

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

IN RE:

CRAIG SHERMAN MILLER
BRENDA JOYCE MILLER

CASE NO: 15-57370
CHAPTER: 13
HON. THOMAS J. TUCKER

Debtors.

COMBINED PLAN OF REORGANIZATION AND DISCLOSURE
STATEMENT OF CRAIG AND BRENDA MILLER

IMPORTANT! THIS COMBINED PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTORS' PROPOSED PLAN OF REORGANIZATION. PLEASE READ THIS DOCUMENT WITH CARE.

B.O.C. LAW GROUP, P.C.

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I. PLAN OF REORGANIZATION

CRAIG AND BRENDA MILLER, hereafter collectively known as the (“Debtors”), propose the following Plan of Reorganization (“Plan”) pursuant to 11 U.S.C. §§ 1121 and 1123 of the Bankruptcy Code.

ARTICLE I

DEFINITIONS

As used in the Plan, the following terms shall have their respective meanings specified below, unless the context requires otherwise:

1. SCOPE OF DEFINITION; RULES OF CONSTRUCTION: For the purposes of the Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise assigned, shall have the meaning ascribed to them in this Article I of the Plan. Any term used in the Plan that is not defined in this Article I of the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules (as described below) shall have the meaning ascribed to such terms in the Bankruptcy Code or the Bankruptcy Rules as the case shall be. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

2. INDEX OF DEFINITIONS:

A. “Administrative Creditor” shall mean any Creditor entitled to payment of an Administrative Expense.

B. “Administrative Expense” shall mean any cost or expense of administration of this Chapter 11 case allowed under Section 503 of the Bankruptcy Code, including without limitation, any actual and necessary

expenses for preserving the Debtors' estate and actual and necessary expense of operating the business of the Debtors, and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 of the Bankruptcy Code, and any fees or charges assessed against the Debtors.

C. "Allowed Claim" shall mean a Claim (a) in respect of which a proof of claim has been filed with the Court within the period of limitations fixed by F.R.Bankr.P. 3001-3005 or (b) scheduled in the list of creditors prepared and filed with the Court pursuant to F.R.Bankr.P. 1007 and not listed as disputed, contingent or un-liquidated as to amount, in either case as to which no objection to the allowance thereof has been raised within any applicable period of limitations or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

D. "Allowed Interest" shall mean an interest, (a) in respect of which a proof of claim has been filed with the Court within the period of limitations fixed by F.R.Bankr.P. 3001-3005, or (b) scheduled in the list of creditors prepared and filed with the Court pursuant to F.R.Bankr.P. 1007, and not listed as disputed, contingent, or un-liquidated as to amount, in either case as to which no objection to the allowance thereof has been raised within any applicable period of limitations or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

E. "Allowed Secured Claim" or "Allowed Secured Interest" shall

mean an Allowed Claim secured by a lien, security interest or other charge against or interest in property in which any Debtor has an interest, or which is subject to set off under 11 U.S.C. §553, to the extent of value (determined in accordance with 11 U.S.C. § 506(a)) of the interest of the holder of such Allowed Claim in the Debtors' interest in such property or to the extent of the amount subject of such set off, as the case may be.

F. "Allowed Unsecured Claim or Allowed General Unsecured Claims or Allowed Unsecured Interest" shall mean the Allowed Claim of a creditor for goods or services to Debtors, which is not secured by a lien, security interest or other charge against the property of the estate, or subject to set-off pursuant to 11 U.S.C. §553. This definition may include unsecured claims or wholly unsecured claims where a lien may exist. This definition shall not include tax claims given priority status or treatment. This definition shall not include any claim for which the debt was scheduled in the list of creditors prepared and filed with the Court pursuant to F.R.Bankr.P. 1007 and listed as DISPUTED or CONTINGENT and the creditor did not file a proof of claim within the period of limitations fixed by F.R.Bankr.P. 3001-3005.

G. "Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended, which include the 2005 "BAPCPA" amendments.

H. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division, having jurisdiction over this Chapter 11 case.

I. "Bankruptcy Rules" shall mean the Rules of Bankruptcy Procedure, as amended, including the local Bankruptcy Rules, "L.B.R." promulgated by this District.

J. "Claim" shall have the meaning set forth in 11 U.S.C. §101 and mean any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, un-liquidated, fixed, contingent, mature, unmatured, disputed, legal, equitable, secured, or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors' estate, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

K. "Class" shall mean any class into which Allowed Claims are classified.

L. "Code" shall mean the United States Bankruptcy Code, 11 U.S.C. §101, et. seq, and any amendments thereto.

M. "Confirmation Date" shall mean the date upon which the Bankruptcy Court shall enter an order confirming this Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

N. "Confirmation Hearing" shall mean the hearing conducted by the Bankruptcy Court to consider the confirmation of the Plan filed by Debtors.

O. "Confirmation Order or Order of Confirmation" shall mean the order confirming this Plan by the Bankruptcy Court pursuant to 11 U.S.C. § 1129 of the Code.

P. "Court" shall mean the United States Bankruptcy Court for the state, in which Debtors' Chapter 11 case, pursuant to which the Plan is proposed, is pending, and any court having competent jurisdiction to hear appeals or certiorari proceedings relating thereto.

Q. "Contested Claim" shall mean any Claim as to which Debtors or other party in interest has interposed an objection in accordance with the

Bankruptcy Code and Bankruptcy Rules, which objection has not been determined by order or judgment that is not longer subject to appeal.

R. "Creditor" shall mean any person who has a claim against the Debtors that arose on or before the Debtors' petition date or a claim of any kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code.

S. "Debtors" shall mean CRAIG AND BRENDA MILLER.

T. "Debtor-in-Possession" is Craig and Brenda Miller.

U. "Effective Date" shall mean and refer to the thirtieth (30th) day after the date of the entry of an order confirming this Plan. In the event such an appeal is filed, this Plan shall be effective as of the date the Order of Confirmation becomes final and binding upon all parties.

V. "Equity Security" shall mean: (i) share in a corporation, whether or not transferable or denominated "stock", or similar security; (ii) interest of a limited partner in a limited partnership; or (iii) warrant or right, other than a right to convert, to purchase, sell, or subscribe to a share, security, or interest of a kind specified subparagraph (i) or (ii).

W. "Equity Security Holder" shall mean a holder of an equity security of the Debtors.

X. "Final Order" shall mean an order or judgment of the Court which has not been stayed and as which order or judgment (or any revisions, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired.

Y. "Impaired" shall mean a Claim treated under this Plan, unless the Plan:

(a) leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; or

(b) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of default-

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(1) cures any such default (other than defaults relating to (i) any penalty interest rate or provision arising from the non-monetary default by the Debtors; (ii) the solvency or financial condition of the Debtors or (iii) the commencement of this Case) that occurred before or after the commencement of the Case;

(2) reinstates the maturity of such Claim or Interest as such maturity existed before such default;

(3) compensates the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and;

(4) does not otherwise alter the legal, equitable, or contractual rights which such Claim or Interest entitles its holder.

