UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In Re:	Chapter 11
CORT & MEDAS ASSOCIATES, LLC,	Case No. 19-41313 (JMM)
Debtor.	

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION OF CORT & MEDAS, LLC, AS MODIFIED

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

SHAFFERMAN & FELDMAN LLP
Counsel for the Debtor
137 Fifth Avenue, 9th Floor
New York, New York 10010
(212) 509-1802

Joel Shafferman

Dated: New York, New York
February 9, 2021

SUMMARY

Cort & Medas, LLC, (the "Debtor"), has filed its *Third Amended Plan of Reorganization of Cort & Medas, LLC, As Modified*, dated February 8, 2021 (the "Plan"), with the United States Bankruptcy Court for the Eastern District of New York (the "Bankruptcy Court"). This *Third Amended Disclosure Statement for Third Amended Plan of Reorganization of Cort & Medas, LLC, As Modified* (the "Disclosure Statement") is being submitted for the approval of the Bankruptcy Court for use in connection with the solicitation of acceptances of the Plan from holders of Claims against and Interests in the Debtor pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code").

A copy of the Plan accompanies this Disclosure Statement. A glossary of terms frequently used in this Disclosure Statement is set forth in Article 1 of the Plan.

The Debtor believes that Confirmation of the Plan is in the best interests of its Estate.

THE DEBTOR

The Debtor is engaged in the business of owning and operating the real properties known as and located at 1414 Utica Avenue, Brooklyn New York 11203, which is a two (2) story commercial building, and 1376 Utica Avenue, Brooklyn New York 11203, which is a parking lot (collectively, the "Properties"). The Debtor leases the Properties to Tri-Borough Home Care, Ltd. ("Tri-Borough").

The Debtor's sole member is Kenrick Cort. Kenrick Cort is also Chief Executive Office of Tri-Borough.

THE SECURED DEBT STRUCTURE

The Valley National Loan, the Valley National Mortgage

Dated as of December 29, 2009, the Debtor executed and delivered to The Park Avenue Bank a Secured Promissory Note (the "Valley National Note"), to evidence a loan from The Park Avenue Bank[1] to the Debtor in the principal sum of $1,375,000.00, with interest accruing thereon at the rate set forth in the Valley National Note.

Dated as of December 29, 2009, and to secure payment of the Valley National Note, the Debtor, as mortgagor, executed and delivered to The Park Avenue Bank, as mortgagee,

[1] The Park Avenue Bank later failed and went into Receivership with the Federal Deposit Insurance Corporation (the "FDIC"). Plaintiff is the ultimate successor to The Park Avenue Bank's rights and interests in the Valley National Note and the related mortgage

a Mortgage, Assignment of Leases and Rents and Security Agreement (the "Valley National Mortgage"), granting to The Park Avenue Bank a mortgage on the Mortgaged Premises and Chattel.

The Valley National Mortgage was recorded on January 26, 2010, in the Office of the City Register for the City of New York (the "City Register's Office"), CRF N: 2010000028801. All mortgage recording taxes and fees were duly paid.

Dated as of December 29, 2009, and to further secure payment of the Valley National Note, the Debtor, as assignor, executed and delivered to The Park Avenue Bank, as assignee, a certain Assignment of Leases and Rents to additionally secure a $1,375,000.00 Secured Promissory Note, whereby the Debtor sold, assigned, and transferred to The Park Avenue Bank all rents, issues, profits and the like then due or which thereafter became due by virtue of any lease or sub-lease of the Mortgaged Premises (the "Lease/Rent Assignment"). The Lease/Rent Assignment was recorded on January 26, 2010, in the City Register's Office, CRFN: 2010000028802. All recording taxes and fees were duly paid.

Dated as December 29, 2009, and to further secure payment of the Valley National Note, Kenrick Cort, Tri-Borough and Isis Home Health Care, Inc. ("Isis")[2] executed and delivered to The Park Avenue Bank a certain Guarantee (the "Guarantee"), whereby the guarantors "unconditionally and irrevocably guarantee[d] to [Plaintiff] the full and punctual payment and performance when due of all of Borrower's obligations" to The Park Avenue Bank, including all expenses and costs (including reasonable attorneys' fees) incurred in connection with enforcing Plaintiff's rights under the Valley National Mortgage and Guarantee.

Assignments of the Valley National Mortgage

On or about March 12, 2010, The Park Avenue Bank was closed by the New York State Banking Department and the FDIC was appointed as Receiver for all assets of The Park Avenue Bank.

Pursuant to a Purchase and Assumption Agreement dated as of March 12, 2010, between the FDIC (as Receiver for The Park Avenue Bank) and Valley National Bank, the Valley National Note and Valley National Mortgage were sold and transferred by the FDIC to Valley National Bank.

1414 Utica alleges that by Assignment of Mortgage dated as of March 12, 2010, the FDIC (as Receiver for The Park Avenue Bank) further assigned the Valley National Mortgage to Valley National Bank, together with all "bonds or notes [including the Valley National Note] or obligations described in said [Valley National Mortgage, and the moneys due and to grow due thereon with interest ... " (the "First Mortgage Assignment"). 1414 Utica alleges

[2] Isis, formerly a Florida corporation having a place of business at 4048 Evans Avenue, Suite 210, Fort Myers, Florida 33901, has been inactive after administrative dissolution effective September 28, 2012.

that the First Mortgage Assignment was recorded on July 14, 2010, in the City Register's Office, CRFN: 2015000242615. All recording taxes and fees were duly paid.

By Assignment of Mortgage dated as of June 1, 2010, Valley National Bank assigned and transferred the Valley National Mortgage to VNB New York Corp. (the "Second Mortgage Assignment"). 1414 Utica alleges that the Second Mortgage Assignment was recorded on July 14, 2015, in the City Register's Office, CRFN: 2015000242616. All recording taxes and fees were duly paid.

By Certificate of Merger dated May 29, 2013, VNB New York Corp. was merged with and into VNB MergerCo., LLC, a New York limited liability company. By Certificate of Amendment of Articles of Organization, VNB MergerCo., LLC's name was changed to VNB New York, LLC.

On or about April 20, 2017, VNB New York, LLC assigned the Note, Mortgage and other documents evidencing the loan to 1414 Utica. 1414 Utica further alleges that this assignment was record on April 28, 2017 with the Registers Office under CRFN: 2017000163235.

ESCDC 's Loan and the Third Party Lender Agreement

Dated December 29, 2009, Borrower executed in favor of the Empire State Certified Development Corporation ("ESCDC") a promissory note (together, the "ESCDC Note"), pursuant to which the Debtor agreed to pay the principal sum of $1,132,000.00, with interest accruing thereon at the rate set forth in the ESCDC Note.

To secure payment of the ESCDC Note, as of December 29, 2009, Borrower executed in favor of ESCDC a certain Mortgage and Security Agreement (with Assignment of Leases and Rents) (the "ESCDC Mortgage"). The ESCDC Mortgage was recorded on January 13, 2010, in the City Register's Office, CRFN: 2010000013622.

In conjunction with the Valley National Mortgage and the ESCDC Mortgage, as of December 29, 2009, The Park Avenue Bank and ESCDC entered into a Third Party Lender Agreement, whereby the ESCDC Mortgage on the Mortgaged Premises and Chattel was subordinated to the Valley National Mortgage with the exception of default charges. The Third Party Lender Agreement was recorded on January 13, 2010, in the City Register's Office, CRF N: 2010000013624. All recording taxes and fees were duly paid.

Assignment of the ESCDC Mortgage to SBA and Back to ESCDC

By Assignment of Mortgage dated as of December 29, 2009, ESCDC assigned the ESCDC Mortgage to U.S. Small Business Administration (“SBA”) (the "SBA Mortgage Assignment"). The SBA Mortgage Assignment was recorded on January 13, 2010, in the City Register's Office, CRFN: 2010000013623. On or about June 4, 2019, SBA assigned the ESCDC Security Documents back to ESCDC, which was recorded at City Register’s office on September 13, 2019.

Commencement of Foreclosure Action

By letter dated April 9, 2014, VNB advised Borrower that a purported "Event of Default" had occurred under the Valley National Note and Valley National Mortgage. Given the Debtor's purported default, by letter dated December 4, 2014, VNB advised the Debtor that it would not renew or extend the Valley National Loan which would mature under its terms on January 1, 2015.

1414 Utica alleges that the Debtor further defaulted under the Valley National Loan when it matured on January 1, 2015 and failed to pay all outstanding principal, interest and fees due and owing to VNB.

In February, 2015, VNB elected under the Valley National Loan Documents to accelerate the Valley National Loan and declare immediately due and payable the entire unpaid balance of principal, together with, inter alia, all amounts due and owing for interest, default interest, late charges, and any monies as may be advanced for taxes, insurance and/or property maintenance.

On or around July 29, 2015, VNB commenced a foreclosure action entitled Valley National Bank v. Cort & Medas Associates LLC, U.S. Small Business Administration, et. al. (Index No. 509326/2015) in the Supreme Court of the State of New York, County of Kings (the "Foreclosure Action").

Those proceedings culminated in an order by Justice Richard Velasquez, dated August 14, 2016, which granted VNB's motion for summary judgment. The Defendants in the Foreclosure Action appealed from that order; and perfected their appeal on March 31, 2017 to the Appellate Division for the Second Department under Docket No. 2016-10233.

On or about April 20, 2017, VNB assigned the Note, Mortgage and all other documents evidencing the loan to as evidenced by an Assignment of Mortgage, and was substituted as plaintiff in the Foreclosure Action. On September 5, 2017, 1414 Utica obtained a Judgment of Foreclosure and Sale which was filed on October 3, 2017.

