

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

IN RE: : Case No. 1:15-bk-3340-MDF
HAUBERT HOMES, INC. :
: Chapter 11

**AMENDED DISCLOSURE STATEMENT IN SUPPORT
OF DEBTOR'S PLAN OF REORGANIZATION**

I. INTRODUCTION

1.1 Introduction.

The Debtor, Haubert Homes, Inc. ("Haubert Homes" or "Debtor"), provides this Disclosure Statement (the "Disclosure Statement") for the Plan of Reorganization (the "Plan") filed by it contemporaneously with this Statement.

Any terms set forth herein, which are capitalized, and which are defined in the Plan, shall have the same meaning as in the Plan, unless inconsistent with the Plan or otherwise set forth in the Plan or in this Disclosure Statement.

THIS DISCLOSURE STATEMENT IS ONLY A PROPOSAL UNTIL SUCH TIME AS THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. CREDITORS AND PARTIES IN INTEREST (AS DESIGNATED BY THE COURT) WILL HAVE AN OPPORTUNITY TO OBJECT TO THE PROPOSED DISCLOSURE STATEMENT, AND SOLICITATION OF THE ACCEPTANCE OF THE PLAN OF REORGANIZATION CANNOT BE MADE UNTIL SUCH TIME AS THE PROPOSED DISCLOSURE STATEMENT IS APPROVED BY THE BANKRUPTCY COURT.

1.2 Purpose of Disclosure Statement.

As required by Section 1125 of the Bankruptcy Code, the Debtor has filed this Disclosure Statement for Court approval before circulation to holders of Claims and interests and before solicitations of acceptances of the Plan.

The purpose of this Disclosure Statement is to provide the holders of Claims in this case, and other parties in interest, with adequate information concerning the Debtor and the proposed Plan so that Claim holders can arrive at a reasonably informed decision so as to be able to exercise their right to vote on the Plan which has been filed with the Bankruptcy Court. A copy of the Plan will accompany this Disclosure Statement after the Disclosure Statement is approved by the Court and will be sent to those creditors and parties in interest as the Court directs. Those creditors whose Claims are not impaired (as defined in Section 1124 of the Bankruptcy Code) may not receive a copy of the Disclosure Statement and Plan.

ONLY THOSE CREDITORS WHO HAVE ALLOWED CLAIMS AND ARE ENTITLED TO VOTE ON THE PLAN UNDER THE BANKRUPTCY CODE WILL RECEIVE BALLOTS WHICH WILL ACCOMPANY THE APPROVED DISCLOSURE STATEMENT. LATE FILED CLAIM HOLDERS MAY NOT BE PERMITTED TO VOTE ON THE PLAN.

1.3 Plan Confirmation.

The Court will set a date for the hearing on the acceptance of the Plan and its confirmation. Prior to such hearing, those creditors eligible to vote on the Plan may so vote on the Plan by filling out and mailing the ballot which accompanies the approved Disclosure Statement. Ballots should be forwarded to: Robert E. Chernicoff, Esquire, Cunningham, Chernicoff & Warshawsky P.C., P. O. Box 60457, Harrisburg, Pennsylvania 17106-0457, in accordance with the Order setting the time for the filing of ballots. Ballots must be received on or before the date fixed by the Court. Any ballots received after the deadline may not be counted unless the Court orders otherwise. Any ballot which sets forth an amount of a Claim which differs from the amount which is scheduled, or as filed in a Proof of Claim, as allowed, may, at the option of the Plan proponent (the "Debtor"), be corrected to the allowed amount (as defined in the Plan). Further, any ballot which sets forth the wrong classification may be corrected by the Plan proponent, unless the Court orders otherwise.

As a creditor, your vote is important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds in amount and more than half in number of the Claims of each of the affected, impaired classes voting on the Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan. To be confirmed, the Plan must be accepted by at least one (1) impaired class determined without considering acceptances of insiders. If at least one (1) impaired class accepts the Plan, the Plan may be confirmed by the Court, if the Court finds, after notice, among

other items, that the Plan accords fair and equitable treatment to any class rejecting the Plan, the Plan does not discriminate unfairly and the Plan meets the requirements of Section 1129(b) of the Code, including the requirement that creditors will receive as much as they would receive in a liquidation.

In the event a class of unsecured creditors fails to accept the Plan, the Plan may not be approved by the Court unless certain requirements are met as to classes of Claims or interests junior to the class which does not accept the Plan.

In this case, the last class of Claims is the Class 6, General Unsecured Claims. The only Class junior to the Class 6 Claims would be Class 7, Equity Holder. In order for the Plan to be confirmed without resorting to the cram down provisions of Section 1129 of the Code and to comply with what is known as the Absolute Priority Rule, the Debtor must secure sufficient votes from its Class 6 general unsecured creditors to cause such Class 6 to confirm the Plan. If insufficient votes occur from Class 6 Claim holders for such Class to confirm the Plan, the Debtor has certain additional provisions of the Code by which it can secure a confirmation of the Plan, including, but not limited to, the placing of new value into the estate or exposing the equity to bidding.

In the event insufficient votes occur from the Class 6 Claim holders to confirm the Plan, the Debtor believes the Plan can nonetheless be confirmed. The Plan is a Liquidation Plan. Under the Plan, the equity holders in Class 7 do not retain their equity interest in the Debtor once all assets of the Debtor are liquidated. Thus, even if the Class 6 unsecured creditors do not vote in sufficient numbers to confirm the Plan as set forth in

Section 1129 of the Code, this Plan can be confirmed without violation of what is known as the Absolute Priority Rule.

With respect to the secured creditors in this case, even if a class of secured creditor does not vote to confirm the Plan, the cram down provisions of Section 1129(b) of the Code could be utilized to cause confirmation of the Plan. The first secured creditor, Gratz Bank, has been paid in full during the course of the Chapter 11 proceeding.

