

**United States Bankruptcy Court**  
**Western District of Arkansas**  
**Fayetteville Division**

In re JR Ball Contracting Group, Inc.

Debtor(s)

Case No. 5:14-bk-72561

Chapter 11

**AMENDED DISCLOSURE STATEMENT DATED 29<sup>TH</sup> JULY 2016**

**I. INTRODUCTION**

This is the amended disclosure statement (the "Disclosure Statement") in the chapter 11 case of **JR Ball Contracting Group, Inc.** (the "Debtor" or "JRBC"). This Disclosure Statement contains information about the Debtor and describes the **Plan of Reorganization** (the "Plan") filed by **JR Ball Contracting Group, Inc.** on 27<sup>th</sup> July 2016. A full copy of the Plan accompanies this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 3-6 of this Disclosure Statement. General unsecured creditors are classified in Class 3A and 3B, and will receive a *pro rata* distribution of \$500.00 per month for 60 months.

**A. Purpose of This Document**

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

**B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Approve this Disclosure Statement*

**The hearing at which the Court will determine whether to finally approve this Disclosure Statement will take place on a date determined by subsequent notice at the United States Courthouse, 35 East Mountain Street, Fourth Floor, Fayetteville, AR 72901. See also the accompanying Notice of Opportunity to Object.**

2. *Deadline for Voting to Accept or Reject the Plan*

Until the Court approves this Disclosure Statement you cannot vote to accept or reject the Plan of Reorganization.

3. *Deadline For Objecting to the Adequacy of Disclosure*

**Objections to this Disclosure Statement must be filed with the Court and served upon the persons set forth in the accompanying Notice of Opportunity to Object by Wednesday 7<sup>th</sup> September 2016.**

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact the attorneys for the Debtor at telephone number 479.444.0255, or at PO Box 1893, Fayetteville, AR 72702.

**II. BACKGROUND**

**A. Description and History of the Debtor's Business**

The Debtor is a general business corporation formed under the laws of the State of Arkansas. Since 1999 the Debtor has been in the business of general contract construction. For much of its history the Debtor provided such services to Lindsey Construction Company.

**B. Insiders of the Debtor**

The principal of the Debtor is JR Ball who owns 100% of the equity issued by the Debtor. Additionally, JR Ball provides management services to the Debtor.

**C. Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were JR Ball and Jon Ramsey. The Manager of the Debtor during the Debtor's chapter 11 case has been JR Ball.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be JR Ball. The responsibilities and compensation of these Post Confirmation Managers are described in Section III.D.2 of this Disclosure Statement.

**D. Events Leading to Chapter 11 Filing**

In 2014 the Debtor lost its General Contractors License and the Debtor was no longer able to engage in business. The Debtor was allowed to finish projects that were underway at the time its contractor's license was revoked and those projects are nearing completion. Additionally, the Debtor became subject to a foreign judgment in favor of Neighbors Construction Company, Inc. that was registered in Washington County, Arkansas for which execution issued. The execution if completed would have rendered the Debtor unable to operate. *The Debtor no longer contracts for work due to the loss of its contractor's license but does continue to engage in business by providing equipment, support, and management services to general and subcontractors.*

**E. Significant Events During the Bankruptcy Case**

At the time of the filing of this Disclosure Statement no significant events other than the filing of the case itself have occurred in the case.

**F. Projected Recovery of Avoidable Transfers**

The Debtor does intend to pursue preference, fraudulent conveyance, or other avoidance actions. After review and consultation the Debtor does believe it has preferences to avoid in the approximate gross amount of \$200,000. The list of estimated preference claims appears in the Appendix.

**G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

**H. Current and Historical Financial Conditions**

The identity and fair market value of the estate's assets are listed in Schedules A and B to the Debtor's petition and these schedules are found in the Appendix. Valuations are based on an auctioneer's appraisal.

The most recent operating report filed by the Debtor in its case is attached hereto in the Appendix.

The Debtor has also filed its most current Balance Sheet and other financial reporting documents that are made a part of the Appendix.

**III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS****A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

*The Debtor will over the time state in the Plan draw down its operations and liquidate at the end of the Plan. The Debtor's management believes that the proposed draw down will generate more funds for the payment of claims than would an immediate liquidation; therefore, the Plan may not pay in full the claims of the Internal Revenue Service in the time typically allowed by the Bankruptcy Code and Internal Revenue Code, but the Internal Revenue Service will receive a dividend from the Debtor from its draw down and eventual winding up.*

**B. Unclassified Claims**

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$5,000.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later, or paid as such become due in the ordinary course of business.

