. Transmittal of Distributions

All distributions shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid. Except as otherwise agreed with the holder of an Allowed Claim such distribution shall be distributed by mail to (i) the latest mailing address filed of record for the party entitled thereto or to a holder of a power of attorney designated by such holder to receive such distributions or (ii) if no such mailing address has been so filed, the mailing address reflected in the filed Schedules.

4. Undeliverable Distributions

If any distribution is returned to the disbursing agent as undeliverable, no further distributions shall be made to the holder of the Allowed Claim on which such distribution was made unless and until the disbursing agent or Debtor/Reorganized Debtor is notified in writing of such holder's then-current address. Undeliverable distributions shall remain in the possession of the Debtor/Reorganized Debtor until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution

shall be accounted for separately, but the disbursing agent shall be under no duty to invest any such unclaimed distribution in any manner. Any holder of an Allowed Claim that does not present a Claim for an undeliverable distribution within one hundred eighty (180) days after the date upon which a distribution is first made available to such holder shall have its right to such distribution discharged after service by the Debtor with a waiver notice detailing the holder's name and distribution amount, and shall be forever barred from asserting any such Claim or Interest against the Debtor or its property or against any other Person, including the Debtor(s). All unclaimed or undistributed distributions shall, pursuant to Bankruptcy Code Section 347(b), be redistributed pro rata to the holders of allowed claims of the Debtor.

5. Fractional Cents

Any other provision of this Plan to the contrary notwithstanding, no payment of fractions of cents will be made. Whenever any payment of a fraction of a cent would be otherwise be called for, the actual payment shall reflect a rounding down or up, as the case may be, of such fraction to the nearest whole cent.

6. Payments of less than Five Dollars

If a cash payment otherwise provided for by this Plan with respect to an Allowed Claim would be less than five dollars (\$5.00) (on any payment date provided in this Plan), notwithstanding any contrary provision of this Plan, the Reorganized Debtor shall not be required to make such payment.

Z. PROCEDURES FOR RESOLVING DISPUTED CLAIMS

(a) Objection to Claims.

After the Effective Date, the Debtor shall have the exclusive power and authority to prosecute and resolve objections to Claims. No later than thirty (30) days after the Effective

Deleted: 1. The Disbursing Agent(s)

The Debtor shall act as Disbursing Agent(s) under the Plan with respect to all creditors. ¶

2. Cash Payments

Cash payments made pursuant to the Plan will be in U.S. dollars by checks drawn on a banking institution that is an authorized depository in the Southern District of New York selected by the Debtor, or by wire transfer from a banking institution that is an authorized depository in the Southern District of New York, at the option of the Debtor. ¶

3. Transmittal of Distributions

All distributions shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid or, in case of wire transfers, upon receiving confirmation from the transferring bank. Except as otherwise agreed with the holder of an Allowed Claim, such distribution shall be distributed by mail to (i) the address listed by such holder for receiving distributions in its Proof of Claim or (ii), if no Proof of Claim was filed, the mailing address reflected upon the filed Schedules of Assets and Liabilities or in the Debtor's books and records for such holder. ¶

4. Undeliverable Distributions

If any distribution is returned to a Disbursing Agent as undeliverable, no further distributions shall be made to the holder of the Allowed Claim or Allowed Interest on which such distribution was made unless and until the Debtor are notified in writing of such holder's then-current address. Undeliverable distributions shall remain in the possession of the Debtor, until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution shall be accounted for separately, but there shall be no duty to invest any such unclaimed distribution in any manner. Any holder of an Allowed Claim or Allowed Interest that does not present a Claim for an undeliverable distribution within one hundred and eighty (180) days after the date upon which a distribution is first made available to such holder shall have its right to such distribution discharged. In such event the subject claimant shall be forever barred from asserting any such Claim against the Debtor or its property. All unclaimed or undistributed distributions shall, pursuant to Bankruptcy Code Section 347(b), be the property of the Debtor and shall be treated as determined by the Debtor in its sole and absolute discretion. ¶

5. Fractional Cents

Any other provision of this Plan to the contrary notwithstanding, no payment of fractions of cents will be made. Whenever any payment of a fraction of a cent would be otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent. ¶

