

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

IN RE: CHAPTER 11

MARGARET M.

McGREEVY,
Debtor

BANKRUPTCY NO. 15-19029-AMC

SECOND AMENDED DISCLOSURE STATEMENT
WITH RESPECT TO PLAN FOR REORGANIZATION
PROPOSED BY MARGARET M. McGREEVY,
DEBTOR-IN-POSSESSION

DATED: August 18, 2016

ALLEN B. DUBROFF, ESQ., & ASSOCIATES,
LLC

BY: /s/Allen B. Dubroff, Esquire
1500 JFK Boulevard, Suite
1030 Philadelphia, PA 19102
(215) 568-2700
Attorneys for Debtor

This DISCLOSURE STATEMENT is being distributed to all creditors of Margaret M. McGreevy ("Debtor"), pursuant to 11 U.S.C. § 1125. It relates to the Plan of Reorganization (the "Plan") proposed by the Debtor dated August 18, 2016, a copy of which is enclosed herewith. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Plan.

DEBTOR'S PRELIMINARY STATEMENT AND SOLICITATION

As a creditor involved in the Margaret M. McGreevy bankruptcy, you should take the time to vote on the proposed Plan, which, if confirmed, will affect your economic interests. Before casting your ballot, it is important that you be properly informed about the nature of the Chapter 11 Case and the workings of the proposed Plan and its consequences. This Disclosure Statement has been approved by the Bankruptcy Court as containing adequate information to enable you to make an informed decision about the Plan. The Debtor urges you to review the Disclosure Statement and Plan, consult with your own legal counsel or other advisers if you think it is appropriate and, for the reasons which follow, vote in favor of the Plan.

Ideally, the Debtor would prefer that her debts could be paid in full. Unfortunately, bankruptcy results, as it did in this case, when it becomes difficult or impossible for a Debtor to pay her debts in full when due. The Debtor has devoted considerable time and energy to creating a Plan which she believes will provide creditors with a significantly greater and more certain return, than any other likely outcome of this bankruptcy, and in particular, yield more to all creditors than a liquidation under Chapter 7 of the Bankruptcy Code. Following Confirmation of the Plan, the Reorganized Debtor will own the Property (hereinafter defined) of the Debtor after the Effective Date.

You should read this Disclosure Statement and the Plan before you decide how to vote.

PART A-GENERAL

1. OVERVIEW AND SUMMARY

1.2 Identity of Debtor and Background

Debtor is Margaret M. McGreevy, a married woman. Her husband, Daniel McGreevy, is not in bankruptcy. Debtor was formerly a registered nurse, but in recent years has given up nursing and has been working for her daughter's company, Claire John Seven, LLC, that operates a residential real estate business which purchases, refurbishes, and sells homes in Pennsylvania and Delaware. Daniel McGreevy is in the commercial real estate development and brokerage business, and operates his business through an entity called

McGreevy Family 2, LP. The Debtor has filed with the Bankruptcy Court the required monthly operating reports which detail the income and expenses of Debtor.

1.3 Basic Concept of Proposed Plan

Debtor earns income through Claire John Seven, LLC, in which she has no ownership interest. She will contribute five years of her net income to fund the Plan. As this income is likely insufficient to fund the entire Plan, the remaining obligations of the Plan will be funded by her husband, through the operations of McGreevy Family 2, LP. The substantial monetary contributions to this Plan from McGreevy Family 2, LP shall constitute a “new value” contribution on behalf of the Debtor in accordance with applicable case law regarding 11 USC §1129(c).

The contributions from Debtor’s spouse’s business operations shall fund (a) any shortfall in Debtor’s household and living expenses over and above her income from Claire John Seven, LLC (including her then-current mortgage and tax obligations) (b) payments made to the Class 1 Creditor, Wilmington Savings Fund Society (“WSFS”) to cure arrearages on the first and second mortgage positions on Debtor’s residence, (c) payments upon Debtor’s obligations to Unsecured Priority Creditors holding priority tax claims, and (d) a “pot” for pro rata distributions to all unsecured creditors.

2. INFORMATION ABOUT THE REORGANIZATION PROCESS

2.1 Purpose of Disclosure Statement

The purpose of a disclosure statement is to provide the creditors and equity holders with sufficient information about the Debtor and the proposed plan of reorganization to permit them to make an informed judgment in voting on the plan. This Disclosure Statement, therefore, includes background information about the Debtor, and also identifies the classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of those classes and the possible effects of that treatment on the way in which the creditors' claims will be resolved if the Plan is confirmed. In addition, the Disclosure Statement contains information concerning the future prospects of the Debtor's

and her spouse's business after the Effective Date, in the event the Plan is confirmed or, in the alternative, if confirmation is denied of the proposed Plan does not become effective.

This Disclosure Statement and the exhibits described herein have been approved by Order of the Bankruptcy Court dated _____, as containing, in accordance with the provisions of the United States Bankruptcy Code, 11 U.S.C. §§101 et seq. (the "Bankruptcy Code"), adequate information of a kind and in sufficient detail that would enable a reasonable hypothetical investor, typical of holders of impaired claims or interests, to make an informed judgment about the Plan. Bankruptcy Court approval of this Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

YOU ARE URGED TO STUDY THE PLAN IN FULL AND TO CONSULT WITH YOUR COUNSEL AND OTHER ADVISORS ABOUT THE PLAN AND ITS IMPACT, INCLUDING POSSIBLE TAX CONSEQUENCES, UPON YOUR LEGAL RIGHTS. PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE VOTING ON THE PLAN.