Both 1414 Utica and the defendants in the Foreclosure Action subsequently negotiated the terms of a "Stipulation of Forbearance" by which the defendants withdrew their notice of appeal from the Judgment of Foreclosure and Sale, discontinued their appeal; and agreed to pay plaintiff a forbearance fee of $140,278.36. They also agreed to pay monthly interest on the then net balance of the mortgage lien of $2,000,000.00 at 8% per annum or $13,333.33.

In turn, 1414 Utica agreed to withdraw its notice of sale, granted defendants a forbearance period in which to find another lender until March 15, 2018, and further agreed to extend that termination date to May 14, 2018 on condition that the defendants pay plaintiff an additional $50,000.

The Debtor paid $50,000.00 to extend the termination date to May 14, 2018. They punctiliously paid monthly interest of $13,333.33 ($106,666.64). They paid also the "Forbearance Fee" of $140,278.36. The Debtor found a mortgagee ready, willing and able to refinance the first mortgage by a new first mortgage of $2,100,000.00, Northeast Bank which was prepared in May 2018 to close the new loan.

But all parties were surprised to learn that the Small Business Administration ("SBA") refused to subordinate its second mortgage, to the extent that the existing mortgage loan of $2,000,000.00 included penalty interest. SBA's lending entity, Empire State Certified Development Corporation, pointed to the "Third Party Lender Agreement "-particularly p.3, paragraph "8". The SBA was willing to subordinate to the principal owed at the time of default and to interest payable under the promissory note at 7% per annum. The amount which the Small Business Administration would agree to subordinate its secondary position as follows: Principal owed in the amount of $1,263,490.19 and interest totaling $265,825.76 for a total amount of $1,529,315.80.

The Debtor's attorney in the Foreclosure Action communicated with 1414 Utica's attorney orally on May 11, 2018, and called plaintiff's attorney on May 13 and 14, 2018 to request that 1414 Utica extend the termination date from May 14, 2018 until the SBA's position regarding the amount it will subordinate has been finally confirmed.

When the Debtor's attorney heard nothing from 1414 Utica's attorney, the Debtor was compelled to seek by order to show cause an extension of the termination date and a temporary restraining order. 1414 Utica did not oppose the Debtor's request for an extension of the termination period to August 12, 2018; and the parties entered into a stipulation so extending the termination period in the Foreclosure Action.

. As this issue remained unresolved, the Debtor sought an additional extension of the termination date and a temporary restraining order in the Foreclosure Action. On October 2, 2018, the State Court issued an order denying the Debtor's motion and lifting all stays. On October 11, 2018, the Debtor filed a notice of appeal of this order with the Appellate Division, Second Department.

1414 Utica noticed a foreclosure sale for March 7, 2019, and on March 6, 2019, (the "Petition Date") the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. No trustee, examiner or creditors committee has been appointed in this case. The Debtor is in possession of its assets and is continuing to manage its property in accordance with sections 1107 and 1108 of the Bankruptcy Code.

Debtor's Chapter 11 Filing

On June 6, 2019 1414 Lender filed a proof of claim asserting that as of the Petition Date it was owed $2,159,964.89 (the "1414 Lender Proof of Claim"). 1414 Lender Proof of Claim is broken down as follows: (1) stipulated forbearance amount as of 12/18/17 of $2,214,278.36; (2)

interest of $233,082.24; (3) credit for payments made of $273,611.66; (4) legal fees/costs of $32,607.10; and (5) advances of $27,608.85.

On June 6, 2019 EMCDC filed a proof of claim asserting a secured claim in the amount of $757,039.57.

On November 30, 2020, the Debtor filing a motion seeking an order of this Court reducing the amount of the 1414 Lender Proof of Claim from $2,159,964.89 to $1,717,764.96 [ECF Doc #206]. ESCDC joined in this motion, and 1414 Lender filed an objection to this motion.

On February 3, 2021, the Bankruptcy Court entered an order setting the amount of 1414 Lender's claim, as of the Petition Date, at $2,147,650.40 [ECF Doc #242]. This Order provided that it was entered without prejudice to any further modifications by order the Court.

A major issue in this Chapter 11 case has been whether ESCDC's second mortgage claim has priority over 1414 Lender's default interest claim, based upon the language of the Intercreditor agreement. ESCDC alleges that the default interest component of 1414 Lender's claim in its Judgment of Foreclosure and, in the amount of $569,204.10, is subordinate to ESCDC's claim based upon the terms of the Intercreditor Agreement. 1414 Lender alleges that the determination regarding the priority of entitlement to payment, as between 1414 Lender and the ESCDC, was previously litigated and adjudicated pursuant to the Judgment of Foreclosure and Sale.

The Priority Dispute was heard by Judge Craig on June 24, 2020. At the conclusion of this hearing, the Bankruptcy Court determined that 1414 Lender's Claim is senior to ESCDC with respect to principal and non-default rate interest, and that 1414 Lender's Claim is subordinated to ESCDC's claim pursuant to the terms of the Third Party Lender Agreement to the extent of any and all default charges and default rate interest charged by 1414 Lender against the Debtor. The Bankruptcy Court entered an order on August 10, 2020 [ECF Doc. #146] memorializing its determination.

1414 Lender appealed this ruling to the United States District Court for the Eastern of New York. On January 29, 2021, the District Court issued a decision and order reversing Judge Craig's August 10, 2020 order holding all of the components of 1414 Lender's Claim is to ESCDC.

The Debtor's Efforts to Reorganize by Refinancing or Sale

Throughout the course of this Chapter 11 case, the Debtor has been working hard towards achieving either a refinancing or sale of the Properties. It had always been the Debtor's goal to have a consensual resolution of the case with both 1414 Lender and ESCDC agreeing to their treatment under a plan. While the Debtor has reached a tentative agreement with ESCDC on an exit scenario for this case; 1414 Lender has rejected all of the Debtor's proposals which do

not involve a sale of the Property.

In the early part of 2020, it appeared as if the Debtor had exhausted all of its refinancing options. Therefore, on February 2, 2020, the Court approved the Debtor's application for entry of an Order Authorizing the Retention of Rosewood Realty Group as Exclusive Real Estate Broker to the Debtor [ECF No. 96], pursuant to which the Debtor retained Rosewood Realty Group (the "Broker") to act as the Debtor's exclusive real estate broker to market and sell the Properties.

Since its retention in February 2020, the Broker has extensively marketed the Property, including by (i) sending multiple email blasts to the Broker's data of 39,000 potentially interested parties consisting of investors, owners, bankruptcy attorneys and trustees, and distressed property specialists; (ii) posting the Property listing to industry websites such as CoStar, Crexi, Brevitas, PropertyShark, Loopnet, Commercial Café, and Crezma; (iii) engaging in social media campaigns on Twitter, LinkedIn, Facebook, and Instagram; (iv) sharing the Property listing internally with 20 other brokers, as well as the externally with the brokerage community; and (v) preparing marketing materials that were enhanced by aerial photos taken by a hired drone pilot. The Broker has stated that it sent over 350 offering memoranda, contacted by phone over 1,200 property owners and users, and has received over 17,000 property view on CoStar.

Despite the extensive marketing efforts of the Broker, only one party (the "Proposed Stalking Horse Bidder") made an offer above $2 million. The proposed stalking horse made its offer in April 2020, but the Proposed Stalking Horse Bidder and the Debtor only executed a term sheet for the purchase of the Properties for a purchase price of $2,050,000 (subject to higher or better offers at auction), but to date the Stalking Horse Bidder has not signed a contract. According to the Debtor's broker, the proposed stalking horse offer of $2,050,000 is above market in view of comparable sales. A similar building located half a mile from the Properties sold on January 9, 2020 for $1,700,000, or $157/square foot, and a medical building in East Flatbush sold on February 14, 2020 for $189/square foot. The offer of the proposed stalking horse for the Properties translates to a purchase price of over $250/square foot (after taking into account the portion of the Properties that is above grade and netting out the parking lot).

On July 8, 2020, the Debtor filed its Application for Entry of an Order Authorizing and Approving Auction Sale for the Real Properties Known As and Located at 1376 and 1414 Utica Avenue, Brooklyn, New York 11203, Free and Clear of All Monetary Liens, Claims and Encumbrances, With Such Monetary Liens, Claims and Encumbrances to Attach to the Proceeds of Sale; and Approving the Terms of Sale and Bidding Procedures for the Properties (the "Sale Motion") [ECF Doc. #127].

On August 13, 2020, the Debtor filed its Second Amended Plan of Reorganization of Cort & Medas Associates, LLC, as Modified dated August 13, 2020 (the "Plan") [ECF Doc. #148]. On August 20, 2020, the Debtor filed the Second Amended Disclosure Statement for First Amended Plan of Reorganization of Cort & Medas, LLC, as Modified (the "Disclosure

Statement") [ECF Doc. #153]. The Plan provided two alternative scenarios for its implementation—either through (i) a refinancing of the Property required to close no later than September 25, 2020, or (ii) only if a refinancing did not close on or before September 25, 2020, then the Debtor would sell the Property in accordance with bid procedures approved by the Court.

On August 21, 2020, the Court entered the Order Approving (I) Disclosure Statement, as Modified (II) Form and Manner of Notices, (III) Form of Ballots and (IV) Solicitation Materials and Solicitation Procedures [ECF #156], which approved the Disclosure Statement and scheduled a hearing on confirmation of the Plan for September 16, 2020.

On August 25, 2020, the Court entered the Order Authorizing and Approving an Auction Sale for the Real Properties Known As and Located at 1376 and 1414 Utica Avenue, Brooklyn, New York 11203, Free and Clear of All Monetary Liens, Claims and Encumbrances, With Such Monetary Liens, Claims and Encumbrances to Attach to the Proceeds of Sale; and Approving the Terms of Sale and Bidding Procedures for the Debtor's Properties (the "Bid Procedures Order") [ECF No. 158], which would govern the sale of the Property, in the event a refinancing of the Property could not close by September 25, 2020. Pursuant to the bid procedures approved under the Bid Procedures Order, the auction was scheduled to take place on October 22, 2020.

