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7 Attorneys for Debtor
8 WILLIAM T BEDDIE,

9 UNITED STATES BANKRUPTCY COURT
10 EASTERN DISTRICT OF CALIFORNIA (SACRAMENTO DIVISION)

11 In re:
12 WILLIAM T BEDDIE,
13 Debtor.

14 **Case No.: 12-33885**
15 **[JGD-6]**

16 Hearing on Modification
17 Date: 8/23/2016
18 Time: 10:30 a.m.
19 Court: C, Hon. Christopher Klein

20 **COMBINED PROPOSED 1ST MODIFIED CHAPTER 11 PLAN OF**
21 **REORGANIZATION AND DISCLOSURE STATEMENT AMENDED AUGUST 17, 2016**

22 **INTRODUCTION**

23 This is the Proposed Combined 1st Modified Chapter 11 Plan of Reorganization
24 and Disclosure Statement (the "Plan") filed by Debtor WILLIAM T BEDDIE ("Debtor") .
25 The Plan identifies each known creditor by name and describes how each claim will be
26 treated if the Plan is confirmed.

27 Most creditors (those in impaired classes) are entitled to vote on confirmation of
28 the Plan. If the disclosure contained herein is approved on June 12, 2013, the Court
will then set dates by which completed ballots must be received by Debtor' counsel, the
filing and serving of objections to confirmation, and a date for a hearing on confirmation
of the Plan.

Part 1 provides a history of the Debtor, including a description of the issues
which caused them to file for bankruptcy protection. Part 2 contains the treatment of
creditors with secured claims; Part 3 contains the treatment of general unsecured

1 creditors (5% of their allowed claims). Taxes and other priority claims would be paid in
2 full, as shown in Part 4. Part 5 describes the treatment of Executory Contracts and
3 Leases, if any.

4 Whether the Plan is confirmed is subject to complex legal rules that cannot be
5 fully described here. You are strongly encouraged to read the Plan carefully and to
6 consult an attorney to help you determine how to vote and whether to object to
7 confirmation of the Plan.

8 Parts 6 and 7 contain additional information to consider in deciding whether to
9 support confirmation. Part 6 contains an analysis of how much creditors would likely
10 receive in a Chapter 7 liquidation, which might be an alternative to confirmation. Part 7
11 contains an analysis of whether Debtor Plan is feasible and whether they are using their
12 best efforts. Part 7 shows Debtor' monthly income and expenses and the amounts to
13 be paid to creditors upon the Effective Date of the Plan and over the four (4) years of
14 the Plan.

15 If the Plan is confirmed, the payments promised in the Plan constitute new
16 contractual obligations that replace the Debtor' pre-confirmation debts. Creditors may
17 not seize their collateral or enforce their pre-confirmation debts so long as Debtor
18 performs all obligations under the Plan. If Debtor defaults in performing Plan
19 obligations, any creditor can file a motion to have the case dismissed or converted to a
20 Chapter 7 liquidation, or enforce their non-bankruptcy rights. Debtor will be discharged
21 from all pre-confirmation debts (with certain exceptions) if Debtor makes all Plan
22 payments. Enforcement of the Plan, discharge of the Debtor, and creditors' remedies if
23 Debtor defaults are described in detail in Parts 8 and 9 of the Plan.

24 **PART 1 HISTORY OF THE DEBTOR**

25 **a. Pre-Filing**

26 Debtor works in the construction industry. He also owns three real properties
27 described in detail below.

1 2 3 4 10201 East River Street, Truckee, CA 96161 (Residence)(\$250,000 Fair Market Value)	1 st Mortgage originally held by American Home Mortgage and purportedly now held by Deutsche Bank National Trust. Through several servicers, Debtor repeatedly submitted documents for a loan modification. Most recently, Debtor's loan modification was denied Ocwen Financial.
5 6 8667 Rainbow, Kings Beach, CA. Triplex Rental. Rental income of \$1600, sufficient to cover modified loan payment.	1 st Mortgage held by JP Morgan Chase. Pursuant to pre-petition loan modification, the principal loan amount is \$178,000 which is the fair market value.
7 8 9 10717 East River Street, Truckee, CA 96161. Reduced to Fair Market Value of \$100,000 pursuant to Motion to Value.	Vacant Lot, Riverfront. 1 st Mortgage held by Greentree. Debtor intends to obtain a construction loan, build a house on the Lot, and reside there. (See Exhibit 1, Development Plan)

