

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

IN RE:)	
)	Case No. 15-13518-BFK
PIONEER ROOFING SYSTEMS, INC.,)	Chapter 11
)	
Debtor-In-Possession.)	
_____)	

AMENDED DISCLOSURE STATEMENT

Debtor and Debtor-In-Possession, Pioneer Roofing Systems, Inc. (“Pioneer” or the “Debtor”) filed its voluntary petition for reorganization under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division on October 8, 2015.

I.
INTRODUCTION

Pioneer now seeks, with the aid of this document, to have its creditors accept, and the Court confirm, the Debtor’s Plan Of Reorganization (the “Plan”) filed contemporaneously herewith in the case, which you will receive with this Amended Disclosure Statement (the “Disclosure Statement”) after the Disclosure Statement has been approved by the Court.

II.
PREPARATION AND PURPOSE
OF THIS STATEMENT AND DISCLAIMER

This Disclosure Statement has been prepared and submitted by Pioneer in compliance with § 1125 of the Bankruptcy Code, and F.R.Bankr.P. 3016 and 3017. The purpose of this Disclosure Statement is to supply Pioneer’s creditors with material information sufficient to

enable them to make an informed judgment as to whether they should vote for or against the Plan; it may not be used for any other purpose. No representations concerning the Debtor, particularly as to future income, business affairs, or values of property, other than as set forth in this Disclosure Statement, are authorized by the Debtor. Any representations or inducements made to secure acceptance of the Plan which are not contained in this Disclosure Statement should not be relied upon by any creditor, and should be reported to the undersigned counsel for Pioneer. The information contained in this Disclosure Statement has been supplied by the Debtor but has not been subjected to a certified audit. Nevertheless, reasonable efforts have been made by the Debtor to present accurate information.

In addition to reading this Disclosure Statement, you should also read the Plan of Reorganization itself. The Court's approval of this Disclosure Statement is not a decision by the Court on the merits of the Plan. After this Disclosure Statement has been approved by the Court, you will receive with this Disclosure Statement and the Plan a Ballot on which you should indicate your acceptance or rejection of the Plan, based upon the terms of the Plan and the information contained in this Disclosure Statement. All terms not specifically defined in this Disclosure Statement shall have the same meanings as they do in the Plan.

III.
VOTING REQUIREMENTS FOR PLAN CONFIRMATION

In general, in order for the Plan to be confirmed, i.e. approved, by the Court, after which it becomes binding on the Debtor and its creditors and shareholders, it must first be accepted by creditors holding at least two thirds (2/3) in amount and more than one half (1/2) in number of the allowed claims that actually vote in each impaired class of claims. A class of claims or interests is impaired unless the Plan “leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest §1124(1). However,

even if the Plan is not accepted by all of the impaired classes of claims but is accepted by at least one such impaired class, then the Court may nevertheless confirm the Plan by way of a "cram-down" if the Court finds that it does not discriminate unfairly and is fair and equitable with respect to each impaired class that did not accept the Plan. The availability of cram-down is a legal matter to be resolved in the context of a hearing on confirmation of the Plan.

Only creditors whose claims are not listed as disputed, contingent, or unliquidated in the schedules that the Debtor filed, or creditors who have timely filed a proof of claim with the Court that was not disallowed as of the date of the confirmation hearing on the Plan, have the right to vote, except that if an objection to a claim is pending at the time that the Debtor solicits acceptances of the Plan, then the holder of such claim may vote on the Plan only if the Court after notice and hearing temporarily allows the claim in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan.

Only creditors whose claims are not listed as disputed, contingent, or unliquidated in the Schedules that the Debtor filed, or creditors who have timely filed a proof of claim with the Court that was not disallowed as of the date of the confirmation hearing on the Plan, have the right to vote, except that if an objection to a claim is pending at the time that the Debtor solicits acceptances of the Plan, then the holder of such claim may vote on the Plan only if the Court after notice and a hearing temporarily allows the claim in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan.

IV.
DESCRIPTION OF DEBTOR AND BUSINESS HISTORY

A. Description of the Debtor

Pioneer is a Virginia Subchapter C corporation incorporated in 1986. Stephen R. Wann is its one hundred percent (100%) shareholder and President. Wann has operated Pioneer for almost thirty (30) years. Pioneer's office is located at 7211-C Telegraph Square Drive, Lorton, Virginia 22079. Pioneer sells and installs roofing systems in the Mid-Atlantic Region. At the present time, Pioneer has twenty-eight (28) employees.