Z. "Insider" shall mean a current or former director, shareholder, officer, partner, person in control, relative of a director, officer, partner or person in control of the Debtors or a corporation or

entity in which an Insider (as defined herein) of the Debtors is an insider.

AA. "Interest" means an equity interest in Debtors as defined in §101(16) of the Code.

BB. "Person or Persons" shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, or a government or any agency or political subdivision thereof or other entity.

CC. "Plan" shall mean this Chapter 11 Plan or Reorganization in its present form or as may hereafter be amended, modified, supplemented in accordance with the terms hereof or in accordance with the Code.

DD. "Pro Rata" shall mean proportionately or according to certain rate or proportion based upon the whole of Allowed Claims in any given Class.

EE. "Priority Claim" shall mean any claim, other than an Administrative Expense or Administrative Tax Claim, to the extent entitled to priority in payment under Section 507(a) of the Bankruptcy Code.

FF. "Priority Creditor" shall mean any Creditor that holds a Priority Claim.

3. RULES OF INTERPRETATIONS: For the Purpose of this Plan:

A. Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially on such terms and conditions.

B. Any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented.

C. Unless otherwise specified, all references in the Plan to a section, article, schedule or exhibits are references to sections, articles, schedules and exhibits of, or to, the Plan.

ARTICLE II

TREATMENT OF CLAIMANTS NOT SUBJECT TO CLASSIFICATION OR OTHERWISE NOT REQUIRED TO VOTE FOR OR AGAINST THE PLAN

For the purposes of approval and implementation of this Plan and the resultant reorganization of the Debtors, Administrative Creditors and Priority Creditors shall be paid on account of their respective Administrative and Priority Claims in accordance with the provisions set forth below:

A. GROUP I. The Claims of Group I shall consist of all allowed Administrative Expenses, including the quarterly fees for the United States Trustee, attorney fees for Debtors' counsel, fees for Debtors' accountants, all creditors supplying goods or services to the Debtors during the Chapter 11 Case, and any taxes that qualify as Administrative Expenses, other than those taxes treated under Article III of the Plan. The Allowed Claims of this Group shall be paid in the full amount of their Claims on such date as may be mutually agreed upon between the Debtors and the particular claimant, or, if no such date is agreed upon, the latest of (i) Effective date, (ii) the date by which payment would be due in the ordinary course of business between the Debtors and such Administrative Creditor, or (iii) the date on which the Bankruptcy Court enters its order, if necessary, approving the Debtors'

payment of such expenses. Debtors estimate the following amount for the claims listed below:

- a) Debtors' Attorney Fees: Estimated at \$20,000.00, subject to Court approval.
- b) Debtors' Professional Accounting Fees: \$5,000.00; subject to Court approval;
- c) The United States Trustee's Office: will have an administrative claim for any unpaid fees due and owing through the course of administration. The Reorganized Debtors are obligated to pay quarterly fees to the United States Trustee until the Chapter 11 Case has been converted or dismissed by the Court pursuant to 28 U.S.C. §1930(a)(6). Treatment of U.S. Trustee fees is set forth in Article XII.

B. GROUP II. The claims of Group II shall consist of Allowed Claims that are entitled to priority under §507(a)(8) of the Code. To the best of Debtors' knowledge, information and belief, the following are priority claims of creditors:

- a) Internal Revenue Service for tax year ending 2012 through 2015 in the amount of \$8,537.37;
- b) State of Michigan Department of Treasury for tax year ending 2012 through 2015 in the amount of \$174.00;

the following shall apply:

(i) The Claimants of this Group shall receive on account of such Priority Claim deferred monthly cash payments over a period not exceeding five (5) years from the Effective Date of the Plan equal to the allowed amount of such Priority Claims plus interest calculated at 5%.

(ii) Payments to this Group shall begin thirty (30) days after the Effective Date notwithstanding the addition of interest, which shall accrue from and after the Effective

Date. Thirty (30) days after the Effective Date, the Priority Claim owed to the respective taxing authority shall be amortized to allow for an equal monthly payment of both principal and interest.

C. GROUP III. The claims of Group III shall consist of all other Priority Creditors entitled to receive priority for their allowed claim under 11 U.S.C. §§ 364(c), 507(b), or otherwise. At this point, no DIP Facility or financing exists. Debtors reserve the right to explore any future financing and amend this section as deemed appropriate.

ARTICLE III

SPECIFICATION OF TREATMENT OF CLASSES OF CLAIMS OR INTERESTS NOT IMPAIRED UNDER PLAN AND THOSE IMPAIRED UNDER PLAN

The duration of Debtors' Plan shall be for 60 months commencing from the effective date of the Plan which shall be the thirtieth (30th) day after the date of the entry of an order confirming this Plan. In the event such an appeal is filed, this Plan shall be effective as of the date the Order of Confirmation becomes final and binding upon all parties.

The Plan shall be divided into Nine (9) classes, which are as follows:

A. Allowed Secured Claims.

Creditors possessing allowed claims shall retain lien rights in the amount of its claim, pursuant to 11 U.S.C. §1129(b)(2) et. seq. Unless addressed otherwise, payments to allowed secured claims shall begin at the Effective Date.

Class I—voting class. SP Capital, LLC. Class I shall consist of the allowed second priority Secured Claim of SP Capital, LLC (“SP”) as it relates to the Debtors’ residential property located at 36051 Castlemeadow Drive, Farmington Hills, MI 48335. As of the Petition Date, SP assert that the unpaid balance due to SP from the Debtors is approximately \$100,391.88 with respect to Loan #xxxxxxx-2704, secured by a mortgage on real property. The real property value is approximately \$219,000.00 based on Debtors’ state assessment. SP shall be paid its secured claim of \$100,391.88 at 5% interest, over 60 months, and shall receive monthly payments of \$1,894.52 per month; from the effective date. Debtors have no other place to live, and their residence is necessary for their effective reorganization. No part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

Class II—voting class. Department of Treasury—Internal Revenue Service. Class II shall consist of the allowed third priority Secured Claim of the Department of Treasury—Internal Revenue Service (“IRS”), as it relates to the Debtors’ residential property located at 36051 Castlemeadow Drive, Farmington Hills, MI 48335. As of the Petition Date, IRS assert that the unpaid balance due to the IRS from the Debtors is approximately \$100,963.00 with respect to tax payer identification number xxx-xx-0851, secured by a tax lien filed on December 30, 2014 for tax years ending 2009 and 2010. The real property value is \$219,000.00. The IRS shall receive payments for 59 months in the amount of \$250.00 per month. At the end of 59 months, the IRS shall receive a lump sum that will satisfy the secured claim and lien in its entirety. The IRS’ lien shall remain in effect until discharge of this case and upon successful payments of the secured claim. Debtors have no other place to live, and their residence is necessary for their effective reorganization. No part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

