

**IN THE UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF PENNSYLVANIA**

<b>IN RE:</b>	:	
<b>REAM PROPERTIES, LLC,</b>	:	<b>CASE NO. 1: 15-bk-02980 MDF</b>
	:	
<b>Debtor-in-Possession</b>	:	<b>CHAPTER 11</b>
	:	

**AMENDED DISCLOSURE STATEMENT REGARDING  
DEBTOR'S PLAN OF REORGANIZATION UNDER  
CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

**Based upon Amended Plan dated December 12, 2016**

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Dated: December 12, 2016

**TABLE OF CONTENTS**

**ARTICLE I**

**Introduction**..... 1

A. Purpose of Disclosure Statement..... 1

B. Representations Limited..... 2

C. Voting Provisions..... 3

    1. General..... 3

    2. Claimants Not Entitled to Vote: Administrative Claims..... 4

    3. Claimants and Interest Holders Not Entitled to Vote: Unimpaired Claims..... 4

    4. Claimants and Interest Holders Entitled to Vote: Impaired Claims..... 4

    5. Acceptance of the Plan..... 4

**ARTICLE II**

**History of the Debtor**..... 5

A. Pre-Filing Operations and History..... 5

B. The Chapter 11 Filing and Post-Petition Events..... 7

**ARTICLE III**

**Summary of the Plan of Reorganization**..... 8

A. General Outline of the Plan..... 8

B. Treatment of Administrative Expenses..... 9

C. Treatment of Tax, Municipal, and Sewer/Refuse Claims..... 10

D. Treatment of Allowed Priority Claims..... 10

E. Classes of Creditors and Interests and Their Treatment Under the Plan..... 11

    1. Class 1 – Members First Federal Credit Union..... 12

    2. Class 2 – BB&T Bank..... 12

    3. Class 3 – Allowed Unsecured Claims..... 12

    4. Class 4 – Member Interests..... 12

**ARTICLE IV**

**Means for Execution of the Plan**..... 13

**ARTICLE V**

**Liquidation Analysis**..... 13

A. Effective Chapter 7 Liquidation..... 13

B. Liquidation of Assets..... 14

**ARTICLE VI**

**Acceptance and Confirmation of the Plan**..... 15

**ARTICLE VII**

**Miscellaneous Provisions of the Plan**..... 16

A. Property of the Estate..... 16

B.	Retention, Enforcement and Waiver of Claims.....	16
C.	Objections to Claims and Interests.....	17
D.	Executory Contracts and Unexpired Leases.....	17
E.	Modification of the Plan.....	17
F.	Retention of Jurisdiction.....	18
G.	Rules of Construction, Notice, and Governing Law.....	18
H.	Discharge of the Debtor.....	18

**ARTICLE VIII**

<b>Conclusion.....</b>	<b>20</b>
------------------------	-----------

<b>Schedule A – Liquidation Analysis.....</b>	<b>21</b>
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## **PRELIMINARY STATEMENT**

REAM Properties, LLC, (hereinafter "Debtor") submits to its creditors this Disclosure Statement (hereinafter "Disclosure Statement") in connection with its Plan of Reorganization (the "Plan") pursuant to Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code").

Debtor submits this Disclosure Statement pursuant to 11 U.S.C. §1125 to provide creditors and interest holders information which the Debtor deems to be material, important and necessary to enable a hypothetical reasonable person with a claim or interest in this proceeding to make a reasonably informed decision in exercising his or her right to vote for acceptance or rejection of the Debtor's Plan.

### **ARTICLE I** **Introduction**

#### **A. Purpose of Disclosure Statement**

The purpose of the Disclosure Statement is to provide to creditors and interest holders of the Debtor information which would enable hypothetical reasonable individuals or entities typical of the holders of claims or interests to make informed judgments in voting on the Plan. This Disclosure Statement does not purport to be a complete description of the Plan, the financial status of the Debtor, the applicable provisions of the Bankruptcy Code or other matters that may be deemed to be significant by creditors or interest holders. As a creditor or other interested party, you should examine the Plan directly for further and more specific information. You may also wish to consult with your legal and financial advisors. You are urged to read the contents of this Disclosure Statement carefully before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they existed before commencement of the case.