The second secured creditor in this case, Metro Bank now First National Bank of Pennsylvania (“FNB”) is to be paid in full as to its allowed secured Claim under the Plan. This payment in full will occur by a sale of the collateral which has been granted to FNB. Further, FNB is retaining its lien securing its Claim until such time as it is paid in full. As set forth in the Plan, such lien is attached to the lot located at Old Iron Estates only. FNB is therefore receiving an amount which is of the value equal to the amount of collateral held by FNB.

The Debtor believes that the Plan does meet the requirements of Section 1129(b) as to its secured creditors. Thus, the Plan can be confirmed even if both secured creditors accept the Plan so long as one impaired class of Claims does accept the Plan, as described and set forth above.

Because the Plan is a Liquidation Plan, no projections are included with this Disclosure Statement.

1.4 Disclaimers.

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY, OR THE VALUE OF ANY PROMISES TO BE MADE UNDER THE PLAN OR ANY AGREEMENTS INCORPORATED IN THE PLAN, OTHER THAN AS SET FORTH IN THIS STATEMENT, ARE AUTHORIZED BY THE DEBTOR. THE ATTORNEYS FOR THE DEBTOR MAKE NO REPRESENTATION OTHER THAN THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BASED, IN PART, UPON INFORMATION SUPPLIED BY THE DEBTOR AND THE DEBTOR BELIEVES SUCH INFORMATION TO BE CORRECT AT THE TIME OF THE FILING OF THIS DISCLOSURE STATEMENT. NOTHING CONTAINED HEREIN SHALL CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT WAS COMPILED. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE THE VOTES OR ACCEPTANCES OF CREDITORS WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY CREDITORS IN ARRIVING AT A DECISION, AND ANY SUCH REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO THE COUNSEL FOR THE DEBTOR WHO, IN TURN, MAY DELIVER SUCH

INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS DEEMED APPROPRIATE. THIS DISCLOSURE STATEMENT, WHEN APPROVED BY THE COURT, IS THE ONLY APPROVED STATEMENT CONCERNING THE MATTERS AND FACTS DEALING WITH THE SOLICITATION OF ACCEPTANCES FOR THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSES OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PROPONENT OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON THE DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR.

THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN IS NOT AN OFFER TO SELL SECURITIES. ALL CREDITORS AND PARTIES IN INTEREST ARE DIRECTED TO CONSULT WITH THEIR TAX ADVISORS AND NO TAX ADVICE IS INTENDED TO BE GIVEN BY THE PLAN AND DISCLOSURE STATEMENT

THE STATEMENT AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF THE PLAN

PROPONENT AND NO OTHER PARTY IN INTEREST IS RESPONSIBLE FOR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

CERTAIN OF THE INFORMATION, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS ESTIMATES WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY AND NO REPRESENTATION OR WARRANTY IS MADE WITH RESPECT THERETO. ALL PROJECTIONS CONTAINED HEREIN WERE PREPARED BY OR AT THE REQUEST OF THE DEBTOR.

1.5 Sources of Information.

Financial information contained in this Disclosure Statement has not been subject to a certified audit. The Debtor has had tax returns and financial statements prepared in the past, but has not had a recent audit prepared.

The financial information contained in this Disclosure Statement and in any Exhibits hereto have been prepared based upon information supplied by the Debtor. The Debtor has owned real property for many years. The principal of the Debtor has many

years of experience in residential real estate development, construction and sales. There have been valuations in the past and the Debtor's values listed in the Schedules are based, in part, upon prior appraisals. Thus, the Debtor believes that any valuations contained in this Disclosure Statement are reasonable and accurate. Every reasonable effort has been made to present accurate figures.

Attached hereto as referenced in this Disclosure Statement are various exhibits. These exhibits include a list and schedule of Pre-Petition debts as of the Petition Date (Exhibit "A"). While Claims have been filed which may differ in amount from those on the Schedules, the Debtor believes that the Schedules are reasonably accurate. Exhibit "A" is based upon information supplied by the Debtor. The Schedules of Pre-Petition Debt are intended to reflect amounts believed owed Pre-Petition by the Debtor. Attached hereto as Exhibit "B" is the Claims Register reflecting Claims as filed with the Court. A Bar Date Order has been entered by the Court. Thus, Claims filed after the date set by the Court for the filing of Claims may not be allowed.

The Debtor has prepared and filed with the Court a Statement of Financial Affairs, and Schedules of Liabilities and Assets, as required by the Bankruptcy Rules. The Debtor has filed monthly operating reports on a regular basis. The Statement of Financial Affairs, Schedules of Liabilities and Assets, and the monthly operating reports are on file with the Clerk in charge of Bankruptcy Operations, United States Bankruptcy Court for the Middle District of Pennsylvania, 228 Walnut Street, Harrisburg, Pennsylvania 17110, or its electronic filing website, <https://ecf.pamb.uscourts.gov>.

Further, all pleadings and Orders filed in this case are on file with the Bankruptcy Clerk at such address or online in the Court's ECF system. These documents are available for public inspection; all documents filed with the Court by the Debtor, and those attached to this Disclosure Statement, are believed to accurately reflect the Debtor's assets and liabilities at the date of filing, to the best of the Debtor's knowledge, information and belief, and the Debtor's cash receipts and expenditures since the date of filing. As set forth above, however, none of these documents have been subject to a certified audit, although the Debtor believes the information to be reasonably accurate.

II. BACKGROUND

2.1 General.

The Debtor is a Pennsylvania corporation which started in business in 1997. The Debtor was formed to do residential construction and land development. The Debtor was formed by Don E. Haubert, Sr. after he ceased working in another residential home building company.

Since the Debtor was formed, the Debtor began building high quality custom homes. While the volume of homes built approached 240 homes per year in 2014, the Debtor only built 27 to 28 homes.