Class III—voting class. Michigan Department of Treasury. Class III shall consist of the allowed fourth priority allowed Secured Claim of the Michigan Department of Treasury (“MDT”), as it relates to the Debtors’ residential property located at 36051 Castlemeadow Drive, Farmington Hills, MI 48335. As of the Petition Date, MDT assert that the unpaid balance due to the MDT from the Debtors is approximately \$12,765.78 with respect to tax payer identification number xxx-xx-0851, secured by a tax lien filed on October 20, 2015 for tax years ending 2009, 2010 and 2014. The real property value is \$219,000.00. The MDT shall receive payments for 59 months in the amount of \$50.00 per month. At the end of 59 months, the MDT shall receive a lump sum that will satisfy the secured claim and lien in its entirety. The MDT’s lien shall remain in effect until discharge of this case and upon successful payments of the secured claim. Debtors have no other place to live, and their residence is necessary for their effective reorganization. No

part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

Class IV—voting class. Oakland County Treasurer. Class IV shall consist of the allowed first priority Secured Claim of the Oakland County Treasurer (“OCT”). OCT is a holder of a property tax lien filed against the real property located at 36051 Castlemeadow Drive, Farmington Hills, MI 48335. As of the Petition Date, OCT assert that the unpaid balance due to OCT from the Debtors is approximately \$5,406.12 with respect to Acct #22 23-29-453-013; winter property tax 2015. The real property value is \$219,000.00. OCT shall be paid its secured claim of \$5,406.12 at 12% interest, over 60 months, and shall receive monthly payments of \$120.26 per month; from the effective date. Debtors have no other place to live, and their residence is necessary for their effective reorganization. No part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

Class V—voting class Water Resources Commissioner. Class V shall consist of the allowed fifth priority Secured Claim of the Water Resources Commissioner (“WRC”). WRC is a holder of a riparian lien filed against the real property located at 36051 Castlemeadow Drive, Farmington Hills, MI 48335. As of the Petition Date, WRC assert that the unpaid balance due to WRC from the Debtors is approximately \$1,033.00 with respect to Acct #xxxx5025-00; unpaid water bill. The real property value is \$219,000.00. WRC shall be paid its secured claim of \$1,033.00 at 10% interest, over 60 months, and shall receive monthly payments of \$21.95 per month; from the effective date. Debtors have no other place to live, and their residence is necessary for their effective reorganization. No part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

CLASS VI—voting class Michigan First Credit Union. Class VI shall consist of an allowed Secured Claim of Michigan First Credit Union (“MFCU”) as it relates to Mrs. Miller’s 2011 GMC Acadia (VIN 1GKKVPED3BJ283770). As of the Petition Date, MFCU assert that the unpaid balance due to MFCU from the Debtors is approximately \$20,089.15 with respect to Acct #xxxxxx9600. The vehicle has a market value of \$10,974.00. MFCU shall be paid its secured claim of \$20,089.15 at 8.74% interest, over 60 months, and shall receive monthly payments of \$414.49 per month; from the effective date. Mrs. Miller needs the vehicle to go to and from work, and for personal reasons. The Acadia is necessary for Debtors’ effective reorganization. No part of the aggregate secured claim is unsecured and claimant shall not be entitled to an unsecured deficiency claim.

THIS CLAIM IS IMPAIRED.

CLASS VII—non-voting class. Other than claims entitled to priority under 11 U.S.C. §§507(a)(2), 507(a)(3) and 507(a)(8)(see 11 U.S.C. §1123(a)(1)), the claimants of Class VII shall consist of the allowed claims that are entitled to priority under 11 U.S.C. §507 of the Bankruptcy Code. To the best of Debtors’ knowledge, information and belief, there are no such claimants under this Class as it relates to Debtors. These claims are not impaired and are not entitled to vote under the Plan. **THIS CLAIM IS NOT IMPAIRED.**

Allowed Non-priority Unsecured Claims

CLASS VIII—voting class. The claimants of Class VIII shall consist of the claims of the non-priority unsecured Creditors including the unsecured portion of all secured

creditors as well as those Creditors, if any, whose claims arise from the rejection of executory contracts. This class shall be impaired. However, each of the claimants of this Class shall receive at least 13% (Aggregate amount of \$2,700.00) at 0% interest over 60 months. Payments shall be made to this class over years 3 through 5 of the Plan, concurrent with Classes I – VII, commencing on the effective date of the Plan. To participate in any distribution hereunder, creditors whose claims are not scheduled, or whose claims are scheduled as disputed, contingent or unliquidated, must file a proof of claim with the Bankruptcy Court on or before the bar dates established by the Bankruptcy Court in these proceedings. Scheduled unsecured creditors must also file a claim with the Court to receive a distribution of their scheduled claim amount.

A creditor in this class shall receive a distribution incident to its allowed unsecured claims based on monthly payments of \$75.00 commencing year three through five by Debtors.

THIS CLASS IS IMPAIRED.

SUMMARY OF UNSECURED CREDITORS AND CLAIMS¹

Creditor	Bankruptcy Schedules	Proof of Claim
AmeriCredit Financial Services	\$N/A	\$7,919.60
IRS	\$2,449.00	\$6,159.37
Capital One Bank USA	\$1,547.00	\$1,504.42
Comenity Bank	\$746.00	\$666.26
Consumers Energy	\$566.43	\$754.45
DTE Energy	\$1,405.08	\$1,501.70
CBNA/Goodyear	\$409.00	\$314.00
Michigan First Credit Union	\$1,958.00	\$1,882.14
TOTAL	\$9,080.51	\$20,701.94

¹ The claim deadline is December 7, 2016.

CLASS IX - INTEREST OF EQUITY SECURED HOLDERS—non-voting class.

The claims of Class IX shall consist of the Interests of the Equity Security Holder of the Debtors. The holder of Class IX Interests shall retain the value of their Interests under the Plan, except that Class IX Interest of the Equity Security Holder, shall receive no distributions, dividends or other property on account of such Class IX Interests until all payments required under this Plan have been paid in full. Class IX Interests shall not be entitled to vote under the Plan. Debtors reasonably believe that there are no class IX claims.

THIS CLASS SHALL BE IMPAIRED.

ARTICLE IV

EXECUTORY CONTRACTS AND LEASES

As of the petition date, Debtors do not have any executory contracts or unexpired leases. All other executory contracts and unexpired leases, not assumed are hereby rejected.

ARTICLE V

EVENTS OF DEFAULT

The occurrence of any of the following shall constitute an event of default under the Plan:

- (a) Failure to make any of the payments as provided for, pursuant to the Plan, or breach of any term, conditions or covenants of the Plan.
- (b) Debtors shall file or have filed against them any voluntary or involuntary petition under the Bankruptcy Code of the United States (excluding the petition herein) or any state insolvency statute; unless, as to involuntary petition, it is dismissed within 120 days.

(c) The entry of any final judgment resulting in any lien, levy, or execution against the assets of the Debtors, which is not either: 1) paid within 120 days; or 2) the enforcement thereof stayed; or 3) appealed within the appeal period.

Remedies:

(a) Upon notice and hearing, a creditor or interested party may seek relief from the Court upon the occurrence of Default as provided under the Bankruptcy Code.