On September 10, 2020, the Debtor filed the Attorney's Certification of Acceptances and Rejection of Plan [ECF Doc. #172].

On September 14, 2020, the Debtor filed its Memorandum of Law in Support of Confirmation of Plan of Reorganization of Cort & Medas Associates, LLC, as Modified, Dated August 13, 2020 (the "Confirmation Brief") [ECF Doc. #174]. In its Confirmation Brief, the Debtor advised that "[i]t does not appear that the refinancing scenario will be the means for implementation of the Plan. Therefore, the means of implementation of the Plan will be through an auction sale of the Property." (Confirmation Brief p. 3, 15.) The Confirmation Brief further stated that an auction sale of the Property was scheduled to take place on October 22, 2020. Id.

At the Debtor's request, the confirmation hearing was adjourned from September 16, 2020 to September 23, 2020, because the Debtor wanted to resurrect its previous effort to obtain a refinancing from the Small Business Administration (the "SBA"). 1414 Lender consented to this request because it was for only a short duration and because the Debtor had not signed a sale contract with the Proposed Stalking Horse Bidder. At the September 23, 2020 hearing, the Court (Judge Craig) further adjourned the confirmation hearing to October 28, 2020 and scheduled the hearing on approval of the Sale Motion for the same date before Judge Trust.

A telephonic hearing was held with Judge Trust on November 4, 2020. During that hearing, 1414 Lender's counsel emphasized the need for the sale hearing to be rescheduled for a date certain. Judge Trust indicated that the case would be transferred to the Honorable Jil Mazer- Marino, and that a new hearing date of December 9, 2020 had been pre-cleared with her Chambers for this case. It was agreed that the sale and confirmation hearings would be adjourned

to December 9, 2020. Judge Trust directed Debtor's counsel to submit a revised bid procedures order re-scheduling the sale and confirmation hearings for December 9, 2020. Following the hearing, the parties further agreed that the auction for the sale of the Property would take place on December 4, 2020, with a bid deadline of December 2, 2020. Debtor's counsel circulated among the parties a proposed revised bid procedures order incorporating these dates, and then he submitted it to Judge Trust. On November 19, 2020 Judge Trust issued an order scheduling the sale for December 4, 2020, with a sale hearing to be held on December 9, 2020 [ECF #195].

As of this date, to the best of the Debtor's knowledge the only known potential bidder is the Stalking Proposed Horse Bidder's offer is conditioned upon Tri-Borough entering into a new lease with the Proposed Stalking Horse Bidder. The draft lease sent to Tri-Borough required Kenrick Cort to personally guarantee the lease which is something that the Debtor has been advised he is opposed to doing.

On November 20, 2020, 1414 Lender filed a Motion for Relief from Stay to complete the foreclosure sale of the Property [ECF #196] (the "Lift Stay Motion"). In the Lift Stay Motion, 1414 Lender contended that the value of the Properties is $2,000,000. A hearing in connection with the Lift Stay Motion was held on December 22, 2021. On January 21, 2021 the Bankruptcy Court entered an order conditionally modifying automatic stay unless (1) the Debtor delivers to 1414 Lender adequate protection payments, in the amount of $18,000, by or before the fifth business day of each month commencing on January 5, 2021, and continuing on the fifth business day of each successive month thereafter[3] and/or (2) "if the Debtor fails to obtain, and provide to 1414 Lender on or before March 3, 2021, a writing signed by the United States Small Business Administration ("SBA") or its servicer, ESCDC, indicating SBA's commitment to make a protective advance to pay that portion of 1414 Lender's claim that is determined by the Court, at a confirmation or other hearing, to have priority over ESCDC's claim." [ECF Doc. #237].

THE DEBTOR'S THIRD AMENDED PLAN OF REORGANIZATION, AS MODIFIED

Tri-Borough and Kenrick Cort have raised the sum of $1,228,000.00 towards funding a plan (the "Funds") Of the Funds, $500,000 is a capital contribution to be made by Mr. Cort from monies that he borrowed from Tri-Borough, and $778,000 is from an unsecured exit financing loan from Tri-Borough to the Debtor. (Attached hereto as **Exhibit "A"** is a copy of Bank Statements for the accounts containing these funds.)

In addition to this $1,278,000 which is defined in the Plan as the "Plan Proceeds", the Debtor believes that EMCDC will obtain a protective advance, in the amount of up to $1,500,000, to be funded by the United States Small Business Administration ("SBA") that will be used to pay a portion of 1414 Lender's Allowed Claim.

[3] This provision of the Court's order contains a notice of default provision and grace period to cure any such default.

The Plan Proceeds ($1,278,000) will be used to fund the payment of the following creditor constituencies: Administrative Claims (approximately $80,000); United States Trustee Quarterly Fees (approximately $28,000); Class 2 New York City Secured Claims ($717.84); Class 3 NYCTL 2019-A Trust MTAG Secured Claims (approximately $250,000.00); Class 4 1414 Lender Secured Claim ($1,839,650.00[4]).

The Debtor believes that at the Effective Date, 1414 Lender's claim will be not less than $1,839,650.40 (Allowed Claim, as of the Petition Date of $2,147,650.40 minus $308,000 (adequate protection payments, as of February 8, 2021)) and there will still be approximately $500,000 available to pay holders of allowed unsecured claims in Class 6.

Therefore, the Plan provides for a distribution to holders of Allowed claims in Class 6 approximately of 50%

The table below provides a summary of the classification and treatment of Claims and Interests under the Plan. The figures set forth in the table below represent the Debtor's best estimate of the total amount of Allowed Claims and Allowed Interests in the Case. These estimates have been developed by the Debtor based on an analysis of the Schedules filed by the Debtor, the Proofs of Claims and Proofs of Interests filed by Creditors and Interest Holders, and certain other documents of public record. See "SIGNIFICANT EVENTS IN THE CASE -- Bar Date." Although the Debtor believes that the amounts of the claims set forth below are substantially correct, there can be no assurance that Claims and Interests will be allowed by the Bankruptcy Court in the amounts set forth below:

Class and Estimated Amount[5]	**Type of Claim or Equity Interest**	**Summary of Treatment**
Approximately $70,000	Administrative Claims (including Claims for Professional Compensation and Reimbursement, Post-petition Ordinary Course Liabilities and Post-petition Tax Claims.	**Unimpaired.** Each Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of the Effective Date, the date payment of such Claim is due under the terms thereof or applicable law, or three business days after such Claim becomes an Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Disbursing Agent and the holder of such Claim; *provided, however*, that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full or performed by the Debtor in accordance with the terms and conditions of the particular transaction giving rise

[4] Only $339,650.40 of the Plan Proceeds will be used to pay 1414 Lender under the Plan because the 1414 Protective Advance will be used to pay $1,500,000 of the Allowed 1414 Lender Claim.

[5] The amounts set forth in this schedule are not, and should not be deemed admissions by the Debtor as to the validity or amount of any claim.

Class and Estimated Amount[5]	Type of Claim or Equity Interest	Summary of Treatment
		to such Administrative Claim and any agreements relating thereto.
Class 1 No known claims	Priority Claims (other than Administrative Claims)	**Unimpaired.** Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the Priority Claims, the holders of Priority Claims shall receive the following treatment: on the Effective Date, or as soon as practicable after such Claims become Allowed Claims, each holder of a Priority Claim shall receive payment from the Disbursing Agent, (i) in Cash, in the full amount of its Priority Claim, or (ii) as may be otherwise agreed in writing between the Debtor and the holder of such Claim, from the Net Plan Proceeds.
Class 2 Approximately $717.84	New York City Secured Claims	**Unimpaired.** Class 2 consists of the claims of the secured claims of the City of New York. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the New York City Secured Claims, on the Effective Date the holder of the Allowed New York City Secured Claims shall receive a Cash distribution from the Plan Proceeds equal to the full Allowed amount of the Allowed New York City Secured Claims (calculated through the Effective Date) in accordance with section 1124(1) of the Bankruptcy Code.
Class 3 Approximately $250,000	NYCTL 2019-A Trust MTAG Secured Claims	**Unimpaired.** Class 3 consists of the claims of the NYCTL 2019-A Trust MTAG Secured Claims. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the NYCTL 2019-A Trust MTAG Secured Claims, on the Effective Date the holder of the NYCTL 2019-A Trust MTAG Secured Claims shall receive a Cash distribution from the Plan Proceeds equal to the full Allowed amount of the Allowed NYCTL 2019-A Trust MTAG Secured Claims (calculated through the date that NYCTL 2019-A Trust MTAG receives payment in full) in accordance with section 1124(1) of the Bankruptcy Code.
Class 4 $2,147,650.40 less adequate protection payments in the amount of $308,000.00 (as of February 8, 2021)	1414 Lender Principal and Non Default Interest Secured Claim.	**Unimpaired.** Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the1414 Lender Secured Claim, on the Effective Date the holder of the 1414 Lender Secured Claim shall receive a Cash distribution from the 1414 Protective Advance and the Plan Proceeds equal to the full Allowed amount of the Allowed 1414 Lender Secured Claim (calculated through the date that the Allowed 1414 Lender Secured Claim receives payment in full) in accordance with

Class and Estimated Amount[5]	Type of Claim or Equity Interest	Summary of Treatment
		section 1124(1) of the Bankruptcy Code, less all adequate protections payments received by 1414 Lender.
Class 5 Approximate Amount of $680,726.17	ESCDC Secured Claim	**Impaired**. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the ESCDC Secured Claim, on the Effective Date, the holder of the Allowed ESCDC Claim shall receive a note, in the principal amount of $1,500,000 plus the amount of its claim that is unsatisfied by its treatment as the holder of an Allowed Claim in Class 6, which note shall accrue interest at rate of 4%, payable on a monthly basis, and shall mature on the 20th anniversary of the Effective Date, and be secured by a first mortgage lien on the Properties.
Class 6 $884,110.46[6]	General Unsecured Claim	**Impaired.** Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, to the extent that any funds are available from the Net Plan Proceeds after full payment of all Statutory Fees, Allowed Administrative Claims, and the Allowed Claims in Classes 1 through Class 5, each holder of an Allowed Class 6 General Unsecured Claim shall be paid a Pro Rata Cash distribution out of any of the remaining Plan Proceeds on the later of: (i) thirty (30) days after the Effective Date or (ii) three business days after such Claim becomes an Allowed Claim.
Class 7 $ 1,698,048.00[7]	Insider Claims	**Impaired.** Tri-Borough Home Care Ltd, holder of Allowed insider claims in Class 7, shall not receive any distribution under the Plan.
Class 8	Allowed Interests	**Impaired** On the Effective Date, the Debtor's sole member Kenrick Cort shall retain his interests in the Debtor in exchange for his cash contribution, in the aggregate amount of $500,000, to fund the Plan Proceeds.

