

IN THE UNITED STATES BANKRUPTCY COURT FOR
THE NORTHERN DISTRICT OF ALABAMA
NORTHERN DIVISION

In the Matter of:)	
)	
THOMAS WELTON NORWOOD,)	CASE NO. 15-82867-CRJ11
SSN: XXX-XX-5905)	
)	CHAPTER 11
Debtor.)	
_____)	

DEBTOR'S SECOND AMENDED DISCLOSURE
STATEMENT DATED JUNE 1, 2016

INTRODUCTION

Thomas Welton Norwood, as Debtor-in-Possession ("Debtor"), filed a voluntary petition under Chapter 11 of Title 11, United States Code ("Bankruptcy Code" or "Code"), on October 22, 2015, in the United States Bankruptcy Court for the Northern District of Alabama, Northern Division ("Bankruptcy Court" or "Court").

Debtor submits this Second Amended Disclosure Statement dated June 1, 2016 ("Disclosure Statement"), in connection with his First Amended Chapter 11 Plan of Reorganization dated June 1, 2016, ("Plan") as required by 11 U.S.C. § 1125. The definitions in the Plan are incorporated by reference. Except where otherwise indicated herein or as defined in the Plan, the terms in this Disclosure Statement have been used as defined in the Bankruptcy Code. The Plan has been filed in the Bankruptcy Court contemporaneously with this Disclosure Statement.

Debtor provides this Disclosure Statement to all of his known creditors and parties in interest to disclose information to be determined by the Bankruptcy Court as adequate for said creditors and parties in interest to reach a reasonably informed decision in connection with the Plan.

The Disclosure Statement describes the circumstances giving rise to filing this petition, summarizes the anticipated future of the Debtor, provides a liquidation analysis and summarizes the Plan. Great effort has been made to describe material matters fully and completely; however, no warranties can be made. Creditors and Interest Holders are urged to read the Plan carefully and are further urged to consult with their counsel in order to fully understand the Plan. The Plan is a legally binding document and is based on complex legal and financial considerations.

Section 1125 of Chapter 11 of the Bankruptcy Code (11 U.S.C. § 101 *et. seq.*) requires that the Debtor, as a condition precedent to solicitation of acceptance of his Plan of Reorganization, submit a written Disclosure Statement. The purpose of this document is to set forth sufficient

detail to allow each holder of a claim or interest of a particular Class to make an informed judgment about acceptance of the Plan. Prior to soliciting votes of acceptance from Creditors, the Court must have approved the Disclosure Statement.

DISCLAIMER

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY REGARDING FUTURE BUSINESS OPERATIONS OF DEBTOR OR THE VALUE OF DEBTOR'S ASSETS, HAVE BEEN AUTHORIZED BY PROPONENT EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT. YOU SHOULD NOT RELY ON ANY OTHER REPRESENTATIONS OR INDUCEMENTS PROFFERED TO YOU TO SECURE YOUR ACCEPTANCE IN ARRIVING AT YOUR DECISION IN VOTING ON THE PLAN. ANY PERSON MAKING REPRESENTATIONS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR AT HEARD ARY, LLC, 303 WILLIAMS AVENUE, SUITE 921, HUNTSVILLE, ALABAMA 35801.

FOR VARIOUS REASONS, THE RECORDS OF PROPONENT PRIOR TO THE PREPARATION OF THIS PLAN HAVE NOT ALWAYS BEEN COMPLETE. THE ACCURACY OF THE INFORMATION SUBMITTED WITH THIS DISCLOSURE STATEMENT IS DEPENDENT UPON ACCOUNTING PERFORMED BY DEBTOR AND DEBTOR'S ACCOUNTANT. WHILE EVERY EFFORT HAS BEEN MADE TO PROVIDE THE MOST ACCURATE INFORMATION AVAILABLE, PROPONENT IS UNABLE TO WARRANT OR REPRESENT THAT ALL INFORMATION IS WITHOUT INACCURACY. NO KNOWN INACCURACIES ARE INCLUDED. WHILE EVERY EFFORT HAS BEEN MADE TO INSURE THAT THE ASSUMPTIONS ARE VALID, UNDER THE CIRCUMSTANCES, NEITHER DEBTOR, HIS ATTORNEY, NOR HIS ACCOUNTANT UNDERTAKE TO CERTIFY OR WARRANT THE ABSOLUTE ACCURACY OF THE PROJECTIONS.

