

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS  
KANSAS CITY DIVISION

IN RE: )  
 )  
DONNA L. RONSON ) Case No. 16-21213-11  
 )  
Debtor. )

**MOTION FOR ORDER (1) AUTHORIZING DEBTOR TO INCUR DEBT TO REFINANCE EXISTING SECURED CLAIMS; (2) AUTHORIZING DEBTOR TO TRANSFER PROPERTY TO RRES, LLC FREE AND CLEAR OF ALL LIENS; (3) AUTHORIZING DEBTOR TO MAKE DISTRIBUTIONS ON CLAIMS AT CLOSING OF REFINANCING LOAN; AND (4) TO COMPEL, TO THE EXTENT NECESSARY, CREDITOR M. LEE RONSON TO COOPERATE WITH REFINANCE AND TURN OVER PROPERTY TO THE ESTATE**

COMES NOW the Debtor, Donna L. Ronson, by and through her undersigned attorney, and submits her Motion for Order (1) Authorizing Debtor to Incur Debt to Refinance Existing Secured Claims; (2) Authorizing Debtor to Transfer Property to RRES, LLC Free And Clear of All Liens; (3) Authorizing Debtor to make Distributions on Claims at Closing of Refinancing Loan; and (4) to Compel, to the Extent Necessary, Creditor M. Lee Ronson to Cooperate With Refinance and Turn Over Property to the Estate, (the “Motion”). In support of this Motion, Debtor respectfully represents as follows:

**Jurisdiction**

1. This Court has jurisdiction over this Motion under 28 U.S.C. § 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

2. The bases for the relief requested herein are §§ 105; 363; 364; and 542 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 9014, 4001, and 6004.

**Background**

3. On June 27, 2016, (the “Petition Date”), Debtor filed a voluntary petition in this Court for reorganization relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101 et seq. as amended (the “Bankruptcy Code”). Debtor continues to operate her business and manage her properties and business as a debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

4. No trustee or examiner has been appointed, and no official committee of creditors or equity interest holders has yet been established.

5. Debtor seeks approval of this Motion on an expedited basis, and asks that the Court set an expedited hearing to consider this Motion; a separate motion will be filed with this request.

6. Debtor owns 46 residential rental properties<sup>1</sup> in the Kansas City area (“Owned Properties”). 21 of the 46 Owned Properties have mortgages against them that serve as collateral for 4 lenders: American Servicing Company; Chase; Security Bank of Kansas City (successor to Citizens State Bank); and Nationstar (collectively, “Lenders”).

7. The Court approved use of cash collateral of the Lenders via order entered August 30, 2016 (Doc. 38). As authorized under this cash collateral order, the Debtor has made cash payments to each of the Lenders in the monthly nondefault payment amount that Debtor had been paying prepetition to each of the Lenders as required under the prepetition loan agreements with the respective Lenders.

8. In addition, Debtor’s solely-owned entity RRES, LLC (“RRES”) manages the Owned Properties, manages approximately 114 other units, and provides leasing services only on certain other properties owned by unrelated third parties (the managed and leased properties not owned by Debtor will be referred to as the “Managed Properties”).

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<sup>1</sup> 44 of the Owned Properties are available for lease, one property is Debtor’s residence and one is Debtor’s business office.

9. Creditor M. Lee Ronson and Debtor entered into a Separation and Property Settlement Agreement (“Agreement”) on April 1, 2015, which was approved by the Johnson County, Kansas District Court (“Divorce Court”) and incorporated into the Decree of Divorce and the Judgment of the Divorce Court, and entered into the Divorce Court record on April 17, 2015.

10. Under the Agreement, Creditor became entitled to a claim of \$2,630,624 that was secured by a judgment lien against the Owned Properties (“Claim”). The Claim was later reduced when, on or around November 2015, Debtor liquidated her entire IRA account and from the proceeds made a \$505,543.35 payment to M. Lee Ronson on the claim, which was acknowledged as a satisfaction of \$630,624 of the claim.

11. On January 4, 2017 (Doc. 101), the Court approved a stipulation between Debtor and M. Lee Ronson under which Debtor would make monthly \$10,000 adequate protection payments to M. Lee Ronson on his Claim, and Debtor has been making the adequate protection payments.