[6] The holders of General Unsecured Claims in Class 5 are: ESCDC (on account of its fully undersecured claim, in the amount of $680,726.17); Kalmata Capital Corp. ($74,401.00); Kabbage Business Loan ($60,579.96); David S. Friedberg, Esq. ($45,429.50); Datahr Home Health Care ($20,000.00); and IRS ($3,700.00).

[7] The holder of Insider Claims is Tri-Borough Home Care Ltd.

CONFIRMATION OF THE PLAN

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan, on March , 2021 at m, Eastern Standard Time, before Honorable Jil Mazer-Marino, United States Bankruptcy Judge for the Eastern District of New York telephonically at Dial in Number 888-273-3658; Access Code 2872314. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be filed and served on or before March , 2021 at 4:00 p.m. EST.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. The Debtor intends to seek Confirmation of the Plan at the Confirmation Hearing. **The Debtor believes that the Plan satisfies all applicable requirements of section 1129(a) and section 1129(b) of the Bankruptcy Code**. Confirmation makes the Plan binding upon the Debtor, its Interest Holders, all Creditors and other parties regardless of whether they have accepted the Plan.

With the entry of the Confirmation Order, pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise provided in the Plan, the distributions provided for in the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims against or Interests in the Debtor or any of its assets or properties, including any Claim or Interest accruing after the Petition Date and before the Confirmation Date. As of the Effective Date, all holders of Claims or Interests will be precluded from asserting any Claim against the Debtor or its assets or properties or other interests in the Debtor based on any transaction or other activity of any kind that occurred before the Confirmation Date except as otherwise provided in the Plan.

VOTING INSTRUCTIONS — SUMMARY

The following discussion summarizes more detailed voting instructions set forth in the section of this Disclosure Statement entitled "VOTING INSTRUCTIONS." If you have any questions regarding the timing or manner of casting your ballot, please refer to the "VOTING INSTRUCTIONS" section of this Disclosure Statement and the instructions contained on the ballot that you received with this Disclosure Statement.

General. The Debtor has sent by first class mail to all of its known Creditors who are in Classes impaired under the Plan a ballot with voting instructions and a copy of this Disclosure Statement. Creditors may refer to the above chart to determine whether they are impaired and entitled to vote on the Plan. Creditors should read the ballot carefully and follow the voting instructions. Creditors should only use the official ballot that accompanies this Disclosure Statement.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by (a) the holders of two-thirds in amount and more than one-half in number of claims in each class who actually vote on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if (i) the Bankruptcy Court finds that the Plan accords fair and equitable treatment, and does not discriminate unfairly, with respect to the class rejecting it and8i (ii) at least one impaired class of creditors excluding insiders has accepted the Plan. See "REQUIREMENTS FOR CONFIRMATION" and "EFFECT OF CONFIRMATION."

As the preceding paragraph makes evident, a successful reorganization depends upon the receipt of a sufficient number of votes in support of the Plan. YOUR VOTE IS THEREFORE EXTREMELY IMPORTANT. Creditors should exercise their right to vote to accept or reject the Plan.

Voting Multiple Claims and Interests. A single form of ballot is provided for each Class of Claims. Any Person who holds Claims in more than one Class is required to vote separately with respect to each impaired Class in which such Person holds Claims. However, any Person who holds more than one Claim in one particular Class will be deemed to hold only a single Claim in such Class in the aggregate amount of all Allowed Claims in such Class held by such Person. Thus each Person need complete only one ballot for each Class.

Deadline for Returning Ballots. The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by the Debtor, no later than 5:00 p.m., Eastern Standard Time, on March , 2021 at the following address:

Shafferman & Feldman LLP
137 Fifth Avenue, 9th Floor
New York, New York 10017
Attn: Joel Shafferman, Esq.

Voting Questions. If you have any questions regarding the provisions or requirements for voting to accept the Plan or require assistance in completing your ballot, you may contact Joel Shafferman, Esq. at (212) 509-1802.

NOTICE TO HOLDERS OF CLAIMS AND INTERESTS

This Disclosure Statement and the accompanying ballots are being furnished by the Debtor to the Debtor's known Creditors pursuant to section 1125(b) of the Bankruptcy Code in connection with a solicitation of acceptances of a plan of reorganization by the

Debtor. The Plan is filed with the Bankruptcy Court and is incorporated herein by reference. Parties in interest may view the Plan on the Internet at http://www.nyeb.uscourts.gov.[8]

The purpose of this Disclosure Statement is to enable you, as a Creditor whose Claim is in a Class impaired under the Plan to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR. THE STATEMENTS AND OPINIONS SET FORTH HEREIN ARE THOSE OF THE DEBTOR, AND NO OTHER PARTY HAS ANY RESPONSIBILITY WITH RESPECT THERETO.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN PROPOSED BY THE DEBTOR. PLEASE READ THIS DOCUMENT WITH CARE.

THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY BANKRUPTCY COURT, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE PLAN OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The historical information concerning the Debtor has been prepared using the Debtor's books and records and certain filings made with the Bankruptcy Court. The estimates of Claims and Interests set forth herein may vary from the final amounts of Claims or Interests allowed by the Bankruptcy Court. While every effort has been made to ensure the accuracy of all such information, except as noted in the Disclosure Statement, the information presented herein is unaudited and has not been examined, reviewed or compiled by the Debtor's independent public accountants.

Notwithstanding any provision of the Plan to the contrary, definitions and descriptions contained herein respecting pre-Petition Date documents, agreements, or claims are provided solely for the purpose of identification and classification thereof and do not constitute an admission by the Debtor of the existence, validity, allowance, or amount of any such claim, document or agreement. The Debtor expressly reserves the right to challenge the existence, validity, allowance, or amount of any such claim, document or agreement.

[8] A password is necessary for access to view documents on the Internet.

This Disclosure Statement contains a summary of certain provisions of the Plan and the transactions contemplated thereunder, as well as descriptions of certain other related documents. While the Debtor believes that these summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents. Reference is made to the Plan and the documents referred to herein and therein for a complete statement of the terms and provisions thereof. In the event of any inconsistency between the terms of the Plan and this Disclosure Statement, the terms of the Plan shall be controlling. In reviewing the Plan and this Disclosure Statement, the reader should give special attention to "RISK FACTORS." No statements or information concerning the Debtor or its assets, results of business operations or financial condition are authorized by the Debtor other than as set forth in this Disclosure Statement.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein. The delivery of this Disclosure Statement shall not create, under any circumstances, an implication that there has been no change in the facts set forth herein since the date hereof.

This Disclosure Statement is intended for the sole use of Creditors and Interest Holder to be informed about the Plan. Each holder of a Claim or Interest should review this Disclosure Statement. Holders of Claims or Interests are urged to consult with their own legal and financial advisors.

No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. No Person has been authorized to use or promulgate any information concerning the Debtor or its business or the Plan, other than the information contained in this Disclosure Statement. You should not rely on any information relating to the Debtor or its business or the Plan other than that contained in this Disclosure Statement.

PROPONENT'S RECOMMENDATION

In the Debtor's opinion, the treatment of Creditors and Interest Holders under the Plan provides a greater recovery than is likely to be achieved under any other alternatives, including liquidation under Chapter 7. See "ALTERNATIVES TO THE PLAN." The Debtor believes that in a chapter 7 liquidation, administrative costs will be greater, and it is unlikely that unsecured creditors would receive any distribution on account of their Claims.

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF THE ESTATE.

RETENTION OF PROFESSIONALS

Section 327(a) of the Bankruptcy Code provides that the Debtor, with the court's approval, may employ one or more accountants or other professional persons that do not hold or

represent an interest adverse to the estate and that are disinterested persons to represent or assist the Debtor in carrying out its duties under the Bankruptcy Code. 11 U.S.C. § 327(a).

In accordance with an order of the Bankruptcy Court, the Debtor has retained the firm of Shafferman & Feldman LLP as its bankruptcy counsel. As of the date hereof, Shafferman & Feldman LLP is the only professional retained by the Debtor.

OPERATING REPORTS

Pursuant to the requirements of the Office of the United States Trustee for the Eastern District of New York, the Debtor will prepare and file monthly operating reports with the Bankruptcy Court detailing the results of the Debtor's ongoing business operations. Copies of such reports may be obtained from the Bankruptcy Court during normal business hours, or may be obtained upon written request made to counsel for the Debtor.

