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9 **UNITED STATES BANKRUPTCY COURT**

10 **DISTRICT OF ARIZONA**

11 In Re:

12 Mark Jeffrey Klamrzynski,

13 Debtor.

14 In Proceedings Under Chapter 11

15 Case No.: 2:16-bk-02390-PS

16 **DEBTOR'S DISCLOSURE STATEMENT**  
17 **DATED SEPTEMBER 28, 2016**

18 **I. INTRODUCTION**

19 Mark Jeffrey Klamrzynski, the debtor and debtor-in-possession in the above-captioned  
20 Chapter 11 case ("Debtor"), through undersigned counsel, hereby submit this *Disclosure*  
21 *Statement Dated September 28, 2016* (the "Disclosure Statement") to assist creditors in making  
22 an informed decision in voting on the *Debtor's Plan of Reorganization Dated September 28,*  
23 *2016* (the "Plan") proposed pursuant to 11 U.S.C. § 1121.

24 ***Your rights may be affected. You should read the Plan and this Disclosure Statement***  
25 ***carefully and discuss with your attorney. If you do not have an attorney, you may wish to***  
26 ***consult one.***

27 The proposed distributions under the Plan are discussed at pages 05-09 of this Disclosure  
28 Statement. General unsecured creditors are classified in Class 3, and will receive a *pro rata*  
portion of \$50,400, likely to result in a 16.12% recovery of allowed claims.

**A. PURPOSE OF THIS DOCUMENT**

This Disclosure Statement is intended to summarize and analyze the proposed Plan of  
Reorganization of Debtor. The Disclosure Statement attempts to make factual disclosures  
relevant to your decision to accept or reject the Plan. To the extent any statement made in this

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1 Disclosure Statement is inconsistent with any provision in the actual Plan, the terms and  
2 provisions of the Plan control. In particular, the definitions of the Plan are incorporated herein.  
3 Any representations or inducements made to secure acceptance of the Plan other than those  
4 made or referred to in this Disclosure Statement should not be relied on by any party in  
5 interest. Although every effort has been made by the Debtor to be accurate in his statements  
6 included in this Disclosure Statement, the Debtor's records have not been audited, and are not  
7 warranted to be without inaccuracies.

8 No representations concerning the bankruptcy estate, the Debtor or the Plan are  
9 authorized other than as set forth in this Disclosure Statement. You should not rely on any  
10 representations or inducements made to secure your acceptance of the plan other than those  
11 contained in this Disclosure Statement as approved by the bankruptcy court.

12 The Court has not verified the accuracy of the information contained in this Disclosure  
13 Statement. The Court's approval hereof only signifies that if the information contained herein  
14 is accurate, it is sufficient to provide creditors and interested parties an adequate basis to decide  
15 whether to accept or reject the plan. Court approval is not a judicial endorsement of the plan.

16 This Disclosure Statement describes:

- 17 • The Debtor and significant events during the bankruptcy case;
  - 18 • How the Plan proposes to treat claims or equity interests of the type you hold (*e.g.*, what  
19 you will receive on your claim or equity interest if the plan is confirmed);
  - 20 • Who can vote on or object to the Plan;
  - 21 • What factors the Bankruptcy Court (the "Court") will consider when deciding whether  
22 to confirm the Plan;
  - 23 • Why the Debtor believes the Plan is feasible, and how the treatment of your claim or  
24 equity interest under the Plan compares to what you would receive on your claim or  
25 equity interest in liquidation; and
  - 26 • The effect of confirmation of the Plan.
- 27  
28

1           **B.       PROCEDURES FOR VOTING AND OBJECTING; DATE OF PLAN CONFIRMATION**  
2           **HEARING**

3           The Court has not yet confirmed the Plan described in this Disclosure Statement. This  
4 section describes the procedures pursuant to which the Plan will or will not be confirmed.

5           Any objections to confirmation of the Plan or approval of the Disclosure Statement must  
6 be filed and served by the time and date of the hearing, or in person at the hearing. If there is  
7 any modification to the Plan, the Bankruptcy Court will determine whether it is a material  
8 modification and whether a further hearing, re-voting, or change of any deadline is required.

