

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
DETROIT

In re:
RUSSELL COX and TERI COX,
Debtors.

Case No. 16-41495
Ch. 11
Honorable Phillip J. Shefferly

DEBTORS' COMBINED PLAN AND DISCLOSURE

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The Debtors, Russell Cox and Teri Cox, hereby proposes the following Combined Plan and Disclosure pursuant to Chapter 11 of Title 11 of the United States Code.

Debtors note that no party has requested that Debtors include any specific information in the disclosure, and as such, said disclosure is made pursuant to the guidelines of this Court, the Bankruptcy Rules, the United States Code, and the Local Rules for the Eastern District of Michigan.

I. Plan of Reorganization

Class 1 – CitiMortgage Inc.: \$11,245.79

Secured by 4137 Hendee Road in the amount of \$11,245.79

Per the allowed secured claim No 9-1 of CitiMortgage, Inc., Paid \$11,245.79 in monthly payments of \$736.84 beginning on the 1st day of the month following the Effective Date of the Plan and continuing for a period of 18 months and until such time the present value of CitiMortgage, Inc.'s secured interest is paid. Secured by a first priority lien on that real property commonly known as 4137 Hendee Road, Jackson Michigan, which has a value of \$179,000. Class 1 Claim of CitiMortgage, Inc. has a first priority lien to the extent secured by property in the amount of \$11,245.79. CitiMortgage, Inc.'s claim will accrue interest at the rate of 5.625%

Debtors shall also pay tax escrow payments to CitiMortgage, Inc., and a monthly amount as calculated by CitiMortgage, Inc. adequate to pay annual real property taxes on 4137 Hendee Road, Jackson Michigan, the current amount being \$226.92. This obligation shall terminate upon full satisfaction of CitiMortgage, Inc.'s claim.

CitiMortgage, Inc. is not impaired and is not entitled to vote.

Class 2 – Fifth Third Bank: \$106,763.82

Per the allowed secured claim No 6-1 of Fifth Third Bank, paid \$106,763.82 in monthly payments of principle and interest of \$850.00 beginning on the 1st day

of the month following the Effective Date of the Plan and continuing for a period of 18 months, and then beginning in the 19th month of the plan, monthly payments of principle and interest of \$1,350 until the 59th month of the plan, and then in the 60th month of the plan a single payment in the amount of approximately \$55,275 or the amount to pay the present value of Fifth Third's secured claim. Secured by a second priority lien on that real property commonly known as 4137 Hendee Road, Jackson Michigan, which has a value of \$179,000. Fifth Third's claim will accrue interest at a variable as originally agreed, 5.24% as of the petition date.

Fifth Third Bank's secured claim is not impaired and is not entitled to vote.

Class 3 – American 1 Credit Union: \$27,207.21

Per the allowed secured claim of American 1 Credit Union, Claim 3-2, Paid the present value of \$27,207.21 in equal monthly payments of principle and interest of \$453.63 beginning on the 1st day of the month following the Effective Date of the Plan and continuing for a period of 60 months and until such time the present value of American 1 Credit Union's secured interest is fully paid.

American 1 Credit Union's claim will accrue interest at the rate of 1.59%.

American 1 Credit Union's secured claim is impaired and is entitled to vote.

Class 4 – Unsecured Creditors

Fifth Third Bank	\$819,106.82
Capital One 4738	17611
Capital One 5645	17896
Discover Bank	11228
First National Bank	17525
Metro H&N Corporation	250000
U.S. Bank	7606
	\$1,140,972.82

Paid \$50,000 in monthly payments of \$358.31 over a period of 60 months, plus the proceeds of the below listed non-exempt property with a minimum lump payment of \$29,700.