No representations concerning the Debtor's affairs, particularly as to any future earnings, value or property, are authorized by the Debtor except as set forth in this Disclosure Statement. In deciding whether to accept this Plan, you should not rely upon any information or representations other than the information contained in the Disclosure Statement.

**B. Representations Limited**

**Approval of this Disclosure Statement does not constitute a determination by the Bankruptcy Court as to the fairness or the merits of the Plan. No representations or other statements concerning the Debtor, the value of its assets, or the proposed plan are authorized by the Debtor, other than those expressly set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, which are other than as set forth in this Disclosure Statement, should not be relied upon by you in arriving at your decision. Any such additional representations and inducements should be reported to counsel for the Debtor.**

**Except as stated herein, the information contained herein has not been independently audited. The accuracy of the information submitted with this Disclosure Statement is dependent upon accounting performed by the Debtor. While every reasonable effort has been made to provide the most accurate information available, the Debtor is unable to warrant or represent that all information is without inaccuracies.**

**The values placed on the Debtor's property and summarized in the Disclosure Statement are the Debtor's best estimate of the values of the property as of the time of the preparation of the Disclosure Statement. These values may differ from values placed on the same property at the time of the filing of the petition for relief under Chapter 11 of the**

**Bankruptcy Code (the "Bankruptcy Petition") or the time of the filing of the Debtor's Schedules and Statement of Financial Affairs.**

**This Disclosure Statement is intended for the sole use of creditors and parties in interest to enable them to make an informed decision about the Plan.**

**This Disclosure Statement is not a solicitation for acceptance of the Plan. No solicitation can occur until after this Disclosure Statement has been approved by the Court.**

**C. Voting Provisions**

*1. General.* Except for Claimants holding Administrative Claims, every holder of an Allowed Claim or Interest in a class that is not deemed to accept or reject the Plan is entitled to vote to accept or reject the Plan. An Allowed Claim is a Claim or any portion thereof, (a) proof of which was filed on or before the date designated by the Bankruptcy Court as the last day for filing proofs of claims against the Debtor, or, if no proof of claim is filed, which has been or hereafter is listed by the Debtor in its Schedules in a liquidated amount and as not disputed or contingent, (b) as to which no objection to its allowance has been filed within the period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or by any Final Order of the Bankruptcy Court, or as to which an objection has been filed and such Claim has been allowed in whole or in part by a Final Order or such objection has been settled or withdrawn and (c) the amount of which has been liquidated and the liability therefore deemed non-contingent. "Claim" is defined in the Plan as "... a claim against the Debtor within the meaning of Section 101(5) of the Bankruptcy Code." As such, all Creditors who hold Allowed Claims against the Debtor, except as indicated below, may vote on the Plan by filling out

the enclosed ballot and mailing it in the enclosed, self-addressed envelope to counsel for the Debtor.

2. *Claimants Not Entitled to Vote: Administrative Claims.* Claimants holding Administrative Claims and Allowed Tax, Municipal, and Water Claims are not entitled to vote on the Plan because Section 1123(a)(1) of the Code does not require that such Claims be designated in a Class and because the Plan provides for the payment of such Claimants under terms which satisfy the requirements of Sections 1129(a)(9)(A) and (C) of the Code. (Sections 1122(a) and 1123(a)(1) of the Code require that the Plan designate Classes of Claims other than Administrative Claims and Allowed Priority Tax Claims and that each Class consist of substantially similar Claims).

3. *Claimants and Interest Holders Not Entitled to Vote: Unimpaired Claims.* Classes 1, 2, and 4 (described below) are unimpaired Classes under the Plan and the Claimants in this Class are not entitled to vote on the Plan.

4. *Claimants and Interest Holders Entitled to Vote: Impaired Claims.* Class 3 (described below in Article 3) is impaired Class under the Plan and the Claimant in this Class is entitled to vote on the Plan.

