

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

In re:

JOHN WILLIAMS and BEVERLY WILLIAMS

Chapter 11

Case No. 15-53521

Debtors-In-Possession /

Hon. PHILIP J. SHEFFERLY

THIRD PROPOSED COMBINED PLAN AND DISCLOSURE STATEMENT

I. The Plan of Reorganization.

This is an individual plan of reorganization. Creditors of the Debtors-In-Possession are divided into six classes. In order to make the classes meaningful, the Debtors have set up the fewest possible number of classes, although some under secured debts may appear in two classes, and be entitled to participate in the two classes. The classes are:

Class I. Administrative and Priority

Class II. Secured Claims.

Class III. Modified Secured Claims

Class IV. Executory Contracts Assumed

Class V. Secured Real Property Claims - Property Surrendered

Class VI. Nonpriority General Unsecured

II. Description of the Debtors-In-Possession.

- A. The Debtors-In-Possessions-In-Possession are a married couple who own and manage multiple residential properties in the City of Detroit. They are reorganizing and continuing their business.
- B. Describe the principals.
1. Their background. Debtor-In-Possession John Williams is a retired military veteran and Debtor-In-Possession Beverly Williams is a retired health care professional. They both managed real estate properties before becoming married. John Williams is knowledgeable in the care and maintenance of residential properties.
 2. Their annual salary, compensation, draw or other remuneration, including fringe benefits. Debtors-In-Possession will not draw an income from their residential rental properties. They will live on their retirement and social security while managing the rental properties entirely for the benefit of creditors until the Chapter 11 plan completes.
 3. No legal relationships exist between the Debtors-In-Possession, and any lessor, lessee, or creditor of the estate other than the contractual relations stated.
- C. Description of the Debtors-In-Possession's business, its industry group and the causes for the Chapter 11 filing.

Definitions

"Standard Industry Classification (SIC)". The **Standard Industrial Classification SIC** is a system for classifying **industries** by a four-digit code developed by the U.S. Department of Labor. Established in the United States in 1937, it is used by government agencies to classify **industry** areas. A readily

understandable, reliable discussion of the general SIC system can be retrieved at https://en.wikipedia.org/wiki/Standard_Industrial_Classification

"Standard Industry Classification (SIC) 6514". Applies to the Debtors. This is defined as establishments primarily engaged in the operation of dwellings other than apartment buildings. Dwellings other than apartment buildings are defined as containing four or fewer housing units. This industry does not include hotels, rooming and boarding houses, camps, and other lodging places for transients which are classified in services, major group 70 of Standard Industrial Codes. **Illustrated Examples:** Operators of dwellings (four or fewer housing units), operators of residential buildings (four or fewer housing units).

"North American Industry Classification System (NAICS)" is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the Standard Industrial Classification (SIC) system. It was developed jointly by the U.S. Economic Classification Policy Committee (ECPC), Statistics Canada, and Mexico's Instituto Nacional de Estadística y Geografía, to allow for a high level of comparability in business statistics among the North American countries. An official U.S. Government Web site provides the latest information on plans for NAICS revisions, as well as access to various NAICS reference files and tools. See <http://www.census.gov/eos/www/naics/>

The official 2012 U.S. NAICS Manual includes definitions for each industry, background information, tables showing changes between 2007 and 2012, and a comprehensive index. The official 2012 U.S. NAICS Manual is available in print and on CD-ROM from the National Technical Information Service (NTIS) at (800) 553-6847 or (703) 605-6000, or through the NTIS Web site. Previous versions of the NAICS Manual are available.

With this sort of information, the parties casting ballots can find Census department data which can give some sense of how the Debtors are doing with regard to others engaged in business in their geographical area. The Bureau of the Census gives us data about Debtors' competition in this municipal area:

NAICS AREA	NAICS Code	NAICS DESCRIPTION	Employee Size	Number of Firms	Number of Establishments	Employment	Annual Payroll
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	01: Total	2,805	3,558	26,931	1,158,338
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	02: 0-4	1,899	1,902	2,956	116,955
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	03: 5-9	396	410	2,411	82,676
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	04: 10-19	195	219	2,505	98,669
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	05: <20	2,490	2,531	7,872	298,300
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	06: 20-99	147	232	4,860	212,943
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	07: 100-499	75	202	5,173	196,281
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	08: <500	2,712	2,965	17,905	707,524
Detroit-Warren-Dearborn, MI Metro Area	53	Real Estate and Rental and Leasing	09: 500+	93	593	9,026	450,814