In the event that Class 4 shall object to the treatment set forth therein, Debtors shall proceed with an auction of the following non-exempt property:

- 2001 Indian motorcycle
- 2007 Harley Davidson FLHT Cruiser
- 2005 Dodge pickup truck
- 1967 Harley Davidson
- 2006 Volkswagen Jetta
- 1996 Wanderlodge Bluebird

- 2012 light trailer
- Equity – Cox Investments, LLC

If Class 4, Allowed Unsecured Claims, vote to reject the Plan, then Debtors' interest in the non-exempt property is cancelled and the Debtors shall proceed with an auction of non-exempt property of the estate and said non-exempt property shall be issued to upon the investment of a party of New Value as set forth herein the Plan, whether by auction to a third party or by the Debtors, whoever is the higher bidder. The Debtors propose to transfer interest of the non-exempt property to Debtors for consideration of New Value of \$29,300 within 120 days of the confirmation date, of which said consideration is substantial and necessary to fund the Plan. If Class 3, Allowed Unsecured Debt, vote to accept the Plan, then the Debtor shall fund the obligations of the Plan from their income and with the New Value as set forth herein. If the Class 3 creditors reject the Plan, Debtors shall retain an appropriate broker or auction house and list said assets with said broker / auction house, who shall be experienced in offering for sale and selling similar assets. After a period of at least 60 days of advertising of said assets, the auction of said assets shall occur of the office of Don Darnell, 7926 Ann Arbor St., Dexter, Michigan 48130 on the first Monday 90 days after confirmation of the Plan. If the Plan is subsequently accepted, by Class 4, then the auction shall be cancelled, or if

the auction took place, it shall be void and no effect. Debtors' offer of \$29,300 shall be considered the first bid on the non-exempt property on the following schedule. All bids must be for cash in the currency of the United States of America, on the terms and conditions set forth in the Equity Contribution Agreement. No credit bids shall be permitted.

Class 4 Creditor's claims will accrue interest at the annual rate of 1.5%.

- 2001 Indian motorcycle - \$3000
- 2007 Harley Davidson FLHT Cruiser \$5000 (subject to lien)
- 2005 Dodge pickup truck \$0.00
- 1967 Harley Davidson \$5000
- 2006 Volkswagen Jetta \$6300
- 1996 Wanderlodge Bluebird \$7500 (half-interest)
- 2012 light trailer \$500
- Equity – Cox Investments, LLC \$2000

Claimants Not Entitled to Vote

Group 1 - Attorney Fees and Costs of Don Darnell.

Administrative claims, as may be allowed, by Attorney Don Darnell in the amount of approximately \$15,000. The Administrative Claim of Don Darnell shall

be fully paid upon only after Don Darnell has filed a fee application and the Court has approved Don Darnell's fees and expenses. Claims of the United States Trustee shall be fully paid on or before the closing date of the Chapter 11 case. Fees due the United States Trustee as charges assessed against the estate under chapter 123 of Title 28, which are entitled to priority pursuant to 11 U.S.C. § 507(a)(2).

II. Description of the Debtors

a. Debtors.

Debtors are individuals, husband and wife, and not personally engaged in business. Debtor Russell Cox is the sole shareholder of Cox Brothers Machining, Inc. (CBM), Ch. 11 Debtor in Possession Case No. 15-55342. Debtor Russell Cox is the sole member and manager of Cox Investments II, LLC, Debtor in Possession Case No. 16-41495. Debtor Russell Cox is the sole member and manager of Cox Investments, LLC, a single asset real estate company which owns and rents property commonly known as 3235 County Farm Road, Jackson, Michigan.

b. Legal Relationships.

Russell Cox and Teri Cox team operate Cox Brothers Machining, Inc., Cox Investments, LLC, and Cox Investments II, LLC. Russell Cox handles all business

administration and manufacturing operations of Cox Brothers Machining, Inc. Teri Cox handles bookkeeping, accounts receivables/payables of Cox Brothers Machining, Inc. and other administrative duties. Jointly, Russell and Teri Cox and administrate the real estate companies Cox Investments, LLC and Cox Investments II, LLC.

CBM's business is primarily focused on the fabrication of structural steel components used in the construction and assembly of bridges throughout the Mid-West American region. In addition to their primary focus CBM fabricates decorative railings and building entry facades throughout the United States. CBM's industry group is Metal Production and Fabrication. CBM has operated CBM in its current location at 2300 E. Ganson, Jackson, Michigan since 2011 and at 3235 County Line Road, Jackson, Michigan from May 1996 until 2011. The real property at 3235 County Line Road is no longer necessary for the operations of CBM and is currently leased to an unrelated third party.

