

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

IN RE:

CHAPTER 11

GEORGETOWN MOBILE ESTATES, LLC

Case No. 15-50945

DEBTOR

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

This 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 Plan of Reorganization ("Plan") under Chapter 11 of the Code filed in this Court (Doc. No. 114) on July 1, 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 fixed the close of business on **AUGUST 19, 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.

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.

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 the U.S. Bank debt of approximately \$13,500,000 with a cash down stroke of \$1,000,000 of accrued interest plus \$250,000 in attorney fees incurred in the foreclosure action within 30 days from the Effective Date with funds from a new Equity Investor with a refinance of the balance, less defeasance fee, within two years of the Confirmation Date with monthly payments of approximately \$60,000 beginning on January 1, 2016 until such refinance. Until such time as the U.S. Bank note is satisfied, the Debtor will pay adequate protection payments to U.S. bank at an annualized 4.76%. If the Debtor defaults on making any payments or fails to refinance within the

two (2) year period, then the Debtor irrevocably consents to a voluntary sale of the real estate of the Debtor according to the terms imposed by U.S. Bank.

A judgment lien in favor of Greg and Heather Scheller comprises Class 2 whose 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, to be repaid with regular monthly payments of \$1,714.19 as amortized over 10 years at 5%, or such other terms as the parties herein agree.

The Equity Investor's cash injection will also include sufficient funds to finish the capital improvement projects to complete the installation of water meters to the remaining 130 lots and to connect the properties to the municipal sewer system and city water meters. These capital improvements should generate approximately \$17,000 per month in savings; it is estimated that these improvements will be in place approximately 13 months after the Effective Date.

Beginning in the month following the Effective Date, proposed by January 1, 2016, the Debtor proposes to make monthly payments equal to all of its Disposable Income. This Disposable Income will first be used to satisfy Unclassified Claims with the remaining Disposable Income being utilized to pay Tax Claims, if any, and the Unsecured Claims through the end of the Term which is defined to last for the lesser of 5 years (60 payments of Disposable Income) or until such time as all Allowed Unsecured Claims are paid in full. Detailed information regarding the pro forma Budget can be found attached hereto on Exhibit 2.

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.

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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 retire and refinance the Pre-Petition Secured Debt owed to U.S. Bank with a new lender who will be provided equity in the Debtor. New equity and financing will enable the Debtor to complete deferred maintenance and various site improvements including those to the water and sewer systems. These improvements will improve cash flows and enable the Debtor to provide distributions to its other 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 and future income.

C. Classification of Claims

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

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 U.S. Bank, 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 to operate the Debtor on June 1, 2014. Under the operations of the Receiver, occupancy at the mobile home park fell to approximately 72% 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 U.S. Bank in U.S. District Court being Case No. 5:14-cv-170-DCR-REW. Additionally, at least three 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.

D. Future Operations

Through the bankruptcy, the Debtor has made various projections as to the profitability of its operations. Through improved management, increased occupancy rates and closely monitored expenses, the Debtor projects strong cash flows from the future operations of the mobile home park facilities. These objections have resulted in the development of the Pro Forma Budget attached hereto as Exhibit 2.

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 the distribution of the Debtor's Disposable Income 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.

(1) Explanation of Debtor's Assets. Going into the Chapter 11, the Debtor owned real and personal property listed in detail on Schedules A and B to the Petition (Doc. No. 56). The Debtor owned real property consisting of the mobile home parks (the "Business").

Mobile Home Parks (Business)	\$14,000,000.00 (lowest value)
Less: Lien held by U.S. Bank	<u>\$13,528,495.00</u>
Equity	\$ 471,505.00

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 \$14,000, though if liquidated these Assets would likely bring substantially less.

(2) Retained Assets. The Debtor proposes to retain all assets after Confirmation, including the Business, Suzuki off-road vehicle, office furniture and equipment, miscellaneous tools and other Assets including those identified in the Schedules.

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.

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.

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, accountants, and other professionals designated in the Plan as "Professionals."