12. On December 30, 2016 (Doc. 99), the Court authorized Debtor to employ Dan Page as Financing Consultant to Debtor to locate and secure financing to repay the debt owed to M. Lee Ronson.

13. Debtor, with Dan Page’s assistance, has now obtained a financing offer (“Loan”) that is sufficient to pay off the claims of substantially all of the Lenders and the M. Lee Ronson Claim in full.

## **THE PROPOSED REFINANCING AND SALE OF PROPERTY**

### **The Proposed Sale Details**

14. The proposed Loan will require that the Debtor transfer 43 of the 46 Owned

Properties<sup>2</sup> (the “Transferred Properties”) to RRES, LLC and that Debtor’s membership interest in RRES, LLC be transferred to Debtor’s daughter, Susan Hinemeyer.

15. In consideration for the transfer of the Transferred Properties and the membership interest in RRES, LLC (the “Proposed Sale”), RRES, LLC will transfer funds to the estate in an amount sufficient to pay off the claims of the Lenders with liens in the Transferred Properties and the M. Lee Ronson Claim in full.

16. A list of the street addresses of the Transferred Properties is attached as *Exhibit A*.

17. RRES, LLC and Susan Hinemeyer shall have no liability based on, in respect of, as a result of, or arising from, in any way, an act, omission, or liability of the Debtor, the Debtor’s operation of the businesses, the Debtor’s ownership, control, or use of the Transferred Properties or the membership interest in RRES, LLC, or RRES, LLC’s acquisition of the Transferred Properties, whether asserted or unasserted, known or unknown, liquidated or unliquidated. By virtue of the Proposed Sale, RRES, LLC and Susan Hinemeyer are not and shall not be deemed to: (a) be a legal successor, or otherwise a successor, to the Debtor; (b) have merged with or into the Debtor; or (c) be a mere continuation or substantial continuation of Debtor or operations of the Debtor.

18. RRES, LLC is believed to be the lessor on all leases associated with the Transferred Properties. To the extent Debtor’s estate has any interest in the leases associated with the Transferred Properties, any interest of the estate in said leases shall be transferred to RRES, LLC

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<sup>2</sup> The properties not transferred to RRES, LLC will remain with the bankruptcy estate. The list of properties that will not be transferred to RRES, LLC as part of the Loan, are listed on *Exhibit B*. The claims that are not involved in the Loan are also listed on Exhibit B. The claim of Nationstar Mortgage secured by property located 6701 W. 74th Street Overland Park, KS 66204 does not mature until 2035, and Debtor is current on all payments to that creditor and will continue to make the nondefault payments. The claim of Chase secured by property located at 7629 Marty Street Overland Park, KS 66204 does not mature until 2043, and Debtor is current on all payments to that creditor and will continue to make the nondefault payments. These unsecured claims total \$335.65 and Debtor can pay them once she exits bankruptcy.

as part of the Proposed Sale.

19. The Debtor seeks authority to do the following:
  - a. Transfer the estate's interest in the Transferred Properties (as well as any associated leases), free and clear of all liens, to RRES, LLC, with any liens to attach to the proceeds of the Loan received by the estate.
  - b. Transfer the estate's membership interest in RRES, LLC to Susan Hinemeyer, free and clear of all liens, with any liens to attach to the proceeds of the Loan received by the estate.
  - c. Incur debt according to the terms of the Loan as set forth below.

#### **Loan Details**

20. The key terms of the Loan, as more fully set forth on the Loan Term Sheet, attached hereto and incorporated as *Exhibit C*, are as follows:
  - a. The total loan amount is \$3,897,000.00;
  - b. The loan will be made to RRES, LLC, with Debtor as a guarantor. The lender requires ownership of RRES, LLC to be held solely by Debtor's daughter Susan Hinemeyer, rather than Debtor, because of credit rating requirements.
  - c. The proposed lender<sup>3</sup> will receive a first-priority lien and assignments of rents and fixtures on the Transferred Properties at closing, after they are transferred to RRES, LLC.
  - d. The loan term will be 24 months interest only, annual interest rate of 11 %, with the balance due at the end of the 24-month term. The estimated monthly payments are \$35,722.50 per month.

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<sup>3</sup> Because the proposed lender is a non-bank lender, its name will be determined closer to closing of the Loan.