Russell Cox is a guarantor to CBM in the debt to the Economic Development Corporation of the County of Jackson. Cox Investments II, LLC, is a guarantor to CBM to the debt to the Economic Development Corporation of the County of Jackson and Fifth Third Bank. Russell Cox and Teri Cox are guarantors

of the secured debt to Fifth Third Bank, Metro H&N Corporation, the Economic Development Corporation of the County of Jackson, and Capital One Bank.

c. Annual Salaries and Fringe Benefits

CBM is the primary source of income for both Russell and Teri Cox, with Russell Cox taking approximately \$88,020 as wages from CBM and Teri Cox taking approximately \$31,200 as wages from CBM. Both Russell and Teri Cox receive fringe benefits from CBM in the form of health insurance, which CBM pays one-half of Debtors' monthly health insurance premiums. Debtors take no salaries or fringe benefits from either Cox Investments, LLC or Cox Investments II, LLC.

d. Cause of Filing

Russell and Teri Cox caused to file the present Chapter 11 for the reason of lawsuits filed by Fifth Third Bank and Metro H&N on their personal guarantees to CBM.

III. Post-Petition Events of Significance

a. Transfers outside the ordinary course of business.

On April 13, 2016 Debtors filed a motion to sell a motion to sell 3235 County Line Road, Jackson, Michigan for the sum of \$235,000 to a Christopher

Wingle. Wingle is not an insider or otherwise affiliated or known to the Debtors. Although yet to be approved by the Court, Debtors anticipate a broker's fee of 8% of the sale price, or \$18,800, resulting in the net proceeds of \$216,200. This sum shall pay First Merit Bank, having a first lien in the property, approximately \$57,706, and the Economic Development Corporation of the County of Jackson the sum of approximately \$158,494. More than 21 days have passed since the filing of said motion, and no parties have objected to sale. Uncertainty existed in the willingness of the Buyer to close said transaction after said motion was filed, and for that reason Debtors have not filed certificate of non-response to the motion to seek the entry approving the sale. It appears now that the sale will move forward to closing, and Debtors will seek an order permitting said sale and will file a separate motion to retain the real estate agent and broker and to pay said broker from proceeds.

b. Cash collateral, post-petition financing and adequate protection orders.

There are no cash collateral, post-petition financing, or adequate protection motions in this case.

c. Litigation

No litigation has occurred during the pendency of the case. Excepting possible valuation issues in confirmation, Debtors do not anticipate any litigation in this case.

IV. Liquidation Analysis.

a. Valuation of Assets and Amounts of Secured Claims in Relation Thereto as of February 5, 2016.

Description of Asset	Creditor Holding Lien	Market Value and Force Sale Value	Amount of Secured Lien(s)	Equity	exempt	available	Comments
Cox Brothers Machining, Inc.	Fifth Third Bank	\$0.00		\$0.00	\$0.00	\$0.00	
Cox Investments, LLC	First Merit Bank	\$235,000	57706	177294	0	0	
	Economic Development Corporation of the County of Jackson		178251	-957	0	0	
Cox Investments II, LLC	Fifth Third Bank	446400	609284	-162884	0	0	

	Economic Development Corporation of the County of Jackson		178251	-341135	0	0	
	SBA		209822	-550957	0	0	
		FMV 179000					
4137 Hendee Rd.	CitiMortgage , Inc.	FSV 143200	11246	167754	0	0	
	Fifth Third Bank		106764	60990	0	0	
							America n 1 CU has one loan for both 2011 Cadillac and 2007 Harley Davidso n
		FMV 24152					
2011 Cadillac	American 1 Credit Union	FSV 21736	27201	-3049	0	0	
2007 Harley Davidson FLHT	American 1 Credit Union	FMV 8530	3049	5481	3475	2006	