The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$00.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$15000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	\$00.00	Paid in full on the effective date of the Plan
Other administrative expenses	\$00.00	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$650.00	Paid in full on the effective date of the Plan
<b>TOTAL</b>	<b>\$20,650.00</b>	

## 2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
Secured FICA and FUTA owed to the United States for the following periods:  FUTA: 12/31/2010 and 12/31/2013.  FICA: 06/30/2011, and 12/31/2011	\$268,111.51 [Claim 5 as amended]	FUTA: 02/25/13 and 04/28/14  FICA: 08/22/2011 and 04/09/2012.	Monthly payment: = \$1,624.70 Begin date: = 08/2015 End Date : = 08/2019 Interest Rate: = 4% per annum (See default payment language and additional language in Article X to this Plan)
Priority FICA, FUTA and Income Tax owed to the United States	\$8,193.42	Variously 06/30/14, 09/30/14 and 12/31/14	Monthly payment: = \$149.90 Begin Date: = 08/2015 End Date: = 02/2019 Interest Rate: = 4%

## C. **Classes of Unsecured Claims and Equity Interests**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

### 1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will [be classified as a general unsecured claim].

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

<b>Class #</b>	<b>Description</b>	<b>Insider? (Yes or No)</b>	<b>Impairment</b>	<b>Treatment</b>
Classes 2A, 2B, 2C, 2D, 2E, 2F, and 2G	Secured Claims	No	Classes 2A, 2B, 2C, 2D, 2E, 2F, and 2G are not impaired.	These claims are not impaired and will be paid pursuant to the terms of the notes, mortgages and security agreements in force at the time of the filing of the case, and all personal guaranties are unaffected by the confirmation of this Plan. Adequate protection order entered during the bankruptcy case will continue. Confirmation of this Plan will be express consent by each of these classes for the Debtor to lease equipment. The Debtor remains under an affirmative duty to maintain appropriate insurance on the collateral of each of these classes with each member of this class named loss payee for its respective collateral. The full payment of an obligation owed to members of these classes shall cause the release of any liens securing any obligation and certificates of title or like documents will be provided to the Debtor within 45 days of the full payment of any such obligation. <i>Additional details of these classes of claims are found in the Appendix and in the Plan.</i>

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

<b>Class #</b>	<b>Description</b>	<b>Impairment</b>	<b>Treatment</b>
	See Part III.B.2 above.		

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. A class of Convenience Claims pursuant to §1122(b) is also part of the Plan.

The following chart identifies the Plan's proposed treatment of Class 3A through 3B, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
3A	1122(b) Convenience Class of General Unsecured Claims.	Not Impaired	The claims in this class are general unsecured claims of less than \$1000.00 on the Petition Date. These claims will be paid in full in two equal payments to each claimant in this class with all such payments to be made in the 90 days after confirmation of the Plan.
3B	General Unsecured Claims and the unsecured portion of secured claims.	Impaired	Class 3B-General Unsecured Claims and the Unsecured Portions of Impaired Secured Claims.  Debtor will pay a minimum dividend of \$30,000.00 to the creditors in this class. The claims of this class will bear no interest. Beginning with the month of confirmation of the Plan the Debtor will pay \$500.00 per month for sixty (60) months until the claims of this class are paid \$30,000.00. Creditors in this class will also receive funds recovered through preference litigation after costs of litigation are deducted from any such recovery. Distributions to this class shall be <i>pro rata</i> . Distributions to this class shall occur only annually within thirty (30) days of the anniversary of the entry of an order confirming this Plan. These claims may also share in the proceeds of the liquidation and winding up of the Debtor.

#### 4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class #	Description	Impairment	Treatment
4	Equity interest holders	Impaired	The interests of the class shall not be altered by the confirmation of this Plan, but the interests shall have no right to corporate income no matter if such income is earned or via the liquidation contemplated by this Plan. Seasonably after final liquidation the corporation will be wound up per the Arkansas corporate code.

#### D. **Means of Implementing the Plan**

##### 1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

The Debtor will finish its final projects that appear in Schedule G in the Disclosure Statement all of which are now completed and funds derived from those contracts appear in the numerous monthly operating reports filed by the Debtor during its case. Those projects form the greater part of the accounts receivable of the Debtor. After the receivables are collected the Debtor will apply cash flow above operational expenses and continuing debt service with such cash derived from operations, leasing of assets, and pursuit of preference claims. The Debtor will pursue contracting work it is capable of performing if such work will take place in a jurisdiction that does not require the Debtor to hold a contractor's license. The Debtor will undertake further contracting work in Arkansas unless and until it obtains another contractor's license. Debtor is not seeking to obtain another Arkansas contractor's license.

