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7  
8 **UNITED STATES BANKRUPTCY COURT**  
9 **DISTRICT OF ARIZONA**

10 In re:	Chapter 11
11 ARIZONA ENTRYWAYS, LLC,	Case No. 2:15-bk-16071-SHG
12 Debtor.	<b>DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT DATED FEBRUARY 1, 2017</b>

13  
14 Arizona Entryways, LLC, the debtor and debtor-in-possession in the above-captioned  
15 Chapter 11 case (“Debtor”), by and through undersigned counsel, hereby submits this *Debtor’s*  
16 *Second Amended Disclosure Statement Dated February 1, 2017* (“Disclosure Statement”) to  
17 assist its Creditors in making an informed decision in voting on the *Debtor’s Second Amended*  
18 *Plan of Reorganization Dated February 1, 2017* (“Plan”) proposed pursuant to 11 U.S.C. §  
19 1121. A copy of the Plan is attached hereto as **Exhibit A**.

20 **ARTICLE 1**

21 **INTRODUCTION TO THE DISCLOSURE STATEMENT AND VOTING**

22 **1.1 Purpose of the Disclosure Statement**

23 This Disclosure Statement sets forth certain information regarding the Debtor’s pre-petition  
24 history, its assets, significant events that have occurred during the Current Chapter 11 Case, a  
25 summary of the Plan, including when and how Creditors will be paid, and a brief discussion of the  
26 confirmation process and the voting procedures that holders of Claims in Impaired Classes must  
27 follow for their votes to be counted.

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1           The primary purpose of this Disclosure Statement is to provide adequate information to  
2 those Creditors voting on the Plan so that they may make a reasonably informed decision with  
3 respect to exercising their right to accept or reject the Plan. This Disclosure Statement is intended  
4 for the sole use of Creditors and other parties in interest. This Disclosure Statement may not be  
5 relied upon for any purpose other than to determine how to vote on the Plan and nothing contained  
6 herein shall constitute an admission of any fact or liability by any party or be admissible in any  
7 proceedings involving the Debtor or any other party or be deemed conclusive advice on the tax or  
8 other legal effects of the reorganization on holders of Claims or interests.

9           **You should consult your personal counsel or tax advisor on any questions or concerns**  
10 **respecting tax, securities, or other legal consequences of the Plan.**

### 11           **1.2    Definitions**

12           Unless otherwise defined herein, terms defined in the Plan shall have the same meaning  
13 when used in this Disclosure Statement. In addition, unless otherwise defined herein or in the Plan,  
14 terms used in this Disclosure Statement shall have the same meaning as in the Bankruptcy Code  
15 (“Code”) or the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) or, if not defined  
16 therein, their ordinary meanings.

### 17           **1.3    Authorized Representations**

18           This Disclosure Statement is the only document authorized by the Bankruptcy Court to be  
19 used in connection with the solicitation of votes on the Plan. You should not rely upon any  
20 representations or inducements made to secure your acceptance of the Plan other than those set  
21 forth herein or in the Plan. **The Bankruptcy Court’s approval of this Disclosure Statement**  
22 **does not constitute a certification or ruling by the Court regarding the completeness or**  
23 **accuracy of any statements contained herein. The information contained in this Disclosure**  
24 **Statement came from the Debtor’s records.**

25           This Disclosure Statement is not the Plan. This Disclosure Statement, together with the  
26 Plan (Exhibit “A”), should be read in their entirety before you vote on the Plan. For the  
27 convenience of the Creditors and holders of interests, the Plan is summarized in this Disclosure  
28 Statement, but all summaries are qualified in their entirety by the Plan itself, which is controlling in

1 the event of any inconsistency. The financial information contained herein has been provided by  
2 the Debtor in good faith, but has not been audited by a certified public accountant and has not  
3 necessarily been prepared in accordance with generally accepted accounting principles.

#### 4 **1.4 Voting Procedures**

5 To be entitled to vote, a Creditor must have an Allowed Claim that is impaired under the  
6 Plan. The Bankruptcy Code defines whether a Claim is impaired in 11 U.S.C. § 1124. Summarily,  
7 a Claim is impaired if the plan modifies the legal or contractual rights of the Claimant, or if the  
8 plan does not cure and reinstate the legal rights of the Claimant. A Creditor in a Class that will not,  
9 under any circumstances, receive any distributions under the Plan, is not entitled to vote as the  
10 Class of which it is a member is deemed to have rejected the Plan. If a Creditor holds more than  
11 one Claim in one Class, all of the Claims in such Class will be aggregated and the Creditor will be  
12 entitled to one vote in the amount of all aggregated Claims.

