

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

IN RE: SHILLINGTON SOCIAL QUARTERS : Chapter 11
debtor-in-possession : Case No. 17-16456

COMBINED PLAN AND DISCLOSURE STATEMENT

I. Introduction

This Plan and Disclosure Statement is submitted by Shillington Social Quarters, the debtor, a Pennsylvania corporation, pursuant to 11 U.S.C. Section 1125. The purpose of this Plan and Disclosure Statement is to divulge adequate information to the holders of claims or interests in this matter so that they may make an informed judgment about the Debtor's Plan of Reorganization. After notice and a hearing, the court will determine if this Plan and Disclosure Statement contains adequate information upon which the holders of claims or interests will be able to make an informed judgment about the Plan. All creditors and interested persons should carefully inspect the contents of this Disclosure Statement and the Plan which accompanies it.

II. History

The Debtor received its authority from the Commonwealth of Pennsylvania having issued it a Certificate of Incorporation to engage in any and all activities authorized by law. It is a not-for-profit, non-stock entity as provided under the Business Corporation Law of 1988 as amended. The Debtor operates a private club located at 38 S. Sterley Street, Shillington, Berks County, Pennsylvania. The club was formerly the beneficial association of the Shillington Fire Company. Approximately 15 years ago, the Debtor separated from the Fire Company to operate its facilities independent of the Fire Company. Its primary function is to serve as a social organization for its members, serving food and drink and providing entertainment.

The Debtor is run by several volunteers through a Board of Trustees. The Board of Trustees is regularly appointed by the members. They are responsible for the day to day operations of the Club. Unfortunately, due to a lack of oversight by past Board members, the management of the organization suffered so that the Club began having financial difficulties in or about 2011. These financial difficulties were exacerbated by the effects of the recession during the period of 2009-2015. A main consequence of the economic downturn was the elimination and/or reduction in consumer discretionary spending, the main source of the Debtor's revenue.

In addition to reduced income during that period, the Club was an obligor on a mortgage loan held by M & T Bank with a balloon provision that came due in or about 2015. The inability of the Debtor to make the balloon payment coupled with its reduced income resulted in M & T bank confessing judgment in the Court of Common Pleas of Berks County.

The Debtor has since replaced and reorganized its Board and Officers. In addition, the new management has undertaken various strategies and controls to increase income, control expenses and provide better oversight. Those strategies and controls include an anticipated increase in dues and food and beverage prices, regular monitoring of expense payments, improved advertising and the engagement of an accountant.

III. Organization of the Company

The Debtor is operated by a Board of Trustees chosen by the members from time to time in accordance with its By-Laws. The Board of Trustees maintain oversight over the day to day operations of the Debtor.

IV. Present Financial Condition of the Company

Attached to this Plan and Disclosure Statement as Exhibit "A" are the Debtor's Schedules A through H filed in connection with the Debtor's Bankruptcy. These Schedules were prepared

by the Debtor's officer with the assistance of her attorney and accountant. In addition, Debtor's operating reports for the past six months are attached as Exhibit "B".

V. Voting Process

The Debtor's Plan, as proposed, can be confirmed by the Court and thereby made binding on creditors and holders of other interests if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class and the holders of two-thirds in amount of equity security interests in each class voting on the Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if the Court finds that the Plan accords fair and equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of Section 1129(b) of the Code. To have a vote count one must complete and return a ballot.

Ballots must be mailed to John A. DiGiamberardino, Esquire, at 845 North Park Road Suite 101, Wyomissing, PA 19610 by the date fixed by the Bankruptcy Court.

VI. Definitions

1. *Claim* shall mean any right to payment, or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, against Debtor in existence on or as of the Petition date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, secured, or unsecured.

2. *Allowed Claim* shall mean a Claim (a) in respect of which a Proof of Claim has been filed with the Court within the applicable period of limitation fixed by Rule 3001 or (b) scheduled in the list of creditors prepared and filed with the Court pursuant to Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Rule 3001 or by an Order of the Court as to which any such objection has been determined by an Order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

3. *Allowed Secured Claim* shall mean an allowed claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to setoff under Section 553 of the Code, to the extent of the value (determined in accordance with Section 506(a) of the Code) of the interest of the holder of such allowed claim in the Debtor's interest in such property or to the extent of the amount subject to such setoff as the case may be.