The Debtor had offices in Central Pennsylvania, including in Mechanicsburg and Mifflintown, Pennsylvania. The Debtor also used to have an office in Northumberland County.

2.2 Pre-Petition Activities.

Because of the slow down in building which occurred in 2008 with the general financial difficulties in the residential housing industry, the Debtor began to experience its own financial difficulties. Because the Debtor also owned certain residential developments in which lots still remain, and found itself unable to complete the developments, and because of the loans the Debtor had to pay on such developments, the Debtor experienced financial difficulties. Part of the Debtor's financial problems also occurred because it was undercut as to pricing.

The Debtor ceased doing any construction during 2014. The construction on the existing homes was completed by others through subcontracts.

III. PRE-PETITION OBLIGATIONS

Attached hereto as Exhibit "A" are Schedules D, E and F of the Bankruptcy Schedules as filed by the Debtor in this case. These Schedules set forth the secured and unsecured creditors of the Debtor, as the Debtor believes such existed as of the Chapter 11 Petition Date.

The Schedules of the Debtor, as set forth in Exhibit "A", list those creditors of the Debtor which the Debtor believes exist as of the date of the Chapter 11 Petition, together with the amounts which the Debtor believes it owed to these creditors as of the Petition date. Exhibit "B" is a copy of the claims register setting forth claims as filed in this case.

The Court has set a bar date for the filing of Claims. The amounts set forth hereinafter assumes all Claims as scheduled will be allowed, unless set forth as disputed

or contingent. If Creditors file any other Claims after the bar date, because the bar date is the final date by which all Claims against the Debtor had to be filed, any Claims filed after the bar date may not be allowed. A Claims Bar Date Order has been entered by the Court [Doc 72] setting a bar date of January 17, 2017. The Debtor will examine all Claims as filed and the Debtor reserves the right under the Plan and under the Bankruptcy Code to object to any Claims which may be in error, including, those Claims which are duplicative or contain improper amounts of interest. A summary of the various Claims of creditors is set forth hereinafter.

3.1 Secured Creditors.

3.1.1 Gratz Bank.

As of the Petition Date, Gratz Bank was the holder of a first priority mortgage lien on the Debtor's Real Property at Coventry Place and the Debtor's Real Property at Weatherfield. Debtor scheduled this debt as of the Petition Date as being \$637,463.26. Gratz Bank has been paid in full from the sale of lots of Real Property.

3.1.2 First National Bank/Metro Bank.

First National Bank is the successor in interest to Metro Bank. As of the Petition Date, Metro Bank was secured on one lot in Old Iron Estates, Harrisburg, Pennsylvania. The Debtor scheduled this debt as of the Petition Date as being \$42,569.49. Because of payments which have been made, this debt could be as low as \$34,000.00.

3.2 Priority Tax Claims.

The only priority tax claims of which the Debtor is aware are for real estate taxes owed to various tax collectors and tax claim bureaus in Centre County, Dauphin County, Snyder County and Westmoreland County. The total amount of priority taxes which were scheduled is \$5,476.54.

3.3 Unsecured Claims.

The Debtor scheduled various unsecured Claims as owed to, for the most part, suppliers and subcontractors. The total amount of scheduled unsecured Claims is in excess of \$3,600,000.00.

The Debtor will review all Claims. The Debtor will consider filing objections to those Claims which the Debtor believes are not proper to the extent an objection is expedient and necessary. The Debtor will also examine all Claims to determine whether they included any post-Petition interest or any other charges which are not proper.

IV. POST-PETITION ACTIVITIES

4.1 General.

The Debtor filed its Petition on August 3, 2015.

The Debtor immediately began attempting to sell all of its Real Property. These efforts ultimately resulted in the Real Property known as Coventry Place and the Weatherfield development to be listed with real estate brokers to attempt to find buyers.

The Debtor initially sold individual lots in Coventry Place. Thereafter, it sold all the remaining lots in Coventry Place to one buyer. Such sales have all been approved by the Court and closing has been held thereon.

In addition, the Debtor listed the Weatherfield development for sale. A buyer had been found for such property and, following a Motion filed by the Debtor, the Court has approved such sale. After the Motion was approved by the Court, the Pennsylvania Department of Transportation issued a notice that it might be doing a condemnation as to a portion of the Weatherfield Real Property. As a result thereof, the buyer has now terminated the Agreement of Sale. A new buyer is being sought.

The Debtor is attempting to also sell its remaining Real Property consisting of the one remaining lot in the Old Iron Estates development in Harrisburg, Pennsylvania, and three (3) lots in Weatherton Farms, Indiana County, Pennsylvania.

The Debtor also has been attempting to collect various sums owed to it by other developments, owners of homes or by condominium associations. Collection of most of these debts have proven to be difficult as the underlying assets either have very little value over and above its debts, or the debts are disputed. The Debtor is also attempting to cause the various Entities in which it owns an interest to sell their respective assets so as to possibly create funds which might ultimately be distributed to the Debtor.

V. SUMMARY OF DEBTOR'S ASSETS

5.1 Real Property.

5.1.1 Coventry Place. When the Petition was filed, the Debtor owned approximately twenty (20) lots in a development known as Coventry Place which is located in State College, Pennsylvania. The Debtor has sold all of the remaining lots in Coventry Place.

5.1.2 Weatherfield. The Weatherfield development consisted of one improved lot, 24 unimproved lots and 8 acres of raw land. The Debtor had entered into an agreement of sale for the sale of all remaining land and lots at Weatherfield for the total amount of \$260,000.00. This Agreement is now terminated.

5.1.3 Old Iron Estates. The Debtor owns one lot in Old Iron Estates, Harrisburg, Pennsylvania. The Debtor scheduled this lot as having a value of \$70,000.00 and having secured debt of approximately \$42,000.00.

