



*Frank W. Volk*  
Frank W. Volk, Chief Judge  
United States Bankruptcy Court  
Southern District of West Virginia

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

**In Re:**

**THOMAS PHILLIP REYNOLDS  
ANGELA FAYE REYNOLDS**

**Case No: 14-50061  
Chapter 11**

**Debtors-in-Possession.**

**ORDER APPROVING SALE OF 78 ACRES OF REAL ESTATE  
LOCATED AT U.S. 219 NORTH, LEWISBURG, WEST VIRGINIA,  
FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES,  
AND INTERESTS, APPROVING BROKER COMMISSION,  
AND AUTHORIZING DISTRIBUTION OF SALE PROCEEDS**

Pending is the motion of the Debtors to Sell 78 Acres of Real Estate Located at U.S. 219 North, Lewisburg, West Virginia, Free and Clear of all Liens, Claims, Encumbrances, and Interests, Pursuant to 11 U.S.C. § 363(b), (f) and § 105 and Fed. R. Bankr. P. 2002 and 6004 (the "Sale Motion"). The Sale Motion and Notice of Sale have been served on all parties in interest. The Court having considered the motion does accordingly find that:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
3. Layton Hanna, Gary Canterbury, Nathan Hersman, and Ethan Reynolds or their assigns, the purchasers (the "Purchasers"), are good faith purchasers pursuant to 11 U.S.C. § 363(m).

4. The Debtors have reasonably exercised sound business judgment in deciding to enter into the agreement and to sell and transfer the 78 Acres as described in the Sale Motion as Lewisburg Corp. Tax District, Map 6, Parcels: 0012 0000 0000, 0013 0000 6001, 0013 0000 6002, 0013 0000 6003, 0013 0000 6004 ("Property"). The relief requested in the Sale Motion is in the best interests of the Debtors' estate, the Debtors' creditors, and other parties in interest.

5. The Sale was non-collusive, fair and reasonable, conducted in good faith and resulted in the Debtors obtaining the highest value for the Property. The consideration to be paid by Purchasers to the Debtors and claimants pursuant to the Purchase Agreements is fair and adequate and constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, and the District of Columbia.

6. The Notice of the motion is approved as proper and adequate under the circumstances

7. A reasonable opportunity to object or be heard with respect to the Sale Motion and relief requested therein, and the rights of third parties to submit higher or otherwise better offers for the Property has been afforded to all parties-in-interest.

8. The Purchasers would not have agreed to the sale and would not consummate the transactions contemplated thereby if the sale of the Property to the Purchasers was not free and clear of liens as set forth in the Sale Motion. With respect to any and all entities holding a Liability or with an encumbrance against the Property, either (i) such entity consented to the sale with the liability or encumbrance attaching to the proceeds of such sale, (ii) applicable

nonbankruptcy law permits the sale free and clear of such liability or encumbrance, (iii) such liability or encumbrance is in bona fide dispute, or (iv) such entity could be compelled to accept a money satisfaction of such liability or encumbrance, so that the conditions of 11 U.S.C. § 363(f) have been met.

NOW, THEREFORE, it is hereby ORDERED that:

A. The Sale Motion is GRANTED. All objections to the Sale Motion or the relief requested therein that have not been withdrawn, waived or settled are hereby overruled on the merits for the reason set forth on the record and as set forth herein.

B. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the Debtors' ability to sell and transfer the Property to the Purchasers in accordance with the terms of the Purchase Agreements and this Order.

C. Pursuant to the provisions of 11 U.S.C. §§ 105 and 363, the Debtors are authorized empowered and directed to implement and consummate all of the transactions (the "Sale") with the Purchasers and to sell the Property to Purchasers for the sum of \$1,166,000.

D. Pursuant to 11 U.S.C. § 363(f) and this Court's general equitable powers under 11 U.S.C. § 105(a), upon the Closing of the Sale, Purchasers will take title to and possession of the Property. The transfer of the Property will be free and clear of any and all liens, claims, liabilities, interests and encumbrances whatsoever, whether contingent, unliquidated, unmatured or otherwise, and whether of or against the Debtors, the Purchasers, or the Property. However, the sale is subject to compromise and payment of liens and claims against the estates of W.T. Reynolds and Sybil Reynolds. All such liens, claims, liabilities, interests and encumbrances will

attach solely to the proceeds of the Sale with the same validity and priority as they attached to the applicable Property.

E. The Debtors have established sound business justifications in support of the Sale. After considering the circumstances of this case, the Court determines that the purchase price presents the best opportunity for the Debtors' estate to realize the highest distribution possible to all creditors. The Debtors' Purchase Price, as approved herein, is the highest and best offer for the Property. The Debtors' Purchase Price constitutes full and adequate consideration and reasonably equivalent value for the Property. The transfer of the Property on the Closing to Purchasers for the Debtors' Purchase Price is in the best interest of the Debtors' estate, the Debtors' creditors and all parties-in-interest.

F. The transaction contemplated in the Sale Motion, as approved and implemented herein, are in compliance with and satisfy all applicable provisions, including but not limited to 11 U.S.C. §§ 363(b), (f) and (m). The terms and conditions of the sale of the Property are fair and reasonable.