6. Payments of less than Ten Dollars

If a cash payment otherwise provided for by this Plan with respect to an Allowed Claim would be less than ten dollars (\$10.00) (whether in the aggregate or on any payment date provided in this Plan), notwithstanding any contrary provision of this Plan, the Reorganized Debtor and/or the litigation trustee (on behalf of the Creditor Trust), as applicable, shall not be required to make such payment. ¶

Date, the Debtor shall file all objections to Claims, except that the Debtor may object to Proofs of Claim filed after the Effective Date no later than thirty (30) days after the filing of such Proof of Claim. The Bankruptcy Court may extend such objection periods for cause shown upon motion of the Debtor. The Debtor does not anticipate filing any claim objection motion.

Deleted: The Court

(b) **Resolution of Disputed Claims.**

On and after the Effective Date, no distributions shall be made to the holders of Disputed Claims. At the time of any distribution under the Plan, the Debtor shall reserve and shall not distribute cash equal to the amount that the holders of Disputed Claims at the time of such distribution would have received had the Disputed Claims been Allowed Claims. After the Bankruptcy Court has determined all Disputed Claims, the remaining reserved amount, if any, in excess of the amount necessary to satisfy the Allowed amount of all Disputed Claims shall be distributed in accordance with the provisions of the Plan.

Formatted: Left

Deleted: (i) Unless otherwise ordered by the Courthe Bankruptcy Court, the Debtor shall litigate to judgment, settle or withdraw objections to Disputed Claims, in its sole discretion, without notice to any party in interest.¶
(ii)

(c) **No Distribution Pending Allowance.**

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution shall be made to the holder on account of such portion of the Claim which constitutes a Disputed Claim unless and until such Disputed Claim becomes allowed. Nothing contained herein, however, shall be construed to prohibit payment or distribution on account of any undisputed portion of a partially Disputed Claim.

Deleted: . At such time as a Disputed Claim becomes an Allowed Claim, the amount that would have been disbursed had the Disputed Claim been an Allowed Claim on the Effective Date shall be distributed by the Debtor, without interest, to the holder of such Allowed Claim within thirty (30) days after the Disputed Claim becomes an Allowed Claim pursuant to Final order of the Bankruptcy Court.¶

(d) **Distributions Upon Disputed Claims that Become Allowed Claims.**

Deleted: ¶

Distributions to holders of Disputed Claims that subsequently become Allowed Claims will be paid by the Debtor no later than the later to occur of (i) sixty (60) days after the Disputed Claim becomes an Allowed Claim; and (ii) Debtor's making other distributions under the Plan to holders of Allowed Claims.

(e) **Estimation.**

The Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor previously objected to such Claim. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtor may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. On and after the Effective Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved subsequently, without further order of the Bankruptcy Court.

AA. LEGAL EFFECTS OF CONFIRMATION AND EFFECTIVENESS OF THE PLAN

Deleted: ¶
¶

1. Discharge and Injunction

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court that, except as otherwise provided in the Plan or in agreements or Orders entered in connection therewith, on and after the Effective Date;

a. the rights afforded in the Plan, and the treatment of all Claims and Interests thereunder, (i) shall be in exchange for, and in complete satisfaction, discharge, and release of all Claims, (including without limitation, all Administrative Expenses, Secured

Claims, Priority Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Date)), against the Debtor, and any of its assets or properties and any liability thereunder, and (ii) shall terminate all Interests of any nature whatsoever;

Deleted: the rights afforded in the Plan, and the treatment of all Claims and Interests thereunder: (i) shall be in exchange for, and in complete satisfaction, discharge, and release of all Claims, (including without limitation, all Administrative Claims, Secured Claims, Priority Claims, other Priority Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Date)), against the Debtor, its shareholders and officers, or any of the Debtor's assets or properties and any liability thereunder, and (ii) shall terminate all Interests of any nature whatsoever;

b. the Debtor shall be deemed discharged and released to the fullest extent permitted by Bankruptcy Code Section 1141 from all Claims that arose prior to the Effective Date against the Debtor or its property or assets that arose prior to the Effective Date, (including without limitation, all Administrative Expenses, Secured Claims, Priority Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Date, and all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code)).

