

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)**

IN RE: DEBORAH A. WHITE,	*	Case No. 15-19909 WIL
	*	
(Debtor-in-Possession)	*	Chapter 11
	*	

DEBTOR’S DISCLOSURE STATEMENT

COMES NOW, Deborah A. White, the debtor in the above-referenced Chapter 11 Bankruptcy Case, and files this Disclosure Statement and Chapter 11 Plan in this matter as follows:

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1.0. INTRODUCTION

1.1. Summary

The debtor, Deborah A. White, is a resident of Montgomery County, Maryland. The Debtor filed the present case as an emergency filing, under Chapter 13 of the Bankruptcy Code on July 15, 2015. The case was filed in order to reorganize her debts and assets and accordingly stop a tax sale of her property located at 1336 Ingraham Street, NW, Washington, DC 20011 and the foreclosure of her property at 838 Delafield Place, NW, Washington, DC 20011. At the time of filing, the debtor intended to reorganize and workout a solution to the arrears owed to her lender on 1324 Taylor Street, NE, Washington, DC 20017. Upon the completion of the debtor’s filing it was determined that the debtor was unable to continue the Chapter 13 and she filed a motion to convert to Chapter 11 and the court converted her case to a Chapter 11 on November 25, 2015.

The financial issues that propelled the debtor into bankruptcy stemmed from severe personal and family crises. However, as a result of this Chapter 11 matter and the debtor’s sale of one of her properties, the debtor is in a position to properly reorganize under Chapter 11.

1.2. Purpose

The Debtor is filing this Disclosure Statement of Debtor's Plan of Reorganization with the United States Bankruptcy Court for the District of Maryland, pursuant to §1125 of the United States Bankruptcy Code (the "Code") in connection with the solicitation of acceptances of her Plan of Reorganization (the "Plan"), Exhibit A. The purpose of this Disclosure Statement is to (a) provide parties asserting Claims against the Debtor with information regarding the treatment of their Claims under the Debtor's proposed Plan, and (b) disclose the material, important and necessary information to the parties asserting Claims in order for them to arrive at a reasonably informed decision in exercising their right to vote on the Plan of Reorganization. Accordingly, this Disclosure Statement should provide parties whose Claims or Interests are impaired under the Plan with adequate information to make an informed and prudent judgment when voting on the Plan. The Plan further classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code.

This Disclosure Statement is not meant to take the place of the Plan. Claimants are admonished to read the Plan carefully and to consult with their own attorneys regarding it. A copy of the Plan is attached hereto.

The Court has not yet confirmed the Plan. In other words, the terms of the Plan are not yet binding on anyone. If the Court later confirms the Plan, then the Plan will be binding on the debtor and on all creditors and interest holders in this case.

The debtor represents that everything in this document is true to the best of her knowledge, information and belief. **READ THIS DOCUMENT CAREFULLY IF YOU WANT TO KNOW:**

- Who can vote or object.
- The treatment of your claim is (*i.e.*, what your claim will receive if the plan is confirmed).
- The history of the debtor and significant events during the bankruptcy.
- How the court will decide whether to confirm the plan.
- The effect of plan confirmation.
- Whether this plan is feasible.

A. Official Unsecured Creditors Committee

An official Unsecured Creditor's Committee has not been appointed.

B. Definitions

The terms and definitions set forth in Article I of the Plan are also applicable to and are used in this Disclosure Statement unless expressly stated otherwise in this Disclosure Statement. You are therefore urged to refer to the Plan when reviewing this Disclosure Statement.

C. Disclaimers

Except as set forth in this Disclosure Statement and the Plan, the Bankruptcy Court has authorized no representations concerning the Debtor or the value of her assets. In voting on the Plan, you should not rely upon any representations or inducements made to secure acceptance or rejection of the Plan which are other than as contained in this Disclosure Statement and the Plan. Any representations or inducements made to secure your acceptance or rejection which are other than as contained in this Disclosure Statement and the Plan should be reported to counsel for the Debtor who, in turn, shall deliver such information to the Bankruptcy Court for such action as may be appropriate.