FSV
6824

FMV
3000

2005 Dodge
pickup truck

FSV
2700

3000

0

3000

FMV 5950

1967 Harley
Davidson

FSV
4760

5950

0

5950

FMV
6318

2006
Volkswagen
Jetta

FSV
5686

6318

3475

2843

FMV
4045

2001 Indian

FSV
3236

4045

4045

FMV
12950

1996
Wanderlodge
RV

FSV
7770

12950

0

12950

Co-
Owned
with
CBM

small/light
trailer

FMV
500

500

0

500

FSV
450

Accounts	FMV/FSV 4817	4817	0	4817
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FMV
25000

household goods	FSV 5000	25000	15000	10000
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retirement accounts	FMV/FSV 395421	395421	385421	0
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1347038	1381574	193507	407371	42066
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Total Available Equity if Fair Market Value used: \$46,111

Total Available Equity if Forced Sale Value used: \$26,135

(-b-)
Proceeds of
Assets

Shares in CBM, LLC's, automobiles, motorcycles, RV, household goods, and retirements accounts	Estimated Liquidation Value	1347038
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(-c-) Exemptions	Exempt Property	478311
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(-d-) Claims	(i) Secured Claims
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First Merit Bank	57706
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Fifth Third Bank	446400
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Economic Development Corporation of the County of Jackson	178251
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Fifth Third Bank	106764
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American 1 Credit Union	27201
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CitiMortgage, Inc.	11246
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Total Secured Claims	827568	827568
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(ii) Administrative Expenses

United States Trustee Fee	325
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Debtors' Attorney	15000
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Total Administrative Expenses	15325	15325
(iii) pre-petition priority claims	0	0
Total Secured Claims, Exemptions, Administrative and pre-petition priority claims		1321204
(-e-) Distribution of Assets in the Event of Liquidation		
a- Gross Proceeds Available from Liquidation of Assets		1347038
b- Less Total of -		
Secured Claims		827568
Administrative Expenses		15325
Exemptions		478311
Priority Claims		0
Pre-Petition Unsecured		
c- Total		1321204
d- Net Proceeds		

Proceeds available to pre-petition
unsecured creditors (including
deficiency claims) (all of which
total \$1,140,972.82), i.e. the
difference between (a-) and (c-)
above.

25834

e- Percent available to pre-petition
unsecured creditors in liquidation

2.3%

b. Risks, Conditions, and Assumptions

Values of real property for purposes of determining fair market value were made using tax assessed values for each of the three properties (4137 Hendee and 2300 E. Ganson / Cox Investments II, LLC). The value of 3235 County Line Road / Cox Investments, LLC was determined by the last and best offer for the property, the same having been marketed for over one year prior to the petition date. Assumptions for forced sale value discounted the value by 20%.

Values of late-model automobiles and were determined using valuation tools on Edmunds.com and kbb.com. Assumptions for forced sale values for late-model automobiles discounted the value by 20%. Values of late-model motorcycles were made using kbb.com and comparable offerings on cycletrader.com. Forced sale values of late-model motorcycles was discounted by 30%, The value of the 1967 Harley Davidson was determined using comparable offerings on cycletrader.com and ebay.com, was discounted 20% at a forced sale value. Value of the small

trailer was determined by local offerings on craigslist.com, and was discounted 10% for a forced sale value. The value of the 1996 Wanderlodge RV was determined by using valuation tools on nadaguides.com/RV, and was discounted 60% in a forced sale given the limited market for such a vehicle, the vehicle's age, and limited utility.

Cash and accounts are determined by account stated value as of the petition date.

The closely held company of Cox Brothers Machining, Inc. was valued at zero dollars for the reason that it has no equity position for its owners, is in a Chapter 11 proceeding with a proposed plan that pays at least 100% of liquidation value over 12 years. The single asset real estate companies of Cox Investments, LLC and Cox Investments II, LLC are each valued at zero for the reason that both are over-secured (in the case of Cox Investments, LLC, there is approximately \$1500 in equity, but will the cost of paying the broker in a sale will far exceed any available equity).

V. Implementation of the Plan

a. Three Years Pre-Petition.

See attached Schedule A – 3 years (2013-2015) Debtor profit & loss statements.

See attached Schedule B – post-petition schedule and attached monthly operating reports.

b. Five Year Projections

See attached Schedule C – 5 year projections including plan payments.

VI. Definitions

Scope of Definitions. For purposes of this Plan, except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings assigned to them in this Section of the Plan. In all references herein to any parties, persons, entities, or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text may require.