B. Business History

In 1988, in its first year, Pioneer had six (6) employees. Wann solicited sales, managed field installations and performed all administrative work. From 1988 to 1994, Wann leased a small office with warehouse space located at 7631 Fullerton Road, Springfield, Virginia and in 1994, Wann and Joan Martin purchased 7211 C & D Telegraph Square Drive, Pioneer's current location.

Pioneer installs white energy efficient roofing systems and from its beginning grew slowly as market acceptance for these new roofing systems increased. In 1994, Pioneer hired a second foreman and a second installation crew when Pioneer expanded sales. By 2010, Pioneer employed sixty (60) employees to handle its Service, Metal, and Contracts Divisions. Sales were greater than \$8,500,000.00 per year with gross profit margins of thirty-six point one percent (36.1%).

From 2012 to 2015, as the roofing market became more competitive, prices and gross profit margins decreased. Additionally, Pioneer had job performance issues causing estimated costs to increase and contract prices to increase on several jobs in 2014 and 2015. This condition, combined with very slow collections and poor cash flow caused debt to climb. Wann

terminated Pioneer’s Operations Manager in October 2015 and Wann took over this role in an effort to rebuild the Contracts Division. Gross margins steadily improved in 2016. By trimming overhead expenses and improving field performance, Pioneer’s financial outlook is favorable.

The following table illustrates Pioneer’s financial performance from 2006 through 11-30-2016.

	2006-2008	2009-2011	2012-10/8/2015	10/9/2015-11/30/2016
Revenue	\$ 22,570,106.00	\$23,920,419.00	\$ 27,407,117.00	\$ 5,140,293.00
Cost of Sales	\$ 14,463,365.00	\$15,282,007.00	\$ 21,415,710.00	\$ 3,501,530.00
Gross Margin	\$ 8,106,741.00	\$ 8,638,412.00	\$ 5,991,406.00	\$ 1,638,763.00
Gross Margin %	35.9%	36.1%	21.9%	31.9%
Overhead Exp	\$ 8,414,836.00	\$ 8,807,549.00	\$ 7,894,489.00	\$ 1,515,869.00
Oper. Profit/Loss	\$ (308,095.00)	\$ (169,137.00)	\$ (1,903,083.00)	\$ 122,894.00
Other Inc/Exp	\$ (122,555.00)	\$ 113,856.00	\$ 511,128.00.00	(109,500.00)
Net Profit/Loss	\$ (430,650.00)	\$ (55,281.00)	\$ (1,391,955.00)	\$ 13,206.00

You can see the dramatic change in gross margin dollars and gross margin percentage rate from 36.9 % in 2006 through 2008 to 21.9% from 2012 to October 8, 2015. The gross margin percentage rate has rebounded since the petition date and for the last year the gross margin percentage rate is once again up to 31.9%.

V.
EFFECT OF CHAPTER 7 LIQUIDATION

A. In General

The requirements for confirmation of the Plan by the Court are contained in §1129 of the Bankruptcy Code. Section 1129(a)(7) therein provides that the holders of general claims must either have accepted the Plan, or will receive as much under the Plan at least as much as they would receive if the Debtor's assets were liquidated as of the Effective Date of the Plan and the liquidation proceeds were distributed to them as if they were a Chapter 7 liquidation case. Accordingly, the following analysis is provided to enable creditors to compare the

treatment of their claims under the Plan with the probable treatment that would be obtained in a hypothetical liquidation under Chapter 7 of the Bankruptcy Code.

B. Liquidation Analysis

On the petition date, Pioneer's assets consisted of bank deposits of \$22,086.26, accounts receivable of \$707,594.50, office equipment, furnishings and supplies of approximately \$475,710.00 and vehicles with a value of \$307,706.00.

Pioneer assumes that in the event of liquidation, its bank deposits would retain full value of \$22,086.26; its accounts receivable would have a value of less than ten percent (10%) (\$70,759.45), office equipment, furnishings and supplies would have a value of \$50,000.00; and the value of the vehicles would be \$50,000.00 for a total liquidation value of \$192,845.71.

Burke & Herbert Bank and Trust Company ("B&H Bank") has a security interest in all of Pioneer's assets which exceeds the liquidation value of Pioneer's assets.

