

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In Re:

Innovative Construction, Inc.,

Bankruptcy No. 16-20088-JAD

Debtor.

AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY AMENDED PLAN DATED SEPTEMBER 19, 2016

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: **ROBERT O LAMPL
960 PENN AVENUE, SUITE 1200
PITTSBURGH, PA 15222**

I. Background

1. Name of Debtor

INNOVATIVE CONSTRUCTION, INC.

2. Type of Debtor (individual, partnership, corporation)

CORPORATION

3. Debtor's Business or Employment

DEBTOR LEASES REAL PROPERTY TO CARAVAN II, LLC, WHICH OPERATES A HOTEL AND RESTAURANT. DEBTOR ALSO OWNS SAND AND GRAVEL DEPOSITS.

4. Date of Chapter 11 Petition

MAY 26, 2016

5. Events that Caused the Filing:

MICHAEL MANSOUR OBTAINED A JUDGMENT IN MORTGAGE FORECLOSURE AGAINST THE DEBTOR'S REAL PROPERTY. THE UNDERLYING MORTGAGE WAS GRANTED TO MR. MANSOUR IN ACCORDANCE WITH A LOAN MADE TO THE DEBTOR FOR IMPROVEMENTS TO THE PROPERTY. THE PROPERTY WAS SCHEDULED TO BE SOLD

AT A SHERIFF'S SALE.

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

THE DEBTOR HAS ENTERED INTO A MONTHLY SALES CONTRACT WITH SANDRO, LLC TO SELL \$6500/month OF ITS SAND AND GRAVEL DEPOSITS. THE AGREEMENT BETWEEN THE DEBTOR AND SANDRO LLC IS FOR 5 YEARS. A TRUE AND CORRECT COPY OF THE AGREEMENT IS ATTACHED HERETO AS EXHIBIT D. Mr. MENICHINO, WHO OWNS 50% OF THE DEBTOR, OWNS 100% OF SANDRO, LLC.

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

ALL CREDITORS WILL BE PAID IN FULL. MICHAEL MANSOUR, WHO HAS A CLAIM OF \$500,342.65, WILL BE PAID 36 MONTHLY PAYMENTS OF \$4000.00 AND A BALLOON PAYMENT OF \$356,342.65. THE BALLOON PAYMENT WILL BE MADE OUT OF A FUTURE REFINANCING. MID AMERICA FUNDING WILL BE PAID 60 MONTHLY PAYMENTS OF \$500.00. LAWRENCE COUNTY WILL BE PAID 60 MONTHLY PAYMENTS OF \$502.12 PURSUANT TO ITS SECURED CLAIM. THE DEBTOR'S UNSECURED CREDITORS WILL BE PAID VIA 52 MONTHLY PAYMENTS AS FOLLOWS: 36 PAYMENTS IN THE AMOUNT OF \$1,497.00, 15 PAYMENTS IN THE AMOUNT OF \$5498.00 AND 1 PAYMENT IN THE AMOUNT OF \$1101.69.

8. Are All Monthly Operating Statements Current and on File with The Clerk of Court?

Yes _____ No X

If Not, Explain:

There are no outstanding Operating Reports.

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

PLAN DOES NOT INCLUDE RELEASE OF NONDEBTOR PARTIES.

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

The Debtor will assume its lease with Caravan II, LLC.

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

13. Specify property that will be transferred subject to 11 U.S.C. §1146(c).

N/A

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 Liens Be Retained Under the Plan? (Y) or (N)
SANDRO, LLC	\$1,000,000.00	\$1,000,000.00	1 ST MORTGAGE ON DEBTOR'S BUILDING	L	Y
MICHAEL MANSOUR	\$500,324.65	\$500,342.65	2 ND MORTGAGE ON DEBTOR'S BUILDING	L	N
MID AMERICA FUNDING	\$ 30,000.00	\$30,000.00	3 rd MORTGAGE ON DEBTOR'S BUILDING	L	N
LAWRENCE COUNTY	\$ 30,127.77	\$30,127.77	REAL ESTATE TAX LIEN ON DEBTOR'S BUILDING	L	N
Total	\$1,560,452.30	\$1,560,452.30			

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D) (L) (U) *

C. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$	137,463.69
2.	Amount of Unscheduled Unsecured Claims¹	\$	-0-
3.	Total Claims Scheduled or Filed	\$	137,463.69
4.	Amount Debtor Disputes	\$	-0-
5.	Estimated Allowable Unsecured Claims	\$	137,463.69

D. Other Classes of Creditors

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$	
2.	Amount of Unscheduled Claims¹	\$	
3.	Total Claims Scheduled or Filed	\$	N/A
4.	Amount Debtor Disputes	\$	
5.	Estimated Allowable Claims	\$	

E. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$	
2.	Amount of Unscheduled Claims¹	\$	
3.	Total Claims Scheduled or Filed	\$	N/A
4.	Amount Debtor Disputes	\$	
5.	Estimated Allowable Claims	\$	

¹ Includes (a.) unsecured claims filed by unsecured 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.