The Debtors-In-Possession are property owners who develop and rent out properties to families and individuals for residential purposes. The SIC industry group would be 653 "Real Estate Agents and Managers". There is an NAICS code or grouping in which Debtors would be NAICS Code 5311109 "Lessors of Dwellings other than

Apartment Dwellings". Debtors-In-Possession's properties are primarily in Northeastern Detroit. Debtors-In-Possession's Chapter 11 was not caused by individual failings or mistakes as much as drastic changes in market conditions. During the period 2000 to 2010 the population of the State of Michigan dropped, and the City of Detroit fell even more dramatically. This was caused by a decline of the number of jobs in the automotive industry and by a oversupply of residential units. In October 2008 a market crash occurred which lasted into the summer of 2009, in which real estate property values dropped dramatically. This triggered a decline in rents. Thousands of landlords lost their properties to mortgage foreclosures, and responsible government agencies did nothing or collaborated with unsound financial practices in the Financial Services Industry. Further competition comes from the number of "squatters" in the City of Detroit. Debtors-In-Possession estimates that 50% of the habitable, foreclosed properties in the city of Detroit have squatters. When tenants move out, organized gangs break into the empty houses, rendering them uninhabitable. Recycling companies in suburban cities do not ask for any identification when offered copper piping for sale. As the city of Detroit loses population, municipal governments raise property taxes, which has the counter-productive effect of causing more loss of habitable residential property.

The Debtors-In-Possession rely upon the U.S. Department of Housing and Urban Development Office of Policy Development and Research "Comprehensive Housing Market Analysis" as of October 1, 2011 for the Detroit-Warren-Livonia, Michigan housing market area. This shows a slight improvement in conditions in Northeastern Detroit, where most of Debtors-In-Possession's houses are located:

"Rental housing market conditions in the Northeastern Detroit submarket are currently soft, with a rental vacancy rate of 8.3 percent, improved from 2010 when the rental vacancy rate was 10.5 percent". Ibid. Page 15.

Debtors-In-Possession believe that careful management of properties with an eye to good maintenance can lead to the survival of their enterprise. The decrease in the rental vacancy rate is most likely due to destruction of the housing supply due to abandonment and failure to maintain. Further, the City could increase its available supply of housing (and therefore tax paying citizens) by property tax relief. This can't occur unless Debtors-In-Possession's creditors are willing to work with him in arriving a composition of his debts in which all parties share in the diminished expectations which have arisen from the adverse market conditions.

III. Post-petition events of significance.

- A. Disclose all post-petition transfers outside the ordinary course of business.

There have been no post-petition transfers outside the regular course of business.

B. Provide summaries of the important details of cash collateral, post-petition financing and adequate protection orders.

Debtors-In-Possession have stayed current on property taxes. They have continued to make direct payments on their personal residence.

C. Explain any litigation arising or continuing during the case, or which may be pending in any Court.

The only continuing litigation is the fact the Debtors-In-Possession have filed several landlord tenant cases in 36th District Court to collect rents.

IV. Liquidation Analysis

A. Liquidation analysis:

Describe Collateral	Lien Holder	Fair Market Value	Forced Sale Value	Amount of Secured Claim	Equity	Exempt Amount	Non-exempt amount	Comments
Real Estate								
Personal Residence as to first mortgage	Chase	\$295,000	\$230,000	\$60,561	\$2,489	\$2,489	\$0	Personal Residence has two mortgages
Personal Residence as to second mortgage	Capital One	" "	" "	\$231,950	" "	" "		Continuation of prior line.