11 Prior to filing a fourth rental real property, located in Incline Village, Nevada was
12 foreclosed on. Debtor also has an investment in Nosara Investments, LLC, which owns
13 land in Costa Rica. Unfortunately, the property decreased in value and Debtor's
14 interest in the LLC has no value.

15 The largest unsecured creditor is Randall Sosnick, whom Debtor owes \$130,000
16 pursuant to two (2) loans made by Sosnick.

17 The timing of the filing was triggered by a pending foreclosure sale of Debtor's
18 residence.

19 **b. The Case to Date**

20 On July 30, 2012, Debtor filed the petition.

21 On August 22, 2012, the Court granted Debtor's Motion to Extend the Automatic
22 Stay.

23 Also on August 22, 2012, the Court granted Debtor's Motion to Value the
24 secured claim of Greentree Servicing LLC against the lot at 10717 East River Street,
Truckee, CA 96161 at \$100,000.

25 On August 30, 2012, Debtor appeared at the 341 meeting. Requests for
26 additional documentation were provided.

1 Debtor has filed all required Monthly Operating Reports and, through counsel,
2 has attended all status conferences.

3 Debtor opposed the Motion for Allowance of Late Filing of Proof of Claim, which
4 was granted on January 24, 2013.

5 Throughout the case, Debtor has attempted to obtain a loan modification for the
6 loan secured against his residence. These efforts concluded on June 7, 2013 with a
7 final denial by the Ocwen, the apparent servicer for the lender.

8 **PART 2: TREATMENT OF SECURED CREDITORS**

9 **a. Creditor's Rights Remain Unchanged.**

10 This creditor's legal, equitable, and contractual rights remain unchanged with
11 respect to the following collateral. The confirmation order will constitute an order for
12 relief from stay.

13 **This secured claim is not impaired and is not entitled to vote on**
14 **confirmation of the Plan.**

15 Class	Name of Creditor	Description of Collateral	Claim 16 Amount	Monthly 17 Payment
18 1	JP Morgan Chase Bank, N.A.. (Claim 6)	8667 Rainbow, Kings Beach, CA.	\$173,250	\$1492.51
19 5	<u>East River HOA</u>	<u>10717 East River Street Truckee, CA 96161.</u>	<u>\$10,109.50¹</u>	<u>\$925²</u>

20 **b. Debtor to Strip Down Lien.**

21 Debtor contends that the value of the collateral is less than the amount of the
22 claim. Debtor has obtained an order from the court determining the value of the
23 collateral. Debtor will pay as a secured claim the amount equal to the value of the
24 collateral. Debtor will pay the secured claim in full with interest from the Effective Date
25

26 _____
27 ¹Includes \$6,650 in post-petition charges.

28 ²Commencing August 2016.

1 of the Plan through three hundred and sixty (360) equal monthly payments. Payments
 2 will be due on the tenth (10th) day of the month, starting September 10, 2013. Any
 3 remaining amount due is a general unsecured claim treated in Part 3.