ARTICLE VI

EXECUTION AND IMPLEMENTATION OF THE PLAN

A. **Funding of the Plan.** Debtors are cognizant of the fact that they need to improve their financial control and have made the necessary adjustments to successfully complete their Plan. Accordingly, Debtors' counsel and accountant have been working with the Debtors to implement a sound accounting system so as to better ensure the funding of the Plan. In addition, the Debtors reasonably believe that their future income will generate sufficient funds to satisfy their obligations under the Plan. In the event the Debtors require additional revenue to complete the Plan of Reorganization, it is reasonably certain that the source of these funds will be generated from their future income.

To the extent that additional funds are necessary, Debtors, their shareholders, or their management, on behalf of themselves personally or on behalf of a corporation to be formed, may provide such funds to the Reorganized Debtors. Other sources of cash may be explored and utilized by the Reorganized Debtors to the extent that such cash infusions are necessary to meet the obligations of the Plan.

B. Refinancing. If necessary, the Reorganized Debtors may, in their sole discretion, but subject to the terms and conditions any DIP Financing Order and any subsequent loan documents, where reasonable approval shall not be withheld, seek to obtain refinancing from either a lending institution or from other personal resources in an effort to satisfy the necessary cash payments described in this Plan. In the event that the Reorganized Debtors obtain such financing, it shall not obligate the Reorganized Debtors to accelerate any of the payments or obligations set forth in this Plan, except as provided in any DIP Financing Order or loan documents.

If the Reorganized Debtors elect to pre-pay any obligation, it shall not incur any pre-payment penalty, any such pre-payment penalty contained in any pre-petition contract, agreement, or document shall be deemed null and void.

C. Lease. The Reorganized Debtors or assignees may enter into a new lease for their business operations.

D. Avoidance Actions. Upon confirmation of the Plan, the Reorganized Debtors preserve any and all Avoidance Actions.

E. Pre-Payment. The Reorganized Debtors may, but shall not be obligated to, pre-pay any of the claims set forth in Articles III and IV at any time. If the Reorganized Debtors elect to pre-pay any obligations, they shall not incur any pre-payment penalty, any such pre-payment penalty contained in any pre-petition contract, agreement or document shall not apply.

F. Professional Fees. Any services performed or expenses incurred by any professional on behalf of the Debtors or Reorganized Debtors with respect to this Case after the Confirmation Date, shall not be subject to the prior review and approval of the Bankruptcy Court and, notwithstanding any provision of the Bankruptcy Code or Rules, including without limitation, Fed. R. Bankr. P. 2016, after the Confirmation Date, no professional shall be required to disclose payments from the Debtors or the Reorganized

Debtors to the Bankruptcy Court or the United States Trustee. All fees and expenses arising after the Confirmation Date shall be billed directly to the Reorganized Debtors and the Bankruptcy Court shall only review the portion to which the Reorganized Debtors object. The Reorganized Debtors shall pay the portion not objected to in accordance with the terms of the invoice. Pursuant to 11 U.S.C. §1129(a)(4), any payment made or to be made the Debtors under the plan for services or for costs and expenses in or in connection with pre-confirmation services or costs shall be paid after proper application and Court order.

G. Change of Address. In order to ensure that it receives its distribution, each Creditor holding a Claim treated under any Class in Article III must advise the Reorganized Debtors of any change of address. Absent any such notification, the Reorganized Debtors will send payments to the address listed on the Matrix on file with the Bankruptcy Court. If the Reorganized Debtors do not receive notice of any change of address, they shall be under no obligation to pay the amounts due under the Plan.

ARTICLE VII

EFFECT OF CONFIRMATION

A. Discharge. Debtors claims will be discharged, except as provided in 11 U.S.C. §§523(a) and 1141(d). Unless the Court orders otherwise, the discharge will be entered only after completion of plan payments as provided in §1141(d)(5)(A).

B. Waiver. Confirmation shall also constitute a waiver by Creditors of any right that they may have, unless supported by a written guaranty or provided by a federal or state statute to taxing authority, to seek enforcement of their claims against

any Insider, whether pursuant to an “alter ego” claim, or claim “piercing” the corporate veil of Debtors or the Reorganized Debtors’ existence.

C. Financing and Capital Contributions. There shall be no prohibition against the Reorganized Debtors obtaining financing from any lender willing to provide financing.

ARTICLE VIII

MODIFICATION OF THE PLAN

Modification of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date, provided that such Plan, as modified, meets the requirements of 11 U.S.C. §§1122 and 1123 and Debtor shall have complied with 11 U.S.C. §1125.

Debtors may modify the Plan at any time after confirmation and before its substantial consummation, provided that such Plan, as modified, meets the requirements of 11 U.S.C. §§ 1122 and 1123; the Court, after notice and hearing, confirms such a Plan as modified, under 11 U.S.C. §1129; and the circumstances warrant such modification.

A holder of a claim or interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Court, such holder changes its previous acceptance or rejection.

ARTICLE IX

JURISDICTION OF THE COURT

This Court shall retain jurisdiction in this matter until the Plan has been fully consummated, including, but not limited to, the following reasons and purposes:

- A. The classification of the claim of any Creditor and the re-examination of Claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to Claims of Creditors. The failure by the Debtors to object to, or to examine any Claim for the purposes of voting, shall not be deemed to be a waiver of the right of Debtors to object to, or re-examine the claim in whole or in part.
- B. Determination of all questions and disputes regarding title to the assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to action pending as of the date of confirmation, between the Debtors and any other party, including, but not limited to, any right of the Debtors to recover assets pursuant to the provisions of Title 11 of the United States Code.
- C. The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan.
- D. The Modification of this Plan after confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code and as set forth herein.
- E. To enforce and interpret the terms and conditions of this Plan.
- F. Entry of any order, including injunctions, necessary to enforce the title, rights and powers of the Debtors and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary.
- G. The review of any objections to claims filed by the Debtors pursuant to Article XIII.
- H. The review and approval of all professional fee applications or allowance of compensation to those persons so entitled to receive compensation for services rendered prior to Confirmation Date pursuant to the Bankruptcy Code.

- I. To the entry of any order, including injunctions, necessary to enforce the title, rights and powers of Debtors, Reorganized Debtors or any creditor.
- J. To hear any adversary proceedings pursuant to F.R.Bankr.P. 7001 et. seq.
- K. To hear and determine controversies brought under Chapter 5 of the Bankruptcy Code, including preferences and fraudulent conveyances, and such claims arising pre-petition/pre-confirmation of which Debtors retained post-confirmation standing.
- L. Entry of an order concluding and terminating this case.

ARTICLE X

BEST INTEREST OF CREDITORS AND CRAM DOWN TESTS

Under the Bankruptcy Code, 11 USC 1129(a)(7)(A), in essence, creditors must receive not less under the Plan than they would in a Chapter 7 Liquidation. It is clear from the liquidation analysis that creditors will receive as much or more under the Plan than they would receive as a result of the liquidation of the Debtors. Therefore, the Debtors believe that acceptance of the Plan is in the best interest of the Creditors. Furthermore, pursuant to 11 U.S.C. 1129(a)(15)(B), in this matter where the Debtor is an individual, and in which the holder of an allowed unsecured claim objects to the confirmation of the plan, the value of the property to be distributed under the plan is not less than the projected disposable income of the Debtors (as defined in §1325(b)(2)) to be received during the 5-year period beginning year three of the plan, or during the period for which the plan provides payments, whichever is longer. Therefore, the Debtors believe that acceptance of the Plan is in the best interest of the Creditors.