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, Manager Glen Dellavalle of Dellavalle Management Group, Randy Reynolds of Magnum Capital, LLC, 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 Counsel 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.

Counsel's Claims and the claims of other Professionals, if any, are to be paid after Confirmation from the funds provided by Disposable Income and any other source of Cash received by the Debtor, after 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 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 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, Manager, 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 by the Manager.

3. Manager. The Manager is proposed to be a new and independent management company, known as DellaValle Management, Inc., c/o Glen DellaValle. DellaValle will substitute the Receiver upon the Effective Date and manage all business operations of the Debtor.

4. 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 Debtor out of their Counsel's Escrow Account or Disposable Income until the case is closed. They are expected to end shortly after entry of Professionals' final fee orders.

5. 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, including a monthly payment for consulting services to be rendered of \$5,000 to Mr. Sexton.

6. Estimated Income Tax Deposits. To assure that future income taxes are satisfied, the Plan proposes that the Manager reserve from income and make monthly deposits into a separate bank sufficient monies as are necessary to pay Taxes as they become due.

D. Classified Claims

1. Class 1 – Secured Claim – U.S. Bank. The Allowed Secured Claim of U.S. Bank will be paid all accrued interest of \$1,000,000 and \$250,000 in attorney fees within 30 days from the Effective Date with replacement financing obtained by the Debtor within two (2) years from the Effective Date. Monthly payments of approximately \$60,000 shall begin to this Creditor on January 1, 2016 until such refinancing. If this Creditor is not paid in full by the Effective Date, then the Debtor irrevocably agrees to sell its Real Estate at a voluntary sale subject to the terms to be imposed by U.S. Bank after appropriate notification and advertisement.

2. Class 2 – Secured Claim of Greg and Heather Scheller. The rights and remedies of the Secured Creditor in this Class pursuant to its Judgment Lien as filed in the Scott and Fayette County Clerk's Offices 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. Beginning on January 1, 2016, this Creditor shall have the balance of its 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, to 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.

3. Class 3 – Priority Tax Claims. After payment in full of the Unclassified Claims, the holders of any Allowed Priority Tax Claims will be paid in full from the Disposable Income.

4. Class 4 – Unsecured Claims. After payment in full of the Priority Tax Claims, the Disbursing Agent will pay *Pro Rata* the Disposable Income 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.

Thus there is no certainty in the total amount of the pool of Unsecured Claims. All Creditors are required to file a Proof of Claim within a time bar date or their Claim will be disallowed. All Allowed Unsecured Claims will be paid *Pro Rata*.

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 of the Retained Assets shall revert in the Debtor free and clear of all liens, Claims and encumbrances

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 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. Property Manager – Glen Dellavalle

Glen Dellavalle is the owner and principal of Dellavalle Management Group which was appointed by the Court to operate and manage the Debtor's business on a day-to-day basis. Mr. Dellavalle and Dellavalle Management Group have extensive experience and knowledge in the management of businesses throughout central Kentucky.

F. 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 PAYMENTS TO CLASSES

A. Duties of Manager

The Plan provides that DellaValle would be appointed as Manager upon confirmation of the Plan and will perform the duties as described therein, including the day to day operations of the Debtor, receiving and depositing all rents and income and paying all Creditors and overhead business expenses. The Court may fix a fidelity bond for the Manager and any successor(s) in conformity with Code §322(a) and any successor(s) will maintain said bond at such time or times in an amount not exceeding \$10,000. The Court may from time to time increase, reduce, or alter the bonding terms herein whenever needed.

(1) Disbursements. The Plan provides that the Disposable Income be paid by the Manager who would make distribution thereof pursuant to the terms of the Plan as the instruction or direction of Counsel. The Manager's duties will include keeping track of payments and seeing that each Creditor payable from the Cash and Disposable Income is paid in accordance with the terms of the Plan. Because there is work anticipated in doing this, and to avoid paying higher rates to accountants to do this work, the Manager will receive compensation of \$4,500/month and expenses (out of the Disposable Income as a Unclassified Claim) plus flow-thru expenses actually incurred in making the distributions and in the performance of its duties.

