

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
www.flsb.uscourts.gov

IN RE:

Case No. 15-27975-RBR

RICHARD DENNIS AND
BARBARA DIANE HAYNES

Chapter 11

Debtors.

FIRST DISCLOSURE STATEMENT

Richard Dennis Haynes and Barbara Diane Haynes (hereinafter referred to as the "Debtors"), pursuant to 11 U.S.C. 1125 and Bankruptcy Rule 3016(c) hereby provide this First Disclosure Statement (the "Disclosure Statement") to all known creditors in order to disclose that information deemed by the Debtors to be material, important and necessary for their creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance, rejection, or abstention from voting on the Debtors' Plan of Reorganization, (hereinafter referred to as the "Plan"). A copy of the Plan accompanies this Disclosure Statement.

I. INTRODUCTION

Debtors filed its Plan with the United States Bankruptcy Court for the Southern District of Florida and, in connection with the Plan, the Debtors hereby submits its Disclosure Statement to all holders of claims against or interests in the Debtors, pursuant to Section 1125 of the Bankruptcy Code (the "Code").

NO REPRESENTATIONS CONCERNING THE DEBTORS (PARTICULARLY AS TO THEIR FUTURE BUSINESS OPERATIONS OR THE VALUE OF THEIR ASSETS) ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS STATEMENT. FUTURE VALUES OF ASSETS ARE SUBJECT TO CHANGING MARKET CONDITIONS

AND MAY NOT BE PREDICTED WITH COMPLETE ACCURACY, EVEN WHERE QUALIFIED APPRAISALS MAY BE AVAILABLE.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION TO ACCEPT OR REJECT THE PLAN.

EXCEPT WHERE OTHERWISE INDICATED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN COMPILED BY MANAGEMENT OF THE DEBTORS AND HAS NOT BEEN SUBJECT TO CERTIFIED AUDIT.

THIS DISCLOSURE STATEMENT IS A LEGALLY BINDING DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY, AS OPPOSED TO RELYING ON THE SUMMARY. YOU MAY WISH TO CONSULT WITH A LAWYER IN ORDER TO FULLY UNDERSTAND THE DISCLOSURE AND PLAN ATTACHED HERETO.

THE Debtors BELIEVE THAT THIS DISCLOSURE STATEMENT COMPLIES WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE, AND REQUEST THAT YOU CAREFULLY REVIEW THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN, AND URGES THAT YOU ACCEPT THE PLAN BY PROMPTLY RETURNING YOUR COMPLETED BALLOT.

II. VOTING INSTRUCTIONS

After carefully reviewing the Plan, including all attachments thereto, and this Disclosure Statement and its exhibits, please indicate your vote on the enclosed ballot and return them in the

envelopes provided to the Clerk of the Bankruptcy Court. PLEASE VOTE EVERY BALLOT YOU RECEIVE. Completed ballots for holders of all Classes should be returned in the envelope provided herewith and MUST BE RECEIVED BY THE END OF BUSINESS ON _____, the ____ day of _____, 2016. If you have claims or interests in more than one class under the Plan, you will receive multiple ballots. IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, CALL 1-954-400-7474.

As a creditor of the Debtors, your vote on the Plan is most important. In order for the Plan to be accepted and thereafter confirmed by the Bankruptcy Court without resort to the "cram-down" provisions of the Code, votes representing at least two-thirds in amount and more than one-half in number of Claims allowed for voting purposes of each impaired class that are voted must be cast for the acceptance of the Plan.

III. HISTORY OF THE Debtors

Richard Haynes is employed by Mindray North America as a sales representative, and Mrs. Haynes works for Christ Church United Methodist, Inc. Mr. Haynes previously owned his own company Ideal Medical Source Inc which was in the business of distributing medical equipment.

Mr. and Mrs. Haynes own a home located at 2801 Coral Shores Dr. Fort Lauderdale Fl. It is encumbered by a first mortgage in favor of Wells Fargo and a second mortgage lien arising from a credit line in favor of BB&T, which matured in 2015 and was not renewed by BB&T. No payments were missed on this indebtedness until BB&T refused to renew the credit line.

