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COUNSEL FOR THE DEBTOR

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:)
) **Case No. 14-35340-BJH-11**
Paula Sue Wenstrom)
)
)
Debtor.) **(Chapter 11)**

**FIRST AMENDED DISCLOSURE STATEMENT IN CONNECTION
WITH DEBTOR’S SECOND AMENDED PLAN OF REORGANIZATION**

TO: ALL PARTIES-IN-INTEREST, HER ATTORNEYS OF RECORD AND TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Paula Sue Wenstrom [the “**Debtor**”], as debtor and debtor-in-possession in the above-captioned case submits this First Amended Disclosure Statement [the “**Disclosure Statement**”] pursuant to Section 1125 of the Bankruptcy Code¹ for the purpose of disclosing that information which the Bankruptcy Court has determined is material, important, and necessary for parties entitled to vote on the Debtor’s Second Amended Plan of Reorganization dated August 11, 2016 [the “**Plan**”] in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Plan. This Disclosure Statement describes transactions contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights.

A. Explanation of Chapter 11 and the Confirmation Process.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Upon the commencement of a Chapter 11 case, or a case under any other chapter, Section 362 of the Bankruptcy Code provides for an automatic stay of all attempts to collect upon claims against a debtor that arose prior to the bankruptcy filing. Generally speaking, the automatic stay prohibits interference with a debtor’s property or business.

Under Chapter 11, a debtor attempts to reorganize for the benefit of the debtor and its creditors. A plan of reorganization sets forth the means for satisfying all claims against a debtor.

¹ Unless otherwise defined herein, capitalized terms have the meaning ascribed to such term in the Plan.

Generally, a claim against a debtor arises from a normal debtor/creditor transaction, such as a promissory note or a trade credit relationship, but may also arise from other contractual arrangements or from alleged torts.

After a plan of reorganization has been filed with a bankruptcy court, it must be accepted by holders of impaired claims and interests against the debtor. Section 1125 of the Bankruptcy Code requires that a plan debtor fully disclose sufficient information about the debtor, its assets and the plan of reorganization to creditors before acceptances of that plan may be solicited. This Disclosure Statement is being provided to satisfy such requirements of Section 1125 of the Bankruptcy Code.

The Bankruptcy Code provides that creditors and interests are to be grouped into “classes” under a plan and that they are to vote to accept or reject a plan by class. While courts have disagreed on the proper method to be used in classifying creditors, a general rule of thumb is that creditors with similar legal rights are placed together in the same class. For example, all creditors entitled to priority under the Bankruptcy Code might be placed in one class, while all creditors holding subordinated unsecured claims might be placed in a separate class. Generally, each secured creditor will be placed in a class by itself because each such creditor usually has a lien on distinct property and therefore has distinct legal rights.

The Bankruptcy Code does not require that each claimant vote in favor of the Plan for the Bankruptcy Court to confirm the plan. Rather, the plan must be accepted by each class of claimants [subject to an exception discussed below]. A class of claimants accepts the plan if, of the claimants in the class who actually vote on the plan, such claimants holding at least two-thirds in dollar amount and more than one-half in number of allowed claims vote to accept the plan. For example, if a hypothetical class has ten creditors that vote and the total dollar amount of those ten creditors’ claims is \$1,000,000, then for such class to have accepted the plan, six or more of those creditors must have voted to accept the plan [a simple majority], and the claims of the creditors voting to accept the plan must total at least \$666,667 [a two-thirds majority].

The Court may confirm a plan even though fewer than all classes of claims or interests accept it. In this instance, if all classes of Claims do not accept the Plan, the Debtor are entitled to request that the Bankruptcy Court confirm the plan pursuant to the “cramdown” provisions of Section 1129[b] of the Bankruptcy Code. These “cramdown” provisions permit the plan to be confirmed over the dissenting votes of classes of claims or interests if the Bankruptcy Court determines that the plan does not discriminate unfairly and is fair and equitable with respect to each impaired, dissenting class of interests.

Independent of the acceptance of the plan as described above, to confirm the plan, the Bankruptcy Court must determine that the requirements of Section 1129[a] of the Bankruptcy Code have been satisfied.

The Court has set a hearing on confirmation of the Plan for _____, 2016 at _____ **Central Time** in the courtroom of the **Honorable Barbara J. Houser, United States Bankruptcy Court, Northern District of Texas, Dallas Division, 1100 Commerce Street, 14th Floor, Courtroom #2, Dallas, Texas 75242**. The confirmation hearing may be adjourned

by the Bankruptcy Court from time to time without further notice except for an announcement made in open court at the confirmation hearing or any continued hearing thereon.

Section 1128[b] of the Bankruptcy Code provides that any party in interest may object, in writing, to confirmation of a plan of reorganization or the Disclosure Statement. Written objections to confirmation of the Plan or the Disclosure Statement, if any, must be filed with the Bankruptcy Court *and* a copy of such written objections must be *actually* received by counsel for the Debtor at the following address on or before _____, **2016**:

SPECTOR & JOHNSON, PLLC
12770 COIT ROAD
BANNER PLACE, SUITE 1100
DALLAS, TEXAS 75251

B. Voting Procedures.

1. Designation of Impaired and Unimpaired Classes.

- a. Impaired Classes. Classes 2, 3, 5, and 6 are impaired under the Plan.
- b. Unimpaired Class. Classes 1, 4 and 7 are unimpaired.
- c. Classes Entitled to Vote. Classes 2, 3, 5, and 6 are entitled to vote. Classes 1, 4 and 7 are deemed to accept the Plan, and are not entitled to vote.

2. Ballots.

IT IS IMPORTANT THAT HOLDERS OF IMPAIRED CLAIMS EXERCISE HER RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN. All known holders of Claims entitled to vote on the Plan have been sent a ballot, together with instructions for voting, with this Disclosure Statement. In voting for or against the Plan, use only the ballot sent with this Disclosure Statement.

THE VOTING DEADLINE IS _____, 2016. ALL BALLOTS MUST BE RETURNED SO THAT THEY ARE RECEIVED BY THE BALLOTING AGENT PRIOR TO THE VOTING DEADLINE. THE NAME AND ADDRESS OF THE BALLOTING AGENT IS SET FORTH ON THE BALLOT.

C. Approval of Disclosure Statement.

This Disclosure Statement is provided pursuant to Section 1125 of the Bankruptcy Code in connection with the solicitation of acceptance of the Plan, as it may be amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as "**Exhibit A.**"

The Bankruptcy Court conditionally approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMEND THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEY FOR THE DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND HOLDERS OF IMPAIRED CLAIM ARE URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

D. Assets and Liabilities of the Debtor.

1. Assets

The Debtor's assets have remained relatively constant since the Petition Date. However, the Debtor's business, Cultural Surroundings (a/k/a Putsi, Inc.), has enjoyed a significant upturn in revenue and profits since the Petition Date which will enable the Debtor to fund her Plan and repay creditors as proposed in the Plan.

2. Secured Liabilities

The following chart details the approximate amount of known Secured Claims against the Debtor as of the date hereof:

Name of Creditor	Amount
US Bank Trust, NA [Class 2]	\$186,480
PNC Mortgage [Class 3]	\$1,166,637
J.P. Morgan Chase Bank, N.A. [Class 4]	\$102,927
IRS [Class 5]	\$241,257
Total	\$1,697,301.00

All of the foregoing claims are treated as fully secured under the Plan and are entitled to post-petition accruals pursuant to 11 U.S.C. § 506(b).

3. Unsecured Liabilities

a. Pre-Petition

Pre-petition scheduled and filed unsecured liabilities amounted to approximately \$16,900. Of this amount, Priority tax claims amounted to \$13,023.

b. Post-Petition

The Debtor has kept her post-petition debt current by paying her post-petition obligations on an ongoing basis. Legal and non-legal post-petition professional Claims are not expected to exceed \$30,000.

E. Background of the Debtor.

The Debtor is an individual which owns and operates a supplier of library furnishings doing business under the name Cultural Surroundings (a/k/a Putsi, Inc.). Cultural Surroundings (a/k/a Putsi, Inc.) was established in 1990, and is operated by the Debtor. Customers include public schools, public libraries, universities, community colleges, private schools, research facilities and hospitals throughout Texas, Oklahoma, Arkansas, and New Mexico. Cultural Surroundings (a/k/a Putsi, Inc.) also enjoys a close working relationship with many architectural firms specializing in library design. Cultural Surroundings (a/k/a Putsi, Inc.) represents manufacturers that offer the utmost in design, quality, and creative applications of furniture, shelving and seating for unique library interiors. In addition to furniture and shelving supply, Cultural Surroundings' (a/k/a Putsi, Inc.) services include complete assistance with budgeting, space planning and design, specifying, project presentations, sample items, and finally, installing furniture with in-house factory-trained installers, library move and reconfiguration services.

F. Developments During the Case.

The Debtor filed for bankruptcy protection on November 3, 2014 and converted to a Chapter 11 case on May 21, 2015. The firm of Spector & Johnson, PLLC was appointed bankruptcy counsel

for the Debtor by Order of the Bankruptcy Court entered on May 28, 2015. The Debtor has focused the time in bankruptcy on insuring that her business, Cultural Surroundings (a/k/a Putsi, Inc.), returned to profitability, so as to support the payments proposed in her Plan.