1. **Administrative Expense** shall mean any cost or expense of administration of the Chapter 11 case allowable under Section 507(a) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expense of operating the business of the Debtor, any indebtedness or obligation incurred or assumed by the Debtor in connection with the conduct of its business or for the acquisition or lease of property or the rendition of services to the Debtor, all allowances of compensation and reimbursement of expenses, any fees or charges assessed

against the estate of any Debtor under Chapter 123, Title 28, of the United States Code, and the reasonable fees and expenses incurred by the Proponent in connection with the proposal and confirmation of this Plan.

2. **Allowed** when used as an adjective preceding the words “Claims” or “Equity Interest”, shall mean any Claim against or Equity Interests of the Debtor, proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim or Equity Interest against such Debtor, or, if no proof of claim or Equity Interest is filed, which has been or hereafter is listed by the Debtor as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed with the applicable period of limitations fixed by the Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, Local Rules, or as to which any objection has been interposed and such Claim has been allowed in whole or in part by a Final Order. Unless otherwise specified in the Plan, “Allowed Claim” and “Allowed Equity Interest” shall not, for purposes of computation of distributions under the Plan, include interest on the amount of such Claim or Equity Interest from and after the Petition Date.
3. **Allowed Administrative Expense** shall mean any Administrative Expense allowed under Section 507(a)(1) of the Bankruptcy Code.
4. **Allowed Unsecured Claim** shall mean an Unsecured Claim that is or has

become an Allowed Claim.

5. **Bankruptcy Code** shall mean the Bankruptcy Reform Act of 1978, as amended, and as codified in Title 11 of the United States Code.
6. **Bankruptcy Court** shall mean the United States Bankruptcy Court for the EASTERN DISTRICT OF MICHIGAN having jurisdiction over the Chapter 11 Case and, to the extent of any reference made pursuant to 28 U.S.C. Sec. 158, the unit of such District Court constituted pursuant to 28 U.S.C. Sec. 151.
7. **Bankruptcy Rules** shall mean the rules and forms of practice and procedure in bankruptcy, promulgated under 28 U.S.C. Sec. 2075 and also referred to as the Federal Rules of Bankruptcy Procedure.
8. **Business Day** means and refers to any day except Saturday, Sunday, and any other day on which commercial banks in Michigan are authorized by law to close.
9. **Chapter 11 Case** shall mean a case under Chapter 11 of the Bankruptcy Code in which Russell Cox and Teri Cox are the Debtors.
10. **Claim** shall mean any right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, 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 Debtor whether or not such right to an equitable remedy is

reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. All claims as such term is defined in section 101(5) of the Bankruptcy Code.

11.**Class** shall mean a grouping of substantially similar Claims or Equity Interests for common treatment thereof pursuant to the terms of this Plan.

12.**Code** shall mean Title 11 of the United States Code, otherwise known as the Bankruptcy Code.

13.**Confirmation** shall mean the entry of an Order by this Court approving the Plan in accordance with the provisions of the Bankruptcy Code.

14.**Creditor** shall mean any person that has a Claim against the Debtor that arose on or before the Petition Date or a Claim against the Debtor's estate of any kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code. This includes all persons, corporations, partnerships, or business entities holding claims against the Debtor.

15.**Debt** means, refers to and shall have the same meaning ascribed to it in Section 101(12) of the Code.

16.**Debtors** shall mean Russell Cox and Teri Cox.

17.**Disbursing Agent** shall mean the Debtor or any party appointed by and subject to Court approval, which shall effectuate this Plan and hold and distribute consideration to be distributed to holders of Allowed Claims and Allowed

Equity Interests pursuant to the provisions of the Plan and Confirmation Order.

18.**Disclosure Statement** means and refers to the Disclosure Statement filed by the

Debtor as required pursuant to Section 1125 et seq. of the Bankruptcy Code.

19.**Effective Date** shall mean the first day of month following the day on which the Confirmation Order becomes a Final Order.

20.**Estate** shall mean the estate created under 11 U.S.C. § 541 by reason of commencement of this case.

21.**Final Order** shall mean an order of the Bankruptcy Court or a court of competent jurisdiction to hear appeals from the Bankruptcy Court which, not having been reversed, modified, or amended, and not being stayed, and the time to appeal from which or to seek review or rehearing of which having expired, has become final and is in full force and effect.