9  
10          **II.       BACKGROUND**

11          **A.       EVENTS LEADING TO CHAPTER 11 FILING**

12          Debtor was laid off from his full-time job in 2010 at \$100,000 annually. Debtor was out  
13 of work for almost a year, he was finally found employment with the U.S. Department of  
14 Justice. Debtor has been employed with U.S. Department of Justice for over five years now,  
15 but Debtor has continually tried catching-up his past due payments for over five years and  
16 unfortunately this system caused the Debtor to fall further in debt and incur additional interest  
17 and fees.

18          For additional income, Debtor often did tax preparation as a sole proprietor. The income  
19 for the tax practice declined drastically and dropped from \$15,000 annually to \$5,000 annually  
20 in the past couple years. Debtor no longer makes a significant income from tax preparation.  
21 Also, Debtor's second mortgage payment recently changed from \$300 a month to \$1,000 a  
22 month and Debtor realized he could no longer afford the real property.

23          As a result of the job loss and decline in the tax practice income, Debtor sought legal  
24 counsel regarding a personal bankruptcy filing.

25          **B.       SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

26          Debtors filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on  
27 March 10, 2016. On April 6, 2016, the United States Trustee advised the Court that a

1 committee under 11 U.S.C. § 1102 has not been appointed. No trustee or examiner has been  
2 appointed.

3 The Bankruptcy Court has approved the employment of Neeley Law Firm, PLC as  
4 counsel for the bankruptcy proceedings.

5 An Order Setting Bar Date for Filing Proofs of Claim was June 25, 2016.

6 **C. PROJECTED RECOVERY OF AVOIDABLE TRANSFERS**

7 The Debtor is not aware of any preference, fraudulent conveyance, or other potential  
8 avoidance actions.

9 **D. CLAIM OBJECTIONS**

10 Except to the extent that a claim is already allowed pursuant to a final non-appealable  
11 order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed  
12 for voting purposes, you may not be entitled to a distribution if an objection to your claim is  
13 later upheld. The procedures for resolving disputed claims are set forth in the Plan.

14 **E. CURRENT AND FUTURE FINANCIAL CONDITION OF DEBTORS**

15 The identity and fair market value of the estate's assets are listed in **Exhibit "1"** and was  
16 obtained from the Debtor directly at the time of filing. A majority of the Debtor's assets are  
17 exempt or encumbered by liens. The Debtor will retain control of his assets and use his  
18 income to make payments set forth in the Plan.

19 Through restructuring the debts, Debtor believes he can be successful in a Chapter 11  
20 Plan of Reorganization. A summary of the Debtor's monthly operating reports filed since the  
21 commencement of the Debtor's bankruptcy case is set forth in **Exhibit "2"**.

22 The attached projections reflect Debtor's ability to pay his expenses and to make  
23 payments under the Plan, attached hereto as **Exhibit "3"**. The Debtor's monthly expenses in  
24 Year 1 are a current reflection, Debtor will be retiring from his U.S. Department of Justice job  
25 in Year 2 and his monthly expenses will change slightly after retirement. Debtor has  
26 anticipated this retirement and believes with budgeting he will be successful paying the  
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1 unsecured creditors after retirement. Debtor intends on keeping his part-time teaching job to  
2 supplement his retirement income and social security until the Plan is deemed complete.

3 **F. ANTICIPATED PAYMENTS TO CREDITORS**

4 After payment of administrative claims and priority claims, the Debtor will make  
5 quarterly payments to satisfy claims of his unsecured creditors. Debtor anticipates beginning  
6 payments to general unsecured creditors once administrative and priority claims have been  
7 paid, which should begin before month twelve in the Plan and will conclude in month sixty.