The Haynes invested their retirement monies and all their life savings in South Florida

real estate. They purchased a residential rental property located at 59 Tranquility Way Marathon, Florida which was foreclosed resulting in a deficiency judgment in favor of Wells Fargo. They also owned a residential rental property located at Indigo Reef Marian Homes which is foreclosed, and a residential real property located at 694 Timberwood Circle East, Tallahassee, Fl (the "Tallahassee Property") which is presently in foreclosure. Finally, they own 18 lots located in Lehigh Acres and Citrus Springs which are encumbered by real estate taxes and a mortgage in excess of \$300,0000. The lender on these properties has not filed a claim in this case. The Haynes have not made payments on this debt for many years, however, a foreclosure has not been filed and the ownership of the debt is now unclear.

The Haynes purchased and still own a residential rental property at the Hawks Cay Resort located at 7052 Harbor Village Dr. Marathon, Fl 33050 (the "Duck Key Property"). The Haynes have qualified to participate in the rental program at Hawks Cay and believe the Duck Key Property could service its debt, as modified by their chapter 11 plan of reorganization.

The Haynes would like to reinstate the equity line on their homestead by modification and restructure the debt on the Hawks Cay Property. They wish to surrender the Tallahassee Property and the lots located in Lehigh Acres and Citrus County.

IV. DEFINITIONS

The definitions contained in the Plan have the same meaning when used in the Disclosure Statement.

V. FINANCIAL DATA

The Debtors' Periodic Financial Reports are available for inspection and review at the Clerk of the Bankruptcy Court's office in Fort Lauderdale, Florida, or at the offices of the Debtors. These reports set forth all of the Debtors' income and expenses as of the Petition Date.

VI. SUMMARY OF CLAIMS

Administrative Expenses are estimated to be as follows:

Susan D. Lasky, P.A \$15,000.00. Additional Fees may be due. All fees for professional compensation payable from Debtors' funds are subject to Court approval.

Priority Claims: Infernal Revenue Service 2025 Claim 2 \$6,858.05

Secured Claims -

Wells Fargo Bank, NA. (Claim 8 #7251) which arises from a note secured by a first mortgage on 2801 Coral Shores Dr. Fort Lauderdale Fl. 33306 in the amount of \$48,224.16.

BB & T (Claim 1 #3261) which holds a note secured by a second mortgage on 2801 Coral Shores Dr. Fort Lauderdale Fl. 33306 in the amount of \$128,903.57.

Wells Fargo Bank, N.A. (Claim 6 #9063) in the alleged amount of \$226,512.6,454.14 which arises from a note secured by a first mortgage on a property located at 7052 Harbor Village Dr. Marathon, Fl 33050 ("Duck Key Property).

Wells Fargo Bank N.A. and/or Wells Fargo Bank, N.A. Home Equity Group, ("Wells Fargo Home Equity") (Claim 11#1110). Wells Fargo was allowed a secured claim in the amount of \$153,728.50 (\$380,241.00 less \$228,512.50) and an unsecured claim in this case in the amount of \$64, 170.00 (\$217,898.00 less \$151,728.50) pursuant to Court Order. (DE 44)

Wells Fargo Bank N.A. which holds a promissory note which is secured by a first mortgage on a property located at 694 Timberwood Circle East Tallahassee Fl 32304 in the amount of \$133,174.84 Claim 7 #1348)

West Coast Fund LLC in the amount of \$385,964.00 secured by 18 Lots located in Lehigh Acres and Citrus Springs (Disputed, no claim filed)

Ally Financial (Claim 3) holds a note secured by a lien on a 2008 Cadillac SRX with over 81,000 miles in the amount of \$3,234.56 as of the Petition Date. This claim is paid in full.

General Unsecured Claims.