Pioneer must pay Chapter 11 administrative expenses which take precedence over the claims of its pre-petition creditors under 11 U.S.C. § 726(b). These administrative expenses consist of approximately \$65,000.00 in court approved or future attorney's fees and unknown U.S. Trustee's fees at this time. The liquidation value of Pioneer's assets, after deducting administrative expenses, are secured by B&H Bank's Security Agreement dated April 13, 2010 and are perfected by its UCC-1 Financing and Continuation Statements and miscellaneous Deeds of Trust.

In contrast to their treatment under a Chapter 7 liquidation scenario in which unsecured creditors would receive zero percent (0%), under Pioneer's Plan, unsecured creditors will receive five percent (5%) of their claim paid over a period of five years. This is a far better arrangement.

VI.
SUMMARY OF PROPOSED PLAN OF REORGANIZATION

A brief summary of the Plan is provided below. This Plan summary should not be relied upon for voting purposes. Creditors are urged to read the entire Plan, and to consult with counsel, or each other in order to fully understand the Plan. A copy of the Plan will be filed with the Clerk, United State Bankruptcy Court for the Eastern District of Virginia at 200 South Washington Street, Alexandria, VA 22314, and is available for inspection and review. The Plan represents a proposed legally binding agreement between the Pioneer and its creditors.

A. Classification and Treatment of Claims

The Plan, in Articles II and III, classifies and treats the allowed claims of creditors and holders of interests as follows:

1. Class 1 consists of (i) Allowed Claims for costs and expenses of administration of the Estate, as defined in § 503(b) of the Bankruptcy Code, including the fees of Professional Persons approved by the Court and other post-petition operating expenses and Liquidation Expenses, and (ii) fees payable to the United States Trustee by the Pioneer under 28 U.S.C. § 1930(a)(6). Each Class 1 claim shall be paid in full, in cash, from the Disbursing Account on the (a) the Effective Date, (b) the thirtieth (30th) day after such claim has become an Allowed Claim, (c) a date agreed upon by the Plan Administrator and the particular claimant, or (d) the date that there are sufficient funds in the Disbursing Account. Class 1 is not a class of claims impaired under the Plan.

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business after the Petition Date	\$0.00	Payment in the ordinary course of business
The Value of Goods Received in the Ordinary Course of Business within 20 Days Before the Petition Date	0.00	
Professional Fees to be determined	\$65,000.00	See p. 7, A.1.
Clerk's Office Fees		
Office of the U.S. Trustee's Fees	To be determined	See p. 7, A.1.
Other Administrative Expenses		
Total Administrative Expenses	\$65,000.00 +	See p. 7, A.1.

2. Class 2 consists of all Allowed Claims for unsecured taxes of government units entitled to priority under § 507(a)(8). Each Class 2 claim shall be paid in full, in cash, from the Disbursing Account but only to the extent each is entitled to priority under § 507 and there are sufficient funds in the Disbursing Account to: (a) the IRS in equal monthly payments from the Effective Date of the Plan with interest at the rate of four percent (4%) per annum pursuant to § 507(a)(8) of the Bankruptcy Code until October 7, 2020 within five (5) years of the petition date; and to (b) remaining Class 2 claims in equal monthly payments for sixty (60) months from the Effective Date of the Plan with interest as set forth below. Class 2 is not a class of claims impaired under the Plan. The following claims shall be paid at the following rates of interest: Virginia Department of Taxation and Virginia Employment Commission – six percent (6%); County of Fairfax, Virginia – five percent (5%); District of Columbia Treasurer - zero percent (0%) and the Comptroller of Maryland zero percent (0%).

IRS Priority claims shall be paid within five (5) years of the petition date beginning on the Effective Date of the Plan. The remaining taxes listed in Class 2 shall be paid within five (5) years of the Effective Date of the Plan.

Claimant	Type	Total Claim	Priority Claim
County of Fairfax	Pers Prop Tax	\$ 21,180.76	\$ 21,180.76
Comptroller of Maryland	Tax	\$ 15,612.00	\$ 14,650.00
Commonwealth of Virginia	Tax	\$ 146,743.07	\$ 119,335.43
District of Columbia Treasurer	WH Tax	\$ 1,786.74	\$ 1,786.74
Internal Revenue Service	Tax	\$ 760,141.47	\$ 621,923.73
VA Employment Commission	WH Tax	\$ 3,503.57	\$ 3,503.57
Total § 507(a)(8) Claims		\$ 948,967.61	\$ 782,380.23

3. Class 3 of the Plan consists of the priority claim of Nationwide Financial as custodian for Pioneer Roofing Systems, Inc.'s 401K Plan. This claim shall be paid in full with four percent (4%) interest per annum from the petition date payable within one year of the Effective Date of the Plan. Class 3 is unimpaired.