21. Debtor seeks approval to make disbursements from the Loan proceeds at closing or soon thereafter for the following items, without further Court approval:

a. Claim of M. Lee Ronson in an amount not less than \$2,025,000.00, plus allowed interest and attorney's fees, and less adequate protection payments made by Debtor during the bankruptcy case. Debtor hereby requests authority to distribute no less than \$2,025,000.00 and no more than \$2,250,000.00 at closing of the Loan to M. Lee Ronson without further Court order. Debtor has requested, and M. Lee Ronson has supplied, an estimated payoff as of February 28, 2017. Debtor reserves its rights to object to the amount of M. Lee Ronson's claim above the \$2,025,000.00 amount in the event that an agreement between Debtor and M. Lee Ronson cannot be reached as to the allowed amount of such Claim. Due to potential disputes over attorney's fees, costs and interest, the Debtor proposes that, if no agreement between Debtor and M. Lee Ronson is reached over the allowed amount of attorney's fees, costs and interest, the Court direct that an escrow be created and held in Debtor's counsel's trust account for the requested attorney's fees, costs and interest until such time as the Court and Debtor are able to review the requested attorney's fees, costs and interest amounts and the Court makes a final determination as to the allowed amounts of attorney's fees, costs and interest for M. Lee Ronson.

b. Claims of the Lenders that have secured claims against the Transferred Properties, in an aggregate amount estimated at \$1,122,233.00, as set forth on Exhibit A<sup>4</sup>.

c. Closing costs, estimated at \$231,335.00 as more fully set forth on *Exhibit D*.

d. Commission of Dan Page at 3% of gross loan proceeds, estimated as

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<sup>4</sup> The claim amounts set forth on Exhibit A have been reduced by amounts paid to the Lenders during the bankruptcy case and applied to principal.

\$116,910.

22. Since time is of the essence (based on the proposed February 28, 2017 closing date), the Debtor proposes that a reserve escrow account be created to cover any potential increases in costs/expenses necessary to close and effectuate the refinancing. The amount of the reserve escrow account would be equal to the net loan proceeds minus all the items listed on *Exhibit D*, and the escrow account would be held by Debtor's counsel. *Exhibit D* reflects the Debtor's best estimate of the various debts/claims that must be paid, but the final amounts are subject to minor change. For example, the final amount of attorney's fees requested by M. Lee Ronson might exceed the amount scheduled or additional closing costs might arise. By proposing this reserve escrow account in the instant Motion, the Debtor anticipates avoiding any timing problems related to getting the payment of additional claims approved since creditors and parties in interest will have had the opportunity to review the instant Motion with the proposed reserve escrow. Of course, if the monies in the reserve escrow account are not used, the monies would be held for distribution under the Debtor's plan of reorganization or, if dismissal of the case is warranted, revert back to the Debtor upon dismissal.

### **Support for Relief**

23. The Bankruptcy Court has broad discretion in approving procedures for the sale of estate assets. *Brink v. Payless Cashways (In re Payless Cashways)*, 281 B.R. 648, 652 (Bankr. 8th Cir. 2002). The sale proposed by the Debtor properly "strike a balance between fairness, finality, integrity, and maximization of assets." *Farmland Indus. v. United Agri Prods. (In re Farmland Indus.)*, 289 B.R. 122, 126 (Bankr. 8th Cir. 2003).

24. The Bankruptcy Code allows a trustee, after notice and a hearing "[to] use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b).

To meet the standard under 11 U.S.C. § 363, "there must be some articulated business justification for [the sale] . . . Whether the proffered business justification is sufficient depends on the case." *In re Continental Airlines, Inc.*, 708 F.2d 1223, 1226 (5th Cir. 1986). Pursuant to § 363, a debtor is permitted to sell all or substantially all its assets provided a sound business purpose dictates such action. *See Stephens Industries, Inc. v. McClung*, 789 F.2d 386 (6th Cir. 1986); *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983).

25. Moreover, §363(f) of the Bankruptcy Code provides as follows:

- (f) The Trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if –
  - (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
  - (2) such entity consents;
  - (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
  - (4) such interest is in bona fide dispute; or
  - (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. §363(f).