G. Purchasers are third-party purchasers unrelated to the Debtors, with the exception of Ethan Reynolds who is the son of the Debtors, and the terms of Purchasers' purchase of the Property as set forth in the Purchase Agreements are fair and reasonable under the circumstances of this case.

H. The transfer of the Property to Purchasers represents an arms' length transaction and has been negotiated in good faith between the parties. Purchasers, as transferee of Property, are good faith purchasers within the meaning of 11 U.S.C. § 363(m). Purchasers have proceeded in good faith in all respect in connection with this proceeding.

I. Subject to the fulfillment of the terms and conditions of the Purchase Agreements, at the Closing the Debtors will sell, transfer, assign and convey to the Purchasers and/or their assigns all of the Debtors' rights, title and interest in, to and under the Property. The Debtors are authorized, empowered and hereby directed to deliver deeds and other such documentation that may be necessary or requested by the Purchasers in accordance with the terms of the Purchase Agreements to evidence the transfers required herein.

J. The Debtors are hereby authorized to execute the Deed and any other related documents that are reasonably necessary or appropriate to complete the sale, and to undertake such other actions as may be reasonably necessary or appropriate to complete the sale.

K. At the Closing, the Debtors are authorized to pay closing costs customarily paid by sellers of real estate, including but not limited to transfer taxes and the Debtors' pro-rata share of real estate taxes.

L. The commission of Old Spruce Realty in an amount equal to 6% of the gross proceeds of sale is hereby approved and shall be paid at Closing.

M. The Debtors' motion to carve out funds for payment administrative expenses as set forth in Exhibits B and C to the Sale Motion from sale proceeds is approved.

N. The Debtors are authorized to distribute net proceeds of sale to claimants and lien holders as set forth in Exhibits B and C to the Sale Motion and to pay any remaining net sale proceeds to Debtors' Counsel Supple Law Office to hold in trust until further Order of the Court is approved. Exhibits B and C to the Sale Motion are Attached to this Order and incorporated herein.

O. This Court will retain jurisdiction over this transaction for purposes of enforcing

the provisions of this Order and the Purchaser Agreement.

P. Pursuant to Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, this Order will be effective immediately upon entry.

It is so **ORDERED**.

Prepared By:

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# **EXHIBIT B**

**LIENS AND CLAIMS AGAINST W.T. REYNOLDS**

**EXHIBIT B**

**Claims Against W.T. Reynolds Estate**

Lewisburg Bulk Plant and  
1/2 Interest in Farm

**GROSS PROCEEDS**

**\$1,358,000**

**ADMINISTRATIVE EXPENSES**

Old Spruce Realty	6% Commission	81,500	
Layton Hannah	Court Approved Break-Up Fee - Bulk Plant	10,000	
Survey Company	Estimated Cost of 1/2 Survey Expense Farm	2,500	
Greenbrier County	Transfer Tax \$6.60 per \$1000	9,000	
Greenbrier County	Estimated 1/2 Real Estate Taxes (Farm)	2,500	
	Estimated Real Estate Taxes (Bulk Plant)	11,000	
Accounting Firm	Estimated Tax Preparation for Estate Returns	2,000	
Supple Law Office	Estimated Legal - Carve Out for Bankruptcy and Sale Litigation	40,000	
D.S. Trustee	1/2 U.S. Trustee Fees	3,300	
George Lemon	Estate Counsel	10,000	
	<b>Total Administrative Expenses</b>	<b>171,900</b>	

**SECURED CLAIMS**

Internal Revenue Service	Tax Judg. - Recorded 01/26/09; BK 41 PG 206	68,100	Plus Accrued Interest
	Estimated Interest @ 4%	22,700	
West Virginia State Tax Dept.	Tax Lien (04/30/06 to 05/31/08) - Recorded 03/13/09: BK 41 PG 523	22,600	Plus Accrued Interest
	Estimated Interest @ 4%	7,400	
West Virginia State Tax Dept.	Tax Lien (04/30/06 to 05/31/08) - Recorded 03/13/09: BK 41 PG 524	226,100	Plus Accrued Interest
	Estimated Interest @ 4%	73,800	
West Virginia State Tax Dept.	Tax Lien (10/31/06) - Recorded 09/24/09: BK 42 PG 845	12,200	Plus Accrued Interest
	Estimated Interest @ 4%	3,600	
Internal Revenue Service	Tax Lien (12/31/07 to 06/30/08) - Recorded 02/12/10: BK 44 PG 135	30,800	Plus Accrued Interest
	Estimated Interest @ 4%	8,900	
West Virginia State Tax Dept.	Tax Lien ( ) - Recorded 03/22/10: BK 44 PG 568	400	Plus Accrued Interest
	Estimated Interest @ 4%	100	
Internal Revenue Service	Tax Lien ( ) - Recorded 10/11/11	69,200	Plus Accrued Interest
	Estimated Interest @ 4%	15,400	
WV Insurance Commissioner	Judgment - Recorded 04/04/12: BK 49 Pg 872	3,100	Plus Accrued Interest
	Estimated Interest @ 7%	1,100	



