

UNITED STATES BANKRUPTCY COURT
DISTRICT OF KANSAS
WICHITA DIVISION

In re

Case No. 17-10044

Liberal Commons, LLC

Small Business Case under Chapter 11

Debtor

LIBERAL COMMONS, LLC'S DISCLOSURE STATEMENT, DATED 3/10/2017

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Liberal Commons, LLC (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the [insert name of plan] (the "Plan") filed by the Debtor on 3/10/2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 5-6 of this Disclosure Statement. General unsecured creditors are classified in Class 4, and will receive a distribution of 100% of their allowed claims, to be distributed as follows: payment in full, without interest or penalties, within six months following the Effective Date. In the event that Debtor is unable to pay the claims in full within six months, the duplexes owned by the Debtor, located at 1102, 1104, 1108, 1110, 1114, 1116, 1120, 1122, 1126, 1128, 1200, 1202, 1206, 1207, 1208, 1209, 1212, 1214, 1218, 1219, 1220, 1221, 1224, 1225, 1226, 1227, 1230, 1231, 1232, and 1233 Krause Court, Liberal, KS 67901 (collectively "the Property") will be auctioned within 60 days thereafter for an amount sufficient to pay all claims in full, with closing to occur not more than 30 days after the auction.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why Liberal Commons, LLC believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

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

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section

describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to *finally approve this Disclosure Statement* and confirm the Plan will take place on _____, at _____, in Courtroom 150, at the

United States Bankruptcy Court
401 N. Market
Wichita, Kansas 67202.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot to:

David Prella Eron
Eron Law, PA
229 E. William Suite 100
Wichita KS 67226.
david@eronlaw.net
(316) 269-5559 (fax)

See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by 4:00 p.m. on _____ or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor, counsel for the Debtor, the United States Trustee, and all parties requesting special notice by _____.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact

David Prella Eron
Eron Law, PA
229 E. William Suite 100
Wichita KS 67226.
david@eronlaw.net
(316) 269-5559 (fax)
(316) 262-5500 (phone)

C. **Disclaimer**

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of

the Plan. Objections to the adequacy of this Disclosure Statement may be filed until

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a non-public Kansas limited liability company. Since 2006, the Debtor has been in the business of leasing apartments in Liberal, Kansas. The debtor owns and operates 15 duplexes, consisting of 30 units. At present, there are 21 units occupied by paying tenants, 4 units occupied by the property manager and repairs crew as compensation for their services, and 5 vacant units.

B. Insiders of the Debtor

Insider Name: Ernest Wilkie	Relationship to the Debtor: Member Manager and Property Manager
Compensation paid by the Debtor or its affiliates to this insider during the two years prior to the commencement of the Debtor's bankruptcy case: Mr. Wilkie receives all of his personal expenses paid for out of the LLC as the entity is a pass-through tax entity. The 2016 tax return has not yet been prepared. For 2015, the entity had net taxable income of \$16,289.	
Compensation paid during the pendency of this chapter 11 case: \$500/mo.	

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

Ernest Wilkie, after June 2016
Jolynne Mills, until June 2016

The Managers of the Debtor during the Debtor's chapter 11 case have been:

Ernest Wilkie

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

Ernest Wilkie

The responsibilities and compensation of the Post Confirmation Manager will include all management functions of any nature, including but not limited to the refinancing required by the Plan and/or employment of an auction company to sell the Property in the event that all claims have not been paid in full with six months of the Effective Date.

D. Events Leading to Chapter 11 Filing

The debtor's former property manager allowed the property to slip into disrepair (debtor's member manager was living in Philadelphia, PA until June 2016). Occupancy had sunk to about half. Mr. Wilkie has been working to repair the units. Only three units still have repairs necessary to bring them up to full rental ready condition.

E. Significant Events During the Bankruptcy Case

The Debtor filed a motion to use cash collateral (the rents from the Property) on the Petition Date. The motion was granted temporarily on February 1, 2017. A permanent order approving the use of cash collateral was entered on February 14, 2017.

The Debtor filed an Application to Employ Attorneys on January 17, 2017, which was approved on February 13, 2017. Debtor filed a Motion to Set Claims Bar Date on January 17, 2017. The Court set the Claims Bar Date as March 31, 2017.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

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

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B. The primary value comes from the rental units. The debtor has used a county appraisal value.

The Debtor's most recent financial statements if any issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C.

