

**EXHIBIT 2** UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON DIVISION

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CHAPTER 11

GEORGETOWN MOBILE ESTATES, LLC

Case No. 15-50945

DEBTOR

**MODIFIED**  
**AMENDED DISCLOSURE STATEMENT TO ACCOMPANY**  
**DEBTOR'S AMENDED PLAN OF REORGANIZATION**

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This **Modified** Amended Disclosure Statement ("Disclosure Statement") and the accompanying ballots are being furnished by **GEORGETOWN MOBILE ESTATES, LLC**, ("Debtor") to its known creditors pursuant to sections 1125(a) and 1126(b) of the United States Bankruptcy Code ("Code") in connection with a solicitation by the Debtor of ballots for the acceptance of the Amended Plan of Reorganization ("Plan") under Chapter 11 of the Code filed in this Court (Doc. No. 130) on July 29, 2015.

All capitalized phrases, words or terms as used in this Disclosure Statement, unless the context dictates otherwise, shall have the definitions contained in the Plan, a copy of which is attached hereto as **EXHIBIT 1**, which should be read first.

In conformity with the voting requirements of Rule 3018 of the Bankruptcy Rules and Code §§ 1125 and 1126, the Bankruptcy Court ("Court") has or may fix the close of business on **September 16, 2015** as the record date for the receipt of ballots accepting or rejecting the Plan. This solicitation period for ballots will expire at 5:00 p.m. eastern time on the aforesaid date, unless the Court extends the time in which ballots may be accepted. EXCEPT TO THE EXTENT ALLOWED BY THE COURT, BALLOTS THAT ARE RECEIVED AFTER THE EXPIRATION OF THE VOTING PERIOD MAY NOT BE ACCEPTED OR USED BY THE DEBTOR IN CONNECTION WITH THE DEBTOR'S MOTION FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF. If a Creditor votes for confirmation of the Debtor's Plan, such YES vote cannot be changed or rescinded. If a Creditor votes against confirmation of the Debtor's Plan, such NO vote can be rescinded or changed to a YES vote prior to or during the confirmation hearing.

Pursuant to Code § 1126, only holders of Impaired Claims or interests, as determined by the Plan, will be entitled to vote to accept or to reject the Plan, or, if not impaired, will be deemed to have accepted the Plan.

This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan, and nothing contained herein shall constitute an admission of any fact or liability by the Debtor, or be deemed legal advice on the effect of the Plan to any Claimant. Some items of information in this Disclosure Statement are estimates and assumptions which may prove not to be true or realistic, and some financial projections may be materially different from actual future experience.

Amendments to the Plan's classification of Creditors and treatment of those Classes that do not materially and adversely change the treatment of that Class or the other Classes may be made to the Plan either before or after the Confirmation hearing without re-solicitation of Creditors in the Classes that are not impacted by such an amendment but that substantial consummation of the Plan will be deemed to be upon the entry of an order confirming the Plan.

The Debtor is required under Code § 1122 to classify the Claims or interests of its Creditors into Classes that contain Claims or interests that are substantially similar to the other Claims or interests in such Class. While the Debtor believes that it has classified all Claims and interests in compliance with Code § 1122, it is possible that a party may challenge the Debtor's classification of such Claims or interests and the Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtor intends to modify the Plan to provide for whatever reasonable classification might be required by the Court for Confirmation and to use the acceptances received from any Creditor pursuant to this Disclosure Statement for obtaining the approval of the Class or Classes of which such Creditor is ultimately deemed to be a member. Any such reclassification of Creditors could adversely affect the Class in which such Creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and the required vote thereof for approval of the Plan. A reclassification of the Claims of Creditors after approval of the Plan could necessitate the re-solicitation of ballots for a completely new plan of reorganization and distribution.

Likewise there are often Plan changes required by the Court, which changes arise during the Confirmation hearing after voting by the Creditors. These changes often are technical matters relating to Code provisions; other times they are substantive matters that affect only one or a limited number of Creditors. If such changes are required to the Plan, the Debtor intends to make those changes without obtaining the approval of the Class or Classes affected so long as such change or changes do not materially and adversely affect the rights of those Creditors.

The statements contained in this Disclosure Statement are made as of the date hereof, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

#### **SUMMARY OF THE PAYBACK PROPOSED IN THE PLAN**

Under the Plan, attached as **EXHIBIT 1** hereto, the Debtor proposes to refinance or sell its Property within 181 days after September 15, 2015 (the "Marketing Period"). The terms of any proposed sale or refinance shall be subject to the Secured Lender's approval, which approval shall not be unreasonably withheld. If no refinance or sale occurs within the Marketing Period,

then the Secured Lender shall have sole title to the Real Property, free and clear of all liens, claims and encumbrances and may record such deed or deeds. If the Reorganized Debtor refinances the debt owed to the Secured Lender as provided for in the Plan, then DellaValle shall replace the Receiver and act as Manager.

The Cash, Disposable Income and Proceeds (collectively, the "Property Funds") will be distributed as follows:

First, in full and final satisfaction of the Secured Lender's Allowed Secured Claim, the Debtor may pay the Secured Lender \$11,500,000.00 million, plus all of the Secured Lender's costs, fees and expenses, including, but not limited to attorneys' fees and special servicing fees that accrue from July 1, 2015, which ~~costs, fees and expenses~~ costs and, fees and expenses shall not exceed \$100,000 (collectively, the "Secured Lender's Agreed Secured Claim"). Until the Secured Lender's Agreed Secured Claim is paid in full on the Property Transfer Date, (1) the Loan Documents shall remain in full force and effect; (2) the Debtor shall comply with all terms and provisions of the Loan Documents, as modified by the Confirmation Order; (3) the Debtor shall make monthly ~~Aadequate pProtection pPayments~~ Payments to the Secured Lender on or before the first day of each month (with a ten calendar day grace period) in an amount equal to the Monthly Debt Service Payment amount of \$61,349.46, beginning on the first day of the month following the entry of a final and nonappealable confirmation order until the date of any sale, refinance or transfer of the Property under this Plan ~~and pro-rated for the month of any sale or refinance~~; and (4) the Debtor shall cause amounts equal to the monthly tax and insurance escrow required under the Loan Documents to continue to be escrowed.

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To the extent Little Joe's claims any right, title and interest in the Property, including, but not limited to the Wastewater Facilities, any such right, title or interest is junior and subordinate to the Secured Lender's interest pursuant to, among other things, that certain Assignment of Wasterwater Facilities Agreement and Subordination of Fees. [Doc. #10, Exhibit F] —

Prior to the Confirmation Hearing, or as otherwise agreed by the Secured Lender in its sole discretion, Little Joe's and the Debtor shall execute and deliver a Plan Support and Contribution Agreement, in a form acceptable to the Secured Lender in the Secured Lender's sole discretion, to the Secured Creditor pursuant to which Little Joe's agrees to contribute all of its right, title and interest in and to the Property, including, but not limited to the Wastewater Facilities to the estate, the Debtor and/or the Reorganized Debtor to be used in accordance with the terms of the Plan and agrees to be bound by the terms of the Confirmation Order and the Plan as if it were a debtor.

Within three (3) days after entry of a final and nonappealable confirmation order, the Debtor ~~shall execute~~ and Little Joe each shall execute the Plan Transfer Deed, in a form acceptable to the Secured Lender, and deliver the Plan Transfer Deed to the Secured Lender, to be held in escrow pending delivery in accordance with the terms herein.

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If the Debtor is unable to sell or refinance the Property for an amount sufficient to pay the Secured Lender's Agreed Secured Claim within 181-days after September 15, 2015 (the "Marketing Period"), the Property, including any and all right, title interest and/or claims of

Little Joe's in and to the Property, including, without limitation, ~~sanitary sewer facilities and/or wastewater treatment/discharge facilities located on the Property~~ the Wastewater Facilities, will automatically transfer to and vest in the Secured Lender (or the Secured Lender's designee), free and clear of any and all liens, claims or interests, without the need for any further action by the Secured Lender, the Debtor or any other party and without any further Court Order. The Plan Transfer Deed will immediately be delivered by release from escrow to the Secured Lender or its assignee in full and final satisfaction of the Secured Lender's Allowed Secured Claim. The Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, agree to extend the 181-day Marketing Period. To further evidence this transfer, the Secured Lender may, but is not required to, record the Plan Transfer Deed in the Official Records but no earlier than the 181-day Marketing Period. This transfer, and the execution and delivery of the Plan Transfer Deed shall each constitute the transfer, making or delivery of an instrument of transfer under a plan confirmed under 11 U.S.C. § 1129 and may not be taxed under any law imposing a stamp tax or similar tax. Alternatively, the Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, accept an amount less than the amount of the Secured Lender's Agreed Secured Claim in full and final satisfaction of the Secured Lender's Allowed Secured Claim.

The Secured Lender is agreeing to accept the reduced amount of the Secured Lender's Agreed Secured Claim as an accommodation to the Debtor and in settlement of a dispute for the purposes of this Plan only and only if the Secured Lender receives a cash payment of the full amount of the Secured Lender's Agreed Secured Claim within the Marketing Period or as otherwise agreed to by the Secured Lender, in the Secured Lender's sole discretion. If the Secured Lender does not receive such cash payment, the Secured Lender's agreement to accept the reduced amount of the Secured Lender's Agreed Secured Claim shall terminate, and shall be null and void, and the Secured Lender will be entitled to payment of the full amount of the Secured Lender's Allowed Secured Claim and any other or additional amounts owed to the Secured Lender under the Loan Documents and applicable law, and nothing in the Disclosure Statement, Plan or Confirmation Order shall constitute an admission concerning or waiver of amounts owed to the Secured Lender. If, however, the Secured Lender receives cash payment of Secured Lender's Agreed Secured Claim in accordance with the terms set forth herein, the Secured Lender shall surrender and return the original Plan Transfer Deed to the Debtor or its designee to allow a transfer or refinance of the Property and release its security, mortgages, liens and other encumbrances without any further claim against the Debtor and its officer, Daniel E. Sexton.

**The Secured Claim of this Creditor shall be subject to the extended stay set forth in Plan § 6.5, *infra*, and against all officers, directors, members, personal guarantors, including Daniel E. Sexton, except such stay shall be suspended during the Term to permit such Secured Creditor to communicate with the Reorganized Debtor in the ordinary course of business. If this Creditor's Secured Claim is timely satisfied as set forth above, then no claim by this Creditor shall exist against Daniel E. Sexton and, upon (i) the Secured Lender's receipt of full payment of the Secured Lender's Agreed Claim or (ii) transfer of the Property to the Secured Lender, Mr. Sexton shall be deemed released of any personal liability of any remaining balance, if any.**

Second, the Debtor will pay the Unclassified Claims, being the U.S. Trustee's Fees, all allowed Professional and Administrative Fees and Expenses the lesser of (1) the full amount of each Allowed Unclassified Claim or (ii) each Allowed Unclassified Claim's *pro rata* share of the remaining Property Funds.

Third, the Debtor will pay the Tax Claims, if any, the lesser of (1) the full amount of each Allowed Tax Claim or (ii) each Allowed Tax Claim's *pro rata* share of the remaining Property Funds.

Fourth, the Debtor will pay each Allowed Unsecured Claim the lesser of (1) the full amount of each Allowed Unsecured Claim or (ii) each Allowed Unsecured Claim's *pro rata* share of the remaining Proceeds. It is anticipated that distributions to Allowed Claims will not begin until after the second (2<sup>nd</sup>) anniversary year from the Effective Date. The Plan provides for an Early Payment Incentive of allowing the Debtor the option of paying all Allowed Claims 50% if paid within two (2) years from the Effective Date.

