

Management Company”, hereinafter designated as “Cerny/Reese”.

7.

Likewise any reference to Cerny/Reese which is incorrect in the plan should be corrected including page 13, paragraph 11, page 9, paragraph 65, and page 25, paragraph 13.

HISTORY OF INDEBTEDNESS

8.

Debtor and Co-Debtor, Louisiana Liquid Services, LLC, entered into two separate Deeds of Trust and Security Agreements as well as two separate notes, each for \$800,000.00 in favor of Cerny/Reese on June 8, 2015. The property pledged by Louisiana Liquid Services was foreclosed with a deficiency balance due and owing after foreclosure in the amount of \$578,021.33.

9.

Cerny/Reese entered into the loan transaction with Debtor as interim financiers. At all times the Debtor was aware that the loan was a short term loan, interest only, with the collection of tax and insurance escrows, made for the sole purpose of allowing the Debtor to secure permanent financing. Debtor fully understood the short term nature of the financial transaction and the business model of Cerny / Reese.

10.

The loan matured June 11, 2017.

11.

These bankruptcy proceedings were filed one year and nineteen days after the loan was perfected and at no time during the loan application process did the Debtor indicate an inability to repay the amounts owed or that the Debtor was contemplating the filing of any bankruptcy proceedings.

12.

Debtor defaulted on the November and December 2015 payments and then defaulted on post-petition payments.

13.

This Court entered an Agreed Order on January 17, 2017 (#434) reinstating the stay as to the subject property and providing adequate protection to Cerny/Reese which protection included a cure of post-petition defaults and the continuation of monthly interest, insurance and escrow payments beginning with the January 15, 2017 payment. As of the date of this response, Debtor is due for the July 15, 2017 payment.

PROPOSED PAYMENT TERMS

14.

Cerny/Reese object to the proposed repayment provisions of the indebtedness under Class 13 of the plan.

15.

As stated above, Class 13 should provide that both Cerny/Reese are designated as creditors to be repaid on the indebtedness through the servicer, Ellis Management Company.

16.

The interim financing note was to bear interest at the rate of 16% with a default interest rate of 18% until paid. Further, Debtor was to pay provide for payment of all insurance and taxes via escrow payments.

17.

Class 13 fails to provide that the Debtor will timely pay all insurance and tax payments due under the terms of the Note, Deed of Trust and Security Agreements.

18.

Cerny/Reese object to the application of the "Secured Lender Amortization" and "Secured Lender Plan Rate" to the indebtedness owed by Debtor to Cerny/Reese. Further, the plan fails to designate Reese Interests, LLC as a "Secured Lender" under paragraph 65 at page 9.

19.

Prime lending interest rate is currently 4.25% and the proposed "Secured Lender Plan Rate" of 5% is only .75% above prime rate. Cerny/Reese object to the proposed interest rate and further object to the proposed "Secured Lender Amortization."

20.

Cerny/Reese submit that an interest rate of 5% on a 20 year term is far below market rates and any financing available on the open market to a Lender such as Debtor. Further, the Cerny/Reese indebtedness and note have matured and have not been paid in full.

21.

Cerny/Reese object to the application of "Allowed Claim" as defined to the extent that said definition would preclude Cerny/Reese from collecting accrued interest, fees and costs on the indebtedness.

22.

Cerny/Reese of course do not object to the payment of their claim in full; however, Cerny/Reese object to the proposed repayment terms and amortization.

23.

Cerny/Reese submit that the confirmation of a plan that would basically refinance the note at drastically lower interest rates with a balloon payment on the fifth anniversary of the effective date of the plan will be prejudicial to Cerny/Reese and would constitute treatment below market rates.

24.

While paragraph Z at page 51 provides a 10 day cure period for any Debtor defaults on payment, the payment provisions fail to provide for protection to secured creditors in the form of ex parte stay relief and relief from the confirmation order, in the event of a default.

25.

Cerny/Reese object to any language which would release any guarantors or co-obligors on the indebtedness and Cerny/Reese submit that their right to pursue guarantors and co-obligors should not be extinguished by confirmation of the plan.

INSURANCE REQUIREMENTS

26.

In addition to escrow payments for taxes, Debtor was to maintain insurance coverage in an amount sufficient to protect the collateral mortgaged in favor of Cerny/Reese.

27.

Section A, paragraph 4 of the Deed of Trust and Security Agreement require Debtor to maintain insurance coverage in an amount no less than the amount of the indebtedness owed to Cerny/Reese.

28.

Debtor provided Cerny/Reese with an insurance certificate for renewal of insurance coverage evidencing only \$350,000 in coverage. The indebtedness exceed \$800,000 and the Debtor is utilizing the collateral for commercial purposes, exposing the Debtor and Cerny/Reese to greater liability.

29.

The plan fails to provide for payment of the insurance premiums and fails to provide for sufficient insurance coverage as required by the Deed of Trust.

WHEREFORE CERNY REAL ESTATE, LLC AND REESE INTERESTS, LLC THROUGH THEIR SERVICER ELLIS MANAGEMENT COMPANY PRAY that this response and objection to confirmation of Chapter 11 Plan be deemed good and sufficient and that this Court deny confirmation of the Chapter 11 Plan, allowing debtor time to amend the plan to cure objections.

Respectfully submitted,

WHEELIS & ROZANSKI

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**ATTORNEYS FOR CERNY REAL ESTATE,
LLC & REESE INTERESTS, LLC
THROUGH THEIR SERVICER ELLIS
MANAGEMENT COMPANY**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the above and foregoing Objection to Chapter 11 Plan has been forwarded by United States Mail, postage prepaid and properly addressed to Debtor, Louisiana Crane & Construction, L.L.C., 1045 Hwy. 190 West, Eunice, LA 70535, Greta M. Brouphy, Heller, Draper, Patrick, Horn & Dabney, LLC, 650 Poydras St., Suite 2500, New Orleans, LA 70130, Leslie A. Collins, Heller, Draper, Patrick, Horn & Dabney, LLC, 650 Poydras St., Suite 2500, New Orleans, LA 70130, Michael A. Crawford, POB 2471, Baton Rouge, LA 70821, Douglas S. Draper, Heller, Draper, Patrick, Horn & Dabney, LLC, 650 Poydras St #2500, New Orleans, LA 70130, Barry W. Miller, Heller, Draper, Patrick, Horn & Dabney, LLC, 9311 Bluebonnet Blvd, Baton Rouge, LA 70810, Office of U. S. Trustee, 300 Fannin St., Suite 3196, Shreveport, LA 71101; Official Committee of Unsecured Creditors, Patrick S. Garrity, Steffes, Vingiello & McKenzie, LLC, 13702 Coursey Blvd., Bldg. 3, Baton Rouge, LA 70817 by placing a copy of same in the United States Mail, with postage prepaid.

Alexandria, Louisiana, this July 12, 2017.

/s/ Stephen D. Wheelis
OF COUNSEL