

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

FILED
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CLERK
US BANKRUPTCY COURT
ALEXANDRIA DIVISION

In re:

Henry S. FitzGerald
Debtor

Case No. 16-12991BKF
Chapter 11

DISCLOSURE STATEMENT

The following pages disclose the material facts regarding the Plan of Reorganization proposed in this Chapter 11 reorganization proceeding (hereinafter "Plan") for the purpose of seeking creditor approval of the Plan and court confirmation of the Plan. A full copy of the Plan is attached hereto and made a part hereof.

1. There are no general, unsecured creditors who have any interest in this bankruptcy estate.

2. The only creditor which would be impaired by approval of the proposed Plan of Reorganization is a securitized trust which holds a first lien encumbering Debtor's principal residence (hereinafter the "Property"). That creditor is represented for all purposes relating to that loan by Ocwen Loan Servicing, LLC, (Ocwen") which, by counsel, has filed a Proof of Claim herein on behalf of that creditor. On behalf of that creditor Ocwen has sent the Debtor an offer of a modification of that loan which the Debtor desires to accept, with this court's approval, and desires to have incorporated in the approved Plan of Reorganization.

3. Exhibits A and B to the proposed Plan of Reorganization filed herein contain important information regarding the proposed Plan of Reorganization and are attached as parts of this Disclosure Statement.

All creditors should read this Plan carefully for information regarding the precise treatment of their claims or interests.

***Your rights may be affected.
You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, it may be in your interest to consult one.)***

DESCRIPTION OF THE PLAN OF REORGANIZATION

As the result of the discharge granted the Debtor in his earlier Chapter 7 proceeding in this court, the Debtor has no unsecured debts, other than for utilities and the like, which accrue small charges day by day, which are all paid in ordinary course.

ARTICLE I. CLASSIFICATION OF CLAIMS AND INTERESTS

The Plan divides Claims and Interests, other than fees due the Office of the U. S. Trustee, into Classes of creditors and groups of interests and sets forth the treatment afforded to each Class and group of interests and the effect of confirmation of the Plan on all claims and interests. Claims and interests shall be dealt with under this Plan as hereinafter described.

Administrative Claims. These are unpaid post-petition debts incurred by the Debtor and any amount due the United States Trustee.

Debtor has incurred a post-petition obligation consisting of a fee due to Coast 2 Coast Home Services company in the amount of \$6,975.00 for successfully negotiating a loan modification plan with Ocwen Loan Servicing, LLC, which will be due upon confirmation of this Plan of Reorganization.

There are no expenses for professionals engaged by the Debtor during this proceeding.

Class 1. Unsecured Federal Priority Tax Claims. These are claims for federal taxes on Debtor's income for two taxable years.

Deed of Trust Creditor. There is one claim which is secured by a deed trust encumbering the Property. That claim is being serviced by Ocwen Loan Servicing, LLC, and is secured by a first deed of trust encumbering the Property.

Lienholders. Some liens have been recorded against the Property which are encumbrances of record on the Property but are junior in priority to the Ocwen Trust. The names and addresses of the holders of those liens (hereinafter the

“Lienholders”) are stated on a separate Schedule attached hereto and made a part hereof entitled “Schedule of Lienholders.”

The Debtor does not personally owe any money to any of those Lienholders.

Those liens are not secured by any value and are required to be treated as unsecured for bankruptcy purposes.

The Debtor. The Debtor is the owner of the Property.

ARTICLE II. TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

Administrative Claims.

There are no debts owed to professionals, such as attorneys and accountants.

The only known or anticipated administrative claims are [a] for fees to the U. S. Trustee’s office, and [b] a fee due to Coast 2 Coast Home Services company in the amount of \$6,975.00 for successfully negotiating a loan modification plan with Ocwen Loan Servicing, LLC.

All U.S. Trustee fees to date have been paid and all future such fees are required to be paid by 28 U.S.C. §1930(a)(6). These will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee fees owed on the effective date of this Plan will be paid on the effective date.

The fee due to Coast 2 Coast Home Services company which will be due and payable upon confirmation of the Plan of Reorganization and will be paid at confirmation.

Class 1. Unsecured Federal Priority Tax Claims.

This is a claim for federal taxes on Debtor’s income for two tax years in the amount of \$22,478.35. That claim is undisputed. That claim will be paid in 60 equal monthly installments of \$374.64, plus interest on the unpaid balance accrued at four (4.00 %) percent per annum.

Deed of Trust Creditor.