Charles Krblich PA	\$ 4,954.94
IRS claim 2	\$ 846.47
SMS claim 4 (9309)	\$ 300,530.90
SMS claim 5 (9308)	\$ 263,182.40
Wells Fargo Claim 9 (7434)	\$ 124,569.97 (judgement from equity line on Tranquility)
Wells Fargo claim 11 (1110)	\$ 64,170.00

Voidable transfers and/or Preferences None
Non-Bankruptcy Litigation. None
Tax Consequences Debtors' Reorganization. None.
Affiliates: **None**

VII. ADMINISTRATIVE EXPENSES AND PRIORITY CLAIMS

Administrative Expenses of the type specified in 11 U.S.C. §503, §506(c) and §507(a)(1) which are authorized and allowed by the Court will be paid in full at Confirmation or as otherwise agreed upon between the parties. Susan D. Lasky, PA will seek an award of compensation from the Court.

VII. PRIORITY CLAIMS

All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Specifically, the Debtors will pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), through the date of confirmation of the Plan, within fourteen (14) business days of the entry of an order confirming the Plan. Furthermore, the Debtors (as reorganized) will file with the Court post-confirmation Quarterly Operating Reports and pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another Chapter under the U.S. Bankruptcy Code.

There is priority tax claim for income taxes for the years ended 2015 in the amount of \$6,858.05 (claim 2). With respect to its claims of a kind specified in section 507(a)(8), the Internal Revenue Service will receive regular monthly installment payments in cash commencing

on the Effective Date over a period ending not later than 5 years after the Petition Date.

CLASS 1 will consist of the claim of Wells Fargo Bank, NA. (Claim 8 #7251) which arises from a note secured by a first mortgage on 2801 Coral Shores Dr. Fort Lauderdale Fl. 33306 in the amount of \$48,224.16. The note and mortgage are current and will continue to be paid on the terms and conditions set forth therein.

CLASS 2 will consist of the claim of BB & T (Claim 1 #3261) which holds an equity line of credit which is secured by a second mortgage on 2801 Coral Shores Dr. Fort Lauderdale Fl. 33306 in the principal amount of \$122,122.76. BB& T is seeking attorney's fee of \$6,780.81. Debtor is seeking to modify or renew the note and mortgage in the Mortgage Mediation Modification program. However, in the event the mediation is not successful, Debtors will pay the principal balance of the allowed secured claim of BB& T with interest at the rate of 3.75% amortized over a thirty (30) year period. BB & T will retain all liens.

CLASS 3 will consist of the claim of Wells Fargo Bank, N.A. (Claim 6 #9063) in the alleged amount of \$226,512.6,454.14 which arises from a note secured by a first mortgage on a property located at 7052 Harbor Village Dr. Marathon, Fl 33050 ("Duck Key Property). This loan is current and will continue to be paid under the original terms and conditions. Wells Fargo Bank N.A. will retain its first mortgage lien.

CLASS 4 will consist of the claim of Wells Fargo Bank N.A. and/or Wells Fargo Bank, N.A. Home Equity Group, ("Wells Fargo Home Equity") in the alleged amount of \$151,728.50 (Claim 11 #1110 as modified by Court Order Valuing the claim DE 44) which is secured to the extent of the equity in the Duck Key Property by a second mortgage. Debtors will pay the allowed secured claim of Wells Fargo Home Equity with interest at the rate of 3.75% amortized

over a thirty (30) year period. Debtor will make a payment on the Effective Date in the amount of \$228.50 and then make payments of \$703.00 for a thirty year term. Wells Fargo Home Equity will retain its lien to the extent of its allowed secured claim.

CLASS 5 will consist of the claim of Wells Fargo Bank N.A. which holds a promissory note which is secured by a first mortgage on a property located at 694 Timberwood Circle East Tallahassee Fl 32304 in the amount of \$133,174.84 (Claim 7 #1348). This property will be surrendered and foreclosed or sold short with the consent of Wells Fargo.

CLASS 6 will consist of the claim of West Coast Fund LLC in the amount of \$385,964.00 secured by 18 Lots located in Lehigh Acres and Citrus Springs. These properties are being sold for past due ad valorem taxes, and will be surrendered. Any potential unsecured claim of the first lienholder will be treated in Class 8 and discharged.