2.0 BACKGROUND

2.1 General Information. The debtor is employed by the Fairfax County Government as a social service program coordinator. In or about January 2013, the debtor's mother's health began to wane. The debtor, already supporting her unemployed children, left her employ to take care of her ailing mother. Her mother passed away on April 29, 2013. As a result of the time the debtor was on leave from work and the monies she spent in taking care of her ailing mother and her children, she wound up behind in all of her bills.

When the debtor's mother passed away the debtor found herself with large mortgage and property tax arrears on several of her properties. As a result of these difficulties, the debtor was faced with a foreclosure of at least two properties and a tax sale on another. This included (1) foreclosures on her properties located at 838 Delafield Place, NW, Washington, D.C. 20011 and 1324 Taylor Street, NE, Washington, D.C. 20017, and (2) a tax sale on her property located at 1336 Ingraham Street, NW, Washington, D.C. 20011. The debtor, in an attempt to stop the tax sale and a pending foreclosure filed this present case as an emergency filing under Chapter 13. However, as

stated in the Summary, it was soon determined that a Chapter 11 filing was necessary and the debtor converted her case to a Chapter 11 in November, 2015.

In May 2016, after receiving permission from the Court, the debtor sold her property at 838 Delafield Place. With the resultant sale, the debtor believes that she can fund a successful reorganization under Chapter 11.

2.2 **The Debtor's property**

The debtor, prior to the filing of her bankruptcy, had several properties including:

(a) 1324 Taylor Street, NE, Washington, D.C. 20017 (“Taylor Property”); (b) 1336 Ingraham Street, NW, Washington, D.C. 20011 (“Ingraham Property”); (c) 838 Delafield Place, NW, Washington, D.C. 20011 (“Delafield Property”); (d) 1323 Clifton Street, NW, #4, Washington, D.C. 20009 (“Clifton Property”); and (e) 11400 Classical Lane, Silver Spring, MD 20901 (“Classical Property”). The debtor’s Washington, D.C. properties are income producing, rental properties. Further, each of the Washington, D.C. Properties have equity with the lowest at \$150,000.00. Please see Section 4.0 (Claims Against the Estate for further information).

2.3 **History of the Debtor in Chapter 11**

Since the filing of the bankruptcy, the Debtor has struggled through medical and personal matters that has complicated her filing. However, through the rental of properties and sale of the Delafield Property, she has been able to steadily pay her monthly bills and amass monies to pay her unsecured debtors and portions of her property arrears.

3.0. **SOURCES OF INCOME**

The debtor is employed by the Fairfax County Government as a Social Service Coordinator. She further supplements her income by renting out her D.C. properties.

3.1. Employment Income.

As indicated on Schedule I, the debtor’s monthly net income from her employment is approximately \$4,226.06. Since the filing of this case, the debtor’s employment income has fluctuated due to medical leave. Hence, the use of the term “approximate.”

3.2. Rental Income.

The Debtor has been renting the Ingraham Property, Clifton Property and the Taylor Property. She was earning approximately \$6000.000 in rentals for said properties. However, since the bankruptcy was filed, her rental earnings have decreased. At the time of this Disclosure Statement, she is searching for tenants for each property.

4.0. **CLAIMS AGAINST THE DEBTOR'S ESTATE.**

With the exception of the claim of debtor's counsel for attorney's fees and the statutory claim of the United States Trustee, the debtor does not have any priority claims. The debtor further owes General, unsecured claims that are approximately \$25,042.38 and unsecured student loans totaling \$23,295.06.