8  
9 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF**  
10 **CLAIMS AND EQUITY INTERESTS**

11 **A. WHAT IS THE PURPOSE OF THE PLAN OF REORGANIZATION?**

12 As required by the Code, the Plan places claims and equity interests in various classes  
13 and describes the treatment each class will receive. The Plan also states whether each class of  
14 claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery  
15 will be limited to the amount provided by the Plan.

16 **B. UNCLASSIFIED CLAIMS**

17 Certain types of claims are automatically entitled to specific treatment under the Code.  
18 They are not considered impaired, and holders of such claims do not vote on the Plan. They  
19 may, however, object if, in their view, their treatment under the Plan does not comply with that  
20 required by the Code. As such, the Plan Proponent has not placed the following claims in any  
21 class:

22 **1. Administrative Expenses**

23 1(a) Professional Fees.

24 The following professionals have agreed to accept payment over time as follows.  
25 Payments will be made monthly, due on the 15<sup>th</sup> day of the month, starting the first full calendar  
26 month after the Effective Date (subject to approval of fees by the Bankruptcy Court). Payments  
27  
28

1 to general unsecured creditors will be made quarterly after administrative claims and priority  
2 claims are paid in full.

Name of Professional	Estimated Amount	Proposed Treatment
Neeley Law Firm, PLC	\$6,000	Paid in full on the Effective Date, or according to the Court Order if such fees have not been approved by the Court on the Effective Date of the Plan.

7 **Estate professionals are not entitled to vote on confirmation of the Plan.**

8 1(b) Post-Confirmation Compensation of Professional Persons.

9 Compensation for services rendered and for reimbursement of expenses by a professional  
10 person after the Effective Date need not be approved by the Bankruptcy Court. Professional  
11 persons may invoice the reorganized Debtor (or other responsible third-party) directly, and the  
12 reorganized Debtor (or other responsible third-party) may pay such invoices without further  
13 order from the Bankruptcy Court.

14 1(c) United States Trustee Fees.

15 All fees payable to the United States Trustee as of confirmation will be paid on the  
16 Effective Date; post-confirmation fees to the United States Trustee will be paid when due.

17 **2. Priority Tax Claims**

18 Priority tax claims are unsecured income, employment and other taxes described by  
19 §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees  
20 otherwise, it must receive the present value of such claim in regular installments paid over a  
21 period not exceeding five years from the petition date.

22 **C. CLASSES OF CLAIMS AND EQUITY INTERESTS**

23 The following are the classes set forth in the Plan, and the proposed treatment that they  
24 will receive under the Plan:

25 **1. Classes of Secured Claims**

26 Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy  
27 estate (or that are subject to setoff) to the extent allowed as secured claims under §506 of the

Code. If the value of the collateral or setoffs securing the creditor’s claims is less than the amount of the creditor’s allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor’s secured prepetition claims and their proposed treatment under the Plan:

**a. Debtor to Adjust Terms and Pay Amount in Full Over Time**

Class	Name of Creditor	Description of Collateral	Amount Due	Interest Rate	Monthly Payment	Term
2A	Ford Motor Credit	2016 Ford Expedition	\$68,650.49	5.25%	\$1,303	60 Months

**These claims are impaired and are entitled to vote on confirmation of the Plan.**

**b. Property to Be Surrendered.**

Class	Name of Creditor	Description of Collateral
2B	Seterus, Inc.	Real Property located at 24422 N. 38 <sup>th</sup> Lane, Glendale, AZ 85310
2C	Ditech Financial, LLC	
2D	HTS Loan Servicing	Timeshare located at 120 Highlands Drive, #411, Carmel, CA 93923
2E	HTS Loan Servicing	Timeshare located at 1 N. Highway 89A, #2111, Sedona, AZ 86336

**c. Deadline for § 1111(b) Election**

An election of application of §111(b)(2) of the Code by a class of secured creditors in a chapter 11 case may be made at any time prior to the conclusion of the hearing on the disclosure statement or within such later time as the court may fix. If the disclosure statement is conditionally approved pursuant to Rule 3017.1, and a final hearing on the disclosure statement is not held, the election of application of §111(b)(2) may be made not later than the date fixed pursuant to Rule 3017.1(a)(2) or another date the court may fix. The election shall be in writing and signed unless made at the hearing on the disclosure statement. The election, if made by the

1 majorities required by §1111(b)(1)(A)(i), shall be binding on all members of the class with  
2 respect to the plan.