26. A Bankruptcy Court may approve a sale free and clear of liens and encumbrances provided at least one of the subsections is met. *See In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988). Subsections 363(f)(2), (3), and (5) support the sale of assets free and clear of liens in this situation.

27. Additionally, courts have discretion in approving distribution scenarios such as those set forth above. *See, e.g. Official Comm. of Unsecured Creditors v. CIT Grp./Bus. Credit Inc. (In re Jevic Holding Corp.)*, 787 F.3d 173, 181 (3d Cir. 2015) (noting that “structured dismissals are simply dismissals that are preceded by other orders of the bankruptcy court (e.g.,

orders approving settlements, granting releases, and so forth) that remain in effect after dismissal. And though § 349 of the Code contemplates that dismissal will typically reinstate the pre-petition state of affairs by revesting property in the debtor and vacating orders and judgments of the bankruptcy court, it also explicitly authorizes the bankruptcy court to alter the effect of dismissal ‘for cause’—in other words, the Code does not strictly require dismissal of a Chapter 11 case to be a hard reset.”. “The Tenth Circuit Court of Appeals has not addressed the issue of whether a bankruptcy court can authorize a structured dismissal. Several courts throughout the nation have addressed the issue, the majority of which appear to agree that the bankruptcy court can grant a structured dismissal in appropriate circumstances.” *In re Naartjie Custom Kids, Inc.*, 534 B.R. 416, 421 (Bankr. D. Utah 2015). To the extent that the proposed distribution set forth above constitutes an intended compromise, this Motion requests approval of the intended compromise under Fed. R. Bankr. P. 9019.

28. Debtor contends that the proposed Loan and Proposed Sale have been proposed in good faith and for the sound business purpose of maximizing the return on the Debtor’s assets to be sold hereunder. The Debtor believes that the proposed Loan and Proposed Sale will produce a value that is fair and reasonable for the bankruptcy estate.

29. Time is of the essence in the above-referenced sale procedure. Debtor further requests authority to enter into and execute any agreements and/or documents necessary to close the Loan and Proposed Sale contemplated herein.

30. Debtor further alleges, based upon a desired expeditious closing date and the benefit to all parties involved as a result of a sale and loan transaction, that cause exists to except any Order approving this Motion from the requirements of Fed. R. Bankr. P. 6004(h) and order that the effectiveness of the Order approving this Motion should not be stayed for any time period.

31. Debtor further requests this Court find that RRES, LLC and Susan Hinemeyer be afforded the protection provided to good-faith purchasers as set forth in § 363(m) of the Bankruptcy Code.

32. Debtor also requests that Court set this Motion for hearing for interim approval as soon as possible, and to set a hearing time for final approval in the case of any notice party objecting to the Motion.

33. If the refinancing is approved, the Debtor anticipates dismissing the case to deal with any remaining creditors outside of the bankruptcy court. Debtor has explored the options of proposing a plan of reorganization to pay off creditors over time, and has explored the option of selling the Owned Properties as a going concern or in separate sales, and believes that the proposed Loan is the best option for paying off creditors and exiting bankruptcy.

34. The proposed loan is in the best interest of the Debtor's estate, creditors and parties in interest. If the refinancing loan is not approved, Debtor will propose a Plan of Reorganization that pays out creditors over time, rather than paying the vast majority of claims at closing of the Loan. If, however, the refinancing loan is approved, the Debtor will be able to pay off M. Lee Ronson and the vast majority of the Lenders' claims, thereby stopping the accruing interest and attorney's fees related to M. Lee Ronson, and will then be able to dismiss the case to deal with remaining creditors outside of bankruptcy. After exiting bankruptcy, Debtor is confident she and RRES, LLC will be able to seek additional financing at more favorable terms than that proposed herein.

35. Debtor respectfully requests this Court authorize the Debtor to incur such debt pursuant to § 364 of the Bankruptcy Code and F. R. Bankr. P. 4001(c) and authorize the Debtor to transfer property as set forth in this Motion pursuant to § 363 of the of the Bankruptcy Code

and F. R. Bankr. P. 6004.