Deleted: Bankruptcy Code

This discharge and release shall be effective in each case whether or not: (i) a proof of claim or proof of interest based on such Claim, Administrative Expense, or Interest is filed or deemed filed pursuant to Bankruptcy Code § 501, (ii) a Claim, Administrative Expense, or Interest is Allowed pursuant to the Bankruptcy Code, or (iii) the holder of a Claim, Administrative Expense, or Interest has accepted the Plan;

Deleted: Filed or deemed Filed

c. except as provided in the Plan, all Persons shall be permanently enjoined by Bankruptcy Code § 524 from asserting against the Debtor, its successors, or its assets or properties, any other or further Claims, Administrative Expenses, or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. Notwithstanding the foregoing, any guaranty or other direct obligation relating to the Debtor agreed to in a writing signed by any such officer and/or shareholder shall remain enforceable except as otherwise agreed to between the parties. Except as provided in the Plan, all Persons shall be further enjoined by Bankruptcy Code §

Deleted: all substantive rights or obligations of the Debtor under any Interests shall be terminated, and the Debtor shall be deemed discharged and released to the fullest extent permitted by Bankruptcy Code Section 1141 from all Claims or Interests that arose prior to the Effective Date against the Debtor or its property or assets, (including without limitation, all Administrative Claims, Secured Claims, Priority Claims, other Priority Claims, and Unsecured Claims (including any interest accrued on such Claims from and after the Petition Date)), and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. This discharge and release shall be effective in each case whether or not: (i) a proof of claim or proof of interest based on such Claim, Administrative Claim, or Interest is filed or deemed filed pursuant to Bankruptcy Code Section 501, (ii) a Claim, Administrative Claim is Allowed pursuant to the Bankruptcy Code, or (iii) the holder of a Claim, Administrative Claim has accepted the Plan.¶

Deleted: All

524 from asserting against the Debtor any other or further claims or Administrative Expenses based upon any act or omission that occurred prior to the Effective Date relating to operation of the Debtor. The discharge shall void any judgment against Debtor at any time obtained to the extent that it relates to a Claim, Administrative Expense, or Interest that has been discharged or terminated;

d. except as provided in the Plan, all Persons who have held, currently hold, or may hold a Claim, Administrative Expense, or Interest, discharged or terminated pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code § 524 from taking any of the following actions on account of any such discharged Claim or terminated Interest: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, its successors, assets, or properties; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtor, its successors, assets, or properties; (iii) creating, perfecting, or enforcing any lien or encumbrance against the Debtor, its successors, assets, or properties; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due, against the Debtor, its successors, assets, or properties; and (v) commencing or continuing any action, in any manner or place, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Any Person violating such injunction may be liable for actual damages, including costs and attorneys' fees and, in appropriate circumstances, punitive damages³; and

e. except as provided in the Plan, all Persons who have held, currently hold, or may hold a Claim, Administrative Expense, or Interest discharged or terminated

³ Notwithstanding the foregoing, any guaranty or other direct obligation relating to the Debtor agreed to in a writing signed by any such officer and/or shareholder shall remain enforceable except as otherwise agreed to between the parties.

Deleted: all Persons shall be permanently enjoined by Bankruptcy Code Section 524 from asserting against the Debtor, its successors, assets or properties, or the shareholders and officers of the Debtor, any other further Claims, Administrative Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. Notwithstanding the foregoing, any guaranty or other direct obligation relating to the Debtor agreed to in a writing signed by any such officer and/or shareholder shall remain enforceable except as otherwise agreed to between the parties. All Persons shall be further enjoined by Bankruptcy Code § 524 from asserting against the Debtor any other or further claims or Administrative Claims based upon any act or omission that occurred prior to the Effective Date relating to operation of the Debtor. The discharge shall void any judgment against the Debtor at any time obtained to the extent that it relates to a Claim, Administrative Claim, or Interest that has been discharged or terminated;

Formatted: Indent: Left: 0"

Deleted: attorneys'