Any Creditor holding an Unsecured Claim shall be subject to the extended stay during the Term as set forth in Plan § 6.5, *infra*, and against all officers, directors, members, personal guarantors, including Daniel E. Sexton. After the Term, no co-borrower, officer, director, member, guarantor shall be released of any Claim held by a Creditor holding a Disputed Claim, unless resolved by a final court order from a court of competent jurisdiction, settled by agreement between the respective parties, or paid in full or other arrangement between such parties. The above provision shall be included in the confirmation order is bold print.

Fifth, the remaining Property Funds, if any, shall be distributed to the Debtor. Neither the Debtor, nor any of the Debtor's principals, including, but not limited to Mr. Sexton, shall receive a distribution of any of the Property Funds, unless and until after the later of (i) the Secured Lender is paid the full amount of the Secured Lender's Agreed Secured Claim in accordance with the terms of the Plan or the Property is transferred to the Secured Lender in accordance with the terms of the Plan.

The Allowed Scheller Claim is based upon the Judgment Lien filed by Greg and Heather Scheller (the "Schellers") in the Scott and Fayette County Clerk's Offices (the "Official Records"). The Allowed Scheller Claim shall be treated as an Allowed Secured Claim to the extent of \$155,934.42, plus interest at 10% per annum from December 30, 2014 until paid in full and is junior to the Secured Lender's Allowed Secured Claim. Beginning on January 1, 2016, the balance of the Allowed Scheller Claim of \$155,934.42 plus accrued interest of \$5,682 from December 30, 2014 through the Petition Date, for a total of \$161,616.42, will be repaid by the Debtor with regular monthly payments of \$1,714.19 as amortized over 10 years at 5%. **These payments will be paid outside of the Plan by the Receiver or Manager from the remaining Property Funds.**

The Allowed Scheller Claim, the Judgment Lien and any interests that the Schellers have in the Property or the Proceeds are junior to the Secured Lender's Allowed Secured Claim.

Any transfer of the Property under the Plan, whether to a third-party, the Secured Lender or the Secured Lender's designee, shall be free and clear of the Allowed Scheller Claim, the Judgment Lien and any interests that the Schellers may assert in the Property.

Because liquidation under Chapter 7 or state court foreclosure is likely to produce substantially less percentage payback than the above proposal to the Creditors, the Debtor believes that the Plan is in the best interests of all Creditors and that all Impaired Creditors should vote in favor of the Plan.

The Debtor anticipates borrowing funds within 181-days from September 15, 2015, to pay the Secured Lender's Agreed Secured Claim. Such financing is projected to be short term, which may increase the total payback to creditors in year 3 of the term. Such monthly payments to the finance company is not projected to have any substantial impairment to the Allowed Claims of Unsecured Creditors. The Budget attached hereto an used projected figures for year 3 of the term for purposes of projected Disposable Income.

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## I. INTRODUCTION

### A. General

The Debtor is furnishing this Disclosure Statement and ballots to all its known Creditors as of the date hereon pursuant to Code §§ 1125 and 1126 and Bankruptcy Rule 3018 for the purpose of soliciting ballots from the holders of Claims in Impaired Classes for the acceptance of the Plan. As required by the Code, confirmation of a reorganization plan pursuant to Chapter 11 depends upon receipt of a sufficient number of votes in favor of the Plan. **YOUR VOTE IS IMPORTANT.**

The Plan is being proposed by the Debtor after negotiations with the various Creditors and after consultation with their attorneys as to what type of plan may be feasible. The Confirmation of the Plan described herein is subject to other conditions in addition to the acceptances by one or more Classes of Impaired Creditors.

This Disclosure Statement describes various transactions and events contemplated under the Plan. **A copy of the Plan is attached hereto as EXHIBIT 1 and made a part of this Disclosure Statement.** The previous summary and the following overview are qualified in their entirety by the information contained in the Plan. Defined terms and phrases used herein and not otherwise defined herein are defined in the Plan. You are urged to read the entire Plan first and, if necessary, to consult with your attorney about the Plan and its impact upon your legal rights prior to voting for or against the Plan. Any inconsistency between statements in this Disclosure Statement and terms in the Plan shall be governed by the terms of the Plan.

### B. Purpose of the Plan

The purpose of the Plan is to allow the Debtor to become a Reorganized Debtor and by refinancing or selling the Property at its option and repaying the Debtor's creditors. The Debtor has therefore developed this Plan which it believes will provide distributions greater than what the Creditors would receive if the Debtor were liquidated under Chapter 7 of the Code. The Debtor believes that the Plan will provide for Creditors the maximum possible recovery from the Debtor's Assets. Upon confirmation of the Plan, the Debtor will become the Reorganized Debtor. If and when the Debtor repays the Secured Lender in Class 1 according to its agreed terms, then the Reorganized Debtor will control and operate its business as it did prior to the appointment of a receiver in the foreclosure action.

### C. Classification of Claims

For a Class of Claims to accept the Plan, votes representing at least two-thirds (2/3<sup>rd</sup>) in dollar debt amount and more than half in number of Claims voting in that Class

~~19 — Workshare Compare comparison of interwovenSite://VBWS/FirmDocs/9953549/1 and interwovenSite://VBWS/FirmDocs/9953549/2. Performed on 7/28/2015.~~

must be cast in favor of acceptance of the Plan. If upon the expiration of the solicitation period the Debtor receives ballots approving the Plan from the requisite number of holders of Claims in each Class of Impaired Classes voting on the Plan, the Debtor will move the Court for Confirmation of the Plan. For the Plan to be confirmed, the Plan must be accepted by at least one Impaired Class of Claims or interests. A Claim that will not be repaid in full or as to which legal rights are altered, or an interest that is adversely affected, is "impaired." Generally, a holder of an impaired Claim or interest is entitled to vote to accept or reject the Plan if such Claim or interest has been at least provisionally allowed under Code § 502. In certain situations several Impaired Creditors may not be authorized to vote because their Class will be legally deemed to have voted to reject or to accept the Plan.

**D. Purpose of the Disclosure Statement**

The Code requires that the Debtor solicit votes for or against a Plan only by using a Court-approved disclosure statement. The Debtor believes that this Disclosure Statement contains information that is in compliance with the adequate information requirement of Code § 1125(a). Under the Code, the solicitation of acceptances of a plan of reorganization must be preceded or accompanied by disclosure materials containing sufficient and detailed information to enable Creditors to make informed judgments about the Plan and the acceptance or rejection thereof. The Debtor believes that this Disclosure Statement contains sufficient information to enable its impaired Creditors to make an informed judgment in regard to the Plan, and to the best of the Debtor's knowledge, the contents of this Disclosure Statement are accurate and complete in all material respects.

**II. HISTORY OF THE DEBTOR**

**A. Background**

The Debtor's principal assets include three adjacent mobile home parks that are located along the border of Scott and Fayette counties. The majority of the parks, including the office and maintenance building, is located within Scott County. The three mobile home parks are known as Spindletop, Spindletop Village, and Ponderosa. These three parks have a combined 504 pads and can service as many customers; historically, the occupancy rate was 92%. Recent occupancy rate has dropped to the mid-70%, but is expected to return to higher rates upon DellaValle being the Manager. Income is derived from renting these pads and expenses include maintaining private roads, road signs and operating the on-site water treatment plant. These mobile home parks have been owned for three generations by one of the principals of the Debtor, Mr. Daniel E. Sexton.

~~19 — Workshare Compare comparison of interwovenSite://VBWS/FirmDocs/9953549/1 and interwovenSite://VBWS/FirmDocs/9953549/2. Performed on 7/28/2015.~~

#### B. Events Preceding the Bankruptcy

In 2011, the Debtor borrowed approximately \$10 million in a short term loan that was later refinanced during a time when Mr. Sexton had ceded operational control to a business associate, Jonathan Williams, CPA. Mr. Williams has been unaffiliated with the Debtor since January 2014. As a result of Mr. Williams actions and the Debtor's default on the refinanced loan owed to the Secured Lender, a foreclosure proceeding was commenced on April 28, 2014 in U.S. District Court.

During the pendency of the foreclosure action, the District Court appointed a receiver, being CFLane, LLC, to operate the Debtor on June 1, 2014. Under the operations of the Receiver, occupancy at the mobile home park fell to approximately 72.8% resulting in a dramatic drop in gross rental income.

The Debtor's Chapter 11 Case was filed on May 11, 2015 ("Petition Date") to prevent the foreclosure auction. Pursuant to an agreed order entered by the Court, the District Court Receiver has remained in possession, custody, and control of the mobile home parks with certain restrictions and limitations. The Debtor has complied with the requirements of the U.S. Trustee Operating Guidelines, to the extent applicable to it.

#### C. Litigation

As noted above, the Debtor was the defendant in a foreclosure action filed by the Secured Lender in U.S. District Court being Case No. 5:14-cv-170-DCR-REW. Additionally, at least three or more lawsuits were filed against the Debtor in Fayette Circuit Court in 2014 or 2015 prior to the Petition Date.

Many of the Claims listed on the Schedules and others for which Proofs of Claim have been filed are Disputed Claims. See **EXHIBIT 3** for a list of all Claims with designation of those being potentially Disputed Claims. Mr. Sexton testified at the First Meeting of Creditors that the creditors listed in Schedule F with the notation of "disputed" were debts forged by Jonathan Williams fraudulently. Such proceeds were never utilized by the Debtor or used for its benefit. It is anticipated that these Disputed Claims can be resolved through the claims reconciliation process, although it may be necessary to commence adversary proceedings and/or other litigation to resolve the underlying claims. **EXHIBIT 4** is a sample of the forged signature of Daniel E. Sexton for the Debtor. If the signature of the Unsecured Creditors with Disputed Claims bears resemblance to **EXHIBIT 4**, then your Claim is disputed. Objection to any proof of claim that is a Disputed Claim has been filed in the Record as of August 20, 2015.

#### D. Potential Future Operations Upon Refinance

Through the bankruptcy, the Debtor has made various projections as to the profitability of its operations. If the Property is refinanced, the Debtor projects strong

<sup>19</sup> Workshare Compare comparison of interwovenSite://VBWS/FirmDocs/9953549/1 and interwovenSite://VBWS/FirmDocs/9953549/2. Performed on 7/28/2015.

cash flows from the future operations of the mobile home park facilities through improved management, increased occupancy rates and closely monitored expenses. These projections are reflected in the Pro Forma Budget attached hereto as **EXHIBIT 2**. The Budget was created based upon historical figures using the Receiver's Monthly Operating Reports and variations upon the Reorganized Debtor's expectations in the future.

### III. RECOMMENDATION OF THE DEBTOR

The Debtor has approved the terms of the Plan, believes that the Plan is in the best interests of all of the Creditors, will permit the maximum recovery for all Classes of Claims, and is the fairest method of distribution of the Debtor's earnings in lieu of liquidation. The Debtor believes all Classes will support the Plan with favorable votes on the Plan.

### IV. THE PLAN

Set forth below is a brief description of the Plan which highlights its major terms and provisions. The following description is qualified in its entirety by reference to the Plan itself.

