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5
6 **IN THE UNITED STATES BANKRUPTCY COURT**
7 **FOR THE DISTRICT OF ARIZONA**

8 In re:

9 6046 NISBET, LLC,

10 Debtor.

Chapter 11

No. 2:17-bk-04194-BKM

11 **DISCLOSURE STATEMENT**

12
13 **INTRODUCTION**

14 Debtor, 6046 Nisbet, LLC, debtor-in-possession in the above-captioned
15 bankruptcy case ("Debtor"), hereby submits to the Court and creditors of the Debtor's
16 estate the following disclosure pursuant to 11 U.S.C. § 1125.

17 11 U.S.C. § 1125(b) prohibits the solicitation of acceptances or rejections of a Plan
18 of Reorganization unless such Plan is accompanied by a copy of the Disclosure Statement
19 which has been approved by the Bankruptcy Court.

20 The purpose of this Disclosure Statement is to provide creditors and interested
21 parties in this bankruptcy proceeding with such information as may reasonably be
22 deemed sufficient to allow creditors and interested parties to make an informed decision
23 regarding the Debtor's Plan of Reorganization (the "Plan").
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1 Unless otherwise noted, those portions of the Plan and this Disclosure Statement
2 providing factual information concerning the Debtor, its assets and liabilities, have been
3 prepared from information submitted by the Debtor and its retained professionals.
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5 This Disclosure Statement contains information that may influence your decision
6 to accept or reject the Debtor's proposed Plan. Please read this document with care.
7

8 The financial information contained in this Disclosure Statement has not been
9 subjected to an audit by an independent certified public accountant. For that reason, the
10 Debtor is not able to warrant or represent the information contained in this Disclosure
11 Statement is without any inaccuracy. To the extent practicable, the information has been
12 prepared from the Debtor's financial books and records and great effort has been made to
13 ensure all such information is fairly represented.
14

15 This Disclosure Statement and the Plan will classify all creditors into Classes. The
16 treatment of each Class of creditors will be set forth in this Disclosure Statement and in
17 the Plan. You should carefully examine the treatment of the Class to which your Claim
18 will be assigned.
19

20 This Disclosure Statement requires approval by the Bankruptcy Court after notice
21 and a hearing pursuant to 11 U.S.C. §1125(b). Once approved, the Disclosure Statement
22 will be distributed with the Debtor's proposed Plan for voting. Approval of the
23 Disclosure Statement by the Bankruptcy Court does not constitute either certification or
24 approval of the Debtor's Plan by the Bankruptcy Court or that the Disclosure Statement is
25 without any inaccuracy.
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1 The Bankruptcy Court will confirm the Plan if the requirements of §1129 of the
2 Bankruptcy Code are satisfied. The Bankruptcy Court must determine whether the Plan
3 has been accepted by each impaired Class entitled to vote on the Plan. Impaired Classes
4 entitled to vote on the Plan are those Classes of claims whose legal, equitable, or
5 contractual rights are altered, as defined under §1124 of the Bankruptcy Code. An
6 impaired Class of claims is deemed to have accepted the Plan if at least two-thirds (2/3)
7 in the amount of those claims who vote and more than one-half (1/2) in number of those
8 claims who vote have accepted the Plan. An impaired Class of interests is deemed to
9 have accepted the plan if the Plan has been accepted by at least two-thirds (2/3) in
10 amount of the allowed interest who vote on the Plan.
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13 Even if each Class of creditors does not accept the Plan, the Plan can be confirmed
14 under §1129(b) of the Bankruptcy Code, so long as one impaired Class of creditors
15 accepts the Plan. This is referred to as the “cram down” provision of the Bankruptcy
16 Code. The failure of each Class to accept the Plan could result in a conversion of this
17 case to Chapter 7 or dismissal of the Chapter 11.
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20 Only the votes of those creditors or interested parties whose ballots are timely
21 received will be counted in determining whether a Class has accepted the Plan.
22

23 **II. DEFINITIONS**

24 As utilized in this Disclosure Statement and in the Plan of Reorganization which
25 accompanies this Disclosure Statement, the following definitions apply to the following
26 terms:
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1 1. “Adequate Information” means information which would enable a
2 hypothetical reasonable investor typical of holders of claims or interests in the Debtor’s
3 estate to make an informed judgment about the Debtor’s Plan of Reorganization.