Deleted: all Persons who have held, currently hold, or may hold a Claim or Administrative Claim discharged or terminated pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code Section 524 from taking any of the following actions on account of any such discharged Claim or terminated Interest: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, its successors, assets, or properties, or the Debtor's shareholders or officers; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Debtor, its successors, assets, or properties; (iii) creating, perfecting, or enforcing any lien or encumbrance against the Debtor, its successors, assets, or properties; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Debtor, its successors, assets, or properties; and (v) commencing or continuing any action, in any manner or place, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Any Person violating such injunction may be liable for actual damages, including costs and attorneys' fees and, in appropriate circumstances, punitive damages³; and⁴

pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code § 524 from commencing or continuing in any manner any action or other proceeding against any party on account of a Claim or cause of action that was property of the Estate, including, without limitation, any derivative Claims capable of being brought on behalf of the Debtor, and all such Claims and causes of action shall remain exclusively vested in the Debtor to the maximum extent such Claims and causes of action were vested in the debtor-in-possession. The Plan shall be binding upon and govern the acts of all Persons including, without limitation, all holders of Claims, Administrative Expenses, and Interests, all filing agents or officers, title agents or companies, recorders, registrars, administrative agencies, agencies or officials thereof, secretaries of state, and all other Persons who may be required by law, the duties of their office, or contract to accept, file, register, record, or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the assets of the Debtor.

Deleted: Expenses

2. Revesting of Property of the Estate and Release of Liens

Deleted: ¶

Except as otherwise provided in the Plan, any contract, instrument, or other agreement or document created in connection with the Plan, or the Confirmation Order, on the Effective Date, all property of the Estate, wherever situated, shall be revested in the Debtor, as the Reorganized Debtor, free and clear of all Claims, mortgages, deeds of trust, liens, security interests, encumbrances, and other interests of any person, and the Debtor, as the Reorganized Debtor, may thereafter operate its business and may use, acquire, and dispose of property and compromise or settle any Claims without the supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy rules of the United States Bankruptcy Court for the Southern District of New York, and the guidelines and requirements of the Office of the

Deleted: all Persons who have held, currently hold, or may hold a Claim, Administrative Claim, or Interest discharged or terminated pursuant to the terms of the Plan shall be permanently enjoined by Bankruptcy Code Section 524 from commencing or continuing in any manner any action or other proceeding against any party on account of a Claim or cause of action that was property of the estate, including, without limitation, any derivative Claims capable of being brought on behalf of the Debtor, and all such Claims and causes of action shall remain exclusively vested in the Debtor to the maximum extent such Claims and cases of action were vested in the Debtor in Possession. The Plan shall be binding upon and govern the acts of all Persons including, without limitation, all holders of Claims, Administrative Claims, and Interests, all filing agents or officers, title agents or companies, recorders, registrars, administrative agencies, agencies or officials thereof, secretaries of state, and all other Persons who may be required by law, the duties of their office, or contract to accept, file, register, record, or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the assets of the Debtor.¶

Deleted: estate

Deleted: person

United States Trustee for the Southern District of New York. From and after the Effective Date, the Debtor may use, acquire, and dispose of property without the supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, other than those restrictions expressly imposed by the Plan, any contract, instrument, or other agreement or document created in connection with the Plan, or the Confirmation Order.

BB. MODIFICATION OR REVOCATION OF THE PLAN

Subject to the restrictions on modifications set forth in Bankruptcy Code Section 1127, the Debtor reserves the right to alter, amend, or modify the Plan before or after the Effective Date. No alterations, amendments, or modifications may be made by any party except the Debtor. If the Plan is modified by the Debtor, it may be necessary to amend the Disclosure Statement and to re-solicit ballots from all or some voting Classes. A hearing on such issues and any re-solicitation of ballots likely would significantly delay Confirmation and, consequently, significantly delay distributions under the Plan.

The provisions of the Plan are not severable unless such severance is agreed to by the Debtor and such severance would constitute a permissible modification of the Plan pursuant to Bankruptcy Code Section 1127.

Deleted: 1

CC. SUMMARY OF CERTAIN OTHER PROVISIONS OF THE PLAN

1. Setoffs

Except as otherwise provided in the Plan, agreements entered into in connection therewith, the Confirmation Order, or in agreements previously approved by Final Order of the Bankruptcy Court, the Debtor may, pursuant to Bankruptcy Code Section 553 or applicable non-bankruptcy law, setoff against any Allowed Claim (before any distribution is made on account of such Claim) any and all of the Claims, rights and causes of action of any nature that the Debtor may hold against the holder of such Allowed Claim. The Debtor

do not presently claim any rights to set-off against Creditor's claims. The Debtor, however, reserve their rights to further investigate and assert set-off rights prior to Confirmation of a plan of reorganization, if applicable.