4. *Allowed Priority Claim* shall mean an allowed claim which is entitled to priority pursuant to Section 507(a)(2), (3), (4), (5), (6) of the Bankruptcy Code.

5. *Debtor* shall mean the Debtor, Shillington Social Quarters, the Debtor in this Chapter 11 case, or any successor thereto or transferee of all or substantially all of its assets.

6. *Confirmation Date* shall mean the date upon which the Court enters the Order of Confirmation relating to this Plan.

7. *Effective Date* or *Effective Date of the Plan* shall mean the date upon which the Order of Confirmation is no longer subject to appeal or certiorari proceeding, upon which date no such date or certiorari proceeding is then pending, or on which date all of the conditions to the effectiveness of the Plan expressly set forth in the Plan have been satisfied fully.

8. *Class* shall mean any class into which Allowed Claims or Allowed Interests are classified pursuant to Article III.

9. *Pro rata* shall mean, with respect to the owner or holder of any Allowed Claim, Allowed Security Claim, or Allowed Priority Claim, in the same proportion that the amount of each such Allowed Claim, Allowed Security Claim, or Allowed Priority Claim bears to the aggregate amount of debt in the class to which such Allowed Claim, Allowed Security Claim, or Allowed Priority Claim belongs.

10. *Preference actions* shall mean all causes of actions and/or complaints filed or to be filed by the Debtor or its designee against any creditor who may have received a payment recoverable by the Debtor under 11 U.S.C. 547.

VII. Administrative Expenses

The administrative expenses of the Debtor's Chapter 11 case allowed pursuant to Section 503(b) of the Bankruptcy Code shall be paid in 25 monthly installments of \$400.00 each commencing 30 days following the Effective date of Plan, or upon such other payment

arrangement as the Debtor and the holders of the administrative claims shall heretofore agree or the Court shall otherwise Order.

VIII. Classification of Claims and Interests

The Claims and Interest are classified as follows:

1. *Class 1.* This Claimants are Holders of Allowed Secured Claims hold secured claims whose lien is consensual. The only Class 1 Claimant is M & T Bank and its claim is being paid in full as provided in this Plan.
2. *Class 2.* These Claimants are Holders of Allowed Secured Claims as whose lien is created by statute. The only Class 2 Claimant is the Berks County Tax Claim Bureau and its claim is being paid in full as provided in this Plan.
3. *Class 3.* These Claimants are Holders of Allowed Priority Claims. The Pennsylvania Department of Labor and Industry filed a priority claim to which the Debtor has filed an Objection and to which the Debtor asserts no obligation. No payment is contemplated to Class 3 Claimants.
4. *Class 4.* These claimants are Holders of General Unsecured Claims. No general unsecured claims have been filed.
5. *Class 5.* These claimants are Members of Debtor as provided in its organizational documents, By Laws, and Rules and Regulations. Class 5 claimants shall retain all rights provided them under these documents.

IX. Proposed Treatment of Claims and Interests

1. *Class 1 Claimants.* Class 1 claimants shall be paid the amount of their secured claim as filed, together with interest at the rate of 6% per annum and amortized and paid over 15 years in 180 monthly installments of principal and interest. The only Class 1 claimant is M & T Bank, who filed a secured claim in the amount of \$58,233.16. Monthly payments to M & T Bank in the amount of \$491.40 shall commence thirty (30) days from the date of confirmation of this Plan. The Class 1 Claimant shall retain its lien unimpaired. A future default by the Debtor in the payments contemplated to be made to Class 1 Claimants under this Plan may be enforced by the Class 1 Claimant in accordance with Debtor's loan documents with each such Class 1 Claimant and applicable law. The interests of Class 1 creditors are impaired.

2. *Class 2 Claimants.* Class 2 claimants shall be paid the amount of their secured claim as filed, together with interest at the rate of 9% per annum and amortized and paid over 5 years in 60 monthly installments of principal and interest. The only Class 2 claimant is the Berks County Tax Claim Bureau who filed a secured claim in the amount of \$17,807.99. Monthly payments to Berks County Tax Claim Bureau in the amount of \$369.66 shall commence thirty (30) days from the date of confirmation of this Plan. The Class 2 Claimant shall retain its lien unimpaired. A future default by the Debtor in the payments contemplated to be made to Class 2 Claimants under this Plan may be enforced by the Class 2 Claimant in accordance with applicable law. The interests of Class 2 creditors are impaired. 3. *Class 3 Claimants.* No payment is contemplated to be made to Class 3 claimants as the Debtor asserts that there are no Class 3 claimants. Class 3 claims are unimpaired.