5.1.4 Weatherton Farms. The Debtor owns three (3) lots in Weatherton Farms located in Indiana County, Pennsylvania. The Debtor scheduled these three (3) lots as having a value of \$90,000.00. The Debtor has been unable to sell such lots to date.

5.2 Interest in Other Entities.

The Debtor owns interest in various entities as listed on its Schedules as set forth below.

5.2.1 Haubert/Mitchell Partners. Haubert/Mitchell is a partnership which, as of the Petition Date, owned eight (8) lots. The Debtor has a fifty percent (50%) interest

in such partnership interest. The partnership is attempting to sell the lots. One lot has recently sold and the net proceeds of approximately \$20,000.00, have been generated and will be utilized as possible to fund the Plan. The sale of the lots are anticipated to generate net proceeds, after payment of all debts of the partnership, of approximately \$50,000.00 to \$60,000.00 to be distributed to the Debtor.

5.2.2 185 Woods, L.P. 185 Woods, L.P. is a limited partnership which owns twelve (12) lots. The Debtor has a one-third partnership interest in the entity. The lots have a net value of approximately \$785,000.00. The partnership has debts of \$1,000,000.00. Thus, the Debtor scheduled this interest as having no value.

5.2.3 BHH Partners. BHH Partners is a real estate partnership in which the Debtor owns a 60.11% partnership interest. BHH Partners is scheduled as having a value of \$18,000.00 as to the Debtor. All of the assets of BHH Partners have been, to the extent possible, liquidated. There is approximately \$8,000.00 in an escrow account held by counsel for the partnership. It is believed the debts of the partnership could exceed the amount being held in escrow and, thus, no distribution may occur to the Debtor.

5.2.4 Wolf Run Crossing, L.P. Wolf Run Crossing, L.P. is a partnership in which the Debtor has a fifty percent (50%) partnership interest. Wolf Run Crossing, as of the Petition Date, owned sixteen (16) lots believed to have a value of approximately \$470,000.00. The Debtor's interest in these lots, after payment of expenses, could result in net proceeds of approximately \$150,000.00 to \$180,000.00.

5.3 Receivables.

5.3.1 The Debtor's schedules contain various receivables as being owed to the Debtor. Most of these receivables are either difficult to collect or may result in very little by the way of payment.

5.3.2 DJH Penn Valley Associates. There is a receivable of \$140,000.00 owed to the Debtor by DJH Penn Valley Associates which is secured by a second priority mortgage lien. The holder of the first priority mortgage lien is in the process of foreclosing upon the property. Because the Debtor does not have any funds with which to pay the first mortgage in full, and because of the value of the DJH Penn Valley Associates properties, it is unlikely that very little will be realized from this receivable. The Creditors Committee has been attempting to collect this asset.

5.3.3 West Branch Real Estate Development, L.P. The Debtor listed this debt as being difficult to collect. These lots owned by West Branch Real Estate Development, L.P. have proven to be difficult to sell. One lot was sold which resulted in a payment of slightly in excess of \$8,200.00 being paid to the Debtor, which sum is being utilized for administrative expenses and, to the extent not utilized, will be used to fund the Plan. There is no ability to predict how much the sale of the remaining lots will result in being paid to the Debtor.

5.3.4 Haubert Limited Partnership. This is a partnership which is owned by insiders to the Debtor. This partnership has no assets. The receivable was created through certain obligations for construction being performed by the Debtor. All assets of

the partnership have been sold or are in the process of being sold or foreclosed upon, with no anticipated proceeds being available to the partnership after payment of all debt.

5.3.5 Condominium Association Debts and Miscellaneous Receivables. The other Receivables owed to the Debtor are either owed by Condominium Associations, based upon funds placed into such Associations by the Debtor while the Debtor was the developer of such project, or sums owed by individuals for whom the Debtor completed homes and for which there may be small amounts owed for extras or other such charges. The Condominium Associates dispute that the debt is owed as they contend that the sums paid by the Debtor were required to be paid by the Debtor as the developer of the project. The individual obligations have also, for the most part, been disputed.

5.4 Miscellaneous.

The Debtor had miscellaneous cash on hand and a security deposit which have been expended during the course of the case. The Debtor also has miscellaneous scrap items of equipment and vehicles which, to the extent they can be sold, should have a value of less than \$10,000.00. The Debtor has cash on hand from sales of real estate and from distributions from Entities totaling approximately \$130,000.00.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

6.1 Introduction.

INCLUDED WITH THIS DISCLOSURE STATEMENT, UPON APPROVAL OF THIS STATEMENT BY THE COURT, IS A COPY OF THE PLAN OF REORGANIZATION OF THE DEBTOR, WHICH HAS BEEN FILED

WITH THE BANKRUPTCY COURT. FOLLOWING IS A BRIEF SUMMARY OF THE DEBTOR'S PLAN OF REORGANIZATION, AND CREDITORS ARE URGED TO READ THE FULL TEXT OF THE PLAN ITSELF. WHILE THE FOLLOWING IS A SUMMARY, CREDITORS SHOULD NOT RELY UPON THE SUMMARY AS CONTAINING ALL PARTS OF SUCH PLAN. FURTHER, OTHER PARTS OF THIS STATEMENT, INCLUDING PART IV RELATING TO POST-PETITION TRANSACTIONS, SET FORTH ADDITIONAL INFORMATION REGARDING THE PLAN. IF CONFIRMED, THE PLAN WILL BE BINDING UPON THE DEBTOR, ITS CREDITORS, ALL PARTIES IN INTEREST, AS WELL AS ALL EQUITY INTEREST HOLDERS, ALL OF WHOM ARE URGED TO CAREFULLY READ THE PLAN.