#### A. Concept of the Plan

The concept of the Plan is to allow certain of the Debtor's Creditors who have or who will obtain Allowed Claims against the Debtor's estate to be repaid according to the terms of the Plan. In summary, the Plan provides for refinance or sale of the Property at the option of the Debtor and the distribution of the Cash, Disposable Income and Property Funds to the Creditors with an attempt to balance the relative rights and interests of the Creditors. The terms of the Plan are based upon the Debtor's analysis of all claims and the rights of Claimants, consistent with the provisions of the Code and the priorities of the Creditors. The terms of any proposed refinance or sale shall be subject to the Secured Lender's approval, which approval shall not be unreasonably withheld.

(1) Explanation of Debtor's Assets. Going into the Chapter 11, the Debtor owned real and personal property (all Assets, excluding the Suzuki off-road vehicle, shall be referred to herein as the "Property") listed in detail on Schedules A and B to the Petition, (Doc. No. 56). Personal property included cash accounts, security deposits and receivables although the Debtor cannot verify the value of these assets as same were in the possession of the court-appointed receiver. Additionally, the Debtor owns a Suzuki off-road vehicle, office furniture and equipment and miscellaneous tools. The value of the Debtor's Schedule B personal property is listed on the Schedules at \$-16,000,000.00 though if liquidated these Assets would likely bring substantially less, possibly less than

the Secured Claim of the Secured Lender of \$13.5 Million. The current value of the Secured Lender's Judgment will be approximately \$14 Million by the end of 2015.

(2) Retained Assets. The Debtor proposes to market and refinance or, alternatively, sell, its Assets after Confirmation. The Debtor does not intend to refinance the Suzuki off-road vehicle as there is no lien thereon.

Two values must be used to determine Chapter 11 paybacks: Chapter 7 liquidation values and going-concern values. The Debtor realizes that the fair market values of the Retained Assets will fix the floor for the minimum Chapter 11 payback total. The Chapter 7/Chapter 11 Liquidation Analysis is set forth and discussed herein. Per this analysis, the Retained Assets going-concern value is estimated at \$485,505.00. Since the Debtor's future income payments total payback is to repay all Allowed Unsecured Claims in full, then the total payback of the Code-mandated minimum is met.

#### B. Classification and Treatment of Claims and Interests

Code § 1123 provides that a plan of reorganization shall classify the claims of a debtor's creditors and interest holders. The Plan divides Claims and interests into Classes and sets forth the treatment afforded to each Class. Under the Plan, each Claim or interest is either unimpaired or impaired. A Claim is unimpaired under the Plan if the Plan (i) leaves unaltered the legal, equitable and contractual rights of the holder of such Claim, (ii) provides for cash payment of the full amount of such Claim on the effective date of the Plan, or (iii) notwithstanding any contractual provision or law that entitles the holder of the Claim to demand or receive accelerated payment after the occurrence of a default, cures any such default, reinstates the maturity of the Claim as it existed before the default, and compensates the holder of the Claim for any damages incurred as a result of any reasonable reliance by such holder on any provision or law that entitles the holder of such Claim to demand accelerated payment. All Claims that are not unimpaired by the definition set out above are impaired. As discussed below, only the Creditors that are or may be impaired under the Plan are entitled to vote to accept or reject the Plan, excepting those impaired creditors who will be legally deemed to have voted to accept or to reject the Plan. All claims that are listed as Disputed are not allowed to vote for or against the Plan and the allowance of such Disputed Claims will be resolved in the claims reconciliation process.

Similarly, Code §1123(a)(4) requires that a plan must provide the same treatment for each Claim or interest of a particular Class, unless the holder of a particular Claim or interest agrees to a less favorable treatment of its Claim or interest. The Debtor believe that the terms of its Plan comply with Code §1123(a)(4).

The following is a summary of the various Classes of Creditors Claims of the Debtor under the Plan and of the payment provisions made therein for each Class.

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C. Unclassified Claims

The Unclassified Claims comprise the various Claims granted priority under Code §§ 503(b) and 507(b) and all fees and charges assessed against the estate under 28 U.S.C. 123, including the U.S. Trustee's fees. Such fees and expenses include all allowances of compensation and reimbursement of expenses to the extent allowed by the Court for Counsel, other attorneys, financial consultants, accountants, and other professionals designated in the Plan as Professionals, including DellaValle Management Group.

1. Attorneys and Others. The Professionals who will receive allowances and payment of administrative expenses include Debtor's Counsel being W. Thomas Bunch, Matthew B. Bunch, Peter J. W. Brackney of Bunch & Brock, who is holding a partial retainer. It also includes the certified public accountant, Mark Enderle of Enderle & Company of Lexington, Kentucky, Randy Reynolds of Magnum Capital, LLC, Glen Dellavalle of Dellavalle Management Group, CFLane and Bradford Burgess of The Thayer Group. It could include any other professional person appointed by the Court, none of which have yet been appointed, and none of which are anticipated to be appointed.

The Debtor has estimated that allowances of compensation and reimbursement of expenses of Professionals after the filing of the Plan may amount to approximately \$500,000, if the Plan is accepted by all Classes of Impaired Creditors pursuant to this solicitation and no material amendments to the Plan are made that would require re-solicitation of Creditors' votes. Further, such estimate assumes that there will be no material litigation in the Chapter 11 Case involving any aspect of the Plan or any claims therein, and that the Plan will be confirmed without substantial controversy and without a contested Confirmation hearing. If any such events occur or if Confirmation of the Plan is delayed for any reason, Professionals' administrative expenses could be greater than estimated herein.

All Unclassified Claims shall be paid by the Receiver or Manager as appointed by the Court (1) after Confirmation from the Property Funds and any other source of Cash received by the Debtor, if any, remaining after payment of amounts owed to the Secured Lender, ~~being, the Adequate Protection Payments~~ including but not limited to the Adequate Protection Payments, the Secured Lender's Agreed Claim and/or the Property Transfer, and (2) upon application, notice and hearing and approval by this Court. Such Professionals must file their final fee applications within twenty-one (21) days after entry of the Confirmation Order. These applications will cover all Post-Petition work through the date of the fee applications and will be part of the total Administrative Expense Claims pool, defined herein as Unclassified Claims, estimated at \$500,000, but this amount could be higher or lower depending on future work performed.

After Confirmation, the duties of Counsel shall continue as future matters that may arise in the Case.

2. Other Professionals. The fees for the Accountant, Broker, Dellavalle, Magnum Capital, and The Thayer Group are expected to continue until the conclusion of administration of the estate and the completion of work to be performed under the Plan, but will be paid out of the Disposable Income or Property Funds by the Receiver or Manager, to the extent such funds are available.

3. Broker. The Broker is authorized to market and present an offer to the Debtor for sale of the Property. The Debtor has the option of refinancing or selling the Property. The Broker will be ARA USA, LLC, and will be paid a commission of 1.5% and out of pocket expenses not to exceed \$2,500 from the sale proceeds exclusively (the "Broker's Commission"). The Broker's fees and commissions shall not be included as an Unclassified Claim.

4. Manager. After Confirmation, Foresite shall replace CFLane, will act as Receiver under the jurisdiction of this Bankruptcy Court and will manage all business operations of the Debtor until such time as the ~~Senior Secured~~ Lender's Agreed Secured Claim is paid in full or the Real Property is sold by the Broker, but not to exceed the 181-day Marketing Period in accordance with the Receivership Order, the Agreed Order, the Plan and the Confirmation Order. Thereafter, DellaValle will replace Foresite but only after the Secured Lender's Agreed Secured Claim is paid.

5. The U.S. Trustee Fees. The U.S. Trustee's fees are also included in Unclassified Claims. They are required to be paid by statute and are therefore unavoidable expenses in a Chapter 11 Case. These fees will be paid by the Manager from the Property Funds *pro rata* with all other Allowed Unclassified Claims until the case is closed.

6. Debtor's Operating Expenses. The Manager shall keep current all Post-Petition Taxes as well as all Post-Petition bills, expenses, invoice, charges and the like, incurred by the Debtor or Reorganized Debtor in the ordinary course of business. ~~The Manager CFLane and/or Foresite shall not start or continue with any improvements capital projects or improvements without the express consent of the Reorganized Debtor to the Real Property. If and when the Secured Lender's claim is paid pursuant to the terms of the Plan and Foresite is replaced with DellaValle, DellaValle shall have the authority to make or continue with any capital improvements or projects at the direction of the Reorganized Debtor.~~

7. Estimated Income Tax Deposits. To assure that future property taxes are satisfied, the Plan requires that the Manager reserve from income and make estimated monthly real property tax deposits into a separate bank sufficient necessary to pay such Taxes as they become due, in accordance with the terms of the Loan Documents.

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D. Classified Claims

1. Class 1 – Secured Lender’s Allowed Secured Claim. The Secured Lender’s Allowed Secured Claim totals \$13,536,050.37, plus accrued and accruing interest, fees and costs from the Petition Date through payment in full, in accordance with the terms of the Loan Documents. The Secured Lender’s Allowed Secured Claim is a first priority lien on and security interest in all of the Debtor’s Property.

In full and final satisfaction of the Secured Lender’s Allowed Secured Claim, the Debtor may pay the Secured Lender \$11,500,000.00 million, plus all of the Secured Lender’s costs, fees and expenses, including, but not limited to attorneys’ fees and special servicing fees that accrue from July 1, 2015, which costs, fees and expenses shall not exceed \$100,000 (collectively, the “Secured Lender’s Agreed Secured Claim”). Until the Secured Lender’s Agreed Secured Claim is paid in full on the Property Transfer Date, (1) the Loan Documents shall remain in full force and effect; (2) the Debtor shall comply with all terms and provisions of the Loan Documents, as modified by the Confirmation Order; (3) the Debtor shall make monthly adequate protection payments to the Secured Lender on or before the first day of each month (with a ten calendar day grace period) in an amount equal to the Monthly Debt Service Payment amount of \$61,349.46, beginning on the first day of the month following the entry of a final and nonappealable confirmation order until the date of any sale, refinance or transfer of the Property under this Plan; and (4) the Debtor shall cause amounts equal to the monthly tax and insurance escrow required under the Loan Documents to continue to be escrowed.

To the extent Little Joe’s claims any right, title and interest in the Property, including, but not limited to the Wastewater Facilities, any such right, title or interest is junior and subordinate to the Secured Lender’s interest pursuant to, among other things, that certain Assignment of Wasterwater Facilities Agreement and Subordination of Fees. [Doc. #10, Exhibit F]

Prior to the Confirmation Hearing, or as otherwise agreed by the Secured Lender in its sole discretion, Little Joe’s and the Debtor shall execute and deliver a Plan Support and Contribution Agreement, in a form acceptable to the Secured Lender in the Secured Lender’s sole discretion, to the Secured Creditor pursuant to which Little Joe’s agrees to contribute all of its right, title and interest in and to the Property, including, but not limited to the Wastewater Facilities to the estate, the Debtor and/or the Reorganized Debtor to be used in accordance with the terms of the Plan and agrees to be bound by the terms of the Confirmation Order and the Plan as if it were a debtor.

Within three (3) days after entry of a final and nonappealable confirmation order, the Debtor and Little Joe each shall execute the Plan Transfer Deed, in a form acceptable to the Secured Lender, and deliver the Plan Transfer Deed to the Secured Lender, to be held in escrow pending delivery in accordance with the terms herein.

