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8 **UNITED STATES BANKRUPTCY COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA – OAKLAND DIVISION**

10
11 In re:

12 EAST OAKLAND FAITH DELIVERANCE
13 CENTER CHURCH,

No. 17-42951

Chapter 11

14 Debtor.
15 _____/

16 **DEBTOR'S DISCLOSURE STATEMENT**

17 **Dated: April 25, 2018**

18 **I. INTRODUCTION**

19 **A. Purpose of this Document**

20 This Disclosure Statement contains information about the Chapter 11 bankruptcy case
21 of East Oakland Faith Deliverance Center Church (the "Debtor") and describes the Debtor 's
22 Plan of Reorganization (the "Plan") filed by the Debtor. A copy of the Plan is attached to this
23 Disclosure Statement as Exhibit A.

24 *Your rights as a Creditor may be affected by the Plan. You should read the Plan
and this Disclosure Statement carefully and discuss them with an attorney.*

25 The Plan designates the holders of non-priority, unsecured creditors as "Class G".
26 Holders of allowed Class G claims will receive full payment of their allowed claims on the
27 effective date of the Plan. See Section IV-B-1, below, for a discussion about "allowed"
28 claims.

1 This Disclosure Statement describes the financial condition of the Debtor, significant
2 events during the bankruptcy case, and how much creditors will be paid if the Bankruptcy
3 Court confirms the Plan. It also describes which creditors can vote to accept or reject the
4 Plan, and the factors the Court must consider in deciding whether to confirm the Plan.

5 The Disclosure Statement also discusses why the Debtor believes that it can make
6 payments under the Plan, and whether the Plan pays creditors at least as much as they would
7 receive if the Debtor had filed for relief under Chapter 7 of the Bankruptcy Code.

8 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

9 The Court will hold a hearing to determine whether the Plan meets the requirements
10 for confirmation. The date and time of the confirmation hearing is stated in the Notice of the
11 hearing.

12 If you may vote to accept or reject the plan, please indicate your acceptance or
13 rejection of the Plan on the enclosed ballot and return the ballot to counsel for the Debtor,
14 Lawrence L. Szabo, 3608 Grand Ave., Oakland, CA 94610.

15 Your ballot must be received by [insert date]. Untimely-received ballots will not be
16 included in the tally of ballots.

17 Objections to this Disclosure Statement or to the confirmation of the Plan must be
18 filed and served upon Debtor's counsel by [insert date].

19 If you want additional information about the Plan, contact Lawrence L. Szabo, 3608
20 Grand Ave., Oakland, CA 94610, 510-834-4893, szabo@sbcglobal.net.

21 **C. Representations in the Disclosure Statement**

22 Debtor has made reasonable efforts to insure the information in this Disclosure
23 Statement is accurate, complete and free from error; however, Debtor cannot guarantee that
24 the information in this Disclosure Statement is without error. All estimates and analysis
25 regarding Debtor's assets, claims against Debtor, property values, and pending or anticipated
26 litigation, are Debtor's best estimates.

27 The Court has conditionally approved this Disclosure Statement as containing
28 adequate information to enable parties affected by the Plan to make an informed judgment
about the Plan. The Court has not yet determined whether the Plan meets the legal
requirements for confirmation. The Court's conditional approval of this Disclosure Statement
constitutes no endorsement of the Plan by the Court, or a recommendation it be accepted. The
Court's conditional approval of this Disclosure Statement is subject to final approval at the
hearing on confirmation of the Plan.

II. BACKGROUND

A. Description and History of the Debtor's Activities

1 The Debtor was organized as a non-profit religious California corporation in 1968.
2 Debtor has no partners or affiliates, and no person is in control of the Debtor other than the
3 directors and officers of the Debtor. As a non-profit California corporation, the Debtor may
4 issue no stock or pay any dividends.

4 Debtor has operated a church in Oakland, California ever since its formation. The
5 pastor of the Church is the Rev. Ray E. Mack, the president of the Debtor. Debtor purchased
6 four, 4-unit residential buildings located at 1267-1303 75th Avenue, Oakland, California in
7 1971. Debtor purchased the adjacent 19,970 sq. ft. building at 7425 International Blvd.,
8 Oakland CA and the adjacent parking lot to use for its services and offices in 1988.

8 **B. Events Leading to Chapter 11 Filing**

9 A decline in Debtor's membership and offerings in the years leading to 2014 made it
10 difficult for Debtor to pay the expenses of its 16 rental units and the expenses of Debtor's
11 church operations. Debtor refinanced its real property several times to obtain funds to pay its
12 operating expenses. The refinancing culminated in a loan of \$1,600,000 with interest at 13%
13 *per annum* from Sequoia Capital, Inc. in February of 2014.