A copy of the Plan is enclosed with this Disclosure Statement.

2.3 Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a debtor is permitted to reorganize her financial affairs for her own benefit, and that of her creditors and other interest holders. Unless a trustee is appointed, a debtor is authorized to continue to operate as a debtor-in-possession, and all attempts to collect pre-petition claims from the debtor or to foreclose on property of the debtor by any creditor are stayed during the pendency of the case unless the Bankruptcy Court orders otherwise.

The objective of a Chapter 11 case is the formulation of a Plan of reorganization for the debtor and her affairs. The plan is the vehicle for resolving claims against the debtor, as well as providing for her future direction and operations.

Creditors are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. Once the plan is confirmed, all claims against the debtor arising before the Chapter 11 proceeding was initiated are extinguished, unless specifically preserved in the Plan.

2.4 Voting Procedures

The Creditors entitled to vote on the present Plan are claimants who hold allowed claims or allowed interests in the "impaired" classes. A claim or interest is "allowed," (i) if it is listed on the debtor's schedules as not disputed, contingent or unliquidated, (ii) if it is set forth in a timely filed Proof of Claim and not objected to by the debtor as filed, or (iii) if it is approved by the Bankruptcy Court. Impaired claims are described in §1124 of the Bankruptcy Code and include claims that will not be repaid in full or as to which the legal rights are altered or interests are affected. A claim is not impaired if the holder of the claim receives, on the effective date of a plan, cash equal to the allowed amount of the claim or, in the case of an interest, the interest holder receives, on the effective date, cash equal to the greater of any fixed liquidation preference to which the holder is entitled, or any fixed price under which any applicable security may be redeemed by the Debtor.

A holder of a claim or interest which is impaired by a Chapter 11 plan is entitled to vote to accept or reject that plan if such claim or interest has been allowed or is deemed to have been allowed under §502 of the Bankruptcy Code, or is temporarily allowed for voting purposes under Rule 3018 of the Bankruptcy Rules. Voting is conducted by written ballot.

The Bankruptcy court has directed that, in order to vote either for acceptance or rejection of the Plan, claimants must file ballots in writing so that they are received no later than 5:00 P.M. on _____, at the following address:

Allen B. Dubroff, Esq. & Associates, LLC.
1500 JFK Boulevard, Suite 1030
Philadelphia, PA 19102
Attn: Allen B. Dubroff, Esquire Phone:
(215) 568-2700
Telefax No. (215) 689-3777

BALLOTS RECEIVED AFTER SUCH TIME WILL NOT BE COUNTED UNLESS THE COURT SO ORDERS. THE DEBTOR RECOMMENDS A VOTE "FOR ACCEPTANCE" OF THE PLAN.

2.4 Ballots

Accompanying this Disclosure Statement is a ballot for acceptance or rejection of the Plan. Each party in interest entitled to vote on the Plan will receive a ballot. Please complete and sign your ballot and return in the envelope provided or by facsimile. You must provide all of the information requested by the ballot. Failure to do so may result in the disqualification of your vote on such ballot.

Each member of a voting class will be asked to vote for acceptance or rejection of the Plan. All parties eligible to vote on the Plan are urged to complete and return their ballots promptly to avoid delay in confirmation of the Plan.

ONLY THOSE CREDITORS WHO HAVE ALLOWED CLAIMS AND ARE ENTITLED TO VOTE ON THE PLAN UNDER THE BANKRUPTCY CODE WILL RECEIVE BALLOTS WHICH WILL ACCOMPANY THE APPROVED DISCLOSURE STATEMENT.

If you have any questions regarding procedures for voting, contact the Debtor's attorney:

Allen B. Dubroff, Esquire
Allen B. Dubroff, Esq. & Associates, LLC.
1500 JFK Boulevard, Suite 1030
Philadelphia, PA 19102
Phone: (215)568-2700
Telefax No. (215) 689-3777

2.5 The Confirmation Hearing

The Bankruptcy Court has scheduled a hearing on the confirmation of the Plan to commence on, _____ at _____ .m. or as soon thereafter as the parties can be heard. The confirmation hearing will be held before the Honorable Ashely M. Chan, U.S.B.J., in Courtroom No. 5, 2nd Floor, United States Bankruptcy Court, 900 Market Street, Philadelphia, Pennsylvania. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interest of holders of claims and interests. The Bankruptcy Court will also receive and consider a ballot report prepared on behalf of the Debtor concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote.

2.6 Acceptance or Rejection

In order for the Plan to be accepted and, thereafter, confirmed, it must be accepted by at least one class of claims or interests that is impaired by the Plan. In order for a class of claims to vote to accept the Plan, votes representing at least 2/3 in dollar amount and more than 1/2 in number of claims voted in that class must be cast for acceptance of the Plan. In order for a class of interest to vote to accept the Plan, votes representing at least 2/3 in amount of those interests voted in that class must be cast for the acceptance of the Plan.