4 Payments to claimant in this class may continue past the date Debtors obtain a
 5 discharge. The claimant's rights against its collateral shall not be affected by the entry
 6 of discharge, but shall continue to be governed by the terms of this Plan. The creditor
 7 in this class may not repossess or dispose of their collateral so long as Debtor is not in
 8 material default under the Plan (defined in Part 9(c)). **This secured claim is**
 9 **impaired and is entitled to vote on confirmation of the Plan.**

Class	Name of Creditor	Collateral	Value	Rate	Payment
2	Greentree Servicing (Claim 4)	10717 East River Street Truckee, CA 96161.	\$100,000	4%	\$477.42

13 **c. Debtor to object to Claim**

14 Debtor contends that the claimant in this case does not have a valid secured
 15 claim. Debtor contends that the purported holder of the loan, Deutsche Bank National
 16 Trust does not have legal title to the loan due to a variety of issues, including
 17 fraudulently signed documents and unlawful transfers. Debtor will file an objection to
 18 claim. If the objection is denied, then Debtor shall surrender the collateral and relief
 19 from stay may be granted.

Class	Name of Creditor	Description of Collateral	Claim Amount	Monthly Payment
3	Deutsche Bank National Trust (Claim 7)	10201 East River Street, Truckee, CA 96161	\$605,924.42	\$2627.74

1 **PART 3: TREATMENT OF GENERAL UNSECURED CREDITORS (Class 4)**

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Name of Creditor	Amount of Claim	Amount to be Paid	Quarterly Payment
Internal Revenue Service (Unsecured Portion) (Claim 1)	\$1100	\$55	\$7
American Express Bank, FSB (Claim 2)	\$1,575	\$79	\$10
A.R. Resources, Inc. (Schedule F)	\$935	\$47	\$6
ANES Medical Group of California (Sch. F)	\$1900	\$95	\$12
Candica LLC (Bank of America) (Claim 5)	\$15,079	\$754	\$95
Citicards (Sch. F)	\$1,800	\$90	\$12
Greentree Servicing (Unsecured)	\$110,293	\$5,546	\$694
Kingman Regional/ Becket & Lee (Sch. F)	\$1,640	\$82	\$10
Palo Alto Medical Foundation (Sch. F)	\$4,868	\$245	\$30
Randall Sosnick (Sch. F)	\$130,000	\$6,500	\$813
Tahoe Truckee Sanitation (Sch. F)	\$2075	\$104	\$13
Tahoe Truckee Disposal	\$1210	\$61	\$8
TOTAL	\$273,105	\$13,655.25	

17 **Class 4. General Unsecured Claims.**

18 Allowed claims of general unsecured creditors shall be paid as follows:

19 **Percent Plan.** Creditors will receive five percent (5%) of their allowed claim in
 20 four (4) quarterly installments, due on the 10th day of the quarter, starting on September
 21 10, 2013.

22 Creditors in this class may not take any collection action against Debtor so long
 23 as Debtor is not in material default under the Plan (defined in Part 9(c)). **This class is**
 24 **impaired and is entitled to vote on confirmation of the Plan.** Debtor has indicated
 25 below whether a particular claim is disputed.

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PART 4: TREATMENT OF PRIORITY AND ADMINISTRATIVE CLAIMS

(a) Attorney’s Fees. Debtor will pay the following professional fees in full on the Effective Date, or upon approval by the court, whichever is later.

Name and Role of Professional	Estimated Amount
John G. Downing	\$1,500

Professionals may not take collection action against Debtor so long as Debtor is not in material default under the Plan (defined in Part 9(c)). **Estate professionals are not entitled to vote on confirmation of the Plan.**

(b) Other Administrative Claims. Debtor will pay other allowed claims entitled to priority under section 503(b) in full on the Effective Date; except expenses incurred in the ordinary course of Debtor’ business or financial affairs, which shall be paid when normally due and payable (these creditors are not listed below). All fees payable to the United States Trustee as of confirmation will be paid on the Effective Date; post-confirmation fees to the United States Trustee will be paid when due.

Administrative Creditors may not take any collection action against Debtor so long as Debtor is not in material default under the Plan (defined in Part 9(c)). **Administrative claimants are not entitled to vote on confirmation of the Plan.**

Name of Administrative Creditor	Estimated Amount of Claim
None.	