BAR DATE

In accordance with the requirements of section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, on the Petition Date, the Debtor filed its Schedules of its assets and liabilities, including schedules of all of its known creditors and the amounts and priorities of the Claims the Debtor believes are owed to such creditors. Pursuant to section 501 of the Bankruptcy Code any creditor or interest holder may file a Proof of Claim or Interest and, unless disputed, such filed Proof of Claim or Interest supersedes the amount and priority set forth in the Debtor's schedules. The Court set June 7, 2019 as the last day for creditors to file proofs of claim in the Debtor's case. There can be no assurance that the Allowed Claims as determined by the Bankruptcy Court will be in the amounts and priorities stated in the Schedules filed by the Debtor or proofs of claim filed by Creditors.

SUMMARY OF THE PLAN

The following summary of the terms of the Plan is qualified in its entirety by reference to the provisions of the Plan, a copy of which accompanies this Disclosure Statement and which is incorporated herein by reference.

CLASSIFICATION OF CLAIMS

Classification of claims is governed, in part, by sections 1122 and 1123(a) of the Bankruptcy Code. Section 1123(a) requires that a plan designate classes of claims, requires that the plan specify the treatment of any impaired class of claims, and requires that the plan provide the same treatment for each claim of a particular class, unless the holder of a claim receiving less favorable treatment consents to such treatment. 11 U.S.C. § 1123(a)(1), (3) and (4). Section of 1122(a) of the Bankruptcy Code provides, subject to an exception for administrative convenience, that "a plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

CLASSIFICATION OF CLAIMS AND INTERESTS

Article 3 of the Plan classifies the various Claims against and Interests in the Debtor into five (5) classes of Claims and one (1) class of Interests:

Class 1 -	Priority Claims
Class 2 -	New York City Secured Claims
Class 3-	NYCTL 2019-A Trust MTAG Secured Claims
Class 4 -	1414 Lender Secured Claim
Class 5 -	ESCDC Claim
Class 6 -	General Unsecured Claims
Class 7 -	Insider Claims
Class 8 -	Allowed Interests

As set forth in Article 2 of the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code, certain Administrative Claims against the Debtor have not been classified. See "SUMMARY OF THE PLAN -- Treatment of Non-Classified Claims." Claims in Classes 1, are unimpaired under the Plan. The votes of Holders of Claims in Classes 1, 2, 3, and 4 are therefore NOT being solicited, and are NOT entitled to vote to accept or reject the Plan and are deemed to have accepted the Plan.

Claims in Classes 5, 6, and 7, and Allowed Interests in Class 8 are impaired under the Plan. Holders of Claims in Classes 5, 6, 7, and Allowed Interests in Class 8 are being solicited and are entitled to vote to accept or reject the Plan.

Class 1 - Priority Claims. Class 1 consists of all Priority Claims.

Class 2- New York City Secured Claims. Class 2 consists of the Allowed Secured Claims of the City of New York.

Class 3 – NYCTL 2019-A Trust MTAG Secured Claims. Class 3 consists of the claims of the NYCTL 2019-A Trust MTAG.

Class 4 –1414 Lender Secured Claim. Class 4 consists of the Claim held by 1414 Lender on account of Principal and Non Default Interest, and other related charges and attorney's fees to the extent such claim constitutes a Secured Claim in accordance with sections 506(a) and 506(b) of the Bankruptcy Code.

Class 5-ESCDC Claim. Class 5 consists of the Claim held by ESCDC.

Class 6 – General Unsecured Claims. Class 6 consists of all Unsecured Claims, including the Deficiency Claim held by ESCDC

Class 7 – **Insider Claims**. Class 7 consists of all Claims held by insiders.

Class 8 - Allowed Interests. Class 8 consists of all Allowed Interests in the Debtor.

TREATMENT OF CLAIMS AND INTERESTS CLASSIFIED UNDER THE PLAN

Article 4 of the Plan provides for the treatment of Claims and Interests classified in Article 3 of the Plan as follows:

Class 1 - Priority Claims. Class 1 consists of Priority Claims. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the Priority Claims, the holders of Priority Claims shall receive the following treatment: on the Effective Date, or as soon as practicable after such Claims become Allowed Claims, each holder of a Priority Claim shall receive payment from the Disbursing Agent, (i) in Cash, in the full amount of its Priority Claim, or (ii) as may be otherwise agreed in writing between the Debtor and the holder of such Claim, from the Plan Proceeds.

Class 2 – New York City Secured Claims. Class 2 consists of the claims of New York City Secured Claims. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the New York City Secured Claims, on the Effective Date the holder of the New York City Secured Claims shall receive a Cash distribution from the Plan Proceeds equal to the full Allowed amount of the Allowed New York City Secured Claims (calculated through the Effective Date) in accordance with section 1124(1) of the Bankruptcy Code.

Class 3 – **NYCTL 2019-A Trust MTAG Secured Claims**. Class 3 consists of the claims of the NYCTL 2019-A Trust MTAG Secured Claims. Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the NYCTL 2019-A Trust MTAG Secured Claims, on the Effective Date the holder of the NYCTL 2019-A Trust MTAG Secured Claims shall receive a Cash distribution from the Net Plan Proceeds equal to the full Allowed amount of the Allowed NYCTL 2019-A Trust MTAG Secured Claims (calculated through the date that NYCTL 2019-A Trust MTAG receives payment in full) in accordance with section 1124(1) of the Bankruptcy Code.

Class 4 – **1414 Lender Secured Claim**. Class 4 consists of the claim of the 1414 Lender Principal and Non Default Interest Secured Claim.

Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the1414 Lender Secured Claim, on the Effective Date the holder of the 1414 Lender Secured Claim shall receive a Cash distribution from the 1414 Protective Advance and the Plan Proceeds equal to the full Allowed amount of the Allowed 1414 Lender Secured Claim (calculated through the date that the Allowed 1414 Lender Secured Claim receives payment in full) in accordance with section 1124(1) of the Bankruptcy Code, less all adequate protections payments received by 1414 Lender..

Class 5 – ESCDC Secured Claim. Class 5 consists of the ESCDC Secured Claim.

Subject to the provisions of Article 7 of the Plan, with respect to Disputed Claims, in full satisfaction, release and discharge of the ESCDC Secured Claim, on the Effective Date, the holder of the Allowed ESCDC Claim shall receive a note, in the principal amount of $1,500,000 plus the amount of its claim that is unsatisfied by its treatment as the holder of an Allowed Claim in Class 6, which note shall accrue interest at rate of 4%, payable on a monthly basis, and shall mature on the 20th anniversary of the Effective Date, and be secured by a first mortgage lien on the Properties.

Class 6 – General Unsecured Claims. Class 6 consists of General Unsecured Claims.

Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, to the extent that any funds are available from the Net Plan Proceeds after full payment of all Statutory Fees, Allowed Administrative Claims, and the Allowed Claims in Classes 1 through Class 5, each holder of an Allowed Class 6 General Unsecured Claim shall be paid a Pro Rata Cash distribution out of any of the remaining Plan Proceeds on the later of: (i) thirty (30) days after the Effective Date or (ii) three business days after such Claim becomes an Allowed Claim.

Class 7 – **Insider Claims**. Class 7 consists of Insider Claims.

Tri-Borough Home Care Ltd, the holder of Allowed insider claims in Class 7, shall not receive any distribution under the Plan.

Class 8 - Allowed Interests. Class 8 consists of Allowed Interests.

On the Effective Date, the Debtor's sole member Kenrick Cort shall retain his interests in the Debtor in exchange for his cash contribution, in the aggregate amount of $500,000, to fund the Plan Proceeds.

TREATMENT OF NON-CLASSIFIED CLAIMS

Pursuant to section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims entitled to priority treatment under section 507(a)(2) of the Bankruptcy Code or Claims of Governmental Units entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code. Article 2 of the Plan provides for the manner of treatment of such non-classified Claims.

Administrative Claims. Administrative Claims are the costs and expenses of administration of this Case, allowable under section 503(b) of the Bankruptcy Code, other than Bankruptcy Fees. Administrative Claims include Claims for the provision of goods and service to the Debtor after the Petition Date, the liabilities incurred in the ordinary course of the Debtor's business (other than claims of governmental units for taxes or interest or penalties related to such taxes) after the Petition Date, Claims of professionals, such as attorneys, appraisers, and

accountants, retained pursuant to an order of the Bankruptcy Court, for compensation and reimbursement of expenses under section 330 of the Bankruptcy Code, and tax claims for the period from the Petition Date to the Effective Date of the Plan.

Each Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of the Effective Date, the date payment of such Claim is due under the terms thereof or applicable law, or three business days after such Claim becomes an Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Disbursing Agent and the holder of such Claim; *provided, however,* that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Claim and any agreements relating thereto.

Article 2 of the Plan sets a final date for the filing of Administrative Claims against the Debtor. The Administrative Bar Date is the first Business Day that is at least 60 days after the Effective Date.

Section 330 of the Bankruptcy Code sets the standard for the determination by the Bankruptcy Court of the appropriateness of fees to be awarded to Professionals retained by the Debtor and the Committee in a case under the Bankruptcy Code. In general, bankruptcy legal services are entitled to command the same competency of counsel as other cases. "In that light, the policy of this section is to compensate attorneys and other professionals serving in a case under title 11 at the same rate as the attorney or other professional would be compensated for performing comparable service other than in a case under title 11." 124 Cong. Rec. H11091 (Daily ed. Sept. 28, 1978).

Bankruptcy Fees. All fees and charges assessed against the Debtor under section 1930 of title 28 of the United States Code shall be paid by the Disbursing Agent in Cash in full as required by statute.