Section 1129(b) of the Bankruptcy Code provides that, as long as one class of claims or interests impaired by the Plan accepts the Plan, confirmation may be sought despite the rejection of the Plan by one or more other impaired classes. If a class impaired by the Plan rejects the Plan, no claim or interest that is junior to the most senior rejecting class may retain or receive property pursuant to the Plan solely on account of such claim or interest unless the senior rejecting class is paid in full. The Plan cannot be confirmed over the objections of a rejecting class unless the Bankruptcy Court finds that the Plan does not unfairly discriminate against, and is fair and equitable to, that class. Pursuant to § 1129(b) of the Bankruptcy Code, the Debtor intends, if necessary, to request that the Bankruptcy Court confirm the Plan even in the event a class of creditors or interest holders does not vote in the requisite majority to accept the Plan.

Debtor believes that this case may be confirmed pursuant to Section 1129(b)(2)(B)(ii). The debtor will seek to "cramdown" the non-consenting creditors pursuant to the aforementioned Code Section as more fully discussed in the matter of *In Re: Martin Shat and Anjanette Shat Debtors*, 424 B.R. 854 2010.

2.7 Disclaimers

THIS DISCLOSURE STATEMENT, WHEN APPROVED BY THE BANKRUPTCY COURT, IS THE ONLY APPROVED STATEMENT CONCERNING THE MATTERS AND FACTS DEALING WITH THE SOLICITATION OF ACCEPTANCES FOR THE PLAN. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT 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 REORGANIZATION OF THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OR RIGHTS MADE IN CONNECTION WITH THIS DISCLOSURE STATEMENT SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN A CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT WAS COMPILED.

THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF THE DEBTOR AND THE DEBTOR BELIEVES THEY ARE ACCURATE. NO OTHER PARTY IN INTEREST IS RESPONSIBLE FOR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. IN PARTICULAR, COUNSEL FOR THE DEBTOR HAS UNDERTAKEN NO INDEPENDENT FACTUAL INVESTIGATION AND HAS RELIED UPON INFORMATION FURNISHED BY THE DEBTOR OR HER REPRESENTATIVES IN PREPARING THIS DISCLOSURE STATEMENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ALL OF THE FINANCIAL INFORMATION WITH RESPECT TO THE DEBTOR WAS COMPILED FROM THE DEBTOR'S RECORDS, AND THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACY.

THE PRESENTATION OF THE INFORMATION SET FORTH HEREIN DOES NOT CONSTITUTE FACTUAL OR LEGAL ADMISSIONS BY THE DEBTOR. CERTAIN OF THE INFORMATION, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY AND NO REPRESENTATION OR WARRANTY IS MADE WITH RESPECT THERETO.

2.8 Additional Information

Certain materials contained in this Disclosure Statement have been taken directly from other sources of information. Documents referred to as filed with the Bankruptcy Court may be inspected at the office of the Bankruptcy Court Clerk in the United States Bankruptcy Court, 900 Market Street, Philadelphia, Pennsylvania or online at the Court's website at <http://www.paeb.uscourts.gov>.

PART B - THE PLAN AND ITS CONSEQUENCES

The following is a simplified description of the Plan, which is enclosed with this Disclosure Statement. REFERENCE SHOULD BE MADE TO THE PLAN ITSELF AND THE EXHIBITS THERETO FOR A FULL ANALYSIS OF ITS CONTENTS. THE DESCRIPTION CONTAINED HEREIN IS QUALIFIED IN ITS ENTIRETY BY SUCH REFERENCE.

**1 - CLASSIFICATION, DESCRIPTION AND
IMPAIRMENT OF CLAIMS AND INTERESTS**

1.1 Class 1. Secured Claim of WSFS: Class 1 shall consist of the Allowed Secured Claims of Wilmington Savings Fund Society (hereafter, “WSFS”). The Class 1 claim of this creditor is impaired. WSFS is the holder of properly perfected first and second mortgage liens and a recorded judgment lien for its claim on the Debtor’s Property. The WSFS claim is fully secured by the value of the property which is the Debtor’s residence.

1.2 Class 2. Claims of the Internal Revenue Service: Class 2 shall consist of the Allowed Claims of the Internal Revenue Service (“IRS”). The IRS is a taxing authority and currently holds a tax lien upon Debtor for unpaid personal income taxes, which lien is deemed Unsecured by virtue of the fact that there is no equity in Debtor’s non-exempt property to support the lien. The IRS has filed a Proof of Claim in this case as of February 1, 2016 stating that the amount claimed is \$1,418,554.17, with a claimed secured position of \$1,363,077.83 and a Priority Unsecured claim of \$48,094.05. This Creditor is impaired.

1.3 Class 3 Secured Claim of PA Department of Revenue Class 4 consists of the secured claim of PA Department of Revenue. This is a taxing authority and the secured claim amount of \$73,207.54 for unpaid personal income tax owed to the Commonwealth of Pennsylvania. This Creditor is impaired.

1.4 Class 4 Secured Claim of State of Delaware Division of Revenue. The State of Delaware is the holder of a junior lien position to WSFS and the IRS by virtue of its tax lien against assets of the Debtor, dated November 6, 2008. This creditor is a taxing authority which asserts a secured claim in the amount of \$625,827.69 for unpaid personal income tax owed to the State of Delaware for the year 2005. The claimant has not designated any portion of the claim as being entitled to priority. Debtor holds no unencumbered non-exempt property sufficient to satisfy the lien of the State of Delaware, Division of Taxation, and therefore deemed unsecured. The existing State of Delaware lien upon the assets of this Debtor shall be vacated and the right, title and interest in all of Debtor’s remaining exempt and non-exempt property shall vest in the Debtor. The

remaining unsecured claim of the State of Delaware shall be included with and paid pro rata with the Class 6, general unsecured claims. Debtor disputes the amount of this claim and asserts that the claim may have been filed after the Court Order fixing the last day to file claims which was April 29, 2016.