13 **All Creditors or parties in interest entitled to vote on the Plan may cast their votes for**  
14 **or against the Plan by completing, dating and signing the Ballot which accompanies this**  
15 **Disclosure Statement.**

16 In order for the Ballot to be considered, the original Ballot must be sent to the attorneys for  
17 the Debtor. **The Court has issued an order requiring that all votes for the acceptance or**  
18 **rejection of the Plan be received by the attorneys for the Debtor at or before 5:00 p.m.,**  
19 **Mountain Standard Time, on \_\_\_\_\_.** The Ballots should be sent to the following:

20 Michael A. Jones  
21 ALLEN BARNES & JONES, PLC  
22 1850 N. Central Avenue, Suite 1150  
Phoenix, Arizona 85004  
Fax: 602-252-4712

23 **Your Ballot will not be counted if the attorney for the Debtor receives it after such**  
24 **deadline.** You may not change your vote after it is cast, unless the Bankruptcy Court permits you  
25 to do so after notice and a hearing to determine whether sufficient cause exists to permit the  
26 change.

#### 27 **1.5 Confirmation of the Plan**

28 In order for the Plan to be effective, it has to be confirmed. Confirmation of the Plan

1 means that the Court has approved the Plan. For the Plan to be confirmed, votes by each Impaired  
2 Class representing at least two-thirds (2/3) in amount of the Allowed Claims voting in each Class  
3 and greater than one-half (1/2) in number of individual Creditors for such Class (of those casting  
4 votes) must be submitted in favor of acceptance of the Debtor's Plan. If the requisite acceptances  
5 are not obtained from one or more Impaired Classes, the Court may nonetheless confirm the  
6 Debtor's Plan pursuant to 11 U.S.C. § 1129(b) if one Impaired Class accepts the Plan and the Court  
7 finds that the Debtor's Plan provides, among other things, fair and equitable treatment of the  
8 Classes rejecting the Plan and that Creditors receive as much or more under the Plan than they  
9 would receive in a Chapter 7 liquidation (discussed more fully below).

10 When confirmed by the Bankruptcy Court, this Plan will bind all holders of Claims or  
11 equity interests in the Debtor, whether or not they are entitled to vote, or did vote on the Plan and  
12 whether or not they received or retained any distributions or property under the Plan.

### 13 **1.6 Debtor's Recommendations and Position**

14 The Debtor strongly urges each Creditor to vote to accept the Plan. The Debtor believes  
15 that each person or entity entitled to vote will conclude that the Plan is fair, reasonable and  
16 provides the greatest return to the greatest number of Creditors.

## 17 **ARTICLE 2**

### 18 **2.1 History of the Debtor and Incidents Leading to Chapter 11 Filing**

19 The Debtor is an Arizona limited liability company in the business of designing and  
20 installing custom exterior door entryways. The Debtor's member/manager is Jerzy Bielawski, a  
21 skilled and accomplished woodworker with over eleven years of carpentry experience. Mr.  
22 Bielawski has specialized in creating one-of-a-kind custom entryways, and founded the Debtor  
23 in 2006 to establish a brand for his craftsmanship.

24 Relying upon Mr. Bielawski's expertise, the Debtor offers designs that include all types  
25 of wood species and customization through the use of wrought iron and beveled glass. Through  
26 artful painting, staining, finish-framing, and trimming techniques, the Debtor seamlessly  
27 integrates the new entryway into the existing house structure; thus retrofitting what appears to  
28 be an original custom masterpiece.

1 To diversify its income streams and provide steady revenues, the Debtor also holds  
2 residential rental properties. The Debtor owns and operates two rental properties: the Crabapple  
3 Property and the Louise Property. After the economic crash of 2008, the Debtor unfortunately  
4 experienced a significant reduction in demand for its custom entryways. In addition, as real  
5 estate values plummeted, the Debtor had difficulty maintaining its rental properties. These  
6 factors led the Debtor to filing the Prior Chapter 11 Case.

7 Unfortunately, the Debtor's attorney in the Prior Chapter 11 Case suffered significant  
8 health issues that impeded the Debtor's ability to successfully navigate through the case. After  
9 four years without much progress, the United States Trustee filed a motion to convert or dismiss  
10 the Prior Chapter 11 Case, which the Court set for hearing on January 15, 2014. At the hearing,  
11 both the United States Trustee's trial attorney and the Court expressed an understanding of the  
12 complications the Debtor experienced as a result of its former counsel's health problems.  
13 Hearing Transcript at p. 27-29, attached as **Exhibit "B"**. The Court granted the motion to  
14 dismiss, but characterized the dismissal as a "reset" of the Debtor's bankruptcy process. Id.  
15 The Court encouraged the Debtor to engage new counsel and refile once prepared to propose a  
16 confirmable plan of reorganization. Id.

17 Mr. Bielawski took the Court's instructions seriously and engaged new counsel  
18 experienced with guiding companies such as the Debtor through the Chapter 11 bankruptcy  
19 process. Prepared to successfully reorganize, on December 23, 2015, the Debtor filed the  
20 Current Chapter 11 Case.