**Cooperation of M. Lee Ronson**

36. While M. Lee Ronson has every incentive to cooperate, in an abundance of caution, Debtor seeks an order of this Court compelling M. Lee Ronson to cooperate with the proposed Loan and transfer of properties as set forth in this Motion. The divorce court Agreement with M. Lee Ronson stated that “**all** of the 46 above referenced real estate tracts, whether titled individually in either party's name, or titled jointly titled in the parties' names, or titled in Ronkawk, LLC, shall be set aside to Wife as her sole and separate property”, (Agreement, at 3, para. 3.1), and required him to “execute such documents of title, requests to transfer title, or other documents that may be necessary for either party to transfer the property assigned hereunder to his or her individual name,” (Agreement, at 11, para. 3.10). While the proposed refinancing and payoff of M. Lee Ronson’s claim appears to be in line with the wishes of M. Lee Ronson and his counsel and in his best interest, and Debtor believes M. Lee Ronson will cooperate with the requests of the title company in closing the Loan, Debtor seeks this relief in order to ensure the closing of the Loan will be able to proceed without unnecessary delay. In particular, as part of the proposed refinancing, Debtor seeks a court order compelling M. Lee Ronson to sign over quit claim deeds to the Debtor for all of the Owned Properties (whether nominally titled individually in the name of M. Lee Ronson, jointly titled in Debtor and M. Lee Ronson’s names, titled in Ronkawk, LLC, titled in any trust for which M. Lee Ronson has signing authority, or any other type of ownership for which M. Lee Ronson has authority to sign for) and to cooperate with Debtor in completing the closing of the Loan. A list of the Owned Properties is set forth on *Exhibit E*. The quit claim deeds for the Owned Properties shall be delivered to the title company handling the closing of the Loan transaction.

WHEREFORE, the Debtor respectfully requests this Court's Order

- A. Approving the proposed refinancing loan;
- B. Approving the transfer of estate property as set forth herein;
- C. Authorizing the distribution of the Loan proceeds as set forth herein;
- D. Compelling M. Lee Ronson to execute title transfer documents and cooperate in completing the Loan closing; and
- E. For such other and further relief as the Court deems just and equitable.

Respectfully submitted,

LENTZ CLARK DEINES PA

s/ Shane J. McCall

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**CERTIFICATE OF SERVICE**

I hereby certify that on this February 10, 2017, a true and correct copy of the above and foregoing Motion was electronically filed with the court using the CM/ECF system, which sent notification to all parties of interest participating in the CM/ECF system.

s/ Shane J. McCall

Shane J. McCall

**Donna Ronson, Case No. 16-21213**  
**Exhibit A: Transferred Properties**

<b>No.</b>	<b>Collateral Property Address</b>	<b>County Appraisal Value</b>	<b>Lender</b>	<b>Estimated Claim Amount</b>
1	7514 W. 64th Street Overland Park, KS 66204	117,200.00	Security Bank of KC (FKA Citizens)	46,216.75
2	7918 W. 85th Street Overland Park, KS 66212	106,300.00	Security Bank of KC (FKA Citizens)	55,143.26
3	10406 Wedd Overland Park, KS 66212	136,500.00	Security Bank of KC (FKA Citizens)	98,578.05
4	7133 Woodson Overland Park, KS 66204	101,800.00	Security Bank of KC (FKA Citizens)	62,557.20
5	5338 Horton Mission, KS 66202	112,500.00	Security Bank of KC (FKA Citizens)	72,507.09
6	11215 W. 66th Terrace Shawnee, KS 66203	104,000.00	Security Bank of KC (FKA Citizens)	36,978.50
7	15402 Conser Overland Park, KS 66223	226,500.00	Security Bank of KC (FKA Citizens)	124,976.73
8	10212 Dearborn Drive Overland Park, KS 66207	171,600.00	Chase	73,087.38
9	9303 W. 82nd Terrace Overland Park, KS 66204	172,700.00	Chase	45,510.22
10	6208 W. 77th Street Prairie Village, KS 66208	170,100.00	Chase	102,717.99
11	8849 Widmer Lenexa, KS 66215	188,900.00	Chase	54,819.94
12	10046 Farley Overland Park, KS 66212	202,800.00	Chase	48,889.89
13	9344 Goddard Overland Park, KS 66214	167,400.00	Chase	76,887.95
14	9906 Linden Overland Park, KS 66209	208,500.00	Chase	100,584.52
15	8608 W. 56th Terrace Mission, KS 66202	129,000.00	American Servicing Company	31,306.41
16	6136 Russell Street Mission, KS 66202	111,200.00	American Servicing Company	31,789.62
17	9341 Riggs Street Overland Park, KS 66212	180,500.00	American Servicing Company	40,878.19
18	9401 Hadley Street Overland Park, KS 66212	166,500.00	American Servicing Company	39,253.82
19	7326 Goddard Drive Shawnee, KS 66203	150,700.00	American Servicing Company	33,714.98