1.5 Class 5. Secured Claims of Judgment Holders: Class 5 consists of the Allowed Claims of parties who hold judgments against the Debtor which are junior to the judgments of the IRS and the mortgages of WSFS. These judgments are deemed Unsecured as there is no non-exempt property of the Debtor upon which these judgment liens may attach. A schedule of parties comprising Class 3 is attached hereto as Exhibit "A." These Creditors are impaired. This class also includes the scheduled unsecured creditors aggregating approximately \$3,536.00 as more fully detailed in Exhibit "A". These Creditors are also impaired.

1.6 Class 6 Margaret McGreevy: This class consists of the Debtor, and is the equity class of the estate.

1.7 Claims and Interests Classified: For purposes of voting and all confirmation matters, except as otherwise classified herein, all Claims (except for Administrative Claims and Priority Tax Claims) and Interests are classified as set forth in this Section.

1.8 Unsecured Creditor Claims: The total unsecured claims in this case are itemized as follows:

General Unsecured Claims	\$3,536.00
Judgment creditors after liens removed	\$5,389,674.88
Internal Revenue Service	\$1,363,077.83
PA Department of Revenue	\$73,207.54
State of Delaware Division of Taxation	\$625,635.53
TOTAL	\$7,455,131.78

1.9 Administrative and Priority Tax Claims: Except as set forth above, as provided in § 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims pursuant to the terms set forth in Article 4 of this Plan.

1.10 Claims and Interests Classified: For purposes of voting and all confirmation matters, except as otherwise classified herein, all Claims (except for Administrative Claims and Priority Tax Claims) and Interests are classified as set forth in this Article 2.

1.11 Administrative and Priority Tax Claims: As provided in § 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims pursuant to the terms set forth in Article 4 of this Plan.

2 - TREATMENT OF CLAIMS AND INTERESTS

2.1 Class 1. Secured Claims of WSFS: This creditor is the holder of valid perfected first and second mortgage liens on the residence of the Debtor located at 251 Crum Creek Road, Media, PA 19063. The Bank is also the holder of a properly filed and recorded judgment lien.

The Bank's proof of claim indicated a balance due on both loans in the amount of \$656,026.62. The Bank has provided a breakdown of arrearages as of August 1, 2016 to be \$183,810.27.

The two monthly payments on the loans is \$2,119.24. Debtor is current on the payment of this monthly adequate protection payment.

Debtor entered into a Consent Order on April 8, 2016 (Docket No. 53) which provided for a payment of \$24,800.00. This payment was made to the Bank which then applied the payment to pre-petition real property taxes previously paid by the Bank.

WSFS shall retain its mortgage and judgment liens until it is paid in full. Debtor shall have the right without any further court approvals, to refinance the existing WSFS mortgages at any time after confirmation of the Plan.

The Debtor filed a Motion on August 16, 2016 seeking authorization to borrow the sum of \$205,000.00 from Claire John Seven, LLC. This company is owned by the Debtor's daughter. The transaction is described more fully in the significant post-petition event herein.

It is the Debtor's desire to use the loan proceeds to repay the arrearages due and owing to the Bank in the amount of \$183,810.27 (as of August 1, 2016) and the \$20,932.59 owed for 2015 real estate taxes remitted to the appropriate taxing authority.

The Debtor is required in both mortgages to remit real estate taxes. The Bank could pay these taxes and add the amount paid to its claim. The real estate taxes are a lien ahead of the two mortgages and the non-payment default under the Bank loan documents.

Debtor proposes that it will pay the Bank its remaining debt in full within 180 days after the Effective date of the Plan. Debtor will make all monthly payments due on the two mortgages.

The Bank will receive a Deed-in-Lieu of foreclosure which it may record on the one-hundredth and eighty-first (181st) day after the Effective date if it has not been fully repaid. Upon receipt of the amount necessary to satisfy its debt, it shall tender to the Debtor, mortgage satisfaction pieces and such orders to satisfy any judgments of record.

2.2 Class 2. Claims of the Internal Revenue Service. The IRS holds a junior lien position to WSFS by virtue of its tax lien against the assets of the Debtor, dated March 26, 2008. Debtor holds no unencumbered non-exempt property sufficient to satisfy the lien of the IRS, and it is therefore deemed unsecured. The existing IRS lien upon the assets of Debtor shall be vacated, and right title and interest in all of Debtor's exempt and non-exempt property shall vest in the Debtor. The remaining unsecured claim of the IRS shall be included with, and paid *pro rata* with, the Class 5 General Unsecured Claims. The Priority Unsecured Claim of the IRS in the amount of \$48,094.05 shall be paid in 48 equal monthly installments without interest or penalty, per 11 USC §1123.