## 21 **2.2 Debtor's Future**

22 As it makes payments to Creditors through its Plan, the Debtor will continue to operate  
23 its custom entryways business and rental properties. Since filing its bankruptcy petition, the  
24 Debtor has diligently worked to stabilize operations and to generate revenue sufficient to make  
25 substantial payments to Creditors through a plan of reorganization. Of course, the Debtor's  
26 income varies based on normal business fluctuations, however, its income has increased since  
27 the Petition Date, and the Debtor projects that this increase will continue. The Debtor has  
28 decreased overhead by closing its showroom and working with a sales company on a project

1 basis. The Debtor's increased income is attributable to Mr. Bielawski's hard work to increase  
2 the Debtor's business opportunities and reduce costs. The Debtor has created a Plan Budget  
3 that displays its ability to pay its expenses and to make payments under the Plan, attached as  
4 **Exhibit "C"**. Mr. Bielawski will continue to manage the Debtor, will retain his 100%  
5 ownership interest in the Debtor in exchange for the New Value. Mr. Bielawski's compensation  
6 will be in the amount of \$200.00 per month beginning with Plan Year 2 and is included in  
7 Exhibit "C".

### 8 **ARTICLE 3**

#### 9 **DEVELOPMENTS DURING THE BANKRUPTCY CASE**

10 On December 23, 2015, the Debtor filed a voluntary petition under Chapter 11 of the  
11 United States Bankruptcy Code. On January 8, 2016, the Court entered an order approving the  
12 Debtor's application to employ Allen Barnes & Jones PLC (formerly Allen Maguire & Barnes,  
13 PLC) to represent the Debtor as counsel in this bankruptcy case. The Debtor has not employed  
14 any other professionals in this case.

### 15 **ARTICLE 4**

#### 16 **SUMMARY OF THE DEBTOR'S CURRENT FINANCIAL CONDITION**

17 The Debtor's current financial condition is detailed in the Schedules and Statements of  
18 Financial Affairs and the Monthly Operating Reports that have been and will continue to be  
19 filed with the Bankruptcy Court. Interested parties are encouraged to review the Debtor's  
20 Schedules, Statements of Financial Affairs, and Monthly Operating Reports. The Debtor  
21 anticipates that it will have sufficient funds from its income and the New Value capital infusion  
22 of \$5,000.00 to make the payments due under the Plan. Moreover, the Debtor believes that with  
23 the reduction of its debts through the Plan, the Debtor will be able to confirm the Plan and  
24 perform as set forth therein.

### 25 **ARTICLE 5**

#### 26 **DESCRIPTION OF ASSETS**

27 The Debtor's assets are listed on its Schedules and Statement of Financial Affairs filed in  
28 this case. The Debtor's interest in the Crabapple Property is fully encumbered by a first

1 position deed of trust in favor of Nationstar, a second position deed of trust in favor of MERS as  
2 nominee for Countrywide Home Loans, Inc., and HOA liens in favor of Terramar. The  
3 Debtor's interest in the Louise Property is fully encumbered by a first position deed of trust in  
4 favor of Federal National and an HOA lien in favor of the Hillcrest. The Debtor's interest in a  
5 1999 Ford Econoline E350 is fully encumbered by a vehicle title lien in favor of Anthony  
6 Wojturski.

7 The Debtor's unencumbered assets had a total value on the Petition Date of no more  
8 than \$8,300.00 and consisted of the following on the Petition Date: (i) cash in the amount of  
9 \$7,500.00, now in the total amount of \$25,251.05; (ii) raw materials inventory with an  
10 approximate value of \$300.00; and (iii) office fixtures and tools with an approximate value of  
11 \$500.00. Additionally, the Debtor has investigated and is unaware of any transfer that may be  
12 avoided for the benefit of the bankruptcy estate.

#### 13 **ARTICLE 6**

#### 14 **POST-CONFIRMATION CONTROL**

15 The Debtor will retain control of its assets and use its income to make payments set forth in  
16 the Plan. The Debtor shall be responsible for preparing and filing quarterly post confirmation  
17 financial reports. Copies of those reports shall be provided to the United States Trustee's Office.  
18 During the term of the Plan, the Debtor will pay, in cash, or other certified funds, quarterly fees to  
19 the United States Trustee's Office.

#### 20 **ARTICLE 7**

#### 21 **SUMMARY OF THE PLAN**

22 This section contains a brief summary of the Plan, and it is qualified in its entirety by  
23 reference to the Plan, which accompanies this Disclosure Statement. **THIS SUMMARY DOES**  
24 **NOT PURPORT TO BE COMPLETE. THE PLAN ITSELF CONTROLS THE**  
25 **RELATIONSHIP BETWEEN THE DEBTOR AND CREDITORS. YOU SHOULD READ**  
26 **THE PLAN IN ITS ENTIRETY PRIOR TO CASTING YOUR BALLOT.**

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1           **Classification and Treatment of Claims.** The Plan provides for the following  
2 classification and treatment of Claims.