### 3 **2. Classes of Priority Unsecured Claims**

4 Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the  
5 Code are required to be placed in classes. The Code requires that each holder of such a claim  
6 receive cash on the effective date of the Plan equal to the allowed amount of such claim.

7 However, a class of holders of such claims may vote to accept different treatment.

### 8 **3. Class of General Unsecured Claims**

9 This class includes all known non-priority unsecured creditors, including deficiency  
10 claims, and rejection claims, whether scheduled or based on proofs of claim on file. Allowed  
11 claims of general unsecured creditors (including allowed claims of creditors whose executory  
12 contracts or unexpired leases are being rejected under this Plan) will be paid as follows:

13 Creditors will receive a *pro-rata* share of a fund totaling \$50,400.00, likely to  
14 result in a 16.12% recovery of allowed claims. Pro-rata means the entire amount of the  
15 fund divided by the entire amount owed to creditors with allowed claims in this class.

16 Any general unsecured creditors expected to receive a *pro rata* share of less than  
17 \$50.00 will not receive a payment unless a request is made in writing within 90 days of  
18 Effective Date to Debtor's counsel at:

19 Mark J. Klamrzynski

20 c/o Neeley Law Firm, PLC

21 2250 E. Germann Rd, Suite 11

22 Chandler, AZ 85286

23 All payments will be completed before 60 months passes from the Effective Date  
24 of the Plan.

25 **This class is impaired and is entitled to vote on confirmation of the Plan.**

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28 In re: Klamrzynski  
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1           **D.       MEANS TO IMPLEMENT PLAN**

2           The Plan will be funded from the Debtor's post-confirmation income from employment  
3 and retirement income. Through hard work in his profession and by restructuring the debt, the  
4 Debtor believes he can fulfill the obligations under the Plan.

5           **E.       RISK FACTORS**

6           Debtor's ability to earn income is the only risk factor in this case. Based on the Debtor's  
7 income history, he is expected to be able to pay claims as proposed in the Plan.

8           **F.       EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9           The Plan lists all executory contracts and unexpired leases that the Debtor will assume  
10 under the Plan. Assumption means that the Debtor has elected to continue to perform the  
11 obligations under such contracts and unexpired leases, and to cure defaults of the type that must  
12 be cured under the Code, if any.

13           If you object to the assumption of your unexpired lease or executory contract, the  
14 proposed cure of any defaults, or the adequacy of assurance of performance, you must file and  
15 serve your objection to the Plan within the deadline for objecting to the confirmation of the  
16 Plan, unless the Court has set an earlier time.

17           **G.       TAX CONSEQUENCES OF PLAN**

18           The confirmation and consummation of the Plan may result in federal and state income  
19 tax consequences to holders of claims. Tax consequences to a particular creditor will depend on  
20 the particular circumstances regarding the claim of that creditor.

21           Creditors concerned with how the plan may affect their tax liability should consult with  
22 their own accountants, attorneys, and/or advisors.

23  
24           **IV.       CONFIRMATION REQUIREMENTS AND PROCEDURES**

25           To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the  
26 Code. These include the requirements that: the Plan must be proposed in good faith; at least  
27 one impaired class of claims must accept the plan, without counting votes of insiders; the Plan

1 must distribute to each creditor and equity interest holder at least as much as the creditor or  
2 equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity  
3 interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are  
4 not the only requirements listed in § 1129, and they are not the only requirements for  
5 confirmation.

6 **A. WHO MAY VOTE OR OBJECT**

7 Any party in interest may object to the confirmation of the Plan if the party believes that  
8 the requirements for confirmation are not met.

9 Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A  
10 creditor or equity interest holder has a right to vote for or against the Plan only if that creditor  
11 or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for  
12 voting purposes and (2) impaired.