As stated above, the debtor had five properties when she filed her bankruptcy. With the exception of her principal residence, she has equity in each property as described below:

- a. Taylor Property: The property is secured by M&T Bank with Bayview Loan Servicing, LLC as the servicer. The approximate market value of the property as of the date of filing was \$433,057.00. According to the Proof of Claim (Claim #13) filed on March 21, 2016, the mortgage lender claimed that the debtor owes a principal balance of \$247,275.80 with an arrears amount of \$153,326.04. The lender, pursuant to its Motion for Relief filed on July 25, 2016 (Doc #111), accelerated the entire balance of the Note (principal value at time of the motion was alleged to be at \$258,082.39). Therefore, the approximate equity in this property is \$174,075.00. This property is intended to be used as a rental property. Debtor intends to fully provide for the balance of the note through her Chapter 11 plan.
- b. Ingraham Property: The property is owned by the debtor free and clear of any mortgage. However, as of the filing date of the bankruptcy, the debtor owed the Washington, D.C. Office of Tax Revenue a balance of \$3,710.21 in property taxes. As a result, there is a tax lien and prior to the filing date the property was set for a tax sale. The approximate market value as of the date of filing was \$647,927.00. This property is intended to be used as a rental property.

- c. Delafield Property: As of the filing date, this property had a mortgage through the Bank of New York Mellon FKA the Bank of New York, as Trustee. It was further serviced by Bayview Loan Servicing, LLC (See Proof of Claim 10). Pursuant to the proof of claim filed on November 24, 2015 the amount of the lender's claim was \$219,845.86. The debtor sold the property on May 6, 2016 and satisfied the lender's reported payoff of \$232,879.80. The debtor realized a total of \$126,675.38 from the sale of the property. Debtor intends to use the proceeds to fund her Chapter 11.

- d. Clifton Property: The property is secured by two mortgages with Capital One, N.A. Pursuant to the lender's proof of claim (Claim No. 4), filed August 26, 2015, the lender is owed the principal amount of \$44,064.10 with an arrears of \$8,659.17. The Lender's proof of claim (Claim No. 6) filed September 1, 2015 states that the debtor owed a principal amount of \$344,359.40 with an arrears of \$62,076.18. The approximate value of the property, as of the date of filing, was \$538,729.00. Therefore, the debtor's equity in the property is approximately \$150,306.00.

However, this claim was modified by the lender and debtor on August 17, 2016 and pursuant to said modification the new principal balance of the Note would be \$342,594.39. As a result of said modification, there are no arrears. This loan modification between the lender and the debtor is subject to court approval which, at the time of this disclosure statement, has not been obtained. This property is intended to be used as a rental property.

- e. Classical Property: This property is debtor's principal residence. The property is secured by a mortgage with Capital One, N.A. Pursuant to the lender's proof of claim filed September 18, 2015 (Claim No. 8), the debtor owes a principal balance of \$553,622.50 with an arrears of \$4,270.26. The approximate value of the property, as of the date of filing, was \$496,472.00.

5.0. VOTING AND CONFIRMATION OF PLAN

A plan of reorganization is the method by which the claims of creditors against a debtor are satisfied. Whether a plan is implemented, depends upon the acceptance of creditors and Bankruptcy Court approval ("Confirmation") of the Plan.

A. Claimants Eligible to Vote

The Bankruptcy Code provides that only those Classes whose Claims or Interests are impaired under the Plan are entitled to vote on acceptance or rejection of the Plan. Generally, and subject to the specific provisions of §1124 of the Bankruptcy Code, a Class is "impaired" if the legal, equitable or contractual rights attaching to the Claims of that class are modified, other than by curing defaults and reinstating maturities, or by payment in full in Cash on the Effective Date.

Classes 3, 4.2 and 6 are impaired under the Plan, and accordingly, they are entitled to vote to accept or reject the Plan. Only votes submitted by holders of Allowed Claims will be considered in determining acceptance of the Plan. Holders of Disputed Claims for whom the Debtor has filed an Objection to their Proof of Claims are not entitled to vote on the Plan unless they request that, pursuant to Bankruptcy Rule 3018(a), the Court temporarily allow their Claim in appropriate amounts solely for the purpose of enabling such holders to vote on the Plan.