22.**Impaired** when used as an adjective preceding the words “Class of Claims” or “Class of Equity Interest”, shall mean that the Plan alters the legal, equitable, or contractual rights of the member of that class.

23.**Person** shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization, or a government or any political subdivision thereof or other entity.

24.**Petition Date** shall mean the date on which the Debtor filed this petition for

relief commencing the Chapter 11 Case.

25.Plan shall mean the Plan of Reorganization filed in these Proceedings, together with any additional modifications and amendments.

26.Priority Non-Tax Claim shall mean a Claim entitled to priority under sections 507(a)(2),(3), (4), (5), (6) or (7) of the Bankruptcy Code, but only to the extent it is entitled to priority in payment under any such subsection.

27.Priority Tax Creditor shall mean a Creditor holding a priority tax claim.

28.Priority Tax Claim shall mean any Claim entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code, but only to the extent it is entitled to priority under such subsection.

29.Proceedings shall mean the Chapter 11 Case of the Debtors.

30.Professional Persons means and refers to all attorneys, accountants, appraisers, consultants, and other professionals retained or to be compensated pursuant to an Order of the Court entered under Sections 327, 328, 330, or 503(b) of the Bankruptcy Code.

31.Professional Claim means and refers to a claim by any and all professionals as provided for in Sections 327, 328, 330 and 503(b) of the Bankruptcy Code.

32.Reorganized Debtor means the Debtor after confirmation of the Plan.

33.Secured Claim means and refers to a Claim which is secured by a valid lien, security interest, or other interest in property in which the Debtor has an interest

which has been perfected properly as required by applicable law, but only to the extent of the value of the Debtor's interest in such property, determined in accordance with Section 506(a) of the Bankruptcy Code.

34.**Unsecured Claim** shall mean any Claim against the Debtor which arose or which is deemed by the Bankruptcy Code to have arisen prior to the Petition Date for such Debtor, and which is not (I) a secured claim pursuant to Section 506 of the Bankruptcy Code, as modified by section 1111(b) of the Bankruptcy Code, or (ii) a Claim entitled to priority under sections 503 or 507 of the Bankruptcy Code. "Unsecured Claim" shall include all Claims against the Debtor that are not expressly otherwise dealt with in the Plan.

35.**New Value** shall mean that consideration received from the highest bidder post-confirmation in exchange for the offered non-exempt assets sold to said highest bidder post-petition. The New Value contemplated in the Plan is \$29,300 pledged by the Debtors, or that amount of consideration as may be pledged by the highest bidder at the auction as set forth herein.

36.**Other Definitions**, a term used and not defined herein but that is defined in the Bankruptcy Code shall have the meaning set forth therein. The words "herein", "hereof", "hereto", "hereunder", and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. Moreover some terms defined herein are defined in the section in which

they are used.

VII. Legal requirements, as follows:

(The following shall be incorporated verbatim into the disclosure statement.)

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 Debtor's 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 debtor's 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 debtor's 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 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 debtor reserves 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:
 - (a) In the case of a corporation that is reorganizing and continuing business:
 - (1) All claims and interests will be discharged.
 - (2) Creditors and shareholders will be prohibited from asserting their claims against or interest in the debtor or its assets.
 - (b) In the case of a corporation that is liquidating and not continuing its business:
 - (1) Claims and interests will not be discharged.
 - (2) Creditors and shareholders will not be prohibited from asserting their claims against or interests in the debtor or its assets.
 - (c) In the case of an individual or husband and wife:
 - (1) Claims will be discharged, except as provided in 11 U.S.C. §§ 523 and 727(a). **Unless the court orders otherwise, the discharge will be entered**

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. It is the responsibility of the individual debtor to file 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 727(a).

See Part II-A of this Disclosure Statement to determine which of the above paragraphs applies in this case.

PLAN PROPONENTS

Dated: August 1, 2016

/s/ Russell Cox
Russell Cox

Dated: August 1, 2016

/s/ Teri Cox
Teri Cox

/s/ Don Darnell

Dated: August 1, 2016

Don Darnell (P55268)
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