13 In this case, the Plan Proponent believes that classes are impaired and that holders of  
14 claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The  
15 Plan Proponent believes that classes are unimpaired and that holders of claims in each of these  
16 classes, therefore, do not have the right to vote to accept or reject the Plan.

17 **1. What Is an Allowed Claim or an Allowed Equity Interest?**

18 Only a creditor or equity interest holder with an allowed claim or an allowed  
19 equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed  
20 if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has  
21 been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of  
22 claim or equity interest, unless an objection has been filed to such proof of claim or equity  
23 interest. When a claim or equity interest is not allowed, the creditor or equity interest holder  
24 holding the claim or equity interest cannot vote unless the Court, after notice and hearing,  
25 either overrules the objection or allows the claim or equity interest for voting purposes pursuant  
26 to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

27 ***The deadline for filing a proof of claim in this case was June 25, 2016.***

1                   **2. What Is an Impaired Claim or Impaired Equity Interest?**

2                   As noted above, the holder of an allowed claim or equity interest has the right to  
3 vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a  
4 class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the  
5 members of that class.

6                   **3. Who is Not Entitled to Vote?**

7                   The holders of the following five types of claims and equity interests are not  
8 entitled to vote:

- 9                   • holders of claims and equity interests that have been disallowed by an order of  
10 the Court;
- 11                   • holders of other claims or equity interests that are not “allowed claims” or  
12 “allowed equity interests” (as discussed above), unless they have been “allowed”  
13 for voting purposes.
- 14                   • holders of claims or equity interests in unimpaired classes;
- 15                   • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8)  
16 of the Code; and
- 17                   • holders of claims or equity interests in classes that do not receive or retain any  
18 value under the Plan;
- 19                   • administrative expenses.

20 *Even if you are not entitled to vote on the plan, you have a right to object to the confirmation*  
21 *of the plan and to the adequacy of the Disclosure Statement.*

22                   **4. Who Can Vote in More Than One Class?**

23                   A creditor whose claim has been allowed in part as a secured claim and in part as  
24 an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or  
25 reject a Plan in each capacity, and should cast one ballot for each claim.

26                   **B. VOTES NECESSARY TO CONFIRM THE PLAN**

27                   If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one  
28

1 impaired class of creditors has accepted the Plan without counting the votes of any insiders  
2 within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is  
3 eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in  
4 Section (B)(2).

### 5 **1. Votes Necessary for a Class to Accept the Plan**

6 A class of claims accepts the Plan if both of the following occur: (1) the holders  
7 of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to  
8 accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed  
9 claims in the class, who vote, cast their votes to accept the Plan.

### 10 **2. Treatment of Nonaccepting Classes**

11 Even if one or more impaired classes reject the Plan, the Court may nonetheless  
12 confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b)  
13 of the Code. A plan that binds non-accepting classes is commonly referred to as a “cram down”  
14 plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it  
15 meets all the requirements for consensual confirmation except the voting requirements of  
16 § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward  
17 each impaired class that has not voted to accept the Plan.

18 You should consult your own attorney if a “cram down” confirmation will affect  
19 your claim or equity interest, as the variations on this general rule are numerous and complex.

### 20 **C. LIQUIDATION ANALYSIS**

21 As a condition to confirmation, Bankruptcy Code § 1129(a)(7) requires the Plan to  
22 provide each creditor either accept the Plan or receive from Debtor’s estate as much under the  
23 Plan as each creditor would receive in a Chapter 7 liquidation. A liquidation analysis is  
24 attached to this Disclosure Statement as **Exhibit “1”**.

### 25 **D. FEASIBILITY**

26 The Court must find that confirmation of the Plan is not likely to be followed by the  
27 liquidation, or the need for further financial reorganization, of the Debtor or any successor to  
28

1 the Debtor, unless such liquidation or reorganization is proposed in the Plan.

2 Mr. Klamrzynski is gainfully employed and even after retirement expects to have the  
3 ability to make payments over the life of the Plan. Debtor has provided financial information in  
4 **Exhibit “3”**.