5. *Acceptance of the Plan.* The Plan is deemed accepted by a Class of Creditors when it is approved by Claimants who hold at least two-thirds (2/3) of the dollar amount, and who comprise more than one-half (1/2) in number of the Allowed Claims of such Class that are held by Creditors who in fact vote. The Plan is deemed accepted by a Class of Interest holders when it is approved by holders of Interests that hold at least two-thirds (2/3) in an amount of the Allowed Interests in such Class. An

abstention by a Creditor or the holder of an Interest will not count toward either acceptance or rejection of the Plan.

**IN ORDER FOR YOUR VOTE TO COUNT, YOUR BALLOT MUST BE COMPLETED AND RECEIVED AT THE ADDRESS STATED ON THE BALLOT (WHICH IS ALSO SET FORTH BELOW) ON OR BEFORE THE COURT ORDERED DATE:**

Craig A. Diehl, Esquire, CPA  
Law Offices of Craig A. Diehl  
3464 Trindle Road  
Camp Hill, PA 17011

Even though a Creditor or the holder of an Interest may choose not to vote or may vote against the Plan, the Creditor or Interest holder will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each Class of Creditors and Interest holders and/or is confirmed by the Court. Allowance of a Claim or Interest for voting purposes does not necessarily mean that the Claim or Interest will be allowed for purposes of distribution under the terms of the Plan. Any Claim to which an objection has been or shall be made will be allowed for purposes of distribution only after determination by the Court. Such determination may be made after the Plan is confirmed.

**ARTICLE II**  
**History of the Debtor**

**A. Pre-Filing Operations and History**

REAM Properties, LLC was formed in 2008 for the purpose of rehabbing and renting affordable properties in the greater Harrisburg area resulting in the restoration of properties to the tax and utility roles. REAM's first purchase was 1835 Forster Street, Harrisburg, Pennsylvania, followed by 1602 Green Street, Harrisburg, Pennsylvania,



136/138/140 Wilson Street, Middletown, Pennsylvania, 121 Evergreen Street, Harrisburg, Pennsylvania, and finally 910 North 185<sup>th</sup> Street, Harrisburg, Pennsylvania. The properties located at 1835 Forster Street, 121 Evergreen Street and 910 North 18<sup>th</sup> Street were vacant and rehabbed by Debtor.

Debtor's portfolio consists of one (1) single family home, eleven (11) one bedroom units and nine (9) two bedroom units. The rents in the building are very affordable for low income residence in Harrisburg, ranging from Five Hundred Dollars (\$500.00) for a one bedroom unit to Six Hundred Fifty Dollars (\$650.00) for a two bedroom unit. Most residents/tenants hold low income jobs (\$8.00 to \$15.00 per hour) and/or receive some type of public support (Section 8, Social Security, Disability, etc.) The occupancy rate for Debtor's properties is currently 95.0%. Historically, Debtor's average occupancy rate is 90.0%.

REAM Properties, LLC chapter 11 filing was a direct result of ACNB Bank selling a note/judgment, personally as to Robert Pauletta and REAM Properties, LLC to ex business partners (Thomas and Theresa Hamilton) after representing it would not sell the note/judgment to either party. The Hamiltons initiated execution proceedings. The Chapter 11 filing was to protect the assets of REAM Properties.

According to Debtor, and further acknowledging that the Bankruptcy Court has not made any findings or determinations of the alleged dispute, the Hamiltons were responsible for the rehab of two (2) properties located at Wheatfield Street, Harrisburg, Pennsylvania and Evergreen Street, Harrisburg, Pennsylvania that were never completed and/or not completed properly. The Wheatfield dispute was eventually settled out of court for Ten Thousand Dollars (\$10,000.00) plus attorney fees with the buyers of the property. When REAM Properties, LLC went back to the Hamiltons for their share (Fifty Percent (50%)) of the settlement amount and

legal fees, they indicated that they did not have the money. In exchange, the Hamiltons agreed to do another project and allow a lien to be placed on their residence to guarantee repayment to REAM Properties, LLC and for their work on the next property (Evergreen).