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If the Debtor is unable to sell or refinance the Property for an amount sufficient to pay the Secured Lender's Agreed Secured Claim within 181-days after September 15, 2015 (the "Marketing Period"), the Property, including any and all right, title interest and/or claims of Little Joe's in and to the Property, including, without limitation, the Wastewater Facilities, will automatically transfer to and vest in the Secured Lender (or the Secured Lender's designee), free and clear of any and all liens, claims or interests, without the need for any further action by the Secured Lender, the Debtor or any other party and without any further Court Order. The Plan Transfer Deed will immediately be delivered by release from escrow to the Secured Lender or its assignee in full and final satisfaction of the Secured Lender's Allowed Secured Claim. The Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, agree to extend the 181-day Marketing Period. To further evidence this transfer, the Secured Lender may, but is not required to, record the Plan Transfer Deed in the Official Records but no earlier than the 181-day Marketing Period. This transfer, and the execution and delivery of the Plan Transfer Deed shall each constitute the transfer, making or delivery of an instrument of transfer under a plan confirmed under 11 U.S.C. § 1129 and may not be taxed under any law imposing a stamp tax or similar tax. Alternatively, the Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, accept an amount less than the amount of the Secured Lender's Agreed Secured Claim in full and final satisfaction of the Secured Lender's Allowed Secured Claim.

The Secured Lender is agreeing to accept the reduced amount of the Secured Lender's Agreed Secured Claim as an accommodation to the Debtor and in settlement of a dispute for the purposes of this Plan only and only if the Secured Lender receives a cash payment of the full amount of the Secured Lender's Agreed Secured Claim within the Marketing Period or as otherwise agreed to by the Secured Lender, in the Secured Lender's sole discretion. If the Secured Lender does not receive such cash payment, the Secured Lender's agreement to accept the reduced amount of the Secured Lender's Agreed Secured Claim shall terminate, and shall be null and void, and the Secured Lender will be entitled to payment of the full amount of the Secured Lender's Allowed Secured Claim and any other or additional amounts owed to the Secured Lender under the Loan Documents and applicable law, and nothing in the Disclosure Statement, Plan or Confirmation Order shall constitute an admission concerning or waiver of amounts owed to the Secured Lender. If, however, the Secured Lender receives cash payment of Secured Lender's Agreed Secured Claim in accordance with the terms set forth herein, the Secured Lender shall surrender and return the original Plan Transfer Deed to the Debtor or its designee to allow a transfer or refinance of the Property and release its security, mortgages, liens and other encumbrances without any further claim against the Debtor and its officer, Daniel E. Sexton.

The Secured Claim of this Creditor shall be subject to the extended stay set forth in Plan § 6.5, *infra*, and against all officers, directors, members, personal

guarantors, including Daniel E. Sexton, except such stay shall be suspended during the Term to permit such Secured Creditor to communicate with the Reorganized Debtor in the ordinary course of business. If this Creditor's Secured Claim is timely satisfied as set forth above, then no claim by this Creditor shall exist against Daniel E. Sexton and, upon (i) the Secured Lender's receipt of full payment of the Secured Lender's Agreed Claim or (ii) transfer of the Property to the Secured Lender, Mr. Sexton shall be deemed released of any personal liability of any remaining balance, if any.

In full and final satisfaction of the Secured Lender's Allowed Secured Claim, the Debtor may pay the Secured Lender \$11,500,000.00 million, plus all of the Secured Lender's costs, fees and expenses, including, but not limited to attorneys' fees and special servicing fees that accrue from July 1, 2015, which costs and fees shall not exceed \$100,000 (collectively, the "Secured Lender's Agreed Secured Claim"). Until the Secured Lender's Agreed Secured Claim is paid in full on the Property Transfer Date, (1) the Loan Documents shall remain in full force and effect; (2) the Debtor shall comply with all terms and provisions of the Loan Documents, as modified by the Confirmation Order; (3) the Debtor shall make monthly adequate protection payments to the Secured Lender on or before the first day of each month (with a ten calendar day grace period) in an amount equal to the Monthly Debt Service Payment amount of \$61,349.46, beginning on the first day of the month following the entry of a final and nonappealable confirmation order until the date of any sale, refinance or transfer of the Property under this Plan; and (4) the Debtor shall cause amounts equal to the monthly tax and insurance escrow required under the Loan Documents to continue to be escrowed.

Prior to the Confirmation Hearing, or as otherwise agreed by the Secured Lender in its sole discretion, Little Joe's shall execute and deliver a Plan Support and Contribution Agreement, in a form acceptable to the Secured Lender in the Secured Lender's sole discretion, to the Debtor and the Secured Creditor pursuant to which Little Joe's agrees to contribute all of its right, title and interest in and to the Property, including, but not limited to the Wastewater Facilities to the estate to be used in accordance with the terms of the Plan and agrees to be bound by the terms of the Confirmation Order and the Plan.

Within three (3) days after entry of a final and nonappealable confirmation order, the Debtor and Little Joe each shall execute the Plan Transfer Deed, in a form acceptable to the Secured Lender, and deliver the Plan Transfer Deed to the Secured Lender, to be held in escrow pending delivery in accordance with the terms herein.

If the Debtor is unable to sell or refinance the Property for an amount sufficient to pay the Secured Lender's Agreed Secured Claim within 181 days after September 15, 2015 (the "Marketing Period"), the Property, including any and all right, title interest and/or claims of Little Joe's in and to the Property, including, without limitation, the Wastewater Facilities, will automatically transfer to and vest in the Secured Lender (or the Secured Lender's designee), free and clear of any and all liens, claims or interests.

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~~without the need for any further action by the Secured Lender, the Debtor or any other party and without any further Court Order. The Plan Transfer Deed will immediately be delivered by release from escrow to the Secured Lender or its assignee in full and final satisfaction of the Secured Lender's Allowed Secured Claim. The Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, agree to extend the 181 day Marketing Period. To further evidence this transfer, the Secured Lender may, but is not required to, record the Plan Transfer Deed in the Official Records but no earlier than the 181 day Marketing Period. This transfer, and the execution and delivery of the Plan Transfer Deed shall each constitute the transfer, making or delivery of an instrument of transfer under a plan confirmed under 11 U.S.C. § 1129 and may not be taxed under any law imposing a stamp tax or similar tax. Alternatively, the Secured Lender may, at its option and in its sole discretion, without further order of the Court or action by any other party, accept an amount less than the amount of the Secured Lender's Agreed Secured Claim in full and final satisfaction of the Secured Lender's Allowed Secured Claim.~~

~~The Secured Lender is agreeing to accept the reduced amount of the Secured Lender's Agreed Secured Claim as an accommodation to the Debtor and in settlement of a dispute for the purposes of this Plan only and only if the Secured Lender receives a cash payment of the full amount of the Secured Lender's Agreed Secured Claim within the Marketing Period or as otherwise agreed to by the Secured Lender, in the Secured Lender's sole discretion. If the Secured Lender does not receive such cash payment, the Secured Lender's agreement to accept the reduced amount of the Secured Lender's Agreed Secured Claim shall terminate, and shall be null and void, and the Secured Lender will be entitled to payment of the full amount of the Secured Lender's Allowed Secured Claim and any other or additional amounts owed to the Secured Lender under the Loan Documents and applicable law, and nothing in the Disclosure Statement, Plan or Confirmation Order shall constitute an admission concerning or waiver of amounts owed to the Secured Lender. If, however, the Secured Lender receives cash payment of Secured Lender's Agreed Secured Claim in accordance with the terms set forth herein, the Secured Lender shall surrender and return the original Plan Transfer Deed to the Debtor or its designee to allow a transfer or refinance of the Property and release its security, mortgages, liens and other encumbrances without any further claim against the Debtor and its officer, Daniel E. Sexton.~~

~~The Secured Claim of this Creditor shall be subject to the extended stay set forth in Plan § 6.5, *infra*, and against all officers, directors, members, personal guarantors, including Daniel E. Sexton, except such stay shall be suspended during the Term to permit such Secured Creditor to communicate with the Reorganized Debtor in the ordinary course of business. If this Creditor's Secured Claim is timely satisfied as set forth above, then no claim by this Creditor shall exist against Daniel E. Sexton and, upon (i) the Secured Lender's receipt of full payment of the Secured Lender's Agreed Claim or (ii) transfer of the Property to the Secured~~

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~~Lender, Mr. Sexton shall be deemed released of any personal liability of any remaining balance, if any.~~

2. Class 2 – Allowed Scheller Claim. The Allowed Scheller Claim is based upon the Judgment Lien filed by the Schellers in the Scott and Fayette County Clerk's Offices. The Allowed Scheller Claim shall be treated as an Allowed Secured Claim to the extent of \$155,934.42, plus interest at 10% per annum from December 30, 2014 until paid in full and is junior to the Secured Lender's Allowed Secured Claim. Beginning on January 1, 2016, the balance of the Allowed Scheller Claim of \$155,934.42 plus accrued interest of \$5,682 from December 30, 2014 through the Petition Date, for an estimated total of \$161,616.42, will be repaid by the Debtor with regular monthly payments of \$1,714.19 as amortized over 10 years at 5%. **These payments will be paid directly by the Receiver or Manager from Cash or Disposable Income, to the extent funds are available.** If the Debtor pays Scheller \$140,000 within the 181-day Marketing Period from September 15, 2015, then Scheller shall release its claim against the Debtor and all co-borrowers and guarantors, shall be deemed to be paid in full, and shall release its judgment liens against all obligors under its promissory note(s).

The Allowed Scheller Claim, the Judgment Lien and any interests that the Schellers have in the Property or the Proceeds are junior to the Secured Lender's Allowed Secured Claim. Any transfer of the Property under the Plan, whether to a third-party, the Secured Lender or the Secured Lender's designee, shall be free and clear of the Allowed Scheller Claim, the Judgment Lien and any interests that the Schellers may assert in the Property.

3. Class 3 – Priority Tax Claims. After payment in full of the Unclassified Claims, the Class 1 Claim and the Class 2 Claim, the holders of any Allowed Priority Tax Claims, if any, will be paid in full from the Property Funds.

4. Class 4 – Unsecured Claims. After payment in full of the Unclassified Claims, the Class 1 Claims, the Class 2 Claims and the Class 3 Claims, the Disbursing Agent will pay *Pro Rata* the Property Funds, if any, to the holders of Allowed Unsecured Claims until paid in full or until the end of the Term, whichever is earlier.

The universe of the Unsecured Claims is not yet fixed. Because of the existence of the Receiver, the universe of Unsecured Claims as of the Petition Date is, at least partially, unknown. ~~It is anticipated that distributions to Allowed Claims will not begin until after the second (2<sup>nd</sup>) anniversary year from the Effective Date. The Plan provides for an Early Payment Incentive by allowing the Debtor the option of paying all Allowed Claims 50% if paid within two (2) years from the Effective Date.~~

Thus there is no certainty in the total amount of the pool of Unsecured Claims. All Creditors, other than the Secured Lender, are required to file a Proof of Claim within a

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time bar date or their Claim will be disallowed. ~~–If a creditor who holds a Disputed Claim as designated as such in the Bankruptcy Petition’s Schedules or in **EXHIBIT 3** hereto files a proof of claim, the Debtor shall have no later than the first distribution to such Class 4 Unsecured Creditors within which to object to such proof of claim during the claims reconciliation process. If a claim is not designated as “disputed” on the Bankruptcy Petition’s Schedules or on **EXHIBIT 3** hereto and such creditor files a proof of claim, then such proof of claim shall be deemed as an Allowed Unsecured Claims and paid *Pro Rata* until paid in full or through the term of the Plan, whichever is earlier.~~

**Any Creditor holding an Unsecured Claim shall be subject to the extended stay during the Term as set forth in Plan § 6.5, *infra*, and against all officers, directors, members, personal guarantors, including Daniel E. Sexton. After the Term, no co-borrower, officer, director, member, guarantor shall be released of any Claim held by a Creditor holding a Disputed Claim, unless resolved by a final court order from a court of competent jurisdiction, settled by agreement between the respective parties, or paid in full or other arrangement between such parties. The above provision shall be included in the confirmation order is bold print.**

5. Class 5 – Subordinated Claim. Class 5 shall include the Unsecured Claim of Daniel Sexton, Little Joe Mobile Home Sales, Inc., DS Realty, LLC, and DES Realty, LLC, being and insider or owner of an insider as defined under the Code, scheduled in the amount of \$3,200,000 for improvements and contributions and which Claim is disallowed under the Plan. The Subordinated Claims will not receive any distribution under the Plan.