A LIQUIDATION ANALYSIS HAS BEEN UNDERTAKEN OF SUBSTANTIALLY ALL OF THE DEBTOR'S PROPERTY. THE VALUES PLACED ON DEBTOR'S PROPERTY AND SUMMARIZED HEREIN ARE THE DEBTOR'S BEST ESTIMATE OF THE VALUES OF THE PROPERTY OF DEBTOR AS OF THE TIME OF THE FILING OF THIS DISCLOSURE STATEMENT.

THE VALUES HEREIN MAY DIFFER FROM VALUES PLACED ON THE SAME PROPERTY AT THE TIME OF THE FILING OF THE PETITION FOR RELIEF AND THE SUBSEQUENT SCHEDULES.

EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor attempts to reorganize its business for the benefit of its creditors and its interest holders pursuant to a plan of reorganization. The Debtor's bankruptcy case was commenced on or about October 22, 2015 ("Petition Date") as a voluntary Chapter 11 bankruptcy case.

Section 362 of the Bankruptcy Code provides for an automatic stay of all attempts to collect claims that arose prior to the Petition Date, or otherwise to interfere with the Debtor's property or business. With respect to a single asset real estate case, the Court shall grant relief from the automatic stay unless, not later than 90 days from the petition date the Debtor has filed a Plan of Reorganization that has a reasonable possibility of being confirmed.

Confirmation of a Chapter 11 plan of reorganization requires either that all classes of claims and interests (entitled to vote) accept the plan or that the plan be accepted by the holders of at least one impaired class of claims (not held by "insiders" within the meaning of the Bankruptcy Code) to satisfy the requirements of § 1129(b) of the Bankruptcy Code. A plan of reorganization must also be in the best interests of creditors and interest holders, which essentially means that the cash or other property to be distributed to creditors and interest holders may not be less than they would receive if all of the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code.

Acceptance by a class requires that more than one-half in number and at least two-thirds in amount of the total allowed claims who vote in that class vote in favor of the plan. So long as one class of non-insider impaired claims or interests accepts a plan, it need not be accepted by all classes. The Bankruptcy Court may confirm a plan pursuant to its "cramdown" powers under § 1129(b) of the Bankruptcy Code, if it does not discriminate unfairly and is fair and equitable with respect to each impaired, dissenting class.

As is more fully described below, most creditors are impaired and a cramdown may be necessary to confirm the Plan over the objection of any dissenting class. The Plan Proponent believes that the Claims of Creditors in Class 1 (Administrative Claims) are unimpaired under the Plan. The claims of creditors in classes 2 through 4 are impaired. Section 1119(f) provides that a class that is not impaired under the Plan, and each holder of a claim or interest of such class, is conclusively presumed to have accepted the Plan. Solicitation of acceptances with respect to members of such Classes is not required.

Under Section 1121(e) of the Bankruptcy Code, only the Debtor may file a plan of reorganization before the expiration of 120 days from the date of the order for relief. If a plan has been filed, then the Debtor has 45 days from the filing of the plan to have it confirmed under the time provisions are extended under § 1121(e)(3). The exclusivity provisions of 11 U.S.C § 1121 have not expired in this case.

PROCEDURE FOR FILING PROOFS OF CLAIMS

The Bankruptcy Court established February 22, 2016, as the bar date for filing all Proof of Claims including governmental units. The Plan provides that Claims will be recognized only if evidenced by a timely filed Proof of Claim. A Proof of Claim is deemed "allowed" if it appears in the Debtor's schedules filed with the Bankruptcy Court and is not listed as disputed, contingent or unliquidated or is not disputed as part of the Plan or objected to by the Debtor pursuant to Rule 3007 of the Federal Bankruptcy Rules or is otherwise allowed by the Bankruptcy Court. The Debtor's schedules may be reviewed during regular business hours in the Office of the Clerk,

United States Bankruptcy Court, Decatur, Alabama or in the office of Heard Ary, LLC, 303 Williams Avenue, Suite 921 Huntsville, AL 35801, (256) 535-0817.