## 2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
JR Ball	Equity Owner	Yes	President	\$1,000.00

JR Ball will provide and day-to-day operational management of the Debtor.

### **E. Risk Factors**

The proposed Plan has the following risks:

The risk factors that might affect the Debtor's ability to make payments and other distributions required under the Plan are national economic collapse, acts of God or war and *force majeure*.

### **F. Executory Contracts and Unexpired Leases**

The Debtor will assume on the date of confirmation those leases and executory contract listed in Schedule G found in the Appendix.

### **G. Tax Consequences of Plan**

***Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.***

If the Plan is confirmed the Debtor believes, after consultation with its attorneys and accountants, that no tax consequences will arise from the proposed reorganization except that payments to non—governmental creditors under the Plan may be taxed as income to the recipient of the payment

## **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

## A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes **3B and 4** are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes **2A, 2B, 2C, 2D, 2E, 2F, 2G, and 3A** are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

### 1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The Debtor has requested by motion that the deadline for filing a proof of claim in this case be:***

**26<sup>th</sup> November 2014.**

### 2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

### 3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.***



4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

**B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section IV.B.2.

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

**C. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement in the Appendix. The liquidation analysis indicates that unsecured creditors would receive no distribution under if the Debtor were liquidated.

**D. Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent's projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$200,000.00.

In addition the Debtor will provide for additional distributions to creditors under the Plan by pursuing causes of action that have accrued to the Debtor as set forth in Schedule B to the Debtor's petition that appears in the Appendix.

If the Plan is confirmed the Debtor's debt service will be in line with its cash flow and the Debtor will be able to pay its creditor pursuant to its Plan.

***You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.***

## **V. EFFECT OF CONFIRMATION OF PLAN**

### **A. DISCHARGE OF DEBTOR**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

### **B. Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan.

Upon request of the Debtor, the United States Trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

### **C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

## **VI. OTHER PLAN PROVISIONS**

These italicized provisions are from Article X of the Plan of Reorganization filed nearby:

**A. *Salaries:*** *The monthly draw to be paid to the Debtor's shareholder for management of the Debtor's business and operational affairs during the period of reorganization and liquidation are as follows:*

*JR Ball                      \$1,000.00 per month by draw.*

**B. *Disputed Claims Reserve:*** *On or before the Effective Date the Debtor shall establish the Reserve Account. The Reserve Account shall be at a federally insured banking institution and shall be an interest bearing account, and otherwise subject to the provision of 11 USC §345. The interest earned on said account shall be property of the Debtor. The account shall not be at any bank or financial institution that is a creditor of the Debtor.*

Prior to making any Distributions under the terms of the Plan the Debtor or the Successor Entity shall reserve amounts (i) sufficient to cover the estimated costs to fully and completely administer the Estate Assets; plus (ii) the sum of any Administrative Expenses and, if sufficient funds remain, the sum of any Priority Claims shall be paid. The funds so reserved pursuant to this paragraph shall be held by the Debtor and shall be used to pay the cost of administering the Estate. Any excess cash or other assets held by the Debtor for administering the Estate shall be similarly deposited.

The Debtor shall reserve said Collected Cash until such time as it is distributed in accordance with the Plan of Reorganization. The distributions to be made to holders of Allowed Claims shall be made with other distributions by the Debtor at times that are within the sole discretion of the Debtor unless otherwise specifically established by this Plan.

A Disputed Claim is a claim that has not been allowed or disallowed by final order and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled as disputed, contingent or unliquidated in its schedules or as set forth in this Plan. In the event of Disputed Claims for which an Final Allowed Claim is not yet determined on the Effective Date, the Debtor shall deposit any money to be distributed to such creditor with a Disputed Claim into the Reserve Account until such time as any such creditor has a Final Allowed Claim at which time the Debtor will make the distribution to the creditor.

At this time the Debtor does not anticipate any claims objections because so few claims are filed. The Debtor reserves the right to object to any claim when filed.

C. The confirmation of this Plan shall avoid the judgment lien in favor of unsecured creditor Neighbors Construction Company, Inc.

D. **Continued Employment of Professionals:** Stanley V Bond, the court-approved attorney for the Debtor will continue serving in that capacity pursuant to the order approving his employment.

Michael Mauldin CPA, the court approved accountant for the Debtor will continue serving in that capacity pursuant to the order approving their employment.

For the approved attorney and the accountant, prior to the entry of a Final Decree and closing of the case, compensation may be applied for pursuant to §330.