6. Class 6 – Debtor. Class 6 includes the Debtor. Upon Confirmation, all Retained Assets shall revert in the Debtor free and clear of all liens, Claims and encumbrances.

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## V. BACKGROUND OF THE DEBTOR’S PROFESSIONALS

### A. Counsel – Matthew B. Bunch

Matthew B. Bunch was born in 1966 in Lexington, Kentucky. He is the son of Mr. W. Thomas Bunch, senior partner at Bunch & Brock. He graduated and obtained a

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Bachelor of Arts at Indiana University in Bloomington, Indiana, and received his *juris doctor* in 1993 from the Thomas M. Cooley Law School, Lansing, Michigan.

Matthew Bunch is admitted to practice before the Kentucky Courts, as well as the United States Supreme Court, the United States Court of Appeals for the Sixth Circuit, and the United States District Courts for the Eastern and Western Districts of Kentucky. He is a member of the Fayette County and Kentucky Bar Associations.

B. Counsel – Peter J.W. Brackney

Peter J. W. Brackney was born in 1983 in Columbus, Ohio. He graduated and obtained a Bachelor of Science degree *magna cum laude* in Accountancy in 2006 from the Gatton College of Business and Economics at the University of Kentucky and received his *juris doctor* from the University of Kentucky College of Law in 2009.

Mr. Brackney clerked for W. Thomas Bunch at Bunch & Brock during law school and until being admitted to the Kentucky Bar in October 2009. He is admitted to practice before the Kentucky Courts and the United States District Courts for the Eastern and Western Districts. He is a member of the Fayette County Bar Association, the Kentucky Bar Association, the American Bar Association, and the American Bankruptcy Institute.

C. Randy Reynolds

Randy Reynolds is the principal of Magnum Capital Consultants, LLC which was appointed by the Court to render financial consulting services to the Debtor. These consulting services relate to the refinance and exit financing decisions of the administration of the Case and the various financial issues that arise in connection with this Case. Mr. Reynolds and Magnum Capital Consultants, LLC have extensive and diverse experience, knowledge and reputation in the area of strategic planning, interim management and financial management, as well as owner/sell-side transactions.

D. Brad Burgess

Brad Burgess is the principal of The Thayer Group which was appointed by the Court to render financial consulting services relating to financial issues that arise in connection with this Case. Mr. Burgess and The Thayer Group have extensive experience and knowledge in corporate reorganization, corporate structure types, setting new operating expenses for efficiency and cost-effectiveness, making recommendations on negotiations with Creditors, assisting with filing actions related to Creditor claim validity and other financial services as requested by the Debtor and Counsel.

E. Glen Dellavalle

Glen Dellavalle is the owners and principal of Dellavalle Management Group, which pursuant to the Agred Order Regarding Retention of Receiver (the "Agreed Order"), [Doc. No. 88], has the right, *upon reasonable notice to the Receiver*, to (i) inspect all transactions of the Receiver, (ii) review all documents, records and financial transactions, (iii) have access to all areas of the Property equal to the Receiver, but under the supervision of the Receiver. Dellavalle receives \$2,250 per month in connection with these services. Until the Property Transfer Date, Dellavalle shall continue to have the rights, responsibilities, obligations and limitations as provided in the Agreed Order, the Receivership Order and the Confirmation Order, and shall continue to receive \$2,250 per month, to the extent that Property Funds are available for payment to Unclassified Claims, the operating expenses of the Property and tax and insurance escrow, and the amounts due to the Secured Lender, including, but not limited to, the Adequate Protection Payments. If DellaValle becomes the Manager, DellaValle shall then be compensated at \$4,500 per month plus reimbursement of all pass-through expenses. The Debtor and Dellavalle shall comply with the terms of, and not interfere with the Property, the Tenants or in shall not interfere with the performance of the Receiver's duties under, the Agreed Order, the Receivership Order, the Plan and/or the Confirmation Order.

F. Appraiser.

The Debtor shall select an appraiser, subject to the Secured Lender's approval, which shall not be unreasonably withheld. The appraiser's fee may be paid from net Disposable Income, if any.

G. Accountant – Mark Enderle

Mark Enderle is the owner and principal of Enderle & Company, PLLC which was appointed by the Court to provide accounting services to the Debtor as a certified public accountant. Mr. Enderle and his accounting firm have extensive experience and knowledge in generally accepted accounting principles, tax return preparation, and other accounting functions.

VI. METHODS OF EFFECTING THE PLAN

A. Management

On the earlier of the Effective Date or order of the Court, Foresite shall replace CFLane as "Receiver" under the Receivership Order and as "Manager" of the Property. Foresite shall perform its duties in accordance with the Receivership Order, the

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confirmed Plan and the Confirmation Order and shall be subject to, and shall have been deemed to consent to, the jurisdiction of the Court in the performance of such duties and with respect to the Assets. Such duties shall include, without limitation, the day to day operations and management of the Property and the Debtor, receiving and depositing all rents and income, and paying all Operating Expenses, Adequate Protection Payments, Allowed Unclassified Claims and other payments as provided in the Plan. Foresite shall be paid its fees and expenses from the Disposable Income and, as applicable, the Proceeds, in accordance with the Foresite Fee Supplement to be filed prior to the Disclosure Statement Hearing. CFLane and/or Foresite shall not start or continue any capital improvements without the express agreement of the Reorganized Debtor.

B. Broker - ARA USA – Todd Fletcher and Andrew Shih

The Broker shall be Todd Fletcher and Andrew Shih of ARA USA. The Broker is authorized to market the Assets for sale and shall receive a fee from the Proceeds of 1.5% of the sale price and out of pocket expenses not to exceed \$2,500. The Reorganized Debtor shall have the authority to accept or reject and present any counter-offer, at its sole option.

C. Duties of Counsel

Counsel shall continue as counsel and attorneys for the Reorganized Debtor until the date when all active matters pending before the Court are resolved by a Final Order and continuing thereafter as needed by the Reorganized Debtor or Manager. Counsel shall not be held personally liable, directly or indirectly, for any decision, action, inaction, activity or inactivity arising from the exercise of their duties as Counsel Post-Petition, except for fraud, gross negligence or gross mismanagement. Post-Confirmation, Counsel shall be paid his compensation for legal services rendered pursuant to the Plan from Cash or Disposable Income without the need of further Court Order but in conformity with the provisions of Plan. If Counsel resigns, then the Court shall appoint a successor counsel who shall become the Reorganized Debtor's counsel upon entry of a Court Order of appointment and who shall then be subject to the provisions of this Plan as new Counsel.

D. Disposable Income

During the Marketing Period, the Disposable Income from the Property ~~may~~ shall be used ~~at the direction of the Debtor~~ to pay the following, in the following order: (i) the Operating Expenses of the Property; (ii) the Adequate Protection Payments; (iii) the estimated property tax escrows; (v) the estimated insurance escrows; (vi) up to \$10,000 per month may be used to pay the Appraiser and/or lending application and related fees as requested by the Debtor or Reorganized ~~Debtor~~ Debtor and agreed to by the Secured Lender, in the Secured Lender's sole discretion; (vi) Class 2 Claim for the monthly payments on Scheller's Secured Claim; (vii) Allowed Unclassified Claims; (viii)

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Class 3 Claims; (ix) Class 4 Claims. During the Marketing Period and unless and until the Secured Lender is paid in full in accordance with the terms of the Plan, neither the Debtor or any of its principals, including, but not limited to Daniel Sexton, shall receive any of the Disposable Income.

E. Quarterly Reports and U.S. Trustees Fees

The Debtor's obligation of filing monthly financial reports with the U.S. Trustee will end upon the closing of the Case by the Court. The Manager may submit its monthly reports to the U.S. Trustee in satisfaction of the reporting requirements.

The fees payable to the U.S. Trustee will be paid by the Manager as its *pro rata* share of all Allowed Unclassified Claim and disbursements when they become due pursuant to 28 U.S.C. § 1930 out of the Disposable Income or Property Funds after entry of the Confirmation Order until the Case is either converted, dismissed, or closed pursuant to Plan §6.4, whichever event occurs first.

F. Proofs of Claim and Bar Dates

(1) Bar Claims Date. **The time within which a Creditor must file a Proof of Claim is fixed at forty (40) days from the Effective Date.** The Secured Lender shall not be required to file a proof of claim. Any Creditor who has previously filed a Proof of Claim will not be required to file a new Proof of Claim. Any Claim not timely filed pursuant to the terms of this Plan shall be disallowed and will not become an Allowed Claim.

(2) Late-Filed Claims. Any Claim not timely filed pursuant to the terms of this Plan is a "Late Claim" and shall *ipso facto* not be an Allowed Claim. The Reorganized Debtor, Counsel, or the Manager shall not be required or obligated to file any objection, notice or motion to disallow such late claim with the Court. The rights of judicial review shall be available to any aggrieved creditor. Any objection(s) to a Claim shall be filed before the first distribution to the Unsecured Creditors. In the event of a Disputed Claim, the Debtor or Manager will reserve the funds withheld from distribution to the holder of the Disputed Claim until such Claim or amount of such Claim is resolved.

(3) Unknown Claims. Within thirty days after the Effective Date, the Debtor or Counsel shall place an advertisement in the leading newspaper in each of Lexington, Kentucky and Georgetown, Kentucky that advises the public of the pendency of the Case. The time period for Proofs of Claim for Unknown Claims to be filed shall commence upon the date of the advertisement for a period of thirty days and shall be the "Unknown Claims Bar Date." A creditor holding an Unknown Claim must file its Claim before the Unknown Claim Bar Date or its Claim shall be disallowed in all respects. The Proof of Claim shall be accompanied by the Creditor's affidavit establishing its qualification for

being an Unknown Claim as such term is defined in the Plan. Holders of an Unknown Claim that do not file a Proof of Claim by the Unknown Claim Bar Date shall be forever barred from asserting any such Claims and from seeking any recovery from the Reorganized Debtor. Any expense incurred herein shall be paid by the Manager.

(4) Disputed Claims. Any Creditor who holds or possesses a Claim against the Debtor where the Debtor has identified such Creditor as holding a “dispute” claim shall not have an Allowed Claim until such time as the Court enters a Final Order thereon pursuant to an objection. The Debtor reserves the right to file an objection to the holder of such Disputed Claim before the date of the first distribution to the Class 4 Unsecured Creditors. The Debtor reserves the right to negotiate and/or compromise such Disputed Claims during the Claims Reconciliation process.