VOTING PROVISIONS

Creditors holding Allowed Claims are entitled to vote to accept or reject Debtor's Plan. THE COURT WILL FIX A DATE BY WHICH ALL BALLOTS CONCERNING THE PROPOSED PLAN MUST BE FILED WITH THE COURT. ALL BALLOTS MUST BE RECEIVED BY SAID DATE BY THE COURT WITH COPIES TO THE OFFICES OF HEARD ARY, LLC, COUNSEL FOR DEBTOR, at 303 Williams Avenue, Suite 310 Huntsville, Alabama 35801. No ballots received by the Court after that date will be counted in determining whether the Plan should be confirmed. Even though a creditor may not vote or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each Class of creditors and/or is confirmed by the Court.

Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a Claim or interest for voting purposes does not necessarily mean that the Claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any Claim to which an objection has been or will be made will be allowed only for distribution after determination by the Court. Such determination may be made after the Plan is confirmed.

In order for the Plan to be deemed accepted by a Class of creditors holding Unsecured Claims, creditors that hold at least two-thirds (2/3) of the total dollar amount and more than one-half (1/2) of the total number of Allowed Claims of creditors voting on the Plan must accept the Plan. Under certain limited circumstances more fully described in 11 U.S.C. § 1129 (b), the Court may confirm the Plan notwithstanding the rejection thereof by more than one-third (1/3) in amount or one-half (1/2) in number of the creditors voting on the Plan in any given Class. Debtor intends to seek confirmation under 11 U.S.C. § 1129(b) in the event any Class of creditors rejects the Plan.

CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

1. Confirmation Hearing. Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing on confirmation of the Plan ("Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan, regardless of whether it is entitled to vote.

2. Objections to Confirmation. The Court is expected to direct that any objections to the Plan are required to be made in writing in advance of the Confirmation Hearing. The hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the hearing. While the Plan Proponents expect that any hearing to consider objections to the confirmation of the Plan will be held in conjunction with the Confirmation Hearing, there can be no assurance that such will be the case.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY MADE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

3. Requirements for Confirmation of the Plan. At the Confirmation Hearing, the Court will determine whether the requirements of § 1129 of the Bankruptcy Code have been satisfied, in which event the Court will enter an order confirming the Plan. These requirements include:

- (A) Feasibility of the Plan. In order for the Plan to be confirmed, the Court must determine that a further reorganization or subsequent liquidation of the Debtor is not likely to result following confirmation of the Plan. The Debtor believes that the Plan is feasible in that it pays money to satisfy existing Administrative, Priority and Unsecured Creditors.
- (B) Fair and Equitable Requirement. In order for the Plan to be confirmed, the Court must find that no junior Class will receive any distribution unless each senior Class consents or is paid in full or substantial property is contributed. The Plan Proponents believe that the Plan satisfies this requirement in as much as all Creditors will be paid the present value of their Claim.

DESCRIPTION OF AVAILABLE ASSETS AND “GOING CONCERN” AND “LIQUIDATION VALUES” AND EQUITY

Schedules A and B of the Debtor’s bankruptcy schedules identify the Debtor’s real estate and personal property. Schedule A shows the Debtor’s interest in real property. Schedule B identifies the Debtor’s personal property, household goods, and business interests. These assets are described on Exhibit “A,” which contains a summary of each asset and its market and liquidation values. The values set forth on Exhibit A are based upon the Debtor’s best judgment as well as several objective measures of value such as the tax assessor statements and appraisals where available. Exhibit A indicates the theoretical equity in these properties were the Debtor to liquidate under Chapter 7 of the Bankruptcy Code. Liquidation values are again based upon the Debtor’s best judgment.

ESTIMATES OF ADMINISTRATIVE EXPENSES AND CLAIMS ANALYSIS

The Debtor has incurred legal fees from Heard Ary, LLC in the approximate amount of \$5248 as of March 1, 2016. These fees are for legal services provided to the Debtor in connection with this Chapter 11 proceeding.

The Debtor will continue to incur professional fees in this matter until such time as a final decree is entered in this case. The Debtor cannot currently calculate the total amount of professional fees he will incur in this matter with any degree of certainty that could reasonably be relied upon. All such fees, however, are subject to being approved by the Bankruptcy Court prior to payment.