The Hamiltons agreed to repay REAM Enterprises, LLC for the Wheatfield Project in the amount of Thirteen Thousand Five Hundred Dollars (\$13,500.00) plus money REAM Properties, LLC lent them to repair their van, Three Thousand Five Hundred Dollars (\$3,500.00) and payoff the liens on their property from prior judgments, Five Thousand Dollars (\$5,000.00) from work to be performed at the Evergreen property. The Hamiltons did not complete the work properly and/or didn't complete the Evergreen project. They failed to obtain the occupancy certificate. An estimate of Eighty-Five Thousand Dollars (\$85,000.00) is necessary to correct the Hamiltons work at Evergreen Street. In addition, it is alleged that the Hamiltons were stealing material from the Evergreen project to complete their home, estimated at about Twenty-Five Thousand Dollars (\$25,000.00). The total alleged amount due from the Hamiltons is approximately One Hundred Thirty-Two Thousand Dollars (\$132,000.00).

REAM Properties, LLC's secured lenders, Members 1<sup>st</sup> Federal Credit Union and BB&T have been paid as agreed, from time of loan inception and through the Chapter 11 Bankruptcy proceedings and will continue to be paid regularly until paid in full.

**B. The Chapter 11 Filing and Post-Petition Events**

On July 15, 2015, (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Pennsylvania ("Bankruptcy Court"). Subsequent to the filing, Debtor was granted Court approval to employ the services of Michael J. McCrystal, Esquire, to

represent it in this Chapter 11 proceeding. Debtor later retained new counsel, Law Offices of Craig A. Diehl to assist in seeking Plan confirmation.

On July 4, 2016, a fire occurred at 1602 Green Street, Harrisburg, Pennsylvania. A bottle rocket lodged in the outside window sill causing the fire to start behind the walls in the apartment. Criminal charges were filed against the person who started the fire. No claims were asserted against Debtor. The property is still uninhabitable. This matter is currently pending with the insurance company for the finalization of estimates to repair the property. The insurance company is paying any loss of rents.

Debtor desires to retain all its properties and proposes a Plan whereby the nonpriority, unsecured claim is paid more than they would receive in a liquidation scenario.

Since the Petition Date, Debtor continues to conduct its business.

### **ARTICLE III** **Summary of the Plan of Reorganization**

The following is a summary of certain significant elements contained in the Plan of Reorganization proposed by the Debtor. The Plan, if confirmed, will become an agreement that is legally binding. Holders of Claims and Interests are, accordingly, urged to read all of the provisions of the Plan carefully and to consult with counsel in order to understand the Plan fully.

#### **A. General Outline of the Plan**

Debtor believes that the ongoing profits from its business operations shall provide sufficient liquidity to fund the Plan. The Plan will provide for satisfaction of all existing priority debt over the life of the Plan, as well as liquidity for all operational expenses going forward. The Plan further provides for payment to the various Classes of Creditors in accordance with the priorities set forth in the Bankruptcy Code to the extent of the Debtor's financial abilities. The

Debtor believes that, under the Plan, holders of Claims will obtain the best possible recovery in this proceeding.

In order for a holder of a Claim or Interest to participate in the Plan and to receive the treatment offered to the Class under which the claim is classified, that holder's Claim or Interest must be "allowed". An Allowed Claim is a Claim which the Debtor's schedules list as neither contingent, unliquidated, nor disputed or as to which a timely proof of claim has been filed and as to which no objection has been made or will be made within the time limit set forth in the Plan or which has been allowed by a Final Order of the Bankruptcy Court and which Claim is not an administrative expense as defined in the Plan.

Any Creditor who has a disputed, contingent, or unliquidated Claim and who has failed to file a proof of claim by the applicable bar date is barred from sharing in any distribution under the Plan.