(2) Monitoring of Disbursements. The U.S. Trustee and/or any Creditors may monitor the collection, accounting, treatment and distributions made by the Disbursing Agent. This monitoring shall be subject to the following: The Manager shall make available its books, records, office, and personnel to the U.S. Trustee or a committee professional, if any, at any reasonable time, but so as not to interfere with its business, upon at least a 24-hour fax or e-mail notice.

(3) Removal or Resignation. Any Creditor may move the Court to have the Manager removed, but good cause must be shown. Further, the Manager may at any time and for any reason resign by filing a notice of resignation with the Court. In either event, the Court will appoint a successor Manager who must satisfy the bonding requirements set forth in the Plan.

(4) Final Distribution. Upon distribution of all of the Cash proposed by this Plan, the Manager shall file with the Court a certification to that effect that all distributions have been made. At that point in time, the duties of the Manager shall end. The Manager may seek assistance from Counsel to perform the notice and distribution requirements of the Plan.

B. 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 Article II of the Plan from Cash or Disposable Income without the need of further Court Order but in conformity with the provisions of Plan §2.4. 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.

C. 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 per the quarterly disbursements as and when they become due pursuant to 28 U.S.C. §1930 out of the Counsel's Escrow Account or Disposable income after entry of the Confirmation Order until the Case is either converted, dismissed, or closed pursuant to Plan §6.4, whichever event occurs first.

D. 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 days from the Effective Date. Any Creditor who has previously filed a Proof of Claim will not be required to file a new Proof of Claim. Holders of Convenience Claims in Class 4 will be exempt from the Bar Date unless there is a monetary difference from Schedule F and their asserted 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 within six (6) months from the Effective Date. In the event of a Disputed Claim, the 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.

E. 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. **Specifically, any claims against the Daniel E. Sexton, Jonathan Williams, David Orwick, Greg and Heather Scheller, and any other Creditor who may have filed or asserted**

a judgment lien within 90 days before May 11, 2015, or received, transferred, garnished, executed or collected any funds of the Debtor within five (5) years before May 11, 2015.

F. Sources of Payback Funds and Distributions

(1) Disposable Income.

The Manager will manage the mobile home parks for the Reorganized Debtor after the Effective Date. A pro forma budget ("Budget") has been prepared by the Debtor, the Manager and the Debtor's financial advisors. A copy the Budget is attached hereto as **EXHIBIT 2** the same as set forth at length herein.

The Budget projects available Disposable Income to be received by the Manager for payment of the Unclassified Claims and all Allowed Claims with monthly payments to the Creditors in Class 1 and Class 2 being paid directly by the Manager.

Budgeted Disposable Income for the three year Term) \$1,880,713

The Term of the Plan is projected to be the shorter of either 3 years (36 months) or the duration necessary to pay in full all Allowed Claims in full, whichever is earlier. Assuming a 36 month payback, it is estimated under the Budget that \$1,880,713 would be available as Disposable Income.

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 from the projected Disposable Income calculated above, \$2,500,000 remains available for distribution to the Classified Claimants.

(2) Priority Tax Claims.

The Internal Revenue Service has filed a proof of claim alleging \$115,112.54 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.

Depending on whether or not the Priority Tax Claim becomes an Allowed Claim, approximately \$1,765,660 (\$1,880,713 - \$115,112) will remain available for distribution to the Allowed Claims.

(3) Unsecured Claims.

A copy the Claims Registry is attached hereto as **EXHIBIT 2** the same as set forth at length herein. This Claims Registry lists all Claims that were listed in the Schedules as well as those for which Proofs of Claim have been filed. 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.

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 Disposable Income. Once all Unsecured Claims have been paid 100%, the Term shall end and the Debtor will no longer be required to pay its Disposable Income to the Disbursing Agent.

VII. PROVISIONS FOR ENVIRONMENTAL WORK

There are no environmental issues involving or claims against the Debtor, and as such the Plan makes no provisions therefor because the Reorganized Debtor seeks to have underground sewer lines installed by the City of Georgetown within eleven (11) months after the Effective Date, thereby eliminating the need for the waste water treatment plant at Little Joe Mobile Home Park.