Professional Fees. Reasonable compensation due to the Debtors' professionals pursuant to section 330 of the Bankruptcy Code, as determined by the Bankruptcy Court, shall be payable in full and in Cash on the Effective Date unless otherwise agreed to in writing between the holder of such claim and the Debtor and approved by the Bankruptcy Court. Unless otherwise agreed to in writing by the Debtor and the applicable professional, each professional must serve the Debtor with a writing indicating the sum of fees and expenses they intend to apply to the Court for reimbursement of and/or an award of, no later than three days prior to the Effective Date. Upon receipt of such notice, the Debtor must escrow sufficient funds, to be held in an interest bearing segregated account, in the amounts necessary to pay such claims when and if allowed by the Court.

Priority Tax Claims. Except as may be otherwise mutually agreed in writing, all Allowed Claims of Governmental Units entitled to priority pursuant to section 507(a)(8) of the

Bankruptcy Code, shall be paid in full and receive on account of such claim Cash on the Effective Date.

DISPUTED CLAIMS AND INTERESTS

Article 7 of the Plan contains a mechanism for resolving disputes concerning the amount of certain Claims or Interests asserted against the Debtor by any Entity.

Time to Object. Unless otherwise ordered by the Bankruptcy Court, objections to the allowance of any Claim or Interest may be filed no later than the later to occur of (i) 60 days after the Effective Date or (ii) 60 days after the date proof of such Claim or Interest is filed. Until the earlier of (i) the filing of an objection to a Proof of Claim or Interest or (ii) the last date to file objections to Claims or Interests as established by the Plan or by Final Order, Claims or Interests shall be deemed to be Disputed in their entirety if, (i) the amount specified in a Proof of Claim or Interest exceeds the amount of any corresponding Claim or Interest listed in the Schedules; (ii) any corresponding Claim or Interest listed in the Schedules has been scheduled as disputed, contingent or unliquidated; or (iii) no corresponding Claim or Interest has been listed in the Schedules.

DISTRIBUTIONS UNDER THE PLAN

Article 7 contains provisions governing the making of distributions on account of Claims and Interests. In general, any payments, distributions or other performance to be made pursuant to the Plan on account of any Allowed Claim shall be deemed to be timely made if made on or within five days following the later of (i) the Effective Date or (ii) the expiration of any applicable objection deadline with respect to such Claim or Interest or (iii) such other times provided in the Plan. All Cash payments to be made by the Debtor pursuant to the Plan shall be made by check drawn on a domestic bank.

Disbursing Agent. Shafferman & Feldman LLP, Counsel for the Debtor, shall be the Disbursing Agent to make distributions under the Plan for all claims. The Disbursing Agent shall not be compensated for services rendered under the Plan.

Distributions shall be made: (1) at the addresses set forth on the Proofs of Claim or Proofs of Interests filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim or Proof of Interest; or (3) at the address reflected in the Schedules if no Proof of Claim or Proof of Interest is filed and the Disbursing Agent has not received a written notice of a change of address. If the distribution to the holder of any Claim or Interest is returned to the Disbursing Agent as undeliverable, no further distribution shall be made to such holder unless and until the Disbursing Agent is notified in writing of such holder's then current address. Neither the Debtor not the Disbursing Agent shall be required to attempt to locate any holder of an Allowed Claim or an Allowed Interest.

UNCLAIMED DISTRIBUTIONS

Any Cash or other property to be distributed under the Plan shall revert to the Reorganized Debtor and such creditor shall forfeit its right to receive any distribution(s) under this Plan if such distribution is not claimed by the Entity entitled thereto before the later of (i) 1 year after the Effective Date or (ii) 60 days after an Order allowing the Claim of that Entity becomes a Final Order or are otherwise Allowed.

DISTRIBUTIONS WITH RESPECT TO DISPUTED CLAIMS

While an objection to any Claim or Interest is pending, no distribution under the Plan will be made to the holder of such Claim or Interest. However, subject to the restrictions set forth in the next paragraph, there will be set aside and reserved on behalf of such disputed Claim or Interest such cash or property as the holder thereof would be entitled to receive in the event such Claim or Interest was an Allowed Claim or an Allowed Interest on the date of such distribution. The Debtor may seek an order of the Bankruptcy Court estimating or limiting the amount of Cash or property that must be deposited in respect of any such disputed Claims or Interests. Cash held in reserve for disputed Claims will be held in trust for the benefit of the holders of such Claims.

The amount to be so segregated on behalf of Disputed Claims depends upon whether such claim is an Unsecured Claim or a claim other than an Unsecured Claim. If a Disputed Claim is not an Unsecured Claim, the Disbursing Agent shall segregate Cash equal to 100% of the amount which would be distributed on account of such Disputed Claim if such Claim had been an Allowed Claim but for the pendency of the objection. Until such the dispute over the claim is resolved, the Disbursing Agent shall also segregate any interest or dividends earned upon such amount it is holding on account of such Disputed Claim.

If the Disputed Claim would have been an Allowed Unsecured Claim but for the pendency of such objection, the Disbursing Agent shall be obligated to segregate an amount equal to 100% of the amount which would have been distributed on account of such Claim if such Claim had been an Allowed Claim on such date. Deposits in escrow on account of any Disputed Unsecured Claims shall be made annually thereafter, at least ten days prior to the anniversary of the Effective Date until all pending disputes are resolved. The Disbursing Agent shall also hold any interest or dividends earned on such funds until the dispute over such claim is resolved.

Within 30 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property held in escrow with respect to such claim, including any interest, dividends or proceeds thereof, to which a holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim. To the extent practicable, the Disbursing Agent may invest any Cash or other property segregated on account of a Disputed Claim, Disputed Interest, undeliverable distribution, or any proceeds thereof; however, the Disbursing Agent shall be under no obligation to so invest such

Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property or proceeds. Any segregated amounts remaining after all Disputed Claims and Interests have been resolved will be retained by the Debtor.

SURRENDER OF INSTRUMENTS

Notwithstanding the foregoing, no Creditor that holds a note or other instrument of the Debtor evidencing such Creditor's Claim may receive any distribution with respect to such Claim or Interest unless and until the note or other instrument evidencing such Claim is surrendered pursuant to the provisions of the Plan. In the event an instrument evidencing a claim has been lost, stolen or mutilated, the Disbursing Agent may request reasonable affidavits and indemnification by a financially responsible party before making any distribution(s) to such Creditor.

COMPLIANCE WITH TAX REQUIREMENTS

In connection with the Plan, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions under the Plan shall be subject to such withholding and reporting requirements.

EFFECTIVE DATE

The Effective Date of the Plan is defined as the date that is fourteen (14) days after the Confirmation Date, or, if such date is not a Business Day, the next succeeding Business Day.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All Executory Contracts, to the extent not previously rejected or assumed or designated to be assumed and assigned pursuant to the Plan, shall be deemed assumed as of the Effective Date. Any claim for damages arising from such rejection shall be filed with the Court no later than thirty (30) days after receipt of notice of the occurrence of the Effective Date.

IMPLEMENTATION OF THE PLAN

Tax Exemption. The Confirmation Order shall contain appropriate provisions, consistent with Section 1142 of the Bankruptcy Code, directing the Debtor to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of either of the Properties and to perform any act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan. Pursuant to Section 1146 of the Bankruptcy Code, the issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer under the Plan shall not be subject to tax under any law imposing a stamp tax, real estate transfer tax, mortgage recording tax or similar tax.

Except as set forth elsewhere in this Plan, all payments required to be made under this Plan shall be made by the Disbursing Agent in accordance with the terms of this Plan from the Plan Proceeds, the 1414 Protective Advance, and any Cash on hand with the Debtor.

PRESERVATION OF RIGHTS OF ACTION

The Debtor shall retain, and in accordance with its determination of the best interest of the estate, may enforce any claims, rights and causes of action (i) arising under sections 544 through 550 of the Bankruptcy Code or (ii) belonging to the Debtor as of the Petition Date, or the Estate, and arising under any provision of state or federal law, or any theory of statutory or common law or equity.

POST-CONFIRMATION OPERATING REPORTS AND UNITED STATES TRUSTEE'S FEES

The Debtor shall be responsible for the preparation and filing of monthly operating reports until entry of a final decree, dismissal or conversion of this case, whichever is earlier. Quarterly fees payable to the Office of the United States Trustee shall be paid by the Debtor until entry of a final decree, dismissal or conversion of this case, whichever is earlier.

TRANSFER TAXES

Pursuant to section 1146(a) of the Bankruptcy Code, the initial issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan (including any instrument executed in furtherance of the transactions contemplated by the Plan) shall be exempt and shall not be subject to tax under any law imposing a Transfer Tax, mortgage recording tax or similar tax as set forth in the Plan.

REVOCATION OF THE PLAN

The Debtor may revoke or withdraw the Plan at any time prior to entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, or if no Confirmation Order is entered, the Plan shall be null and void, and nothing contained in the Plan shall constitute a waiver or release of any Claims by or against, or any Interest in, the Debtor; or prejudice in any manner the rights of the Debtor in any further proceedings involving the Debtor.

RETENTION OF JURISDICTION

The Plan contains detailed provisions providing for the retention of jurisdiction by the Bankruptcy Court over the Case for the purposes of, *inter alia*, determining all disputes relating to Claims or Interests and other issues presented by or arising under the interpretation, implementation or enforcement of the Plan.

RISK FACTORS

The Debtor believes that the confirmation of the Plan is not likely to be followed by further financial reorganization of the Debtor. No statements or information concerning the Debtor or its assets, future business operations, results of operations or financial condition or the securities to be issued pursuant to the Plan, are authorized by the Debtor other than as set forth in this Disclosure Statement and the exhibits hereto (including the Plan).