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

A. What is the Purpose of the Plan of Reorganization?

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

B. Unclassified Claims

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

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Eron Law, P.A.—Attorney's fees	\$7,500.00	Paid in full on the Effective Date
Howard Dias, CPA—Accountant fees	\$2,000.00	Paid in full on the Effective Date
TOTAL	\$9,500.00	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. In this case, Debtor believes that all priority tax claims that will be allowed are secured. In the event that there are any priority tax claims, they will be paid in full without interest or penalties accruing after the Petition Date, within seven months of the Effective Date.

C. **Classes of Claims and Equity Interests**

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

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The claim amounts listed below shall not be binding. Unless otherwise explicitly stated herein, the actual claim amounts shall be governed by a) the undisputed amount set forth in the Debtor's schedules, b) the amount set forth in the proof of claim filed by the applicable creditor, or c) the amount allowed by the Court in the event that a claim objection is filed.

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

<u>Class #</u>	<u>Description</u>	<u>Insider? (Yes or No)</u>	<u>Impairment</u>	<u>Treatment</u>
1	Secured claim of Seward County Treasurer Total claim = \$86,239.08	No	Impaired	Paid in full with interest at the statutory rate not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
2	Secured claim of Sayeeda Kibria Total claim = \$142,512.10	No	Impaired	Paid in full with interest at the non-default contract rate not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
3	Secured claims of Internal Revenue Service / Kansas	No	Impaired	Paid in full with interest at the statutory rate not later than six

	Department of Labor / Kansas Department of Revenue Total claims = \$3,668.37 (claims have been filed higher, but the additional claim amount is for unfilled returns. Debtor anticipates resolving this issue.			months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
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2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment. There are no priority unsecured claims in this case.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

Class #	Description	Impairment	Treatment
4	General Unsecured Class Total claims = \$3,717.87	Impaired	Paid in full without interest not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

Ernest Wilkie is the only equity interest holder herein. Mr. Wilkie shall retain his membership interest in the Debtor. Mr. Wilkie is not impaired and shall not be eligible to vote on the Plan.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

Debtor will obtain a complete refinance of all debts owed by the Debtor at present. Such refinance shall close not later than six months following the Effective Date. If Debtor is unable to obtain the necessary financing by that date, the Property will be listed for an absolute auction to be conducted by a professional auctioneer of Debtor's choice not later than 60 days thereafter. The sale shall close not later than 30 days following the auction. Proceeds from the sale shall be paid as follows: first to all costs of sale, including auction fees, title and escrow fees, and other customary closing costs; second, to

any real property tax claims; third, to any other claims secured by the Property in order of priority; fourth, to any and all administrative expense claims incurred herein; fifth, to any priority claims in order of priority; sixth, to general unsecured claims herein, in order of priority; and seventh, any funds remaining thereafter to the Debtor.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Ernest Wilkie	No other operating entities.	Yes	Member Manager and Property Manager	Rent and all utilities paid, plus approximately \$500/mo stipend.

E. **Risk Factors**

The proposed Plan has the following risks:

The Debtor does not anticipate any risks with this Plan. There is already at least one bidder prepared to offer an amount sufficient to pay all claims herein. Thus, all claims herein are expected to be paid in full through this Plan within eight months of the Effective Date.

F. **Executory Contracts and Unexpired Leases**

The Plan, in Article VI, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Debtor does not believe that it is in default of any executory contracts.

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

All executory contracts and unexpired leases that are not listed in Article VI will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

G. **Tax Consequences of Plan**

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan: Debtor does not anticipate that there will be any tax consequences to the plan.

IV. **CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired

class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

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

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

In this case, the Plan Proponent believes that classes 1-4 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

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

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

***The deadline for filing a proof of claim in this case is 3/31/2017.
The deadline for filing objections to claims will be 5/31/2017.***

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

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

3. Who is *Not* Entitled to Vote

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

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interest in classes that do not receive or retain any value under the Plan;

- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

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

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

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section B.2.

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

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

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

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

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit B.