4
5 2. “Allowed and Approved Claim” shall mean a timely filed Proof of Claim
6 pursuant to an Order of the Court setting a bar date to which that claim should be filed
7 and no objection to the claims having been filed. If an objection to a claim is filed, the
8 claim will be allowed to the extent ordered by the Court.

9
10 3. “Bankruptcy Code” shall mean the Bankruptcy Code as set forth in Title 11
11 of the United State Code.

12 4. “Bankruptcy Court” shall mean in the United States Bankruptcy Court for
13 the District of Arizona.

14
15 5. “Confirmation of the Plan” shall mean the entry of an order by the
16 Bankruptcy Court confirming the Plan of Reorganization in Accordance with §1129 of
17 the Bankruptcy Code.

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19 6. “Consummation of the Plan” means the accomplishment of all things
20 required or provided for under the terms of the Plan.

21 7. “Court” shall mean the United States Bankruptcy Court for the District of
22 Arizona.

23
24 8. “Creditors” shall mean all persons holding claims for secured and
25 unsecured obligations, liabilities, demands or claims of any nature whatsoever against the
26 Debtor arising at any time prior to confirmation of the Plan and administrative creditors.

27 9. “Debtor” shall mean the petitioner in the above-captioned Bankruptcy case.
28

1 10. "Disclosure Statement" shall mean this Disclosure Statement (hereinafter
2 "Disclosure Statement") filed in this case approved, after notice and a hearing by the
3 Court as being in conformity with §1125 of the Bankruptcy Code.

4
5 11. "Effective Date" shall be the first business day which is at least 30 days
6 after the Confirmation Date.

7 12. "Petition" means the original Chapter 11 Petition filed by the Debtor.

8
9 13. "Plan" shall mean the Plan of Reorganization accompanying this
10 Disclosure Statement as it may be amended, modified and/or supplemented pursuant to
11 which the Debtor proposes payment in whole or in part of creditors' claims.

12 14. "Plan Distribution Date" shall be the date ending with the first full calendar
13 quarter after the date the Chapter 11 Plan is confirmed by the Court.

14
15 15. All other terms not specifically defined by this Disclosure Statement shall
16 have the meaning designated in §101 of the Bankruptcy Code or, if not contained therein,
17 their ordinary meaning.

18 19 **III. DISCLAIMER**

20 Any representations concerning the Debtor's Plan other than as set forth herein are
21 unauthorized. This Disclosure Statement is designed to provide information the Debtor
22 deems material, important and necessary for its creditors to arrive at an informed decision
23 in exercising their right to accept or reject the Plan. **YOU SHOULD, THEREFORE,**
24 **NOT RELY ON ANY OTHER INFORMATION, REPRESENTATIONS OR**
25 **INDUCEMENTS IN ASSESSING THE MERITS OF THE DEBTOR'S PLAN**
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1 **OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE**
2 **STATEMENT.**

3 The Debtor expressly does not warrant nor represent there are no inaccuracies in
4 the following Disclosure Statement although the information provided is accurate to the
5 best of his knowledge, information, and belief. Creditors should also be aware the Court
6 has not undertaken any individual determination to verify the accuracy of the information
7 contained in this Disclosure Statement. Finally, the attorney for the Debtor has not made
8 any independent evaluation as to the accuracy of the information contained herein other
9 than to ascertain the information contained herein is generally consistent with
10 information provided by the Debtor. Notwithstanding the foregoing, the Debtor believes
11 the information contained herein is correct and accurate and complies with the
12 requirements of the Bankruptcy Code.
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16 **IV. HISTORY OF DEBTOR**

17 In April 2010, Debtor acquired title to the real property located at 6046 East
18 Nisbet Road, Scottsdale, Arizona, from prior owner Michael Mannino. The subject real
19 property is a single family residence and has been used by Debtor as a vacation rental
20 property since its acquisition.
21

22 Debtor acquired the real property subject to the balances owed on two notes
23 secured by deeds of trust. The first position deed of trust secures the original principal
24 amount of \$480,000, a loan issued in August 2006 to the prior owner, Michael Mannino.
25 This debt and corresponding deed of trust is now held by Bank of New York Mellon
26 Trust and is serviced by Mr. Cooper, formerly known as Nationwide Mortgage. The
27
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1 second position deed of trust secures a loan in the original amount of \$120,000, a loan
2 also issued in August 2006 to the prior owner. The original lender was Greenpoint
3 Mortgage Funding, Inc., and the loan is now held by Bank of America.
4