Investment Property at 5283 and 5285 Kensington (DET)	SLS LLC	\$25,000 ¹	\$9,000	\$99,282	\$0	\$0	Combined Plan and Disclosure proposes cram down	
11028 Longview (DET)	0	\$500.00	0.00	0	\$500.00	\$500	\$0	Vacant Lot
11036 Longview (DET)	0	1,000.00	\$1,000.00	0	\$1,000.00	\$1000	\$0	
11039 Longview (DET)	0	\$1,000.00	\$1,000.00	0	\$1,000.00	\$1,000	\$0	
11046 Longview (DET)	0	\$5,100.00	\$5,100.00	0	\$5,100.00	\$0.00	\$5,100	
11049 Longview (DET)	0	\$5,000	\$5,000	0	\$5,000	\$5000	\$0	
11116 Rosemary (DET)	0	\$1,000	\$1,000	0	\$1,000	\$1,000	\$0	
17840 Dwyer (DET)	0	\$1,000	\$1,000	0	\$1,000	\$1,000	\$0	
11219 Kennebec (DET)	0	\$4,000	4,000	0	4,000	4,000	\$0	
4015 Buckingham (DET)	0	\$4,000	\$4,000	0	\$4,000	\$4,000	\$0	
20451 Winston (DET)	0	\$4,900	\$4,900	0	\$4,900	\$480	\$4420	
Subtotal Real Estate		\$348,500		\$391,793	\$30,989		\$9,250	
HHG/Pers Effects		\$6,600	\$1,800	\$0	\$6,600	\$6,600	\$0	
Cash/Bank Accounts		\$4,921	\$4,921	\$0	\$4,921	\$3,000	\$1,921	Social Security and military pension
Vehicles								

¹Debtors attach a current appraisal of 5283 and 5285 Kensington to this Second Combine Plan and Disclosure Statement as Exhibit B.

2012 Jaguar	PNC Bank	\$28,000	\$20,000	\$29,816	\$0	\$0	\$0
2007 Ford 150		\$4,200	\$1,200	\$5,384.50	\$0.00	\$0.00	\$0.00
2002 Dodge Ram		\$500	\$250	\$0	\$500	\$0	\$500
2002 Jaguar X type 4		\$1,000	\$900	\$0	\$1,000	\$0	\$1000
2004 BMW		\$3,000	\$2,200	\$0	\$3,000	\$3,000	\$0
Subtotal Personal Property		\$36,700.00	\$24,550	\$29,816.33	\$8,700		\$1925
							\$10,175

TOTAL \$10,175

ADMINISTRATIVE EXPENSES \$1768

PRIORITY EXPENSES \$ 0.00

TOTAL AVAILABLE UPON CHAPTER 7 \$8,417

Based upon the Liquidation Analysis set forth above, the Debtors-In-Possession believes that a liquidation would result in a substantially smaller distribution to every class of its creditors than the proposed treatment set forth in the Plan.

- B. Property values are given based upon sales or similar properties located in the same neighborhoods. There was a rapid decline of property values in 2008, but values have remained steady since then.
- C. Potential Claims and Causes of Action: None, other than Debtors-In-Possession will bring actions in Michigan District Court for the collection of rents as the need arises.

D. Guarantees of Debt by parties other than the Debtors-In-Possession: None.

V. Financial Information: Assumptions Upon Which Forecasts are Based.

A. Summaries of financial information.

1. Exhibit A-1, attached, shows Debtor's Prepetition Financial Activity.
2. Exhibit A-2, attached, shows Debtor's activity since the case was converted to Chapter 11. Debtor stopped making payments to the Chapter 13 Trustee in anticipation of the conversion to Chapter 11 and any funds returned were applied as income. The statements are not typical of the annual business cycle because Debtor has used this opportunity to make substantial improvements and property taxes became due. Some tenants misunderstood the Chapter 11 and stopped paying rents. The rental income is based upon having a number of vacancies and Debtors are working to reduce the vacancy rate to zero.
3. Exhibit A-3, attached. Debtors-In-Possession will continue in business. The assumptions behind their projections are:

The Debtors can achieve 100% occupancy.

The market for residential rental properties in Detroit has bottomed out and will gradually improve.

The Debtors can, by exercise of good business judgment, realize economies in the repair and maintenance of their properties.

B. **Assumptions:** The Business will continue: but the Debtors-In-Possession will live on their pension and social security benefits: the proceeds from management of the property will provide a fair distribution to the creditors.

C. Tax ramifications for the continuing entity if the Plan is confirmed. Debtors-In-Possession will not create a new tax payer but will report the transactions involved in this plan of reorganization in their personal tax returns.

d. Annual Compensation: the Debtors plan to live from their pension and social security incomes and contribute to distribution by making their home mortgage and automobile payments from these funds. Debtors wish to meet their commitments to their tenants by providing quality housing. Debtors believe they can make a greater repayment to their creditors by continuing to operate the rental properties.

VI. Implementation of the Plan

A. Description of the Classes

Class I (Administrative Claims) will consist of all claims designated by 11 U.S.C. § 503, including but not limited fees and expenses due to the Court, to the U.S. Trustee and Attorney Fees. As a result of this case having been filed as a Chapter 13, Counsel for Debtor has received a fee and makes no claims for fees from the conversion to Chapter 11 and up to an including confirmation. Class I is not impaired.