Claimant	Priority
Nationwide Financial as Custodian for Pioneer Roofing Systems, Inc.'s 401K Plan	\$ 14,965.70
Total:	\$ 14,965.70

4. Class 4 of the Plan consists of Allowed Secured Claims that are current. These claims shall be paid in full pursuant to the terms of the Notes. The creditors shall retain their liens under the Plan. Class 4 is unimpaired under the Plan.

Claimant	Type	Total Claim	Security
Toyota Financial Services	Loan	\$ 34,384.16	Tundra Truck
Total:		\$ 34,384.16	

5. Class 5 of the Plan consists of B&H Bank Secured Claims. These claims shall be initially paid pursuant to a Cash Collateral Order [Docket No. 29] entered by this Court

on October 30, 2015 at the rate of \$10,000.00/month for Loan 2001, \$3,000.00/month for Loan 3925 and \$1,713.00/month for Loan 3869.

When Stephen R. Wann and Joan E. Martin sell their real property located at 1263 Dartmouth Court, Alexandria, Virginia 22314, Wann and Martin shall pay Navy Federal Credit Union Deed of Trust, B&H Bank’s Second Deed of Trust and shall use sales proceeds in the amount of \$400,000.00 to pay additional B&H Bank debt. Pioneer shall make monthly payments on Loan 3925, Loan 2001 and Loan 3869 pursuant to the terms of the Cash Collateral Order.

When Stephen R. Wann and Joan E. Martin sell their real property located at 7211 C & D Telegraph Square Drive, Lorton, Virginia 22079, the sales proceeds shall be used to pay the remaining balance of all B&H Bank’s loans including a non-Pioneer Deed of Trust on 7211 E & F Telegraph Square Drive, Lorton, Virginia 220779. Class 5 is unimpaired.

Claimant	Type	Total Claim	Security
Burke & Herbert Bank & Trust Co.	Loan 3925	\$ 336,777.99	S.A. 4-13-10; C & D
Burke & Herbert Bank & Trust Co.	Loan 2001	\$ 438,201.79	S.A. 4-13-10; C & D
Burke & Herbert Bank & Trust Co.	Loan 3869	\$ 24,896.52	S.A. 4-13-10; UCC-1
Total		\$ 799,876.30	

6. Class 6 consists of general unsecured Allowed Claims against the Estate with the exception of insider claims. The holders of Class 6 claims shall be paid with income that remains after the satisfaction of the holders of Allowed Claims in Classes 1 through 5. Class 6 claims shall be paid at the rate of at least five percent (5%).

The US Small Business Administration’s (“SBA”) claim will also be paid the sum of \$6,200.00/month in rent from Pioneer for the sixty (60) month term of the Plan in addition to the SBA’s monthly unsecured payment of \$586.34. Class 6 is impaired under the Plan.

Claimant	Unsecured Claim
ABC Supply Company, Inc.	\$ 237,121.65
Action Sheet Metal Co., Inc.	\$ 1,845.16
AFLAC	\$ 2,519.10
Aktion Associates	\$ 44,903.21
American Express Business Card	\$ 5,955.67
American Express Corporate	\$ 43,969.99
American Express Helmet Card	\$ 13,796.31
American Express Travel Related Services	\$ 1,503.26
AP&M	\$ 11,343.24
Aquatonic Products Co.	\$ 1,500.00
ARCO Welding Inc.	\$ 1,619.00
Atkinson Hunt	\$ 41,500.00
BMG Metals, Inc.	\$ 116.38
Brauner Equipment Company	\$ 1,014.93
Builders Mutual	\$ 11,629.20
Burke & Herbert Bank Loan No. 3806	\$ 230,220.89
Burke & Herbert Visa Card	\$ 20,000.00
Canon	\$ 2,146.43
Carlisle Roofing Systems, Inc.	\$ 750.00
Cellofoam North America, Inc.	\$ 18,604.00
Ceridian Benefit Services	\$ 433.64
Cintas Corporation	\$ 2,388.00
Commonwealth of Virginia	\$ 27,407.64
Comptroller of Maryland	\$ 962.00
Corpus Christi School	\$ 2,548.35
Councilor, Buchanan & Mitchell	\$ 35,330.00
CT Corp.	\$ 284.00
D&K Heavy Truck Repair	\$ 1,566.35
Dentaquest	\$ 3,877.90
Distribution International	\$ 1,281.81
Englert Inc.	\$ 7,488.97
Fastenal Co.	\$ 658.08
Ferguson Fire & Fabrication	\$ 217.42
Fredericksburg Emergency Medical	\$ 388.29
Hajoca Corporation	\$ 2,458.64
HAPCO, Inc.	\$ 1,763.00
Hartford Life Annuity Ins. Co.	\$ 6,250.00
Hilti, Inc.	\$ 5,789.00
Industrial Traffic LLC	\$ 4,333.80
INOVA Employee Assistance	\$ 689.12
INOVA Health System	\$ 115.00