D. Feasibility

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date

of the Plan to pay all the claims and expenses that are entitled to be paid on that date. The only claims that will be paid on the Effective Date are administrative expenses, which are expected to be minimal.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The county appraisal of the property is \$794,070. The total claims in this case will be less than \$275,000. As a result, even with a very low sale price, Debtor does not anticipate any scenario where all claims will not be paid in full very quickly. Because the Plan calls for the liquidation of the Property in the event that the Debtor cannot obtain financing sufficient to pay all claims in full, there is no likelihood of the need for further reorganization. The final Plan payment is expected to be paid on or before November 15, 2018, but not later than January 31, 2018 at the latest.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. **EFFECT OF CONFIRMATION OF PLAN**

A. **DISCHARGE OF DEBTOR**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

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

VI. **OTHER PLAN PROVISIONS**

Other administrative provisions of the Plan are contained in Article X of the Plan. Notable provisions including that the Bar Date for filing applications for administrative expenses, and applications for approval of fees and expenses under § 506(b) shall be 30 days after the Effective Date, for all administrative expenses incurred before Confirmation and that all property of the estate shall revert in the Debtor upon confirmation.

By: /s/ Ernest Wilkie
Ernest Wilkie, Manager
Liberal Commons, LLC

ERON LAW, P.A.
Attorneys for Debtor

/s/ David Prella Eron

DAVID PRELLE ERON
Kansas Sup. Ct. No. 23429
229 E. William, Suite 100
Wichita, KS 67202
316-262-5500
316-262-5559 (fax)
david@eronlaw.net

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF KANSAS
WICHITA DIVISION**

In re

Case No. 17-10044

Liberal Commons, LLC

Small Business Case under Chapter 11

Debtor

LIBERAL COMMONS, LLC'S PLAN OF REORGANIZATION, DATED 3/10/2017

**ARTICLE I
SUMMARY**

This Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Liberal Commons, LLC, (the "Debtor") from a refinance or a sale of all assets.

This plan provides for 3 classes of secured claims and 1 class of unsecured claims; and 1 class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately 100 cents on the dollar. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holder has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

**ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS**

- | | | |
|------|-----------------|--|
| 2.01 | <u>Class 1.</u> | The claim of Seward County Treasurer, to the extent allowed as a secured claim under § 506 of the Code. |
| 2.02 | <u>Class 2.</u> | The claim of Sayeeda Kibria, to the extent allowed as a secured claim under § 506 of the Code. |
| 2.03 | <u>Class 3.</u> | The claims of Internal Revenue Service, Kansas Department of Labor, and Kansas Department of Revenue, to the extent allowed as secured claims under § 506 of the Code. |
| 2.04 | <u>Class 4.</u> | Unsecured claims allowed under § 502 of the Code. |

**ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS**

3.01 Unclassified Claims. Under section § 1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder

of the claim and the Debtor.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in full within eight months of the Effective Date, in a single installment, without interest or penalties accumulating after the petition date. Debtor intends to file an objection to any estimated tax claims.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV

TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1 - Secured claim of Seward County Treasurer	Impaired	Paid in full with interest at the statutory rate not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
Class 2 - Secured claim of Sayeeda Kibria	Unimpaired	Paid in full with interest at the contract rate not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
Class 3 - Secured claim of Internal Revenue Service / Kansas Department of Labor / Kansas Department of Revenue	Unimpaired	Paid in full with interest at the statutory rate not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.
Class 4 - General Unsecured Creditors The claim listed for Hi Plains Pest Control, LLC will be DISALLOWED by this Plan as it was listed in error. Instead, General Pest Control, 15609 KS-23, Cimarron, KS 67835 will be substituted as the holder of the claim listed for Hi Plains.	Unimpaired	Paid in full without interest not later than six months after the Effective Date. If payment cannot be made by that date through a refinance or other means, the Property will be sold by auction not less than 60 days thereafter as set forth in Article VII.

The membership interests in the Debtor owned by Ernest Wilkie shall be retained by Mr. Wilkie. Mr. Wilkie's equity claims are not impaired by this Plan and Mr. Wilkie shall not have the right to vote on this Plan.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the date of the entry of the order confirming this Plan:

Party	Description of Contract	Election
Charles Calloway	Residential Lease	Assumed
Christine Carrion	Residential Lease	Assumed
D Rivera	Residential Lease	Assumed
E Eatmon	Residential Lease	Assumed
Elihu Valenzuela	Residential Lease	Assumed
Estes	Residential Lease	Assumed
Estes	Residential Lease	Assumed
Francesco	Residential Lease	Assumed
Gonzalez	Residential Lease	Assumed
Herbert Morton	Residential Lease	Assumed
Herman Adams	Residential Lease	Assumed
Michael Stafford	Residential Lease	Assumed
P Agosta	Residential Lease	Assumed
Perla Naverez	Residential Lease	Assumed
Quinonez	Residential Lease	Assumed
S Ortiz	Residential Lease	Assumed
Steven Owens	Residential Lease	Assumed
Virginia Carpenter	Residential Lease	Assumed
All other residential leases in effect on the Effective Date	Residential Leases	Assumed