3           **7.1    Class I - Administrative Claims**

4           Class I consists of the allowed Administrative Claims for actual and necessary costs and  
5 expenses of administration entitled to priority under Sections 503(b) and 507(a)(1) of the  
6 Bankruptcy Code. This Class includes, without limitation, post-petition tax Claims, the  
7 Debtor's attorneys' fees, approved professional fees, and fees due the United States Trustee, if  
8 any. Prior to the filing of the Current Chapter 11 Case, the Debtor paid AB&J a retainer in the  
9 amount of \$12,000.00. AB&J applied \$4,554.60 of this retainer to the Debtor's pre-filing fees  
10 and costs, including the Chapter 11 filing fee, and the remaining \$7,445.40 of the retainer was  
11 held in AB&J's IOLTA Trust account for post-bankruptcy fees and costs. AB&J filed a fee  
12 application in this Case, which the Court approved on August 24, 2016 [Dkt. No. 77], in the  
13 amount of \$13,757.52, and AB&J subsequently applied the trust balance to the approved fees  
14 and the Debtor paid the remainder. On January 17, 2017, AB&J filed its second interim fee  
15 application that is pending for approval for the total amount of \$9,144.04. While Plan litigation  
16 is possible, the Debtor anticipates that AB&J's attorneys' fees and expenses will not exceed an  
17 additional \$10,000.00. The Debtor does not anticipate employing any other professionals in this  
18 case. Holders of Allowed Class I Claims shall be paid, in full, on the Effective Date of the Plan  
19 from the Debtor's cash funds, or upon such other terms as the Debtor and the holders of  
20 Allowed Class I Claims agree. Class I Claims are unimpaired.

21           **7.2    Class II – Priority Claims**

22           Class II consists of all Claims which are entitled to priority treatment pursuant to 11  
23 U.S.C. § 507(a). The Debtor does not believe that there are any Class II Claims. If any Class II  
24 Claims are deemed Allowed Claims, holders of Allowed Class II Claims shall receive full  
25 payment of the amount of their Allowed Class II Claims on the Effective Date.

26           **7.3    Class III – Secured Claims**

27           Class III consists of various sub-classes of asserted Secured Creditor Claims. Each  
28 holder of a Secured Claim in Class III is considered to be in its own separate subclass within



1 Class III, and each such subclass is deemed to be a separate Class for purposes of the Plan.  
2 Unless otherwise specified below, holders of Allowed Secured Claims in any of the Class III  
3 subclasses shall receive full payment of the amount of his Allowed Secured Claims. Any of the  
4 Debtor's defaults under the loan documents with any Allowed Secured Claimant shall be  
5 deemed cured as of the Effective Date, whether or not asserted by such Secured Claimant prior  
6 to the Effective Date, including, but not limited to, any and all alleged late payments, missed  
7 payments, and/or due on sale clause violations. To the extent such loan documents provide for  
8 default resulting from Debtor's bankruptcy filings, such default shall not be enforceable.  
9 Notwithstanding any pre-bankruptcy agreements with Class III Claimants, Debtor's statement  
10 of the value of each Secured Claim shall be final unless a Creditor objects to the Debtor's value  
11 prior to the confirmation of the Plan. Unless otherwise specified herein or in an order entered  
12 by the Bankruptcy Court, holders of Allowed Secured Claims shall retain any existing perfected  
13 lien to secure the Debtor's obligations under the Plan. Payments to holders of Allowed Class III  
14 Secured Claims will begin on the Effective Date.

15 **7.3.1 Class III(a) – Secured Claim of Nationstar Mortgage, LLC.**

16 Class III(a) consists of the Allowed Secured Claim of Nationstar Mortgage, LLC  
17 relating to its first-position Secured Claim encumbering the Crabapple Property. As its Allowed  
18 Secured Claim, the holder of the Class III(a) Claim shall receive treatment pursuant to the  
19 *Stipulation in Aid of Confirmation Regarding Treatment of First Lien Encumbering Real*  
20 *Property* [Dkt. No. 92] ("Stipulation"), which is incorporated in the Plan in its entirety. See  
21 Stipulation attached to the Plan as "Exhibit 1". As of the filing of the Disclosure Statement and  
22 Plan, Bankruptcy Court approval of the Stipulation is pending; however, the Debtor and  
23 Nationstar do not anticipate any objections to the Stipulation.