#### **B. Treatment of Administrative Expenses**

All unpaid costs or expenses of administration of the Debtor's Chapter 11 case which are entitled to priority of distribution under Bankruptcy Code §§503(b) and 507(a)(2) will be paid in full. These expenses generally include costs of compensation for fees and expenses of attorneys, accountants, and other professionals retained by the Debtor to the extent allowed by the Bankruptcy Court, various taxes incurred after the Petition Date, court costs, and fees assessed by the Office of the United States Trustee.

Administrative Expense Claims shall be paid in full no later than ten (10) days following the Bankruptcy Court approval of the Administrative Expense Claim. No further quarterly fee payments shall be paid to the Office of the United States Trustee after the Debtor's case is closed.

Administrative expenses representing (a) liabilities incurred in the ordinary course of business by the Debtor or (b) liabilities arising under loans or advances to the Debtor shall be paid by the Debtor in accordance with the terms and conditions of the particular transactions and related agreements.

The "Effective Date" of the Plan is defined in the Plan as the date ten (10) days after the Confirmation Date.

**C. Treatment of Tax, Municipal and Sewer/Refuse Claims**

Each holder of a tax, municipal, and sewer/refuse claim shall receive the face amount plus any interest allowed under the law on a quarterly basis.

Debtor shall remain current on the payment of post-petition charges for real estate taxes, sewer, refuse, and water charges. In the event of default by the Debtor of any of the provisions of the Plan concerning these obligations, after thirty (30) days written notice of the default and failure of the Debtor to cure, the entire amount owed to the appropriate agency shall be immediately due and owing, and the agency may proceed with any remedies otherwise available to it under state law.

**D. Treatment of Allowed Priority Claims**

Each holder of a claim of a kind specified in Section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code shall receive:

- (i) if such class has accepted the Plan, deferred cash payments of a value, as of the Effective Date of the Plan, equal to the Allowed Amount of such claim; or
- (ii) if such class has not accepted the Plan, cash on the Effective Date of the Plan equal to the Allowed Amount of such claim.

Each holder of a claim of a kind specified in Section 507(a)(8) of the Bankruptcy Code shall receive on account of such claim regular installment payments in cash:

- (i) of a total value, as of the Effective Date of the Plan, equal to the Allowed Amount of such claim;
- (ii) over a period of time ending not later than five (5) years after the date of the Order for Relief under Section 301, 302, or 303; and
- (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan (other than cash payments made to a class of creditors under Section 1122(b)).

**E. Classes of Creditors and Interests and Their Treatment Under the Plan**

The Plan divides the creditors into separate classes, as summarized in the table below, and more particularly described in the paragraphs that follow:

<b>Summary of Classification of Claims</b>				
<b>Class</b>	<b>Title</b>	<b>Estimated Amount of Claims</b>	<b>Treatment</b>	<b>Impaired?</b>
1	Members First Federal Credit Union	\$565,790.00	Pay pursuant to contractual terms outside the Plan	No
2	BB&T Bank	\$220,091.00	Pay pursuant to contractual terms outside the Plan	No
3	Allowed Unsecured Claims	\$121,101.00	Payment of \$18,000.00 over five (5) years in equal monthly installments	Yes
4	Member Interests	N/A	Retain ownership interests	No

1. *Class 1 – Members First Federal Credit Union.* Class 1 consists of mortgages on 1602 Green Street, Harrisburg, Pennsylvania, 138/140 Wilson Street, Middletown, Pennsylvania, and 910 North 18<sup>th</sup> Street, Harrisburg, Pennsylvania. Debtor intends to pay Members First Federal Credit Union pursuant to the contractual terms outside of the Plan. Debtor is current with its mortgage obligations. The holder of Class 1 claims is unimpaired and is not entitled to vote.

2. *Class 2 – BB&T Bank.* Class 2 consists of mortgages on 121 Evergreen Street, Harrisburg, Pennsylvania, and 1835 Forster Street, Harrisburg, Pennsylvania. Debtor intends to pay BB&T pursuant to the contractual terms outside the Plan. Debtor is current with its mortgage obligations. The holder of Class 2 claim is unimpaired under the Plan and is not entitled to vote.