G. Summary of Plan of Reorganization.

1. The following table summarizes the treatment of the creditors under the Plan:

Class	Description	Impairment	Collateral and Treatment
1	Allowed Secured Claims Secured by Tax Liens in favor of any Ad Valorem Taxing Authority Treated as fully secured	Unimpaired	Collateral = Real property located at 8923 Devonshire, Dallas, Texas The Debtor escrows for taxes through her mortgage and is accordingly current on property taxes.
2	Any Allowed Secured Claims of U.S. Bank Trust, N.A. Treated as fully secured	Impaired	Collateral = Real property located at 8923 Devonshire, Dallas, Texas Upfront Payment: \$20,000 Approx. ongoing mortgage payment/mo. = \$2,300. Plan Secured Note <ul style="list-style-type: none"> • Approximate Principal Amount: • Payment/mo. = \$1,200. • Payments due on 1st day of each month, to begin after the Confirmation Date • Payment for Plan Secured Note term = 3 years, in equal monthly payments. Pre-petition lien retained upon confirmation.
3	Any Allowed Secured Claims of PNC Mortgage. Treated as fully secured	Impaired	Collateral = Real property located at 8923 Devonshire, Dallas, Texas Upfront Payment: \$50,000 Approx. ongoing mortgage payment/mo. = \$11,000. Plan Secured Note <ul style="list-style-type: none"> • Approximate Principal Amount: • Payment/mo. = \$4,400. • Payments due on 1st day of each month, to begin after the Confirmation Date

			<ul style="list-style-type: none"> • Payment for Plan Secured Note term = 5 years, in equal monthly payments. Pre-petition lien retained upon confirmation.
4	Any Allowed Secured Claims of JP Morgan Chase Bank, N.A. Treated as fully secured	Unimpaired	Collateral = Real property located at 8923 Devonshire, Dallas, Texas Approx. ongoing mortgage payment/mo. = \$275. Pre-petition lien retained upon confirmation.
5	Any Allowed Secured and Priority Tax Claims of the IRS.	Impaired	Collateral = Blanket lien (IRS) Plan Secured Note <ul style="list-style-type: none"> • Approximate Principal Amount: • Payment/mo. = \$4,900. • Payments due on 1st day of each month, to begin after the Confirmation Date • Payment for Plan Secured Note term = 5 years, in equal monthly payments. • 3% interest Pre-petition lien retained upon confirmation.

2. *Class 6 – General Unsecured Claims.* The Debtor is paying the holders of General Unsecured Claims in Cash, in full, in two equal payments. The first payment will occur on the Effective Date and the second payment will occur 60 days after the Effective Date. Interest on the Allowed General Unsecured Claims will be paid at the Federal Judgement Rate from and after the Effective Date.
3. *Class 7 – Interests in the Debtor.* The Debtor shall retain any Interest in the Debtor or her property.

H. Feasibility Analysis and Other Standards Applicable to Confirmation of an Individual Chapter 11 Case.

The feasibility of the Debtor's Plan derives from the profitability of Cultural Surroundings (a/k/a Putsi, Inc.). A Profit and Loss statement for Cultural Surroundings (a/k/a Putsi, Inc.) is attached hereto as "**Exhibit B**," showing that the cash flow generated by Cultural Surroundings (a/k/a Putsi, Inc.) is available for use under the Plan to service Allowed Claims and meet the monthly living expenses of the Debtor. The Debtor does not believe or anticipate that there will be material fluctuations on a year to year basis that will impair the abilities of the Debtor to perform under the Plan. Because the Plan is a 100% distribution to holders of Allowed Claims, the Debtor does not believe that the confirmation standard of 11 U.S.C. § 1129(a)(15) is

implicated.

I. Risks To Creditors Under The Plan.

The Plan is subject to a number of material risks, including those enumerated below. Prior to deciding how to vote on the Plan, each holder of an impaired Claim should carefully consider all of the information contained in this Disclosure Statement, especially the factors mentioned in the following paragraphs:

[a] Forward-Looking Information May Prove Inaccurate – This Disclosure Statement contains various forward-looking statements and information that are based on the Debtor’s belief as well as assumptions made by and information currently available to the Debtor. If reality varies from these beliefs and assumptions, actual results may vary materially from those anticipated, estimated or projected.

[b] Certain Risks of Non-Confirmation – There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Court will confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Court that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and that the value of the distributions to non-accepting creditors and interest holders will not be less than the value of the distributions that such creditors and interest holders would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. Although the Debtor believes that these requirements will be satisfied, there can be no assurance that the Court will concur. The confirmation and consummation of the Plan are also subject to certain other conditions, which are described in this Disclosure Statement. If the Plan were not to be confirmed and consummated, it is unclear whether a reorganization comparable to the reorganization contemplated hereby could be implemented in a timely manner and, if so, what distributions holders of Claims ultimately would receive with respect to its Claims. Moreover, if an alternative reorganization could not be implemented in a timely manner, it is possible the that Debtor would have to liquidate her assets, in which case it is likely the holders of Claims would receive less than they would have received pursuant to the Plan.

[c] Dependence on Key Individuals - The Debtor’s ability to perform under the Plan is dependent upon her continuing operation of Cultural Surroundings (a/k/a Putsi, Inc.). The failure of Cultural Surroundings (a/k/a Putsi, Inc.) could have a material adverse effect on the Debtor’s ability to make the payments provided under the Plan.

[d] Risks Relating to the Calculations – The Debtor has made assumptions and estimates which are inherently uncertain and are subject to significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those projected. Accordingly, the calculations set forth in “**Exhibit B**”, are not necessarily indicative of the future financial condition or results of operations of the Reorganized Debtor or Cultural Surroundings (a/k/a Putsi, Inc.), which condition and results may vary significantly from those set forth herein. Consequently, the projected financial information contained in this Disclosure Statement should not be regarded as a representation by the Debtor, the Debtor’s advisors, or any other person that any particular results can or will be achieved.

J. Procedures For Resolving and Treating Contested Claims Under The Plan.

The Plan provides that no later than ninety [90] days after the Effective Date, unless otherwise ordered by the Bankruptcy Court or provided in the Plan, objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made. No payment or distribution shall be made with respect to any Claim to the extent it is a Contested Claim unless and until such Contested Claim becomes an Allowed Claim. The Disbursing Agent shall withhold from the funds to be distributed on the Distribution Date or thereafter under the Plan the Withheld Distribution Amount, which shall be an amount of cash sufficient to be distributed on account of all Claims that are not Allowed Claims. The Withheld Distribution Amount shall be placed in the Contested Claims Escrow. With respect to any Claim that is a Contested Claim on the Effective Date, as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Contested Claim becomes a Final Order or a Contested Claim otherwise becomes an Allowed Claim, the Disbursing Agent shall distribute to the holder of such Claim from the Contested Claims Escrow any Cash payment, without interest, that would have been distributed to such holder if the Claim had been Allowed on the Effective Date. If any Withheld Distribution Amount remains in the Contested Claims Escrow after all objections to Contested Claims of all classes have been resolved, any remainder of the Withheld Distribution Amount attributable to the Disallowed Claims shall be distributed on the final Distribution Date as soon as practicable, without interest, in accordance with the provisions of the Plan.

K. Executory Contracts.

The Plan constitutes and incorporates a motion by the Debtor to assume, as of the Confirmation Date, all pre-Petition Date Contracts to which the Debtor are a party, except for any Contracts that have been rejected pursuant to order of the Bankruptcy Court prior to the Confirmation Date.

L. Bar to Rejection Damages.

If the rejection of a Contract by the Debtor results in damages to the other party or parties to such Contract, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, the Reorganized Debtor or her respective property or her agents, successors or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before sixty [60] days following the Effective Date.

M. Procedure for Determining Costs of Cure.

The Plan provides that entry of the Confirmation Order shall constitute a finding that the Debtor shall not owe any cure amounts in connection with any assumed pre-Petition Date Contract and shall constitute approval of such assumptions pursuant to Bankruptcy Code Sections 365(a), 365(b), and 1123 of the Bankruptcy Code, unless the Confirmation Order or another order of the Bankruptcy Court specifies a different cure amount. Any party to an assumed Contract that contends that a cure amount is due shall be required to state the amount allegedly necessary to cure by filing and serving an objection on counsel for the Debtor prior to the Confirmation Hearing and stating, in its objection, with specificity, the cure amount that such party believes is required (with appropriate documentation in support thereof). Any party to an assumed Contract that has not timely filed with the Bankruptcy Court and served on counsel for the Debtor prior to the Confirmation Hearing an appropriate objection shall be deemed to have waived any right to further assert that any cure amount are due. If a timely and properly filed objection is made, the cure amount, if any, shall be determined, if necessary, at the Confirmation Hearing or at such other date noticed for hearing or as may be determined by the Bankruptcy Court.

N. Insurance Policies.

Notwithstanding anything in the Plan, all insurance policies under which the Debtor is the insured party shall be deemed assumed as of the Confirmation Date. All payments upon such policies are current; no Cure Payments are necessary.

O. Retention of Jurisdiction.

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article 11 of the Plan.

P. Setoff Rights.

In the event that the Debtor has a claim of any nature whatsoever against the holder of a Claim, the Debtor may, but is not required to, setoff against the Claim [and any payments or other distributions to be made in respect of such Claim hereunder], subject to the provisions of Section 553 of the Bankruptcy Code. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor of any claim that the Debtor may have against the holder of a Claim.

Q. Other Injunctions.

The Confirmation Order shall contain such injunctions as may be necessary and helpful to effectuate the discharge of the Debtor provided herein. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SUCH INJUNCTION SHALL INCLUDE AN ABSOLUTE PROHIBITION FROM COLLECTING CLAIMS OR ASSERTING CONTROL OF PROPERTY OF THE ESTATE AS IT HAS REVESTED IN THE REORGANIZED DEBTOR PURSUANT TO SECTION 7.1 OF THE PLAN IN ANY MANNER OTHER THAN AS PROVIDED FOR IN THE PLAN.