24 Pursuant to the Stipulation, the holder of the Class III(a) Claim shall receive the amount  
25 of \$267,540.13 over thirty (30) years with interest at the rate of 4.0% per annum, in monthly  
26 payments of \$1,277.28, plus any amounts for insurance and property taxes accrued after the  
27 Effective Date which are anticipated to be in the monthly amount of \$244.23 subject to  
28 adjustments by Nationstar for natural fluctuations of escrow amounts, of which Nationstar shall

1 provide the Debtor with appropriate notice. In addition, the holder of the Class III(a) Claim  
2 shall have an allowed General Unsecured Claim in the amount of \$63,988.96, which shall be  
3 treated as a Class IV General Unsecured Claim under the Plan. Nationstar shall retain its lien  
4 encumbering the Crabapple Property. In the event of any inconsistency between the Stipulation  
5 and the Plan or as stated herein, the Stipulation shall control. The payments to the Allowed  
6 Secured Class III(a) Claim shall begin on the Effective Date. No prepayment penalty shall  
7 apply to the Class III(a) Claim. The Class III(a) Claim is impaired.

8 **7.3.2 Class III(b) – Secured Claim of Mortgage Electronic Registration**  
9 **System as Nominee for Countrywide Home Loans, Inc.**

10 Class III(b) consists of the Allowed Secured Claim of MERS as nominee for  
11 Countrywide Home Loans, Inc. and its successors and assigns relating to its second-position  
12 Secured Claim encumbering the Crabapple Property recorded as 20050726604 with the  
13 Maricopa County Recorder's Office. Pursuant to an appraisal of the Crabapple Property, the  
14 Crabapple Property is worth \$210,000.00. See Appraisal, attached hereto as **Exhibit "D"**.  
15 Based on the Crabapple Property's value and taking into account the higher priority MERS's  
16 Secured Claim, the Class III(b) Claim is completely unsecured. Pursuant to Bankruptcy Code  
17 Sections 506(a) and (d), and 1123(b)(5), any and all of MERS's Class III(b) Secured Claim,  
18 security interest, or lien encumbering the Crabapple Property shall be fully released, discharged,  
19 and satisfied as of the Effective Date. The Debtor shall be entitled to record or file the  
20 Confirmation Order in any location necessary to provide notice of such release, discharge, and  
21 satisfaction of such purported secured claim. The entirety of the Allowed Class III(b) Claim  
22 shall be treated as a Class IV unsecured claim under the Plan. The Class III(b) Claim is  
23 impaired.

24 **7.3.3 Class III(c) – Secured Claim of Terramar Homeowners Association.**

25 Class III(c) consists of the Allowed Secured Claim of Terramar relating to its  
26 third-position Secured Claim encumbering the Crabapple Property recorded as 20100026052  
27 with the Maricopa County Recorder's Office. Pursuant to an appraisal of the Crabapple  
28 Property, the Crabapple Property is worth \$210,000.00. See Exhibit "D". Based on the

1 Crabapple Property's value and taking into account the higher priority Nationstar Secured  
2 Claim and MERS's Secured Claim, the Class III(c) Claim is completely unsecured. Pursuant to  
3 Bankruptcy Code Sections 506(a) and (d), and 1123(b)(5), any and all of Terramar's Class III(c)  
4 Secured Claim, security interest, or lien encumbering the Crabapple Property shall be fully  
5 released, discharged, and satisfied as of the Effective Date. The Debtor shall be entitled to  
6 record or file the Confirmation Order in any location necessary to provide notice of such  
7 release, discharge, and satisfaction of such purported secured claim. The entirety of the  
8 Allowed Class III(c) Claim shall be treated as a Class IV unsecured claim under the Plan. The  
9 Class III(c) Claim is impaired.

10 **7.3.4 Class III(d) – Secured Claim of Terramar Homeowners Association.**

11 Class III(d) consists of the Allowed Secured Claim of Terramar relating to its  
12 fourth-position Secured Claim encumbering the Crabapple Property recorded as 20150668479  
13 with the Maricopa County Recorder's Office. Pursuant to an appraisal of the Crabapple  
14 Property, the Crabapple Property is worth \$210,000.00. See Exhibit "D". Based on the  
15 Crabapple Property's value and taking into account the higher priority Nationstar Secured  
16 Claim and MERS's Secured Claim, the Class III(d) Claim is completely unsecured. Pursuant to  
17 Bankruptcy Code Sections 506(a) and (d), and 1123(b)(5), any and all of Terramar's Class  
18 III(d) Secured Claim, security interest, or lien encumbering the Crabapple Property shall be  
19 fully released, discharged, and satisfied as of the Effective Date. The Debtor shall be entitled to  
20 record or file the Confirmation Order in any location necessary to provide notice of such  
21 release, discharge, and satisfaction of such purported secured claim. The entirety of the  
22 Allowed Class III(d) Claim shall be treated as a Class IV unsecured claim under the Plan. The  
23 Class III(d) Claim is impaired.