From time to time, the Debtor may require the assistance of additional professionals during reorganization. If the case is not closed, the Debtor will seek Bankruptcy Court approval of the hiring of any such professional.

E. **Deadline for Filing Claims:** The Debtor asked for a deadline to the filing of claims. That date was Friday 26<sup>th</sup> November 2014 with an additional time allowed for the claims of taxing authorities of local, state and federal government agencies. As of the filing of this Plan the Debtor has received notice that unsecured creditor Hanover Insurance is seeking to file a claim after the bar date.

F. **Internal Revenue Service Default Language:** for the claims of the United States:

“Notwithstanding any other provision or term of this Plan or order of confirmation, the following Default Provision shall apply to the United States of America, Internal Revenue Service (“IRS”) and its claims and administrative expense claims in this case:

If the Debtor of the reorganized Debtor fail to make all payments on federal taxes, claims of the IRS, and administrative expense claims of the IRS, which are provided for in this Plan or order of confirmation, or any other event of default as provided in the Plan Occurs, the IRS shall be entitled to give the Debtor notice of the default and if the default has not been cured within thirty (30) days from the mailing of the written notice, the IRS shall have the following rights and the following provisions shall apply to the IRS:

(a) The IRS shall have the right to declare due and payable any interest or penalties which would have accrued on pre-petition tax liabilities of the Debtor but for the filing of the bankruptcy petition and if the Debtor fails to pay the interest and penalties then they may be assessed by the IRS;

- (b) *The pre-petition tax claims shall be treated as taxes owed by a non-debtor as if no bankruptcy petition has been filed and as if no plan had been confirmed;*
- (c) *The IRS shall have the right to proceed to collect from the Debtor or the reorganized Debtor any of the pre-petition tax liabilities and related penalties and interest through administrative or judicial collection procedures available under the United States Code as if no bankruptcy petition had been filed and as if no plan had been confirmed, and, such procedure shall include, but not be limited to:*
  - (1) *The filing of notices of federal tax liens; and,*
  - (2) *Collection by levy as provided by I.R.C. §§ 6331 through 6344; and,*
- (d) *The failure of the IRS to declare a default does not constitute a waiver by the IRS of the right to declare that the Debtor or reorganized Debtor is in default of the Plan or order of confirmation.”*

G. **Debtor to Lease Assets to Third Parties:** *To provide funds for payments to creditors during the reorganization phase the Debtor intend to lease its assets to third parties. At the time this Plan is proposed the Debtor is preparing to lease its assets to CSG Contractor Solutions Group, Inc. (“CSG”). CSG is not owned in any part by the Debtor nor is CSG owned in any part by any of the Debtor’s shareholders. JR Ball is an employee of CSG but is not a stockholder, investor, member or officer of CSG.*

H. **Debtor’s Right to Sell Property:** *During the pendency of the reorganization period the Debtor reserves the right to sell assets at any time with due notice being given to any creditor with a valid and perfected lien in the asset being sold, and to the twenty largest unsecured creditors in bankruptcy case. All sales will be free and clear of liens and the purchaser will have the protection of the provisions of §363(m) of the Bankruptcy Code. All proceeds of any such sale will be paid to lienholders in the asset being sold in the order of priority of such liens. Notwithstanding the foregoing the Debtor may retain 10% of the gross sale proceeds to cover costs of sale and to retain for use in operations or for payments to other creditors or for the payment of administrative claims.*

I. **Final Liquidation and Winding up of the Debtor:** *Within sixty (60) days of 28<sup>th</sup> August 2019 the Debtor will provide for a final liquidation of all its assets remaining at that time. The Debtor may, in its sole discretion, offer for sale by private sale or advertised public auction all assets remaining. Notice of the method of sale will be given to any secured creditor who as of 28<sup>th</sup> August 2019 is a properly perfected secured creditor. After costs of sale, if any, are deducted from the gross sale proceeds from each individual asset the net sale proceeds will be distributed to creditors whose liens are perfected in such asset in the order of their priority, thence to creditors in Class 3B pro rata if funds remain after payments to perfected secured creditors. Notwithstanding the foregoing the Debtor may retain 5% of the gross sale proceeds from all assets liquidated according to this provision to cover costs of winding up the Debtor’s operations, and for the payment of administrative claims if such claims shall not have been paid in full before that time. Any funds remaining at the conclusion of the winding up of the Debtor will be distributed to Class 3B pro rata.*

/s/ JR Ball

President, JR Ball Contracting Group, Inc.  
Plan Proponent