

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In Re: Bandhu Development Inc.

Bankruptcy No. 16-20013-GLT

Document No. _____

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AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY AMENDED PLAN DATED NOVEMBER 23, 2016

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☐ Chapter 11 Small Business (Check box only if debtor has elected to be considered a small business under 11 U.S.C. §1121(e))

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating Debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.)

Address for return of ballots:

Donald R. Calaiaro, Esquire
Calaiaro Valencik
428 Forbes Avenue, Suite 900
Pittsburgh, PA 15219-1621

I. Background

1. **Name of Debtor**
Bandhu Development Inc.
2. **Type of Debtor (individual, partnership, corporation)**
Corporation
3. **Debtor's Business or Employment**
The Debtor owns investment real estate.
4. **Date of Chapter 11 Petition**
January 4, 2016
5. **Events that Caused the Filing:**
The Debtor acquired property encumbered by liens and the Debtor was unable to pay those liens. The secured creditors filed complaints in foreclosure. The Debtor filed for bankruptcy to stop the foreclosures and attempt to reorganize.

6. Anticipated Future of the Company & Source of this Information and Opinion:

The Debtor intends to retain its property and continue the operation of the real estate rental business. Modifying secured claims will provide an increase in cash flow into the business and improve the feasibility of a viable Plan of Reorganization.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

Class 1 – Administrative Claims will be paid in full on the Plan Effective Date or as the Parties agree.

Class 2, Commercial Funding Solutions, III LLC will have the secured debt as of February 2, 2016, \$178,269.28, with interest fees and costs accruing thereafter, as set forth in a settlement agreement filed at Docket Number 79 and approved by the Bankruptcy Court at Docket Number 85. Interest shall accrue on the Loan balance at a rate of 5.5%. The Reorganized Debtor shall make monthly payments on the Loan of \$1,000.00 each on or before the first day of each month, beginning on April 1, 2016. Payments will be applied pursuant to the terms of the Loan Documents. The entire balance due and owing under the Loan shall be payable in full on or before March 31, 2018. The specific treatment is set forth in article 7.2 of the Amended Plan which accompanies this Disclosure statement.

Class 3, Secured and Priority Tax Claimants will be paid in full over 5 years with appropriate post-confirmation interest.

Class 4, General Unsecured Creditors will be paid a minimum of \$20,017.00 over 5 years;

Class 5, Equity interests in the Debtor will be retained with modifications upon the shareholders and reduced salaries to assist in feasibility of the Plan.

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8. Are All Monthly Operating Statements Current and on File with the Clerk of Court? Yes X No _____
If Not, Explain:

9. Does the plan provide for releases of nondebtor parties? Specify which parties and terms of release. No.

10. Identify all executory contracts that are to be assumed or assumed and assigned.

The leases for the residents of the property will be assumed.

11. Has a bar date been set? Yes X no _____
(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. §1121(e) has been filed with the Court to be treated as a small business? Yes _____ No X

Specify property that will be transferred subject to 11 U.S.C. §1146(c) NONE

II. Creditors

A. Secured Claims

SECURED CLAIMS

Creditor	Total Amount Owed	Arrearages	Type of Collateral Priority of Lien (1, 2, 3)	Disputed(D) Liquidated(L) Unliquidated (U)	Will Lien be Retained Under the Plan (Y)or(N)
Allegheny County (133 S. 22nd Street)	\$9,669.46	N/A	Real Estate tax lien on 133 S. 22nd Street, Pittsburgh, PA 15203	Disputed	Yes
Jordan Tax Service, Inc	\$ 14,425.30	N/A	Real Estate tax lien on 133 S. 22nd Street, Pittsburgh, PA 15203	Disputed	Yes
Treasurer, City & School District of Pittsburgh Real Estate Taxes(133 S. 22nd Street)	\$ 18,224.98	N/A	Real Estate tax lien on 133 S. 22nd Street, Pittsburgh, PA 15203	Disputed	Yes
Commercial Funding Solutions, III LLC	\$ 178,269.28	N/A	April 2003-Mortgage133 S. 22 nd Street, Pittsburgh, PA 15203	Admitted	Yes
TOTAL	\$ 220,589.02⁴				

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⁴ These amounts do not include 2016 real estate Taxes.

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D)(L)(U) *
IRS	\$100.00		Estimated Liability
TOTAL	\$100.00		

* Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$20,017.00
2.	Amount of Unscheduled Unsecured Claims ²	\$
3.	Total Claims Scheduled or Filed	\$20,017.00
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Unsecured Claims	\$20,017.00

D. Other Classes of Creditors

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ N/A
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

E. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ N/A
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

III. Assets

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/Book Value)	Amount of Debtor's Equity (Value Minus Liens)
133 S. 22 nd	\$225,000.00	Debtor's Opinion	Commercial Funding -	\$4,410.98

²Includes a.) unsecured claims filed by unscheduled creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

St., Pittsburgh, PA 15203			178,269.28; Taxes- \$42,319.74	
	\$225,000.00			\$4,410.98

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?
If so, identify asset and explain why asset is not in estate:
2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