5 You should consult with your accountant or other financial advisor if you have any  
6 questions pertaining to these projections.

7  
8 **V. EFFECT OF CONFIRMATION OF PLAN**

9 **A. DISCHARGE OF DEBTOR**

10 Confirmation of this Plan does not discharge any debt provided for in this Plan until the  
11 Bankruptcy Court grants a discharge on completion of all payments under this Plan, or as  
12 otherwise provided in § 1141(d)(5) of the Code, or the Bankruptcy Court grants a limited  
13 (“hardship”) discharge as allowed under Bankruptcy Code § 1141(d)(5)(B). Debtor will not be  
14 discharged from any debt excepted from discharge under § 523 of the Code, except as provided  
15 in Rule 4007(d) of the Federal Rules of Bankruptcy Procedure.

16 **B. MODIFICATION OF PLAN**

17 The Debtor reserve the right to modify the Plan at any time before confirmation of the  
18 Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

19 Upon request of the Debtor, the United States trustee, or the holder of an allowed  
20 unsecured claim, the Plan may be modified by the court at any time after confirmation of the  
21 Plan but before the completion of payments under the Plan, to (1) increase or reduce the  
22 amount of payments under the Plan on claims of a particular class, (2) extend or reduce the  
23 time period for such payments, or (3) alter the amount of distribution to a creditor whose claim  
24 is provided for by the Plan to the extent necessary to take account of any payment of the claim  
25 made other than under the Plan.

26 Every modification of the Plan will supersede the previous version of the Plan as and  
27 when ever each modification is effective. When superseded, the previous version of the Plan  
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1 will be in the nature of a withdrawn or rejected settlement proposal, and will be null, void and  
2 unusable by Debtor or any other party for any purposes whatsoever with respect to any of the  
3 contents of such version of the Plan.

4 **C. FINAL DECREE**

5 Once the estate has been fully administered, as provided in Rule 3022 of the Federal  
6 Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in  
7 the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close  
8 the case. Alternatively, the Court may enter such a final decree on its own motion.

9  
10 **VI. OTHER PLAN PROVISIONS**

11 **A. EFFECTIVE DATE OF PLAN**

12 The Effective Date of the Plan is the fifteenth day following the date of the entry of the  
13 order of confirmation. If a notice of appeal has been filed, Debtor may waive the finality  
14 requirement and put the Plan into effect, unless the order confirming the Plan has been stayed. If  
15 a stay of the confirmation order has been issued, the Effective Date will be the first day after  
16 that date on which no stay of the confirmation order is in effect, provided that the confirmation  
17 order has not been vacated.

18 **B. DISPUTED CLAIM RESERVE**

19 Debtor does not dispute any claims.

20 **C. CRAMDOWN**

21 Debtor intends to confirm the Plan by consent under the requirements of 11 U.S.C. §  
22 1129(a). However, Debtor reserves the right to seek confirmation of the Plan pursuant to 11  
23 U.S.C. § 1129(b) in the event of an objection to the Plan by one or more classes of creditors or a  
24 non-consenting class. The Debtor's ability to "cramdown" this Plan over the objections or non-  
25 consent of creditors may be affected, in part, by how the Bankruptcy Court rules on the  
26 applicability of the "Absolute Priority Rule" in this case. The Absolute Priority Rule provides,  
27 in essence, that junior claimants, including the Debtor, are barred from retaining any non-  
28

1 exempt property under the Plan unless senior claimants are paid in full. The Absolute Priority  
2 Rule applies to individual debtors in the Ninth Circuit. *Zachary v. California Bank (In re.*  
3 *Zachary)* 811 F.3d 1191, 1193 (9th Cir. 2016). In the present case, the Debtor does not propose  
4 to retain any non-exempt assets, and argues that the Absolute Priority Rule will not apply in the  
5 event of confirmation pursuant to 11 U.S.C. § 1129(b).