Attached hereto is Exhibit “B” which is an analysis of: 1) the list of claims or claims register compiled by the Bankruptcy Court; and 2) the schedules showing unfiled claims. This exhibit also indicates whether a claim is allowed or disputed. Exhibit B shall control and take precedence over any variance between Exhibit B and the schedules as to whether a claim is allowed or disputed. The analysis found on Exhibit B is incorporated herein by reference.

SUMMARY OF FINANCIAL CONDITION AND FEASIBILITY

As indicated by Debtor’s Amended Schedules, at the time the Debtor filed his Petition the Debtor had assets of approximately \$1,271,490.94 and liabilities of \$2,008,484.72. Consequently, the Debtor was insolvent at the time he filed his Petition.

The chart below indicates the Debtor’s Disposable Income which is based on the six month average of his income and expenses shown on the Debtor’s BA Operating Reports which have been filed with the Court. Copies of these monthly operating reports showing the debtor’s monthly income and expenses are attached hereto as Appendix 1.

	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	6 Mo. Average
Gross Income	\$37,595.00	\$26,256.00	\$49,297.00	\$27,589.00	\$40,612.00	\$39,021.00	\$36,728.33
Total Expenses	\$32,561.00	\$42,334.00	\$40,528.00	\$30,229.00	\$46,132.00	\$36,320.00	\$38,017.33
Net Ordinary Inc	\$5,034.00	-\$16,078.00	\$8,769.00	-\$2,640.00	-\$5,520.00	\$2,701.00	-\$1,289.00
Rental Income							\$2,610.00
Disposable Income							\$1,321.00

SUMMARY OF PLAN AND TREATMENT OF CLASSES UNDER THE PLAN

The Plan will be summarized by incorporation of Article III: Treatment of Classes under the Plan, Article IV: Property of the Estate and Means of Execution of the Plan, and Article V: General Provisions of the Plan. Other provisions of the Plan are extremely important, especially Article I: Definitions. The Plan should be read in full.

1.0 Secured Claims:

1.01 Federal National Mortgage Association (“FNMA”): This Class consists of the Secured Claim in the amount of \$207,568.38 held by FNMA, which is impaired. FNMA is secured by a first priority mortgage in Debtor’s real property located at 804-B Knox Avenue Condo, Nashville, TN. Debtor will pay, settle and satisfy this debt by amortizing the debt over 30 years with interest at 4.625% per annum. Debtor will commence making monthly payments in the amount of \$1,376.58 per month and continue each month for 360 consecutive months. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.

1.02 First Jackson Bank: This Class consists of the Secured Claim in the amount of

\$15,200 held by First Jackson Bank, which is impaired. The Debtor is indebted to First Jackson Bank pursuant to a vehicle loan for a 2007 Lexus ES 350. Debtor has proposed that he be allowed to sell this vehicle for the amount of the debt and pay the proceeds to the creditor.

- 1.03 First Southern State Bank:** This Class consists of the Secured Claim in the amount of \$248,000.00 held by First Southern State Bank, which is impaired. First Southern State Bank is secured by a first priority mortgage in Debtor's residence located at 3704 S. Broad Street, Scottsboro, AL 35769. Debtor will pay, settle and satisfy this debt by amortizing this debt over a period of sixty months from the Effective Date with interest at 6% per annum in monthly payments of \$2,300.00 per month commencing on January 15, 2016, and continuing each month thereafter. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.
- 1.04 First Southern State Bank:** This Class consists of the Secured Claim in the amount of \$10,200.00 held by First Southern State Bank, which is impaired. The Debtor is indebted to First Southern State Bank pursuant to a vehicle loan for a 2009 Chevrolet Tahoe. Debtor will pay, settle and satisfy this debt by amortizing it over 48 months with interest at 6.25% in monthly payments of \$440 per month. Payments will commence on January 15, 2016, and continue each month thereafter. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.
- 1.05 Peoples Bank:** This Class consists of the Secured Claim in the amount of \$81,720.23 held by Peoples Bank, which is impaired. Peoples Bank is secured by a second priority mortgage in Debtor's real property located at 1101 Lake Boulevard. Debtor will pay, settle and satisfy this debt by making monthly payments \$805.00 per month, commencing in January, 2016, and continuing each month thereafter until the debt is paid in full. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.
- 1.06 Peoples Bank:** This Class consists of the Secured Claim in the amount of \$135,346.62 held by Peoples Bank, which is impaired. Peoples Bank is secured by a first priority mortgage in Debtor's real property located at 160-A Farm E, Flat Rock. Debtor will pay, settle and satisfy this debt by making a monthly payment to the bank in the amount of \$1,200 per month. Payments will commence in January, 2016, and continue month after month until the debt is paid in full. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.
- 1.07 Commercial Loan Investment I, LLC:** This Class consists of the Secured Claim in the amount of \$483,707.13 held by Commercial Loan Investment I, LLC, which is impaired. Commercial Loan Investment I, LLC is secured by a first priority mortgage in Debtor's commercial real property located at 700-712 E. Laurel Street,