The Debtors believe that the Plan meets the requirements of Section 1129(b)(2)(A), should any impaired class holding a secured claim vote to reject the Plan.

Under the Bankruptcy Code, 11 USC 1129(b)(2)(B), in essence, if the Bankruptcy Court finds that the class of unsecured claims votes against the Plan, the Plan may still be confirmed by the Bankruptcy Court if an interest junior to that class receives nothing on account of such junior interest.

If the Plan has been accepted by at least one impaired class, then the Plan may be confirmed, even if it is not accepted by another impaired class, if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable to such class. This provisions is set forth in Section 1129(b) of the Code and requires that the Creditors in the impaired class must either receive the allowed amount of their claim or, other than with respect to secured claims, if they receive less, no class with junior liquidation priority may receive anything on account of such junior claim or interest.

ARTICLE XI

TITLE TO PROPERTY AND RESERVATION OF RIGHTS

Title to the property of the Debtors shall reinvest in the Debtors upon the Effective Date of the Plan. From and after that date, Debtors shall be discharged from their status as “Debtors”, and their affairs and business shall be thereafter conducted by said Reorganized Debtors, without Court supervision.

Debtors reserve the right to institute litigation or pursue claims (or rights in an administrative or appellate proceeding) arising pre-petition/pre-confirmation or post-confirmation. The aforementioned reservation of claims should not be construed to limit any potential causes of action arising pre-petition/pre-confirmation, which Debtors may bring post-confirmation against the listed parties, or any other party.

ARTICLE XII

UNITED STATES TRUSTEE FEES

Debtors agree to pay to the United States Trustee the appropriate sum required pursuant to 28 USC Section 1930 (a)(6) within ten (10) days of entry of the Order of Confirmation or when such fees are normally due, whichever is sooner, and simultaneously to provide the United States Trustee with an appropriate affidavit indicating the cash disbursements for the relevant period.

After confirmation, and until the Case is closed by the Court, Debtors and the Reorganized Debtors shall pay all post-confirmation fees on all disbursements of the Debtors and Reorganized Debtors, and shall follow all procedures of the United States Trustee for reporting and tracking such disbursements.

ARTICLE XIII

OBJECTIONS TO CLAIMS

Debtors may object to the allowance of any Claims filed herein, or request the Court to reconsider any Claim heretofore and hereafter filed herein within ninety (90) days after the Effective Date. In the event that any claims are filed after the Confirmation Date, the Debtor shall have until the later of either (a) ninety (90) days from the date of service upon the Debtors' counsel, B.O.C. Law Group, P.C., and the Debtors, or (b) ninety (90) days after the Effective Date, whichever is later, to file an objection to those post-confirmation claims.

ARTICLE XIV

EFFECTIVE DATE OF PLAN OF REORGANIZATION

The effective date of this plan shall be thirty days (30) days after entry of an order confirming plan.

ARTICLE XV

PAYMENT COMMENCEMENT

All payments due hereunder, unless otherwise stated, shall commence Thirty (30) days after the Effective Date.

ARTICLE XVI

PROVISION OF 11 U.S.C. 1129(a)(13)

Debtors have no retiree benefit plan which must comport to 11 U.S.C. 1129(a)(13).

ARTICLE XVII

LIMITATION OF LIABILITY

The Debtors and the Reorganized Debtors shall not be liable to any Creditor or Interest holder of the Debtors or Reorganized Debtors, or any other entity, management, agents, accountants, consultants and/or employees for any action taken or omitted to be taken in connection with their respective actions or duties in the Cases or under this Plan, except for actions and obligations set forth in this Plan, and further, that liability may be imposed for willful misconduct; the Bankruptcy Court shall have exclusive jurisdiction to resolve any questions concerning any such liability. This limitation of liability does not extend to any Section 327 professionals of the Debtors.

ARTICLE XVIII

MISCELLANEOUS PROVISIONS

A. Notwithstanding anything in this Plan to the contrary, neither the Debtors nor the Reorganized Debtors shall be obligated to make any payments towards any contested claims. Further, neither the Debtors nor the Reorganized Debtors shall be required to make any payments for an Allowed Claim to any Creditor if the Debtors or the Reorganized Debtors have filed a motion, objection, claim, cause of action, offset or counter-claim, such that if sustained and not paid by such Creditor would result in a disallowance of such allowed claim in accordance with 11 U.S.C. §502(d) of the Code.

B. The Debtors, the Reorganized Debtors and all parties-in-interest, including without limitation any Creditor, shall be required to execute any document reasonably necessary and requested by the other to memorialize and effectuate the terms and conditions of this Plan. This shall include without limitation any execution by the Debtors of UCC financing statements and the execution by creditors of any UCC termination and mortgage releases and terminations.

C. This Plan and the Confirmation Order shall inure to the benefit of, and be binding upon, all parties in interest and their respective successors and assigns.

D. When the Debtors or the Reorganized Debtors have made all payments and obligations required under this Plan all restrictions, negative covenants and other limitations on the Debtors' operations provided herein or in the Confirmation Order shall terminate.

E. Except as provided herein, the Reorganized Debtors shall have the right to commence, continue, amend or compromise all causes of actions available to the Debtors, the bankruptcy estates or the debtors in possession, whether or not those causes of action were the subject of a suit as of the Confirmation Date, including but not limited to actions to collect receivables owed to the Debtors. The Reorganized Debtors specifically reserve their rights to commence, continue, amend or compromise all causes of action described in the Disclosure Statement.

F. In the event the Debtors' case is converted to a Chapter 7 case, all property vested in the Debtors and acquired post-confirmation will reinvest in the Debtors and become property of the Chapter 7 estate for further administration.

DISCLOSURE STATEMENT

DEBTORS PROPOSE, RECOMMEND, AND SOLICIT ACCEPTANCE OF THE ATTACHED PLAN OF REORGANIZATION BY ALL PERSONS ENTITLED TO VOTE.

I. INTRODUCTION

A. Purpose of Disclosure Statement.

The Debtors submit this Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code, 11 USC Section 101 et seq., to all known holders of a claim (as defined in the Plan) against or interest (as defined in the Plan) in the Debtors. The Debtors filed their Chapter 11 Plan with the United States Bankruptcy Court for the Eastern District of Michigan (“Bankruptcy Court”), which is contained within this Disclosure Statement.

The Debtors provide this Disclosure Statement to its Creditors for the purpose of disclosing information deemed by Debtor to be material and necessary to make a reasonably informed decision in exercising their right to vote for the acceptance of the Plan of Reorganization (the “Plan”), which is contained within this Disclosure Statement and should be read carefully in its entirety.