2.3 Class 3. Secured Claim of PA Department of Revenue The PA Department of Revenue holds a junior lien position to WSFS and the IRS by virtue of its tax lien against the assets of the Debtor, dated January 26, 2009. This is a taxing authority, and the secured claim amount of \$73,207.54 is for unpaid personal income tax owed to the Commonwealth of Pennsylvania. The Department of Revenue has filed a Proof of Claim in this matter for \$73,207.54, and has not designated any portion of the Claim as being entitled to priority.

Debtor holds no unencumbered non-exempt property sufficient to satisfy the lien of the PA Department of Revenue, and it is therefore deemed unsecured. The existing Department of Revenue lien upon the assets of Debtor shall be vacated, and right title and interest in all of Debtor's remaining exempt and non-exempt property shall vest in the Debtor. The remaining unsecured claim of the Department of Revenue shall be included with, and paid *pro rata* with, the Class 5 General Unsecured Claims.

2.4 Class 4 Secured Claim of State of Delaware Division of Revenue. The State of Delaware is the holder of a junior lien position to WSFS and the IRS by virtue of its tax lien against assets of the Debtor, dated November 6, 2008. This creditor is a taxing authority which asserts a secured claim in the amount of \$625,827.69 for unpaid personal income tax owed to the State of Delaware for the year 2005. The claimant has not designated any portion of the claim as being entitled to priority. Debtor holds no unencumbered non-exempt property sufficient to satisfy the lien of the State of Delaware, Division of Taxation, and therefore deemed unsecured. The existing State of Delaware lien upon the assets of this Debtor shall be vacated and the right, title and interest in all of Debtor's remaining exempt and non-exempt property shall vest in the Debtor. The remaining unsecured claim of the State of Delaware shall be included with and paid *pro rata* with the Class 6, general unsecured claims. Debtor disputes the amount of this claim and asserts that the claim may have been filed after the Court Order fixing the last day to file claims which was April 29, 2016.

2.5 Class 5. Secured Claims of Judgment Holders. Class 4 consists of the Allowed Claims of parties who hold judgments against the Debtor which are junior to the liens of the IRS and the mortgages of WSFS. These judgments are deemed Unsecured as there is no nonexempt property of the Debtor upon which these judgment liens may attach. These existing judgment liens upon the assets of the Debtor are vacated, and right title and interest in all of Debtor's remaining exempt and non-exempt property shall vest in the Debtor. The remaining unsecured claims of the Judgment Holders shall be included with, and paid *pro rata* with, the Class 5 General Unsecured Claims. This class also consists of the scheduled and filed unsecured claims which aggregate approximately \$3,536.00 and the claims of the enumerated taxing authorities and judgment creditors. These classes of creditors total \$7,455,131.78 in unsecured claims.

Debtor will make payments to allowed unsecured Creditors in these classes of TWENTY THOUSAND (\$20,000.00) dollars per year for five (5) years, totaling ONE HUNDRED THOUSAND DOLLARS (\$100,000.00), which will be distributed *pro rata* to the holders of allowed unsecured claims, including the unsecured claims resulting from the removal of liens held by the Class 2 through Class 4 creditors.

CREDITORS IN CLASSES 1, 2, 3, 4 AND 5 ARE IMPAIRED.

2.7 Class 6. Debtor: This class consists of the Debtor, Margaret McGreevy. Upon confirmation the Debtor shall be revested with all of her assets, subject only to the outstanding liens which are not modified or avoided by the Debtor as set forth above.

2.8 Administrative and Priority Tax Claims: Except as set forth above in the treatment of Class 2 and Class 3 creditors, as provided in § 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, any such Claims not classified above shall be treated separately as unclassified Claims pursuant to the terms set forth in Article 4 of the Plan.

SIGNIFICANT POST-PETITION EVENT

On August 16, 2016 the Debtor filed a Motion with this Court seeking authorization to borrow money and to grant to the lender a third mortgage on the Debtor's residence behind the first and second mortgages held by WSFS Bank and ahead of all other liens upon the residential property.

Debtor seeks an Order approving a post-petition loan in the amount of \$205,000.00. The aforementioned loan proceeds will be used to pay 2015 real estate taxes in the amount of \$20,939.59 and the sum of \$183,810.27 will be remitted to WSFS Bank to cure the arrearages on the first and second mortgages.

The loan will be made to the Debtor by Claire John Seven, LLC. An entity owned by Rachael Ringiewicz who is the Debtor's daughter. The loan amount results from real estate projects undertaken and completed by Claire John Seven, LLC.

WSFS Bank and the Debtor entered into a Consent Order on April 8, 2016 (Docket no. 53) which would enable the Bank to seek stay relief to foreclose on the Debtor's residence.

Furthermore, both of the WSFS mortgages require the Debtor to pay all taxes. The 2015 taxes could be paid by WSFS and the \$20,932.59 added to the arrearage amount.

The anticipated \$205,000 loan and the grant of the third mortgage does not affect the debt structure of the Debtor. The unpaid real estate taxes are a lien which is superior to the WSFS mortgages in payment priority. The payment of the outstanding arrearages and the grant of the lien creates no additional claim amount but transfers the obligation for repayment of the arrearage amount to Claire John Seven, LLC and enables the Debtor to proceed with its Plan and Confirmation thereon with the automatic stay in place and the Bank permitting the Debtor six-months following the Effective Date to repay the Bank's claim in full.