<b>No.</b>	<b>Collateral Property Address</b>	<b>County Appraisal Value</b>	<b>Lender</b>	<b>Estimated Claim Amount</b>
20	6929 Beverly Overland Park, KS 66204	97,300.00	None	-
21	5026 Flint Shawnee, KS 66203	158,900.00	None	-
22	6200 Glenwood Overland Park, KS 66204	122,900.00	None	-
23	7139 Maple Overland Park, KS 66204	118,900.00	None	-
24	6446 Marty Mission, KS 66202	103,300.00	None	-
25	4951 Outlook Mission, KS 66202	107,200.00	None	-
26	4943 Rosewood Mission, KS 66205	112,600.00	None	-
27	8400 W. 69th Street Overland Park, KS 66204	119,900.00	None	-
28	5343 Riggs Mission, KS 66202	130,300.00	None	-
29	6829 Stearns Street Shawnee, KS 66203	150,300.00	None	-
30	10418 W. 73rd Terrace Shawnee, KS 66203	157,200.00	None	-
31	9305 W. 76 Terrace Overland Park, KS 66204	142,300.00	None	-
32	10501 W. 97th Street Overland Park, KS 66214	145,200.00	None	-
33	8916 W. 97th Terrace Overland Park, KS 66212	162,000.00	None	-
34	10618 West 89th Terrace Overland Park, KS 66214	144,700.00	None	-
35	11311 W. 77th Overland Park, KS 66214	161,800.00	None	-
36	4706 Hagemann Kansas City, KS 66106	71,300.00	None	-
37	10302 West 71st Place Shawnee, KS 66203	135,700.00	None	-
38	819 N. 83rd Terrace Kansas City, KS 66112	60,300.00	None	-
39	7523 Eby Lane Overland Park, KS 66204	113,800.00	None	-
40	425 N. 82nd Street Kansas City, KS 66112	84,200.00	None	-
41	8363 Ella Avenue Kansas City, KS 66112	60,000.00	None	-
42	6126 W. 53rd Place Mission, KS 66202	119,900.00	None	-
43	6126 West 53rd Terrace Mission, KS 66202	133,900.00	None	-
<i>Totals</i>		5,838,600.00		1,176,398.49

*Notes*

1. Claim amount represents either the amount set forth on creditor's proof of claim or the schedules. The amount paid at closing has been reduced via payments made during the case
2. The property number is an arbitrary number assigned for identification purposes.
3. Claim of M. Lee Ronson not shown on this exhibit.

**Donna Ronson, Case No. 16-21213**  
**Exhibit B: Properties and Claims Not Involved in the Refinancing**

No.	Collateral Property Address	County Appraisal Value	Lender	Estimated Claim Amount
1	6701 W. 74th Street Overland Park, KS 66204	135,300.00	NationStar Mortgage	91,539.20
2	7629 Marty Street Overland Park, KS 66204	122,000.00	Chase	89,263.45
3	6564 Goodman Drive Mission, KS	187,400.00	None	0.00

**Unsecured Claims Not Paid as Part of Refinancing**

Claimant	Estimated Claim Amount
Sommer Heating & Cooling	169.00
Personal Touch Service Co.	83.00
Overland Lock +Key	83.65

## Loan Term Sheet

2/8/2017

Borrower: RRES LLC  
Principal: Susan Hinemeyer  
Purpose: To provide financing on the subject property located at:  
**42 Kansas Properties**  
Term: 24 months, interest only, balance due at end of term  
Extension Options: 6 months with Lender approval  
Early Payoff: Minimum of three months payments required  
Assumability: Loan is not assumable  
Approval Expiration: 2/13/2017

**PLEASE NOTE:** The following terms are conditional, and based on the borrowing entity, its members, and the principal having collectively been involved in: **10+** successful real estate investments in the past 3 years, and the principal having a middle FICO score of at least: **801** as indicated on the preliminary application. If these numbers are found to be inaccurate, terms may be subject to change at the Lender's discretion.