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than 30 days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

Debtor will obtain a complete refinance of all debts owed by the Debtor at present. Such refinance shall close not later than six months following the Effective Date. If Debtor is unable to obtain the necessary financing by that date (or other source of funding sufficient to pay all claims), the Property (as defined in the Disclosure Statement filed concurrently herewith) will be listed for an absolute auction to be conducted by a professional auctioneer of Debtor's choice not later than 60 days thereafter. The sale shall close not later than 30 days following the auction. Proceeds from the sale shall be paid as follows: first to all costs of sale, including auction fees, title and escrow fees, and other customary closing costs; second, to any real property tax claims; third, to any other claims secured by the Property in order of priority; fourth, to any and all administrative expense claims incurred herein; fifth, to any priority claims in order of priority; sixth, to general unsecured claims herein, in order of priority; and seventh, any funds remaining thereafter to the Debtor.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

8.02 Effective Date of Plan. The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

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

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

ARTICLE IX
DISCHARGE

9.01 Discharge. On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1140(d)(1)(A) of the Code. The Debtor will not be discharged from any debt imposed by this Plan.

ARTICLE X
OTHER PROVISIONS

10.01 Reservation of Rights Under § 1129(b)

The Debtor expressly reserves the right, pursuant to § 1129(b) of the Bankruptcy Code, to request the Court to confirm this Plan if all the applicable requirements of § 1129(a) of the Bankruptcy Code have been met other than those of § 1129(a)(8).

10.02 Payment

Payment of the amounts due to holders of allowed claims or interests shall be made by a check of the Debtor delivered or mailed to each such holder at such address as such holder may direct by written notice to the Debtor from time to time. In the absence of written notice of change of address, the Debtor may rely upon the last known address of such holder. Payment shall be deemed to have been made when a check of the Debtor is deposited in the United States mail, postage prepaid, properly addressed to the person entitled to receive such payment, subject to clearance of said check when presented for payment. In the absence of any applicable statute to the contrary, if any issued check is not cashed within ninety (90) days of mailing, said check shall be deemed undeliverable.

10.03 Debtor Authorized

The Debtor shall be authorized to execute and deliver all documents and to take or cause to be taken all action necessary or appropriate to execute and implement the provisions of the Plan, including all actions related to auctioning the Property, if necessary.

10.04 Interference with Plan

No entity may commence or continue any action or proceeding, or perform any act to interfere with the implementation and consummation of the Plan and the payments to be made hereunder.

10.05 Payment of Allowed Claims

Notwithstanding any other provision of the Plan specifying a date or time for payment or distribution hereunder, payments and distributions in respect of any claim or interest which at such date or time is disputed, unliquidated or contingent shall not be made until such claim or interest becomes an allowed claim, whereupon such payments and distributions shall be made promptly pursuant to and in accordance with the Plan.

10.06 Bar Dates for Administrative Claims

The Bar Date for filing applications for administrative expenses, and applications for approval of fees and expenses under § 506(b) shall be 30 days after the Effective Date, for all administrative expenses incurred before Confirmation. No Court approval for any administrative expenses incurred after Confirmation shall be required.

10.07 Revesting

All property of the estate shall revest in the Debtor upon confirmation.

10.08 Severability

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

10.09 Binding Effect

The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

10.10 Captions

The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

10.11 Notices

All notices required to be made in or under this Plan shall be in writing and to the following:

Debtor/Trustee: Ernest Wilkie, Manager
Liberal Commons, LLC
1232 Krause Court
Liberal, KS 67901
liberalcommons@gmail.com

With a copy to: David P. Eron
229 E. William, Suite 100
Wichita, KS 67202
david@eronlaw.net

Other Parties: Notices to other parties shall be sent to a) the address designated in a request for notice filed with the bankruptcy court, b) the address listed on such party's proof of claim, or, c) if such party has not filed any documents with the bankruptcy court, at the address listed for such party on the creditor matrix filed by Debtor, in the order of priority set forth in this provision.