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 rejects same 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.

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.

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.

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 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, 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." 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 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 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 Budget is based upon sound projections based on historical estimates of business operations coupled with financial projections based on capital improvements and market conditions for the upcoming term. The projected Budget does not include potential monthly gains that would be realized after the 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 \$20,000 per month in available Disposable Income which would be available to the Creditors for distribution on their Claims.

Unclassified 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 90% over the life of the Plan, which amount is substantially greater than the amount the creditors would receive in a hypothetical Chapter 7 case.

B. Liquidation or Continued Business

The alternative to the continued business operation of the Debtor 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: U.S. Bank 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)	<u>(\$840,000.00)</u>
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.

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 Manager. 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 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, they may seek conversion themselves. 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.

Here, the holders of the Unsecured Claims in Class 4 are protected in two ways: first, the Reorganized Debtor and Manager are restricted by the Plan terms from disposing of major assets. So upon conversion, those assets' titles would be preserved to be able to pass to a Chapter 7 Manager. Second, all of the Creditors in the Case will have been paid, but not for the holders of

the Unsecured Claims in Class 3. Those Class 4 Unsecured Creditors would not receive more than their full *Pro Rata* distribution of the Chapter 7 liquidation proceeds from the Chapter 7 Manager. 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 §2.5 requires the Reorganized Debtor and Manager to make 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 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 are impaired under the Plan will be entitled to vote for or against the Plan as set forth above.

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 contemplates that the Debtor's creditors will be satisfied by payments from the 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.

H. Discharge

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 as substantially consummated 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 U.S. Trustee fees, and (i) cause the Court to retain all jurisdiction set forth in Plan §7.3.

J. Default by the Reorganized Debtor

As to Unsecured Creditors and 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: (a) fail to pay the Disposable Income as required by the Plan's terms; or (b) fail to substantially comply with any of the Chapter 11 provisions applicable to them after Confirmation either by the Code or by this Plan.

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 filing a written notification of default providing a minimum ten (10) 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 move the Court to declare that the Reorganized Debtor and Manager shall be in default of the Plan.

The Court, upon a finding of default, may apply an appropriate remedy, which can include dismissal, conversion, sanctions or such other remedy or remedies decided by the Court in its discretion as being in the best interest of the Creditors.

As to Secured Creditors, this Plan shall go into “default” upon the occurrence of any one or more event described as “default” in the Secured Creditors note, mortgage, lien or other lending documents.

The Debtor has the right to file appropriate modifications to the confirmed Plan pursuant to Code §1127 (a) and/or (c) if disability of the Debtor-Husband occurs during the Term, or (b) if exigent circumstances occur during the Term, which circumstances prevent or interfere with the Reorganized Debtor’s making Disposable Income payments.

K. Exculpation of Professionals

Except for fraud, gross negligence or gross mismanagement, Counsel, the Accountant, the Manager, 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 shall not dispose of, transfer, sell, pledge, mortgage, lien or hypothecate the Retained Assets without the written consents of all of the holders of the Unsecured Claims in Class 4.

Nothing in the Plan precludes the Reorganized Debtor from borrowing money from lenders. The Plan, however, restricts borrowing to the extent that such borrowed funds must be used to pay the Unsecured Creditors their proposed payback.

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. Serial Filing Prohibited

The holders of the Unsecured Claims in Class 4 could voice concern that the Chapter 11 Plan as such is confirmed, the Debtor use the Cash to pay off all Creditors except Class 4; and then file another Chapter 11 and re-configure the payback terms to Class 4. To alleviate that concern, the Debtor has provided that the Reorganized Debtor shall have waived any right to file a successive Chapter 11 filing during the Term.

O. Incorporation of Exhibits

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

XV. SUGGESTED 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.

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.

Dated: June 30, 2015

GEORGETOWN MOBILE ESTATES, LLC

By: /s/ Daniel E. Sexton
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Designated Spokesperson

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