The Ocwen Trust encumbers the Property. There is one claim which is secured by a deed trust encumbering real estate owned by the Debtor. That

interest is being serviced by Ocwen Loan Servicing, LLC. That interest is evidenced by a thirty-year promissory note of which approximately nine years have passed. The basic provisions of this Plan which modify the terms of that promissory note have been approved by Ocwen in a post-petition offer of a Loan Modification Agreement made by Ocwen to the Debtor which the Debtor agrees to. However, Debtor has been legally prevented from entering into the Loan Modification Agreement without court approval because he is a Debtor in Possession in a Chapter 11 proceeding and must obtain court approval to enter into such an agreement, and because, to be binding on both the lender and the Debtor, the Loan Modification Agreement must be incorporated into a confirmed Plan of Reorganization of the Debtor.

A copy of the offered Loan Modification Agreement is attached hereto and made a part hereof as Exhibit A.

The terms of the modification of the deed of trust note are as follows:

1. The current unpaid principal balance due under the Ocwen Trust is established at \$1,624,885.78.
2. The principal balance of the note will be divided into two amounts: "Deferred Principal Balance" in the amount of \$636,885.78, and "New Principal Balance" in the amount of \$988,000.00.
3. No interest will accrue on and no periodic payments are required to be made on the Deferred Principal Balance, which will be forgiven over three years in three equal amounts of \$212,295.26, provided the Debtor complies with the other terms of the Loan Modification Agreement.
4. Interest will accrue on the New Principal Balance at the rate of 4.42501% per annum.
5. The New Principal Balance will be amortized over a period of 40 years by equal monthly payments of principal and interest in the amount of \$4,457.58.
6. Debtor will make additional payments on the Ocwen Trust each year to cover real estate taxes in 11 monthly amounts equivalent to one twelfth of the lender's estimate of the annual real estate taxes for that year, with a payment in the 12th month of the amount necessary to cover the actual real estate taxes for that year. The amount of the monthly tax payment at the current time is \$1,309.71.
7. The Loan Modification Agreement contains a "Shared Appreciation" provision under which the holder of the note secured by the Ocwen Trust will receive at maturity one fourth of the amount by which the value of the Property has increased above \$988,000. If the Debtor sells or refinances the Property prior to maturity of the note, the holder of the note secured by

- the Ocwen Trust will receive at that time 25% of the difference between \$988,000.00 and the sale or refinance value of the Property at that time.
8. The note may be prepaid but with a substantial prepayment penalty. See paragraph F on page 2 of the attached Exhibit A.

The lien of the Ocwen Trust is continued unchanged under the Plan.

Lienholders. Under the Plan all liens encumbering the Property other than the Ocwen Trust will be invalidated as liens encumbering the Property.

Debtor's Interests. The Debtor shall retain his ownership interest in the Property, subject to the lien of the Ocwen Trust, and subject to no other liens.

ARTICLE IV. ALLOWANCE AND DISALLOWANCE OF CLAIMS

There are no disputed claims. No other claims have been filed and the time for filing claims has expired.

ARTICLE V. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

There are no executory contracts or unexpired leases.

ARTICLE VI. MEANS FOR IMPLEMENTATION OF THE PLAN

The Plan will be implemented by the earnings and retirement benefits of the Debtor.

ARTICLE VII. GENERAL PROVISIONS

No Reinstatement of Discharged Debts. Confirmation of the Plan will not cause the reinstatement of any obligation of the Debtor which has previously been discharged under the provisions of the Bankruptcy Code.

Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

Effective Date of Plan. The effective date of this Plan is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the Commonwealth of Virginia govern this Plan and any agreements or other documents executed in connection with this Plan, except as otherwise provided in this Plan.

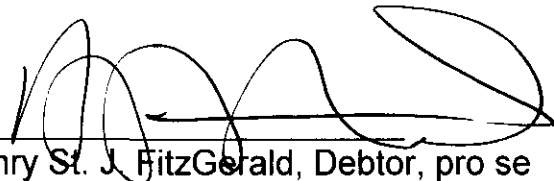
ARTICLE VIII. DISCHARGE

No bankruptcy discharge will be effected or affected by confirmation of this Plan,

ARTICLE IX. JURISDICTION

The Bankruptcy Court will continue jurisdiction over this case for supervision until the Plan is completed.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that, simultaneously with the filing of the original of the foregoing, a copy of the foregoing was served by electronic mail through the Court's electronic filing system to the parties for whom electronic mail addresses are provided below and by U.S. Mail to the parties for whom postal mail addresses are indicated below:

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Jack.I.Frankel@usdoj.gov

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Arlington, VA 22201

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c/o Robertson, Anschutz & Schneid
6409 Congress Ave, Suite 100
Boca Raton, FL 33487

Orion
c/o Recovery Management Systems Corporation
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Miami, FL 33131-1605

LIENHOLDERS

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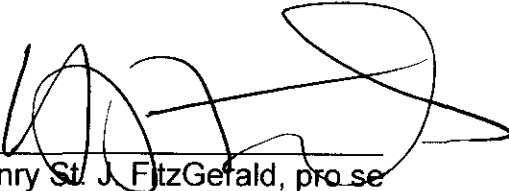
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