CLASS 7 will consist of the claim of Ally Financial which holds a note secured by a lien on a 2008 Cadillac SRX with over 81,000 miles in the amount of \$3,234.56 on the Petition Date (Claim 3). This claim is paid in full.

CLASS 8 will consist of Allowed Unsecured Claims which are presently the claims set forth below:

Charles Krblich PA	\$ 4,954.94
IRS claim 2	\$ 846.47
SMS claim 4 (9309)	\$ 300,530.90
SMS claim 5 (9308)	\$ 263,182.40
Wells Fargo Claim 9 (7434)	\$ 124,569.97 (judgement from equity line on Tranquility)
Wells Fargo claim 11 (1110)	\$ 64,170.00

Debtor will pay Class 8 creditors the amount of their disposable income which is the sum of \$150.00 a month for sixty (60) months in satisfaction of class 8 claims.

CLASS 9 will consist of the individual Debtor who will not receive any distribution under the plan.

VIII. CLASSIFICATION AND TREATMENT OF CLAIMS

IX. SUMMARY OF THE PLAN AND MEANS FOR EXECUTION

A. SUMMARY OF THE PLAN

The Plan which accompanies this Disclosure Statement sets forth with particularity the manner in which all classes of creditors and interest holders will be paid or otherwise treated.

Payment to all creditors will be made from the Debtors disposable income.

Management and Compensation Not applicable, Individual case.

Ownership. Not Applicable, individual case.

Affiliates. None.

X. IMPAIRMENT OF CLASSES

Impaired Classes. A class of claims is impaired under the Plan when the Plan alters the legal, equitable and contractual rights to which this claim is entitled.

A. Impaired Classes. **Classes 2, 4,5,6 and 8 are impaired and entitled to vote** separately to accept or reject the Plan.

B. Acceptance by Class of Creditors. A class of claims will have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of Allowed Claims of such Class that have accepted or rejected the Plan.

C. Cramdown. In the event that any impaired Class of creditors with claims against

any of the Debtors' Estate will fail to accept the Plan in accordance with § 1129(a) of the Bankruptcy Code, the Debtors may request the Bankruptcy Court to confirm the Plan in accordance with §1129(b) of the Bankruptcy Code.

XI. EFFECT OF CONFIRMATION

Effect of Confirmation Pursuant to 1141(d) upon confirmation of the Plan, the Debtors will be discharged of all claims and liabilities arising prior to the filing of the Petition, whether or not a proof of claim is filed, the claim is allowed or the holder of a claim has accepted the plan, if the Debtors do not liquidate. Confirmation of the Plan will satisfy all claims or causes of action arising out of any claim settled and satisfied under the terms of the Plan. Confirmation of the plan will vest title to all of its assets in the reorganized Debtors.

Reservation of Rights Under Sections 1141(d)(5) and 350(a). The Debtors reserve the right, after confirmation, to seek the closing of this bankruptcy proceeding prior to the entry of an Order of Discharge, upon the payment of the initial payment under the Plan, payment of all outstanding quarterly United States Trustees Fees, and the filing of any outstanding federal income tax returns. Such a request may be granted only upon notice and hearing, with notice to all creditors and interested parties. If such request is granted, then upon the satisfaction of all payments required to be paid inside the Plan to Class 6 creditors, the Debtors may file a motion to reopen this bankruptcy proceeding, pursuant to 11 U.S.C. § 350(b), and the Court may then grant the Debtors a discharge, pursuant to 11 U.S.C. § 1141(d)(5). This paragraph only preserves the Debtors' right to seek the relief described above and does not conclusively grant such relief. Creditors' and interested parties' rights to object to such relief shall similarly be preserved until such time as it is requested by the Debtors after confirmation