Deleted: creditor

DD. EVENT OF DEFAULT

Deleted: ¶

The Debtor shall be deemed in default if it fails to make timely payments to any Creditors as provided for in the Plan and the Debtor and each Creditor shall abide by the following:

(i) Upon written receipt from any Creditor of notice of default relating to payment, the Debtor or Reorganized Debtor shall have a period of thirty (30) days from receipt of such notice to cure such default, and during such 30-day period, the Creditors shall take no action to enforce the Plan. To the extent the default is not cured after such 30-day period, Creditors or any party in interest may enforce the Plan to fullest extent allowed by law. If such default is cured by the Debtor or Reorganized Debtor within the 30-day period, the Plan shall continue in full force and effect. Any notices of default under the Plan shall be served upon the Debtor and Debtor's attorney to the following addresses:

Deleted: creditors
Deleted: Creditor
Deleted: during
Formatted: Not Highlight
Formatted: Not Highlight
Deleted: creditors
Deleted: Creditor
Formatted: Not Highlight

a) The Debtor, addressed to:

Brooklyn Interiors, Inc.
145 Palisade Street, # 383
Dobbs Ferry, NY 10522

b) with a copy to counsel for the Debtor:

McBreen & Kopko
500 North Broadway, Suite 129
Jericho, New York 11753
Attention: Kenneth A. Reynolds, Esq.

(ii) If full payment of the default amount is not paid by the Debtor or Reorganized Debtor within thirty (30) days of such demand, the Internal Revenue Service

may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code, and the automatic stay of 11 U.S.C. § 362(a) is lifted for this purpose without further order of the Bankruptcy Court.

Deleted: court

EE. FINAL DECREE

Pursuant to Local Bankruptcy Rule 3022-1, within fourteen (14) days following the full administration of the Estate, the Debtor or the Reorganized Debtor shall file, on notice to the United States Trustee, an application and a proposed order for a final decree closing this case.

Deleted: The Debtor shall be deemed in default if it fails to make timely payments to any creditors as provided for in the Plan and the Debtor and each creditor shall abide by the following:¶
(1) Upon written receipt from any creditor of notice of default relating to payment, the Debtor shall have a period of thirty (30) days from receipt of such notice to cure such default, during such 30-day period, the creditors shall take no action to terminate the Debtor's Plan. If such default is cured by the Debtor within the 30-day period, the Plan shall continue in full force and effect. Any notices of default under the Plan shall be served upon the Debtor and Debtor's attorney. ¶
(2) If full payment of the default amount is not paid by the Debtor within thirty (30) days of such demand, the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code, and the automatic stay of 11 U.S.C. 362(a) is lifted for this purpose without further order of the court. ¶
(3) If Debtor fails to make any post-confirmation deposits, fails to pay any post-confirmation tax liability or fails to file post-confirmation tax returns by the due date of the tax return, then the United States may declare a default of the Plan.¶

CONCLUSION

The Debtor believes that the Plan affords Creditors the potential for the greatest realization from the Debtor's assets and, therefore, is in the best interest of the Creditors. Accordingly, the Debtor urges all Creditors to cast their ballots in favor of accepting the Plan.

Deleted: estate
Deleted: ¶
Deleted: ¶
¶
¶
¶

The Debtor shall be required to file quarterly post-Confirmation status reports until the Reorganization Case is closed, converted, or dismissed, whichever happens earlier.