Scottsboro, AL. The Debtor's principal place of business is located on this property along with two other buildings. Debtor will pay, settle and satisfy this debt by amortizing payment over 25 years with interest at 5.25% per annum in monthly installments of \$2,898.50. Payments would commence in upon the Effective Date of the Plan and continue each month thereafter until the debt is paid full. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.

1.08 State Farm Bank: This Class consists of the Secured Claim in the amount of \$228,721.54 held by State Farm Bank, which is impaired. State Farm Bank is secured by a first priority mortgage in Debtor's real property located at 1101 Lake Boulevard. Debtor will pay, settle and satisfy this debt by amortizing it over a 22-year period with interest at 5.25% per annum in monthly installments of \$1,500.00. Payments would commence in January, 2016, and continue each month thereafter. This creditor will retain its lien upon this collateral until such time as the debt is paid in full.

1.09 Internal Revenue Service:¹ This Class consists of the Allowed Secured Claim of the IRS. The IRS has filed a secured claim in the approximate sum of \$131,591. The Debtor will pay settle and satisfy this claim over a seventy two month period with an interest rate of 3.00% in monthly installments of \$1,670.37. The first monthly installment shall be due within 30 days from the final order confirming the Debtors plan, and subsequent installments shall be due on the 1st day of each month thereafter until said debt has been paid in full. The Debtor reserves the right to prepay the portion of the IRS secured claim during the referenced payment period.

The IRS shall retain its Notices of Federal Tax Liens ("NFTLs") liens which were filed prior to the petition date and shall not be required to release said NFTLs until after the entire amount of the IRS claim has been paid in full.

1.10 Alabama Department of Revenue: This Class consists of the Secured Claim in the amount of \$44,609.46 held by the Alabama Department of Revenue. This claim consists unpaid income taxes for the years, 2007-2010 as well as withholding taxes which the Debtor has been personally assessed. ADOR has filed liens for these tax periods for the years which were attached to claims 1, 2 and 5. This Claim shall be amortized over a period of six (6) years from the Effective Date and paid, settled and satisfied in seventy-two (72) monthly payments at an interest rate of 3.00%. The Debtor shall remit monthly payments in the sum of \$731.10 to ADOR. The Debtor reserves the right to prepay the portion of the ADOR secured claim during the referenced payment period.

¹ Debtor's classification of these secured tax claims is in accordance with the Bankruptcy Code. See eg. *In re Tree of Life Church*, 522 B.R. 849, 861 (Bankr. D.S.C. 2015); *In re Greenwood Point, LP*, 445 B.R. 885, 905 (Bankr. S.D. Ind. 2011).

ADOR shall retain the Notices(s) of Tax Lien(s) for the tax periods listed on ADOR's claim. ADOR shall retain its tax liens until the tax debt for the tax years listed on any filed Notices(s) of Tax Lien(s) is paid in full.