R. Pre-Petition Date Lawsuits/Insurance.

On the Effective Date, lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of a Claim shall be dismissed as to the Reorganized Debtor; provided however, if an appeal or post judgment of any such matter is pending as of the Confirmation Date, the Claim shall be determined by the court[s] in which such case is pending; provided further that if such case is reversed or remanded to the trial court, the Claim shall be asserted and finally determined by the Bankruptcy Court.

Dismissals of proceedings provided herein shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. All parties to any such action shall be enjoined by the Bankruptcy Court in the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions. Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtor in which the Debtor are or were the insured party; the Reorganized Debtor shall become the insured party under any such policies. Each insurance company is prohibited from, and the Confirmation Order shall include an injunction against, denying, refusing, altering or delaying coverage on any basis regarding or related to the Debtor's bankruptcy, the Plan or any provision within the Plan, including the treatment or means of liquidation set out within the Plan.

S. De Minimis Distributions.

No distribution of less than \$25 shall be made to any holder of an Allowed Claim. Such undistributed amount will be retained by Reorganized Debtor.

T. Payment of Statutory Fees.

The Reorganized Debtor shall be responsible for the timely payment of fees incurred pursuant to 28 U.S.C. § 1930[a][6] until the clerk of the Bankruptcy Court closes the case. The Reorganized Debtor shall file with the Court and serve upon the U.S. Trustee a quarterly financial report for each quarter [or portion thereof] that the case remains open in a format prescribed by the U.S. Trustee.

U. Post-Effective Date Fees and Expenses of Professional Persons.

Except as provided in the Plan, after the Effective Date, the Reorganized Debtor shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy

Court, pay the reasonable fees and expenses of the Professional Persons employed by the Reorganized Debtor, related to the implementation and consummation of the Plan, provided, however, that no such fees and expenses shall be paid except upon receipt by the Reorganized Debtor of a written invoice, which invoice shall also be served upon counsel for the Debtor, and the United States Trustee, by the Professional Person seeking fees and expense reimbursement and provided, further, however, that the Reorganized Debtor may, within 10 days after receipt of an invoice for fees and expenses, request the Bankruptcy Court to determine any such request and the Bankruptcy Court shall have jurisdiction to do so. In such event, the Bankruptcy Court shall apply the same standard for approval of fees and expenses as applied throughout this Case.

V. Bankruptcy Restrictions.

From and after the Effective Date, the Reorganized Debtor shall no longer be subject to the restrictions and controls provided by the Bankruptcy Code [*e.g.*, Section 363 or 364]. The Reorganized Debtor may conduct her affairs in such manner as is consistent with individuals not in bankruptcy without the need of seeking Bankruptcy Court approval. No monthly operating reports will be filed after the Effective Date; however, the Reorganized Debtor shall provide the U.S. Trustee such financial reports as the U.S. Trustee may reasonably request until the entry of a final decree.

W. Binding Effect.

The Plan shall be binding upon and inure to the benefit of the Reorganized Debtor, the holders of Claims and her respective successors and assigns; provided, however, that if the Plan is not confirmed, the Plan shall be deemed null and void and nothing contained herein shall be deemed [i] to constitute a waiver or release of any Claims by the Debtor, or any other Person, [ii] to prejudice in any manner the rights of the Debtor, or any other Person, or [iii] to constitute any admission by the Debtor, or any other Person.

X. Governing Law.

Unless a rule of law or procedure is supplied by federal law [including the Bankruptcy Code and Bankruptcy Rules], the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan or the Case, except as may otherwise be provided in such agreements, documents and instruments.

Y. Liquidation Analysis.

No liquidation analysis is being provided because the Plan proposes to pay 100% of all Allowed Claims.

Z. Modification of Plan.

Except as provided in section 1127(e) of the Bankruptcy Code, modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that [a] the Plan, as modified, meets the requirements of sections 1122 and 1123 of the

Bankruptcy Code and [b] the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after the Confirmation Date and before substantial consummation by the Debtor, provided that [i] the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, [ii] the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code and [iii] the circumstances warrant such modifications.

The Plan may be modified after substantial consummation of the Plan in accordance with section 1127(e) of the Bankruptcy Code. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

AA. Creditor Defaults.

Any act or omission by a creditor in contravention of a provision within the Plan shall be deemed an event of default under the Plan. Upon an event of default, the Reorganized Debtor may seek to hold the defaulting party in contempt of the Confirmation Order. If such creditor is found to be in default under the Plan, such party shall pay the reasonable attorneys' fees and costs of the Reorganized Debtor in pursuing such matter. Furthermore, upon the finding of such a default by a creditor, the Bankruptcy Court may [a] designate a party to appear, sign and/or accept the documents required under the Plan on behalf of the defaulting party, in accordance with Federal Rule of Civil Procedure 70 or [b] make such other order as may be equitable which does not materially alter the terms of the Plan as confirmed. Save and except with respect to Ad Valorem Taxing Authorities, upon the payment in full of any Allowed Secured Claim as provided under the Plan, the holder of such Allowed Secured Claim shall execute, deliver and file a release of all liens and security interests securing its Allowed Secured Claim within forty-five [45] days of such payment and in the event it fails to do so, shall, as liquidated damages, pay to the Debtor a sum in cash equal to the greater of \$3,000 or the Debtor's actual costs of enforcing this provision.

BB. Debtor's Defaults.

In the event that the holder of an Allowed Claim asserts that a default under the Plan has occurred by the Debtor, such creditor must provide the Debtor with written notice ["Notice"] of such default to the following address: 8923 Devonshire, Dallas, Texas via overnight mail or similar same-day or express delivery. If the default asserted in the Notice remains uncured on the fifteenth [15th] day from the date on which such Notice is sent, the holder of such Allowed Claim may pursue any rights or remedies it may have under applicable non-bankruptcy law, whether state, federal or otherwise.

CC. Severability.

Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any claim or transaction, the Debtor may modify the Plan in accordance with Section 12.11 of the Plan so that such provision shall not be applicable to the

holder of any Claim. Such a determination of unenforceability shall not [1] limit or affect the enforceability and operative effect of any other provision of the Plan or [2] require the resolicitation of any acceptance or rejection of the Plan.

DD. Integration Clause.

The Plan is a complete, whole, and integrated statement of the binding agreement between the Debtor, creditors, and the parties-in-interest upon the matters herein.

EE. Releases of Lien Upon Payment.

Upon the payment in full of any Allowed Secured Claim as provided under the Plan, the holder of such Allowed Secured Claim shall execute, deliver and file a release of all liens and security interests securing its Allowed Secured Claim within forty-five [45] days of such payment unless the Plan provides a shorter time period for same. In the event it fails to do so, shall, as liquidated damages, pay to the Debtor a sum in cash equal to the greater of \$3,000 or the Debtor's actual costs of enforcing this provision.

FF. Discharge of Debtor.

The Court shall grant a discharge on [i] completion of all payments under the Plan or [ii] after notice and a hearing, if [a] the value as of the Effective Date of property actually distributed under the Plan on account of each Allowed Unsecured Claim is not less than the amount that would have been paid on such Claim if the estate of the Debtor had been liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date; [b] modification of the Plan under Section 1127 of the Bankruptcy Code is not practicable; and [c] the requirements of Section 1141(d)(5)(C) of the Bankruptcy Code are met. Such discharge shall apply as to all existing debts and Claims of any kind, nature or description whatsoever against the Debtor or any of her assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code, including but not limited to Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date and all debts of the kind specified in sections 502[g], 502[h] or 502[i] of the Bankruptcy Code, whether or not [x] a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; [y] a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or [z] the holder of a Claim has accepted the Plan. As provided in section 524 of the Bankruptcy Code, entry of the discharge shall void any judgment against the Debtor at any time obtained to the extent it relates to a Claim discharged and operates as an injunction against the prosecution of any action against the Debtor or any of her property, to the extent it relates to a Claim discharged. The order of the Bankruptcy Court discharging the Debtor shall constitute a judicial determination, of the discharge of all such Claims and other debts and liabilities of the Debtor, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtor, as reorganized, at any time, to the extent such judgment is related to a discharged Claim.

As of the Effective Date, except as provided in the Plan or the Confirmation Order, all holders of Claims against the Debtor shall be precluded from asserting against the Debtor, as reorganized, or her respective successors or property, any other of further Claims, debts, rights,

causes of action, liabilities based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

GG. Conclusion.

Through confirmation of the Plan, the Debtor believe that she can resolve all claims that have been, or could be, asserted against her in a timely and cost effective manner. The Debtor believes that the Plan provides a mechanism to resolve and provide just compensation to all claimants. The Debtor believes that the Plan is fair to all parties-in-interest and should be approved by creditors.

THE DEBTOR URGES YOU TO VOTE TO ACCEPT THE PLAN.

Dated: August 11, 2016.

Respectfully submitted,

By: /s/ Howard Marc Spector
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COUNSEL FOR THE DEBTOR

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:)
) **Case No. 14-35340-BJH-11**
Paula Sue Wenstrom)
)
Debtor.) **(Chapter 11)**

Second Amended Plan of Reorganization
Filed by the Debtor
Dated: August 11, 2016
Dallas, Texas

The Debtor, as debtor-in-possession proposes this Second Amended Plan of Reorganization under chapter 11 of the Bankruptcy Code.