Claimant	Unsecured Claim
INTAC Actuarial Services, Inc.	\$ 2,264.00
IRS	\$ 138,217.76
Kelly and Associates	\$ 11,000.00
Lenovo Financial Services (CIT)	\$ 14,969.54
Lorton Urgent Care	\$ 955.00
Mary Washington Hospital	\$ 1,802.00
Metlife SBC	\$ 2,454.54
Mowry, David	\$ 32,994.08
My Urgent Care	\$ 600.00
N.B. Handy	\$ 2,078.96
Office Depot	\$ 93.83
Offix	\$ 1,211.95
Pembroke Occupational Health	\$ 2,012.00
Petersen Aluminum Corp.	\$ 844.80
Protech Termite & Pest Control	\$ 1,324.00
Prudential Life Insurance	\$ 275.61
Quarles Petroleum	\$ 10,392.52
Quill Corporation	\$ 1,255.80
Richmond Dellastatious	\$ 12,747.00
Roofers Supply of Greenville	\$ 519.00
Sam Desanto Co., Inc.	\$ 14,315.00
SB Enterprises LLC	\$ 1,254.00
Seaman Corporation	\$ 13,925.98
Sika Sarnafil, Inc.	\$ 178,726.89
Sisson Studios Inc.	\$ 821.50
Sunbelt Rentals	\$ 10,491.65
Supermedia	\$ 4,941.64
Telvent DTN	\$ 1,741.50
The Pole Brothers Imaging Co.	\$ 5,054.00
Triangle Fastners	\$ 6,215.54
United Rentals	\$ 12,537.13
Urgent Medical Care Lake Ridge	\$ 718.01
US Bank Advantage Lines	\$ 11,057.00
US Small Business Administration	\$ 703,608.90
WASCO	\$ 27,498.00
Washington Winnelson Co	\$ 1,930.40
Total General Unsecured Claims	\$ 2,031,138.96

7. Class 7 consists of unsecured insider claims against the Estate. The holders of Class 6 claims shall be paid with income that remains after the satisfaction of the holders of one hundred percent (100%) of allowed claims in Classes 1 through 5. Class 7 claims shall not be paid because Class 6 claims will not be paid in full pursuant to 11 U.S.C. 1129. Class 7 is impaired under the Plan.

Claimant	Insider Unsecured Claim
Stephen R. Wann & Joan E. Martin	\$ 298,873.59
Estate of Jean S. Martin	\$ 240,000.00
PRS Real Estate, LLC	\$ 85,101.00
Total:	\$ 623,974.59

B. Means for Implementation of the Plan

Stephen R. Wann will be the President and CEO of Pioneer and will run the operations of Pioneer and be responsible for the performance of the Plan. Joan E. Martin is the Office Manager for Pioneer. Both individuals are insiders of the corporation.

The source of funds to be distributed pursuant to the Plan will be Pioneer’s monthly disposable income, sales proceeds from real property owned by Stephen R. Wann and Joan E. Martin, located at 1263 Dartmouth Court, Alexandria, Virginia 22314 and Buildings C and D located at 7211-C and D, Telegraph Square Drive, Lorton, Virginia 22079 and the waiver of their unsecured claim of \$298,873.59. See 5-Year Reorganization Budget attached marked Exhibit “A”.

C. Factors Bearing on the Success or Failure of the Plan

The primary factors bearing on the success or failure of the Plan are Pioneer’s ability to generate future earnings, the sale of real property located at 1263 Dartmouth Court,

Alexandria, Virginia 22314, and the sale of 7211 C and D, Telegraph Square Drive, Lorton, Virginia 22079.

D. Litigation

Pioneer intends to file an objection to the Proof of Claim filed by David Mowry in the amount of \$32,994.08 within thirty (30) days after the Effective Date of the Plan.

