

IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

**In Re: FLORIDA REAL ESTATE, LLC, : CHAPTER 11
Debtor : BANKRUPTCY NO. 16-12958**

DEBTOR'S DISCLOSURE STATEMENT IN REFERENCE TO ITS PLAN OF REORGANIZATION

A. INTRODUCTION

On April 27, 2016, Florida Real Estate, LLC ("the Debtor") filed a corporate voluntary bankruptcy case under Chapter 11 of the Bankruptcy Code ("Code") in the United States Bankruptcy Court for the Eastern District of Pennsylvania ("Court". The undersigned filed this case for the Debtor on April 27, 2016, and filed an Application for appointment as the Debtor's counsel that day which was granted by the Court on August 10, 2016, effective April 27, 2016. Since the filing of this case the Debtor has functioned as a debtor-in-possession pursuant to the requirements of Chapter 11 of the Code.

Section 1125 of the Code requires that Chapter 11 debtors prepare and file a proposed disclosure statement ("DS") for Court approval prior to circulating a proposed plan with an accompanying approved DS to provide certain information about the Plan to holders of all claims filed and other interested parties. After approval of a DS, it is transmitted to all parties entitled to vote on the Plan with the Plan itself and a Ballot on which all parties entitled to vote indicate whether they accept or reject the Plan, the form of which must be approved by the Court. Ballots cast are then sent to counsel for the Debtor in pre-addressed envelopes within 25 days. Creditors voting are informed of the dates by which completed Ballots must be sent and/or Objections to confirmation of the Plan must be filed. A hearing to determine whether the Plan can and should be confirmed is then scheduled. If each impaired class of creditors designated in the Plan and eligible to vote accepts the Plan by majority of number and two-thirds of the amount of all

claims in that class, and there are no Objections found by the Court to be valid, the Plan will likely be confirmed at that hearing. As long as one impaired class accepts the Plan, it may nevertheless be confirmed if it is found to be fair and equitable to all classes.

B. THE DEBTOR

The Debtor is believed to be a Pennsylvania limited liability corporation which was incorporated by the late Edward Weingartner, Jr. (“Weingartner”), to hold title to a tract of approximately 49 acres of land in Willistown Township, Chester County, which was the site of a townhouse development which was developed by Weingartner.

After the development was substantially completed and the individual townhouses were marketed, there remained on site a dated structure utilized as a residence and office by Weingartner and his long-time companion, Drema Odell (“Odell”), which was known and numbered as 1801 Whispering Brooke Drive, Newtown Square, Chester County, PA. 19073 (“the Property”). The Debtor also retained title to two remaining building lots at the townhouse site.

On November 2, 2007, Weingartner obtained a reverse mortgage on the Property from . Financial Freedom Senior Funding Corporation (“FFSFC”). On December 17, 2011, Weingartner suffered an unanticipated fatal heart attack. His will appointing Odell as his estate’s executor and principal legatee has been administered by Odell.

The mortgage was allegedly ultimately assigned to One West Bank, FSB (“West”), which further allegedly merged into CIT Bank, N.A. (“CIT”). A mortgage foreclosure action was commenced by West against the Debtor and Odell in the Court of Common Pleas of Chester County (“Chester CCP”). Because of confusion over the correct description of the Property subject to foreclosure, West also commenced a separate quiet title action against the Debtor and

Odell in the Chester CCP.

The Debtor and Odell were represented in these actions by Lawrence Wood, Esquire, a retired judge of the Chester CCP. Mr. Wood and counsel for West reached an agreement in 2014 which contemplated a sale of the Property to Odell for the value of the Property, which was agreed to be substantially less than West's mortgage balance. Draft settlement stipulations were exchanged between counsel, but have never been finalized.

C. EVENTS LEADING TO BANKRUPTCY

When parties were unable to finalize their agreement, the Chester CCP listed both the foreclosure action and the quiet title action for trial in January, 2016. The trial was continued to April 28, 2016.

In March, 2016, Odell was diagnosed as afflicted with a medical emergency which required surgery and thereafter extensive rehabilitation. Also, Mr. Wood determined that, due to his advanced age and infirmities, he was obliged to withdraw as counsel for the Debtor and Odell in the Chester CCP. Odell was then left to defend the Defendants pro se. She moved the Chester CCP to continue the trial due to her lack of replacement counsel for Mr. Wood and her illness and impending temporary disability. The Chester CCP denied this request.