3 - TREATMENT OF UNCLASSIFIED CLAIMS

3. Administrative Claims: All Administrative Claims shall be treated as follows:

3.1. *Time for Filing Administrative Claims*: The holder of an Administrative Claim other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, a motion or request for the payment of such Administrative Claim within (30) days after the Effective Date. Such notice must include at minimum (i) the name of the holder of the claim, (ii) the amount of the claim, and (iii) the basis of the claim. Furthermore, all persons and entities asserting Administrative Claims, which do not fall within Section 4.1.2 of the Plan, shall file a motion or request for the payment of such administrative claim within thirty (30) days of the Effective Date, or be forever barred from asserting any such Administrative Claim. Failure to file a motion or request for payment timely and properly shall result in the Administrative Claim being forever barred and discharged. The Debtor shall provide separate notice of the deadline to file Administrative Claims not later than the Effective Date and any notice declaring the Effective Date shall set forth the deadline for filing Administrative Claims.

3.2. *Time for Filing Professional Fee Claims*. Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a final fee application within thirty (30) days after the Effective Date. Failure to file the final fee application timely shall result in the Fee Claim being forever barred and discharged.

3.3. *Outstanding Professional Fee Claims as of the Confirmation Date*. Debtor's counsel shall file, with notice and hearing, an application for fees and reimbursement of costs, which have been estimated not to exceed \$40,000.00, including retainer paid on behalf of the Debtor at the inception of the case.

3.4. *Allowance of Administrative Claims*. An Administrative Claim with respect to which notice is required and which has been properly filed pursuant to the Plan shall become an Allowed Administrative Claim if no objection is filed within sixty (60) days of the filing and service of notice of such Administrative Claim. If an objection is filed within such sixty-day period, the Administrative Claim shall become an

Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim that is a Fee Claim, and with respect to its fee application has been properly filed pursuant to Section 4.1(b) of the Plan, shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

3.5. *Payment of Allowed Administrative Claim.* Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Claim, payable upon the Effective Date, (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder, or (iii) as may be otherwise ordered by the Court, provided that an Administrative Claim representing a liability incurred in the ordinary course of business by the Debtor may be paid in the ordinary course of business.

3.6. *Source of Funds for Payment of Professional Fee Claims.* Allowed professional fees will be paid by the Debtor, or on behalf of the Debtor by McGreevy Family 2, L.P.

3.7. *Professional Fees Incurred After the Effective Date.* The reorganized Debtor will pay Professional fees without further order of the court for legal services rendered after the effective date.

3.8. *Treatment of Priority Tax Claims.* Each holder of an Allowed Priority Tax Claim that is not also specifically treated as a separate Class of claims above, shall receive, at the sole option of the Debtor (i) the amount of such holder's Allowed Claim on the Effective Date; or (ii) the amount of such holder's Allowed Claim, plus interest accrued at the applicable statutory rate, in forty-eight (48) equal monthly cash payments in accordance with the provisions of Section 1129(a)(9)(c) of the Bankruptcy Code or (iii) such other treatment as may be agreed upon in writing by the Debtor and such Creditor. The amount of tax claims filed as of the date of this Plan is \$48,094.05.

3.9. *No Liability for Certain Tax Claims.* To the extent that any Claim asserted by a governmental taxing authority seeks recovery of a fine on or penalty against the Debtor, that portion of such Claim, if allowed, which represents such fine or penalty, shall be treated as a Class 5 Claim.

4. ACCEPTANCE OR REJECTION OF THE PLAN

4.1. *Impaired Classes of Claims and Interests Entitled to Vote.* Claim and/or Interest holders in each Class identified as impaired and which is not deemed to reject under Article 2 of this Plan are entitled to vote as a class to accept or reject the Plan.

4.2. *Acceptance by an Impaired Class.* In accordance with § 1126(c) of the Bankruptcy Code and except as provided in § 1126(e) of the Bankruptcy Code, a class of Claims entitled to Vote to accept or reject the Plan shall have accepted the Plan if the Plan is accepted by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such class that have timely and properly voted to accept or reject the Plan.

4.3. *Presumed Acceptances by Unimpaired Classes.* Claims and/or Interest holders in each class identified as either not impaired or deemed to reject in Article 2 of this Plan are conclusively presumed, under § 1126 of the Bankruptcy Code, to accept or reject the Plan respectively and the votes of such Claim holders will not be solicited by the Debtor.

4.4. *Confirmation Pursuant to § 1129(b) of the Bankruptcy Code.* To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor will request confirmation of the Plan, as it may be modified from time to time, under § 1129(b) of the Bankruptcy Code. The Debtor reserves the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Exhibit or Schedule, including to amend or modify it to satisfy the requirements of §1129(b) of the Bankruptcy Code, if necessary, provided that any amendment or modification is consistent with §1127 of the Bankruptcy Code. That Debtor believes and therefore avers that confirmation of this Plan will be sought pursuant to 1129 (b)(2)(B)(ii) of the Bankruptcy Plan.

4.5. *Effective Date.* The Effective Date is the date on which the confirmed Plan takes effect. If the Effective Date does not occur, the Plan, although confirmed, cannot be consummated and will give rise to no rights or liabilities. The Effective Date is estimated to occur on or about Thirty (30) days after the entry of an Order of Confirmation.

4.6. *Releases.* In addition, the Confirmation Order will also serve to enjoin all claimants from taking any actions against the Debtor, the Reorganized Debtor or any of the assets of the Reorganized Debtor, on account of any discharged claims, debts or liabilities.