12 Debtor paid the \$17,333.33 "interest" only" monthly installments of the Sequoia
13 Capital loan, but it fell behind on its property tax, gas and electric, water, and waste
14 collection obligations. Debtor failed to pay the \$1,617,333 principal amount of the loan when
15 it became all due and payable on February 1, 2017. Debtor's default caused the balance of the
16 Sequoia Capital loan to accrue interest at the "Default Rate" of 22% *per annum*. In March
17 2017 Debtor obtained appraisals which estimated the fair market value of its real property
18 assets to be \$4,165,000. Debtor unsuccessfully attempted to refinance the Sequoia Capital
19 loan. Debtor listed its four rental properties for sale, but it could not obtain an offer sufficient
20 to fully pay the Sequoia Capital loan. In August 2017 Sequoia Capital gave formal notice of
21 the Debtor's default and commenced foreclosure on the all of Debtor's real proeprty. Debtor
22 filed for relief under Chapter 11 on November 28, 2017, one day before Sequoia Capital's
23 scheduled foreclosure sales.

20 **C. Significant Events During the Bankruptcy Case**

21 Debtor continued its search for a buyer of its properties after it filed for relief. As a
22 nonprofit, the Debtor must consider a purchaser's commitment to continuing the Debtor's
23 mission when it sells its assets. Debtor preferred to sell the properties to a non-profit entity
24 which would continue use the properties for religious purposes and to provide low-income
25 housing. Debtor found such a buyer in January 2018: Acts Full Gospel Church, a California
26 non-profit religious corporation which operates a church in Oakland, California. Acts Full
27 Gospel Church agreed to lease back to Debtor 7425 International Boulevard, the building
28 Debtor uses to conduct its services, for a term of five years.

27 Debtor agreed to sell it real property to Acts Full Gospel church for an amount
28 sufficient to pay its secured and unsecured debt. The bankruptcy court granted Debtor's
motion for approval of the sale of its properties to Acts Full Gospel Church on March 7,
2018. See "Order Granting Motion for Approval of Debtor's Proposed Private Sale of Real

1 Property and for Authorization to Pay Claims Secured by Real Property from Proceeds of
2 Sale" [Doc. # 37]. The sale agreement established a nominal sale price of \$2,300,000.
3 However, Acts Full Gospel Church deposited an additional \$247,553.28 to the escrow, an
4 amount of money sufficient to pay all claims secured by the properties. Claims secured by
5 liens on the properties and the costs of the sale were paid through escrow. The Debtor
6 received \$93,128.28 of the sale proceeds from escrow, an amount sufficient to pay Debtor's
7 unsecured debt. The escrow closed March 27, 2018. See "Seller's Settlement Statement",
8 Exhibit B.

9 On February 13, 2018, Debtor and the Rev. Ray E. Mack, president of the Debtor, filed
10 a complaint in the Superior Court of the State of California, Alameda County, *East Oakland
11 Faith Deliverance Center Church v. Juarez, et al.*, No. RG188929913. The complaint alleges
12 that in late 2013 the Debtor and Mack employed Mario Juarez, a real estate broker, to obtain
13 a loan, and that Juarez damaged Debtor and Mack by submitting false and fraudulent claims
14 to the loan's escrow. To the best of Debtor's knowledge, no other actions or administrative
15 proceedings by or against Debtor are pending in any court or tribunal.

16 **D. Avoidable Transfers**

17 Bankruptcy law allows a bankruptcy estate to avoid certain transfers of a debtor's
18 property that occurred before the bankruptcy case is filed. To the best of Debtor's knowledge,
19 Debtor made no avoidable preferential payments to a creditor before filing its case.
20 Bankruptcy law also allows a bankruptcy estate to avoid transfers made by a debtor with the
21 intent to hinder, delay or defraud creditors, or transfers for which the debtor received a less
22 than a reasonably equivalent value. To the best of Debtor's knowledge, Debtor made no such
23 transfers. Debtor therefore does not intend to pursue preference, fraudulent conveyance, or
24 other avoidance actions. The Plan gives the Debtor the right to pursue such actions if the
25 Debtor discover grounds for such actions.