5 The subject real property sustained a significant decline in its fair market value in
6 2009 and after and from which its value has not recovered. The debt secured by the real
7 property is approximately \$600,000. Debtor believes its fair market value as of this date
8 is \$440,000. This is one factor which has led to this Chapter 11 proceeding.
9

10 A second factor is the result of a local law which greatly limited for a period of
11 time Debtor's use of the subject real property as a vacation rental.

12 Effective December 2014, the City of Scottsdale passed an ordinance, barring
13 short-term rental use, defined as less than thirty days, of a residence such as Debtor's.
14 This seriously impacted Debtor's ability to rent its real property. It was limited to long-
15 term rentals only for which there is much less demand.
16

17 The effect of the law is seen in Debtor's rental income. In 2014, its gross rental
18 income was approximately \$85,000. In 2015, it was reduced to \$72,286. In 2016, it was
19 only \$61,741.
20

21 As a result of this restriction on rental use, Debtor could not make the monthly
22 payments owed to the secured creditors, falling into default. Debtor filed its Chapter 11
23 Petition herein to address the subject property's decline in fair market value and the
24 arrears which accumulated.
25

26 In or about August 2016, the Arizona Legislature passed laws which barred
27 statutes that prevent short-term rental use of a residence. The laws went into effect on
28

1 January 1, 2017. The laws included A.R.S. § 9-500.38 and § 11-269.15 which preclude a
2 city, town, or country, from prohibiting vacation rentals or short-term rentals.

3 Debtor's total gross rental income in 2017 was approximately \$50,000. It expects
4 it to return to 2014 levels in 2018.

5
6 Debtor's member is Maricopa Holdings, LLC. Charles Sullivan, through Charles
7 Sullivan, PLLC, and his mother, Delores Sullivan, are the managers and members of
8 Maricopa Holdings, LLC.
9

10 **Residential Rental Business.**

11 The property has been well maintained and, as noted above, is used as a vacation
12 rental home. Tenants lease the property for short term rental periods such as for a week
13 or more and occasionally for extended periods of time. The property in the years pre-
14 Petition generated average gross rentals of approximately \$5,000 a month and
15 experienced 75% or more yearly occupancy but for 2015 when the City of Scottsdale
16 Code limited occupancy to 60%.
17

18
19 **Events Leading to Chapter 11 Filing**

20 Mr. Sullivan began to rent the subject real property in mid-2010 to those which
21 included short-term renters.

22 Debtor participates in a number of on-line and other marketing programs to attract
23 its customers. National Equity Consultants, LLC, handles all marketing, advertising, and
24 reservations for Debtor. It also owns the furniture, furnishings, and other contents of the
25 subject real property and allows them to be used in Debtor's operations. Pre-petition,
26 National Equity Consultants, LLC, collected rents and serviced Debtor's debts. National
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28

1 Equity Consultants, LLC, is entitled to a monthly management fee of \$500 under the
2 Vacation Rental Management Agreement entered into with Debtor and attached hereto as
3 Exhibit D. Post-petition, it collects the rental income and pays the associated costs.
4

5 The cost to Debtor for utilities, repairs, maintenance, and insurance have averaged
6 approximately \$1,200 to \$1,500 a month. Debtor has begun making monthly adequate
7 protection payments to its senior position lender, Mr. Cooper, in the amount of
8 \$1,560.48.
9

10 Debtor anticipates the ongoing net income from the operation of the subject
11 property as a vacation rental will be approximately \$1,500 to \$2,000 a month, not
12 including income taxes, repair items, and management fees. Its net income after these
13 expenses are expected to be approximately \$500 a month. Debtor proposes to continue
14 with the vacation rental program currently in place.
15