3. *Class 3 – Allowed Unsecured.* Class 3 consists of the Allowed Unsecured Non-Priority Claims. The total payment shall be Eighteen Thousand and 00/100 Dollars (\$18,000.00) based on monthly payments of Three Hundred and 00/100 Dollars (\$300.00) per month for a period of sixty (60) months. As part of Debtor's Plan, all judgment holders would have their respective judgments voided and the judgment amount would be part of the general unsecured class. Specifically, the claim of Thomas and Theresa Hamilton shall be offset by any judgment obtained by Debtor against the Hamiltons, if any, due to pending litigation between the parties. Payments will be disbursed quarterly by counsel for Debtor. The Class 3 Claims are impaired under the Plan and entitled to vote.

4. *Class 4 – Member Interests.* Class 4 consists of the sole member of the limited liability company. The interest of the Class 4 Claimant will be maintained

assuming a successful reorganization. The holder of Class 4 interest is unimpaired under the Plan and he is not entitled to vote.

**ARTICLE IV**  
**Means for Execution of the Plan**

The funds needed to effectuate the payments proposed under the Plan will be generated from the following sources:

1. Rental income from the operations of REAM Properties, LLC. The Plan's feasibility is likely as the rental income is sufficient to pay the carrying costs, insurance, maintenance, etc. of the properties. Risk factors that would impede confirmation are an unusually high vacancy rate or the illness or death of the Sole Member. The sole member of Debtor, Robert J. Pauletta, Jr., shall also contribute personal funds, if necessary, to reorganize Debtor.

**ARTICLE V**  
**Liquidation Analysis**

**A. Effective Chapter 7 Liquidation**

If no Plan of Reorganization can be confirmed, the Debtor's Chapter 11 reorganization case may be converted to a case under Chapter 7 of the Bankruptcy Code. In the Chapter 7 case, a trustee would be appointed to liquidate the assets of the Debtor for distribution to its creditors in accordance with the priorities mandated by the Bankruptcy Code.



**B. Liquidation of Assets**

If this case is converted to a case under Chapter 7 of the Bankruptcy Code, the Debtor believes that the liquidation value of the Debtor’s property would result in no repayment to Debtor’s unsecured creditors. (See Schedule “A” for Liquidation Analysis)

Historically, Debtor’s monthly operating reports for 2016 are summarized below.

	<b><u>Income</u></b>	<b><u>Expenses</u></b>
January 2016	\$11,845.00	\$10,331.00
February 2016	\$12,400.00	\$ 9,083.51
March 2016	\$11,310.00	\$ 7,204.84
April 2016	\$13,185.00	\$10,747.28
May 2016	\$13,015.00	\$ 9,952.66
June 2016	\$13,910.00	\$14,961.00
July 2016	\$14,150.00	\$ 7,805.00
August 2016	\$13,475.00	\$ 8,715.00
September 2016	\$12,660.00*	\$13,946.00*
October 2016	\$12,430.00*	\$11,338.00*

\* Does not include insurance proceeds from fire at 1602 Green Street, Harrisburg, PA

Prospectively, Debtor’s monthly operating results are expected to reveal the following:

<b>Gross Receipts</b>	<b>Expenses</b>	<b>Net Cash Flow</b>
\$13,000.00	\$9,800.00	\$3,200.00

Additionally, the sole member of Debtor will provide new value capital contributions to fund the Chapter 11 Plan terms, if necessary. Robert Pauletta, Jr. lives on the net cash flow and the net cash flow represents his only income to pay his personal mortgage, utilities, food, vehicle expenses, clothing, etc.

**ARTICLE VI**  
**Acceptance and Confirmation of the Plan**

The Plan can be confirmed only if the Bankruptcy Court determines that the Plan complies with the technical requirements set forth in Chapter 11 of the Bankruptcy Code. The Court must also determine that the Debtor's disclosures concerning the Plan have been adequate and have included all information concerning all payments made or promised by the Debtor in connection with the Plan.