#### G. Causes of Actions and Preferences

All present and future rights, claims, remedies, defenses, setoffs, recoupments, interests, suits, actions, and proceedings belonging to or held by the Debtor and its estate against any Person, whether arising before or after the Petition Date, including but not limited to (a) the preference or fraudulent conveyance claims or other rights to recover money or property pursuant to Code §§ 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553; or (b) any and all other claims, causes of action, avoiding powers or remedies arising under the Code or any other state or federal law, rule or regulation, are reserved and deemed enforceable, and will survive and continue Post-Confirmation and are not to be considered abandoned from the case pursuant to Code §554. The Reorganized Debtor shall be vested with all authority to pursue such claims and to file such actions as necessary to carry out the provision of this Section. The value of any such Article 5 Claims or state law claims is unknown, but the recovery of which shall be distributed in accordance with the terms of the Plan. The Bankruptcy Court shall retain jurisdiction to render final orders therein and to approve any settlements, if any. **Specifically, any claims against the Daniel E. Sexton, Jonathan Williams, David Orwick, Greg and Heather Scheller, Wyatt Tarrant & Combs, and any other Creditor who may have filed or asserted a secured status, judgment lien, garnishment, attachment, execution or received any such funds from the Debtor within 90 days or one (1) year if an insider before May 11, 2015 pursuant to Title 11 of the Bankruptcy Code, Section 547(b) or received, transferred, garnished, executed or collected any other property or other assets of the Debtor within five (5) years before May 11, 2015 if certain acts of fraud occurred. The statute of limitations may be extended depending if certain acts of fraud were hidden from the Debtor. ~~-The Debtor believes that it possesses certain claims and fraud claim against such creditors, including but not limited to, Jonathan Williams when he was performing certain duties for the Debtor based upon the testimony of the Debtor’s designated representative at the First Meeting of Creditor and relating to certain forgery claims as to notes of some creditors, and that the Reorganized Debtor intends to pursue all such claims. The Debtor cannot estimate the value of any such claims, especially due to collectability,~~**

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and does not make any representation as to such value. Separate counsel may be appointed by the Court, after application with this Court, for any conflicts of interest.

H. Sources of Payback Funds and Distributions

(1) Disposable Income.

The Receiver or Manager, as the case may be, will operate and manage the mobile home parks for the Reorganized Debtor from the date of such appointment until the date the Property is refinanced, sold or transferred to the Secured Lender in accordance with the terms of the Plan (the "Property Transfer Date"). Upon the occurrence of the Property Transfer Date, the Receiver/Manager's responsibilities under the Plan and the Receivership Order shall automatically cease and DellaValle shall immediately be empowered to manage the Debtor's Business thereafter. A pro forma budget ("Budget") has been prepared by the Debtor, DellaValle and the Debtor's financial advisors. A copy the Budget is attached hereto as **EXHIBIT 2** and incorporated herein.

The Budget projects available Property Funds for payment of the Unclassified Claims and all Allowed Claims, subject to and limited by the amount of all Disputed Claims.

The Term of the Plan is projected to be the shorter of either 5 years (60 months) or the duration necessary to pay all Allowed Claims in full.

As noted elsewhere herein, Unclassified Claims are estimated to be approximately \$500,000. This amount, however, may be lower or higher based on the complexity and duration of any litigation arising herein, including the resolution of any of the Disputed Claims. After deducting this sum and the amounts required to be paid to the Secured Lender pursuant to the terms of the Plan from the projected Property Funds, amounts remain to pay Allowed Unclassified Claims in approximately a year and a half

(2) Priority Tax Claims.

The Internal Revenue Service has filed a proof of claim alleging \$25,761.11 in priority tax obligations under Code § 507(a)(8) based on unfiled or incomplete returns. The Debtor's Accountant is reviewing the validity of this claim and it shall be treated as a Disputed Claim until its validity can be determined.

It is anticipated that the Accountant will have completed the necessary tax returns and determinate the accuracy of the Priority Tax Claim on or before the date of the hearing by the Court on the Confirmation of the Plan.

Regardless of whether or not the Priority Tax Claim becomes an Allowed Claim, Property Funds are expected to be available for distribution to the Allowed Claims.

(3) Unsecured Claims.

A copy the Claims Registry is attached hereto as **EXHIBIT 3** the same as set forth at length herein. This Claims Registry lists several Claims that were listed in the Schedules. The Plan sets a deadline for the filing of Proofs of Claim and the universe of potential claims is not fully identified until the deadline for the filing of Proofs of Claims has lapsed. Additionally, and as noted in the column entitled "Notes" on the Claims Registry, several claims are marked as "Disputed" and/or the Debtor intends to object to the claimed amount. The designation of a claim on the Claims Registry as a Disputed Claim, or the omission of any such designation, does not guarantee that the Debtor will object to any particular Claim or that any Claim not so designated may not later become a Disputed Claim as facts and circumstances may warrant. If the holder of a Disputed Claim can present evidence to the Debtor that such claim should be an Allowed Claim, then the Debtor reserves the right to treat such Disputed Claim as an Allowed Claim. This process is expected to be resolved during the claims reconciliation process.

Accordingly, the universe of Unsecured Claims is unknown but is estimated to be between approximately \$411,641.86 and \$2,657,016.73. This range excludes the Subordinated Claims of Insiders which are not entitled to treatment under the Plan.

Once the Claims allowance process is complete, it is estimated that the payout to Unsecured Claims will be 100% based on estimated available Proceeds and Disposable Income. Once all Unsecured Claims have been paid 100%, the Term shall end and any remaining Proceeds and Disposable Income shall be distributed to or retained by the Debtor. If all Disputed Claims become Allowed Unsecured Claims, then such claims may not necessarily be paid in full within the 60 month Term of the Plan and the expected payback percentage to be at most \$67% and maybe substantially less.

## **VII. PROVISIONS FOR ENVIRONMENTAL WORK**

There are inherently some environmental issues against the Debtor due to the sewage waste plant, but the Debtor complied or seeks compliance with all such environmental protection agencies, and as such the Plan makes no provisions therefor.

## **VIII. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Under Code § 365, the Debtor may assume or reject executory contracts and unexpired leases. To the extent that the Debtor is party to any executory contract and/or unexpired lease, the Plan expressly assumes all residential real estate leases with its tenants pursuant to Code § 365. All other non-residential real estate leases are hereby rejected pursuant to Code § 365. Any Rejection Claim arising from such rejection shall become and be treated as an Unsecured Claim in Class 4. The Debtor does not believe that there are any other executory contracts as all leases with the tenants are not executory in nature.

#### **IX. LEGALLY BINDING EFFECT**

Upon Confirmation, the provisions of the Plan will bind the Debtor, all Creditors, and all Classes whether or not the Creditor or the Class votes to accept the Plan. The distributions provided for in the Plan will be in exchange for and in complete satisfaction of all Claims against the Debtor or any of their Assets, including any Claim or interest accruing after the Petition Date and prior to Consummation. Substantial consummation, as defined in 11 U.S.C. § 1101, shall occur upon entry of a final non-appealable Confirmation Order.

#### **X. MODIFICATION OF THE PLAN**

Amendments to the Plan's classification or treatment of one or more Classes of Claims or interests under the Plan that do not materially and adversely change the treatment of the other Classes of Claims or interests may be made to the Plan either before or after the Plan is confirmed. Such amendments may be approved by the Bankruptcy Court without re-solicitation of Creditors and interest holders who are not further impaired. The Creditors' right to object are preserved by the terms of the Plan. Any order confirming the Plan will deem the Plan as substantially consummated.

#### **XI. JURISDICTION OF BANKRUPTCY COURT**

##### **A. General Retention**

The Court will retain all legally permissible jurisdiction, including that necessary to insure that the purpose and intent of this Plan are carried out, to hear and determine all Claims, to determine any matter treated in this Plan for which reference to retained jurisdiction is made, and to hear and determine all Prosecutable Claims. The Court will further retain jurisdiction Post-Confirmation for the purpose of resolving all disputes concerning the meaning and effect of any of the Court's Orders, including the Confirmation Order the application or interpretation of any provision of this Plan.

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B. Specific Retention

The Court shall retain jurisdiction for the following additional specific purposes after the Confirmation Date: (a) to modify this Plan pursuant to the Code and the Bankruptcy Rules; (b) to assure performance by the Debtor of their obligations to make distributions under this Plan and any other obligations and duties; (c) to enforce and interpret the terms of this Plan; (d) to enter such orders, including injunctions, as are necessary to enforce the title, rights and powers of the Debtor, and the Manager and to interpret such limitations, restrictions, terms, and conditions on such title, rights and powers as may be necessary; (e) to enter an order concluding, terminating and/or closing this Case; (f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan; (g) to decide issues concerning federal, state and local tax reporting and payment which arise in connection with the Confirmation, execution or performance of this Plan; (h) to appoint successor Counsel or a successor Manager; (i) to continue hearings on adversary actions after entry of the Discharge and the filing of the final report; and (j) to determine and enter final orders in all adversary proceedings pending on the Confirmation Date or filed thereafter.

**XII. CAUSES OF ACTION, FRAUD CLAIMS AND PREFERENCES**

The Debtor may have certain claims that they may prosecute against others for recovery of money. These claims include, but are not limited to, actions by which the Debtor, pursuant to federal law and sometimes state law, which can require or force certain Creditors to pay back to the Debtor monies paid out to these Creditors within certain time periods before the Petition was filed, known as a "preference." The Reorganized Debtor hereby reserves any and all claims and causes of action to pursue such claims as it deems necessary and shall have the authority to pursue and prosecute such actions in its name, including, but not limited, fraud claims, pre- and post-petition, and all Article 5 claims under the Bankruptcy Code and under applicable state law. A preference is defined in bankruptcy law as follows:

. . . the debtor may avoid any transfer of an interest in property (1) to or for the benefit of a creditor; (2) for or on account of an antecedent debt owed by the debtor before such transfer was made; (3) made while the debtor was insolvent; (4) made (a) on or within 90 days before the date of the filing of the petition; or (b) between 90 days and one year before the date of the filing of the petition, if such creditor at the time of such transfer

was an insider; and (5) that enables such creditor to receive more than such creditor would receive if - (a) the case were a case under Chapter 7 of this title; (b) the transfer had not been made; and (c) such creditor received payment of such debt to the extent provided by the provisions of this title.

Thus if a preference payment (a late payment made within 90 days, or one year if an insider under federal law, or within three months under Kentucky law, K.R.S. § 378.060 *et seq.*, prior to the Petition Date) exists and is determined, after investigation by the Debtor to be worthwhile to be pursued, then demands would be made to the preference targets (the affected pre-Petition Creditors) to return the preference amount or an adversary action will be filed against them in the Court. The Debtor reserves all Article 5 claims as provided for in the Bankruptcy Code, including fraudulent transfers pre- and post-petition, forgery, and all claims under applicable state law.

### **XIII. FEASIBILITY OF THE PLAN**

For the Plan to be confirmed, the Debtor has the obligation to present to the Court evidence of feasibility of the Plan. Such feasibility is traditionally shown by estimates of the Debtor's anticipated gross profit, expenses and net profit capable of convincing the Court that the over-time payback plan so proposed can be accomplished by the Debtor. Here, the Debtor proposes to sell or refinance the Property and use the Proceeds and its Disposable Income to pay or to provide relief to all Secured Claims, to pay all Unclassified Claims and the Priority Tax Claims in full, and to pay the Allowed Claims of Unsecured Creditors to the maximum extent possible. Since it is anticipated that the Debtor will pay all Allowed Claims in full before the end of the Term, then feasibility and confirmation issues are eliminated, however, a discussion is necessary in case all Allowed Claims are not paid in full:

#### **A. Discussion of Feasibility**

A review of attached Exhibits, taken together, indicate viability of the Plan and feasibility of performance.