4.7. *Disputed Claims.* The actual amount of the payments to certain creditors may depend on the resolution of disputed claims. The Debtor is continuing to analyze proofs of claim filed by creditors in the case and to compare them to amounts shown on the Debtor's books for liabilities to such creditors. Such differences have been and will continue to be reduced or eliminated by reconciliation of accounts or by agreements with the respective creditors. No payments will be made to disputed creditors until such time as the dispute has been resolved. Counsel for the Reorganized Debtor shall undertake prosecution of all claims objections, and per the Plan such objections are to be filed within ninety (90) days of the Effective Date. If an objection is filed to a claim, it becomes and is treated as a Disputed Claim under the Plan. Claims which remain Disputed Claims, as of the Effective Date, will not receive their proposed distribution until the Claim is resolved by agreement and/or a final non-appealable Court Order entered by the United States District Court of

Pennsylvania. The Plan payments for any disputed claims will be escrowed by the Debtor in a separate escrow account established for that purpose. Any benefit realized from the reduction of a disputed claim shall be added to the amounts distributed to the holders of other allowed unsecured claims.

5. **FEASIBILITY OF THE PLAN**

5.1. *Generally.* Section 1129 of the Bankruptcy Code provides that the Bankruptcy Court shall not confirm a plan of reorganization unless the plan is feasible; that is, that its confirmation is not likely to be followed by liquidation or the need for further financial reorganization. Based upon the financial data and projections set forth below and the assumptions contained therein, the Debtor has concluded that the Plan satisfies this criterion.

5.2. *Budget and Projections.* Debtor has provided, as Exhibit “B” to the Plan, a Budget which reflects her anticipated available disposable income during the five-year Plan period. Along with the Budget, Exhibits shall consist of the following:

5.2.1. ORIGINAL SCHEDULES I & J which were filed with the Court on January 19, 2016;

5.2.2. DEBTOR’S FEDERAL INCOME TAX RETURNS (NOT ATTACHED)
Debtor has filed her Federal Income Tax Returns for 2013, and 2014. These returns are available for review by creditors upon request, but have not been appended to the Disclosure Statement due to privacy reasons.

5.3. *Debtor’s Income.* Debtor will continue to work for Claire John Seven LLC, and contribute her disposable income to fund the Plan for five (5) successive years following the Effective Date of the Plan. Debtor’s disposable income shall be determined in accordance with the provisions of Section 1325 of the Bankruptcy Code. All shortfalls in income for expenses and Plan obligations shall be supplemented by contributions from McGreevy Family 2, LP, Debtor’s husband’s business.

5.4. *Risk Factors.* The largest single risk factor in Debtor’s proposed Plan is that the expected operations of her spouse’s business does not provide sufficient income to fund all scheduled Plan obligations to creditors. McGreevy Family 2, LP is in the commercial real estate business, and is thus vulnerable to downturns in the economy or real estate market, as well as fluctuations in interest rates for mortgage lenders.

6. ALTERNATIVES TO THE PLAN

6.1. *Liquidation Analysis.* Debtor is the owner of a home located at 251 Crum Creek Road, Media, PA, 19063. It has a current fair market value of approximately \$675,000. There are two existing first- and second-position mortgage liens held by WSFS totaling \$660,026.62 as of the Petition Date, including outstanding principal, interest, and costs per the Proofs of Claim filed by WSFS. There would be no equity for unsecured creditors if this case was converted to a case under Chapter 7 of the Bankruptcy Code. The Debtor’s Bankruptcy exemptions, priority tax Claims and costs of sale would consume any small equity in the residence.

Debtor’s other non-exempt assets total only approximately \$70,000 (giving full value to Debtor’s interest in the WhyData, Inc. stock as scheduled by the Debtor on Schedule B of \$48,000, even though the transfer of which stock is severely restricted and

likely reduces the value of that asset by 50% or more) as the Debtor owns no automobiles, and has only some minor non-exempt property available for collections. The other assets listed on the Debtor's schedules are exempt under Section 522(d) of the Bankruptcy Code, or are non-transferrable. After the First and Second WSFS mortgages, Debtor has some \$7.455 Million in judgments, liens and claim outstanding. Hence a conversion of this case to a Chapter 7 or an out-of-court liquidation would yield zero dividend to allowed unsecured claimants, and no anticipated distributions to any creditor (secured or otherwise) over and above amounts owed to WSFS under the First and Second mortgages. Thus, the Plan provides a significant benefit to all creditors of Debtor over and above a Chapter 7 liquidation. The Court's approval of the Debtor's request to borrow \$205,000 from Claire John Seven, LLC would be used to pay arrearages to WSFS and 2015 unpaid real estate taxes which the WSFS mortgage documents require the Debtor to remit. The Bank could remit the unpaid real estate taxes and add that amount to its arrearage claim.

7. CONFIRMATION OF THE PLAN

7.1. Voting on the Plan. The Plan cannot be consummated unless it is confirmed by the Bankruptcy Court. Confirmation of the Plan requires, among other things, either (i) that each Class of claims or interests that is impaired by the Plan has voted to accept the Plan by the requisite majorities, or (ii) that the Plan is determined by the Bankruptcy Court not to discriminate unfairly and to be fair and equitable, as defined by the Bankruptcy Code, with respect to classes of claims and interests that have rejected the Plan.