Pursuant to §1129(a)(10) of the Bankruptcy Code, the votes of Insiders are not considered when determining whether an impaired class has accepted or rejected a plan.

B. Acceptances Necessary to Confirm the Plan

For the Plan to be accepted and thereafter confirmed, it must be accepted by 3, 4.2 and 6. Under §1126 of the Code, an Impaired Class is deemed to have accepted the Plan if votes representing at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims voting in that class have accepted the Plan. The Claims and Interests of Claimants who fail to vote on the Plan are not counted in the determination of whether the Plan has been accepted or rejected. Moreover, if the Court determines that the rejection or acceptance of any Claimant was not in good faith, then the vote also will not be counted.

Unless an Impaired Class accepts the Plan unanimously, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan provides to each Claimant in that Class a recovery that as of the Effective Date is at least equal to the value of the distribution such Claimant would receive if the debtor was instead liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. The Debtor believes that the Plan meets this requirement.

C. Manner of Voting

Included in the package of materials forwarded to you and along with the Disclosure Statement and Plan is a ballot form for your acceptance or rejection of the Plan. If, and only if, you hold a Class 3, 4.2 and 6 Claim, and you wish to vote after reviewing this Disclosure Statement and Plan, then please:

- a. use only the ballot enclosed with this Disclosure Statement;
- b. indicate the Class that you are voting under;
- c. indicate your vote on the enclosed ballot;
- d. indicate the amount of your Allowed Claim;
- e. date, sign and mail the enclosed ballot to Marc A. Ominsky, Esquire, 10632 Little Patuxent Pkwy, Suite 249, Columbia, MD 21044; and
- f. make sure your ballot is received on or before the date stated on the ballot and cover letter.

A ballot, once submitted, cannot be withdrawn or modified except as provided for under the Bankruptcy Code.

D. Confirmation Without Acceptance

§1129(b) of the Bankruptcy Code provides that the Plan may be confirmed by the Bankruptcy Court despite not being accepted by every Impaired Class if (i) at least one Impaired Class has accepted the Plan; and (ii) the Bankruptcy Court finds that the Plan does not discriminate unfairly and is fair and equitable to the rejecting Classes.

If no Impaired Class accepts the Plan, the Debtor reserves the right, pursuant to §1129(b) of the Bankruptcy Code, to request that the Bankruptcy Court confirm the Plan if all of the applicable requirements of §1129(a) of the Bankruptcy Code have been met. In addition, the Debtor reserves the right, pursuant to §1126(e) of the Bankruptcy Code, to request that the Bankruptcy Court strike any acceptance or rejection of the Plan by any Claimant as not being in good faith.

E. Recommendation

The Debtor believes that the Plan provides the greatest and earliest possible recovery to all Claimants. The Plan is based upon the debtor's belief that the liquidation value of her assets as of the date of her bankruptcy filing would pay her creditors the amounts she is prepared to pay per the Chapter 11 Plan. However, pursuant to the Plan, each Claimant of an

Allowed Unsecured Claim and the arrears for Secured Claims will be paid the full amount owed. Further, the debtor's living and other expenses will be derived from her post-confirmation earnings, which are substantial enough to sustain the Plan. Therefore, the Debtor believes that acceptance of the Plan is in the best interest of all Claimants and recommends that all Claimants vote to accept the Plan.

6.0. THE PLAN OF REORGANIZATION

A. Classification and Treatment of Claims and Interests

The Plan defines and classifies "Claims" separately in accordance with the Bankruptcy Code and provides different treatment for different classes of Claims. As described more fully below, the Plan generally provides, separately by Class, either that the Claims are unimpaired, or that the holders of the Claims will receive consideration (i.e., cash or property) on account of their Claims. The treatment provided for Allowed Claims under the Plan is in full settlement, satisfaction and discharge of all such Claims.

Upon entry of Confirmation Order, the Debtor will be discharged from all Claims that arose before entry of the Confirmation Order, except for payments and distributions provided for in the Plan or in the Confirmation Order.