26 **E. Claims Objections**

27 The Plan preserves the right of parties to object to claims not allowed by a final, non-
28 appealable order. If your claim is objected to the court may allow your claim for voting
purposes but the Plan will pay your claim only if the court allows your claim for all purposes.
The procedures for resolving disputed claims are in Section 6.1 of the Plan. Debtor is not
aware of any grounds to object to an allowed claim and does not expect to object to any
allowed claims.

29 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF 30 CLAIMS AND EQUITY INTERESTS**

31 The Plan places claims and equity interests in various classes and describes the
32 treatment each class will receive under the Plan. The Plan also states whether a class of
33 claims or interests is "impaired" under the Plan, *i.e.*, whether the Plan alters the legal,
34 equitable and contractual rights of the claims or interests of a class. Only a class of claims or
35 interests impaired by the Plan may "vote" on the Plan, *i.e.*, accept or reject the Plan.

1 **A. Unclassified Claims.**

2 Certain types of claims are entitled to full payment under the Bankruptcy Code. The
3 Code deems such claims "unimpaired". Holders of such unclassified, unimpaired claims may
4 not vote on the Plan; however, they may object to confirmation if their treatment under the Plan
5 does not comply with Bankruptcy Code requirements. The Plan does not classify these claims:

6 **1. Administrative Expenses.** Administrative expenses are the costs and expenses of
7 administering a Debtor's chapter 11 case, as allowed under § 507(a)(2) of the Code. The Code
8 requires Debtor to pay all administrative expenses on the effective date of the Plan unless a
9 claimant agrees to a different treatment. Such costs and expenses include post-petition
10 expenses arising in the ordinary course of business, professional fees and fees due the Office
11 of the U.S. Trustee.

12 **2. Priority Tax Claims.** Priority tax claims are unsecured income, employment, and
13 other taxes described by § 507(a)(8) of the Code. Unless the holder of a § 507(a)(8) priority
14 tax claim agrees otherwise, § 1129 (a) (9) (C) of the Code requires a plan to pay such claim in
15 full, with interest, in equal regular installments over a period not exceeding 5 years from filing
16 the Chapter 11 case. The debtor is a non-profit religious corporation; such entities need not
17 pay income taxes. Debtor is not liable for any employment taxes or any other tax described by
18 § 507(a)(8) of the Code.

19 **B. Designated Classes of Claims and Equity Interests**

20 **1. Classes of Unimpaired Secured Claims – Classes A through F**

21 The plan designates six classes of claims secured by interests in the Debtor's real
22 property: Classes A, B, C, D, E, and F. The claims of Classes A through F have been paid
23 from the proceeds of the sale of Debtor's real property. The Plan therefore does not treat the
24 Claims of Classes A through F. The Plan states that the legal, equitable and contractual rights
25 of the holders of such claims are not altered by the Plan. Such claims may not accept or reject
26 the Plan because they are not impaired by the Plan.

27 **2. Class of Non-priority Unsecured Claims – Class G**

28 Allowed claims not secured by property of the estate without a priority for payment
under § 507(a) of the Code are designated as "Class G" claims under the Plan. The Plan pays the holders of Class G claims the allowed amount of their claims on the effective date of the Plan, which is one day after the bankruptcy court confirms the Plan.

3. Unimpaired Class of Priority Unsecured Claims – Class H

Allowed, unsecured claims for rental security deposits paid to the Debtor before the commencement of the case and entitled to priority under section 507 (a)(7) of the Code are designated as "Class H" claims. Debtor scheduled claims arising from rental security deposits as contingent and unliquidated claims because no holder of such claim had vacated the premises and demanded the return of a security deposit. Because no holder of such a

1 claim has filed a proof of claim, the tenant security deposit claims are not "allowed" claims.
2 Debtor credited the \$4,300 total amount of tenant security deposits to the buyer of its real
3 property, Acts Full Gospel Church, as stated in the "Seller's Settlement Statement", Exhibit
4 B. Debtor has notified its former tenants that it has transferred the security deposits to the
5 new owner and has given the tenants the name and address of the new owner. Under
6 California law, tenants may enforce their claims for the return of their security deposits
against the new owner, if the new owner receives the security deposits from the prior owner.
In the unlikely event that such a claim is allowed, the Plan pays the holder of a Class H
claim the allowed amount of the claim on the effective date of the Plan.

7 **4. Class of Interest Holder – Class I**

8 Equity interest holders are entities which hold an interest in a debtor's property after
9 all claims against the debtor and its property are paid. A non-profit corporation has no
10 shareholders. An equity interest in a nonprofit corporation belongs to the corporation itself,
11 not to its officers, members of its board of directors or employees. The Debtor's equity in the
12 property of the Debtor is designated as "Class I" under the Plan. The Plan leaves unaltered
the legal, equitable and contractual rights to which Debtor's equitable interest entitles the
Debtor. The Debtor may not accept or reject the Plan.