The Plan divides Claims into six (6) classes that consist of (1) expenses of administration for compensation of professionals; (2) other Administrative Claims; (3) Priority Tax Claims; (4) the allowed secured Claim of Gratz Bank; (5) the allowed secured Claim of First National Bank/Metro Bank; and (6) the Claims of all other unsecured, non-priority Claim holders. Classes 1, 2 and 3 are unclassified and numbered and named as classes strictly for convenience purposes.

The seventh class is Class 7, the equity holder. The equity holder is Don E. Haubert, Sr.

The first three classes are technically unclassified Claims and will not have the opportunity to vote.

The treatment of classes of Claims and interests is as set forth hereinafter. It should be noted, however, that the terms and conditions of the Plan control notwithstanding any statement contained in this Disclosure Statement.

6.2 Professional Administrative Claims and Administrative Claims.

The general bankruptcy counsel to the Debtor during the Chapter 11 case and Post-Confirmation is Cunningham, Chernicoff & Warshawsky P.C. Baker Tilly Virchow Krause, LLP, is the accountant to the Debtor.

All professional Administrative Claims will be paid in cash on or before the Effective Date of the Plan, or as otherwise agreed in writing by the Claimant and the Debtor. If funds are owed to professionals and approval by the Court is necessary for payment, then a sum will be escrowed in an amount sufficient to fund such sums owed to professionals.

Class 2, Administrative Claim holders will be paid in the ordinary course of business, on or before the Effective Date of the Plan, on or before the Effective Date of the Plan, and as soon as reasonably practical thereafter, or as otherwise agreed by the Claimant and the Debtor, whichever of these dates are later. Fees owed to the Office of the U.S. Trustee will be paid in the regular course by thirty (30) days after the close of each calendar quarter. After confirmation, the Debtor must prepare and file quarterly reports in the format requested by the U.S. Trustee, and serve such reports on the U.S. Trustee. The payment of the U.S. Trustee fees and the filing of the quarterly reports will continue until the case is closed, dismissed or converted, which ever occurs first.

6.3 Priority Taxes.

Priority taxes are treated in Section 4.3 of the Plan. Priority Tax Claims, contain only that portion of a Claim which is granted priority pursuant to Section 507(a) of the Code, as such Claims may exist as of the Chapter 11 Petition Date. The Priority Tax Claims are believe to consist of past due real estate taxes and current real estate taxes to various tax claims bureaus and local taxing authorities. Such Tax Claims will be paid as sales occur and as is necessary to effectuate closings of the sale of Real Property. Nonetheless, all Priority Tax Claims will be paid in full on or before five (5) years from the Petition Date, together with interest at the rate of three percent (3%) per annum. Interest will begin to accrue as of the Effective Date of the Plan on the unpaid tax balance. All Priority Tax Claims include only Pre-Petition taxes and interest and do not include any penalties. The penalties which are excluded from priority tax claims do not include trust fund penalties under Section 6672 of the Internal Revenue Code.

6.3 Gratz Bank.

6.3.1 As of the Petition Date, Gratz Bank had a first priority mortgage lien on the Real Property located at Coventry Place and the Debtor's Real Property at Weatherfield securing a loan granted by Gratz Bank to the Debtor.

6.3.2 During the course of the case, Gratz Bank has been paid in full by the sale of the Coventry Place Real Property. Accordingly, Gratz Bank will receive nothing further under the Plan and will not vote on the Plan. Gratz Bank is unimpaired.

6.4. First National Bank/Metro Bank.

6.4.1 First National Bank, the successor to Metro Bank, has a first priority mortgage lien on one lot owned by the Debtor in Old Iron Estates, which is located in Harrisburg, Pennsylvania. The mortgage liens secures one loan. Old Iron Estates was a development of the Debtor. Because this lot is the last remaining lot in the development, and because of the nature of the lot, the lot is very difficult to sell the lot.

6.4.2 The Debtor has been making payments to First National Bank during the course of the case. The Debtor has also attempted to sell the lot. Under the Plan, First National Bank will receive the net proceeds from the sale of the lot in Old Iron Estates up to the full amount of its allowed secured Claim. Such net proceeds will consist of the sum remaining after payment of all costs of the sale including, without limitation, professional fees. The Plan sets forth that First National Bank shall retain its lien on the Old Iron Estates lot until such time as the lot is sold and First National Bank is paid in full. Nothing contained in this Plan is intended to effect a guarantee of the debt of First National Bank unless otherwise agreed upon by First National Bank.

6.5. General Unsecured Creditors

6.5.1 The class 7 general unsecured creditors include all creditors not otherwise classified under the Plan. These Claims include all such creditors notwithstanding the nature of the categorization of any claim by a creditor. While the Debtor cannot guarantee any particular return, at the present time, assuming that all assets are properly liquidated, the Debtor anticipates that a dividend of approximately five percent (5%) to

seven percent (7%) will be paid to unsecured creditors. No certainty as to any payment exists, however. Because the liquidation of the Debtor's Assets is dependent upon the sale of real estate, it is hoped that the Debtor's Assets will be liquidated within the next six (6) months, however, such is uncertain.

6.5.2 The Plan is a Liquidation Plan. Accordingly, after payment of all Class 1 Professional Administrative Costs, Class 2 Administrative Claims, and Class 3 Priority Tax Claims, Class 6 Unsecured Claim holders will receive a pro rata distribution of each such allowed unsecured Claim. These sums will be realized from the Debtor's remaining Real Property as set forth in the Plan consisting of the Weatherfield Real Property, the Weatherton Farms Real Property and any proceeds which may remain from Old Iron Estates after payment in full of the First National Bank/Metro Bank Claim. Funds to be realized for the distribution to unsecured creditors will also be any proceeds received on account of the Debtor's ownership in any of the Entities and on account of collection of any Accounts Receivables.