4. *Class 4 Claimants.* No payment is contemplated to be made to Class 4 claimants as the Debtor asserts that there are no Class 4 claimants. Class 4 claims are unimpaired.

5. *Class 5 Claims.* No payment is contemplated to be made to Class 5 claimants. However, Class 5 claimants, being members of the Debtor's organization, shall retain all rights granted them under the Debtor's Articles of Incorporation, By-laws and rules and regulations. The interests of Class 5 claimants are unimpaired.

The payments, distributions, and other treatments provided in respect of each Allowed Claim or Interest in this Article IX shall be in complete satisfaction, discharge and release of such Allowed Claim, except as otherwise expressly provided.

Notwithstanding any other provision of the Plan specifying a date or time for the payment or distribution of consideration hereunder, payments and distributions in respect of any Claim and Interest which at such date or time is disputed, unliquidated, or contingent shall not be made until such Claim or Interest becomes an Allowed Claim or Allowed Interest, whereupon such payment and distributions shall be made promptly, together with any interest accrued thereon in accordance with the provisions of this Plan.

X. Analysis of Distribution

Percent of Secured Claims to be paid under the Plan	100%
Percent of Priority Claims to be paid under Plan	100%

Percent of Priority Claims to be paid upon Liquidation	0.00
Percent of Unsecured Claims to be paid under Plan	100%
Percent of Unsecured Claims to be paid upon Liquidation	0.00

XI. Covenants

Until such time as all of the payments contemplated to be made on account of all Claims have been made, Debtor covenants that it shall maintain and cause to be maintained a system of accounting established and administered in accordance with normal accounting principles, complete and accurate records and books of account. In addition, as of the date of this Plan the Debtor has met all of its post-petition financial obligations, including, but not limited to, payroll tax deposits, and will continue to satisfy said obligations on a timely basis consistent with the terms contained herein.

XII. Default

The occurrence of any of the following shall constitute an event of default under the Plan:

A. *Failure to make payment.* Failure on the part of Debtor to pay fully within fifteen (15) days after its due date, any payment required to be made under the terms of this Plan with respect to Class 1, Class 2, Class 3, or Class 4 Creditors.

B. *Failure to perform other terms and provisions.* Failure on the part of the Debtor to perform or observe a material term or provision set forth in this Plan, which failure remains uncured for a period of thirty (30) days after written notice.

If any event of default shall have occurred and be continuing, the holders of any Class 1, 2, 3, or 4 Claim may give notice to the Debtor at 38 South Sterley St., Shillington PA 19607, and Debtor's counsel: John A. DiGiamberardino, Esquire, at 845 North Park Road, Suite 101, Wyomissing, PA 19610, in the occurrence of the event of such a default.

XIII. Retention of Jurisdiction

The Court shall retain jurisdiction of this Chapter 11 case pursuant to and for the purposes set forth in Section 1127(b) of the Code and to:

A. Determine the allowance or disallowance of Claims and Interests and actions to recover preferences, if any;

B. Fix allowances of compensation and other administrative expenses; and

C. For such other matters as may be set forth in the Order of Confirmation.

XIV. Executory Contracts

To the Debtor's knowledge, there are no executory contracts to which it is a party.

XV. Miscellaneous

Neither the filing of this Plan, nor any statement or provision contained herein, nor the taking by any Creditor of any action with respect to this Plan shall (a) be or be deemed to be an admission against interest and (b) until the Effective Date, be or be deemed to be a waiver of any rights which any Creditor may have against Debtor or any of its properties or any other Creditor of Debtor, and until the Effective Date, all such rights are specifically reserved. In the event that the Effective Date does not occur, neither this Plan nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding, or controversy in or outside of the reorganization case involving Debtor.

Dated: 6/11/18

CASE & DIGIAMBERARDINO, P.C.

By: s/John A. DiGiamberardino, Esquire
Attorney I.D. #41268
845 N. Park Road, Ste. 101
Wyomissing, PA 19610
(610) 372-9900
(610) 372-5469 -f ax
Attorney for Debtor