B. Source of Information

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtors and the Plan have been presented from information furnished by the Debtors, by and through Craig Miller and Brenda Miller. Debtors’ counsel has not conducted an independent examination to verify such information.

The statements made in this Disclosure Statement are made by the date hereof, unless another time is specified. Neither the delivery of this Disclosure

Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change of the facts set forth herein since the date of this Disclosure Statement.

NO PERSON OR ENTITY HAS BEEN AUTHORIZED BY THE DEBTORS OR THE COURT TO GIVE ANY INSTRUCTIONS OR MAKE ANY REPRESENTATION CONCERNING THE DEBTORS, ITS OPERATIONS, OR VALUE OF ITS PROPERTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION, PROMISES, OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN, WHICH IS OTHER THAN CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION. SUCH REPRESENTATIONS, INDUCEMENTS, AND/OR PROMISES, IF ANY, SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS WHO, IN TURN, SHALL IMMEDIATELY DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION, AS THE COURT MAY DEEM APPROPRIATE.

II. DESCRIPTION OF DEBTORS

A. Debtor-In-Possession.

On November 30, 2015, (“the Petition Date”), Debtors filed Voluntary Petitions for relief under Chapter 13 of Title 11 of the United States Bankruptcy Code (“the Bankruptcy Code”). Debtors converted this matter to Chapter 11 of the Code on August 3, 2016. Debtor Craig Miller receives Social Security Income and works part time; Co-Debtor Brenda Miller is employed full time. Debtors manage their day-to-day operations, financial affairs, personal transactions and occurrences, as a debtor in possession pursuant to 11 U.S.C. §§1107(a) and 1108 of the Bankruptcy Code. The case is being administered under Case Number 15-57370; Hon. Thomas J. Tucker was assigned to the case. Upon filing the Petition of Reorganization, the Debtors became a “Debtor-in-Possession”, as that term is defined in the Bankruptcy Code. At the time of the institution of this bankruptcy proceeding, the Debtors are individuals and are “responsible persons” as that term is defined within the Bankruptcy Code.

B. The Debtors.

1. Background/Causes which lead to Bankruptcy.

Debtor Craig Miller is a retired worker from AT&T (circa 2009); that works part-time as a shuttle driver with PACE, and receives Social Security income. Co-Debtor Brenda Miller is a 59 year-old, who has been working since she was 14 years old. During the last 20 years, she has been trying to prepare for retirement in December 2021. Debtors are high school graduates but have no higher education degrees. Co-Debtor has been working with Southfield Public Schools since 1996.

Over the last six years Co-Debtor's pay was tremendously reduced due to district cost saving measures. Co-Debtor went from making \$50,000+ a year to \$39,000 a year. Co-Debtor also had to begin to pay for the family's medical insurance which is approximately \$364.00 per month and with a \$1,000 deductible. All Michigan school employees incurred a 3% deduction from their pay to help with the state education retirement system.

As stated supra, Debtor retired from AT&T December 2009 and cashed out his pension to pursue his dream of starting his business in local housing market. However, Debtor's timing was unfortunate with the housing market crash; wherein he lost his rental houses and incurred as substantial income tax with the early withdrawal of his pension from AT&T. Unable to pay the Internal Revenue Service, Debtors had a lien placed on their residence for the 2009 tax obligation. With all of the Debtor's pension proceeds lost, Debtors took a high risk loan with SP Capital, in June 2014, to try and exhaust non-bankruptcy remedies in order to pay their growing unsecured debt. However, with the loss of income with Co-Debtor, and Debtor (at the time) only working part time with PACE, they were unable to pay SP Capital or the IRS. Unable to make regular mortgage payments, Debtors faced a foreclosure sale in November 2015, which necessitated the initial filing of the Chapter 13 Bankruptcy.

Debtors' Chapter 13 Plan was denied by the Court, however, the Court allowed Debtors to petition to convert this matter to Chapter 11 and successfully reorganize their secured and

unsecured debt. Debtors made poor financial decisions, however, with Mr. Miller now receiving Social Security income since February 2016, they have sufficient income to fund their Chapter 11 Plan and pay ongoing household expenses.

2. Compensation/Funding Chapter 11 Plan. As stated Supra. Debtor Craig Miller works part time with PACE, earning approximately \$2,040.00 per month in gross income, and also receives Social Security income in the net amount of \$1,985.00 per month. Debtor does not receive any fringe benefits from his employment. Co-Debtor, Brenda Miller, works for Southfield Public Schools and earns approximately \$3,258.00 gross income per month. She receives income over a twelve month period, and receives no fringe benefits through her employer.

As for the funding of this case, See attached Exhibit C (Five Year Forecast). The Debtors' source of income will be wages and Social Security income. Because Debtor now receives Social Security income, enough funds exist to properly fund their proposed plan. (See also attached Exhibit A).

III. POST-PETITION EVENTS OF SIGNIFICANCE

A. Post-Petition Transfers and Other Events Outside the Normal Course of Business:

Debtors have operated within the normal course of business. Any transaction(s) that is outside of the ordinary course of business require approval from the Bankruptcy Court. There have been no post-petition transfers by the Debtors or other events outside the ordinary course of business.

B. Post-Petition Financing, Cash Collateral and Adequate Protection Orders.

Since the Petition date, Debtors have operated as “Debtors-in-Possession” as that term is defined by the Bankruptcy Code. No committees or trustees have been appointed. There are no cash collateral issues. At this point, Debtors do not anticipate any pre-confirmation financing; however, Debtors, upon payment of the SP Capital Mortgage through the plan, will build enough equity to re-finance their home and pay IRS and State of Michigan Secured liens prior to plan expiration.

C. Pending Litigation Involving the Debtor

There has been no pending litigation outside the prosecution of this matter. Debtors do not anticipate any future litigation.

D. Insider Transactions

Debtors are not aware of any transactions between the Debtors and any insider or affiliate within the one year prior to the Petition Date.

IV. ASSETS AND LIABILITIES

A. Liquidation Analysis

1. Valuation of assets and amount(s) of secured claims in relation thereto as of November 30, 2015.

Description of Collateral	Lien Holder(s)	Market Value ("M") & Forced Sale Value ("FS")	Amount of Secured Claim	Amount of Equity	Comments
Real Property:²					
Residence 36051 Castlemeadow Drive Farmington Hills, MI 48335	Oakland County Treasury, SP Capital, IRS, State of Michigan, Water Resource Commissioner	\$219,000.00(M) \$164,250.00(FS)	\$220,559.78	\$0.00	
Global Vacations Time Share	N/A	\$0.00	\$0.00	\$0.00	
Cash	N/A	\$607.79 (M) \$607.79(FS)	\$0.00	\$607.79	
* Household Goods & Furnishings & Personal Items		\$19,950.00 (M) \$14,962.50(FS)	\$0.00	\$18,950.00	*Includes Wearing Apparel & Jewelry
Vehicles/watercraft:					
2011 GMC Acadia	Michigan First Credit Union	\$10,974.00 (M) \$8,230.50 (FS)	\$20,089.15	\$0.00	
Stocks/General Intangibles:					
403(b) Mr. Miller	N/A	\$ 7,644.34(M) \$7,644.34(FS)	\$0.00	\$7,644.34	
401(k) Mrs. Miller	N/A	\$11,116.90 (M) \$11,116.90(FS)	\$0.00	\$11,116.90	
401(k) Vanguard	N/A	\$867.63(M) \$867.63(FS)	\$0.00	\$867.63	
Other:					
Total equity if fair market value used=		\$ 270,160.66			
Total equity if forced sale value used=		\$ 202,620.50			

² Note: Market Value for real properties are based upon comparative market analysis, state equalized values, and/or appraisals, which calculated market value using actual selling prices of comparative properties adjusted for actual variables between the subject property and the sold properties. Forced sale values based upon the minimum actual selling price of the comparable properties. Copies of all values from Debtors' Counsel are available upon request.