16 As noted above, Debtor also experienced the ramifications of the drastic change in
17 the area real estate market which affected the subject real property's fair market value.
18 Debtor has obtained a Broker's Price Opinion of the subject real property which ascribes
19 to it a fair market value of \$440,000 as of November 2017. (See Exhibit B.) Therefore,
20 the first position deed of trust held by Mr. Cooper, securing a debt of approximately
21 \$480,000, is only partially secured. The claim of the junior secured lien holder, Bank of
22 America, is not secured to any extent. A sale of the subject property at this time would
23 result only in partial payment to the first position secured creditor, Mr. Cooper.
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1 **V. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE**

2 A. Administrative Proceedings.

3 The Debtor filed its Petition for Relief under Chapter 11 on April 19, 2017.

4 B. Retention of Professionals.

5 The Debtor retained The Kozub Law Group, PLC, to act as its original bankruptcy
6 counsel.

7 C. Appointment of Unsecured Creditors Committee.

8 The United States Trustee's Office filed a statement stating, despite its efforts to
9 contact unsecured creditors, it was unable to appoint a Committee of Unsecured
10 Creditors.

11 D. Operating Reports.

12 The Debtor's monthly operating reports are current and copies can be obtained
13 from the Court's electronic docket.

14 E. Plan of Reorganization.

15 On February 15, 2018, the Debtor filed its Plan of Reorganization.

16 **VI. VOTING**

17 A. Ballots and Voting Deadline.

18 A ballot to be used for voting to accept or reject the Plan is enclosed with this
19 Disclosure Statement and mailed to creditors entitled to vote. A creditor must (1)
20 carefully review the ballot and instructions there; (2) execute the ballot; and, return it to
21 the address indicated thereon by the deadline in order to be considered for voting
22 purposes. The Bankruptcy court has directed that, in order to be counted for voting
23 purposes.

1 purposes, ballots for the acceptance or rejection of the Plan must be received no later than
2 the date established by the Bankruptcy Court, with a copy being provided to the
3 following address: THE KOZUB LAW GROUP, PLC, 7535 East McDonald Drive,
4 Scottsdale, Arizona 85250. *The enclosed Ballot states the Court established deadline in*
5 *which all ballots must be filed with the Court and copies provided to Debtor's counsel.*

6
7 B. Creditors Entitled to Vote.

8
9 Any creditor of the Debtor, whose claim is impaired under the Plan, is entitled to
10 vote if it has filed a Proof of Claim on or before the last date set by the Bankruptcy Court
11 for such filings. A proof of claim is deemed filed by all creditors whose claims are listed
12 in Debtor's Schedules on file herein unless the claim is listed as disputed, contingent, or
13 unliquidated. Any claim to which an objection has been filed (and such objection is still
14 pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the claim
15 in an amount which it deems proper for the purpose of accepting or rejecting the Plan
16 upon Motion by the creditor whose claim is subject to any objection. Such motion must
17 be heard and determined by the Bankruptcy Court prior to the date established by the
18 Court to confirm the Plan. In addition, a creditor's vote may be disregarded if the
19 Bankruptcy Court determines that the creditor's acceptance or rejection was not solicited
20 or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

21
22 C. Definition of Impairment.

23
24 Under §1124 of the Bankruptcy Code, a class of claims or equity interests is
25 impaired under a Plan of Reorganization unless, with respect to each claim or equity
26 interest of such class, the Plan:
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1 Except as provided in Section 1123(a)(4) of this title, a class of claims or interests
2 is impaired under a plan unless, with respect to each claim or interest of such
3 class, the plan –
4

5 (1) leaves unaltered the legal, equitable, and contractual rights to
6 which such claim or interest entitles the holder of such claim or interest;

7 (2) notwithstanding any contractual provision or applicable law
8 that entitles the holder or such claim or interest to demand or receive
9 accelerated payment of such claim or interest after the occurrence of a
10 default –
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12 (A) cures any such default that occurred before or after the
13 commencement of the case under this title, other than a default of a kind
14 specified in Section 365(b)(2) of this title;
15

16 (B) reinstates the maturity of such claim or interest for any
17 damages incurred as a result of any reasonable reliance by such holder on
18 such contractual provision of such applicable law; and
19

20 (C) compensates the holder of such claim or interest for
21 any damages incurred as a result of any reasonable reliance by such holder
22 or such contractual provision or such applicable law; and
23

24 (D) does not otherwise alter the legal, equitable, or
25 contractual rights to which such claim or interest entitles the holder of such
26 claim or interest.
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1 D. Classes Impaired Under the Plan.