VOTING INSTRUCTIONS

A Creditor and Interest Holder who is entitled to vote may accept or reject the Plan by executing and returning to the Balloting Agent (as defined below) the ballot (a "Ballot") that was sent out with this Disclosure Statement. See "VOTING INSTRUCTIONS -- Who May Vote." The following instructions govern the time and manner for filing Ballots accepting or rejecting the Plan, withdrawing or revoking a previously filed acceptance or rejection, who may file a Ballot, and procedures for determining the validity or invalidity of any Ballot received by the Balloting Agent.

DEADLINE FOR RECEIPT OF BALLOTS

The solicitation period for votes accepting or rejecting the Plan will expire at 5:00 p.m., Eastern Standard Time, December , 2020 (the "Voting Deadline"). A Ballot accepting or rejecting the Plan must be received no later than that date and time or it will not be counted in connection with the Confirmation of the Plan or any modification thereof.

BALLOTING AGENT

All votes to accept or reject the Plan must be cast by using the Ballot. Executed Ballots should be returned by December , 2020 at 5:00 p.m. to:

Shafferman & Feldman LLP
137 Fifth Avenue, 9th Floor
New York, New York 10010
Attn: Joel Shafferman, Esq.

(the "Balloting Agent"). A Creditor or Interest Holder entitled to vote who has not received a Ballot, or whose Ballot has been lost, stolen or destroyed, may contact the Balloting Agent at the address indicated above, or call Joel Shafferman (212) 509-1802 to receive a replacement Ballot.

WHO MAY VOTE - IN GENERAL

Claims in Classes 5, 6, and 7 and interests in Class 8 are impaired under the Plan. Holders of Claims in Classes 5, 6, and 7, and interests in Class 8 are being solicited and are entitled to vote to accept or reject the Plan. Claims in Classes 1, 2, 3, and 4 are not impaired by the Plan and are deemed to have accepted the Plan.

Ballots Executed in a Representative or Fiduciary Capacity. Ballots executed by executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, must indicate the capacity in which such person executed the Ballot and, unless otherwise determined by the Debtor, must submit proper evidence satisfactory to the Debtor of their authority to so act.

Voting Multiple Claims. A single form of ballot is provided for each Class of Claims. Any Person who holds Claims in more than one impaired Class is required to vote separately with respect to each Class in which such Person holds Claims. However, any Person who holds more than one Claim in one particular Class will be deemed to hold only a single Claim in such Class in the aggregate amount of all Allowed Claims in such Class held by such Person. Thus each Person need complete only one ballot for each Class.

DEFECTS OR IRREGULARITIES

IN THE EVENT AN EXECUTED AND TIMELY FILED BALLOT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, THE BALLOTING AGENT SHALL NOTIFY THE CREDITOR OR INTEREST HOLDER WHICH HAS EXECUTED THE BALLOT SO THAT ALL BALLOTS THAT ARE CAST INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN.

Where more than one timely and properly completed Ballot is received, the Ballot which bears the latest date will be counted.

The Debtor reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the deadline for filing timely Ballots. Except as set forth above, neither the Debtor, the Balloting Agent, nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liability for failure to provide such notification. All questions as to the validity, form, eligibility (including the time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Bankruptcy Court, upon motion and upon such notice and hearing as is appropriate under the circumstances. Unless otherwise directed by the Bankruptcy Court, delivery of Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots as to which any irregularities have not been cured or waived will not be counted toward the acceptance or rejection of the Plan.

REVOCATION OF PREVIOUSLY FILED ACCEPTANCES OR REJECTIONS

Any Creditor or Interest Holder who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Balloting Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) describe the Claim or Interest represented by such Ballot, (ii) be signed by the Creditor or Interest Holder in the same manner as the Ballot was signed and (iii) be received by the Balloting Agent on or before the Voting Deadline. The Debtor reserves the absolute right to contest the validity of any such withdrawals of Ballots

CONFIRMATION OF PLAN

CONFIRMATION HEARING

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan**. The Confirmation Hearing is scheduled to commence before Bankruptcy Judge Jil Mazer-Marino, on March , 2021 at m telephonically at Dial in Number 888-273-3658; Access Code 2872314.** The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

The Bankruptcy Court has directed **that objections, if any, to confirmation of the Plan be filed and served on or before March , 2021 at 4:00 pm**. Objections must be served upon (i) Shafferman & Feldman LLP, 137 Fifth Avenue, 9th Floor, New York, New York 10010, Attn.: Joel Shafferman, Esq., and (ii) United States Trustee, Office of the United States Trustee, Brooklyn Office – Region 2, 201 Varick Street, Suite 1006, New York, New York 10014, Attn: Rachel Wolf, Esq., and filed electronically in accordance with the Court's ECF procedures.

REQUIREMENTS FOR CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include determinations by the Bankruptcy Court that: (i) the Plan has classified Claims and Interests in a permissible manner, (ii) the contents of the Plan comply with various technical requirements of the Bankruptcy Code, (iii) the Debtor has proposed the Plan in good faith, (iv) the Debtor has made disclosures concerning the Plan that are adequate and include information concerning all payments made or promised in connection with the Plan and the Case, (v) the Plan is in the "best interests" of all Creditors and Interest Holders, (vi) the Plan is feasible, and (vii) the Plan has been accepted by the requisite number and amount of Creditors or Interest Holders in each Class entitled to vote on the Plan, or that the Plan may be confirmed without such acceptances. The Debtor believes that all of these conditions have been or will be met prior to the Confirmation Hearing.

Best Interest Test. The so-called "best interest" test requires that each impaired Creditor and impaired Interest Holder either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such entity would receive or retain if the Debtor was to be liquidated under chapter 7 of the Bankruptcy Code.

To determine what the holders in each Class of Claims or Interest would receive if the Debtor was liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets in a chapter 7 liquidation case. The amount that would be available for satisfaction of Allowed Claims against and Allowed Interests in 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 commencement of the chapter 7 case. Such amount would be reduced by the amount of any Claim or Claims secured by the Debtor's assets, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may result from the termination of the Debtor's business. Such value is then juxtaposed against the amount creditors are receiving under the Plan to determine if the value each impaired creditor is receiving is the same or more than such creditor would receive from a chapter 7 liquidation on the Confirmation Date.

The costs of liquidation under chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a chapter 7 trustee, as well as those which might be payable to attorneys, financial advisors, appraisers, accountants and other professionals that such trustee may engage to assist in the liquidation. In addition, chapter 7 costs would include any liabilities incurred or assumed pursuant to the transactions necessary to effectuate the liquidation. Moreover, claims entitled to administrative priority may arise by reason of any breach or rejection of any executory contracts entered into by the Debtor during the pendency of the Case in chapter 11.

After satisfying Administrative Claims arising in the course of the chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time this Case was pending under chapter 11, including compensation for attorneys, financial advisors, appraisers, accountants and other professionals retained by the Debtor or any official committee appointed pursuant to section 1102 of the Bankruptcy Code.

After consideration of the effects that a chapter 7 liquidation would have on the proceeds available for distribution including (i) the increased costs and expenses of a chapter 7 liquidation arising from fees payable to the trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of the Debtor's assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (iii) the potential increases in Claims which would be satisfied on a priority basis or on a parity with the Claims of General Unsecured Creditors and (iv) the substantial amount of secured obligations in this case, the Debtor believes that in a chapter 7 liquidation there would be insufficient funds available to satisfy all of the administrative and secured debt on the Property and no funds available for distribution to unsecured creditors.

Liquidation Analysis. The Debtor has concluded that the Plan provides to each Creditor a recovery with a present value greater than the present value of the distribution which such Creditor would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Although a liquidation analysis estimating distributions under a hypothetical liquidation of a debtor's properties is commonly submitted in support of a proposed plan, here where the Debtor's properties are to be sold under a Plan and the proceeds distributed in accordance with the priority scheme established under the Bankruptcy Code and applicable non-bankruptcy law, the actual liquidation value will be established and a hypothetical analysis will serve little purpose.

The Debtor agrees with 1414 Lender's position that the value of the Properties is $2,000,000.

The Debtor believes that in the event the Properties were sold in a Chapter 7 liquidation, all of the proceeds would go to the secured claims. In such event, no funds would be remaining for the General Unsecured Creditors, thus no Unsecured Creditor would receive a distribution in a Chapter 7 case.

Feasibility. For the Plan to be confirmed, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

The Debtor believes that the Plan is feasible based upon the sum of $1,228,000.00 being held in escrow in the bank accounts attached hereto as **Exhibit "A"**. The Debtor also believes that the sum of an additional $1,500,000 will be advanced by the SBA to fund the Plan.

Confirmation With the Acceptance of Each Impaired Class. The Plan may be confirmed if each impaired Class of Claims or Interests accepts the Plan. Classes of Claims or Interests which are not impaired are deemed to have accepted the Plan. A Class is impaired if the legal, equitable or contractual rights attaching to the Claims or Interests of that Class are modified other than by curing defaults and reinstating maturities or by payment in full in cash.

Holders of Claims or Interests impaired by the Plan are entitled to file Ballots accepting or rejecting the Plan. Holders of Claims or Interests not impaired by the Plan, are deemed to accept the Plan, and may not vote to accept or reject the Plan. Holders of Claims or Interests that will neither receive nor retain any property under the Plan are deemed to reject the Plan.

The Bankruptcy Code defines acceptance of a plan by a Class of Claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of Claims of that Class. Only those Claims, the holders of which actually vote to accept or reject the Plan, are

counted for the purpose of determining whether the requisite number and amount of acceptances have been received.

Confirmation Without the Acceptance of Each Impaired Class. In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of section 1129(a) of the Bankruptcy Code are satisfied, (ii) at least one impaired Class of Claims votes to accept the Plan without regard to any vote cast on account of a Claim held by "insiders" (as defined in the Bankruptcy Code) and (iii) as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class. The Debtor believes that the Plan is in the best interest of all Creditors and Interest holders and strongly recommends that all parties entitled to vote cast their ballots in favor of accepting the Plan. Nevertheless, pursuant to the Plan, the Debtor has requested that the Court confirm the Plan over the rejection of any non-accepting class in the event all other elements of section 1129(a) are satisfied.