7.2. Voting Eligibility. All holders of Class 1 and 5 Claims are eligible to vote on the Plan, and are the only Classes eligible to vote.

7.3. Other Requirements. Section 1129 of the Bankruptcy Code contains other criteria which the Bankruptcy Court must find have been met before it may confirm a plan of reorganization.

7.3.1. Liquidation Analysis. One criterion, which is applicable unless every holder of an impaired claim against or interest in a debtor has voted to approve the Plan, is that the amount received under the Plan by a holder of a claim or interest impaired under the Plan, is not less than the amount such holder would have received, had that Debtor's estate been liquidated.

To calculate what members of each impaired class of claims and interest would receive if a debtor were liquidated, the Bankruptcy Court would first determine the dollar amount that would be generated from the liquidation. After determining this amount, the Bankruptcy Court would then subtract the cost of the liquidation (including commissions, transfer taxes and other costs of sale, trustee's fees, if a trustee is appointed, and the fees of professionals employed by the trustee), the unpaid expenses of the reorganization proceeding and other bankruptcy priority obligations. The Bankruptcy Court would further subtract from the liquidation value of the Debtor's estate the amount of any secured claims, to the extent of the value of the property securing such claims.

These and any other claims arising from the liquidation or from current reorganization proceedings would be paid in full before any funds would be made available to pay unsecured creditors, or creditors junior to Class 1. The Court would then determine the amount of unsecured claims allowed in the liquidation proceedings. If the proceeds from liquidation (after subtracting the amounts described above) were not sufficient to pay in full the total amount of allowed unsecured claims, there would be no need to determine the amount owing to classes of claims and interests junior to unsecured claims (e.g., general partnership interests and limited partnership interests) because such junior claims and interests would not be entitled to receive any distribution in the liquidation.

The value of the distribution resulting from a liquidation, if any, would be compared with the value offered to the classes of unsecured claims and interests under the Plan.

As described in Section 6, the Debtor believes that the Plan provides creditors with a substantially greater recovery than in any liquidation scenario, where the Class 2, 3, 4, 5, and 6 creditors would likely receive no meaningful distribution.

7.4. Disputed Claims. The actual amount of the payments to any given creditor whose distribution is not specifically set forth in the Plan (particularly, claims included in Class 5) may depend on the resolution of disputed claims. The Debtor is continuing to analyze proofs of claim filed by creditors in the case and to compare them to amounts shown on the Debtor's books for liabilities to such creditors. Such differences have been and will continue to be reduced or eliminated by reconciliation of accounts or by agreements with the respective creditors. No payments will be made to disputed creditors until such time as the dispute has been resolved. Counsel for the Reorganized Debtor

shall undertake prosecution of all claims objections, and per the Plan such objections are to be filed within ninety (60) days of the Effective Date.

If an objection is filed to a claim, it becomes and is treated as a Disputed Claim under the Plan. Claims which remain Disputed Claims, as of the Effective Date, will not receive their proposed distribution until the Claim is resolved by agreement and/or a final non-appealable Court Order entered by the United States Bankruptcy Court of the Eastern District of Pennsylvania. The Plan payments for any disputed claims will be escrowed by the Debtor in a separate escrow account established for that purpose.

Any benefit realized from the reduction of a disputed claim shall be added to the amounts distributed to the holders of other allowed unsecured claims.

7.5. Anticipated Administrative Claims. Administrative claims are those claims associated with the administration of the bankruptcy case, including the fees approved by the Court of the Debtor's attorneys, accountants and other experts. It is estimated that total administrative claims in the case will likely not exceed \$60,000.00.

8. CONSEQUENCES OF CONFIRMATION

8.1. *Jurisdiction of the Bankruptcy Court.* Under the Plan, the Bankruptcy Court retains jurisdiction after the Effective Date to (i) classify, re-examine and determine objections to claims; (ii) determine all questions, disputes, causes of action or controversies regarding or involving either the Debtor or assets of the Debtor's estates and arising either prior to the Effective Date, whether or not subject to action pending at confirmation, or subsequent to the Effective Date; (iii) determine matters as contemplated under § 1142 of the Bankruptcy Code or with respect to the discharge of the Debtor under the Plan; (iv) correct, modify or interpret the Plan; (v) enter orders to facilitate consummation of the Plan, to enable the Effective Date to occur, to enforce or to limit the tide, rights and powers of the Debtor or claimants, or to close the bankruptcy case or any other order, and (vi) reconsider or vacate the order of confirmation if consummation of the Plan on the Effective Date is rendered impossible.

8.2. *Revestiture of Debtor's Property.* Upon Confirmation, all right title and interest of the property of the Debtor shall re-vest in her, free and clear of all liens, claims and encumbrances (save the First and Second mortgage interests of WSFS in Debtor's residence, which shall remain in full force and effect).

8.3. *Injunction, Discharge.* Except as provided for in the Plan or the Confirmation Order, as of the Effective Date, all Claimants that have held, currently hold, or may hold a Claim or other debt or liability that is discharged, are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor, or her property on account of any discharged claims, debts or liabilities: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor or the Reorganized Debtor, except as provided for in this Plan; and (v) commencing or continuing any action, in any manner, or in any place, that does not comply with or is inconsistent with the provisions of the Plan. By accepting any payment pursuant to the Plan, each holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this Article.

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