

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF PENNSYLVANIA

In re:
611 Commercial, Inc. : Case No. 5:14-bk-04173-JJT
: Small Business Case under Chapter 11
:

DEBTOR’S AMENDED DISCLOSURE STATEMENT, DATED JANUARY 16, 2017

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EXHIBITS

- Exhibit A** - Amended Chapter 11 Plan of Reorganization (Plan)
- Exhibit B** - Identity and Value of Material Assets of Debtor
- Exhibit C** - Prepetition Financial Statement
- Exhibit D** - Most Recently Filed Monthly Operating Report
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I. INTRODUCTION

This is the Amended Disclosure Statement (Disclosure Statement) in the small business Chapter 11 case of 611 Commercial, Inc. (Debtor). This Disclosure Statement contains information about the Debtor and describes the Debtor's Amended Chapter 11 Plan of Reorganization (Plan) filed by the Debtor on January 16, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. **Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

The proposed distributions under the Plan are discussed at pages 7 - 14 of this Disclosure Statement. General unsecured creditors are classified in Class 5 and will receive a distribution of 100% of their allowed claims, as described on pages 13 - 14.

A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (Court) will consider when deciding whether to confirm the Plan;
- Why the Proponent (i.e., the individual or entity that is proposing a Plan - in this case, the Debtor) believes that the Plan is feasible and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan

The hearing at which the Court will determine whether to confirm the Plan will take place on _____, 2017, at _____ AM, United States Bankruptcy Court, Courtroom No. 2, at the Max Rosenn U.S. Courthouse, 197 S. Main Street, Wilkes-Barre, PA 18701.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Philip W. Stock, Esquire, 706 Monroe Street, Stroudsburg, PA 18360. See Section IV. A. below for a discussion of voting eligibility requirements.

Your ballot must be received by the _____ day of _____, 2017 or it will not be counted.

3. Deadline for Objecting to the adequacy of the Disclosure Statement and the Confirmation of the Plan

Objections to the Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Philip W. Stock, Esquire, Attorney for Debtor, as well as the Office of the United States Trustee, 228 Walnut Street, Suite 1190, Harrisburg, PA 17101, by the _____ day of _____, 2017.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Philip W. Stock, Attorney for Debtor, 706 Monroe Street, Stroudsburg, PA 18360. (570) 420-0500.

C. **Disclaimer**

The Court has (conditionally) approved the Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to this Disclosure Statement may be filed until the _____ day of _____, 2017.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor, 611 Commercial, Inc., is a Pennsylvania corporation which is principally involved in the development and sale of its real estate. The Debtor was incorporated on May 6, 2002. At the time of the filing of its Chapter 11 bankruptcy, it owned several parcels of real estate in Monroe County, Pennsylvania. The Debtor owned: a 60.28 acre parcel of property along Greenview Drive in Stroudsburg, Pennsylvania, two adjoining parcels of property totaling 9.46 acres along Route 611 and Applegate Road in Stroudsburg, Pennsylvania and a 7.19 acre parcel of property along Cherry Lane in Tannersville, Pennsylvania.

The financing of Debtor's real estate was provided, principally, by First National Bank of Pennsylvania and Neil and Nancy Merring.

B. Insiders of the Debtor

Name of Insider	Relationship to Debtor
Gerald Gay	President and 100% Shareholder
Kimberly Stevens	Wife of Gerald Gay
Gerald B. Gay	Son of Gerald Gay

C. Events Leading to Chapter 11 Filing

As noted above in II. A., the financing of Debtor's real estate was provided by First National Bank of Pennsylvania and Neil and Nancy Merring. Unfortunately, because of the sudden collapse of the real estate market, Debtor found it impossible to generate the income needed to pay the financing expenses and expenses for developing the properties. The collapse of the real estate market also led to Debtor's inability to pay its property taxes. Eventually, Debtor's failure to pay its property taxes, resulted in the Monroe County Tax Claim Bureau listing Debtor's properties for the 2014 Upset Tax Sale. As a result, on September 9, 2014, Debtor filed a Voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code in the Middle District of Pennsylvania in order to reorganize its financial affairs.