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)
BUILDING	\$2,295,000.00	APPRAISAL	LAWRENCE COUNTY; SANDRO, LLC; MICHAEL MANSOUR; MID AMERICA FUNDING	\$734,547.70
SAND AND GRAVEL DEPOSITS	\$3,000,000.00	OWNER ESTIMATE/NO LIEN	N/A	\$ 3,000,000.00

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

NO

If so, identify asset and explain why asset is not in estate: **N/A**

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

N/A

IV. SUMMARY OF PLAN

1. Effective Date of Plan:

90 DAYS AFTER PLAN CONFIRMATION

2. Will cramdown be sought? Yes No
 If Yes, state bar date: June 14, 2016

3. Treatment of Secured **Non-Tax** Claims

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
MICHAEL MANSOUR	1	\$500,342.65	36 monthly payments of \$4000.00 with a balloon payment of \$356,342.65
MID AMERICA FUNDING	2	\$ 30,000.00	60 monthly payments of \$500.00
SANDRO, LLC	3	\$ 1,000,000.00	Will maintain lien on Debtor's Building
TOTAL		\$1,530,342.65	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
LAWRENCE COUNTY	4	\$30,127.77	60 monthly payments of 502.12

5. Treatment of Administrative **Non-Tax** Claims²

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
ROBERT O LAMPL	\$9,262.72	LEGAL FEES	TO BE PAID IN FULL ON OR BEFORE THE PLAN EFFECTIVE DATE
OFFICE OF THE U.S. TRUSTEE	\$ 325.00	QUARTERLY U.S. TRUSTEE FEES	TO BE PAID IN FULL ON OR BEFORE THE PLAN EFFECTIVE DATE

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
N/A			

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

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

²Incll all §503(b) administrative claims.

7. Treatment of Priority Non-Tax

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	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
N/A				

9. Treatment of General Unsecured Non-Tax Claims

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

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
CASTLE ASPHALT	7	\$ 2,000.00	100%
JR WARREN ELECTRIC	7	\$ 1,500.00	100%
PAULA CIALELLA	7	\$ 1000.00	100%
TOTAL		\$ 4,500.00	

10. Treatment of General Unsecured Tax Claims

Creditor	Class	Total Amount Owed	Percent of Dividend
LAWRENCE COUNTY	7	\$132,963.69	100%
TOTAL		\$132,963.69	

11. Will periodic payments be made to unsecured creditors?

Yes No First payment to begin: 90 days after plan confirmation

If so:

Amount of each payment (aggregate to all unsecured claimants)

36 payments of \$1497.00

15 payments of \$5498.00

1 payment of \$1101.69

Estimated date of first payment: **90 days after confirmation**

Time period between payments: **30 days**

Estimated date of last payment: **May, 2021**

Contingencies, if any: **None**

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

The Debtor's Income is going to increase from \$0.00/month to \$6,500.00/month. Commencing September 30, 2016, the Debtor will receive monthly payments from a contract with Sandro, LLC which will result in \$6500.00 of monthly income to the Debtor. A copy of the contract with Sandro, LLC is attached hereto.

Other significant features of the plan:

NONE

Include any other information necessary to explain this plan:

NONE

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 (See Section III)	\$ 2,295,000.00
1. Less secured claims (See Section IV-2)	\$ 1,514,134.60
2. Less administrative expenses (See Section IV-3 and include approximate Chapter 7 expenses)	\$ 25,325.00
3. Less other priority claims (See Section IV-4)	\$ -0-
 Total Amount Available for Distribution to Unsecured Creditors	 \$ 695,540.40
Divided by total allowable unsecured claims of (See Section II C)	\$ 137,463.69
Percentage of Dividend to Unsecured Creditors:	100%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes _____ No _____ **N/A**

Explain:

All Creditors will be paid in full under the Debtor's Plan

VI. Feasibility

- A. Attach Income Statement for Prior 12 Months. **See Attached (Exhibit B)**
- B. Attach Cash Flow Statement for Prior 12 Months. **See Attached (Exhibit C)**
- C. Attach Cash Flow Projections for Next 12 Months. **See Attached (Exhibit A)**

***The Debtor has no income. However, commencing September 30, 2016, the Debtor will generate income in the amount of \$6500.00/month as explained in the Debtor's response to Question 11.**

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

\$ 9,587.72

Show how this amount was calculated.

\$ 9,262.72	Administrative Class
\$	Taxes
\$	Unsecured Creditors
\$ <u>325.00</u>	UST Fees
<u>\$ 9,587.72</u>	TOTAL

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

NONE

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?

Funds will be available from monthly revenue as explained in paragraph 11.

Cash on hand \$ 0 (Current). Attach current bank statement.

Cash on hand \$19,500.00

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

N/A*

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
N/A		

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?

NONE

IX. Additional Information and Comments

N/A

X. 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.

/s/ Linda Jo Menichino
Signature of Debtor
or Authorized Representative

September 19, 2016
Date

/s/ Robert O Lampl
Debtor's Counsel

September 19, 2016
Date

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:

**Innovative Construction, Inc.,
Debtor.**

**Bankruptcy No. 16-20088-JAD
Chapter 11**

CERTIFICATE OF SERVICE

Robert O Lampl, John P. Lacher, David L. Fuchs and Ryan J. Cooney, hereby certify, that on the 19th day of September, 2016, a true and correct copy of the foregoing **AMENDED DISCLOSURE STATEMENT TO ACCOMPANY AMENDED PLAN DATED SEPTEMBER 19, 2016** was served upon the following (*via electronic service*):

Office of the U.S. Trustee
Liberty Center, Suite 970
1001 Liberty Avenue
Pittsburgh, PA 15222

Date: September 19, 2016

/s/ Robert O Lampl
ROBERT O LAMPL
PA I.D. #19809
JOHN P. LACHER
PA I.D. #62297
DAVID L. FUCHS
PA I.D. #205694
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