6.1. Class 1: Administrative Claims. Class 1 consists of Administrative Claims. They are Claims against the Debtor for any costs or expenses of the Chapter 11 case allowable under §503(b) of the Bankruptcy Code, including all actual necessary costs and expenses of preserving the Debtor's estate, as well as the operations of the Debtor's business, including compensation or reimbursement of expenses to the extent allowed under the Bankruptcy Code. Class 1 consists of Claims for professional fees and expenses resulting from services rendered to the Debtor since the Petition Date.

With respect to Administrative Claims of professionals retained pursuant to Bankruptcy Court Order and, allowed fees and expenses shall be paid in cash as follows:

- a. Unpaid fees and expenses incurred prior to Confirmation which have been approved prior to the Effective Date, shall be paid on the Effective Date.
- b. Fees and expenses incurred prior to Confirmation which are approved after the Effective Date shall be paid when ordered by the Bankruptcy Court.
- c. All reasonable post-confirmation professional fees and expenses shall be paid by the Debtor within 30 days from the receipt of the bill, subject to submission to the

Bankruptcy Court if any of the fees and expenses are deemed unreasonable by the Debtor; provided, however, that after receipt of a bill for professional fees and expenses the Debtor will have 15 days to notify the billing party if the Debtor deems the fees and expenses unreasonable.

6.2. Class 2: Tax Lien. Class 2 consists of the statutory / tax lien of the Office of Tax & Revenue, 1101 4th Street, SW, Washington, D.C. 20024 for \$14,881.88 against the Ingraham Property. The debtor will pay the balance owed of \$14,881.88 to the creditor within Thirty (30) days after the Effective Date. The debtor's property shall continue to be encumbered by the tax lien until such time as the balance is paid in full. Upon which, the Office of Tax & Revenue shall release its tax lien. Class 2 is not impaired.

6.3. Class 3: Secured Claim. Class 3 consists of the Secured Claim of M& T Bank through its servicer, Bayview Loan Servicing, LLC in the amount of \$258,082.39 which is secured by a first deed of trust on Debtor's Taylor Property. The debtor agrees to pay \$500.00 per month and interest at the contractual rate, between the 1st and 14th day of each consecutive month beginning the first month subsequent to the Effective Date. The debtor further agrees that the monthly payments shall increase by \$500.00 each Twelve (12) months until the maximum of \$2000.00 per month is reached. Once the \$2000.00 per month maximum has been reached, said payments shall continue until the loan is paid in full. Class 3 is impaired.

6.4. Class 4: Secured Claim. Class 4 consists of two claims secured by deeds of trusts on debtor's Clifton Property.

6.4.1. The first secured claim of Capital One Bank, N.A. (Claim #4) is in the amount of \$44,064.10. This claim consists of arrears of \$8,659.17. The debtor intends to pay her regular monthly mortgage payments for this claim. Further the debtor shall pay the pre-petition arrears in equal monthly installments of \$200.00, at the contract rate of interest, beginning the third month of the Plan. Said payments shall continue until the arrears are paid in full. This claim under Class 4 is impaired.

6.4.2. The second secured claim of Capital One Bank, N.A. (Claim #6) is in the amount of \$344,359.40. This claim consisted of arrears of \$62,076.18. The debtor intends to pay her regular monthly mortgage payments for this claim. However, this claim was modified by the lender and debtor on August 17, 2016 and pursuant to said modification the

new principal balance of the Note would be \$342,594.39. As a result of said modification, there are no arrearages. This loan modification between the lender and the debtor is subject to court approval which, at the time of this disclosure statement, has not been obtained. This property is intended to be used as a rental property. This claim under Class 4 is not impaired.

6.5. Class 5: Secured Claim. Class 5 consists of the Claim of Capital Bank, N.A. which is secured by a first deed of trust on debtor's Classical Property. The total claim amount is \$553,622.50. This claim consists of arrearages of \$4,270.26. The debtor intends to pay her regular monthly mortgage payments for this claim. Further the debtor shall pay the pre-petition arrearages in a lump sum within Thirty (30) days after the Effective Date. This claim under Class 5 is not impaired.