E. Tax Consequences

The Federal, State, Local, and other tax consequences that may arise as a result of the Plan to the holders of claims and interests may vary based upon the individual circumstances of each holder. Therefore, each creditor and interest holder should consult their own tax advisor to determine the treatment afforded their respective claims and interests by the Plan under federal tax law, the tax law of the various states and local jurisdictions of the United States, and the laws of foreign jurisdictions. No statement in this Disclosure Statement should be construed as legal or tax advice. The Debtor and its counsel do not assume any responsibility or liability for the tax consequences that a creditor or interest holder may incur or experience as a result of the treatment of its claim or interest under the Plan.

F. 11 U.S.C. §1129(a)(15)

Under 11 U.S.C. §1129(a)(15) the court shall confirm a Plan only if all of the following requirements are met:

(15) In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the Plan –

(A) the value, as of the Effective Date of the Plan, of the property to be distributed under the Plan on account of such claim is not less than the amount of such claim; or

(B) the value of the property to be distributed under the Plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) to be received during the 6-year period beginning on the date that the first payment is due under the Plan, or during the period for which the Plan provides payments, whichever is longer.

For the purpose of this subsection, 11 U.S.C. §1129(b)(2), the condition that a Plan be fair and equitable with respect to a class includes the following requirements:

(B) With respect to a class of unsecured claims—

(i) the Plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the Effective Date of the Plan, equal to the allowed amount of such claim; or

(ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115, subject to the requirements of subsection (a)(14) of this section.

G. Priority Rule and New Value Exception

In individual Chapter 11 cases, creditors get to vote to accept or reject the debtor's Plan. If the Plan is not accepted by all impaired classes, the Court can still confirm it provided at least one class of impaired claims has accepted the Plan and it (1) does not discriminate unfairly and (2) is fair and equitable with respect to each class of claims that is impaired under, and has not accepted, the Plan. As to unsecured creditors, the fair and equitable standard is met if the unsecured creditors receive payment in the full amount of their claims or, if

they receive less than full payment, then no junior class retains any interest in property of the debtor. This standard is known as the absolute priority rule.

Stephen R. Wann and Joan E. Martin intend to liquidate 1263 Dartmouth Court, Alexandria, Virginia and 7211C-D Telegraph Square Drive, Lorton, Virginia and use the sale proceeds of the same to fund Pioneer's Plan. After Pioneer makes payment of all secured claims, priority tax obligations, secured debt and unsecured debt pursuant to the terms of the Plan, Stephen R. Wann's one hundred percent (100%) shareholder interest in Pioneer shall revert to Stephen R. Wann.

H. Section 1129(b) Election. In order to confirm the Plan, and to the extent necessary, the Debtor invokes the entitlement of § 1129(b) of the Bankruptcy Code, such that, as long as the Plan does not discriminate unfairly, and is fair and equitable, with respect to any Class of Claims that is impaired under and has not accepted the Plan, the Plan may be confirmed by the Court.

I. Recommendation and Conclusion. Pioneer's Plan provides full payment to administrative claimants on the Effective Date of the Plan, payment to secured creditors of the full value of their allowed secured claims, payment of priority tax to the IRS in full with interest at the rate of four percent (4%) per annum within five (5) years of the Petition Date, payment of priority tax of Commonwealth of Virginia and Virginia Employment Commission in the amount of six percent (6%), County of Fairfax of five percent (5%) per annum over a sixty (60) month period, and the District of Columbia Treasurer and Comptroller of Maryland in full with no interest over a sixty (60) month period; and a distribution in sixty (60) monthly payments to the unsecured creditors after the Effective Date of the Plan.

Pioneer lacks equity in any of its property after paying administrative expenses, secured creditors and priority tax claims. Therefore the only alternative for the unsecured creditors other than the distribution proposed in the Plan is a liquidation of Pioneer's assets which will result in no distribution to the unsecured creditors. Secured creditors will be paid the full value of their claims.

Pioneer believes that the Plan is in the best interests of all creditors and the estate and urges the holders of claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their ballots. It is recommended that creditors accept the Plan of Reorganization because it will maximize the value of the estate and provide the greatest return to all creditors.

PIONEER ROOFING SYSTEMS, INC.
By Counsel

LAW OFFICE OF JOHN T. DONELAN

/s/ John T. Donelan
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CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of February, 2017, a true copy of the foregoing Amended Disclosure Statement was sent first class mail, postage prepaid, to all creditors and parties in interest in this case, as set forth on the mailing matrix which was filed with the Court as an attachment to the Disclosure Statement.

/s/John T. Donelan
JOHN T. DONELAN