### TERMS

Total Loan Amount (Lien Payoff + Cash-out + Closing Costs)	\$3,897,000
Annual Interest Rate	11.00%
Lender Origination Points	2.50%

### LOAN DETAILS

Current Property Value	\$5,995,900
LTV Financed	65%
Max Refinance LTV Available	65%
Max Refinance Loan Amount Available	\$3,897,000
Current Lien Balance	\$1,122,233

### CLOSING COSTS

Lender Origination Points	\$97,425
Broker Origination Points	\$116,910
<b>Estimated</b> Title/Closing Fees (1.00%)	\$38,970
Total Closing Costs	\$253,305
Percentage of Closing Costs Financed	0%
Closing Costs Financed	\$0
Closing Costs Not Financed	\$253,305
Total Cash-to-Close	\$0
Cash to Borrower at Closing	\$2,521,462

Guarantor: Personal guarantee by the principal(s) of the borrowing entity  
Payments: Completion of Automatic Payment Authorization Form  
Collateral: 1st lien deed of trust/mortgage, assignment of rents and fixtures

**DUE DILIGENCE**

- \* Receipt and review of background and credit for borrower/guarantor, and contractor, if applicable.
- \* Lender to verify that Borrower(s) has interest reserves available.
- \* Borrower to provide (and lender to review) proof of property ownership.
- \* Borrower to provide (and lender to review) rent rolls and lease agreements, if applicable.
- \* Acceptable (to Lender) third party broker's price opinion (BPO) and/or appraisal, ordered by Lender, evidencing as-is value of property.
- \* Adequate project, property and title insurance, as determined by Lender.
- \* Lender to utilize third party services to determine that all parties involved in transaction have no history of criminal and/or fraudulent behavior.
- \* Lender to determine if transaction conforms to federal and state regulations.
- \* Lender to determine if transaction conforms to investor requirements.
- \* Lender to review estimated and final closing statements prior to closing transaction.

Closing Costs: Customary closing costs, including but not limited to title insurance, legal fees, filing fees and any other expense associated with the loan are all to be paid by the Borrower, whether or not the loan is ultimately consummated.

Control Fund: Both Borrower and Lender agree to use their commercially reasonable efforts to consummate the loan as contemplated in this term sheet, but other than the provision concerning the Closing Costs, this term sheet is non-binding and does not constitute a commitment by Borrower to borrow or by Lender to lend. In addition, this term sheet does not represent a loan approval, and all aspects of any loan (including the borrower, the property and the rehab plans) remain subject to Lender's underwriting and approval.

Application Fee: An application fee equal to the cost of the property appraisals will be collected following borrower agreement to the terms.

PLEASE READ: Lender bases acquisition price on the lower of the purchase price, appraisal "as-is" value or the BPO 30 Day quick sale value.

Loan May be Financed by a Private Securities Offering. The financing of any loan extended to the borrower applicant would likely involve a private placement offering of securities in connection with any funding of the proposed loan. Because of the "private" nature of any such offering, the borrower applicant may not make any public statement or announcement concerning any offer and/or sale of securities by Lender, or any of its respective affiliates with respect to any loan.

Accuracy of Provided Information. All of the information and materials provided by the borrower applicant in connection with the proposed loan shall be complete and accurate, will include all information material to the loan, and will not omit material information necessary to make any statement made not misleading.

No Legal or Environmental Issues. The applicant is in compliance with all pertinent laws and regulations of the applicable governing authorities. The borrower applicant has no knowledge of, and has not received any notices concerning, any environmental concerns at the subject property, use of hazardous materials thereat, legal violations affecting the property, zoning changes or other governmental actions affecting the property, any legal claims that may affect the property, or any unrecorded easements that affect the property.

Borrower Non-Circumvent. For a period of five (5) years from the date of this letter of intent, other than with the express written permission of Lender, neither the borrower nor any of its affiliates, nor the owners, officers, directors or shareholders of any of them, shall solicit, initiate, encourage, or engage in discussions or negotiations with any third party introduced to it by Lender, or that otherwise finds out about the borrower or such affiliated person from Lender, where such persons are known (after reasonable inquiry upon reasonable suspicion) to have been introduced to it by Lender.