24 **7.3.5 Class III(e) – Secured Claim of Maracas, LLC.**

25 Class III(e) consists of the Allowed Secured Claim of Maracas relating to its  
26 fifth-position Secured Claim judgment lien encumbering the Crabapple Property recorded as  
27 20120699345 with the Maricopa County Recorder's Office. Pursuant to an appraisal of the  
28 Crabapple Property, the Crabapple Property is worth \$210,000.00. See Exhibit "D". Based on

1 the Crabapple Property's value and taking into account the higher priority Nationstar Secured  
2 Claim and MERS's Secured Claim, the Class III(e) Claim is completely unsecured. Pursuant to  
3 Bankruptcy Code Sections 506(a) and (d), and 1123(b)(5), any and all of Maracas's Class III(e)  
4 Secured Claim, security interest, or lien encumbering the Crabapple Property shall be fully  
5 released, discharged, and satisfied as of the Effective Date. The Debtor shall be entitled to  
6 record or file the Confirmation Order in any location necessary to provide notice of such  
7 release, discharge, and satisfaction of such purported secured claim. The entirety of the  
8 Allowed Class III(e) Claim shall be treated as a Class IV unsecured claim under the Plan. The  
9 Class III(e) Claim is impaired.

10 **7.3.6 Class III(f) – Secured Claim of Federal National Mortgage**  
11 **Association.**

12 Class III(f) consists of the Allowed Secured Claim of Federal National relating to  
13 its first-position Secured Claim encumbering the Louise Property, original deed of trust  
14 recorded with the Maricopa County Recorder's Office No. 20061661354. On December 8,  
15 2006, Mr. Bielawski executed a note and deed of trust ("Loan Documents") in favor of  
16 JPMorgan Chase Bank, N.A.'s ("Chase") thereby granting Chase a first-position Secured Claim  
17 encumbering the Louise Drive. In the Prior Chapter 11 Case, Chase filed a proof of claim in  
18 connection with its deed of trust encumbering the Louise Property thereby alleging the Debtor  
19 was an obligor under the Loan Documents. See Prior Chapter 11 Case Claim Register, Proof of  
20 Claim No. 2-1 ("Chase Proof of Claim"). True and correct copies of the Loan Documents are  
21 attached to the Chase Proof of Claim. Also in the Prior Chapter 11 Case, Chase and the Debtor  
22 entered into a stipulation, subsequently approved by the Bankruptcy Court, whereby Chase  
23 agreed the Debtor was an obligor in connection with Chase's secured claim encumbering the  
24 Louise Property. See Stipulation, Order, and Amended Order, attached as **Exhibit "E"**.  
25 Federal National is the successor-in-interest to Chase's first-position Secured Claim  
26 encumbering the Louise Property. Accordingly, Federal National is the current holder of the  
27 Class III(f) Claim in the Current Chapter 11 Case.

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1 As its Allowed Secured Claim, with payments to commence on the Effective Date, the  
2 holder of the Class III(f) Claim shall receive the appraised value of the Louise Property in the  
3 amount of \$200,000.00 fully amortized over 360 months at the fixed interest rate of 4.5% per  
4 annum, with monthly installments of principal and interest in the total amount of \$1,013.37 plus  
5 any amounts incurred after the Effective Date each month for insurance and property taxes.  
6 Appraisal, attached hereto as **Exhibit “F”**. All escrow payments, including for insurance and  
7 property taxes, shall be deemed cured and current as of the Effective Date. Upon occurrence of  
8 the Effective Date, any and all alleged defaults under Loan Documents, whether or not asserted  
9 prior to the Effective Date, shall be deemed fully cured, including without limitation, any and  
10 all alleged late payments, missed payments, and/or due on sale clause violations. Any  
11 deficiency amount incurred prior to the Effective Date, including without limitation any:  
12 accrued interest, fees, escrow deficiency for any funds advanced, and escrow shortage shall be  
13 treated as a Class IV General Unsecured Claim. Federal National shall retain its lien  
14 encumbering the Louise Property. The payments to the Allowed Secured Class III(f) Claim  
15 shall begin on the Effective Date. The Class III(f) Claimholder’s rights and obligations herein  
16 shall be binding upon and will inure to the benefit of all of Federal National’s successors or  
17 assigns. No prepayment penalty shall apply to the Class III(f) Claim. The Class III(f) Claim is  
18 impaired.

19 **7.3.7 Class III(g) – Secured Claim of Hillcrest Ranch Community**  
20 **Association.**

21 Class III(g) consists of the Allowed Secured Claim of Hillcrest relating to its  
22 second-position Secured Claim encumbering the Louise Property recorded as 20140533065  
23 with the Maricopa County Recorder’s Office. Pursuant to an appraisal of the Louise Property,  
24 the Louise Property is worth \$200,000.00. See Exhibit “F”. Based on the Louise Property’s  
25 value and taking into account the higher priority Federal National Secured Claim, the Class  
26 III(g) Claim is completely unsecured. Pursuant to Bankruptcy Code Sections 506(a) and (d),  
27 and 1123(b)(5), any and all of Hillcrest’s Class III(g) Secured Claim, security interest, or lien  
28 encumbering the Louise Property shall be fully released, discharged, and satisfied as of the

1 Effective Date. The Debtor shall be entitled to record or file the Confirmation Order in any  
2 location necessary to provide notice of such release, discharge, and satisfaction of such  
3 purported secured claim. The entirety of the Allowed Class III(g) Claim shall be treated as a  
4 Class IV unsecured claim under the Plan. The Class III(g) Claim is impaired.