UNSECURED CLAIMS  
 J.L. Brannon, Inc. -

WV DEP	Judgment - Recorded 09/26/12: BK 50 Pg 881	29,100	Plus Accrued Interest
	Estimated Interest @ 7%	9,500	
Internal Revenue Service	Tax Lien ( ) - Recorded 10/22/12: BK 51 PG 158	8,100	Plus Accrued Interest
	Estimated Interest: @ 4%	1,500	
Space Petroleum	Judgment - Recorded 12/20/2012: BK 135 Pg 352	1,064,100	Plus Accrued Interest
	Estimated Interest @ 7%	335,000	
Internal Revenue Service	Tax Lien ( ) - Recorded 03/26/13: BK 52 PG 216	57,400	Plus Accrued Interest
	Estimated Interest @ 4%	9,600	
Internal Revenue Service	Tax Lien ( ) - Recorded 04/05/13: BK 52 PG 290	8,200	Plus Accrued Interest
	Estimated Interest @ 4%	1,400	
Internal Revenue Service	Tax Lien ( ) - Recorded 04/15/13: BK 52 PG 322	48,400	Plus Accrued Interest
	Estimated Interest @ 4%	8,000	
Internal Revenue Service	Tax Lien ( ) - Recorded 12/01/14: BK 52 PG 727	18,200	Plus Accrued Interest
	Estimated Interest @ 4%	1,900	
	<i>Total Secured Claims - Greenbrier County</i>	<u>2,164,000</u>	
		642,985	Stipulation to Release

**TOTAL CLAIMS AND EXPENSES**

ESTIMATED DISTRIBUTION

	<b>GROSS SALE PROCEEDS</b>	<b>\$1,358,000</b>
	Less Administrative	-171,900
	Less Secured Claims in Order of Priority:	
	IRS Secured	-68,100
	IRS Interest	-22,700
	WV Tax Secured	-260,900
	WV Tax Interest	-84,800
	IRS Secured	-30,800
	IRS Interest	-8,900
	WV Tax Secured	-400
	WV Interest	-100
	IRS Secured	-69,200
	IRS Interest	-15,400
	WV Insurance Commissioner	-3,100
	WV Insurance Commissioner Interest	-1,100
	WV DEP	-29,100
	WV DEP Interest	-9,500
	IRS Secured	-8,100
	IRS Interest	-1,500
	Space Petroleum	572,400

# **EXHIBIT C**

**LIENS AND CLAIMS AGAINST SYBIL REYNOLDS**

**EXHIBIT C**  
**Claims Against Sybil Reynolds Estate**  
 1/2 Interest in Farm

<b>GROSS PROCEEDS</b>		<b>\$583,000</b>	
<b>ADMINISTRATIVE EXPENSES</b>			
Old Spruce Realty	6% Commission	35,000	
Survey Company	Estimated Cost of 1/2 Survey Expense	2,500	
Greenbrier County	Transfer Tax \$6.60 per \$1000	3,900	
Greenbrier County	1/2 Real Estate Taxes	2,600	
Accounting Firm	Estimated Tax Preparation for Estate Returns	2,000	
Supple Law Office	Legal - Carve Out for Bankruptcy and Sale Litigation	40,000	
U.S. Trustee	1/2 U.S. Trustee Fees	3,300	
George Lemon	Estate Counsel	<u>10,000</u>	
	<b>Total Administrative Expenses</b>	<b>99,300</b>	
<b>SECURED CLAIMS</b>			
Internal Revenue Service	Tax Lien ( ) - Recorded 03/26/13; BK 52 PG 216 Estimated Interest @ 4%	57,400 9,600	W.T. and Sybil Reynolds
Internal Revenue Service	Tax Lien ( ) - Recorded 04/05/13; BK 52 PG 290 Estimated Interest @ 4%	8,200 1,400	W.T. and Sybil Reynolds
Internal Revenue Service	Tax Lien ( ) - Recorded 04/15/13; BK 52 PG 322 Estimated Interest @ 4%	48,400 8,000	W.T. and Sybil Reynolds
Internal Revenue Service	Tax Lien ( ) - Recorded 12/01/14; BK 52 PG 727 Estimated Interest @ 4%	18,200 <u>1,900</u>	W.T. and Sybil Reynolds
	<b>Total Secured Claims - Greenbrier County</b>	<b>153,100</b>	
<b>UNSECURED CLAIMS</b>			
West Virginia State Tax Department		30,000	
Donna Brannon and Brannon Oil		<u>200,000</u>	Reduced Per Stipulation
	<b>Total Unsecured Claims</b>	<b>230,000</b>	
<b>TOTAL CLAIMS AND EXPENSES</b>		<b>482,400</b>	
<b>Estimated Gross Sale Proceeds</b>		<b>\$583,000</b>	
<b>Estimated Total Claims</b>		<u><b>\$482,400</b></u>	
<b>Estimated Distribution to Thomas Reynolds BK Estate</b>		<b>100,600</b>	