XII. BEST INTEREST OF CREDITORS AND FEASIBILITY STANDARD

The Bankruptcy Code requires that the Plan be accepted by requisite votes of impaired

classes of creditors, that the Plan be proposed in good faith, be feasible, and that confirmation of the Plan be in the best interest of all holders of claims and interests. To confirm the Plan, the Bankruptcy Court must find that all these requirements are met. Accordingly, even if the creditors of the Debtors accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan feasibility and whether the Plan is in the best interest of creditors before the Court may confirm the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims and interests a recovery which has a present value at least equal to the present value of the distribution which each such person would receive from the Debtors if the Debtors liquidated THEIR assets under Chapter 7 of the Bankruptcy Code. The Debtors feels that the Plan as proposed is in the best interests of the creditors in that it provides for an efficient, effective and orderly satisfaction of the Debtors' objections to claims.

XIII. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept the Plan. The Bankruptcy Code, however, contains provisions for confirmation of a Plan even if the Plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. These "cramdown" provisions for confirmation of the Plan, despite the non-acceptance of one or more impaired classes of claims or interests, are set forth in 11 U.S.C. 1129(b) which requires the Bankruptcy Court to find that the Plan treatment of a nonaccepting impaired class is fair and equitable.

XIV. OBJECTIONS TO CLAIMS

14.1 Provisions for Treatment of Disputed Claims.

Debtors disputed the claim of West Coast Fund LLC and no claim was filed by the bar date of February 18, 2016. Accordingly, any unsecured claim of West Fund LLC against the Debtors is stricken and forever barred.

Debtors disputed the claim of Wells Fargo w/r/t Loan 7464 (Indigo Reef Condo), and no claim was filed by the bar date of February 18, 2016. Accordingly, any unsecured claim of Wells Fargo w/r/t Loan 7464 against the Debtors is stricken and forever barred.

Debtors disputed the claim of Wells Fargo w/r/t Loan 1998(Indigo Reef condo), and no claim was filed by the bar date of February 18, 2016. Accordingly any unsecured claim of Wells Fargo w/r/t Loan 1998 against the Debtors is stricken and forever barred.

14.2 Provision for Rejection Claims. In the event the rejection of a contract gives rise to a Rejection Claim not otherwise provided for herein, the holder of such claim must file such claim within thirty (30) days following the rejection of said contract or the Confirmation Hearing whichever occurs first. Such claim must, in addition to its filing with the Bankruptcy Court, be served upon the undersigned attorneys for the Debtors.

XV. EXECUTORY CONTRACTS

Executory Contracts and Unexpired Leases. Any executory contract or unexpired lease not specifically assumed will be deemed rejected.

XVI. LIQUIDATION ANALYSIS & ALTERNATIVES TO CONFIRMATION, INCLUDING RISK

In the event that the accompanying Plan, as such may be further modified or amended, is not accepted by the holders of Allowed Claims and Allowed Interests in the impaired classes or otherwise confirmed by the Court under the cramdown provisions of Section 1129(b) of the Bankruptcy Code, the Debtors believes that the Debtors case would be dismissed or converted to a case under Chapter 7, a Trustee would be appointed and the pre petition assets liquidated for distribution to creditors. Without a continuing operation, there is no revenue from which to pay claims. Accordingly, creditors would probably not realize payment on their claims in a liquidation.

XVII. LIQUIDATION ANALYSIS

Accordingly, if a plan is not confirmed and the Debtors loses the real estate which generates their income, the current unsecured creditors may not receive a distribution on their

claims, which percentage could also be reduced by payment of the chapter 7 trustee fees. The Debtors are proposing to pay general unsecured creditors (%) of their allowed claims.

XVII. CONCLUSION AND RECOMMENDATIONS

The Debtors propose their Plan and recommends its confirmation. All creditors will receive payment of their claims to the greatest extent allowable under the Bankruptcy Code, and the expense of administering an estate under Chapter 7 will be avoided. The Debtors affirm their belief that administration of this estate as provided herein will ultimately maximize payments to each creditor.

s/Richard Haynes
Richard Haynes

s/Barbara Haynes
Barbara Haynes

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualifications to practice in this court set forth in Local Rule 2090-1(A).

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