6.6. Class 6: Unsecured Claim. Class 6 consists of one general, unsecured Claim owed to the U.S. Department of Education for \$23,295.06 for student loans. The \$23,295.06 shall be paid in equal monthly installments of \$300.00 with the contracted rate of interest per annum until said debt is paid in full. The payments shall not begin until Class 7 is paid in full. Class 6 is impaired.

6.7. Class 7. General Unsecured Claims. Class 7 consists of all the general, unsecured claims against the Debtor that are not entitled to any priority. These claims total \$15,104.00. The holders of Class 7 claims shall be paid in full within Thirty (30) days after the Effective Date. Payments on Class 7 claims shall be mailed to the address of the creditor on the proof of claim (or, if allowed pursuant to the schedules, to the address on the schedules), unless the creditor files a change of address notice with the Court. Any check mailed to the proper address and returned by the post office as undeliverable, or not deposited within 180 days, shall be void and the Debtor may retain the funds. Class 7 is not impaired.

These general, unsecured claims consist of the following:

Berks Credit & Collection	\$50.00
Capital One Bank, N.A.	\$3,259.30
District of Columbia Gvpt.	\$725.32
DSNB / Macy's	\$51.00

Johns Hopkins Health System	\$150.00
Medicredit	\$200.00
Medstar Physician Partners	\$30.00
Michael J. Eig & Assoc., P.C.	\$1,157.74
National Recovery Agent	\$231.00
Navy Federal Credit Union	\$2,721.16
Pepco	\$1,439.37
Professional Acct Mgmt	\$271.00
Sibley Memorial Hospital	\$150.00
Tate & Kirlin Assoc.	\$81.23
Wells Fargo Bank, N.A.	\$3,335.91
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TOTAL	\$15,104.00

B. **Other Provisions of the Plan**

The Plan contains other provisions consistent with the requirements of Chapter 11 of the Bankruptcy Code. These provisions include the (a) means for implementation and execution of the Plan, (b) terms of the plan, (c) post-confirmation professional fees, (d) modification of the Plan, (e) retention of Court's jurisdiction, (f) retention of property, and the (g) effect of confirmation.

(a). Means for Implementation and Execution of the Plan. The payments due under the Plan on account of Classes 1 through 7 shall be made from the balance of funds from debtors' sale of the Delafield Property along with future wages and rents from real estate. Further, subsequent to the Effective Date, the Debtor shall not fall behind more than Six (6) months or two quarters from the Plan payments.

Claimants shall provide Debtor with any change of address; otherwise, the Debtor shall be entitled to rely upon a Claimant's last address as reflected in her records. In the event distributions made to Claimants under the Plan are returned to the Debtor because the Creditor has moved, is no longer in business, or otherwise, the Debtor failing to locate such Claimant after making a good faith attempt to do so, shall make such funds available to pay

other Claims. If a Claimant misses any distribution on account of an insufficient address, then such payment shall be deemed forfeited and there shall be no compensation therefrom.