ARTICLE 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions

The capitalized terms used herein shall have the respective meanings set forth below:

a. **“Ad Valorem Taxing Authority”** shall mean any governmental entity entitled by law to assess taxes on property based upon the value of such property and to take a statutory Lien senior to Liens filed of record to secure the payment of such taxes and interest accruing thereon.

b. **“Administrative Claim”** shall mean a Claim entitled to priority under sections 503[b] and 507[a][1] of the Bankruptcy Code in the Case of the Debtor.

c. **“Allowed”** when used with respect to any Claim, except for a Claim that is an Administrative Claim, shall mean [1] such Claim to the extent it is not a Contested Claim; [2] such Claim to the extent it may be set forth pursuant to any stipulation or agreement that has been approved by Final Order; or [3] a Contested Claim, proof of which was filed timely with the Bankruptcy Court and [A] as to which no objection was filed by the Objection Deadline, unless such Claim is to be determined in a forum other than the Bankruptcy Court, in which case such Claim shall not become Allowed until determined by Final Order of such other forum and Allowed

by Final Order of the Bankruptcy Court; or [B] as to which an objection was filed by the Objection Deadline, to the extent Allowed by Final Order.

d. “**Ballot**” shall mean the Ballot to be used by creditors to cast their votes to accept or reject the Plan.

e. “**Balloting Agent**” shall mean Howard Marc Spector, as agent for the Debtor.

f. “**Bankruptcy Code**” shall mean the Bankruptcy Reform Act of 1978, as amended, and codified at title 11 of the United States Code.

g. “**Bankruptcy Court**” shall mean the Bankruptcy Court unit of the United States District Court for the Northern District of Texas, or such other court having jurisdiction over the Case.

h. “**Bankruptcy Rules**” shall mean the Federal Rules of Bankruptcy Procedure, as prescribed by the United States Supreme Court pursuant to section 2075 of title 28 of the United States Code.

i. “**Business Day**” shall mean any day on which commercial banks are open for business in Dallas, Texas.

j. “**Case**” shall mean the bankruptcy case of the Debtor commenced under the Bankruptcy Code.

k. “**Cash**” shall mean legal tender of the United States of America or short-term liquid investments that are readily convertible to known amounts of legal tender of the United States of America and which present an insignificant risk of changes in value.

l. “**Collateral**” shall mean any property of the Debtor subject to a valid, enforceable and non-avoidable Lien to secure the payment of a Claim.

m. “**Confirmation Date**” shall mean the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

n. “**Confirmation Hearing**” shall mean the date on which the Bankruptcy Court holds the hearing[s] on confirmation of the Plan.

o. “**Confirmation Order**” shall mean the order of the Bankruptcy Court confirming the Plan.

p. “**Contested**,” when used with respect to a Claim, shall mean a Claim against the Debtor [1] that is listed in the Debtor’s Schedules as disputed, contingent or unliquidated; [2] that is listed in the Debtor’s Schedules as undisputed, liquidated and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; and [3] that is not listed in the Debtor’s Schedules, but as to which a proof of Claim has been filed with the Bankruptcy Court and to which an objection has been filed. Notwithstanding the foregoing, after the Objection Deadline, only Claims to which an Objection has been filed shall be deemed Contested Claims.

q. “**Contracts**” shall mean all executory contracts and unexpired leases as such terms are used within Bankruptcy Code section 365 to which the Debtor was a party as of the Petition Date, as the case may be.

r. “**Cure Payment**” shall be the monetary payments required pursuant to Bankruptcy Code section 365[b][1][A] to cure defaults under Contracts to which the Debtor is a party and which will be assumed pursuant to the Plan. Such Cure Payment shall be conclusively determined and set for each such Contract at the Confirmation Hearing.

s. “**Debtor**” shall mean Paula Sue Wenstrom.

t. “**Disallowed**,” when used with respect to a Claim, shall mean a Claim that has been disallowed by Final Order.

u. “**Disputed Claim Reserve**” shall mean the reserve accounts established pursuant to this Plan for funding Disputed Claims if such Claims are ultimately allowed by Final Order and which are to be held pending resolution of Disputed Claims by the entry of a Final Order allowing or disallowing such Disputed Claim[s].

v. “**Effective Date**” shall mean a Business Day selected by the Debtor or Reorganized Debtor, as the case may be, occurring within thirty [30] days of the first Business Day on which the Confirmation Order becomes a Final Order.

w. “**Estimated Amount**” means the maximum amount at which the Bankruptcy Court or, where required by applicable law, the District Court, estimates any Claim [or class of Claims] against the Debtor which is contingent, unliquidated or disputed, including, for the purpose of: [a] distribution under § 502[c], Bankruptcy Code; [b] determining the feasibility of this Plan pursuant to § 1129[a][11], Bankruptcy Code for purposes of its Confirmation; or [c] voting to accept or reject this Plan pursuant to Bankruptcy Rule 3018[a].

x. “**Estimation Order**” means an Order of the Bankruptcy Court or, where required by applicable law, the District Court, that determines the Estimated Amount of any Claim [or class of Claims], against the Debtor for any of the purposes as provided in this Plan.

y. “**Exempt Property**” shall mean that property listed on Schedule C of a Schedule as it has or may be amended from time to time; provided however that Exempt Property shall not include any property determined to be non-exempt pursuant to Bankruptcy Rule 4003.

z. “**Fee Application**” shall mean an application of a Professional Person under section 330 or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Case.

aa. “**Fee Claim**” shall mean a Claim under section 330 or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Case.

bb. “**Federal Judgment Rate**” shall mean the interest rate prescribed by 28 U.S.C. § 1961,

cc. “**Final Order**” shall mean an order which has been entered and [1] as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending or [2] in the event that an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or certiorari has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, however, that no order shall fail to be a Final Order solely because of the

possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure may be filed with respect to such order.

dd. **“General Unsecured Claim”** shall mean any Claim against the Debtor that is not a Secured Claim, an Administrative Claim, or a Priority Tax Claim.

ee. **“Net Arrearage Amount”** shall mean (i) the total amount of contractual payments due to the holder of an Allowed Secured Claim from and after the Petition Date through the Effective Date, minus (ii) the total amount of all sums received by such holder from and after the Petition Date through the Effective Date

ff. **“Objection Deadline”** shall mean the date by which objections to Claims shall be filed with the Bankruptcy Court and served upon the respective holders of each of the Claims as provided in Section 9.1 of the Plan.

gg. **“Petition Date”** shall mean November 3, 2014.

hh. **“Plan”** or **“Plan of Reorganization”** shall mean this Second Amended Plan of Reorganization, either in its present form or as it may hereafter be altered, amended or modified from time to time.

ii. **“Plan Secured Note”** shall mean a promissory note made payable by the Reorganized Debtor to the holder of certain Allowed Secured Claims in equal monthly installments of principal and interest beginning on the Effective Date, and which incorporate the following material financial terms:

Class	Annual Interest Rate	Principal Amount	Note Term	Up-Front Payment
2	0%	Remaining Net Arrearage Amount	3 years	\$20,000
3	0%	Remaining Net Arrearage Amount	5 years	\$50,000
5	3%	Allowed Class 5 Claim	5 years	\$0

jj. **“Priority Tax Claim”** shall mean a Claim of a governmental unit of the kind specified in section 507[a][8] of the Bankruptcy Code, specifically including but not limited to claims for tax years ending on or before the Petition Date.

kk. **“Professional Person”** shall mean a person retained or to be compensated pursuant to section 327, 328, 330, 503[b] or 1103 of the Bankruptcy Code.

ll. **“Remaining Net Arrearage Amount”** shall mean, for each holder or an Allowed Class 2 or 3 Secured Claim, an amount equal to the applicable Net Arrearage Amount minus the applicable Up-Front Payment.

mm. **“Reorganized Debtor”** shall mean the Debtor, as reorganized, on and after the Effective Date.

nn. **“Schedules”** shall mean the Schedules of assets and liabilities and the statements of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code and

Bankruptcy Rule 1007, as such Schedules and statements have been or may be supplemented or amended.

oo. “**Secured Claim**” shall mean a Claim secured by a Lien on property of the Debtor, which Lien is valid, perfected and enforceable under applicable law, is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law and which is duly established in the Case, but only to the extent of the value of the Collateral that secures payment of such Claim.

pp. “**Unsecured Claim**” shall mean a Claim other than a Secured Claim.

qq. “**Voting Deadline**” shall mean the date set by the Bankruptcy Court by which Ballots for accepting or rejecting the Plan must be received by the Balloting Agent.

Words and terms defined in section 101 of the Bankruptcy Code shall have the same meaning when used in the Plan, unless a different definition is given in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

1.2 Interpretation

Unless otherwise specified, all section, article and exhibit references in the Plan are to the respective section in, article of or exhibit to the Plan, as the same may be amended, waived or modified from time to time. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

1.3 Reorganized Debtor

The Plan shall be liberally construed for the benefit of the Debtor and Reorganized Debtor regarding the interchangeableness of the term “*Debtor*” with the term “*Reorganized Debtor*” and other instances of the use “*Reorganized*.”

ARTICLE 2: CLASSIFICATION OF CLAIMS

2.1 Claims Classified

For purposes of organization, voting and all confirmation matters, except as otherwise provided herein, all Claims [except for Administrative Claims] shall be classified as set forth in this Article 2 of the Plan.

2.2 Administrative Claims

Administrative Claims against the Debtor shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately on the terms set forth in Article 5 of the Plan.

2.3 Claims

The Plan classifies the Claims against the Debtor as follows:

Secured Claims

- [a] Class 1: Any Allowed Secured Claims of Ad Valorem Taxing Authorities.
- [b] Class 2: Any Allowed Secured Claims of U.S. Bank Trust, N.A.
- [c] Class 3: Any Allowed Secured Claims of PNC Mortgage.
- [d] Class 4: Any Allowed Secured Claims of JP Morgan Chase Bank, N.A.
- [e] Class 5: Any Allowed Secured Claims and Priority Claims of the IRS.

Unsecured Claims

- [f] Class 6: Any Allowed General Unsecured Claims.

Interests

- [g] Class 7: Interests of the Debtor.

ARTICLE 3: IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS

3.1 *Impaired Classes of Claims.*

Classes 2, 3, 5 and 6 are impaired under the Plan.