6.5.3 The Debtor believes that the only Receivable which may result in any appreciable funds to the Debtor might be payment from Westbranch Real Estate Development, L.P. The balance currently owed for the Westbranch Real Estate Development, L.P. receivable is \$159,283.13. Such funds are those which remain after payment of professional fees and accountants, and the cost of filing of tax returns, costs of distribution, and fees owed to the United States Trustee. As set forth above, payment from the sale of parcel of Real Property shall first occur to the appropriate real estate

taxing authority. Distribution shall thereafter be made to Classes 1, 2 and 3 as set forth above. Thereafter, disbursement may be made pro rata to Class 6 Unsecured Creditors. The Disbursing Agent may make distributions on an interim basis if it determines that such can be done in an economically feasible manner. The Plan further provides that in the event that distribution has not been justified, distribution will occur under the Plan may be extended from time to time. The Distribution Date is defined by the Plan as the date on which the Disbursing Agent determines to make such disbursements.

6.6 Equity Holder.

The equity holder is Don E. Haubert, Sr. His equity in the Debtor is being cancelled under the Plan. He will be the nominal Equity Holder only until such time as all Assets of the Debtor have been liquidated so as to effectuate the terms of the Plan. Upon all Assets of the Debtor, including the Remaining Assets, being liquidated and the proceeds paid to creditors, and upon full and final distribution, the equity will be determined cancelled.

6.7 Executory Contracts.

6.7.1 Prior Office Lease. The Debtor previously had an office lease with Brad and Karen Buch. Such lease was previously terminated. The Plan provides for the rejection of such lease upon confirmation of the Plan.

6.7.2 Mainstream Investments. The lease with Mainstream Investments for space was previously terminated. The Plan provides for the rejection of such lease upon confirmation of the Plan.

6.7.3 Danet Group, Ltd. The lease with the Danet Group for space was previously terminated. The Plan provides for the rejection of such lease upon confirmation of the Plan.

6.7.4 Sublease. The Debtor was the sub-landlord of the premises at 415 St. John's Church Road, Mechanicsburg, Pennsylvania. It is believed that such sublease was previously terminated. The Plan provides for the rejection of such sublease to the extent that same exists.

6.7.5 Storage Facility. The Debtor has a storage facility on a month-to-month basis. Such lease is assumed under the Plan.

6.7.6 Insurance Contracts. Any insurance contracts which exist as of the confirmation of the Plan shall be deemed assumed until the policy terminates on its own accord under the terms of such policy.

6.7.7 Miscellaneous. All miscellaneous contracts, leases for cell phones or utilities are to be deemed rejected as of the Effective Date of the Plan.

6.8 Means for Execution of the Plan.

6.8.1 (a) The Plan provides for Asset Administrators to be appointed to liquidate and collect all of the Debtor's remaining Assets. The Asset Administrators are Robert E. Chernicoff, current counsel to the Debtor, and Joshua T. Klein, an attorney at Fox Rothschild. Fox Rothschild is counsel to the Official Committee of Unsecured Creditors. Mr. Chernicoff has acted as a Chapter 11 trustee and as a Court appointed receiver in other cases. The Asset Administrators will take all necessary steps to liquidate the Assets

and collect the funds for the Debtor. Distributions will then be made in accordance with the Plan from the liquidation of the Assets. The Asset Administrators are authorized to hire such professionals as may be necessary to effectuate such liquidation and to wrap up the affairs of the Debtor. The Asset Administrators also have the right to pursue all Avoidance Actions and Causes of Action which the Debtor might otherwise have.

In addition, the Plan provides for the creation and appointment of the Oversight Committee. The Oversight Committee shall be comprised of the following members of the Creditors' Committee: Kohl Building Products, LLC, Peachey's Poured Walls, Innovative Painting Systems and Allensville Planing Mill. The Oversight Committee and its members shall serve without compensation. Neither the Oversight Committee, nor its members, shall have any liability to any person or entity entitled to receive a Distribution hereunder for any losses, damages, Claims or Causes of Action. The Oversight Committee shall have the consultation powers enunciated throughout this Plan, including, but not limited to, as set forth in Section 6.1 of the Plan. To the extent necessary, in the event that the Creditors' Committee initiates and prosecutes any Claims and/or Causes of Action prior to the Effective Date, the Oversight Committee shall have consent rights with respect to the continued prosecution of such Claims and Causes of Action and the conduct of the litigation related thereto by the Asset Administrators.

b. Notwithstanding Robert E. Chernicoff's appointment as an Asset Administrator, he and all attorneys and professionals in the law firm of Cunningham, Chernicoff & Warshawsky, P.C., shall be screened from any and all information,

correspondence, deliberations and decisions regarding any Causes of Action except to the extent consultation is necessary for information concerning the case and as to the Debtor.

c. The Committee has been granted derivative standing to pursue the Causes of Action to the extent that any such may exist. The Committee has engaged Alan L. Frank Law Associates, P.C. to pursue such Causes of Action. Mr. Frank is to receive compensation in an amount equal to 33.3% of any gross recoveries collection on actions for which the Committee has been granted standing to pursue. Any fees or expenses of Joshua T. Klein or any attorney and professional at the law firm of Fox Rothschild LLP with respect to the pursuit of Causes of Action shall be limited to 5% of gross recoveries collected on such actions. The professionals which will be involved as to the Causes of Action after the Effective Date will attempt to avoid the unnecessary duplication of efforts. The Committee has filed a Complaint against numerous parties in its pursuant of the Causes of Action.

6.8.2 Real Estate Sales. As set forth above, the Debtor has sold the Real Property at Coventry Place. The Weatherfield project is in the process of being sold. The Debtor will continue to sell the rest of its Remaining Real Property consisting of the single lot at Old Iron Estates and the Weatherton Farms, Indiana County lots. After payment of real estate taxes and costs of sale, the net proceeds will be utilized to fund payments under the Plan, including payments to unsecured creditors.