The Debtor's estimate of Property Funds is based upon the Debtor's opinion of the fair market value of the Property. The Debtor's Budget is based upon sound projections based on historical estimates of business operations coupled with financial projections based upon capital improvements and market conditions for the Marketing Period. The Budget does not include potential monthly gains that may be realized after completion of the capital improvements to the Business's water and sewer systems. As a result of these improvements, the Debtor may enjoy an additional amounts in available Disposable Income which would be available to the Creditors for distribution on their Claims.

Unclassified Claims are estimated to be approximately \$500,000.00. The Debtor believes that his proposal is best suited to maximize the best rate of return to the Unsecured Creditors, projected at greater than 0% over the life of the Plan, which amount is substantially greater than the amount the creditors would receive in a hypothetical Chapter 7 case.

Based upon the performance of the Debtor as shown in the Receiver's Monthly Reports, copies of the previous year are available from Debtor's Counsel upon request, the net monthly income projects to be sufficient to pay the necessary costs of the Plan. Attached hereto is EXHIBIT 5 is the Receiver's June 2015 monthly report (CFLane). It shows that gross income for the Debtor was \$152,237. Operating expenses were listed at \$64,928.09, leaving a balance of \$87,308.91. Assuming these figures are substantially applicable after the Effective Date, less Adequate Protection Payments to the Secured Lender of \$61,349.46, a net balance of \$25,959.45 will be used for distribution under the Plan. It is projected that after the Secured Lender is paid its Agreed Secured Claim and Foresite is replaced by DellaValle, sufficient cost savings measures will be implemented to increase projected net Disposable Income of approximately \$30,000 per month beginning after year 2 to pay all listed Allowed Claims in full as shown in the Budget for the duration of the Plan. If Disputed Claims are adjudicated to be Allowed Claims, then the payback percentage may decrease depending on the amount of all Allowed Claims.

#### B. Liquidation Test

The alternative to the proposed sale or refinance of the Property is liquidation. The Debtor believes that in a distressed or forced sale of the Business, that the Assets would bring an amount on the lower end of the range projected in the Schedules. Below is a brief liquidation analysis:

Liquidation Value of Assets	\$14,000,000.00
Less: Secured Lender Lien	\$13,528,495.00
Less: Scheller Lien	\$161,616.42
Equity Value of Assets	\$309,889.00
Less Cost of Sale (6% of Sale Liquidation Value)	(\$840,000.00)
Net Liquidation Value	<i>Underwater</i>

In other words, if the property were liquidated in a forced sale, there would be no funds available for the payment of creditors which is far less than will be realized by creditors through the proposed Plan. Confirmation of the Plan is in the best interests of the creditors.

The estimation of total claims, including all Disputed Claims, is between approximately \$411,641.86 and \$2,657,016.73. This range excludes the Subordinated Claims of Insiders which are not entitled to treatment under the Plan. If all listed claims become Allowed Claims, then the maximum payback percentage to Unsecured Creditors

would be 40% (\$30,000 x 36 months for years 3, 4 and 5 = \$1,080,000 divided by \$2,657,016). If non Disputed Claim is an Allowed Claim, then all Allowed Claims as listed in the Budget will be paid in full prior to the end of the Term.

#### C. Effect of Liquidation under Conversion

The alternative to reorganization is conversion to Chapter 7 and liquidation of the Debtor's Assets by a Chapter 7 panel Trustee. If the Debtor is unable to obtain Confirmation of a plan or if the Court decides there can be no confirmable plan, then conversion to Chapter 7 becomes a reality. Any Creditor can pursue objections to Confirmation and try to force a conversion.

The numbers show that conversion would be disastrous for all Unsecured Creditors if done at any time during the Term.

Conversion or dismissal is a potential reality in all Chapter 11 cases, including this one. Under the Code, the Court has the discretion to declare that a debtor cannot formulate and have confirmed a plan that is acceptable to the creditors, and order conversion *sua sponte*. Creditors can become disillusioned over the reorganization process and move the Court for conversion, which could be granted by the Court.

The Debtor also has a right to ask for conversion, which can be granted by the Court upon their request based upon reasonable grounds. Thus if the Debtor believes that the Creditors are pushing it into a payback scheme that they deem unacceptable, it may seek conversion itself. Here, the Debtor has proposed a payback plan that it deems feasible and believe to be acceptable to the Creditors. It is anticipated the Creditors' Classes will unanimously vote in favor of its Plan.

The Class 4 Unsecured Creditors would not receive more than their full *Pro Rata* distribution of the Chapter 7 liquidation proceeds from the Chapter 7 Trustee. Thus there is no need to give the Unsecured Creditors any additional protections in case of conversion; they are guaranteed their *pro rata* distribution by the Code.

#### D. Future Income Taxes

The Plan requires the Reorganized Debtor, Receiver and Manager to comply with all applicable withholding and reporting requirements imposed by any federal, state or local tax units. The Plan also contains numerous provisions for the payment requirement and collection of future income taxes due, using paraphrased language from the Internal Revenue Service's bankruptcy guidelines.

E. Disclaimer of Projections

The financial projections present the expected results of distribution of the Proceeds and the Debtor's Disposable Income for the projected periods of the Term to the best of the Debtor's belief. These projections reflect its judgment, based on current facts and circumstances as supported by the Monthly Operating Reports and future operational projections developed by the non-Counsel Professionals, of the expected conditions and its anticipated course of action upon the Confirmation Date of the Plan. WHILE DEBTOR BELIEVES THE ASSUMPTIONS SET FORTH ABOVE ARE REASONABLE, THEIR VALIDITY MAY BE AFFECTED BY THE OCCURRENCE OF EVENTS AND THE EXISTENCE OF CONDITIONS NOT NOW CONTEMPLATED AND BY OTHER FACTORS, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTOR. THE PROJECTIONS ARE, THEREFORE, NOT INTENDED TO BE REPRESENTATIONS OF ACTUAL FUTURE PERFORMANCE. ACTUAL OPERATING RESULTS DURING THE PROJECTED PERIODS WILL VARY FROM THE PROJECTIONS AND SUCH VARIATIONS MAY BE MATERIAL.

**XIV. VOTING PROCEDURES AND REQUIREMENTS**

A. Ballots and Voting Deadline

A ballot form to be used for voting to accept or reject the Plan is available with this Disclosure Statement on the Website <https://sites.google.com/site/GMEbankruptcy>.

Pursuant to Rule 3018 of the Bankruptcy Rules, the Court has fixed a specific date shown on the face of the enclosed ballot as the deadline for the Impaired Classes of Creditors to submit their acceptances or rejections of the Plan and for them to be received by Counsel. Except to the extent allowed by the Court, ballots that are received after the expiration of the aforesaid date will not be accepted or counted by the Debtor for Confirmation of the Plan or any modification thereof.

B. Classes Entitled to Vote

Only Classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Code § 1124 provides that classes of claims or interests are considered to be impaired under a plan of reorganization unless the plan does not alter the legal, equitable, and contractual rights of the holders of such claims or interests. Such classes are considered impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the Debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. Pursuant to these reasons, the Debtor has determined that all the Classes of its Creditors

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are impaired under the Plan will be entitled to vote for or against the Plan as set forth above. Not all Unsecured Creditors are allowed to vote. Those creditors whose claims are listed in the Bankruptcy Petition's Schedules and on Exhibit 3 – Claims Registry as “disputed” are not entitled to vote for or against the Plan due to the forgery of the Debtor's signature on the numerous notes fraudulently procured by Jonathan Williams.

C. Vote Required For Class Acceptance

The Court will determine whether the Impaired Classes described above have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims in such classes. An Impaired Class of Claims will be determined to have accepted the Plan if the holders of allowed claims in that class casting votes in favor of the Plan (i) hold at least two-thirds of the allowed amount of the allowed claims of the holders in such class who vote and (ii) comprising more than one-half the number of holders of the allowed claims in such class voting on the Plan. Ballots of holders of impaired claims that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be counted as ballots for the acceptance of the Plan. Except as may be allowed by the Bankruptcy Court, a ballot accepting the Plan may not be revoked. Ballots that are not signed, but are otherwise completed, shall be counted as a vote.

D. Confirmation Hearing

The Code requires the Court, after the return of the ballots and by notice, to hold a Confirmation Hearing. The Confirmation Hearing will be heard on the date fixed by notice to the Creditors. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the Confirmation Hearing. The Confirmation Hearing will be scheduled for a day and time certain in Lexington, Kentucky, and a separate notice thereof will be sent to all creditors.

E. Requirements for Confirmation of the Plan

At the Confirmation hearing, the Court will determine whether the requirements of Code §1129 have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. Such requirements include:

(1) Best Interests Test. With respect to each impaired class of creditors and interests, each holder of an allowed claim or allowed interest in such class has either (i) accepted the Plan or (ii) receives or retains under the Plan, on account of its claim or interest, property of a value, as of the Effective Date, that is not less than the amount such

holder would receive or retain if the Debtor was to be liquidated under Chapter 7 of the Code.

To determine what the holders in each impaired class of claims and interests would receive if the Debtor was liquidated, the Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets and properties in a context of Chapter 7 liquidation case. The cash amount that would be available for satisfaction of the allowed claims and allowed interests of the Debtor would consist of the proceeds resulting from the disposition of the Debtor's assets augmented by the cash held by the Debtor at the time of the commencement of the Chapter 7 case. Such cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims that might result from the termination of the Debtor's business and the use of a Chapter 7 proceeding for the purposes of liquidation.

The Debtor's costs of liquidation under Chapter 7 would include the fees payable to the Manager appointed in the Chapter 7 case, as well as those that might be payable to additional attorneys and other professionals that the Manager might engage. Such costs of liquidation would also include any unpaid expenses incurred by the Debtor during the Chapter 11 case, such as compensation for attorneys and accountants. In addition, claims may arise by reason of the breach or rejection of obligations incurred and executory contracts entered into by the Debtor during the pendency of the Chapter 11 case.

To determine if the Plan is in the best interests of each impaired class of the creditors, the present value of the distributions from the proceeds of the liquidation of the Debtor's assets and properties (after subtracting the amounts attributable to the claims described above) are then compared with the present value offered to each of the classes of Creditors recognized under the Plan.

In applying the "best interests" test, it is possible that claims and interests in a Chapter 7 case may not be classified in the same manner as provided in the Plan. In the absence of a contrary determination by the Bankruptcy Court, all allowed claims which have the same rights upon liquidation would be treated as one class for the purpose of determining the potential distribution of the liquidation proceeds under a Chapter 7 case of the Debtor. The distributions from the liquidation proceeds would be calculated *pro rata* according to the amount of the Allowed Claim held by each creditor in such class. The Debtor believes that the most likely outcome of a liquidation proceeding under Chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior class of creditors receives any distribution until all senior classes of creditors are paid in full with interest, and no interest holder receives any distribution until all creditors are paid in full with interest.

(2) Feasibility of the Plan. In order for the Plan to be confirmed, the Court must also determine that the need for further reorganization or a subsequent liquidation of the Debtor is not likely to result following Confirmation of the Plan. Insofar as the Plan

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contemplates that the Debtor's creditors will be satisfied by payments from the Proceeds, Cash and Disposable Income, then further reorganization or liquidation will not be necessary.