The Bankruptcy Code also requires that (1) the Plan be accepted by the requisite votes of Creditors and Interest holders, except to the extent that confirmation despite dissent is available under Section 1129(b) of the Bankruptcy Code; (2) the Plan is feasible and that there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan and the confirmation of the Plan is not likely to be followed by the need for any further financial reorganization; and (3) the Plan is in the "best interests" of all Creditors and Interest holders in that the Creditors and Interest holders will receive at least as much pursuant to the Plan as they would have received in a liquidation of the Debtor's assets under Chapter 7 of the Code.

The Court, to confirm the Plan, must find that all the conditions are met unless the applicable provisions of Section 1129(b) are utilized. Even if the Creditors of the Debtor accept the Plan by the requisite number of votes, the Court must nevertheless make an independent finding respecting the Plan's conformity to the requirements of the Code, the Plan's feasibility and whether the Plan is in the best interests of the Debtor, Creditors and Interest holders before it may confirm the Plan.

The Bankruptcy Code defines "acceptance" of the Plan by a Class of Claims as acceptance by holders of two-thirds (2/3) in dollar amount and a majority in number of Claims in

the Class. For voting purposes, only those Creditors who actually vote to accept or reject the Plan are counted. The Bankruptcy Code defines acceptance of a Plan by a class of interests as acceptance by holders of two-thirds (2/3) in amount of the Allowed Interests in the Class, but for this purpose counts only Interests actually voted. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan, although such persons are bound by a confirmed plan.

Classes of Claims or Interests that are not "impaired" under a Plan are deemed to have accepted the Plan and are not entitled to vote. A Class is impaired if the legal, equitable, or contractual rights attaching to the Claims or Interests of that Class are modified other than by curing defaults and reinstating maturity or by payment of cash in full. Under this Plan, claims in Class 3 are impaired.

## **ARTICLE VII**

### **Miscellaneous Provisions of the Plan**

#### **A. Property of the Estate**

The Plan provides that upon the Confirmation Date, the Debtor shall retain all of its property.

#### **B. Retention, Enforcement and Waiver of Claims**

Pursuant to Section 1123(b)(3) of the Bankruptcy Code, the Plan provides that the Debtor shall retain and may enforce any and all claims of the Debtor and/or the Debtor-in-Possession.

**C. Objections to Claims and Interests**

The Plan permits the Debtor to file objections to the validity and/or amount of any Creditors' filed Claims no later than ten (10) days after the approval by the Bankruptcy Court of the Debtor's Disclosure Statement.

**D. Executory Contracts and Unexpired Leases**

All leases for the residential rentals being retained by Debtor under the Plan are assumed, prior to and subsequent to the Confirmation Date, presuming Debtor's reorganization is successful. All other executory contracts and unexpired leases which have been not assumed by the Confirmation Date are deemed rejected as of the Effective Date.

Any claim for damages arising by reason of the rejection of any executory contract or unexpired lease shall be treated as an Allowed Unsecured Claim under the Plan provided that (a) a proof of claim is filed with the Clerk of the Bankruptcy Court within thirty (30) days after the Effective Date and (b) no objection is filed to such proof of claim within the applicable period specified in the Plan. The Plan makes clear that nothing contained in the Plan should be deemed to be an admission by the Debtor that any rejection of a lease or executory contract, in fact, gives rise to or results in a valid claim against the Debtor and that the Debtor shall not be deemed to have waived any objections to such claim.

**E. Modification of the Plan**

The Plan provides that the Debtor may modify or amend the Plan as permitted by Section 1127 of the Bankruptcy Code at any time prior to the confirmation date. After the confirmation date, the Reorganized Debtor may, with the approval of the Court, and so long as such modification does not adversely or materially affect the interests of the holders of any claims or interests, modify or amend the Plan to remedy any defect or omission or to reconsider any

inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of the Plan.

**F. Retention of Jurisdiction**

The Plan provides that the Bankruptcy Court shall retain jurisdiction over the Debtor's case until such time as the Debtor fulfills the provisions of the Plan. During the term of the Plan and subject to the time limits set forth in the Plan, the Debtor will retain its right to object to Claims, to challenge the validity of any claimed security interest in assets of the estate, and to bring various motions and adversary proceedings.