6.8.3 Payments from Entities. The Debtor will attempt to cause those Entities in which it holds an interest to liquidate its remaining assets. To the extent that any value

remains resulting in funds from such Entities to be distributed to the Debtor, the Debtor will attempt to collect same. The only entity which may generate funds are the Haubert/Mitchell Partners and Wolf Run Crossing, L.P.

6.8.4 Collection of Receivables. The Debtor will attempt to collect its Receivables. As set forth above, however, it is believed that the only Receivables which may result in any funds would occur from West Branch Real Estate Development, L.P. The Debtor is unable to predict exactly how much will be collected therefrom.

6.8.5 Miscellaneous. Because this is a Liquidation Plan, the Debtor has not prepared projections. The Debtor is not currently operating and projections would serve little purpose.

BECAUSE THE PAYMENT TO CREDITORS UNDER THE PLAN IS BASED, IN PART, UPON SALES OF ASSETS, NOT ALL PAYMENTS TO CREDITORS UNDER THE PLAN ARE CERTAIN. ANY PAYMENTS TO BE PAID UNDER THE PLAN ARE THEREFORE CONTINGENT UPON SUFFICIENT VALUE BEING REALIZED BY THE DEBTOR FROM THE SALE OF ITS ASSETS.

VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

7.1

BECAUSE THE TAX CONSEQUENCES TO CREDITORS AND DEBTOR ARE VARIED AND COMPLEX AND DEPEND, IN PART, ON PARTICULAR CIRCUMSTANCES AND BECAUSE NO RULING HAS BEEN REQUESTED OR OBTAINED FROM THE INTERNAL REVENUE SERVICE AS TO ANY TAX

ASPECTS OF THE PLAN, AND NO OPINION OF COUNSEL HAS BEEN OBTAINED WITH RESPECT THERETO, EACH Claim HOLDER AND INTEREST HOLDER IS STRONGLY URGED TO CONSULT WITH THEIR RESPECTIVE TAX ADVISOR OR ACCOUNTANT ABOUT THE POSSIBLE TAX CONSEQUENCES OF THE PLAN. ALL CLAIM HOLDERS AND INTEREST HOLDERS SHOULD CONSIDER THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF THE PLAN. THE PLAN PROPONENTS ARE NOT MAKING ANY REPRESENTATION REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR, NOR ARE THE DEBTOR, THE COMMITTEE, OR THEIR RESPECTIVE COUNSEL RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES.

7.2.

The following is a general summary of certain significant federal income tax consequences of the Plan for the Debtor's creditors. The following summary may assist the Debtor and its creditors in evaluating the effect U.S. federal income taxes may have if the Plan is consummated. This summary does not address the federal income tax consequences to creditors whose Claims are entitled to reinstatement or payment in full in cash, or are otherwise unimpaired under the Plan.

This summary does not discuss all aspects of federal income taxation that may be relevant to creditors, particularly to creditors subject to special treatment under the

federal income tax laws, such as tax-exempt entities, governmental agencies or political subdivisions, broker-dealers, mutual funds, insurance companies, small business investment companies, regulated investment companies, foreign corporations or individuals who are not citizens or residents of the United States. Except as expressly stated below, this discussion does not address any state, local or foreign tax matters.

This discussion is based upon information received from various sources and has not been audited or verified. Any material inaccuracies in the information may affect the stated conclusions regarding the tax consequences of the Plan. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Tax Code”), the Treasury regulations (including temporary regulations) promulgated thereunder, judicial authorities and current administrative rulings, all as in effect on the date hereof and all of which are subject to change (possibly with retroactive effect) by legislation, administrative action or judicial decision.

This discussion is only an overview of significant tax issues that may change their application and results (e.g., we are not discussing the tax consequences from the distribution or liquidation of certain non-core assets). Moreover, the tax consequences of certain aspects of the Plan are uncertain because of the lack of applicable legal precedent.

Because of the complexity of the transactions contemplated by the Plan, the differences in the nature of the Claims of the various creditors, their taxpayer status and methods of accounting and prior actions taken by creditors with respect to their Claims, the described tax consequences are subject to significant uncertainties and variations in

their application. The Plan proponents have not received an opinion of counsel or a ruling from the IRS as to the consequences of the Plan and do not intend to seek a ruling from the IRS or opinion of counsel with respect thereto. There can be no assurance the treatment discussed below may be accepted by the IRS.

7.2.1 Federal Income Tax Consequences to Holders of Claims. The federal income tax consequences of the implementation of the Plan to a creditor may depend upon a number of factors, including whether the creditor is deemed to have participated in an exchange for federal income tax purposes, the type of consideration received by the creditor in exchange for its allowed Claim, and whether the creditor reports the income on the accrual basis.

In general, holders of Claims who receive cash should recognize gain or loss in an amount equal to the difference between (i) the cash received and (ii) its adjusted tax basis in the Claim.

Where gain or loss is recognized by a holder of a Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was acquired at a market discount or for the sale of inventory, and whether and to what extent the holder had previously Claimed a bad debt deduction.

To the extent that any amount received by a holder of a Claim under the Plan is attributable to accrued interest not previously included in the holder's gross income, such

amount should be taxable to the holder as interest income. Conversely, a holder of a Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest on such holder's Claim was previously included in the holder's gross income but was not paid in full by the Debtor. Such loss may be ordinary, but the tax law is unclear on this point. The extent to which the consideration received by a holder of a Claim will be attributable to accrued interest on the obligations constituting such Claim is unclear.

VIII. DISPUTES

8.1 General.

Under the Plan, the Debtor reserves the right to dispute and object to any Claim as filed.

IX. RISK FACTORS

9.1

There is no guarantee that the Debtor will be able to sell its Remaining Real Property for a sum sufficient to realize any appreciable amount to be utilized to fund the Plan.