Class II (Unimpaired Secured Claims) will consist of duly allowed or filed claims in which the Debtor will make periodic payments. These consist of the first mortgage on Debtor's residence and his automobile payments. Class II is not impaired.

Creditors which fall into this class are the first and second mortgage on Debtors-In-Possessions' residence.

Creditor	Collateral	Monthly Payment
Chase Bank	5045 Homestead	Payments will cease as per Release by Creditor Docket # 93.
Capital One/ Ocwen	5045 Homestead	Direct, as per contract

Upon discharge, Debtors will file a copy of Docket #93 with an affidavit showing completion of the Plan.

will consist of secured properties in which the claim of the creditor is modified. This includes motor vehicle loans where the balance due is not reduced but the interest rate and payment terms are modified. Members of Class III will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months.

Class III is impaired.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to Be Paid
Credit Union One	2007 Ford Truck	\$4,200	2.25%	\$97.07	\$5,824.20

Class III (Executory Contracts) .

Class IV consists of contracts with residential management companies and leases with tenants. Debtors-In-Possession assumes all Executory Contracts without modification of the terms. To the extent that any party to a rejected executory contract has a claim arising out of rejection, they will have forty-two (42) days from the confirmation of the plan or the rejection of the contract (whichever occurs later) to file a proof of claim.

Class III is not impaired.

Class IV-A (**Modified Secured Claims - Specialized Loan Servicing**) will consist of one secured properties in which the claim of the creditor is modified. This includes investment property which is not the Debtor's residence. Class IV-A will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months. To the extent the debt owed to the creditor exceeds the cram down value of this asset, the creditor may participate as an unsecured creditor.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to be Paid
Specialized Loan Servicing	5283 and 5285 Kensington	\$25,000	3.5%	\$509.37	\$30,562.00

Upon the entry of a discharge the Debtors may file an affidavit showing the legal description and a copy of the order confirming with the Register of Deeds showing the expiration of the lien.

Class IV-B (Modified Secured Claim - PNC National Bank)

will consist of secured properties in which the claim of the creditor is modified. This includes one motor vehicle loans where the balance due is not reduced but the interest rate and payment terms are modified. Members of Class IV-C will be paid in full but the interest rate and terms of payment may be modified. They will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to be Paid
PNC National Bank	2012 Jaguar Vehicle	\$27,815	2.79%	\$532.29	\$31,937.00

Class IV -C (Modified Secured Claim - Credit Union One)

will consist of secured properties in which the claim of the creditor is crammed down. This includes one motor vehicle loans where the balance due is not reduced but the interest rate and payment terms are modified. Members of Class IV-C will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months. To the extent the crammed down value of the vehicle is less than the proof of claim, the creditor may participate as an unsecured creditor to the extent it is not secured.

Class IV-C is impaired.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to Be Paid
Credit Union One	2007 Ford Truck	\$4,200	2.25%	\$97.07	\$5,824.20

Class V (Secured Real Property Claims-Property Surrendered)

consists of those secured properties which are to be surrendered. The value of the property will be deemed to be payment in full of the claim.

There are no creditors listed in Class V. However a creditor could put itself into Class V through the exercise of 11 USC § 1129(b) (2) (A) .

Class V is impaired.

Class VI (Unsecured General Creditors). Consists of the general nonpriority creditors and that portion, if any, of modified secured claims which is not treated as secured.

This plan will make payments to timely filed and duly allowed claims.

Claimant	Proof of Claim Number	Unsecured portion
First National Bank of Omaha	1-1	\$5,287.46
Specialized Loan Servicing	2-1 Assigned DKT # 79	\$68,720.25
Ecast	5-1	\$9832.00
Ecast	6-1	\$6115.19
American Express	7-1	\$808.50
Portfolio Recovery	8-1	\$11,364.57
Portfolio Recovery	9-1	\$1,751.87
American Express	12-1	\$808.60
Ecast	13-1	\$9,832.00
Ecast	14-1	\$6115.19
Credit Union One		\$2,706.00

Debtors-In-Possession reserve the right to object to any claims in Class VI at any time until the case closes. Proof of Claim # 5-1 and 13-1 appear to be duplicate claims; Proof of Claim ## 7-1 and 12-1 appear to be duplicate claims. Proof of Claim ## 6-1 and 14-1 appear to be duplicate claims.