D. Significant Events During the Bankruptcy Case

1. On September 9, 2014, the Debtor filed its Petition for Relief under Chapter 11 of the Bankruptcy Code. Debtor filed its case in the Middle District of Pennsylvania;

2. On January 12, 2015, Cisnerof Consulting, LLC, filed a Motion to Assume an Executory Contract. On April 23, 2015, the Court concluded that an executory contract existed between Debtor and Cisnerof Consulting, LLC. However, Debtor had rejected the executory contract;
3. On August 20, 2015, Debtor sold its Greenview Drive Parcel which resulted, as per agreement, payment in full, to First National Bank of Pennsylvania with regard to its claim against Debtor, only. As a result, Debtor owns two remaining parcels of land which are sufficient to pay One Hundred (100%) Percent of Debtor's remaining claims;
4. On October 1, 2016, Debtor filed its Chapter 11 Small Business Disclosure Statement and Chapter 11 Plan. The hearing in connection with the approval of the Disclosure Statement took place on November 22, 2016. As per agreement with the Office of the U.S. Trustee, Debtor agreed to amend its Disclosure Statement. In addition, Debtor has also agreed to file a corresponding Amended Chapter 11 Plan;
5. On November 28, 2016, Debtor filed its Objection to Claim No. 9 of Cisnerof Consulting, LLC. The hearing in connection with that matter is scheduled for January 24, 2017. However, Debtor and Cisnerof Consulting, LLC have agreed to settle their differences and execute a mutual general release in connection with same.

E. Projected Recovery of Avoidable Transfers

The Debtor is not aware of any preferences, fraudulent conveyances or other avoidance actions and, consequently, does not intend to pursue any preference, fraudulent conveyance or other avoidance actions.

F. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

G. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B.

The Debtor's most recent financial statement, prepared just prior to filing the bankruptcy, which was filed with the Court, is set forth in Exhibit C.

The most recently filed Monthly Operating Report of Debtor is set forth in Exhibit D.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

The purpose of the Chapter 11 bankruptcy is to reorganize its financial affairs in order to permit Debtor to better develop and sell its remaining properties. This will enable Debtor to pay the priority claim of the Internal Revenue Service, the remaining balance due to the Monroe County Tax Claim Bureau and pay the Merring mortgage, in full. The Plan will also pay the remaining unsecured claims of Debtor, in full.

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses arising in the ordinary course of business after the Petition date	0.00	Paid in full on the effective date of the Plan or according to terms of obligation, if later
The value of goods received in the ordinary course of business within 20 days before the Petition date	0.00	Paid in full on the effective date of the Plan or according to terms of obligation, if later.
Professional Fees, as approved by the Court, to Philip W. Stock	To be determined	Paid in full at the time of the sale of real estate after fee application(s) is approved by the Court. (By Orders dated 2/5/15 and 6/15/15, two fee applications were approved).
Clerk's Office Fees	0.00	Paid in full on the effective date of the Plan.
Other administrative expenses: None	0.00	Paid in full on the effective date of the Plan.
Office of the U.S. Trustee expenses	0.00	Fees are current. Future fees paid when they become due.
TOTAL		

2. Priority Tax Claims

Priority tax claims are unsecured income, employment and other taxes described by §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated §507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description of Tax	Estimated Amount Owed	Treatment
Internal Revenue Service (A portion of Claim 1 and and all of Claim 10)	4,558.35	Claim paid in full (100%) at the time of sale of Debtor's real estate. Sale of real estate must occur within one year of effective date of Plan. If no sale within one year then case converts to Chapter 7.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan and the proposed treatment that they will receive under the Plan:

1. Class(es) of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under §506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor's secured pre-petition claims and their proposed treatment under the Plan:

Class #	Description	Insider? (Yes or No)	Impairment	Treatment
1	<p>Monroe County Tax Claim Bureau (Claim 4)</p> <p><u>Collateral:</u> T 625 Cherry Lane, Tannersville, PA 7.19 acres Tax ID 12/8/1/66</p> <p><u>Claim Amount:</u> 22,084.53 (9%)</p> <p><u>Allowed Secured Claim:</u> 22,084.53 (9%)</p> <p><u>Priority of Lien:</u> 1st priority - real estate tax lien</p>	No	Yes	<p>Claim paid in full (100%) at the time of sale of Debtor's real estate. Sale of real estate must occur within one year of effective date of Plan. If no sale within one year then case converts to Chapter 7.</p>