2 Creditors holding claims or interests in Classes 2, 3, 4, 5, and 6 are impaired under
3 the Plan and are eligible, subject to the limitations set forth above, to vote to accept or
4 reject the Plan. Creditors holding claims in Classes 1 and 7 are not impaired under the
5 Plan and are not entitled to vote with respect to acceptance or rejection of the Plan. Such
6 creditors will be paid in accordance with the provisions of the Plan. *See 11 U.S.C.*
7 *§1126(f).*
8

9 E. Votes Required for Class Acceptance.

10 The Bankruptcy Code defines acceptance of a Plan by a class of creditors as
11 acceptance by holders of two-thirds in dollar amount and by a majority in number of the
12 claims of that class which actually cast ballots for acceptance or rejection of the Plan, i.e.,
13 acceptance takes place only if two-thirds in amount and majority in numbers of the
14 creditors actually voting cast their ballots in favor of acceptance.
15

16 SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT THE
17 BALLOT OR BALLOTS BE MAILED OR DELIVERED WELL IN ADVANCE OF
18 THE DATE SPECIFIED. ANY BALLOTS RECEIVED AFTER THIS DATE MAY
19 NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE WHETHER THE
20 DEBTOR'S CREDITORS HAVE VOTED TO ACCEPT OR REJECT THE PLAN.
21

22 THIS IS A SOLICITATION BY THE PROPONENT ONLY AND IS NOT A
23 SOLICITATION BY THE PROPONENT'S ATTORNEY OR ACCOUNTANT, AND
24 THE PRESENTATIONS MADE HEREIN ARE THOSE OF THE PROPONENT AND
25 NOT OF THE PROPONENT'S ATTORNEY OR ACCOUNTANT, EXCEPT AS
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1 OTHERWISE INDICATED. THE RECORDS SUBSEQUENT TO THE FILING OF
2 THE PETITION FOR REORGANIZATION HAVE BEEN KEPT BY THE DEBTOR-
3 IN-POSSESSION AND MONTHLY FINANCIAL REPORTS HAVE BEEN
4 SUBMITTED BY THE DEBTOR-IN-POSSESSION FROM TIME TO TIME SINCE
5 THE FILING OF THE PETITION. WHILE EVERY REASONABLE EFFORT HAS
6 BEEN MADE TO ENSURE THE ACCURACY OF THE MONTHLY REPORT,
7 THEIR ACCURACY CANNOT BE GUARANTEED.
8
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10 **VII. GENERAL INFORMATION AND DISCLOSURE**

11 Sources of Information.

12 Information relating to financial matters has been taken from the records of Debtor
13 and interviews with the Debtor. Information of a legal nature has been provided by the
14 counsel of record.
15

16 Current Condition of Debtor.

17 Debtor remains active in the operation of the vacation rental property located at
18 6046 East Nisbet Road, Scottsdale, Arizona.
19

20 The Accounting Process.

21 The accounting process is conducted using generally accepted accounting
22 principles. Accounting information is furnished by the Debtor.
23

24 Inventory and Asset Description.

25 Debtor owns the real property single family residence at 6046 East Nisbet Road,
26 Scottsdale, Arizona, with value of \$440,000.
27
28

1 Future Management.

2 Management of Debtor's affairs will remain with Debtor.

3 The Anticipated Future of Debtor's Affairs.

4 The funds needed to comply with Debtor's Chapter 11 Plan shall come from
5 Debtor's business (rental income) and \$10,000 new value to be injected by Debtor's
6 member.
7

8 Incidents which led to the filing of the Chapter 11.

9 *See* Article IV of this Disclosure Statement.

10 Disclaimer regarding the information given.

11 *See* Article III of this Disclosure Statement.

12 Amount of Claims scheduled.

13 *See* below.

14 The estimated return to the creditors if liquidated.

15 *See* Article XIII.

16 A copy of the proposed plan.

17 *See* the Plan filed as a separate document.

18 Administrative Claims.

19 These claims consist of the expenses of administration of the estate including
20 attorney fees for Debtor's counsel and any unpaid fees to the U.S. Trustee. The Debtor
21 estimates these costs and expenses to be \$10,000.
22

23 Unsecured Claims.

24 As set forth in the schedules filed by the Debtor, Debtor has no unsecured claims,
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1 not including the portion of the secured claims which exceed the value of Debtor's real
2 property.