5 **7.3.8 Class III(h) – Secured Claim of Maracas, LLC.**

6 Class III(h) consists of the Allowed Secured Claim of Maracas relating to its  
7 third-position Secured Claim judgment lien encumbering the Louise Property recorded as  
8 20120699345 with the Maricopa County Recorder’s Office. Pursuant to an appraisal of the  
9 Louise Property, the Louise Property is worth \$210,000.00. See Exhibit “F”. Based on the  
10 Louise Property’s value and taking into account the higher priority Federal National Secured  
11 Claim, the Class III(h) Claim is completely unsecured. Pursuant to Bankruptcy Code Sections  
12 506(a) and (d), and 1123(b)(5), any and all of Maracas’s Class III(h) Secured Claim, security  
13 interest, or lien encumbering the Louise Property shall be fully released, discharged, and  
14 satisfied as of the Effective Date. The Debtor shall be entitled to record or file the Confirmation  
15 Order in any location necessary to provide notice of such release, discharge, and satisfaction of  
16 such purported secured claim. The entirety of the Allowed Class III(h) Claim shall be treated as  
17 a Class IV unsecured claim under the Plan. The Class III(h) Claim is impaired.

18 **7.3.9 Class III(i) – Secured Claim of Anthony Wojturski.**

19 Class III(i) consists of the Allowed Secured Claim of Anthony Wojturski relating  
20 to his Secured Claim encumbering the Debtor’s 1999 Ford Econoline E350 (“Vehicle”) as set  
21 forth in Proof of Claim No. 5 filed in the Current Chapter 11 Case. The Debtor shall pay the  
22 Allowed Secured Claim of Mr. Wojturski the amount of \$4,000, the Vehicle’s value, over five  
23 years at 4.5% interest in equal monthly payments of \$74.57. Mr. Worjturski shall retain its lien  
24 encumbering the Vehicle. No prepayment penalty shall apply to this Claim. The Class III(i) is  
25 impaired.

26 **7.4 Class IV– General Unsecured Claims**

27 Class IV consists of all Allowed General Unsecured Claims that are not entitled  
28 to classification in any other Class of Claims, including the Unsecured deficiency Claims of any

1 of the Debtor's allowed Secured Creditors. Holders of Allowed Class IV Claims shall be paid  
2 the sum of \$10,000.00 over five years. The Debtor shall make payment to the holders of  
3 Allowed Class IV Claims on the first Business Day that occurs one year after the Effective Date  
4 and every year thereafter for four years based upon each Class IV Claim's *pro rata* share of  
5 Allowed Class IV Claims. Such payments shall be as follows: (i) Year One—\$2,000.00; (ii)  
6 Year Two—\$2,000.00; (iii) Year Three—\$2,000.00; (iv) Year Four—\$2,000.00; and (v) Year  
7 Five—\$2,000.00. No interest will accrue or be paid to the holders of the Allowed Class IV  
8 Claims. If a disputed Class IV Claim is not an Allowed Claim prior to 30 days after the  
9 Effective Date, the Class IV Claim shall receive payment on the one-year payment date that  
10 falls after their Class IV Claim becomes an Allowed Claim. The Class IV Claims are impaired.

## 11 **ARTICLE 8**

### 12 **MEANS TO IMPLEMENT PLAN**

13 The Plan will be funded by the Debtor restructuring its debts, and with its income and  
14 the New Value cash infusion. As of September 15, 2016, AB&J is holding the \$5,000.00 New  
15 Value funds in its IOLTA Trust account. The Debtor will continue its business of designing and  
16 installing custom exterior door entryways, and managing its two rental properties: the Louise  
17 Property and the Crabapple Property. The Plan will be implemented upon entry of an order by  
18 the Bankruptcy Court confirming the Plan. Upon the Effective Date, or at such other time as  
19 specifically provided for in this Plan, Creditors holding Allowed Claims will receive the  
20 treatment provided for in the Plan. Creditors will only be entitled to the treatment of the Class  
21 of Claims within which they belong upon having their Claims Allowed.

22 The Debtor has decreased overhead by closing its showroom and working with a sales  
23 company on a project basis. The Debtor's increased income is attributable to Mr. Bielawski's  
24 hard work to increase the Debtor's business opportunities and reduce costs. The Debtor has  
25 experienced increased demand for its work and will be able to stay current on its expenses and  
26 Plan commitments. The Debtor has created a Plan Budget that displays its ability to pay its  
27 expenses and to make payments under the Plan. See Exhibit "C". The New Value cash  
28 infusion, when combined with the Debtor's operational income, will provide sufficient funds to

1 make the payments required under the Plan. In consideration of the New Value, Mr. Bielawski  
2 shall retain his 100% pre-bankruptcy ownership interest in the reorganized Debtor.