2	<p>Monroe County Tax Claim Bureau (Claim 5)</p> <p><u>Collateral:</u> Rt. 611, Parcel B - Applegate 8.96 acres Tax ID 17/17/1/49</p> <p><u>Claim Amount:</u> 26,677.08 (9%)</p> <p><u>Allowed Secured Claim:</u> 26,677.08 (9%)</p> <p><u>Priority of Lien:</u> 1st priority - real estate tax lien</p>	No	Yes	<p>Claim paid in full (100%) at the time of sale of Debtor's real estate. Sale of real estate must occur within one year of effective date of Plan. If no sale within one year then case converts to Chapter 7.</p>
3	<p>Monroe County Tax Claim Bureau (Claim 6)</p> <p><u>Collateral:</u> Rt. 611, Parcel D - Applegate 1/2 acre Tax ID 17/93508</p> <p><u>Claim Amount:</u> 3,885.69 (9%)</p> <p><u>Allowed Secured Claim:</u> 3,885.69 (9%)</p> <p><u>Priority of Lien:</u> 1st priority - real estate tax lien</p>	No	Yes	<p>Claim paid in full (100%) at the time of sale of Debtor's real estate. Sale of real estate must occur within one year of effective date of Plan. If no sale within one year then case converts to Chapter 7.</p>

4	<p>Neil and Nancy Merring (Claim 8)</p> <p><u>Collateral:</u> Rt. 611, Parcel B - Applegate 8.96 acres Tax ID 17/17/1/49</p> <p>Rt. 611, Parcel D - Applegate 1/2 acre Tax ID 17/93508</p> <p><u>Claim Amount:</u> 105,897.90 @ 6%</p> <p><u>Allowed Secured Claim:</u> 105,897.90 @ 6%</p> <p><u>Priority of Lien:</u> 2nd priority - first mortgage</p>	No	Yes	<p>Claim paid in full (100%) at the time of sale of Debtor's real estate. Sale of real estate must occur within one year of effective date of Plan. If no sale within one year then case converts to Chapter 7.</p>
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2. Class(es) of Priority Unsecured Claims

Certain priority claims that are referred to in §§507(a)(1), (4), (5), (6) and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§507(a)(1), (4), (5), (6) and (7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
	N/A		

3. Class(es) of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 5 which contains general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
5	General Unsecured Claims As described below	Yes	100% - immediately after payment of all previous class of claims, upon the sale of real estate, sale must take place within one year of the effective date of the Plan. If no sale within one year then case converts to Chapter 7.
5	Internal Revenue Service (A portion of Claim 1) <u>Claim Amount:</u> 10,343.00	Yes	100% - immediately after payment of all previous class of claims, upon the sale of real estate, sale must take place within one year of the effective date of the Plan. If no sale within one year then case converts to Chapter 7.
5	PA Dept. of Revenue (Claim 2) <u>Claim Amount:</u> 600.00	Yes	100% - immediately after payment of all previous class of claims, upon the sale of real estate, sale must take place within one year of the effective date of the Plan. If no sale within one year then case converts to Chapter 7.

4. Class(es) of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e. equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (LLC), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class(es) of equity interest holders:

Class #	Description	Impairment	Treatment
6	Gerald Gay - 100% of stock	No	Gay to retain his interest in any remaining assets

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the following:

Since the filing of this Chapter 11 case, the Debtor has solicited multiple developers and investors concerning the possible sale and development of the three properties of Debtor. In fact, Debtor was able to find a buyer for the Greenview Drive Parcel and that sale was approved by the Bankruptcy Court and consummated in August 2015, which resulted in the resolution of the largest secured claim (FNB) of Debtor. Also, the Monroe County Tax Claim Bureau received a large property tax payment, as well. Since that time, Debtor has actively marketed for sale the remaining two parcels of property (611/Applegate Parcel and Cherry Lane Parcel). Both properties are situated in very desirable locations. The 611/Applegate Parcel is contiguous to Route 611 in Stroudsburg. There is a substantial amount of traffic that passes by that parcel of property, each and every day. In fact, there is steady growth along the 611 corridor which continues to support the market value of the 611/Applegate Parcel.

The Cherry Lane Parcel is located in Tannersville, Pennsylvania and is, approximately, 100 yards from Route 611 in an area that is growing at a tremendous pace because of the large growth of water parks, skiing, snow boarding and other leisure activities in this area. This has resulted in both an increase in the market value of real estate, as well as an increase in the turnover rate regarding real estate in that area. These dynamics, thereby, increase the ability of sellers to liquidate property in this area.

Consequently, it is Debtor's intention to continue to market both properties in order to acquire viable buyers. Furthermore, Debtor is proposing in its Chapter 11 Plan that it will satisfy all remaining claims of Debtor within one year of the Effective Date of the Chapter 11 Plan. Additionally, it is important to note that while liquidating Debtor's real estate is the central theme of this Chapter 11 Plan, this Plan does not require a complete liquidation of all real estate since, Debtor believes that the total value of each parcel of property exceeds the value of the remaining claims. As a result, Debtor will retain a portion of its real estate after the balance of claims of Debtor are paid or resolved in accordance with the Plan. Currently, Debtor has a limited number of outstanding claims. The total amount of outstanding claims, after all disputed issues are resolved is \$174,046.55.