3.2 *Impairment Controversies*

If a controversy arises as to whether any Claim or any class of Claims is impaired under the Plan, the Bankruptcy Court shall, upon notice and a hearing, determine such controversy.

ARTICLE 4: PROVISIONS FOR TREATMENT OF CLAIMS UNDER THE PLAN

4.1 *Funding of Plan and Treatment of Claims*

The Debtor intends to pay Classes of Allowed Claims under the Plan as follows:

Secured Claims

[a] *Class 1 – Any Allowed Secured Claims of Ad Valorem Taxing Authorities.* Holders of Allowed Secured Claims in Class 1 shall retain and be entitled to enforce all of their legal, equitable, and contractual rights provided under applicable non-bankruptcy law.

[b] *Class 2 – Any Allowed Secured Claims of U.S. Bank Trust, N.A.* U.S. Bank Trust, N.A.’s Class 2 Allowed Secured Claim, shall be treated as a fully Secured Claim. U.S. Bank Trust, N.A. shall receive payment of its Allowed Secured Claim as follows:

- [1] The Debtor will resume making her contractual payments to U.S. Bank Trust, N.A. on the Effective Date; and
- [2] The Net Arrearage Amount owed to U.S. Bank Trust, N.A. as of the Effective Date will be paid by delivery of a Plan Secured Note in the principal amount of the Remaining Net Arrearage Amount, together with the applicable Up-Front Payment.

Any defaults occurring prior to the Confirmation Date shall be deemed cured upon entry of the Confirmation Order. U.S. Bank Trust, N.A. shall retain its Liens securing its Class 2 Allowed Secured Claim as security for the payments due hereunder until the final payment is made on U.S. Bank Trust, N.A.'s Class 2 Allowed Secured Claim, at which time U.S. Bank Trust, N.A. shall release its Liens. Notwithstanding the terms of any deed of trust or security agreement, no Lien upon the Collateral of the holder of the Class 2 Allowed Secured Claim shall be deemed a default thereunder so long as such Lien is provided for under the Plan and the Debtor is not in default of the terms of repayment of such Lien as provided in the Plan.

[c] *Class 3 – Any Allowed Secured Claims of PNC Mortgage.* PNC's Class 3 Allowed Secured Claim, shall be treated as a fully Secured Claim. PNC shall receive payment of its Allowed Secured Claim as follows:

- [1] The Debtor will resume making her contractual payments to PNC on the Effective Date; and
- [2] The Net Arrearage Amount owed to PNC as of the Effective Date will be paid by delivery of a Plan Secured Note in the principal amount of the Remaining Net Arrearage Amount, together with the applicable Up-Front Payment.

Any defaults occurring prior to the Confirmation Date shall be deemed cured upon entry of the Confirmation Order. PNC shall retain its Liens securing its Class 3 Allowed Secured Claim as security for the payments due hereunder until the final payment is made on PNC's Class 3 Allowed Secured Claim, at which time PNC shall release its Liens. Notwithstanding the terms of any deed of trust or security agreement, no Lien upon the Collateral of the holder of the Class 3 Allowed Secured Claim shall be deemed a default thereunder so long as such Lien is provided for under the Plan and the Debtor is not in default of the terms of repayment of such Lien as provided in the Plan.

[d] *Class 4 - Any Allowed Secured Claim of JP Morgan Chase Bank, NA.* JP Morgan Chase Bank, NA's Class 4 Allowed Secured Claim, shall be treated as a fully Secured Claim. Pursuant to 11 U.S.C. § 1124, the Reorganized Debtor shall cure all defaults that have occurred on or before the Effective Date. Confirmation of the Plan shall operate to (i) reinstate the maturity of the Class 4 Allowed Secured Claim as such maturity existed on the Petition Date; and (ii) leave otherwise unaltered the legal, equitable, or contractual rights to which the holder of the Allowed Class 4 Secured Claim is entitled, except that notwithstanding the terms of any deed of trust or security agreement, no Lien upon the Collateral of the holder of the Class 4 Allowed Secured Claim shall be deemed a default thereunder so long as such Lien is provided for under the Plan and the Debtor is not in default of the terms of repayment of such Lien as provided in the Plan.

[e] *Class 5 - Any Allowed Secured and Priority Tax Claims of the IRS.* The Allowed Claims of the IRS shall be paid by the Debtor in accordance with the provisions of Section 1129[a][9][C] and [D] of the Bankruptcy Code. Specifically, the Debtor will make sixty [60] equal payments of principal and interest in an amount necessary to amortize the Allowed Class 5 Claim, based on an interest rate of three percent [3.0%] per annum. The payments will begin on the Effective Date and will end on the same day of the month sixty [60] months following the Effective Date. The IRS shall retain its Liens on all Collateral securing its Allowed Class 5 Claim. The following additional provisions shall apply to the payment of the Allowed Class 5 Claim:

- If the Debtor fails to make any Plan payment, or deposits of any currently accruing employment or sales tax liability; or fails to make payment of any tax to the IRS within 10 days of the due date of such deposit or payment, or if the Debtor fails to file any required federal tax return by the due date of such return, then the IRS may notify the Debtor in writing that the Debtor is in default of the Plan. Failure to declare a default does not constitute a waiver by the IRS of the right to declare that the Debtor is in default.

- If the Debtor does not cure the default within 14 days of such notice, that shall constitute an “IRS Default” and the entire imposed liability, together with any unpaid current liabilities, may become due and payable immediately, and the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code. The IRS shall only be required to send two notices of default, and upon the third event of default, an IRS Default will be deemed to have occurred and the IRS may proceed to collect on all amounts owed without recourse to the Bankruptcy Court and without further notice to the Debtor.

- All payments will be sent to: IRS, Attention: Leo Carey, 1100 Commerce Street, Mail Code 5024 DAL, Dallas, Texas 75242.

[f] Notwithstanding the foregoing treatment specified above, the Debtor may, at its option, provide any holder of a Allowed Claim in Class 1, Class 2, Class 3, Class 4, or Class 5, treatment as provided under section 1124[2] or [3] of the Bankruptcy Code, with the Cash payments required by section 1124[2][A] and [C] of the Bankruptcy Code being made on the Effective Date; or [b] such holder’s Collateral. If such holder of an Allowed Secured Claim against the Debtor receives treatment as provided in [a] above, such holder shall retain any Liens securing the Allowed Secured Claim until paid in full.

[g] Notwithstanding the foregoing, the Debtor and any holder of a Allowed Secured Claim may agree to any alternate treatment of such Secured Claim, which treatment shall include preservation of such holder’s Lien; provided, however, that such treatment shall not provide a return to such holder of an amount having a present value in excess of the amount of such holder’s Allowed Secured Claim. Each such agreement shall be presented to the Bankruptcy Court before or within 90 [ninety] days after the Effective Date and shall not materially and adversely impact the treatment of any other creditor under the Plan.

Unsecured Claims

[h] *Class 6 – Any Allowed General Unsecured Claim.* In full and final satisfaction of all Allowed General Unsecured Claims, the Debtor shall make two equal payments to each holder of such Claim in an amount necessary to pay in full the holder’s Allowed General Unsecured Claim with interest at the Federal Judgment Rate. The first payment shall be made on the Effective Date and the second payment shall be made 60 days following the Effective Date.

Interests

[i] *Class 7 – Interests of the Debtor.* The Debtor shall retain her interest in all Exempt Property and non-Exempt Property.

**ARTICLE 5 : PROVISIONS FOR TREATMENT OF
UNCLASSIFIED CLAIMS UNDER THE PLAN**

5.1 *Treatment of Administrative Claims*

Each holder of an Allowed Administrative Claim against the Debtor shall receive on the Effective Date one of the following [i] the amount of such holder's Allowed Claim in one Cash payment; or [ii] such other treatment as may be agreed upon in writing by the Debtor and such holder. Provided, however, that an Administrative Claim representing a liability incurred in the ordinary course of business may be paid in the ordinary course of business. Liens securing Administrative Claims held by Ad Valorem Taxing Authorities remain unaffected by this Plan.

5.2 *Procedure for Filing Administrative Claims*

Save and except Ad Valorem Taxing Authorities, the holder of an Administrative Claim [including Fee Claims] incurred before the Effective Date shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, notice of such Administrative Claim and, if applicable, a Fee Application within sixty [60] days after the Effective Date. Failure to file and serve these documents timely and properly shall result in the Administrative Claim being forever barred and discharged.

ARTICLE 6: ACCEPTANCE OR REJECTION OF THE PLAN

6.1 *Classes Entitled to Vote*

Classes 1, 2, 3, 5, and 6 shall be entitled to vote separately to accept or reject the Plan as provided in applicable Bankruptcy Court orders and the Bankruptcy Code. Classes 4 and 7 do not vote since they are deemed to accept the Plan.

6.2 *Class Acceptance Requirement*

A class of Claims shall have accepted the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims in such class that have voted on the Plan.

6.3 *Cramdown*

If any class of Claims shall fail to accept the Plan in accordance with section 1126[c] of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan in accordance with section 1129[b] of the Bankruptcy Code. In the event that confirmation is requested under section 1129[b] of the Bankruptcy Code, the Debtor reserve the right to amend or otherwise modify the Plan to eliminate distributions to holders of any Claims junior to any class of Claims that is impaired under and has not accepted the Plan in accordance with section 1129[b][2] of the Bankruptcy Code.

ARTICLE 7: MEANS FOR IMPLEMENTATION OF THE PLAN

7.1 *Vesting of Assets*

On the Effective Date, all real and personal property of the estate of the Debtor, including

but not limited to all causes of action of the Debtor, and any avoidance actions of the Debtor, under applicable non bankruptcy law or the Bankruptcy Code, shall vest in the Reorganized Debtor and the Debtor's non-filing spouse as joint management community property and shall not be assertable by any party other than the Reorganized Debtor on behalf of her creditors subject to those Claims, Liens, and encumbrances as Allowed and restructured in this Plan and as specified herein.