6 **D. SEVERABILITY**

7 If any provision in the Plan is determined to be unenforceable, the determination will in  
8 no way limit or affect the enforceability and operative effect of any other provision of the Plan.

9 **E. GOVERNING LAW**

10 Except to the extent a federal rule of decision or procedure applies, the laws of the State  
11 of Arizona govern the Plan.

12 **F. LAWSUITS AND OTHER CLAIMS FOR RELIEF**

13 Debtor is not a party to any non-bankruptcy litigation prior to the Petition Date. Debtor  
14 also believes no causes of action exist for fraudulent transfers, voidable preferences, or other  
15 claims for relief.

16 Without limiting the foregoing, Debtor retains all causes of action that they have against  
17 any party, whether arising pre- or post-petition, and all such causes of action vest in the  
18 reorganized Debtor on the Effective Date. The nondisclosure of unknown causes of action is not  
19 a settlement, compromise, waiver or release of such cause of action, and does not judicially  
20 estop the Debtor from asserting any such cause of action as a claim or defense. Confirmation of  
21 the Plan does not constitute a settlement, compromise, waiver, or release of any cause of action  
22 unless the Plan or Confirmation Order specifically and unambiguously so provide.

23 **G. NOTICES**

24 Any notice to the Debtor must be in writing, and will be deemed to have been given three  
25 days after the date sent by first-class mail, postage prepaid and addressed as follows:

1 Mark J. Klamrzynski  
2 c/o Neeley Law Firm, PLC  
3 2250 E. Germann Rd, Suite 11  
4 Chandler, AZ 85286

5 **H. POST-CONFIRMATION UNITED STATES TRUSTEE FEES**

6 Following confirmation, Debtor must continue to pay quarterly fees to the United States  
7 Trustee to the extent, and in the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor  
8 is required to make these payments, Debtor must file with the Bankruptcy Court quarterly  
9 reports in the form specified by the United States Trustee for that purpose.

10  
11 DATED: September 28, 2016

12 By: /s/ Mark J. Klamrzynski  
13 Mark J. Klamrzynski  
14 Debtor

15  
16 /s/ Kenneth L. Neeley  
17 Kenneth L. Neeley  
18 Attorney for Debtor

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**EXHIBIT 1 – FAIR MARKET VALUE ANALYSIS**

**Real Property: 24422 N. 38<sup>th</sup> Lane, Glendale, AZ 85310**

Fair Market Value	Liens	Amount of Exemption	Net Proceeds
\$250,900.00	\$350,062.21	\$150,000.00	\$0.00

**Timeshare #1: 1 N. Highway 89A, #2111, Sedona, AZ 86336**

Fair Market Value	Liens	Amount of Exemption	Net Proceeds
\$10,000.00	\$19,026.64	\$0.00	\$0.00

**Timeshare #2: 120 Highlands Drive, #411, Carmel, CA 93923**

Fair Market Value	Liens	Amount of Exemption	Net Proceeds
\$33,000.00	\$38,474.58	\$0.00	\$0.00

**Personal Property:**

Description	Fair Market Value	Secured Claim	Amount of Exemption	Net Proceeds
2016 Ford Expedition King	\$58,000.00	\$68,650.49	\$6,000.00	\$0.00
Household Good and Furnishing	\$2,060.00	N/A	\$5,000.00	\$0.00
Small Electronics	\$505.00	N/A	\$2,000.00	\$0.00
Computer	\$500.00	N/A	\$1,000.00	\$0.00
Miscellaneous Books	\$100.00	N/A	\$250.00	\$0.00
Miscellaneous Clothing	\$500.00	N/A	\$500.00	\$0.00
Checking – AZCCU (#2038)	\$226.07	N/A	\$300.00	\$0.00
Savings – AZCCU (#2031)	\$25.01	N/A	N/A	\$25.01
Savings –Chase (#6952)	\$0.00	N/A	N/A	\$0.00
Thrift Savings Plan	\$38,176.39	N/A	100%	\$0.00
ASRS Pension Plan	\$3,105.38	N/A	100%	\$0.00