- 2.0 Non-priority Unsecured Claims:** This class consists of all allowed general unsecured claims which are impaired. The total amount of unsecured claims exceeds \$241,390.42. The claims are of every kind and nature including claims arising from personal guarantees, the rejection of executory contracts, unexpired lease claims, deficiencies on secured claims, contract damage claims or open account claims and damages arising from or related to any liquidated or contingent claim. It also includes any debt which is filed as a priority or secured claim but, which is allowed as an unsecured claim by the Bankruptcy Court. Holders of general unsecured claims without priority which are Allowed Claims as determined on or before the Effective Date of the Plan shall be paid on, a pro rata distribution, from the Debtor's projected disposable income as required pursuant to § 1129(a)(15) of the Bankruptcy Code (which incorporates the calculation of Disposable Income of § 1325) during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer. Based upon the Debtors current income and expenses including repayment of debt, he estimates that his disposable income is approximately \$1,321 per month. Which based on current allowed claims would pay 32% of the allowed claims.
- 3.0 Interest Holder:** This Class consists of the interests of the debtor Thomas Norwood which is impaired. Mr. Norwood will not receive a distribution based on his Claim under the Plan until allowed claims in Classes 1 and 2 have been paid or otherwise satisfied as provided for herein.

TREATMENT OF UCLASSIFIED ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

Administrative Expense Claims:

- 1.01 Heard Ary, LLC:** This Administrative Expense Claim is unimpaired and shall be paid in full as of the Effective Date of the Plan.

Priority claims:

- 2.1 Alabama Department of Revenue:** This claim consists of the Allowed Priority Claim of the Alabama Department of Revenue for withholding taxes. The Department of Revenue has filed a claim in the amount of \$59,109.31. In accordance with §1129(a)(9)(D), that portion of the claim for taxes and interest in the sum of \$53,523.58 shall be amortized over a period of sixty (60) months with 3% interest per annum. Debtor shall remit sixty (60) monthly payments in the sum of \$961.75 each to the Alabama Department of Revenue. The Debtor reserves the right to prepay the portion of the Alabama Department of Revenue unsecured priority claim during the referenced payment period. That portion of the Department of Revenue's claim in the amount of \$5,555.73 which constitutes penalties shall

be treated as set for in Class 2.0 as an unsecured claim.

2.2 Internal Revenue Service: This Class consists of the Allowed Priority Claim of the Internal Revenue Service for federal income and withholding taxes in the sum of \$568,472.84. In accordance with §1129(a)(9)(D), the total allowed portion of this claim that meets the definition contained in §507(a)(8) of the Bankruptcy Code shall be amortized over a period of sixty (60) months with an interest rate of 3.00%. Debtor shall remit sixty (60) monthly payments in an amount to be determined. The Debtor reserves the right to prepay the portion of the IRS unsecured priority claim during the referenced payment period. During the pendency of the repayment period for the pre-petition tax debt owed to the IRS, in the event the Debtor fails to:

Remit any monthly payment on the IRS secured and unsecured priority claim as each payment becomes due; or,

Timely file any and all post-petition federal Form 941 tax returns and the Form 940 tax return by the due date for each respective tax period and upon the filing of the applicable Form 941 and Form 940 tax returns remit any balance due the IRS; the automatic stay will be considered terminated and the IRS may proceed with its legal and/or administrative remedies to collect any and all sums due on its amended claim and any post-petition liability.

The IRS tax debt for the tax periods listed on the amended IRS claim shall not be the subject of any discharge entered in this case until the Debtor has complied with the terms of the repayment of the terms of the IRS debt as set forth herein.

For the tax periods listed on the amended claim, the time periods found at 26 U.S.C. 6503(b) and 6503(h) are tolled during the term for repayment stated in this plan.

For the tax periods listed on the claim filed by the IRS, the time periods found at 11 U.S.C. § 507(a)(8) are tolled during the term for repayment period stated in this plan.

The IRS reserves the right to adjust the amount of its claim if it determined through the IRS administrative process that the amounts due on any tax period listed on the IRS claim are due to be adjusted.

THE CHAPTER 11 FILING AND POST-PETITION EVENTS

On October 22, 2015, the Debtor filed a voluntary petition under Chapter 11, together with his schedules, statement of financial affairs, 20 largest unsecured creditors, and a matrix. The Court scheduled February 22, 2016, as the bar date for all claimants to file proofs of claim, including governmental units and/or agencies.

Post petition the Debtor sought and received approval from the Court for authority to make adequate protection payments to First Southern State Bank, Peoples Bank and State Farm Bank.

ANALYSIS OF TRANSFERS WHICH MAY BE AVOIDABLE

Debtor's Amended Statement of Financial Affairs, which has been previously filed with this Court identifies creditors to whom payments were made within ninety (90) days prior to filing bankruptcy. An analysis of these transfers indicates that there may be defenses to some or all of these payments in the form of ordinary course of business and simultaneous exchanges for value. Thus, the Debtor does not believe that the benefit to the estate would be significantly enhanced given the costs associated in bringing such actions.