(c) Tax Claims. Debtor will pay allowed claims entitled to priority under section 507(a)(8) in full over time with interest (at the non-bankruptcy statutory interest rate) in equal amortizing payments in accordance with section 511 of the Bankruptcy Code. Payments will be made quarterly, due on the 10th day of the quarter, starting January 10, 2013. To the extent amounts owed are determined to be other than as shown below, appropriate adjustments will be made in the number of payments.

Priority tax creditors may not take any collection action against Debtor so long as Debtor is not in material default under the Plan (defined in Part 9(c)). **Priority tax**

1 **claimants are not entitled to vote on confirmation of the Plan.**

Name of Creditor	Priority Claim	Payment Amount	Number of Payments
Internal Revenue Service	\$3,055.93	\$128	24

5 Priority tax creditors may not take any collection action against Debtor so long as
 6 Debtor is not in material default under the Plan (defined in Part 9(c)). **Priority tax**
 7 **claimants are not entitled to vote on confirmation of the Plan.**

8 **PART 5: EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9 (a) Executory Contracts/Unexpired Leases Assumed. Debtor assumes the following
 10 unexpired leases upon confirmation of this Plan and will perform all pre-confirmation
 11 and post-confirmation obligations thereunder. Post-confirmation obligations will be paid
 12 as they come due.

Name of Counter-Party	Description of Contract/Lease	Amount
Alvaro Bravo	Residential Lease	\$600
Bruening Associates	Management Contract for Rainbow Drive includes expenses.	(\$450)
Hugo Andrade	Residential Lease	\$900
Steve Hillrides	Residential Lease	\$1,050
		\$1,900

20 (b) Executory contracts and unexpired leases not specifically assumed or rejected will
 21 be deemed rejected.

22 **PART 6 - LIQUIDATION ANALYSIS**

23 None of Debtor's real properties have any equity (secured claims are equal to or
 24 greater than fair market value). Thus, only the personal property could be liquidated.
 25 The liquidation of Debtor's personal is property is set forth in the table below.

Description	Value	Amt of Exemption	Net Proceeds
DIP Checking Account	\$12,728	\$12,728	0

1	Cash	\$350	\$350	0
2	Household Furnishings	\$1,500	\$1500	0
3	Clothing	\$400	\$400	0
4	Kayak, Skates, Bike	\$400	\$400	0
5	Retirement Accounts	\$5,500	\$5,500	0
6	Interest in Nosara Sustainable	\$0		0
7	Investments Costa Rica			
8	1999 Chevrolet Silverado	\$5,000	\$5,000	0
9	1977 Winnebago RV	\$2,000	\$2,000	0
10	1978 Yamaha 750 Motorcycle	\$700	\$700	0
11	1994 Nissan Pathfinder	\$500	\$500	0
12	1977 Sea Ray Boat (60% Interest)	\$800	\$800	0
	TOTAL			\$0

13 **Liquidation Analysis:**

14	Net Proceeds of Real Property and Personal Property	\$0
15	Chapter 11 Administrative Claims [SUBTRACT]	\$1,500
16	Priority Claims [SUBTRACT]	\$3000
17	Chapter 7 Trustee Fees (25% of 1 st \$5,000) [SUBTRACT]	\$0
18	NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS	\$0

19	Estimated Amount of Unsecured Claims	\$273,105
20	Percent Distribution to Unsecured Creditors Under Proposed Plan	5%
21	Percent Distribution to Unsecured Creditors Under Liquidation Analysis	0%

22 **PART 7: FEASIBILITY ANALYSIS**

23 **Income:**

24		Amount
25	Debtor's Gross Income (Independent Contractor)	\$5,000
26	Debtor's Net Income from Rental Property (after mortgage and	\$400
27	expenses including management fee)	
28		

INCOME	\$5,400
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Expenses:

	Amount
Rent (or Mortgage with Housemate Contribution)	\$1700
Household Expenses (food, maintenance, utilities)	\$990
Transportation Expenses (maintenance, insurance, fuel)	\$500
Personal Expenses (e.g. recreation, clothing, laundry, medical, insurance)	\$150
Health and Life Insurance	\$25
Tax Withholding	\$585
Class 2 Mortgage Payment	\$477.42
Class 4 Payment to General Unsecured Creditors (on a monthly basis)	\$569
Payments on Tax Claims (on a monthly basis)	\$128
TOTAL EXPENSES	\$5,125

Income (\$5,400) less Expenses (\$5,125) equals \$275.

PART 8: DISCHARGE AND OTHER EFFECTS OF CONFIRMATION

(a) Discharge. Debtor shall not receive a discharge of debts until Debtor makes all payments due under the Plan or the court grants a hardship discharge.

(b) Vesting of Property. On the Effective Date, all property of the estate and interests of the Debtor will vest in the reorganized Debtor pursuant to § 1141(b) of the Bankruptcy Code free and clear of all claims and interests except as provided in this Plan, subject to revesting upon conversion to Chapter 7 as provided in Part 6(f) below.

(c) Plan Creates New Obligations. Except as provided in Part 6(d), the obligations to creditors that Debtor undertakes in the confirmed Plan replace those obligations to creditors that existed prior to the Effective Date of the Plan. Debtor's obligations under the confirmed Plan constitute binding contractual promises that, if not satisfied through performance of the Plan, create a basis for an action for breach of contract under California law. To the extent a creditor retains a lien under the Plan, that creditor

1 retains all rights provided by such lien under applicable non-Bankruptcy law.

2 **PART 9: REMEDIES IF DEBTORS DEFAULT IN PERFORMING THE PLAN**

3 (a) Creditor Action Restrained. The confirmed Plan is binding on every creditor whose
4 claims are provided for in the Plan. Therefore, even though the automatic stay
5 terminates on the Effective Date with respect to secured claims, no creditor may take
6 any action to enforce either the pre-confirmation obligation or the obligation due under
7 the Plan, so long as Debtors is not in default under the Plan, except as provided in Part
8 6(e) below.

9 (b) Obligations to Each Class Separate. Debtors' obligations under the Plan are
10 separate with respect to each class of creditors. Default in performance of an
11 obligation due to members of one class shall not by itself constitute a default with
12 respect to members of other classes. For purposes of this Part 6, the holders of all
13 administrative claims shall be considered to be a single class, the holders of all priority
14 claims shall be considered to be a single class, and each non-debtor party to an
15 assumed executory contract or lease shall be considered to be a separate class.

16 (c) Material Default Defined. If Debtor fails to make any payment, or to perform any
17 other obligation required under the Plan, for more than 10 days after the time specified
18 in the Plan for such payment or other performance, any member of a class affected by
19 the default may serve upon Debtor and Debtor's attorney a written notice of Debtor's
20 default. If Debtor fails within 30 days after the date of service of the notice of default
21 either: (i) to cure the default; (ii) to obtain from the court an extension of time to cure the
22 default; or (iii) to obtain from the court a determination that no default occurred, then
23 Debtor is in Material Default under the Plan to all the members of the affected class.

24 (d) Remedies Upon Material Default. Upon Material Default, any member of a class
25 affected by the default: (i) may file and serve a motion to dismiss the case or to convert
26 the case to Chapter 7; or (ii) without further order of the court has relief from stay to the
27 extent necessary, and may pursue its lawful remedies to enforce and collect Debtors'
28 pre-confirmation obligations.

1 (e) Claims not Affected by Plan. Upon confirmation of the Plan, and subject to Part
2 5(c), any creditor whose claims are left unimpaired under the Plan may, notwithstanding
3 paragraphs (a), (b), (c), and (d) above, immediately exercise all of its contractual, legal,
4 and equitable rights, except rights based on default of the type that need not be cured
5 under section 1124(2)(A) and (D).