13 **C. Means of Implementing the Plan**

14 All property of the bankruptcy estate will revert in the Debtor upon confirmation of the
15 Plan. The primary source of the money to be paid creditors and administrative expenses under
16 the Plan is the \$93,128.28 net proceeds of the sale of the debtor's real property. Debtor will
17 also fund the Plan with the accumulated post-petition rents, offerings and tithes of the Debtor's
18 church, and the future offerings and tithes to the Debtor's church. The combined balance of
Debtor's bank accounts as of April 20, 2018 was \$136,723.76.

19 **D. Risk Factors**

20 The proposed Plan has virtually no risk because the Debtor can pay all allowed
claims and administrative expenses from its cash on hand. See Section IV, D-1, below.

21 **E. Tax Consequences of Plan**

22 **1. Tax consequences to the Debtor.** Debtor is a religious non-profit entity. Churches
23 and religious organizations are exempt from federal income tax under IRC section
24 501(c)(3). Debtor is also exempt from California's income tax. Confirmation of the plan will
have no income tax consequences to the Debtor.

25 **2. Tax consequences to Creditors.** Confirmation of the Plan should not result in any
26 income tax consequences to any class of creditors except those creditors who receive a
27 distribution for the Plan after they have "charged off" a claim for tax purposes. Creditors
28 who have "charged off" their claims may incur a recognizable gain when their claims are
paid. Creditors may wish to consult with a tax advisor to determine the effect of
confirmation of the Plan on their tax liability.

1 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

2 The bankruptcy court must find that the Plan must meet the requirements listed in §§
3 1129 (a) or (b) of the Code before it may be confirmed by the court. A Plan may be
4 confirmed if (i) it is accepted by each impaired class, or (ii) it is accepted by at least one
5 impaired class (exclusive of insiders) and the Court determines that the plan is "fair and
6 equitable" (as defined by 11 U.S.C. § 1129(b)) to rejecting classes of creditors. The issues
7 regarding the bankruptcy court's determination of whether a plan is "fair and equitable" are
8 complex. If the Debtor asks the bankruptcy court to confirm the Plan over a Class's rejection
9 of the Plan, consult an attorney for advice if you are a member of the rejecting Class.

10 Under section 1126 (c) of the Code, a class of claims has accepted a plan if such
11 plan has been accepted by creditors that hold at least two-thirds in amount and more than
12 one-half in number of the allowed claims of such class held by creditors that have voted.

13 There are other requirements for confirmation of a plan. You may wish to discuss
14 with your attorney whether the Plan meets all the requirements for confirmation.

15 **A. Who May Object to Confirmation of the Plan**

16 Any creditor or party in interest may object to confirmation of the Plan. An
17 objection to confirmation must be filed, served on interested parties, and state the grounds
18 for the objection. Even if you are not entitled to "vote" on the Plan, you may object to the
19 confirmation of the plan and to the adequacy of this disclosure statement.

20 **B. Who May Vote on the Plan**

21 A creditor or equity interest holder may "vote", *i.e.*, accept or reject the Plan, if it
22 holds an "allowed" claim or equity interest, unless the creditor or interest holder is a
23 member of a class of claims or interests that is "unimpaired" by the Plan. Classes A, B, C,
24 D, E, F, and H are unimpaired by the Plan. The Plan impairs the claims of Class G. If you
25 are a member of a class that the Plan designates unimpaired, you may wish to consult with
26 an attorney to determine whether the Plan impairs your claim.

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

28 Generally, a claim or equity interest is allowed if either (1) the Debtor has included
the claim on the schedules it files with the court, unless the Debtor schedules the claim as
disputed, contingent, or unliquidated; or (2) the creditor or interest holder has filed a proof
of claim or equity interest, unless an objection has been filed to such proof of claim or
equity interest. Debtor scheduled no claims as disputed, contingent or unliquidated; all
scheduled claims are deemed allowed in the amount scheduled unless a party objects to a
claim, other than the claims of governmental entities, who may file claim no later than May
27, 2018. No party has objected to the allowance of a claim, and the Debtor does not
intend to object to the allowance of any claim.

1 If a claim or equity interest is not allowed because an objection has been filed, the
2 holder of the claim or equity interest cannot vote unless the bankruptcy court, after notice
3 and hearing, either overrules the objection or temporarily allows the claim or equity interest
4 for the purpose of accepting or rejecting the Plan under Rule 3018(a) of the Federal Rules of
5 Bankruptcy Procedure.