***Note: "Forced Sale" assets used for all assets except liquid assets.**

2. Proceeds of Assets (before deducting amount of secured claims)

Real Estate (at forced sale)	\$164,250.00
Vehicles/Watercraft (Net of Exempt Equity) (at forced sale)	\$8,230.50
Furnishings, Personal Items, Jewelry & Furs (Net of Exempt Equity) (at forced sale)	\$14,962.50
Retirement Accounts (Net of Exempt Equity) (at forced sale)	\$19,628.87
Global Time Share	\$0.00
Cash/Bank Deposits/Investments (Net of Exempt Equity) (at market value)	\$607.79
Other	\$0.00
TOTALS	<u>\$207,679.66</u>

3. CLAIMS

(a) Secured Claims **Estimated
Amount(s)**

TOTAL **\$240,648.93**

(b)Administrative Expenses

United States Trustee Fees (estimated) **\$1,500.00**

Debtors' Attorneys Fees (estimated) **\$20,000.00**

Debtors' Financial Advisors and Accountants **\$5,000.00**

(estimated)

TOTALS **\$26,500.00**

**(c) Pre-Petition Unsecured Priority
Claims/Unexpired Leases**

Priority Tax Claims Consisting of:

NONE **\$8,711.37**

Unexpired Leases consisting of:
NONE \$0.00

**(d) Total Secured, Administrative and Pre-Petition
Priority Claims** **\$249,360.30**

4. Distribution of Proceeds of Assets in the Event of Liquidation

(a) Gross Proceeds Available from Liquidation Of Assets:
\$207,679.66

(b) Less Total of:

Secured Claims	<u>\$249,360.30</u>
Administrative Expenses	<u>\$ 26,500.00</u>
Pre-petition Unsecured Priority Claims	\$ 8,711.37
TOTAL	<u>\$284,571.67</u>

(c) Gross

**Proceeds Available to Pre-petition Unsecured
Creditors including unsecured portions of security
Claims:**

1. from unencumbered real property	\$ 0.00
2. from unencumbered personal property	\$ 0.00
Total Gross Proceeds:	<u>\$ 0.00</u>

Less Liquidation Costs (est. 10%)	\$20,760.00
Estimated <u>net</u> proceeds available to unsecured Creditors in event of liquidation	<u>\$ 0.00</u>

Total Unsecured Claims (Estimated) \$20,701.94

Based upon the liquidation analysis set forth above, the Debtors believes that a liquidation would result in a smaller distribution to every class of its creditors that the proposed treatment set for in the Plan.

***NOTE: “Forced Sale” values of assets used for all assets except liquid assets.**

B. Stated Values. Debtors have used fair market and forced sale value to determine the value of their assets. Market value for residential property and rental properties are based upon comparative market analysis and/or appraisals, which calculated market value using actual selling prices of comparable properties adjusted for actual variables between the subject property and the sold properties. See *infra*. Forced sale values based upon the minimum actual selling price of the comparable properties at a 75% ratio to market value. Copies of all appraisals and comparable market analysis available from Debtors’ Counsel upon request. Market value of vehicles determined from Kelly-Blue Book pricing for private parties. Forced sale value determined from Kelly-Blue Book pricing for dealer trade-in allowances.

The values placed in the Liquidation Analysis are Debtors’ best estimates based upon the due diligent information gathered from the aforementioned resources. These values may differ from the values placed on property at the time of the filing of the Petition for Relief and Schedules. Debtors believe that the Plan is fair and equitable to creditors and it is in the best interest of the creditors to consider a vote in favor of the Debtors’ Plan.

C. Potential Claims and Causes of Action

Debtors do not have any contingent claims or causes of action which may impact liquidation of this matter.

D. Priority Claims.

The Claims of Group I-III of the Plan consist of expenses which are entitled to priority under Section 507(a)(2) and shall consist of: Attorneys for the Debtors and Accountants for the Debtors

as well as all creditors supplying goods or services to the Debtors during the Chapter 11 proceedings and any unpaid post-petition tax liability during the Chapter 11 proceedings.

i) Debtors' Attorney Fees: Estimated at \$20,000.00, subject to Court approval.

ii) Debtors' Future Accountant Fees: Estimated at \$5,000.00, subject to Court approval; however, to the extent services are provided and fees are awarded, Debtors' Account will have an administrative claim.

iv) The United States Trustee's Office: will have an administrative claim for any unpaid fees due and owing through the course of administration. The Reorganized Debtors are obligated to pay quarterly fees to the United States Trustee until the Chapter 11 Case has been converted or dismissed by the Court pursuant to 28 U.S.C. §1930(a)(6).

v) The claims of Group III shall consist of all other Priority Creditors entitled to receive priority for their allowed claim under 11 U.S.C. §§ 364(c), 507(b) or otherwise, including, but not limited to the Internal Revenue Service and State of Michigan. Debtors do not anticipate any other of these claims.

E. Non-priority Unsecured Claims

1. The estimated 13% dividend to general unsecured creditors is based upon the assumption that all creditors holding unsecured claims shall file a timely Proof of Claim. Should any creditors not file Proofs of Claims, the dividend to those that do so may be greater and/or paid earlier. The total amount of non-priority general unsecured claims, including under secured claims is **\$20,701.94**.

F. Co-Debtor Liability

Debtors reasonably believe there is no co-debtor liability.

E. Guaranteed Debt

Upon information and belief, Debtors reasonably believe there is no guaranteed debt.

V. FINANCIAL DATA AND IMPLEMENTATION OF THE PLAN GENERAL

The information contained in this Disclosure Statement has not been subject to a certified audit. The information has been compiled from the records of the Debtors and is true and accurate to the best of the Debtors' knowledge, information and belief. The information also is based on a 5-year income projection. Since the projections are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, the Debtors do not warrant that the results reflected in the projection will be achieved, especially in view of the changes in their market strategy and/or changes in the economy. As mentioned supra, comparative market analyses and/or appraisals were performed for all real property to arrive at both market value and forced sale value of the subject properties. As detailed in the preceding liquidation analysis, only zero (0) would be available to creditors if the real property were to be liquidated. Secured claims on the encumbered real property, greatly exceeded the forced sale value of real property, especially in light of present real estate market conditions.