3 Secured Claims.

4 The original schedules reflect secured debt in the amount of \$600,000.

5 Tax Claims.

6 The schedules reflect a tax claim in the amount of \$0.00. This does not include
7 any amounts that may be due for ad valorem claims which are secured against the real
8 properties, if any.

9 Child Support Claims.

10 As reflected in the schedules by the Debtor, there are **NO** domestic support orders
11 against the Debtor.

12 **VIII. FINANCIAL INFORMATION**

13 *See* Liquidation Analysis, Article XIII. See the most recent two months of
14 monthly operating reports attached as Exhibit C. *See* Brokers Price Opinion for the 6046
15 East Nisbet real property, Exhibit B.

16 **IX. SUMMARY OF THE PLAN OF REORGANIZATION**

17 The Plan provides for seven classes of claims to be paid or administered in the
18 following manner:

19 Class 1 – Administrative Claims.

20 These claims are for the expenses of administration of the estate, including
21 attorney fees for Debtor's counsel and unpaid fees to the U.S. Trustee, if any. Debtor
22 believes, at the time the Debtor's Chapter 11 Plan is confirmed, there will be an

1 administrative expense claim in the approximate amount of \$10,000.00. This claim shall
2 be paid in cash, or in the amounts allowed by the Court upon the Plan distribution date
3 unless otherwise agreed to between the Debtor and the administrative creditor. **(This**
4 **class is not impaired.)**

6 Class 2 – Priority Claims of Governmental Units.

7 A. Classification: Class 2 claims consist of all allowed claims of the
8 United States Internal Revenue Service (“IRS”) and/or State of Arizona, Department of
9 Revenue (“AZDOR”) and/or other government agency which is entitled to priority
10 pursuant to Section 507(a)(7) of the Bankruptcy Code except ad valorem taxes. Debtor
11 believes there are no claims in this class.

13 B. Impairment: Class 2 is impaired.

14 C. Treatment: Each holder of a Class 2 allowed claim, if any, shall
15 retain its claim, in accordance with Section 1129 of the Bankruptcy Code. The claim
16 shall bear simple interest at a fixed rate equal to that rate which would be required to be
17 paid as of the Effective Date under Section 6621 and/or 6622 of the Internal Revenue
18 Code, or such other interest rate as the Bankruptcy Court determines is sufficient to
19 confer upon the tax note a value as of the Effective Date equal to the principal amount of
20 such claim. The allowed claim shall be payable in 36 equal monthly installments of
21 principal, along with accrued interest, in deferred cash payments over a period not to
22 exceed three years from the effective date. The first payment shall commence on the first
23 day of the month immediately following the month of the Effective Date. The claim is
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1 subject to prepayment at any time without penalty or premium and shall have such other
2 terms as are usual and customary.

3
4 Class 3 – Secured Claim of Mr. Cooper.

5 A. Classification: Class 3 consists of the allowed secured claim of Mr.
6 Cooper, secured by the real property located at 6046 East Nisbet Road, Scottsdale,
7 Arizona, which is valued at \$440,000.

8 B. Impairment: Class 3 is impaired.

9 C. Treatment: The Class 3 claimant which holds a first mortgage on
10 the real property will have an allowed claim in the amount of \$440,000. Upon the
11 Effective Date of Confirmation, Debtor will pay \$10,000 of this amount. The balance,
12 \$430,000, will be re-amortized upon plan confirmation over thirty (30) years and paid in
13 equal monthly installments of principal and interest calculated at 5% per annum and in
14 the amount of \$2,308.00 plus escrow account items. Mr. Cooper shall release its lien
15 once its Allowed Secured Claim has been paid. The Debtor may sell the real property at
16 any time without penalty so long as the balance owed on Mr. Cooper's secured claim is
17 satisfied from the sale proceeds. The Debtor asserts the value of this property to be
18 \$440,000. The Debtor believes the senior lien is not fully secured. The unsecured
19 portion of approximately \$40,000 will be treated as a Class 6 unsecured creditor,
20 discussed below. Debtor also seeks the loan be placed in its name rather than that of the
21 prior owner, Mr. Mannino.
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1 Class 4 – Secured Claim of Bank of America.