A plan "does not discriminate unfairly" if the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class, and no class receives payments in excess of that which it is legally entitled to receive for its Claims or Interests. The Debtor believes that under the Plan all classes of Impaired Claims and Impaired Interests are treated in a manner that is consistent with the treatment of other classes of Claims and Interests with which their legal rights are intertwined, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and Allowed Interests in such class. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims or Interests.

Whether the Plan is fair and equitable depends upon the application of the so-called "absolute priority rule." Subject to certain exceptions, this rule, codified in section 1129(b)(2) of the Bankruptcy Code, generally requires that an impaired Class of Claims or Interests that has not accepted the Plan must be paid in full if a more junior class receives any distribution under the Plan.

With respect to Secured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Secured Claims if the holders of such Claims retain their liens and each holder of a Claim of such class receives on account of such Claim deferred cash payments, totaling at least the allowed amount of such Claim, of a value, as of the Effective Date of the plan, of at least the value of such holder's interest in the property securing its Claim.

With respect to Unsecured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Unsecured Claims if the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property. There is however a "new value" exception to the absolute priority rule which the Debtor submits applies in this case.

As described above, Kenrick Cort, the Debtor's sole member, is personally contributing $500,000 towards the plan. The Debtor believes that the new value being contributed by the Debtor's member is necessary. As the member is retaining his equity interest post-confirmation on account of his cash contribution to fund the Debtor's Chapter 11 case, and not on account of his prior equity position, the Debtor submits that the "new value" exception to the absolute priority rule applies.

With respect to Equity Interests, Section 1129(b)(2)(C) requires that the holder of such interest receive any fixed liquidation preference, fixed redemption price or the value of such interest or that no junior interest will receive or retain any property on account of such junior interest under the Plan. To the best of the Debtor's knowledge, interest holders are not entitled to any fixed liquidation preference or fixed redemption price. Moreover, the Debtor has determined that the value of such interest is **zero**. Finally, no junior interest receives or retains any property under the Plan on account of such interest. Accordingly, the Debtor believes the Plan complies with Section 1129(b)(2)(C) of the Bankruptcy Code.

If the Plan is rejected by Classes 5, 6, or 7, the Debtor requests that the Plan be confirmed under Section 1129(b).

EFFECT OF CONFIRMATION

INJUNCTION

Except (i) as otherwise provided in the Plan, (ii) as otherwise provided under Final Order entered by the Bankruptcy Court or (iii) with respect to the Debtor's obligations under the Plan, the entry of the Confirmation Order shall forever stay, restrain and permanently enjoin with respect to any claim or interest held as of the Effective Date, (y) the commencement or continuation of any action, the employment of process, or any act to collect, enforce, attach, recover or offset from property of the Estate that has been, or is to be, distributed under the Plan, and (z) the creation, perfection or enforcement of any lien or encumbrance against the property of the Estate that has been, or is to be, distributed under the Plan.

Except as otherwise provided in the Confirmation Order, the entry of the Confirmation Order shall constitute an injunction against the commencement or continuation of any action, the employment of process, or any act, to collect, recover or offset, from the Debtor, or from property of the Estate, any claim, obligation or debt that was held by any person or entity as of the Effective Date except pursuant to the terms of the Plan.

RELEASE

In the event that the means of implementation of the Plan is by the refinancing scenario and except as otherwise provided in the Plan, upon the Effective Date, in consideration of the Cash and other property to be distributed to or on behalf of the holders of Claims and

Interests under the Plan, the Plan shall be deemed to resolve all disputes and constitute a settlement and release, between and among the Debtor, on the one hand, and each Creditor and Interest Holder, on the other, from any claim or liability, whether legal, equitable, contractual, secured, unsecured, liquidated, unliquidated, disputed, undisputed, matured, unmatured, fixed or contingent, known or unknown, that the Debtor, its Creditors or Interest Holders ever had or now have through the Effective Date in connection with their Claim or Interest (including, without limitation, any claims the Debtor may assert on its own behalf or on behalf of Creditors or Interest Holders pursuant to sections 510 and 542 through 553 of the Bankruptcy Code, any claims Creditors or Interest Holders may have asserted derivatively on behalf of the Debtor absent bankruptcy, any claims based on the conduct of the Debtor's business affairs prior or subsequent to the commencement of the Case or any claims based on the negotiation, submission and confirmation of the Plan), provided however that nothing in the Plan or the Confirmation Order shall effect a release of any claim for any debt owed to the United States Government arising under the Internal Revenue Code; any state, city or municipality arising under any state, city or municipal tax code; any environmental laws or any criminal laws of the United States or any state, city or municipality. Nothing in the Confirmation Order or the Plan shall enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against the Released Entities for any claim, suit or action arising under the Internal Revenue Code, any state, city or municipal tax code, the environmental laws or any criminal laws of the United States or any state, city or municipality. Nothing in the Confirmation Order or the Plan shall exculpate any party from any liability to the United States Government or any of its agencies or any state, city or municipality arising under the Internal Revenue Code, any state, city or municipal tax code, the environmental laws or any criminal laws of the United States or any state.

IN THE EVENT THAT THE PLAN IS IMPLEMENTED BY A SALE OF THE PROPERTIES, THIS RELEASE/DISCHARGE PROVISION SHALL BE OF NO FORCE AND EFFECT.

LIMITATION OF LIABILITY

Section 1125(e) of the Bankruptcy Code, commonly referred to as the "safe harbor," protects persons acting in good faith, from civil claims arising in connection with solicitations of acceptances of plans of reorganization or participating in the offer, issuance, sale or purchase of a security under the Plan. Pursuant to section 1125(e), as set forth in Article 9 of the Plan, neither the Debtor nor any of its respective officers, directors, members, general partner, managers or employees (acting in such capacity), nor any professional person employed by any of them shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the Plan except in the case of fraud, gross negligence, willful misconduct, malpractice, breach of fiduciary duty, criminal conduct, unauthorized use of confidential information that causes damages, or ultra vires acts. Nothing contained herein shall

limit the liability of the Debtor's professionals pursuant to Rule 1.8(h)(1) of the New York State Rules of Professional Conduct. From and after the Effective Date, a copy of the Confirmation Order and the Plan shall constitute, and may be submitted as, a complete defense to any claim or liability released pursuant to Article 8 of the Plan.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary of certain U.S. Federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the particular circumstances pertaining to each holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult his own tax advisors. This summary does not cover all potential U.S. federal income tax consequences that could possible arise under the Plan and does not address the Plan's U.S. federal income tax consequences for any holder of an Allowed Claim that is a partnership (or other pass-through entity) or otherwise subject to special tax rules.

The Debtor has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to such matters nor will the Debtor, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. The Debtor offers no statements or opinions that are to be relied upon by the creditors as to the treatment of creditors' claims under the Plan. Matters not discussed in this Disclosure Statement may affect the tax consequences of the Plan on any particular holder of a Claim or Equity Interest

This summary is based upon the laws in effect on the date of this Disclosure Statement and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. Holders of Allowed Claims should consult their own tax advisors as to the Plan's specific federal, state, local and foreign income and other tax consequences.

The tax consequences to Creditor and Interest Holders will differ and will depend on factors specific to each Creditor and Interest Holder, including but not limited to: (i) whether the Claim or Interest (or portion thereof) constitutes a claim for principal or interest; (ii) the origin of the Claim or Interest; (iii) the type of consideration received by the Creditor and Interest Holder in exchange for the Claim; (iv) whether the Creditor and Interest Holder is a United States person or foreign person for tax purposes; (v) whether the Creditor and Interest Holder reports income on the accrual or cash basis method; (vi) whether the Creditor and Interest Holder has taken a bad debt deduction or otherwise recognized loss with respect to a Claim.

THERE ARE MANY FACTORS WHICH WILL DETERMINE THE TAX CONSEQUENCES TO EACH CREDITOR AND INTEREST HOLDER. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH

CREDITOR AND INTEREST HOLDER OBTAIN HIS, HER OR ITS OWN TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AND INTEREST HOLDER AS A RESULT OF THE PLAN.

THE DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY CREDITOR AND INTEREST HOLDER FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON A TAX PAYER. THE DISCUSSION HEREIN WAS WRITTEN TO SUPPORT THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT. EACH CREDITOR AND INTEREST HOLDER SHOULD SEEK ADVICE BASED UPON THE CREDITOR AND INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ADDITIONAL INFORMATION

Requests for information and additional copies of this Disclosure Statement and the other materials delivered together herewith and all deliveries, correspondence and questions, as the case may be, relating to the Plan should be directed to (i) the Debtor's counsel, Shafferman & Feldman LLP, 137 Fifth Avenue, 9th Floor, New York, New York 10010, Attn.: Joel Shafferman, Esq., (212) 509-1802 or (ii) may be retrieved from the Court's web site at https://ecf.nyeb.uscourts.gov/cgi-bin/login.pl (provided such party has PACER access) by searching case no 19-41313.

CONCLUSION

The Debtor believes that confirmation of the Plan is in the best interests of all Creditors and Interest Holders.

DATED: Brooklyn, New York
February 9, 2021

Cort & Medas, LLC
By /S/ Kenrick Cort
Kenrick Cort, Member

DATED: New York, New York
February 9, 2021

SHAFFERMAN & FELDMAN LLP
Counsel for the Debtor
137 Fifth Avenue, 9th Floor
New York, New York 10017
(212) 509-1802
By: /S/ Joel M. Shafferman
Joel M. Shafferman (JMS-1055)