B. Treatment of Classes.

1. Class I. Administrative and Priority;

- a. All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or

before the effective date of this Plan will be paid on the effective date.

- b. Attorney Fees granted to Counsel for Debtor-In-Possession will be paid within sixty (60) days of entry of an award granting fees by the Court.

2. Class II. Unimpaired Secured Claims.

Debtor will continue to make scheduled payments to Class II according to contract.

3. Class III. Assumed Executory Contracts and Unexpired Leases.

(a) The Debtors-In-Possession assume the following executory contracts and/or unexpired leases effective upon the date of the entry of the order confirming this Plan, subject to the laws of the State of Michigan relating to landlords and tenants:

Party	Description of Contract	Election
Earnest King	Landlord Tenant Relationship in which the Debtors-In-Possession is the landlord.	Assumed
Katrina L. Rogers	Landlord Tenant Relationship in which the Debtors-In-Possessions are the Landlords.	Assumed
Latisha Ann Walker	Landlord Tenant Relationship in which the Debtors-In-Possessions are the Landlords.	Assumed
Linda Allen	Landlord Tenant Relationship in which the Debtors-In-Possessions are the Landlord.	Assumed
Tamara L. Simmons	Landlord/ Tenant in which Debtors-In-Possessions are the landlord.	Assumed
Walter C. Chambers	Landlord Tenant Relationship. Debtors-In-Possessions are the landlords.	Assumed
Zachary D. Shannon	Landlord Tenant Relationship in which the Debtors-In-Possessions are the Landlords	Assumed

(b) The Debtors-In-Possession will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section VI (b) (4) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than forty-two (42) days after the date of the order confirming this Plan.

5. The Three similar classes denominated Class IV-A, IV-B and IV-C.

Class IV-A (Crammed Down Real Estate Secured Claims - Specialized Loan Servicing) will consist of one secured properties in which the claim of the creditor is modified. This includes investment property which is not the Debtor's residence. Class IV-A will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months. To the extent the debt owed to the creditor exceeds the cram down value of this asset, the creditor may participate as an unsecured creditor.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to be Paid
Specialized Loan Servicing	5283 and 5285 Kensington	\$25,000	3.5%	\$509.37	\$30,562.00

Upon the entry of a discharge the Debtors may file an affidavit showing the legal description and a copy of the order confirming with the Register of Deeds showing the expiration of the lien.

Class IV-B (Modified Secured Chattel Claim - PNC National Bank)

will consist of secured properties in which the claim of the creditor is modified. This includes one motor vehicle loans where the balance due is not reduced but the interest rate and payment terms are modified. Members of Class IV-C will be paid in full but the interest rate and terms of payment may be

modified. They will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to be Paid
PNC National Bank	2012 Jaguar Vehicle	\$27,815	2.79%	\$532.29	\$31,937.00

Class IV -C (Crammed Down Secured Chattel Claim - Credit Union One)

will consist of secured properties in which the claim of the creditor is crammed down. This includes one motor vehicle loans where the balance due is not reduced but the interest rate and payment terms are modified. Members of Class IV-C will be paid the crammed down fair market value at a reasonable rate of interest over sixty (60) months. To the extent the crammed down value of the vehicle is less than the proof of claim, the creditor may participate as an unsecured creditor to the extent it is not secured.

Class IV-C is impaired.

Creditor	Collateral	Fair Market Value	Interest Rate	Monthly Payment	Total to Be Paid
Credit Union One	2007 Ford Truck	\$4,200	2.25%	\$97.07	\$5,824.20

Class V (Secured Real Property Claims-Property Surrendered)

consists of those secured properties which are to be surrendered. The value of the property will be deemed to be payment in full of the claim. Secured Real Property Claims - Property Surrendered. (Class V).

In the event that any property is surrendered or the automatic stay is lifted as to property of the Debtors-In-Possession, a deed in lieu of foreclosure will be offered, and

if not requested or declined by the Creditor, the surrender of the property by the Debtors to the Creditor will be deemed satisfaction in full of its claim, regardless of the amount bid at the Sheriff's Sale. The automatic stay will be lifted upon the effective date of the plan.

There are no creditors listed in Class V
Class V is impaired.