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

7 Under § 1124 of the Code, a class is "impaired" if the Plan alters the legal, equitable,
8 or contractual rights of the members of that class.

9 **3. Claims Not Entitled to Vote.** The holders of the following types of claims and
10 equity interests may not accept or reject the Plan.:

- 11 (a) claims and equity interests disallowed by a court order, unless the claim or
12 interest is temporarily allowed for voting purposes;
- 13 (b) claims or equity interests of the members of an unimpaired class;
- 14 (c) holders of claims entitled to priority under sections 507 (a) (2) (administrative
15 expenses and certain statutory fees), 507(a)(3) (certain claims allowed in an
16 involuntary case, and 507(a)(8) (allowed unsecured claims of governmental units
17 for certain taxes) of the Bankruptcy Code;
- 18 (d) holders of claims or equity interests in classes that do not receive or retain any
19 value under the Plan; and
- 20 (e) administrative expense claims.

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

22 Under section 506 of the Code a claim secured by a lien on property in which the
23 estate has an interest may be "bifurcated", i.e., allowed partly as a secured claim and partly
24 as an unsecured claim. No party has requested that the bankruptcy court bifurcate a claim
25 under section 506 of the Code. A creditor who hold claims in multiple classes may accept
26 or reject a Plan in each capacity. To the best of Debtor's knowledge, none of Debtor's
27 creditors hold a claim in multiple classes.

28 **C. Liquidation Analysis**

To confirm the Plan, the Debtor's Plan must give all creditors and equity interest
holders who do not accept the Plan at least as much under the Plan as the holders of such
claims or equity interests would receive in a chapter 7 liquidation. Under chapter 7, a trustee
appointed by the court would liquidate all assets of the Debtor's estate and distribute the
proceeds to administrative expenses and allowed claims. Debtor's scheduled and valued its
real and personal property in its Schedule A/B at \$4,207,084.71. Debtor scheduled
\$2,278,304.32 in secured debt in its Schedule D, and \$98,945.56 of unsecured debt in its
amended Schedules E/F. Unsecured claims would receive full payment from a hypothetical
Chapter 7 liquidation of Debtor's bankruptcy estate.

1 All creditors and interest holders have, or will, receive at least as much under the
2 Plan as they would receive in a chapter 7 liquidation. Non-priority unsecured Claims will
3 be paid the entire amount of their allowed claims under the Plan.

4 **D. Feasibility**

5 The Court must find that confirmation of the Plan is not likely to be followed by the
6 liquidation, or the need for further financial reorganization, of the Debtor or any successor
7 to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

8 **1. Ability to Initially Fund Plan**

9 The debtor will be liable to pay these amounts under the Plan on the effective date of
10 the Plan:

11 Class G allowed claims:

11	Waste Management	\$34,082.69
12	Accord	813.36
13	Accord	226.24
14	Daniels & Company	1,200.00
15	McPhee & McPhee	29,434.50
16	Office Depot	175.82
17	Victor and Arlene Brice	<u>\$19,000.00</u>
18	<u>Total:</u>	<u>\$83,932.61</u>

19 Unclassified Administrative Expense Claims:

20	U.S. Trustee Fees:	\$25,034.00
21	Lawrence L. Szabo (estimated)	<u>\$20,000.00</u>
22	<u>Total:</u>	<u>\$45,034.00</u>

23 The U.S Trustee fee is calculated under the Bankruptcy Judgeship Act of 2017, Pub
24 L. No. 115-72, which amended the calculation of chapter 11 quarterly fees effective January
25 1, 2018. The amended schedule requires the Debtor to pay 1% of a quarterly disbursement
26 of \$1,000,000 or more. Debtor's quarterly disbursement exceeded \$1,000,000 because of
27 the disbursement of the proceeds of the sale of its real property.

28 The total amount the Plan must pay claims and administrative expenses on the
effective date of the plan is \$128,966.61. The Debtor will have enough cash on hand on the
effective date of the Plan to pay all allowed claims and expenses. As of April 20, 2018,
Debtors bank accounts had a combined balance of \$136,723.76.

29 **2. Ability Operate Without Further Reorganization.**

30 The Plan requires Debtor to pay all impaired claims and administrative expenses on
the effective date of the Plan, except for U.S. Trustee's fees that accrue before the case is
closed. Such fees are unlikely to be more than \$650.00.