- (b). **Term of the Plan.** The Plan shall be substantially consummated when Class 6 is paid in full.
- (c). **Post-Confirmation Professional Fees.** All reasonable post-Confirmation professional fees and expenses shall be paid by the Debtor within thirty (30) days from receipt of the bill, subject to submission to the Bankruptcy Court if any of the fees and expenses are deemed unreasonable by the Debtor. After receipt of a bill for professional fees and expenses, the Debtor shall have fifteen (15) days to notify the billing party, if the Debtor deems the fees and expenses unreasonable.
- (d). **Modification of the Plan.** Modifications to the Plan may be proposed in writing by the Debtor at any time before or after Confirmation, provided that the Plan, as modified, meets the requirements of §1127 of the Bankruptcy Code. §1127 allows modifications to be filed before the Confirmation as long as the Plan, as modified, meets the requirements of the Bankruptcy Code §1129 (Classification of Claims and Interests) and §1123 (Contents of the Plan). Modifications after Confirmation requires notice and the opportunity for a hearing. Any holder of a Claim or Interest that has accepted or rejected a Plan is deemed to have accepted or rejected, as the case may be, such Plan as modified, unless within the time fixed by the Court, such holder changes its previous acceptance or rejection.
- (e). **Retention of Court's Jurisdiction.** The Plan provides that, from and after the Confirmation Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the debtor's Chapter 11 case for the purpose of determining all disputes and other issues presented by or arising under the Plan, including, without limitation, exclusive jurisdiction to:
 - i. determine any and all objection to the allowance of Claims or Equity Interests, including amendments to the Debtor's Chapter 11 schedules, which objections shall be filed with the Bankruptcy Court only by the Debtor and later than sixty (60) days from and after the Effective Date;

- ii. determine any and all disputes arising under or relating to the Plan;
- iii. determine any and all applications for allowance of compensation and reimbursement of expenses arising out of or relating to the case or any Claims;
- iv. determine any and all pending applications for rejection of executory contracts and unexpired leases and the allowance of any Claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;
- v. determine any and all applications, adversary proceedings, and contested and litigated matters commenced in connection with the case before or after the Confirmation Date;
- vi. modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;
- vii. correct any defect, cure any omission or reconcile any inconsistency in the Plan, the exhibits to the Plan or the Order of Confirmation, as may be necessary to carry out the purposes and the intent of the Plan;
- viii. determine such other matters as may be provided for in the Confirmation Order order as may from time to time be authorized under the provision of the Bankruptcy Code or other applicable law;
- ix. enforce all orders, judgments, injunctions and rulings entered in connection with the bankruptcy case;
- x. enter such orders as may be necessary or appropriate in the aid of Confirmation and to facilitate in proper consummation and implementation of the Plan; and
- xi. consider any act concerning the compromise and settlement of any claim or cause of action by or against the debtor's estate.

(f). Retention of Property. Upon confirmation of the Plan, the debtor shall retain all of her property, including vehicles, equipment, fixtures, furniture and furnishings, inventory, accounts, contract rights, etc., except as otherwise provided herein. The debtor shall retain all said property free and clear of all liens and encumbrances with the exception of any valid security interest existing prior to the date of confirmation, or created hereby.

Upon confirmation of her Plan of Reorganization, as may be modified from time to time, the debtor shall be free to operate her rental properties without restriction and to use, sell or otherwise dispose of her real property, or obtain financing, in a manner not inconsistent with her Plan or any Order issued by the United States Bankruptcy Court.

- (g). **Effect of Confirmation.** Entry of the Confirmation Order does not operate as a discharge of any and all debts of the Debtor that arose prior to the entry of the Confirmation Order, pursuant to §1141(d)(5) of the Bankruptcy Code. The Debtor shall file a motion for the entry of a discharge order after payments to Classes 2 and 6 are complete.

7.0 FINANCIAL INFORMATION OF THE REORGANIZED DEBTOR

The financial information hereinafter presented is considered in the context of the debtor's application for approval of the present Chapter 11 plan. Such financial data concerns debtor's assets, income and expenses.

(A) Value of Debtor's Assets as of the July 15, 2015 filing date

The debtor has filed Schedules of her assets and liabilities with the court which should be inspected by all interested parties. The debtor estimates that her assets hold liquidation value for creditors in excess of her exemptions and/or secured claims against those assets. Schedules A, B, C, D, I and J are attached to this disclosure statement. The Debtor believes that the property values shown in Schedules A and B are essentially unchanged since the filing of her bankruptcy petition and that those values remain accurate as of the date of this disclosure statement.

1. Personal Property

The debtor's Schedule B lists of all her personal property. The debtor owns personal property valued at approximately \$33,990.36. \$12,000.00 of the personal property has been claimed as exempt. This leaves approximately \$21,990.36 as unexempt and available for liquidation and distribution.