3 **ARTICLE 9**

4 **LIQUIDATION ANALYSIS**

5 As a condition to confirmation, Bankruptcy Code § 1129(a)(7) requires the Plan to provide  
6 that each Creditor either accept the Plan or receive from the Debtor's estate as much under the Plan  
7 as each Creditor would receive in a Chapter 7 liquidation of the Debtor. The Debtor's assets are  
8 listed on its Schedules and Statement of Financial Affairs filed in this case. The Debtor's  
9 interest in the Crabapple Property is fully encumbered by a first position deed of trust in favor  
10 of Nationstar. The Debtor's interest in the Louise Property is fully encumbered by a first  
11 position deed of trust in favor of Federal National. The Debtor's interest in a 1999 Ford  
12 Econoline E350 is fully encumbered by a vehicle title lien in favor of Mr. Wojturski.

13 The Debtor's unencumbered assets had a total value on the Petition Date of no more  
14 than \$8,300.00 and consisted of the following on the Petition Date: (i) cash in the amount of  
15 \$7,500.00, now in the amount of \$25,251.05; (ii) raw materials inventory with an approximate  
16 value of \$300.00; and (iii) office fixtures and tools with an approximate value of \$500.00.  
17 Additionally, the Debtor has investigated and is unaware of any transfer that may be avoided for  
18 the benefit of the bankruptcy estate. Accordingly, the total liquidation value of the Debtor's  
19 assets was at most \$8,300.00 on the Petition Date and is \$20,800 now based on the Debtor's  
20 operations during this case. Notably, any Chapter 7 liquidation would require payment of  
21 allowed administrative claims of at least \$9,144.04, Chapter 7 Trustee's fees anticipated in the  
22 amount of at least \$2,000, and Chapter 7 Trustee's attorneys' fees anticipated conservatively in  
23 the amount of \$7,500. Accordingly, a Chapter 7 proceeding would result in a return to  
24 unsecured creditors of approximately \$2,155.96. By providing payment of \$10,000.00 to  
25 Unsecured Creditors, the Debtor is paying Allowed Class IV Unsecured Claims in excess of what  
26 Creditors would recover in a Chapter 7 liquidation on the Petition Date or now.

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1 Code, provided further that the circumstances then existing justify such modification, and the Court  
2 confirms the Plan as thus modified under Section 1129 of the Code.

3 **12.3 Objections.** Any holder of a Claim or equity interest that has accepted or rejected  
4 the Plan will be deemed to have accepted or rejected, as the case may be, the Plan as modified  
5 unless, within the time fixed by the Bankruptcy Court for doing so, such holder changes its  
6 previous acceptance or rejection.

7 **12.4 Effect.** Every modification of the Plan will supersede the previous version of the  
8 Plan as and when ever each modification is effective. When superseded, the previous version of  
9 the Plan will be in the nature of a withdrawn or rejected settlement proposal, and will be null, void  
10 and unusable by the Debtor or any other party for any purposes whatsoever with respect to any of  
11 the contents of such version of the Plan.

12 **12.5 Default.**

13 If the Debtor is unable to perform the terms and conditions of the Plan, then they will be in  
14 default. Any Creditor may seek to enforce the Plan. Before doing so, the Creditor must provide  
15 notice to the Debtor specifying the nature of the alleged default and a 15-day period to cure the  
16 default. Any notice must be in writing and sent via certified mail to the Debtor at the address on  
17 file with the Clerk of this Court and with a copy sent via certified mail to:

18 Michael A. Jones  
19 **ALLEN BARNES & JONES, PLC**  
20 1850 N. Central, Suite 1150  
Phoenix, Arizona 85004

21 **ARTICLE 13**

22 **CONFIRMATION, RISKS & RECOMMENDATION**

23 **13.1 Best Interests Test**

24 The Debtor believes that the “best interests test” imposed by 11 U.S.C. §1129(a)(7) is  
25 satisfied by the Plan because each holder of an Allowed Claim or Interest not accepting the Plan  
26 will receive at least as much as such holder would receive in a Chapter 7 liquidation as discussed in  
27 detail in Article 9 herein.

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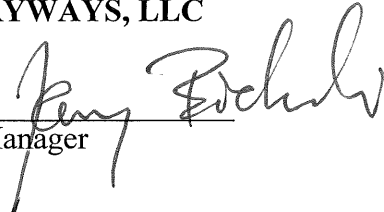
**13.3 Recommendation of the Debtor.**

The Debtor recommends that the Plan be approved.

DATED this 1<sup>st</sup> day of February, 2017.

**ARIZONA ENTRYWAYS, LLC**

/s/ Jerzy Bielawski  
Jerzy Bielawski, Manager



**APPROVED AS TO FORM AND CONTENT:**

**ALLEN BARNES & JONES, PLC**

By: /s/ MAJ #27311  
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