7.2 Assumption of Liabilities

The liability for and obligations under the Plan shall be assumed by and become obligations of the Reorganized Debtor.

7.3 Disputed Claims

[a] Establishment of Disputed Claims Reserve. Notwithstanding any other provision of this Plan, no assets or property shall be distributed under this Plan on account of any Disputed Claim. For all Disputed Claims, the Reorganized Debtor shall establish and hold, in trust, distributions to be made on account of Plan Unsecured Note payable to the holders of Disputed Claims [each such reserve being herein called a "Disputed Claims Reserve"] with respect to each Class 1, 2, 3, 4, 5, or 6 Claim for which there exists a Disputed Claim, and shall place in each Disputed Claims Reserve the assets and property to be distributed on account of such Disputed Claims pursuant to this Plan, pending Allowance or Disallowance of such Claim. Pending entry of a Final Order concerning a Disputed Claim, the Reorganized Debtor shall pay into the Disputed Claims Reserve all payments provided for under this Plan pursuant to any Allowed Claim which would have been required to be delivered to the claimant absent a Disputed Claim. Cash held in any Disputed Claims Reserve shall be held in a segregated interest-bearing trust account. To the extent practicable, the Reorganized Debtor may invest the Cash in any Disputed Claims Reserve in a manner that will yield a reasonable net return, taking into account the safety of the investment.

[b] Determination of Disputed Claims Reserve. The Bankruptcy Court may, at any time, determine for each Class 1, 2, 3, 4, 5, or 6 Claim, the amount of assets and property sufficient to fund each Disputed Claims Reserve established with respect to any such class. The Bankruptcy Court may estimate and determine by an Estimation Order the Estimated Amount of Claims in each class for which a Disputed Claims Reserve has been established. Save and except Ad Valorem Taxing Authorities, any claimant holding a Disputed Claim so estimated will have recourse only to undistributed assets and property in the Disputed Claims Reserve for the class in which such Disputed Claim has been placed and not to the Reorganized Debtor or any other assets or property, should the Allowed Claim of such claimant, as finally determined by a Final Order, exceed such Estimated Amount.

[c] Return of Assets. Except as otherwise provided herein, all assets and properties [and all interest payments and dividends previously paid in connection therewith] in any Disputed Claims Reserve for any class of Claims remaining after the resolution of all disputes relating thereto shall be returned to the appropriate Reorganized Debtor for distribution in accordance with this Plan.

[d] Withholding of Taxes. The Reorganized Debtor shall withhold from any assets and property distributed under this Plan any assets and or property which must be withheld for federal,

state and local taxes payable by the Entity entitled to such property to the extent required by applicable law.

7.4 *Estimated Claims*

Except as otherwise provided herein, the Court may estimate for purposes of allowance pursuant to § 502[c], Bankruptcy Code, [i] any Disputed Claim or unliquidated Claim, or [ii] any portion or part of an Claim that is, itself, unliquidated. Any Estimation Order, to the extent it becomes a Final Order, shall determine the amount of the Allowed Claim so estimated.

7.5 *Claims on File; No Allowance of Untimely Claims*

The Debtor is relying on the formal proofs of Claims on file and the Debtor's Schedules currently on file in seeking confirmation of the Plan. No informal proof of claim shall be deemed to have been filed in this Case.

ARTICLE 8: PROVISIONS GOVERNING DISTRIBUTIONS

8.1 *Distributions*

Any distributions and deliveries to be made under the Plan shall be made on the Effective Date, as funds are available, as otherwise provided for herein, or as the Bankruptcy Court may order.

8.2 *Delivery of Distributions*

Subject to Bankruptcy Rule 9010, distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the proofs of Claim filed by such holders [or at the last known address of such a holder if no proof of Claim is filed or if the Debtor has been notified in writing of a change of address]. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Debtor is notified in writing of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Save and except with respect to Ad Valorem Taxing Authorities, after the first anniversary of the Effective Date, all unclaimed property shall revert to the Reorganized Debtor or any successor thereto, and the claim of any holder with respect to such property shall be discharged and forever barred.

8.3 *Time Bar to Cash Payments*

Checks issued by the Reorganized Debtor in respect of Allowed Claims shall be null and void if not negotiated within six months after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Save and except with respect to Ad Valorem Taxing Authorities, any claim in respect of such a voided check shall be made on or before the later of [1] the first anniversary of the Effective Date or [2] 90 days after the date of reissuance of such check. After such date, all claims in respect of void checks shall be discharged and forever barred.

**ARTICLE 9:
PROCEDURES FOR RESOLVING AND TREATING CONTESTED AND
DISPUTED CLAIMS UNDER THE PLAN**

9.1 *Objection Deadline*

As soon as practicable, but in no event later than sixty [60] days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made. Notwithstanding the foregoing sentence, as to any Claim which is filed after the Effective Date, an objection to such Claim shall be filed on or before sixty [60] days after the date on which such Claim is filed.

9.2 *Prosecution of Objections*

On and after the Effective Date, except as the Bankruptcy Court may otherwise order, the filing, litigation, settlement or withdrawal of all claim objections may be made by the Reorganized Debtor.

9.3 *No Distributions Pending Allowance*

Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to any Claim to the extent it is a Contested Claim unless and until such Contested Claim becomes an Allowed Claim, except with respect to Ad Valorem Taxing Authorities, in which case the Debtor shall pay the undisputed portion of any Contested Claim of an Ad Valorem Taxing Authority. Payments and distributions to each holder of a Contested Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the class of Claims to which the respective holder belongs.

**ARTICLE 10:
PROVISIONS GOVERNING EXECUTORY CONTRACTS AND
UNEXPIRED LEASES UNDER THE PLAN**

10.1 *Assumption or Non-Assumption of Certain Contracts*

This Plan constitutes a motion, pursuant to Bankruptcy Code § 365[a] to assume all Contracts, except those expressly rejected by the Debtor, in writing, at or prior to the Confirmation Hearing.

10.2 *Bar to Rejection Damages*

If the rejection of a Contract by the Debtor pursuant to this Plan results in damages to the other party or parties to such Contract, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, the Reorganized Debtor or her respective property or agents, successors or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before sixty [60] days following the Effective Date.

10.3 *Insurance Policies*

Notwithstanding anything in the Plan, all insurance policies under which the Debtor is the insured party shall be deemed assumed as of the Confirmation Date. All payments upon such policies are current; no Cure Payments are necessary.

10.4 Procedure for Determining Costs of Cure.

The Plan provides that entry of the Confirmation Order shall constitute a finding that the Debtor shall not owe any cure amounts in connection with any assumed pre-Petition Date Contract and shall constitute approval of such assumptions pursuant to Bankruptcy Code Sections 365(a), 365(b), and 1123 of the Bankruptcy Code, unless the Confirmation Order or another order of the Bankruptcy Court specifies a different cure amount. Any party to an assumed Contract that contends that a cure amount is due shall be required to state the amount allegedly necessary to cure by filing and serving an objection on counsel for the Debtor prior to the Confirmation Hearing and stating, in its objection, with specificity, the cure amount that such party believes is required (with appropriate documentation in support thereof). Any party to an assumed Contract that has not timely filed with the Bankruptcy Court and served on counsel for the Debtor prior to the Confirmation Hearing an appropriate objection shall be deemed to have waived any right to further assert that any cure amount are due. If a timely and properly filed objection is made, the cure amount, if any, shall be determined, if necessary, at the Confirmation Hearing or at such other date noticed for hearing or as may be determined by the Bankruptcy Court.

ARTICLE 11: RETENTION OF JURISDICTION

11.1 Scope of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, until the time that an order is entered closing the Case, the Bankruptcy Court shall retain and have jurisdiction over all matters arising in, arising under and related to the Case and the Plan. Without limitation, the Bankruptcy Court shall retain jurisdiction for the following specific purposes after the Confirmation of this Plan:

- [a] to modify this Plan pursuant to the Bankruptcy Rules and the Bankruptcy Code;
- [b] to enforce and interpret the terms and conditions of this Plan;
- [c] to enter such orders, including injunctions, as are necessary to enforce the title, rights, and powers of the Reorganized Debtor;
- [d] to enter an order concluding and terminating the Case;
- [e] to correct any defect, cure any omission, or reconcile any inconsistency in this Plan, or the Confirmation Order as may be necessary, consistent with the requirements of the Bankruptcy Code and Bankruptcy Rules to carry out the purposes and intent of this Plan, including the adjustment of the date[s] of performance under this Plan in the event the Effective Date does not occur as provided herein, so that the intended effect of this Plan may be substantially realized thereby;
- [f] to approve all Fee Claims;
- [g] to hear and determine any causes of action arising prior to the Effective Date or thereafter or in any way related to this Plan or the transactions contemplated hereby against the Debtor;

- [h] to determine any and all applications pending on Confirmation for the rejection, assumption or assignment of Contracts and the allowance of any Claim resulting therefrom;
- [i] to determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- [j] to hear and determine any and all adversary proceedings, applications, and contested matters, including any remands of appeals;
- [k] to ensure that distributions to holders of Allowed Claims are accomplished as provided herein;
- [l] to hear and determine any timely objections to or applications concerning Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, or Interest;
- [m] to enter and implement such orders as may be necessary or appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed, or vacated;
- [n] to enter and implement such orders as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the Plan and the transactions contemplated thereunder;
- [o] to hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146, Bankruptcy Code;
- [p] to hear and determine claims of exemptions;
- [q] to enter a discharge of the Debtor;
- [r] to enforce orders of the Bankruptcy Court determining the status of Exempt Property; and
- [s] to determine claims under 11 U.S.C. § 506[c] against the holders of any Allowed Secured Claim.