1 Commencing May 1, 2018 Debtor will be liable to pay Acts Full Gospel Church
2 \$4,000 per month rent for the church building (7424 International Boulevard). The lease
3 requires Debtor to pay utilities (PG&E, Waste Management and EBMUD). Debtor's
4 monthly operating reports for the period December 2017 through March 2018 indicate the
5 amount of the offering and tithes Debtor has received while operating under Chapter 11:

6	December 2017	\$12,274.00
7	January 2018	\$15,517.00
8	February 2018	\$16,597.00
9	March 2018	<u>\$15,004.00</u>
10	Average monthly income:	\$14,848.00

11 Debtor believes that its monthly income will remain the same or increase in the
12 future. Debtor's post-confirmation monthly expenses will be:

13	Rent	\$4,000.00
14	Musicians	\$2,550.00
15	Rev. Mack's living expenses:	\$1,565.00
16	Assistant Pastor compensation	\$1,200.00
17	Insurance	\$1,200.00
18	Church dinners	\$650.00
19	Repairs and maintenance	\$250.00
20	Waste Management	\$374.00
21	EBMUD (water)	\$250.00
22	PG&E (gas and electric)	\$1,000.00
23	Telecommunications	\$196.00
24	Bank charges	<u>\$75.00</u>
25	Total projected monthly expenses:	\$13,310.00

26 Based on the projection of income and expenses set forth above, Debtor will have no
27 further need for reorganization after confirmation of the Plan.

28 **V. EFFECT OF CONFIRMATION OF THE PLAN**

A. Discharge.

Confirmation of the Plan will discharge any debt provided for in the Plan.

B. Modification of Plan

The Debtor may request the Court's approval for a modification of the Plan before confirmation of the Plan. However, the Court may require a new disclosure statement and re-voting on the Plan if such modification effects non-consenting classes of claims.

C. Final Decree

1 After the Debtor's bankruptcy estate has been administered, the Debtor intends to
2 file a motion with the Court to obtain a final decree closing the case.

3
4 EAST OAKLAND FAITH DELIVERANCE CENTER CHURCH,
5 Debtor and Plan Proponent

6 Dated: April 25, 2018 By: /s/ Ray E. Mack
7 Rev. Ray E. Mack, President

8
9 Dated: April 25, 2018 /s/ Lawrence L. Szabo
10 LAWRENCE L, SZABO, Attorney for Debtor

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7
8 Attorney for Debtor

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA – OAKLAND DIVISION**

11 In re:

12 EAST OAKLAND FAITH DELIVERANCE
13 CENTER CHURCH,

No. 17-42951
Chapter 11

14 Debtor.
15 _____/

16 **Debtor's Plan of Reorganization, Dated: April 25, 2018**

17 EAST OAKLAND FAITH DELIVERANCE CENTER CHURCH, Debtor, submits the
18 following Chapter 11 plan of reorganization under 11 U.S.C. § 1123:

19 **I. Definitions**

20 **1.1 "Plan"** means this Plan and any modifications of this Plan that become effective
21 under the Bankruptcy Code, Section 1127.

22 **1.2 "Effective Date of the Plan"** means one day after entry of an order of the
23 United States Bankruptcy Court confirming the Plan.

24 **1.3 "Unsecured Claim"** means a claim not secured by a lien against property in
25 which the bankruptcy estate of the Debtor has an interest.

26 **1.4 "Secured Claim"** means a claim against the Debtor to the extent of the value of
27 the claimholder's interest in property of the estate securing such claim, as determined by the
28 Bankruptcy Court under section 506 (a) of the Bankruptcy Code.

1 **4.1 Class G Claims.** Debtor shall pay holders of allowed Class G claims the
2 allowed amount such claims in U.S. Dollars on the Effective Date of the Plan.

3 **V. Treatment of Priority Unsecured claims**

4 **5.1 Class H Claims.** Debtor shall pay holders of allowed Class H claims the
5 allowed amount of such claims in U.S. Dollars on the Effective Date of the Plan.

6 **VI. Treatment of Unclassified Claims¹**

7 **6.1 United States Trustee's Fees.** The debtor shall, on the Effective Date of the
8 Plan, pay all fees due the U.S. Trustee under 28 U.S.C. §1930 (a) (6).

9 **6.2 Administrative Costs and Expenses of Preserving the Estate, including**
10 **Professional Fees.** Debtor shall pay a holder of an administrative expense claim allowed under
11 11 U.S.C. § 503 (b) the allowed amount of the claim in U.S. Dollars (a) on the later of the
12 Effective Date of the Plan, or the date on which the Bankruptcy Court allows such claim; or (b)
upon such terms as may be agreed upon between Debtor and the holder of such claim.