6 (f) Effect of Conversion to Chapter 7. If the case is at any time converted to one under
7 Chapter 7, property of the Debtors shall vest in the Chapter 7 bankruptcy estate to the
8 same extent provided for in section 348(f) of the Bankruptcy Code upon the conversion
9 of a case from Chapter 13 to Chapter 7.

10 (g) Retention of Jurisdiction. The bankruptcy court may exercise jurisdiction over
11 proceedings concerning: (i) whether Debtor are in Material Default of any Plan
12 obligation; (ii) whether the time for performing any Plan obligation should be extended;
13 (iii) adversary proceedings and contested matters pending as of the Effective Date or
14 specifically contemplated in this Plan to be filed in this court (see Part 7(f)); (iv) whether
15 the case should be dismissed or converted to one under Chapter 7; (v) any objections
16 to claims; (vi) compromises of controversies under Fed. R. Bankr. Pro. 9019; (vii)
17 compensation of professionals; and (viii) other questions regarding the interpretation
18 and enforcement of the Plan.

19 **PART 10: GENERAL PROVISIONS**

20 (a) Effective Date of Plan. The Effective Date of the Plan is the tenth (10th) day
21 following the date of the entry of the order of confirmation, if no notice of appeal from
22 that order has been filed. If a notice of appeal has been filed, Debtor may waive the
23 finality requirement and put the Plan into effect, unless the order confirming the Plan
24 has been stayed. If a stay of the confirmation order has been issued, the Effective
25 Date will be the first day after that date on which no stay of the confirmation order is in
26 effect, provided that the confirmation order has not been vacated.

27 (b) Disputed Claim Reserve. Debtor will create a reserve for disputed claims. Each
28 time Debtor make a distribution to the holders of allowed claims, Debtor will place into a

1 reserve the amount that would have been distributed to the holders of disputed claims if
2 such claims had been allowed in the full amount claimed. If a disputed claim becomes
3 an allowed claim, Debtor shall immediately distribute to the claimant from the reserve
4 an amount equal to all distributions due to date under the plan calculated using the
5 amount of the allowed claim. Any funds no longer needed in reserve shall be returned
6 to Debtor.

7 (c) Cramdown. Pursuant to section 1129(b) of the Bankruptcy Code, Debtor reserves
8 the right to seek confirmation of the Plan despite the rejection of the Plan by one or
9 more classes of creditors.

10 (d) Severability. If any provision in the Plan is determined to be unenforceable, the
11 determination will in no way limit or affect the enforceability and operative effect of any
12 other provision of the Plan.

13 (e) Governing Law. Except to the extent a federal rule of decision or procedure
14 applies, the laws of the State of California govern the Plan.

15 (f) Notices. Any notice to the Debtor shall be in writing, and will be deemed to have
16 been given three days after the date sent by e-mail and first-class mail, postage prepaid
17 and addressed as follows, or to any address or addresses Debtor provides notice of in
18 writing.:

19 William Beddie
20 PO Box 5672
21 Tahoe City, CA 96145

22 Email: buckbeddie@yahoo.com

23 With a copy to:

24 John G. Downing
25 10069 West River Street, Suite 6C
26 Truckee, CA 96161

27 Email: john@downinglaw.com
28

1 (g) Post-Confirmation United States Trustee Fees. Following confirmation, Debtor
2 shall continue to pay quarterly fees to the United States Trustee to the extent, and in
3 the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor are required to
4 make these payments, Debtor shall file with the court quarterly reports in the form
5 specified by the United States Trustee for that purpose.

6

7 Dated: August 17, 2016

/s/ William T. Beddie
Debtor William T. Beddie

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9 Dated: August 17, 2016

DOWNING LAW OFFICES

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By: /s/ JG Downing
John G. Downing
Attorneys for Debtor
WILLIAM T. BEDDIE

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