10.12 Successors and Assigns

Except as may be otherwise provided in this Plan, the rights and obligations of any entity named or referred to herein shall be binding upon, and shall inure to the benefit of, the successors and assigns of each such entity.

10.13 Extension of Payment Dates

If any date, including any payment due date, under this Plan falls on a Saturday, Sunday or other day that is not a business day, then such due date shall be extended to the next following business day.

10.14 Governing Law

Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under this Plan and any documents, agreements and instruments executed in connection with this Plan (except to the extent such documents, agreements and instruments designate otherwise) shall be governed by, and construed and enforced in accordance with, the laws of the State of Kansas.

10.15 Unclaimed Funds

After 180 days, any unclaimed funds shall be deemed forfeited and may be used by the Debtor to make other Plan payments.

By: /s/ Ernest Wilkie
Ernest Wilkie, Manager
Liberal Commons, LLC

ERON LAW, P.A.
Attorneys for Debtor

/s/ David Prella Eron
DAVID PRELLE ERON
Kansas Sup. Ct. No. 23429
229 E. William, Suite 100
Wichita, KS 67202
316-262-5500
316-262-5559 (fax)
david@eronlaw.net

Exhibit B (Asset List/Chapter 7 Liquidation Analysis)

In re Liberal Commons, LLC: D. Kan. Bankr. Case No. 17-10044

<u>Asset</u>	<u>Value</u>	<u>Secured Claims</u>	<u>Secured Party</u>	<u>Remaining Value</u>	<u>Notes</u>
The Property	\$ 794,070.00	\$ 232,419.55	The Bank/ The County/Tax claims	\$ 561,650.45	Property value is based upon current county appraisal. Secured claims do not reflect post-petition interest.
Funds on Deposit	\$ 4.53			\$ 4.53	
Utility Deposit	\$ 300.00	\$ 300.00	Utility	\$ -	Utility deposit would likely be consumed in a liquidation.
Supplies	\$ 300.00			\$ 300.00	
Office furnishings	\$ 2,000.00			\$ 2,000.00	
Equipment	\$ 3,000.00			\$ 3,000.00	
Receivables	\$ 595.00			\$ 595.00	Claim value is purely speculative.
Costs of Sale				\$ (69,407.00)	Based on 10% auction fee, plus \$10,000 marketing budget.
Trustee's Fee				\$ (42,953.50)	Statutory trustee fees.
Trustee's Expenses				\$ (10,000.00)	Reasonable attorney fees estimate.
	Total Liquidation Analysis:			\$ 445,189.48	Liquidation net value would be available for unsecured claims.

HOWARD R. DIAS, P.C.

Certified Public Accountant

(215) 953-1999

(215) 953-1910 (FAX)

SUITE 2

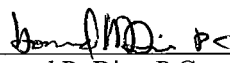
1021 MILL CREEK DRIVE
FEASTERVILLE, PA 19053

Member
Liberal Commons LLC
Liberal, KS

Sir

I have compiled the accompanying Balance Sheet of Liberal Commons LLC as of December 31, 2015 and the related Statement of Income for the year then ended, in accordance with the standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any form of assurance on it.


Howard R. Dias, P.C.

November 14, 2016

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

LIBERAL COMMONS LLC.
BALANCE SHEET
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS	
Cash in Bank	\$ 1,158
FIXED ASSETS net of Accumulated Depreciation	412,422
LAND	70,500
SECURITY DEPOSITS	<u>6,810</u>
TOTAL ASSETS	<u>490,890</u>

LIABILITIES & MEMBER'S EQUITY

LIABILITIES	
Accounts Payable	5,824
Mortgage Payable- Private	167,242
Loan Payable- Officer	<u>510,223</u>
TOTAL LIABILITIES	683,289
MEMBER'S EQUITY	<u>(192,399)</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>490,890</u>

See accountant's compilation report.

HOWARD R. DIAS, P. C., *Certified Public Accountant*

LIBERAL COMMONS LLC
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2015

RENTAL INCOME		\$ 115,601
OPERATING EXPENSES		
Payroll	9,588	
Repairs	21,352	
Taxes	21,354	
Other	<u>23,945</u>	
TOTAL OPERATING EXPENSES		<u>76,239</u>
OPERATING INCOME		39,362
Depreciation		<u>23,073</u>
NET INCOME		<u>16,289</u>

See accountant's compilation report

HOWARD R. DIAS, P. C., *Certified Public Accountant*