13 **VII. Means for Plan's Implementation**

14 **7.1 Retention of Property of the Estate.** The Debtor shall retain the property of the
15 Debtor's estate after confirmation of this Plan. Confirmation of the Plan shall vest property of
the estate in the Debtor.

16 **7.2 Source of Plan Payments.** Debtor shall implement the Plan by distributing all
17 or part of the revested property of the estate and its proceeds, produce, rents or profits among
18 those parties entitled to payments under the Plan.

19 **VIII. Treatment of Disputed Claims.**

20 **8.1** If any party files a timely objection to the allowance of a claim or administrative
21 expense, and the allowed amount of the claim or expenses is not determined before the
22 Effective Date of the Plan, any distribution due under the Plan to the holder of such claim or
23 expense shall be deposited in Debtor's attorney's client trust account. The amount so deposited
24 shall be the amount set forth in the filed proof of such claim or the filed request for payment of
25 expense or, if proof of such claim has not been filed, the amount scheduled by the Debtor. The
26 accrued amount due under the Plan to the claimant shall be paid forthwith upon entry of an
order by the United States Bankruptcy Court determining the allowed amount of such claim or
expense.

27 ¹ Section 1123 (a) (1) of the Bankruptcy Code states that claims shall be classified, other than claims of a
28 kind specified in sections 507 (a) (2) (administrative expenses and certain statutory fees), 507(a)(3) (certain claims
allowed in an involuntary case), and 507 (a) (8) (allowed unsecured claims of governmental units for certain taxes).
Accordingly, such claims are not classified by the Plan. To the best of Debtor's knowledge, there are no section
507(a)(3) or section 506 (a)(8) claims against Debtor.

1 **IX. Miscellaneous**

2 **9.1 Amendment of Articles of Incorporation.** On the effective Date of the
3 Plan, the Debtor's articles of incorporation are amended to include the provisions required by
4 section 1123(a)(6) of the Bankruptcy Code.

5 **9.2 Management and Control of the Reorganized Debtor.** Debtor shall
6 continue to hold all the rights and powers of a non-profit religious corporation under California
7 law after confirmation of the Plan. The management and operations of the reorganized Debtor
8 shall remain under the control of the directors and officers of the Debtor.

9 **9.3 Post-Confirmation U. S. Trustee Fees.** Debtor shall timely pay all fees
10 due after the Effective Date of the Plan under 28 U.S.C. §1930 (a) (6) until Debtor's case is
11 closed, dismissed, or converted to another chapter of the Code. Debtor shall file, and serve on
12 the U.S. Trustee, post-confirmation status reports in a form designated by the U. S. Trustee on a
13 quarterly basis until a final decree is entered, the case is dismissed, or the case is converted to
14 another chapter.

15 **9.4 Enforcement of Debtor's Claims and Interests.** Debtor may enforce,
16 settle or adjust all claims or interests belonging to the Debtor or the Debtor's estate, including
17 claims arising under any provision of the Bankruptcy Code.

18 **9.5 Discharge.** Confirmation of this Plan shall operate as a discharge of the
19 Debtor as provided in 11 U.S.C. § 1141(d) (1).

20 Dated: April 25, 2018

EAST OAKLAND FAITH DELIVERANCE
CENTER CHURCH

21 By: /s/ Ray E Mack
Rev. Ray E. Mack, President

22
23 Dated: April 25, 2018

/s/ Lawrence L. Szabo
LAWRENCE L. SZABO
Attorney for Debtor



OLD REPUBLIC TITLE COMPANY

A MEMBER OF THE OLD REPUBLIC TITLE INSURANCE GROUP

555 12th Street, Suite 2000 • Oakland CA • 94607 • (510) 286-7788 • FAX (510) 208-5047

East Oakland Faith Deliverance Center
7425 International Blvd.
Oakland, CA 94621

Date: March 27, 2018
Escrow No.: 1127020860-MG
Escrow Officer: Myeisha Green
Settlement Date: March 27, 2018

Property: 7425 International Blvd, Oakland, CA 94621 and
7317 International Blvd., Oakland, CA 94621 and
(See last page(s) for additional properties)