Odell initially filed her own individual bankruptcy case pro se, and sought to convince the Chester CCP to stay the trials on the basis of this filing. When that attempt was unsuccessful, she filed a motion in the bankruptcy court to stay the trials on the basis of this bankruptcy filing. When that, too, was unsuccessful, Odell was obliged to file the instant bankruptcy case to Preserve the settlement which had been negotiated with CIT and its predecessors

D. EVENTS IN THIS BANKRUPTCY CASE

All of the necessary documentation was filed in this case on June 13, 2016. Due to the illness of Odell, the Meeting of Creditors, originally scheduled on June 1, 2016, was continued until August 25, 2016. An Application to set a claims bar date was filed on June 18, 2016, and, on July 7, 2016, an Order was entered fixing September 1, 2016, as the bar date for filing claims not designated as contingent, unliquidated, or disputed. The Schedules only contained four creditors—CIT, Chester County Tax Claim Bureau, Willistown Township, and Attorney Wood. Only Wood's claim was listed as noncontingent, unliquidated, and disputed.

The Debtor filed all Monthly Reports and paid all requisite fees. The United States Trustee's Office has filed no motions in this case. The Debtor believes that this is because the Debtor has complied with the Office's requirements in all respects.

Throughout May, June, and July, counsel for CIT and the Debtor amicably discussed finalization of the settled resolution between the parties. The Debtor was hampered by her illness, but there was no tension between the parties at any time after the filing.

Nevertheless, on August 12, 2016, CIT hired new counsel and filed what it termed a Motion to Dismiss and/or Terminate Automatic Stay. The Debtor's counsel responded formally with an Answer and Affirmative Defenses, filed on August 26, 2016, which emphasized the parties' settlement and further negotiations, and requested the appointment of a Mediator to finalize the settlement. Informally, the Debtor's counsel attempted to urge CIT's counsel to agree to resume the amicable relationship which had prevailed since the bankruptcy filing. The Debtor's counsel was rebuffed in these efforts.

On August, 25, 2016, the Meeting of Creditors was conducted without incident, although CIT's counsel appeared and briefly interrogated Odell, who appeared for the Debtor.

However, neither CIT nor any other creditor filed a proof of claim on or before the September 1, 2016, bar date. Thus, only Wood is permitted to participate in the confirmation process. The Debtor filed Supplemental Affirmative Defenses to the Motion on September 6, 2016, pointing out these facts and contending that CIT lacked standing in this case to prosecute its Motion.

The Motion came before the court for a hearing on September 14, 2016. Without taking any testimony despite the Debtor's denial of almost every allegation in the Motion, the court entered an order on September 14, 2016, terminating the automatic stay as to the Property. The Debtor intends to exercise its right to present a plan of reorganization which will treat all creditors fairly and equitably, and hence can be confirmed if Wood accepts the plan. A motion requesting the court to reconsider its order of September 14, 2016, granting relief from the automatic stay to CIT will also be filed and vigorously prosecuted.

E. THE PLAN

The Debtor's Plan of Reorganization contains five classes. Class 1 is all priority Claims. Class Two is the alleged secured claim of CIT. Class Three is the alleged secured claim of the Chester County Tax Claim Bureau ("CCTCB"). Class four is the alleged secured claim of Willistown Township ("Willistown"). Class 5 is the residual class of unsecured creditors, which is believed to include only Wood,. The treatment of each of the respective classes is as follows:

Class 1-Unimpaired	Class 1 is unimpaired by this Plan, and each holder of a Class 1 Priority Claim will be paid in full, in cash, upon the later of the effective date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non-appealable order.
Class 2-Impaired	Will be paid the value of the Property, believed to be \$150,000, in exchange for satisfaction of its alleged lien against the Property.
Classes 3 and 4-impaired	Will not be paid, but will retain their respective liens against the Property.

Class 5-Impaired	Paid 50 percent of allowed claim on effective date.
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; The Debtor believes that all classes except the Class One administrative attorneys' fee claims are impaired, and it will solicit a ballot from Wood, the only creditor eligible to vote on the plan.

F. LIQUIDATION ANALYSIS

The only bankruptcy alternative to Chapter 11 is a Chapter 7 liquidation. Outside of the Chapter 11 bankruptcy claims process, CIT would be likely to assert an undersecured claim against the Property, and there would therefore be no incentive, or even an ability, of a Chapter 7 trustee to liquidate the Debtor's assets.

Therefore, it is submitted that there is no practical bankruptcy alternative available to the Debtor other than Chapter 11.

Consequently, the Debtor urges Wood, the only party eligible to do so, to vote to accept the Plan.

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