The Closing shall occur through an escrow company chosen by Borrower and approved by Lender and shall occur not later than three (3) days after the Loan is disbursed by Lender to escrow agent or such other mutually agreed upon date. Borrower shall deliver a promissory note, mortgage, personal guaranty, lender's title policy and such other documents as required by Lender at Closing. Title shall be free and clear of all liens and encumbrances other than the Loan and for taxes not yet delinquent and any title exceptions approved by Lender.

If the closing is delayed by more than two (2) weeks after investors have committed to fund the entire loan amount on Lender Platform, Borrower will begin paying interest starting on that date two (2) weeks after such commitments. Such amount will be added to the initial interest payment.

The undersigned applicant agrees to the terms of the loan and wishes to proceed with the loan process by paying the required application fee and providing the required loan documents for underwriting:

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(Signature)

Name:

Date:

**Donna Ronson, Case No. 16-21213**

**EXHIBIT D: Estimated Loan and Distribution Summary**

Loan amount	3,897,000.00
Lenders' Aggregate Lien balance	1,122,233.00
Closing Costs	253,305.00
Cash out	2,521,462.00
Page Commission of 3%	116,910.00
Net Cash	2,404,552.00
M. Lee Ronson Claim	2,182,059.02
Approximate Reserve Escrow Amount	222,492.98

NOTE: The above amounts are approximate and nothing in this Motion or Exhibits shall be construed as an admission by Debtor of the amounts owed or a waiver of Debtor's rights to challenge the amounts listed.

### Exhibit E: Owned Properties

No.	Property Address
1	6701 W. 74th Street Overland Park, KS 66204
2	7514 W. 64th Street Overland Park, KS 66204
3	7918 W. 85th Street Overland Park, KS 66212
4	10406 Wedd Overland Park, KS 66212
5	7133 Woodson Overland Park, KS 66204
6	5338 Horton Mission, KS 66202
7	11215 W. 66th Terrace Shawnee, KS 66203
8	15402 Conser Overland Park, KS 66223
9	10212 Dearborn Drive Overland Park, KS 66207
10	7629 Marty Street Overland Park, KS 66204
11	9303 W. 82nd Terrace Overland Park, KS 66204
12	6208 W. 77th Street Prairie Village, KS 66208
13	8849 Widmer Lenexa, KS 66215
14	10046 Farley Overland Park, KS 66212
15	9344 Goddard Overland Park, KS 66214
16	9906 Linden Overland Park, KS 66209
17	8608 W. 56th Terrace Mission, KS 66202
18	6136 Russell Street Mission, KS 66202
19	9341 Riggs Street Overland Park, KS 66212
20	9401 Hadley Street Overland Park, KS 66212
21	7326 Goddard Drive Shawnee, KS 66203
22	6929 Beverly Overland Park, KS 66204
23	5026 Flint Shawnee, KS 66203
24	6200 Glenwood Overland Park, KS 66204
25	7139 Maple Overland Park, KS 66204
26	6446 Marty Mission, KS 66202
27	4951 Outlook Mission, KS 66202
28	4943 Rosewood Mission, KS 66205
29	8400 W. 69th Street Overland Park, KS 66204
30	5343 Riggs Mission, KS 66202
31	6829 Stearns Street Shawnee, KS 66203
32	10418 W. 73rd Terrace Shawnee, KS 66203
33	9305 W. 76 Terrace Overland Park, KS 66204
34	10501 W. 97th Street Overland Park, KS 66214
35	8916 W. 97th Terrace Overland Park, KS 66212
36	10618 West 89th Terrace Overland Park, KS 66214
37	11311 W. 77th Overland Park, KS 66214
38	4706 Hagemann Kansas City, KS 66106
39	10302 West 71st Place Shawnee, KS 66203
40	819 N. 83rd Terrace Kansas City, KS 66112
41	7523 Eby Lane Overland Park, KS 66204
42	425 N. 82nd Street Kansas City, KS 66112
43	8363 Ella Avenue Kansas City, KS 66112
44	6126 W. 53rd Place Mission, KS 66202
45	6564 Goodman Drive Mission, KS
46	6126 West 53rd Terrace Mission, KS 66202