EXECUTORY CONTRACTS AND LEASES

Debtor is not aware of any executory contracts or unexpired leases to which it is a party. To the extent such exists it is to be rejected upon confirmation. All parties to any executory contract or lease rejected shall have thirty (30) days from the Confirmation Date in which to file a claim for damages, if any, resulting from such rejection or such claims will be disallowed and will not be eligible to participate in distributions under this Plan.

MEANS OF EXECUTION OF PLAN

Debtor will implement the terms of his Plan by executing all documents necessary. Debtor will pay his projected disposable income to the Allowed Claim holders as described in the Plan. Additionally, Debtor will continue to operate and manage his businesses in order to service the applicable debts as provide in his Plan.

RETENTION, ENFORCEMENT, AND WAIVER OF CLAIMS

Pursuant to § 1123(b) of the Code, the Debtor shall retain and may enforce any and all claims of the Debtor, except claims waived, relinquished, or released in accordance with this plan.

Notwithstanding the prior paragraph, no party in interest except the Debtor shall maintain or commence an action to recover a preference as defined in § 547(b) of the Code after Confirmation

FEDERAL INCOME TAX CONSEQUENCES

The tax consequences of the Plan to each party-in-interest will depend on the precise financial circumstances of that party. The Debtor makes no representation with respect to the effects of the taxation (State or Federal) on the creditors with respect to the treatment of their claims under the plan, and no such representations are authorized. Any tax information contained herein is for informational purposes only. Parties-in-interest are urged to seek the advice of their own professional advisors should they have any questions with respect to any taxation issues.

The precise tax consequences to the Debtor resulting from its having filed Chapter 11 are not yet known. This may include, for example, income from discharge of indebtedness. The treatment by the Debtor of all allowed pre-petition tax claims shall be as set provided for in Class Two, described herein. All taxes generated post-petition shall be paid by the reorganized Debtor

as part of its ordinary course of business. As previously noted, the Debtor is current on all post-petition tax payments.

POST CONFIRMATION LITIGATION AND OTHER MATTERS

Debtor does not anticipate being involved in any post confirmation litigation matters.

Respectfully submitted on June 1, 2016.

/s/ Thomas Welton Norwood

Signature of Debtor

/s/ Kevin D. Heard

Kevin D. Heard
Attorney for Debtor

Of Counsel:

HEARD, ARY & DAURO, LLC
303 Williams Avenue
Park Plaza, Suite 921
Huntsville, Alabama 35801
Phone: (256) 535-0817
Fax: (256) 535-0818
kheard@heardlaw.com

CERTIFICATE OF SERVICE

I hereby certify that on the 3rd day of May 2016, I served a copy of the foregoing **Debtor's First Amended Disclosure Statement Dated June 1, 2016**, on the parties listed below and on the attached matrix by depositing the same in the United States Mail, postage prepaid and properly addressed, via electronic mail at the e-mail address below, unless the party being served is a registered participant in the CM/ECF System for the United States Bankruptcy Court for the Northern District of Alabama, service has been made by a "Notice of Electronic Filing" pursuant to FRBP 9036 in accordance with subparagraph II.B.4. of the Court's Administrative Procedures as indicated below:

Notice will be electronically mailed to:

Richard M Blythe
Richard_Blythe@alnb.uscourts.gov, courtmaildec@alnb.uscourts.gov

S. Keith Eady on behalf of Creditor Federal National Mortgage Association (FNMA), by and through its servicer, Seterus, Inc
ECFBKAL@rcolegal.com

David Lee Jones on behalf of Creditor Peoples Independent Bank, a corporation
Rhonda@jmcgville.com, james@jmcgville.com

Diane C Murray on behalf of Creditor CENLAR FSB
ndbankruptcy@sirote.com

Richard E O'Neal, on behalf of the IRS:
Richard.O'Neal@usdoj.gov

Notice will not be electronically mailed to:

All parties on the attached matrix were served via U.S. Mail.

/s/ Kevin D. Heard
Kevin D. Heard