IV. SUMMARY OF PLAN

1. Effective Date of Plan:
2. Will cramdown be sought? X Yes No
If Yes, state bar date: The Hearing set for confirmation of this Plan.
3. Treatment of Secured Non-Tax Claims:

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Commercial Funding Solutions, III LLC	2	\$178,269.28	It will be paid in accordance with a settlement agreement (Doc #79, Exhibit A) which was approved by the Bankruptcy Court on May 3, 2016 at document #85.
TOTAL		\$178,269.28	

4. Treatment of Secured Tax Claims:

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Allegheny County POC #8 (133 S. 22 nd Street)	3	\$9,669.46	They will be paid over 5 years with 9% interest.
Jordan Tax Service, Inc	3	\$ 14,425.30	They will be paid over 5 years with 9% interest.
Treasurer, City & School District of Pittsburgh Real Estate Taxes POC #14 (133 S. 22 nd Street)	3	\$ 18,224.98	They will be paid over 5 years with 9% interest.
TOTAL		\$42,319.74	

Treatment of Administrative Non-Tax Claims²

²Include all §503(b) administrative claims.

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor *	Amount Owed	Type of Debt **	Summary of Proposed Treatment and Date of First Payment
Calaiaro Valencik	\$ 20,000.00	Attorney for Debtor Fees	To be paid in full on the Plan Effective Date or as parties agree.
United States Trustee	\$ 325.00	Court Costs	To be paid in full on the Plan Effective Date.
TOTAL	\$20,325.00		

* Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

** Type of Debt (P=Professional, TD=Trade, TX=Taxes)

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor *	Amount Owed	Type of Debt **	Summary of Proposed Treatment and Date of First Payment
NONE			

7. Treatment of Priority Non-Tax

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
N/A			

8. Treatment of Priority Tax Claims³

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
Internal Revenue Service-POC 1	3	\$ 100.00		Will be paid in full on the Plan Effective Date

9. Treatment of General Unsecured non-tax claims:

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
Iron City Mechanical LLC	<u>4</u>	\$ 2100.00	100%
JIYA Construction INC.	<u>4</u>	\$11,200.00	100%
Prasad Bandhu	<u>4</u>	\$ 6,717.00	100%
TOTAL		\$20,017.00	

³Include dates when any §507(a) (7) taxes were assessed.

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
NONE	4		

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11. Will periodic payments be made to unsecured creditors?

Yes ☒ No ☐ First payment to begin September 2017

If so:

Amount of each payment \$350.00
 Estimated date of first payment: September 1, 2017
 Time period between payments: Monthly
 Estimated date of last payment: September 1, 2022
 Contingencies, if any:

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison of Plan with Chapter 7 Liquidation

If debtor's proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate \$ 225,000.00

(See Section III)

1. Less secured claims (See IV-2) \$ \$ 220,589.02³

2. Less administrative expenses (See IV-3 and include approximate Chapter 7 expenses) \$ 20,325.00

3. Less other priority claims (See IV-4) \$ \$ 100.00

Total Amount Available for

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³ Do not include 2016 real estate Taxes.

Distribution to Unsecured Creditors \$ 0.00

Divided by total allowable unsecured claims of \$ 20,017.00
(See Section II C)

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Percentage of Dividend to Unsecured Creditors: 0%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation? Yes X No

Explain:

In a Chapter 7 liquidation the creditors would not receive a dividend. Under the Chapter 11 Plan they will be paid a dividend of approximately 100%.

VI. Feasibility

- A. Attach Income Statement for Prior 12 Months.
- B. Attach Cash Flow Statement for Prior 12 Months.
- C. Attach Cash Flow Projections for Next 12 Months.
- D. Attached are the Property analysis for each property

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$ 325.00

Show how this amount was calculated.

\$20,000.00	Administrative Class
\$	Taxes
\$	Unsecured Creditors
\$ 325.00	UST Fees
\$20,325.00	TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan?

Counsel for the Debtor will accept payments over time

Will funds be available in the full amount for administrative expenses on the effective date of the plan? From what source? If not available, why not and when will payments be made?

The Plan payments will be made from operations until the Debtor refinances the property at 133 S. 22nd Street, Pittsburgh, PA 15203. If the Debtor has a shortfall of money needed to make the monthly payments required by the Plan to creditors, the Principal of the Debtor, Prasad Bandhu will contribute sufficient

money to the Debtor to make the Plan Payments.

Cash on hand \$0.00 (Current) Attach current bank statement

Cash on hand \$3,000.00 (Estimated amount available on date of confirmation)

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
Prasad Bandhu	\$ 0.00	\$ 0.00

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, Litigation is Pending?
NONE
2. What, if any, Litigation is Proposed or Contemplated?
 - a. Objection to Tax Claims

IX. Additional Information and Comments

IX. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan.

If Debtor is a general partnership, attach a copy of the consent agreement of all general partners to the filing of the bankruptcy.

Date: November 23, 2016

BY: /s/ Donald R. Calaiaro

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David Z. Valencik, Esquire, PA I.D. #308361

dvalencik@c-vlaw.com

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