Notwithstanding the foregoing, after the Effective Date, the Bankruptcy Court shall not retain jurisdiction to convert the Case to a proceeding under another chapter of the Bankruptcy Code.

11.2 *Failure of the Bankruptcy Court to Exercise Jurisdiction*

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under or related to the Case, including the matters set forth in Section 11.1 of the Plan, this Article 11 shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE 12: MISCELLANEOUS PROVISIONS

12.1 *Setoff Rights*

In the event that the Debtor has a claim of any nature whatsoever, including but not limited to a 11 U.S.C. 506[c] claim, against the holder of a Claim, the Debtor may, but is not required to, setoff against the Claim [and any payments or other distributions to be made in respect of such Claim hereunder], subject to the provisions of section 553 of the Bankruptcy Code. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor of any claim that the Debtor may have against the holder of a Claim.

12.2 Discharge

The Court shall grant a discharge on [i] completion of all payments under the Plan or [ii] after notice and a hearing, if [a] the value as of the Effective Date of property actually distributed under the Plan on account of each Allowed Unsecured Claim is not less than the amount that would have been paid on such Claim if the estate of the Debtor had been liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date; [b] modification of the Plan under Section 1127 of the Bankruptcy Code is not practicable; and [c] the requirements of Section 1141(d)(5)(C) of the Bankruptcy Code are met. Such discharge shall apply as to all existing debts and Claims of any kind, nature or description whatsoever against the Debtor or any of her assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code, including but not limited to Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date and all debts of the kind specified in sections 502[g], 502[h] or 502[i] of the Bankruptcy Code, whether or not [x] a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; [y] a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or [z] the holder of a Claim has accepted the Plan. As provided in section 524 of the Bankruptcy Code, entry of the discharge shall void any judgment against the Debtor at any time obtained to the extent it relates to a Claim discharged and operates as an injunction against the prosecution of any action against the Debtor or any of her property, to the extent it relates to a Claim discharged. The order of the Bankruptcy Court discharging the Debtor shall constitute a judicial determination, of the discharge of all such Claims and other debts and liabilities of the Debtor, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtor, as reorganized, at any time, to the extent such judgment is related to a discharged Claim.

As of the Effective Date, except as provided in the Plan or the Confirmation Order, all holders of Claims against the Debtor shall be precluded from asserting against the Debtor, as reorganized, or her respective successors or property, any other of further Claims, debts, rights, causes of action, liabilities based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

12.3 Injunctions

The Confirmation Order shall contain such injunctions as may be necessary and helpful to effectuate the discharge of the Debtor provided herein. **WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SUCH INJUNCTION SHALL INCLUDE AN ABSOLUTE PROHIBITION FROM COLLECTING CLAIMS OR ASSERTING CONTROL OF PROPERTY OF THE ESTATE AS IT HAS REVESTED IN THE REORGANIZED DEBTOR PURSUANT TO SECTION 7.1 OF THE PLAN IN ANY MANNER OTHER THAN AS PROVIDED FOR IN THE PLAN.** Provided however, that parties to assumed Contracts shall not be enjoined from pursuing their rights and remedies under such Contracts and may exercise their rights and remedies in accordance with the terms and conditions of such Contract.

12.4 *Pre-Petition Date Lawsuits/Insurance*

On the Effective Date, lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of a Claim shall be dismissed as to the Reorganized Debtor; provided however, if an appeal or post judgment of any such matter is pending as of the Confirmation Date, the Claim shall be determined by the court[s] in which such case is pending; provided further that if such case is reversed or remanded to the trial court, the Claim shall be asserted and finally determined by the Bankruptcy Court.

Dismissals of proceedings provided herein shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. All parties to any such action shall be enjoined by the Bankruptcy Court in the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions. Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtor in which the Debtor are or were the insured party; the Reorganized Debtor shall become the insured party under any such policies. Each insurance company is prohibited from, and the Confirmation Order shall include an injunction against, denying, refusing, altering or delaying coverage on any basis regarding or related to the Debtor's bankruptcy, the Plan or any provision within the Plan, including the treatment or means of liquidation set out within the Plan.

12.5 *De Minimis Distributions*

No distribution of less than \$25.00 shall be made to any holder of an Allowed Claim. Such undistributed amount will be retained by the Reorganized Debtor.

12.6 *Payment of Statutory Fees*

The Reorganized Debtor shall be responsible for the timely payment of fees incurred pursuant to 28 U.S.C. § 1930[a][6] until the clerk of the Bankruptcy Court closes the Case. The Reorganized Debtor shall file with the Court and serve upon the U.S. Trustee a quarterly financial report for each quarter [or portion thereof] that the Case remain open in a format prescribed by the U.S. Trustee.

12.7 *Post-Effective Date Fees and Expenses of Professional Persons*

Except as provided in this Plan, after the Effective Date, the Reorganized Debtor shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of the Professional Persons employed by the Reorganized Debtor, related to the implementation and consummation of the Plan, provided, however, that no such fees and expenses shall be paid except upon receipt by the Reorganized Debtor of a written invoice, which invoice shall also be served upon counsel for the Debtor, and the United States Trustee, by the Professional Person seeking fees and expense reimbursement and provided, further, however, that the Reorganized Debtor may, within 10 days after receipt of an invoice for fees and expenses, request the Bankruptcy Court to determine any such request and the Bankruptcy Court shall have jurisdiction to do so. In such event, the Bankruptcy Court shall apply the same standard for approval of fees and expenses as applied throughout the Case.

12.8 *Bankruptcy Restrictions*

From and after the Effective Date, the Reorganized Debtor shall no longer be subject to the restrictions and controls provided by the Bankruptcy Code [*e.g.*, section 363 or 364]. The Reorganized Debtor may conduct her affairs in such manner as is consistent with Entities not in bankruptcy without the need of seeking Bankruptcy Court approval. No monthly operating reports will be filed after the Effective Date; however, the Reorganized Debtor shall provide the U.S. Trustee such financial reports as the U.S. Trustee may reasonably request until the entry of a final decree.

12.9 *Binding Effect*

The Plan shall be binding upon and inure to the benefit of the Debtor, the holders of Claims and their respective successors and assigns; provided, however, that if the Plan is not confirmed, the Plan shall be deemed null and void and nothing contained herein shall be deemed [i] to constitute a waiver or release of any Claims by the Debtor, or any other Entity, [ii] to prejudice in any manner the rights of the Debtor, or any other Entity, or [iii] to constitute any admission by the Debtor, or any other Entity.

12.10 *Governing Law*

Unless a rule of law or procedure is supplied by federal law [including the Bankruptcy Code and Bankruptcy Rules], the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan or the Case, except as may otherwise be provided in such agreements, documents and instruments.

12.11 *Modification of Plan*

Except as provided in section 1127(e) of the Bankruptcy Code, modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that [a] the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and [b] the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after the Confirmation Date and before substantial consummation by the Debtor, provided that [i] the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, [ii] the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code and [iii] the circumstances warrant such modifications.

The Plan may be modified after substantial consummation of the Plan in accordance with section 1127(e) of the Bankruptcy Code. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

12.12 *Closing and Reopening the Case*

The Case shall be closed promptly after the Effective Date and shall not be subject to reopening except [i] to modify the Plan in accordance with section 1127[e] of the Bankruptcy Code; [ii] on the request of the Debtor, for cause shown.

12.13 *Creditor Defaults*

Any act or omission by a creditor in contravention of a provision within this Plan shall be deemed an event of default under this Plan. Upon an event of default, the Reorganized Debtor may seek to hold the defaulting party in contempt of the Confirmation Order. If such creditor is found to be in default under the Plan, such party shall pay the reasonable attorneys' fees and costs of the Reorganized Debtor in pursuing such matter. Furthermore, upon the finding of such a default by a creditor, the Bankruptcy Court may [a] designate a party to appear, sign and/or accept the documents required under the Plan on behalf of the defaulting party, in accordance with Federal Rule of Civil Procedure 70 or [b] make such other order as may be equitable which does not materially alter the terms of the Plan as confirmed. Save and except with respect to Ad Valorem Taxing Authorities, upon the payment in full of any Allowed Secured Claim as provided under this Plan, the holder of such Allowed Secured Claim shall execute, deliver and file a release of all liens and security interests securing its Allowed Secured Claim within forty-five [45] days of such payment and in the event it fails to do so, shall, as liquidated damages, pay to the Debtor a sum in cash equal to the greater of \$3,000 or the Debtor's actual costs of enforcing this provision.

12.14 *Default by the Debtor*

In the event that the holder of an Allowed Claim asserts that a default under the Plan has occurred by the Debtor, such creditor must provide the Debtor with written notice ["Notice"] of such default to the following address: 8923 Devonshire, Dallas, Texas via overnight mail or similar same-day or express delivery. If the default asserted in the Notice remains uncured on the fifteenth [15th] day from the date on which such Notice is sent, the holder of such Allowed Claim may pursue

any rights or remedies it may have under applicable non-bankruptcy law, whether state, federal or otherwise.

12.15 Severability

SHOULD THE BANKRUPTCY COURT DETERMINE THAT ANY PROVISION OF THE PLAN IS UNENFORCEABLE EITHER ON ITS FACE OR AS APPLIED TO ANY CLAIM OR TRANSACTION, THE DEBTOR MAY MODIFY THE PLAN IN ACCORDANCE WITH SECTION 12.11 OF THE PLAN SO THAT SUCH PROVISION SHALL NOT BE APPLICABLE TO THE HOLDER OF ANY CLAIM. SUCH A DETERMINATION OF UNENFORCEABILITY SHALL NOT [1] LIMIT OR AFFECT THE ENFORCEABILITY AND OPERATIVE EFFECT OF ANY OTHER PROVISION OF THE PLAN OR [2] REQUIRE THE RESOLICITATION OF ANY ACCEPTANCE OR REJECTION OF THE PLAN.