A. FINANCIALS.

1. Debtors attach as Exhibit "A" personal profit and loss statements; all information based on monthly operating reports; and current income advices. Debtors also attach as Exhibit D, their three (3) year pre-petition profit and loss ending calendar year 2015.

2. Debtors attached as Exhibit "B" Income Statements for the post-conversion months ending August 2016; based on monthly operating reports.

3. Debtors attach their sixty (60) month projections for the fiscal years beginning January 1, 2017 and ending December 31, 2021, which has been marked as Exhibit "C".

B. Administration.

1. Post-Petition Professional Fees.

It is anticipated that the Debtors will be paying for the professional fees of B.O.C. Law Group, P.C., the attorneys for the Debtors, in an additional estimated amount of \$20,000.00. The Debtors have or will also formally employ an outside accountant and therefore anticipate fees in the estimated amount of \$5,000.00, subject to Court approval.

2. Other Administrative Expenses.

Debtors are current with all the United States Trustee's fees and with post-petition taxes. No other administrative expenses are foreseen.

3. Funding The Plan

Debtors reasonably believe that their future incomes and future business operations will generate sufficient funds to satisfy of all obligations under the Plan. Attached, as Exhibit "C" is the projections for the Debtors for the next sixty (60) months. These projections indicate that after payment of all expenses, the excess of cash over expenses will enable the Debtors to first meet all obligations to the secured Creditors, which are more fully delineated in the Plan.

Debtors reasonably believe that they also will be able to meet obligations to the unsecured creditors, which are more fully described within the Plan of Reorganization and that they will have the sufficient cash flow to meet all post-confirmation obligations.

Although other parties may be entitled to propose alternative Plans of Reorganization under Chapter 11, no person or entity has expressed any such interest to the Debtors nor has any

person or entity requested the Debtors to include any additional information in this disclosure statement. Accordingly, a liquidation of the Debtors' assets is the most likely result if a Plan is not accepted and confirmed. As set forth in the liquidation analysis prepared by Debtors, and as illustrated above, Debtors conclude that in the event that there is a liquidation, after payment of the expenses of administration, including professional fees, and secured claims, each unsecured creditor would receive substantially nothing than they would receive under Debtors' proposed Plan.

4. Feasibility Of The Plan

Debtors reasonably believe that the Plan is economically feasible. It is the good faith opinion of the Debtors that confirmation of the Plan is not likely to be followed by liquidation or need for further financial reorganization by the Debtors. The Plan represents a workable method of reorganization and operation from which there is a reasonable expectation of success.

C. TAX CONSEQUENCES.

THE FOREGOING IS NOT INTENDED TO BE, NOR DOES IT REPRESENT, LEGAL ADVICE TO THE MEMBERS OR TO EACH CREDITOR AS TO THE TAX TREATMENT RESULTING FROM THE PAYMENTS TO BE MADE UNDER THE PLAN. CREDITORS ARE URGED TO OBTAIN ADVICE FROM THEIR OWN COUNSEL REGARDING THE APPLICABILITY OF FEDERAL AND STATE TAX LAWS. NEITHER THE DEBTORS NOR THE DEBTORS' COUNSEL ASSUMES ANY RESPONSIBILITY IN CONNECTION WITH THE INCOME TAX LIABILITY OF ANY PARTY.

The Debtors are both individuals. Therefore, the tax consequences of the Plan are borne by the Debtors, either individual as applicable, or through each individual business entity.

The Debtors will receive a discharge upon completion of all payments required under this Plan of Reorganization. The entry of the Order of Discharge, as applicable, will

discharge unsecured indebtedness owed by Debtors to their general unsecured creditors, unless otherwise provided for in this Plan and Disclosure Statement.

Pursuant to Section 108(a)(1) of the Internal Revenue Code, gross income of the Debtors will not include debt discharged under Debtors' Chapter 11 Plan of Reorganization. Further, the Debtors will not realize gross income from discharge of indebtedness to the extent that payment of the liability would have given rise to a business expense deduction under Section 162 of the Internal Revenue Code. However, in return for not being required to report any discharge of indebtedness as taxable income, Section 108(b) of the Internal Revenue Code provides that the amount excluded from gross income by virtue of Section 108(a)(1) must be applied to reduce the tax attributes of the Debtors. Accordingly, the Debtors will first be required to reduce any losses for the taxable year of the discharge, and any loss carry over to such taxable year. 26 USC §108(b)(1) and (2). Net operating losses are ordinarily used to reduce taxable income. The Debtors will also be required to reduce any current or carry over general business credits and capital loss carryovers to the extent the amount excluded from income exceeds their losses. Until the Debtors know the exact form of the Plan that will be confirmed by the Court, they cannot determine the amounts of the debts that will be discharged.

A Creditor who has not previously deducted such creditor's claim as a bad debt will generally be able to do so to the extent such debt is not paid under the Plan. The bad debt deduction will be limited, however, to the Creditor's unrecovered basis in the claim. For this purpose, a Creditor's basis will include the amount of the claim previously included in income. To the extent that payments to the Creditor exceed such Creditor's basis in the claim, the Creditor may recognize taxable income.

VI. LEGAL REQUIREMENTS

A. VOTING PROCEDURES.

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims, or equity interest, that are impaired under the plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the plan will be counted only with respect to claims: (a) that are listed on the Debtors' schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. §502 and Bankruptcy Rule 3018.

Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the plan, and then return the ballot by mail to the Debtors' attorney by the deadline previously established by the court.

Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the Debtors' attorney.

B. ACCEPTANCE.

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

C. CONFIRMATION.

11 U.S.C. §1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions for the confirmation of a plan under 11 U.S.C. §1129(a) are these:

1. Each class of impaired creditors and interest must accept the plan, as described in paragraph VI (B) above.
2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

D. MODIFICATION.

The Debtors reserve the right to modify or withdraw the plan at any time before confirmation.

E. EFFECT OF CONFIRMATION.

If the plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.

2. Except as provided in the plan and in 11 U.S.C. §1141(d):

(a) In the case of a corporation or limited liability company that is reorganizing and continuing business, as in this case:

1. All claims and interests will be discharged.

2. Creditors and shareholders will be prohibited from asserting their claims against or interest in the Debtors or their assets.

(b) In the case of an individual:

1. Claims will be discharged, except as provided in 11 U.S.C. §§523(a) and 1141(d). Unless the Court orders otherwise, the discharge will be entered only after completion of plan payments as provided in §1141(d)(5)(a). It is the usual practice of the Court to close Chapter 11 cases after confirmation, then the individual debtor files a motion to reopen the case for entry of discharge upon completion of plan payments.

2. Creditors will be prohibited from asserting their claims except as to those debts, which are not discharged or dischargeable under 11 U.S.C. §§523 and 1141(d).

Respectfully Submitted,

 /s/C. Jason Cardasis
B.O.C. LAW GROUP, P.C.
By: WILLIAM R. ORLOW (P41634)
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