9.2

There is no guarantee that the Entities will liquidate their assets such that such Entities will be able to make a distribution to the Debtor on account of the Debtor's ownership of the Entity. There is no further guarantee that any of the Receivables can be collected so as to realize any funds for the Debtor.

9.3

First National Bank/Metro Bank has filed a Motion requesting the stay be lifted with respect to the Old Iron Estates lot. The Debtor has agreed to, and a Stipulation is being entered, provide the Debtor an additional two (2) months to sell such lot. If a sale does not occur, the Debtor is to auction the lot.

X. ALTERNATIVES TO THE PLAN

10.1

Because the Plan is essentially a liquidation of all of the Debtor's Assets with any equity, there is no alternative to the Plan per se which is believed to provide any greater benefit to the Debtor. The only alternative would be a conversion to a Chapter 7 case. The Debtor's liquidation analysis is set forth as Exhibit "C" which is attached hereto.

It should be noted that liquidation under Chapter 7 will have additional expenses, including Trustee's commissions and other such expenses.

Further, in the event of a Chapter 7 case, there may be unpaid Chapter 11 administrative costs which would be paid before any payment to unsecured creditors. Under this Plan, unpaid Chapter 11 administrative costs are to be paid before any payment to unsecured creditors.

Given the fact that the Debtor is doing an orderly liquidation as opposed to a forced liquidation, it is believed that the Plan is better option than a Chapter 7 liquidation. Generally, a forced liquidation might include auction or forced sales, and thus, results in lower sales proceeds than an orderly liquidation. Also, the Debtor has minimal equity,

and a forced liquidation and the added expenses may result in the bulk of the equity being utilized to pay for such additional administrative costs.

XI. OWNERSHIP OF DEBTOR'S ASSETS SUBSEQUENT TO REORGANIZATION

11.1.

Subsequent to the Confirmation of the Plan, the Debtor will be revested with all of its property then existing, free and clear of all liens, Claims and encumbrances, except as set forth in Articles V and XIII of the Plan. Essentially, the lien of First National Bank will remain in effect and until such creditor is paid in full as set forth under the Plan.

Because the Debtor is liquidating all of its Assets, ultimately, there will be no Assets owned by the Debtor.

11.2.

Any transfer of any assets by the Debtor, after Confirmation of the Plan, including the sale of any real property of the Debtor, will constitute a transfer under the Plan, and shall not be subject to a transfer, stamp or similar tax under any law, including those laws of the Commonwealth of Pennsylvania.

11.3.

The Debtor's shareholders will remain as a shareholder until such time as all Assets are liquidated and payments are made to creditors under this Plan. At that point in time, the stock interest in the Debtor will be canceled and the Debtor will become defunct.

XII. MISCELLANEOUS PROVISIONS

12.1.

Under the Plan, the Debtor, his employees, or agents (including the professionals and any other professionals retained by such persons) are released from liability to any holder of a Claim for any act or omission in connection with, or arising out of the bankruptcy case of the Debtor, the formulation of the Plan, the pursuit of approval of the Disclosure Statement for the Plan, or the solicitation of votes for or confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and in all respects, each shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

As the Plan is a Liquidation Plan, pursuant to Section 1141(d)(3) of the Code, no discharge is being granted under the Plan.

Creditors are referred to Section 12.1 of the Plan, which provides for an injunction as to attempts by creditors to collect Claims from the Debtor as well as provides for certain default provisions. Such provision as provides as follows:

All creditors of the Debtor are limited, pursuant to Section 1141 of the Code, to the treatment provided by this Plan and the Code for all Claim holders and equity holders, including contingent and disputed Claims which are not otherwise Allowed Claims. Further, as of the Effective Date, this Plan shall act as an injunction against and shall enjoin all holders of a debt held by a Claim holder, whether or not (i) a proof of Claim based on such

debt is filed or deemed filed under Section 501 of the Code; (ii) such Claim is allowed under Section 502 of the Code; or (iii) the holder of such Claim has accepted the Plan; from seeking payment of such Claim from the Debtor, other than as set forth in this Plan. The remedy for the breach of a provision of this Plan shall be an action in this Bankruptcy Court. The stay shall remain in effect as to any action against the Debtor through the Effective Date, when it is replaced by the injunction in this Section and Sections 524(a) and 1141 of the Code; and Claim holders are limited to the remedies set forth herein, under the Code and under applicable law. In the event that any Claim holder believes that a debt has not been paid as required under the Plan, such Claim holder is limited to remedies as provided under the Bankruptcy Code and applicable law.

Further, in the event of non-payment under this Plan, no default may occur until after the expiration of twenty (20) days after receipt of notice of such non-payment has been received by the Debtor and its counsel, Cunningham, Chernicoff & Warshawsky, P.C., Debtor's counsel, without cure of the non-payment. Such notice is to be forwarded to Debtor's counsel at the address set forth at the end of this Plan.

12.2.

This Disclosure Statement will be provided to creditors after it has been approved, after notice and a hearing, by an Order of the United States Bankruptcy Court. The Court will find, upon approving the Disclosure Statement, that the statement contains adequate information in accordance with the provisions of the Bankruptcy Code. It should be understood that the Court's approval of the Disclosure Statement in no way constitutes an endorsement of the Plan by the Court or a guaranty of the accuracy or completeness of the information.

The information contained in this Disclosure Statement, and in the Plan, is based upon information developed by the Debtor. It has not been subject to a certified audit or independent review. Accordingly, neither the Debtor nor its counsel are able to warrant or represent that the information contained herein is complete, or is without any inaccuracy, although they have reasonably endeavored to obtain and supply all material information.

It is hoped that all creditors will join in to confirm the contents of the Plan so that creditors, as well as the Debtor, will receive the maximum results from the Plan.

Debtor: HAUBERT HOMES, INC.

By: Don E. Haubert Sr.
Don E. Haubert, Sr., President

Date: 08/15/2017

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