12.16 Integration Clause

The Plan is a complete, whole, and integrated statement of the binding agreement between the Debtor, creditors, and the parties-in-interest upon the matters herein.

12.17 Exculpations

Neither the Debtor, nor her agents or attorneys, shall have or incur any liability to any holder of a Claim for any act, event or omission in connection with, or arising out of, the Case, the confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

12.18 Releases of Lien Upon Payment.

Upon the payment in full of any Allowed Secured Claim as provided under this Plan, the holder of such Allowed Secured Claim shall execute, deliver and file a release of all liens and security interests securing its Allowed Secured Claim within forty-five [45] days of such payment unless this Plan provides a shorter time period for same. In the event it fails to do so, shall, as liquidated damages, pay to the Debtor a sum in cash equal to the greater of \$3,000 or the Debtor's actual costs of enforcing this provision.

Dated: August 11, 2016.

/s/ Howard Marc Spector

Howard Marc Spector

TBA #00785023

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COUNSEL FOR DEBTOR

Exhibit B

Monthly Operating Report Summary

	June 2015	July 2015	Aug. 2015	Sept. 2015	Oct. 2015	Nov. 2015	Dec. 2015	Jan. 2016	Feb. 2016	March 2016	April 2016	May 2016
Cash - Beginning of Month	\$ 410.10	\$ 76.83	\$ 150.72	\$ 188.07	\$ 524.06	\$ (51.15)	\$ 108.35	\$ 157.89	\$ 2,783.46	\$ (310.93)	\$ 2,112.81	\$ 180.86
Total Receipts	\$ 6,860.00	\$ 5,798.88	\$ 8,272.00	\$ 5,660.00	\$ 6,100.00	\$ 11,890.00	\$ 5,139.55	\$ 8,929.98	\$ 7,370.00	\$ 12,648.12	\$ 5,472.81	\$ 19,130.00
Total Ordinary Disbursements	\$ 7,193.27	\$ 5,724.99	\$ 6,222.26	\$ 4,999.01	\$ 6,675.21	\$ 11,134.67	\$ 5,028.66	\$ 6,146.52	\$ 10,464.39	\$ 10,224.38	\$ 5,291.95	\$ 18,830.28
Total Disbursements	\$ 7,193.27	\$ 5,724.99	\$ 8,083.93	\$ 5,324.01	\$ 6,675.21	\$ 11,134.67	\$ 5,181.66	\$ 6,146.52	\$ 10,464.39	\$ 10,224.38	\$ 5,291.95	\$ 18,830.28
Net Cash Flow	\$ (333.27)	N/A	\$ 188.07	\$ 335.99	\$ (575.21)	\$ 755.33	\$ 5,339.55	\$ 8,929.98	\$ 10,153.46	\$ 12,337.19	\$ 5,472.81	\$ 19,310.86
Cash - End of Month	\$ 76.83	\$ 150.72	\$ 188.07	\$ 524.06	\$ (51.15)	\$ 108.37	\$ 157.89	\$ 2,783.46	\$ (310.93)	\$ 2,112.81	\$ 180.86	\$ 480.48

Exhibit B

Add 5/31/16 End of Month Cash per attached Profit & Loss Statement	\$ 256,654.62						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Starting Cash (Plan Term)	\$ 256,654.62	\$ 149,409.24	\$ 117,163.86	\$ 84,918.48	\$ 67,073.10	\$ 49,227.72	
Add yearly cash accrual per attached Profit & Loss Statement	\$ 256,654.62	\$ 256,654.62	\$ 256,654.62	\$ 256,654.62	\$ 256,654.62	\$ 256,654.62	
Deduct Up Front Mortgage Payments Due Under Plan							
-- Class 2	\$ (20,000.00)						
-- Class 3	\$ (50,000.00)						
Deduct Expenses (on a Yearly Basis not included in Monthly Operating Reports)							
-- Class 2	\$ (42,000.00)	\$ (42,000.00)	\$ (42,000.00)	\$ (27,600.00)	\$ (27,600.00)	\$ (27,600.00)	
-- Class 3	\$ (184,800.00)	\$ (184,800.00)	\$ (184,800.00)	\$ (184,800.00)	\$ (184,800.00)	\$ (132,000.00)	
-- Class 4	\$ (3,300.00)	\$ (3,300.00)	\$ (3,300.00)	\$ (3,300.00)	\$ (3,300.00)	\$ (3,300.00)	
-- Class 5	\$ (58,800.00)	\$ (58,800.00)	\$ (58,800.00)	\$ (58,800.00)	\$ (58,800.00)	\$ (58,800.00)	
-- Class 6	\$ (5,000.00)						
Ending cash (Plan Term)	\$ 149,409.24	\$ 117,163.86	\$ 84,918.48	\$ 67,073.10	\$ 49,227.72	\$ 142,982.34	

Exhibit B

**PUTSI, INC.
May 31, 2016
Financial Statements**

Exhibit B**PUTSI, INC.
Balance Sheet
May 31, 2016****ASSETS****Current Assets**

PLAINS CAPITAL BANK 2325	\$	256,654.62
PLAINS CAPITAL BANK 3606		543.70
ACCOUNTS RECEIVABLE		1,515,280.05
LOAN TO SHAREHOLDER		<u>41,168.49</u>

Total Current Assets \$ 1,813,646.86

Fixed Assets

FURNITURE, FIXTURES & EQUIPMENT	145,847.56
TRANSPORTATION EQUIPMENT	45,202.22
LEASEHOLD IMPROVEMENTS	5,253.44
ACCUMULATED DEPRECIATION	<u>(196,303.22)</u>

Other Assets

Total Assets \$ 1,813,646.86

Exhibit B**PUTSI, INC.
Balance Sheet
May 31, 2016****LIABILITIES AND EQUITY****Current Liabilities**

SALES TAX PAYABLE - TX	\$	2,105.95	
SALES TAX PAYABLE - ARK		4,624.13	
PAYROLL TAX PAYABLE		9,851.28	
ACCOUNTS PAYABLE		31,231.41	
CITI MASTERCARD		<u>542.43</u>	

Total Current Liabilities

\$ 48,355.20

Long Term Liabilities**Equity**

COMMON STOCK		1,000.00	
RETAINED EARNINGS		1,476,041.29	
WITHDRAWALS		(19,198.07)	
DISTRIBUTION PW		(44,865.00)	
DISTRIBUTION NM		(14,121.00)	
Current Income (Loss)		<u>366,434.44</u>	

Total Equity1,765,291.66**Total Liabilities & Equity**\$ 1,813,646.86

Exhibit B**PUTSI, INC.****Income Statement****For the Period Ended May 31, 2016**

	1 Month Ended May 31, 2016	Pct	5 Months Ended May 31, 2016	Pct
Revenue				
GROSS SALES	\$ 409,712.96	100.00	\$ 968,364.24	99.88
RETURN AND ALLOWANCES	<u>0.00</u>	<u>0.00</u>	<u>1,116.35</u>	<u>0.12</u>
Total Revenue	409,712.96	100.00	969,480.59	100.00
Cost of Sales				
PURCHASES	175,068.74	42.73	445,266.09	45.93
CONTRACT LABOR	<u>8,792.19</u>	<u>2.15</u>	<u>55,659.38</u>	<u>5.74</u>
Total Cost of Sales	<u>183,860.93</u>	<u>44.88</u>	<u>500,925.47</u>	<u>51.67</u>
Gross Profit	225,852.03	55.12	468,555.12	48.33
Operating Expenses				
ADVERTISING	262.01	0.06	4,494.81	0.46
BANK CHARGES	275.00	0.07	1,302.29	0.13
CAR AND TRUCK EXPENSES	877.02	0.21	4,031.30	0.42
PARKING AND TOLLS	0.00	0.00	53.60	0.01
DUES, FEES AND SUBSCRIPTIONS	108.77	0.03	108.77	0.01
FREIGHT	3,595.00	0.88	22,717.36	2.34
INSURANCE	1,295.52	0.32	2,508.91	0.26
LAUNDRY AND JANITORIAL	0.00	0.00	525.00	0.05
LEGAL AND PROFESSIONAL FEES	569.50	0.14	8,063.98	0.83
OFFICE EXPENSES	727.27	0.18	4,446.78	0.46
POSTAGE	2,297.54	0.56	2,485.01	0.26
PRINTING	0.00	0.00	476.68	0.05
RENT	2,509.92	0.61	13,967.77	1.44
RENT - EQUIPMENT	28.75	0.01	395.26	0.04
SUPPLIES	296.07	0.07	431.98	0.04
TAXES - PAYROLL	0.00	0.00	49.91	0.01
TAXES - OTHER	150.00	0.04	168.91	0.02
TELEPHONE	967.99	0.24	7,508.27	0.77
TRADE SHOWS	0.00	0.00	4,805.00	0.50
TRAVEL AND LODGING	3,693.75	0.90	12,520.55	1.29
MEALS AND ENTERTAINMENT	1,448.64	0.35	10,671.54	1.10
UTILITIES	<u>105.00</u>	<u>0.03</u>	<u>387.00</u>	<u>0.04</u>
Total Expenses	<u>19,207.75</u>	<u>4.69</u>	<u>102,120.68</u>	<u>10.53</u>
Operating Income	<u>206,644.28</u>	<u>50.44</u>	<u>366,434.44</u>	<u>37.80</u>
Total Other Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss)	\$ <u><u>206,644.28</u></u>	<u><u>50.44</u></u>	\$ <u><u>366,434.44</u></u>	<u><u>37.80</u></u>