6. Class VI. Nonpriority General Unsecured.

See Paragraph VI, Part A for a description of the creditors in this class. Debtors-In-Possession will make Twenty quarterly installments to the Nonpriority General Unsecured Creditors in the amount of Five Hundred and Twenty-five and no/100 (\$525.00) Dollars each. They may appoint a certified public account or attorney as disbursal agent; unless otherwise designated Counsel for Debtor-In-Possession shall fill this function; the disbursal agent shall receive a payment of Five (5%) Percent of all funds a cost of administration. The disbursal agent shall distribute any funds which come into his possession as follows:

Level 1:	Class 1 otherwise unpaid
Level 2:	Post-petition costs of administration
Level 3:	Any delinquent payments in Classes 2 to 5 which may be necessary for the continued execution of the plan, to the event the distribution agent may

have sufficient funds to remedy the adverse effects of nonpayment of such claims.
Level 4: Class VI general unsecured claims

At the conclusion of the plan the disbursement agent will provide a statement of all disbursements made.

It is estimated that Class VI will receive a dividend of no less 5% of their duly allowed claims except as to individual creditors who decline payments.

7. General Provisions Relating to Implementation of the Plan.

a. Returned Checks. In the event that a general unsecured creditor fails to accept tender of a distribution check upon presentment, distributions to that creditor may be terminated without default on the part of the Debtors-In-Possession.

b. Notice of Default. A creditor who claims a default in a payment under this plan of reorganization shall provide written notice to the Debtors-In-Possession or their counsel. Debtors-In-Possession shall then have thirty (30) days to cure the default or protest there is no default.

c. Concurrent Jurisdiction of Nonbankruptcy Courts. This plan of reorganization is binding on all parties; and the Debtors-In-Possession or other parties, mindful of the expenses associated with reopening a small case may bring an action in

a nonbankruptcy tribunal of competent jurisdiction to enforce rights hereunder.

- d. Vesting of Property. All property is vested in the Debtors-In-Possession upon closing of the case, who may dispose of property in order to satisfy their immediate needs or to satisfy claims under the Plan of Reorganization.
- e. Post-Confirmation Attorney Fees. Post-confirmation attorney fees shall not require approval of the Court.
- f. Modification of mortgages. The Debtors-In-Possession and mortgage holders may negotiate a modification of the mortgage without re-opening the Bankruptcy Case.

VII. Legal requirements, as follows:

A. Voting procedures

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a Plan are classes of claims, or equity interest, that are impaired under the Plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the Plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may

photocopy the ballot received and file multiple ballots.

Votes on the Plan will be counted only with respect to claims:

(1) that are listed on the Debtors-In-Possession=Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or

(2) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order).

However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. ' 502 and Bankruptcy Rule 3018.

Voting on the Plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the Plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the Plan, and then return the ballot by mail to the Debtors-In-Possession's attorney by the deadline previously established by the Court.

Any ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the Debtors-In-Possession's attorney.

B. Acceptance

The Bankruptcy Code defines acceptance of a Plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a Plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the Plan.

C. Confirmation

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a Plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions for confirmation of a Plan under 11 U.S.C. § 1129(a) are these:

1. Each class of impaired creditors and interest must accept the Plan, as described in paragraph VI.B., above.

2. Either each holder of a claim or interest in a class must accept the Plan, or the Plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

D. Modification

The Debtors-In-Possession reserves the right to modify or withdraw the Plan at any time before confirmation.

E. Effect of confirmation

If the Plan is confirmed by the Court:

1. Its terms are binding on the Debtors-In-Possession, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the Plan;

2. Except as provided in the Plan:

In this case where Debtors-In-Possession are Husband and Wife:

(1) Claims will be discharged, except as provided in 11 U.S.C. §§ 523 and 727(a). Unless the Court orders otherwise, the discharge will be entered after completion of Plan payments as provided in § 1141(d)(5)(a). It is the usual practice of the Court to close Chapter 11 cases after confirmation. It is the responsibility of the

individual Debtors-In-Possession to file a motion to reopen the case for entry of discharge upon completion of Plan payments.

(2) Creditors will be prohibited from asserting their claims except as to those debts which are not discharged or dischargeable under 11 U.S.C. §§ 523 and 727(a).

Respectfully submitted:
FOR THE DEBTORS-IN-POSSESSION

By: /s/ kurt thornbladh
KURT THORNBLADH P25858
Thornbladh Legal Group PLLC
7301 Schaefer
Dearborn, MI 48126
(313) 943 2678
kthornbladh@gmail.com

/s/ john williams
JOHN WILLIAMS, Debtor-In-Possession

/s/ beverly williams
BEVERLY WILLIAMS, Debtor-In-Possession

Dated: July 18, 2016