Deleted: [REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]¶
¶
¶
¶
¶
¶
¶

Dated: Jericho, New York
July 5, 2017

McBREEN & KOPKO
Attorneys for the Debtor

Deleted: Creditor
Deleted: Creditor
Deleted: Creditor
Deleted: c
Deleted: case

By: /s/ Kenneth A. Reynolds
Kenneth A. Reynolds, Esq.
500 North Broadway, Suite 129
Jericho, New York 11753
(516) 364-1095

Deleted: April 18
Deleted: 30
Deleted: April 18
Deleted: 30

Dated: Jericho, New York
July 5, 2017

BROOKLYN INTERIORS, INC.
d/b/a THE DDC GROUP
Debtor and Debtor-in-Possession

By: /s/ Dennis Darcy
Dennis Darcy, Shareholder

a. Administrative Claims

Administrative Claims consist of the Allowed Claims of Debtor's duly retained professionals and any other administrative expenses allowed under Section 503 of the Bankruptcy Code. Administrative Claims will include the fees and expenses of Debtor's counsel, McBreen & Kopko, in the approximate amount of Fifty-Five Thousand and 00/100 (\$55,000.00) Dollars through confirmation, inclusive of a pre-petition retainer. McBreen & Kopko received a retainer prior to the Petition Date in the amount of Eighteen Thousand Three Hundred Thirty-Three and 00/100 (\$17,575.00) Dollars from the Debtor together with expenses.

The claims of Debtor's professionals shall be subject to final fee applications pursuant to Bankruptcy Code Section 330 and orders of the Court approving the fees and expenses as sought by the applications.

The Debtor estimates the total necessary to pay Administrative Claims on the Effective Date equals not less than Thirty-Seven Thousand Four Hundred Twenty Five and 00/100 (\$37,425.00) Dollars.

In order to confirm the Plan, it is necessary for the Debtor to satisfy the Administrative Claims in full at or before Confirmation or have the holder of each Administrative Claim agree to different treatment.

b. Priority Claims

The Allowed Priority Claim shall be treated as follows:

(a) The New York State Department of Labor, Unemployment Insurance Division with a priority claim in the amount of One Hundred Seven and 70/100 (\$107.70) Dollars for the tax period April 1, 2013 through September 30, 2014 will be paid in full upon the Effective Date of the Plan, together with a current rate of interest.

c. Statutory Fees

In addition to Administrative, Priority, secured and general unsecured claims, there exists statutory fees due and payable by the Debtor to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6). United States Trustee fees and any applicable interest thereon shall continue to be paid by the Debtor until the earlier of Debtor's case being closed by entry of a final decree, converted, or dismissed.

d. Class I Claim (Insider Shareholder)

Class I consists of the claim of the Debtor's insider shareholder holding a priority wage claim in the aggregate amount of Twelve Thousand Four Hundred Seventy-Five and 00/100 (\$12,475.00) Dollars. The Claim of the Debtor's Insider shall be subordinated to the claims of the general unsecured creditors and will receive no distribution under the Plan. As consideration for the Debtor's principal retaining his equity interest in the Debtor, the Insider of the Debtor, which is the Debtor's principal, has agreed to subordinate its claims to the claims of the Debtor's general unsecured creditors.

The Class I Claim is impaired, is held by the proponent of the Plan, and is presumed to have voted in favor of the Plan.

e. Class II Claim (Secured Claim of JPMorgan Chase Bank, N.A.)

Class II consists of the claim of JPMorgan Chase Bank, N.A. ("Chase") holding a secured claim in the aggregate amount of Two Hundred Forty-Nine Thousand Nine Hundred Eighty-Eight and 02/100 (\$249,988.02) Dollars. The Chase claim shall be paid in full by virtue of the Debtor continuing to make monthly payments pursuant to the terms and conditions of the loan documents. The payments shall be applied toward the principle balance as amortized by the

loan documents without interest¹ and shall be in the amount of \$1,200.00 per month. A copy of the loan documents have been annexed hereto as Exhibit "E".

The Class II creditor is impaired and is entitled to vote on the Plan.

f. Class III Claims (General Unsecured Creditor Claims)

Class III consists of the claims of general unsecured creditors in the Debtor's case. The amount of general unsecured claims filed and/or scheduled is approximately Three Hundred Thirty-Six Thousand Three Hundred Twelve and 22/100 (\$336,312.22) Dollars. The Debtor proposes to pay the unsecured creditors a fifteen percent (15%) dividend of their allowed claims in thirty-six (36) equal monthly installments of \$1,401.30 per month.

The Class III creditors are impaired and are entitled to vote on the Plan.

¹ The payments of \$1,200.00 per month are to be made at a rate of zero percent interest (0.00%), however, interest may be applied to defaulted payments in accordance with the terms and conditions of the loan documents.