2 A. Classification: Class 4 consists of the second position lien claim of
3 Bank of America secured by the real property located at 6036 East Nisbet Road,
4 Scottsdale, Arizona, which is valued at \$440,000.

5
6 B. Impairment: Class 4 is impaired.

7 C. Treatment: The Class 4 claimant which holds a second position
8 deed of trust on the real property is believed to be wholly unsecured. The Class 4
9 creditor shall have its lien released upon confirmation of the Plan of Reorganization. The
10 deficiency amount shall be treated as a Class 6 unsecured claim and paid on a pro-rata
11 basis.
12

13 Class 5 – Secured Claim of Maricopa County.

14
15 A. Classification: Class 5 consists of the allowed secured ad valorem
16 claim of Maricopa County secured by the real property located at 6046 East Nisbet Road,
17 Scottsdale, Arizona, which is valued at \$440,000. Debtor believes there is no claim in
18 this class.
19

20 B. Impairment: Class 5 is impaired.

21 C. Treatment: The Class 5 shall be paid over 36 months at the statutory
22 rate of interest and may be pre-paid at any time without penalty.
23

24 Class 6 – General Unsecured Claim.

25 All allowed and approved claims under this Class shall be paid the sum of \$1,500
26 on a quarterly basis, *pro rata*, to be paid on the last day of each quarter, beginning with
27 the first full quarter ending after the Effective Date, and continuing each quarter for a
28

1 total of twelve (12) quarters, a total \$18,000. A summary of the unsecured claims with
2 the claimed and/or allowed amount and the prorated amount anticipated to be paid to
3 each of the Class 6 claimants is set forth in the attached Exhibit A. Debtor proposes this
4 quarterly payment instead of monthly payments because of the seasonal and monthly
5 inconsistency in rental income it experiences and to allow months with limited income to
6 be balanced by other months with better rental income.
7

8 Class 7 – Debtor’s Interest.
9

10 Debtor shall retain all of his legal and equitable interests in exempt and non-
11 exempt assets of this estate as all reconciliation issues have been met. All estate property
12 shall vest in the Debtor at confirmation. Debtor’s members shall inject \$10,000 new
13 value into Debtor upon confirmation. *See 1 U.S.C. §1115; 11 U.S.C. §1129(b)(2)(B)(ii).*
14

15 (This class is not impaired.)

16 **X. DISPUTED CLAIMS**

17 Debtor reserved the right to verify and object to any proof of claim. Payment of
18 disputed claims shall be made only after agreement has been reached between the Debtor
19 and the Creditor or upon the order of the Court. Any and all objections to proofs of claim
20 will be filed within sixty (60) days of the Effective Date of this plan or will be waived.
21

22 **XI. EXECUTORY CONTRACTS**

23 At the time of the filing, the Debtor was party to an executory contract with
24 National Equity Consultants, LLC which it will assume. The Vacation Rental
25 Management Agreement is attached as Exhibit D.
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1 **XII. DOMESTIC SUPPORT OBLIGATIONS**