Thus, a sale of the 611/Applegate Parcel (\$550,000.00) would far exceed the total amount of these claims and the sale of the Cherry Lane Parcel (\$200,000.00) would also result in enough income to pay all of the claims, in full (100% Plan). Therefore, Debtor is seeking the approval to receive **one year** from the effective date of this Plan to pay One Hundred (100%) Percent of the outstanding claims.

Currently, the Bankruptcy Court has approved Thomas R. Wilkins of Better Homes and Gardens Real Estate Wilkins & Associates, as Real Estate Broker, to sell these properties and, in addition, the Principal of Debtor, Gerald Gay, has been taking an active role in finding a suitable buyer for these parcels of land, as well.

Debtor also agrees that if the sales strategies referred to above are not accomplished within **one year** of the Effective Date of this Chapter 11 Plan then, Debtor agrees that the case shall automatically convert to Chapter 7 for liquidation by the Chapter 7 Trustee.

2. Post-confirmation Management

Gerald Gay, President of Debtor, shall continue to manage the business after confirmation.

E. Risk Factors

The proposed Plan has the following risks:

The only real or principal risk is that Debtor is unable to find a suitable buyer for one of the parcels of property within the time frame set forth in the Plan. If this occurs, the case will convert to Chapter 7 for liquidation of the real estate by the Chapter 7 Trustee.

F. Executory Contracts and Unexpired Leases

Executory contracts are agreements whereby the parties to the agreement have not completed their obligations, thereunder. The prime example of an executory contract is a business lease on real property. Currently, the Debtor has no executory contracts. In this regard, on January 12, 2015, Cisnerof Consulting, LLC filed a Motion to Assume Executory Contract. The matter was heard on April 23, 2015, at which time, the Court issued an Order in which it concluded that while an executory contract did exist, Debtor's rejection of same was approved by the Court. Thereafter, Cisnerof Consulting, LLC filed a Proof of Claim and Debtor filed an objection to the Proof of Claim. However, Debtor and Cisnerof Consulting, LLC have now settled this matter and will be executing a mutual general release.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders concerned with how the Plan may affect their Tax Liability should consult with their own Accountants, Attorneys and/or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the Plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129 and they are not the only requirements of confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan, if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or

equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Classes 1, 2, 3, 4 and 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that Class 6 (Equity Interest Holder) is unimpaired and the holder of this equity interest does, therefore, not have the right to vote to accept or reject the Plan.

1. What is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

2. What is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in §1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable or contractual rights of the members of that class.

3. Who is Not entitled to Vote?

The holders of the following types of claims and equity interests are not entitled to vote:

- Holders of claims and equity interests that have been disallowed by an order of the Court;
- Holders of claims or equity interests in unimpaired classes;
- Holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3) and (a)(8) of the Code; and
- Administrative expenses.

Even if you are not entitled to vote on the Plan, you have a right to object to the confirmation of the Plan and to the adequacy of the Disclosure Statement.

4. Who can Vote in more than one Class?

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan, without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Non-accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A Plan that binds non-accepting classes is commonly referred to as a “cram down” Plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not “discriminate unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

D. **Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. **Ability to Initially Fund Plan**

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan and the sources of that cash are attached to this Disclosure Statement as Exhibit F.

2. **Ability to make Future Plan Payments and Operate without Further Reorganization**

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. Those cash flow projections are also attached as Exhibit F.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average positive cash flow after paying operating expenses and post-confirmation taxes. The final Plan payment is expected to be paid within one year of the effective date of the Plan.

You should consult with your Accountant or other Financial Advisor if you have any questions pertaining to these projections.

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **Discharge of Debtor**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in §1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d)(6)(A) if a timely

complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified §1141(d)(6)(B). After the effective date of the Plan, your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new Disclosure Statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a Final Decree to close the case. Alternatively, the Court may enter such a Final Decree on its own motion.

VI. OTHER PLAN PROVISIONS

None.

Date: 01/16/17

/s/Gerald Gay
Gerald Gay, President
611 Commercial, Inc.,
Debtor in Possession

Date: 01/16/17

/s/Philip W. Stock
Philip W. Stock, Attorney for
611 Commercial, Inc.,
Debtor in Possession
Attorney ID #53203