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Roth IRA	\$346.70	N/A	100%	\$0.00
State: 2015 Tax Refund	\$1,333.00	N/A	N/A	\$1,333.00
<b>Total</b>				<b>\$1,358.01</b>

**Summary:**

Interest in Nonexempt Property	\$1,358.01
Estimated Chapter 7 Admin Expenses	\$339.50
<b>NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS</b>	<b>\$1,018.51</b>

Estimated Amount of Unsecured Claims	\$312,714.36
Percent Distribution to Unsecured Creditors Under Proposed Plan	16.12%
Percent Distribution to Unsecured Creditors Under Liquidation Analysis	0.33%

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**EXHIBIT 2 – SUMMARY OF POST-PETITION OPERATING REPORTS**

Month	DOC No.	Total Receipts (payroll deductions already subtracted)	Total Disbursements	Net
March 2016	30	\$6,361.32	\$3,766.13	\$2,595.19
April 2016	35	\$15,409.53	\$9,308.03	\$6,101.50
May 2016	45	\$7,169.63	\$8,734.88	<b>(\$1,565.25)</b>
June 2016	51	\$8,736.44	\$4,936.11	\$3,800.33
July 2016	52	\$14,044.23	\$9,789.55	\$4,254.68
August 2016	53	\$10,952.09	\$8,452.45	\$2,499.64
<b>Average</b>		<b>\$10,445.54</b>	<b>\$7,497.86</b>	<b>\$2,947.68</b>

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**Exhibit 3 - Projected Income and Expenses for Mark Klamrzynski**

PRE-RETIREMENT		POST-RETIREMENT				
	Year 1	Year 2	Year 3	Year 4	Year 5	
Average Monthly Income	\$6,116.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	
ASRS Retirement Income	\$2,633.00	\$2,633.00	\$2,633.00	\$2,633.00	\$2,633.00	
Social Security Income		\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	
<b>Total Monthly Income</b>	<b>\$8,749.00</b>	<b>\$6,333.00</b>	<b>\$6,333.00</b>	<b>\$6,333.00</b>	<b>\$6,333.00</b>	
<b>Monthly Non-Plan Expenses</b>						
Rental Payment	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	\$1,700.00	
Home Maintenance	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	
Electriciy, Heat, Natural Gas	\$330.00	\$330.00	\$330.00	\$330.00	\$330.00	
Water and Sewer	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	
Telephone, Cable, Internet	\$503.00	\$503.00	\$503.00	\$503.00	\$503.00	
Food and Housekeeping Supplies	\$1,015.00	\$500.00	\$500.00	\$500.00	\$500.00	
Clothing, Laundry & Dry Cleaning	\$125.00	\$50.00	\$50.00	\$50.00	\$50.00	
Medical and dental expenses	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	
Transportation Expenses	\$400.00	\$200.00	\$200.00	\$200.00	\$200.00	
Entertainment, Recreations, Clubs	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	
Charitable Contributions	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	
Insurance: Life	\$84.00	\$84.00	\$84.00	\$84.00	\$84.00	
Insurance: Health	\$115.00	\$50.00	\$50.00	\$50.00	\$50.00	
Insurance: Auto	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	
Insurance: Umbrella	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	
Care & Support for Elderly Mother	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	
Roth IRA Contribution	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	
Emergency/ Contingency/ Misc.	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	
<b>Total Expenses</b>	<b>\$5,373.00</b>	<b>\$4,518.00</b>	<b>\$4,518.00</b>	<b>\$4,518.00</b>	<b>\$4,518.00</b>	
<b>Net Disposable Income</b>	<b>\$3,376.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	
<b>Estimated Monthly Plan Payment</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
Admin Claims	\$500.00					
Class 2A - Secured (Ford Motor)	\$2,876.00	\$1,530.00	\$1,530.00			
Class 3 GUC		\$285.00	\$285.00	\$1,815.00	\$1,815.00	
<b>Total Monthly Plan Payment</b>	<b>\$3,376.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	<b>\$1,815.00</b>	