**G. Rules of Construction, Notice, and Governing Law**

The Plan provides various rules relating to computation of time and the effect to be provided to headings and underlinings in the Plan. The Plan also contains the following miscellaneous provisions:

1. The Plan states that in cases where the Bankruptcy Code or other federal laws are inapplicable, Pennsylvania law shall be deemed to govern;
2. The Plan provides that the rights, duties, and obligations of all persons or entities referred to in the Plan shall be binding upon and shall inure to the benefit of its successors and assigns;
3. The Plan sets forth the address of Debtor's counsel for purposes of notice under the Plan.

**H. Discharge of the Debtor**

1. **Effect of Confirmation.** Except as otherwise expressly provided in the Plan, pursuant to Sections 524 and 1141 of the Bankruptcy Code, on and after the

Effective Date, the terms of this Plan shall bind all holders of Claims and Interests, whether or not they accept this Plan.

2. **Discharge.** Except as otherwise provided in the Plan or in the Confirmation Order, Confirmation shall constitute a discharge, effective as of the Effective Date, and pursuant to Section 1141(d)(1) of the Bankruptcy Code, of any and all debts of, Claims against, or Interests in Debtor that arose at any time before Confirmation. The discharge shall be effective as to each Claim regardless of whether a proof of claim therefore was filed, whether the Claim is an Allowed Claim, or whether the holder thereof votes to accept the Plan.

3. **Pending Litigation.** In consideration of the treatment of, and consideration received by, holders of Allowed Claims and Allowed Interests, upon the Effective Date, any pending suit, action or other proceeding of any kind against the Debtor (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) shall be stayed as to Debtor and, from and after the Effective Date, all of the Debtor's creditors and parties in interest, shall be permanently enjoined from conducting or continuing in any matter, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Debtor.

4. **Continuation of Injunctions and Stays.** *Unless otherwise provided, all injunctions or stays: (a) ordered in the Chapter 11 Case pursuant to Sections 105(a) or 362 of the Bankruptcy Code or otherwise, and (b) in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date of the Plan.*

**ARTICLE VIII**  
**Conclusion**

The Debtor submits that this Disclosure Statement complies in all respects with Chapter 11 of the Bankruptcy Code and recommends that the holders of claims who are entitled to vote on the Plan vote to accept the Plan.

REAM PROPERTIES, LLC

By: s/ ROBERT PAULETTA  
Robert Pauletta, Member

**SCHEDULE A**

**LIQUIDATION ANALYSIS**

<b>Assets</b>	<b>FMV</b>	<b>Estimated Amount to be Realized</b>	<b>Estimated Liquidation Value</b>
1602 Green Street Harrisburg, PA	\$180,000.00 <sup>1</sup>	90%	\$162,000.00
136/138/140 Wilson Street Middletown, PA	\$215,000.00 <sup>1</sup>	90%	\$193,500.00
1835 Forster Street Harrisburg, PA	\$35,000.00 <sup>1</sup>	90%	\$31,500.00
910 North 18 <sup>th</sup> Street Harrisburg, PA	\$110,000.00 <sup>1</sup>	90%	\$99,000.00
121 Evergreen Street Harrisburg, PA	\$180,000.00 <sup>2</sup>	90%	\$162,000.00
Bank Accounts	\$135.00	n/a	\$135.00
<b>Net Value of Assets</b>			<b>\$648,135.00</b>
<b>LIABILITIES</b>			
Members First Federal Credit Union			\$555,790.00
BB&T Bank			\$210,000.00
<b>Total Liabilities</b>			<b>\$765,790.00</b>
<b>NET WORTH</b>			<b>&lt;\$117,655.00&gt;</b>

<sup>1</sup> Commercial Broker Market Analysis performed by Craig Dunkle, Marcus & Millichap. (See Attached)

<sup>2</sup> Although market analysis reflects value of \$160,000.00, Debtor believes it is worth more.