2. Real Property & Secured Property

The Debtor's Schedule A lists her real property and the values obtained upon the filing of her bankruptcy. Schedule D lists the secured claims against debtor's real property. With respect to her secured property, the debtor has quite a bit of equity in her bankruptcy estate. See Section 4.0 for the specific listing of her property and equity therein. The equity available to the debtor from her Clifton and Taylor Properties equals \$822,002.00 and the cash realized from the sale of her Delafield Property was \$126,675.38.

In the event of inconsistencies between Schedule D and the Proof of Claims, the latter document controls unless and until debtor files and prevails upon an objection to the claim.

Schedules I and J show the debtor's current income and expenses. The financial picture painted by these schedules support the debtor's ability to effectively reorganize as will be determined in the final analysis of the Plan. Unfortunately, schedule I does not paint a complete picture of the Debtor's income as it currently stands. The debtor has had medical issues that curtailed her ability to maintain her full time income. As a result, the income derived from her employment with Fairfax County has been inconsistent. However, the three properties that the debtor is renting each have a fair market rental value at least at or above \$2000.00 per month. The debtor was consistently collecting totals of \$3,000 to \$6000.00 from the rentals of her properties. It is the debtor's position that the future property rentals will enable the debtor to make her monthly plan payments.

(B). Potential Tax Consequences

The debtor does not believe that there are any unusual tax implications of the Plan of Reorganization. The debtor is insolvent and any forgiveness of indebtedness resulting from a discharge in this case will result in no income tax consequences to the debtor. Creditors who have taken tax losses resulting from the non-payment of the debtor's claims may realize income in the form of graduated payments through the plan, and all creditors in this position are encouraged to speak with tax professionals concerning the tax consequences resulting from the realization of such income.

(C). **Liquidation Analysis**

As stated previously under Section 5.0 (B) of this Disclosure, another requirement for confirmation of a Chapter 11 plan under §1129 of the Bankruptcy Code is that each class of creditors must receive at least as much under the plan as would be received if the case were converted to a case under Chapter 7 of the Bankruptcy Code. Under Chapter 7, a trustee would be appointed to liquidate the debtor's assets and to distribute the proceeds of the liquidation in accordance with the priorities established by the Bankruptcy Code. In general, secured creditors are paid first from the proceeds of the sale of property on which the secured creditors hold liens. Administrative claimants are paid next. Unsecured creditors are then paid from any remaining assets, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claim in relationship to the amount of total allowed unsecured claims.

In this case, if a Chapter 7 trustee were to liquidate the remaining personal property and cash assets from the sale of the Delafield Property will allow the debtor's administrative and general, unsecured claims to be paid in full. Further, should there not be enough personal property and cash assets, a Chapter 7 Trustee would have the authority to sell the debtor's real property and using the equity to satisfy the creditors of the bankruptcy estate.

Basically, the debtor maintains that creditors will receive under this Plan what they would have received if the case was converted to a case under Chapter 7. For these reasons, the debtor submits that the proposed Plan is in the best interest of creditors and the estate.

VII. RISK FACTORS

Certain substantial risk factors are inherent in offers of payments made pursuant to a Plan of Reorganization in a Chapter 11 case. If such Plans are accepted it is usually because they represent a greater hope for return than dividends in a liquidating Chapter 7 case. Risk factors inherent in Chapter 11 plans of reorganizations are present in the debtor's Chapter 11 Plan in this case.

The major risk associated with debtor's plan is that Debtor's future income may suffer due to similar distressed financial and real estate fluctuations that affected her employment and rental properties. Another

possible risk is that the debtor may need money for an unforeseeable event. A default in payments under the Plan, might lead to conversion of the case to Chapter 7 or dismissal of the case outright.

Respectfully submitted,

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I propose and support this Disclosure Statement.

/s/Deborah White
Deborah White, Debtor in Possession