2 As reflected in the schedules filed by the Debtor, there are no domestic support
3 orders against the Debtor.
4

5 **XIII. CHAPTER 7 LIQUIDATION ANALYSIS**

6 Pursuant to the provisions of the Bankruptcy Code providing for Court approval of
7 a Plan of Reorganization, Debtor is required to pay creditors at least as much as creditors
8 would receive in a Chapter 7 liquidation case after costs of administration and the
9 liquidation of the Debtor's assets. This Liquidation Analysis represents an estimate of
10 recovery based upon hypothetical liquidation assumptions whereby a Trustee would
11 conduct the Chapter 7 liquidation to convert assets to cash and settle claims. The
12 determination of the hypothetical proceeds from the liquidation of assets is an uncertain
13 process involving the use of estimates and assumptions, although considered reasonable,
14 are inherently subject to business, economic and competitive contingencies beyond the
15 control of the Debtor.
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18 If the Plan is not confirmed, and the Debtor's assets are instead liquidated, it is
19 anticipated Mr. Cooper would foreclose and acquire the subject real property. Debtor has
20 no other assets. The junior secured creditor and unsecured creditors would receive
21 nothing in the form of a distribution. The minimal cash held by or for Debtor at the time
22 of filing, approximately \$6,000, and current receivables due to it of approximately
23 \$14,000 would be applied to administrative expenses with little or no amount available
24 for other creditors.
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1 Debtor's schedules and statement, (2) to the address specified in any proof of claim filed
2 by a creditor or claimant herein or (3) to the address provided by any such creditor or
3 claimant for purposes of distribution, and if subsequently the Post Office returns such
4 distribution due to lack of insufficiency of address or forwarding address, the Debtor
5 shall retain such distribution for a period of six months. Thereafter the distribution shall
6 revert to the Debtor without further Order of the Court and be free and clear of any claim
7 of the named distributee. The Debtor shall thereafter not be required to mail subsequent
8 distributions to any creditor for whom a distribution has been returned by the Post Office.
9 The Debtor reserves the right to modify the Plan in accordance with §1127 of the
10 Bankruptcy Code. The Plan may be modified prior to confirmation provided that the
11 Plan still complies with §1122 and §1123 of the Bankruptcy Code. The Plan may be
12 modified subsequent to confirmation and before substantial consummation of the Plan
13 under such circumstances as may warrant such under §1127 of the Bankruptcy Code.
14 Any holder of a claim or interest that has been previously accepted or rejected a
15 confirmed Plan, shall be deemed to have accepted or rejected any subsequently modified
16 Plan unless the holder of such claim or interest changes its acceptance or rejection of the
17 Plan within the time fixed by the Court.

22 **XVII. QUARTERLY FEES AND REPORTS**

23
24 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such
25 time as a Final Decree has been entered in this matter by the Court, closing this Chapter
26 11 proceeding. Debtor shall continue to file monthly operating reports until such time as
27 the Court enters an Order confirming this Chapter 11 Plan of Reorganization and/or the
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1 end of the calendar quarter in which the Plan was confirmed. At such time, Debtor shall
2 cease filing monthly operating reports and shall begin filing quarterly post confirmation
3 reports. These quarterly reports shall be filed until such time as a Final Decree has been
4 entered in this matter by the Court, closing this Chapter 11 proceeding.
5

6 **XVIII. RETENTION OF JURISDICTION**

7 The Bankruptcy Court will retain jurisdiction over this case for purposes of
8 determining the allowance of claims or objection to claims. The Court will also retain
9 jurisdiction for purposes of fixing allowances for compensation and/or for purposes of
10 determining the allowability of any other claimed administrative expenses. The Court
11 will also retain jurisdiction for the purpose of establishing bar dates and making a
12 determination with respect to all disputed claims. Finally, the Court shall retain
13 jurisdiction for purposes of determining any dispute arising from the interpretation,
14 implementation or consummation of the Plan and to implement and enforce the
15 provisions of the Estoppel, the principles of *res judicata* or collateral estoppel with
16 respect to any term or provision contained herein in the event the Plan is not confirmed.
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20 The Court may enter a Final Decree and retain jurisdiction over this case to reopen
21 the case to provide relief including the entering of a Discharge Order.
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23 **XIX. REPRESENTATION**

24 No representations concerning the Debtor are authorized by the Debtor other than
25 as set forth in this statement. Any representation or inducement made to secure your
26 acceptance other than as contained in this statement should not be relied upon by you in
27 arriving at your decision, and such additional representations and inducements should be
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1 reported to counsel for the Debtor, who, in turn, shall deliver such information to the
2 Bankruptcy Court for such action as may be deemed appropriate.

3
4 **XX. CONCLUSION**

5 It is respectfully submitted Debtor has given thought to the problems confronting
6 it and, with the assistance of counsel, has devised and formulated this Plan with the hope
7 the equitableness of the Plan will be considered by the creditors.

8
9 It is sincerely hoped all creditors will join in and consent to the Plan so they, as
10 well as the Debtor, will receive the maximum results.

11 DATED this 15th day of February, 2018.

12 THE KOZUB LAW GROUP, PLC

13
14 By: 

15 Richard W. Hundley
16 7537 East McDonald Drive
17 Scottsdale, Arizona 85250
Attorneys for Debtor

18 Copy of the foregoing mailed
19 this 15th day of February, 2018, to:

20 U.S. Trustee
21 230 North First Avenue, Suite 204
22 Phoenix, AZ 85003

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