Seller's Settlement Statement

Item	Debits	Credits
Sales Price		2,300,000.00
Loan payoff to Sequoia Mortgage Capital, Inc. (\$2,000,498.85)		
Current Principal	1,600,000.00	
Interest thru 3/30/18	351,022.22	
Accrued Late Charges	32,266.63	
Unpaid Charges	16,980.00	
Other Fees	230.00	
Loan payoff to T.A. Roebuck, trustee of The Thomas A. Roebuck 1992 Revocable Trust (\$161,782.30)		
Current Principal	154,562.20	
Interest	6,070.10	
Late Charges	725.00	
Demand Fee	30.00	
Reconveyance Fee	45.00	
Recording fee	100.00	
Attorney Fees Paid For Releases	250.00	
Loan payoff to T.A. Roebuck, trustee of The Thomas A. Roebuck 1992 Revocable Trust (\$204,866.89)		
Current Principal	173,200.20	
Interest 01/31/17 through 03/30/18, 424 days @ \$67.36	28,560.64	
Late Charges	3,031.05	
Demand Fee	30.00	
Reconveyance Fee	45.00	
Refuse Liens to City of Oakland (\$3,507.44)		
Current Principal	3,342.44	
Notary Fees	165.00	
Utility Lien on 1267 75th Avenue to EBMUD (\$11,020.18)		
Current Principal	11,020.18	
Utility Lien 1301 75th Ave to EBMUD (\$12,572.83)		
Current Principal	12,572.83	
Utility Lien 1277 75th Avenue to EBMUD (\$12,193.89)		
Current Principal	12,193.89	
Utility Lien 1271 75th Avenue to EBMUD (\$10,523.23)		
Current Principal	10,523.23	
Natural Hazard Disclosure Report to HomeGuard, Inc.	129.00	
Natural Hazard Disclosure Report to HomeGuard, Inc.	129.00	
1269 75th Avenue-Upfront Demand Fee to City of Oakland Mandatory Garbage Section	125.00	
Proceeds to pay Unsecured Claims to East Oakland Faith Deliverance Center	93,128.28	
Upfront demand Fee to City of Oakland Mandatory Garbage Section	125.00	
Water Bill-1267 75th Ave to EBMUD	1,205.74	
Water Bill-1301 75th Avenue to EBMUD	1,359.72	
Water Bill - 1277 75th Avenue to EBMUD	1,247.81	

We hereby certify that this is a true and correct copy of the original.

EXHIBIT B



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7317 International Blvd., Oakland, CA 94621 and
(See last page(s) for additional properties)

Seller's Settlement Statement

Item	Debits	Credits
Water Bill - 1271 75th Avenue to EBMUD	1,085.54	
Buyer Credit to Seller to cover shortage		247,553.28
Delinquent Real Estate Taxes to Alameda County Tax Collector (041-4189-021) All 2017-2018	21,430.05	
Real Estate Taxes to Alameda County Tax Collector (041-4189-019) 2nd Half 2017-2018	1,343.11	
Real Estate Taxes to Alameda County Tax Collector (041-4189-020) 2nd Half 2017-2018	1,343.11	
Real Estate Taxes to Alameda County Tax Collector (041-4189-018-03) 2nd Half 2017-2018	1,351.58	
Real Estate Taxes to Alameda County Tax Collector (041-4189-002-02) 2nd Half 2017-2018	1,093.11	
Real Estate Taxes to Alameda County Tax Collector (041-4189-017) 2nd Half 2017-2018	1,132.32	
Prorata R.E. Taxes, 03/27/18 to 07/01/18, 94 days @ \$7.4617		701.40
Prorata R.E. Taxes, 03/27/18 to 07/01/18, 94 days @ \$7.4617		701.40
Prorata R.E. Taxes, 03/27/18 to 07/01/18, 94 days @ \$7.5088		705.83
Prorata R.E. Taxes, 03/27/18 to 07/01/18, 94 days @ \$6.0728		570.84
Prorata R.E. Taxes, 03/27/18 to 07/01/18, 94 days @ \$5.5556		522.23
Rental Adjustments	1,740.00	
Security Deposits	4,300.00	
Notary Fees to Myeisha Green	120.00	
Title Charges		
Recording Fees	1,401.00	
Other to Alameda County	26.00	
Release to Alameda County	675.00	
Release to Alameda County	350.00	
Release to Alameda County	350.00	
Due To Seller	0.00	
Total	2,550,754.98	2,550,754.98



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7317 International Blvd., Oakland, CA 94621 and
(See last page(s) for additional properties)

Additional Properties

1267-1269 75th Avenue, Oakland, CA 94621
1277-1279 75th Avenue, Oakland, CA 94621
1271-1273 75th Avenue, Oakland, CA 94621
1301-1303 75th Avenue, Oakland, CA 94621