(3) Acceptance by Impaired Classes. Code §1129(a)(8) requires that each Impaired Class must accept the Plan by the requisite votes for Confirmation to occur. As described herein, a class of Impaired Claims will have accepted the Plan if at least two-thirds in amount and more than half in number of Claims in such class voting to accept or reject the Plan have voted in favor of acceptance.

#### F. Conditions Precedent to Confirmation

At the Confirmation hearing, the Court will determine whether the Plan meets all the requirements of Code §1129 governing the Confirmation of a plan of reorganization, including but not limited to:

(1) That the Debtor has complied with the provisions of Chapter 11, specifically the provisions of Code §§ 1122 and 1123 governing classification of claims and interests and contents of a plan of reorganization.

(2) That the Debtor has proposed the Plan in good faith and not by means forbidden by law.

(3) That the Debtor has disclosed any payment made or promised by the Debtor to any person for services in connection with the Chapter 11 case.

(4) That one or more of the Classes of impaired claims or interests have voted to accept the Plan.

(5) That the Plan does not discriminate unfairly against and is fair and equitable to any non-accepting class of impaired claims or interests.

(6) That the Plan is in the best interests of creditors and interest holders, i.e., each holder of an allowed claim or allowed interest either has accepted the Plan or will receive on account of that claim or interest an amount of property with a value, as of the Effective Date of the Plan, that is not less than the amount that the holder would receive if the Debtor was liquidated under Chapter 7 of the Code on that Date.

(7) That the Plan is feasible, i.e., Confirmation is not likely to be followed by the need for liquidation or further reorganization of the Debtor.

The Debtor believes that the Plan upon Confirmation would satisfy all of the statutory requirements of Chapter 11 of the Code. Thus the Debtor, if one or more

Classes vote in favor of the Plan, will seek Confirmation based upon the “cram down” process set forth in Code §1129(b) and believe the Court will so confirm this Plan.

G. Effect of Confirmation

If the Court orders Confirmation of the Plan, then the Debtor and the Manager will be obligated to implement the Plan and begin paying the Allowed Claims from the Debtor’s Disposable Income. Confirmation makes the Plan binding upon the Debtor, all Creditors and all Classes, regardless of whether or not they voted or did not vote, or have accepted the Plan or rejected the Plan. Substantial consummation, as defined in 11 U.S.C. § 1101, shall occur upon entry of a final, non-appealable confirmation order.

H. Discharge

Upon the filing of the final report of distribution pursuant to Plan and satisfaction of all payment terms required in the Plan, the Debtors shall be discharged of (a) all Claims treated by this Plan even if such Claims have not been paid in full; (b) all Claims listed in the Schedules unless such Claims are reaffirmed in conformity with the provisions of Code §524(c) and Rule 4008; (c) all Unknown Claims; (d) all amounts not covered by insurance that are disallowed under the Plan; and (e) all Disallowed Claims, but shall not be discharged of the taxes mentioned in the Plan. The Reorganized Debtors shall submit any applicable Local Form or the otherwise appropriate form certifying completion of the Plan and requesting a Discharge. The Court thereupon shall consider the entry of an Order of Discharge in conformity with the terms of this section and in conformity with the provisions set forth in Code § 727(b) and §1141(d). No Discharge shall be entered by the Court until such time as all funds have been distributed in accordance with the terms of the confirmed Plan.

I. Closing of Case

On the day after Counsel’s final fee allowance become a Final Order, Counsel may file a motion seeking to close this Case and such provisions hereof shall be contained in both the Order of Confirmation and the final fee allowance order. After the closing of the Case, such closing shall (a) not alter, amend, revoke, or supersede the terms of the confirmed Plan, (b) not affect any rights of the Debtor, Unclassified Claimants, Creditors or any other Person treated under the Plan, (c) continue to cause the terms of the confirmed Plan to remain binding on all Persons, (d) cause all Orders of the Court to remain in full force and effect, (e) permit the entry of any Orders of the Court and the entry of the Discharge without re-opening the Case, (f) hear all objections to Claims without re-opening the Case, (g) eliminate the Manager’s obligation to file reports with the U.S. Trustee or this Court, (h) eliminate the Manager’s obligation to pay such funds in accordance with the terms of the confirmed Plan, and (i) cause the Court to retain all jurisdiction set forth in the Plan.

J. Default by the Reorganized Debtor

Notwithstanding any provision hereof, this Plan shall go into default upon the occurrence of any one or more of the following events if the Reorganized Debtor or the Manager shall: (a) sell or refinance the Property for an amount insufficient to pay the full amount of the Trust's Agreed Claim, without the Secured Lender's consent; (b) fail to deliver the Property Transfer Deed to the Secured Lender within three days after entry of a final and nonappealable Confirmation Order or as otherwise extended by the Secured Lender, within its sole discretion; (c) impede, prevent or attempt to prevent the Property from transferring automatically to the Secured Lender upon the Debtor's failure to sell or refinance the Property for an amount sufficient to pay the Secured Lender's Agreed Claim within the Marketing Period, or such additional time as the Secured Lender may agree, within its sole discretion; (d) fail to make the payments required by the Plan, including, but not limited to, the Adequate Protection Payments, plus any grace period; (d) fail to pay the net Property Funds as required by the Plan's terms; (e) fail to comply with the terms of the Loan Documents, as modified by the Confirmation Order; or (f) fail to substantially comply with any of the Chapter 11 provisions applicable to them after Confirmation either by the Code or by this Plan. -This Plan shall also go into default if Little Joe's shall fail to comply with its obligations under the Plan, the Plan Support and Contribution Agreement and the Confirmation Order.

If the U.S. Trustee or any Creditor seeks a determination of default, notice of said default shall be given to the Reorganized Debtor and Manager by sending a written notification of default providing a minimum ten (10) calendar day opportunity to cure the default; if the Reorganized Debtor or Manager has not cured the default by the end of such cure period, then either the U.S. Trustee or the Creditor, as appropriate, may file a written notification of default with the Court. Within ten (10) calendar days after the written notification of default is filed (the "Filed Notice Period"), the Debtor may file a written objection or motion with respect to the default and may seek the Court's determination that a default has not occurred. If the Debtor timely files a written notice or objection and seeks a hearing within the Filed Notice Period, but the Court is unable to hold the hearing within the ten calendar day period, the "Filed Notice Period" shall be extended until such time the Court is able to hold such hearing on an emergency or expedited basis. The Debtor shall be in default and the U.S Trustee or the Creditor shall be entitled to exercise any and all rights and remedies under the Plan, any governing agreement (including, with respect to the Secured Lender, the Loan Documents), and/or applicable law, unless within the Filed Notice Period the Debtor obtains the Court's determination that the specified default is not a default under the Plan.

The appropriate remedy, may include dismissal, conversion, sanctions or such other remedy or remedies decided by the U.S. Trustee, the Creditor and/or the Court, in each of their discretion, as applicable.

K. Exculpation of Professionals

Except for fraud, gross negligence or gross mismanagement, Counsel, the Accountant, ~~the Manager~~ Della Valle, and any Professional shall not have or incur any liability to, or be subject to any right of action by the Debtor, the Creditors, any holder of a Claim or interest, or any other Person or any of their respective agents, shareholders, employees, representatives, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, (a) any act taken or omitted to be taken on or after the Petition Date through the Effective Date, (b) the Disclosure Statement, the Plan, and documents necessary to effectuate the Plan, (c) the solicitation of acceptances and rejections of the Plan, (d) the Debtor's Case or its filing thereof, and (e) the administration of the Plan. In all respects the aforesaid Professionals shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan. All of the foregoing provisions of this section shall be placed in the Confirmation Order.

L. Restrictions on Sales of Certain Assets and Borrowing

During the Term and except as provided for in the Plan, the Debtor may sell, mortgage, lien, apply for loans or pledge its Assets for the purpose of paying the Secured Lender's Agreed Allowed Claim.

Nothing in the Plan precludes the Reorganized Debtor from borrowing money from third parties to effectuate the terms of the Plan. The Plan, however, restricts borrowing to the extent that such borrowed funds must be used to pay the Secured Lender's Agreed Secured Claim or such other amount as agreed to by the Secured Lender. Thereafter, the Debtor may continue to mortgage, pledge, lien or encumber its Assets for the benefit of the Allowed Claims in the Plan.

M. Claims Covered by Insurance

If any Creditor, any holder of an Unknown Claim, or any claim that arises during the Term against the Debtor or Reorganized Debtor, which Claim is covered by insurance, such claims shall stand disallowed *ipso facto* and without the need of a Court Order, but the extended stay shall be automatically lifted and suspended; the holder of such claim may pursue the Reorganized Debtor in any forum having appropriate jurisdiction, and any recovery from the Reorganized Debtor shall be limited solely to insurance proceeds actually recovered as a result of a judgment on, or settlement of, such claim, and the Reorganized Debtor shall have no obligations otherwise to the holder of

such claim. Such claimant shall have no right to seek allowance of an Administrative Expense Claim or an Unsecured Claim in Class 4.

N. Incorporation of Exhibits

The Plan attached hereto is incorporated into this Disclosure Statement, the same as if set forth at length herein.

**XV. TAX CONSEQUENCES OF THE PLAN**

A. Consequences to the Debtor

The Debtor has not sold any Assets since the Petition Date.

The Debtor will discharge debt, but in bankruptcy such discharge will not create taxable income either to them or their Creditors. The Debtor will continue to incur income taxes from Post-Petition income and will be required to pay such resulting income taxes annually.

As set forth in the Bankruptcy Code, including 11 U.S.C. § 1146, the sale, refinance or transfer of the Property to the Secured Lender as provided for in the Plan each constitute the making or delivery of an instrument of transfer under a plan confirmed under 11 U.S.C. § 1129 and may not be taxed under any law imposing a stamp tax or similar tax.

B. Consequences to the Typical Holder of a Claim

For a Creditor, there may be tax consequences. The recipient of a distribution from the Debtor under this Plan may be considered by the IRS and state and/or local taxing authorities to have received taxable income.

C. Disclosure

Counsel are bankruptcy attorneys and have only limited knowledge of tax matters. You should not rely on these statements or representations and you are strongly encouraged to (a) use these suggested tax consequences as alert signs, and (b) consult

your own tax attorney and/or CPA regarding the actual tax consequences applicable to your particular circumstance.

## **XVI. CONCLUSION**

\_\_\_\_\_ The Plan constitutes an economically-viable opportunity and a reasonable method for Creditors to receive an orderly distribution of income and to allow the Debtor to pay Creditors through their future income. The Creditors all receive distributions per the Plan's priority schedule until they are paid in full to the maximum extent possible according to the terms herein. Since liquidation in a Chapter 7 or in state foreclosure proceedings would likely produce no greater return for the Unsecured Creditors than compared to the terms of the Debtor's Plan, then the Creditors will receive more money over the Plan's Term as compared to a liquidation now. The acceptance of the Plan is therefore economically justified. To that extent, ultimate potential benefits far outweigh any disadvantages or risks.

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and interwovenSite://VBWS/FirmDocs/9953549/2. Performed on 7/28/2015.~~

Dated: ~~July~~ August 21 2015  
ESTATES, LLC

GEORGETOWN MOBILE

By: /s/ Daniel E. Sexton

Daniel E. Sexton

Designated Spokesperson

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~~19 Workshare Compare comparison of interwovenSite://VBWS/FirmDocs/9953549/1  
and interwovenSite://VBWS/FirmDocs/9953549/2. Performed on 7/28/2015.~~