

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

Bankruptcy No. 15-32538-KAC  
Individual Chapter 11 Case

Alan M. Webb,

Debtor.

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**DEBTOR'S AMENDED DISCLOSURE STATEMENT**

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Alan M. Webb (“Debtor”) proposes the following as his Disclosure Statement pursuant to the United States Bankruptcy Code.

**I. INTRODUCTION**

On July 10, 2015 (“Filing Date”), the Debtor filed a case pursuant to Chapter 11 of the Code. The Debtor is filing this Disclosure Statement and the related Plan of Reorganization (“Plan”). Terms used in this Disclosure Statement have the meanings given to them in the Bankruptcy Code unless the context requires otherwise.

The Debtor’s Disclosure Statement is furnished pursuant to section 1125 of the Bankruptcy Code and is intended to provide all persons known to have claims against the Debtor with sufficient information to permit them to make an informed judgment as to their votes to accept or reject the Plan. No representations concerning the Debtor or the Plan are authorized by the Debtor.

ANY REPRESENTATIONS OR INDUCEMENTS MADE FOR THE PURPOSE OF SOLICITING YOUR ACCEPTANCE, OTHER THAN THOSE IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON, AND ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR OR TO THE UNITED STATES TRUSTEE, WHO WILL, IN NECESSARY, CONVEY THIS INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR, BUT HAS NOT BEEN INDEPENDENTLY AUDITED. ALL STATEMENTS CONCERNING FINANCIAL DATA ARE MADE IN GOOD FAITH AND ARE INTENDED TO BE AS COMPLETE AND AS ACCURATE AS POSSIBLE. BANKRUPTCY COUNSEL FOR THE DEBTOR HAS NOT INDEPENDENTLY VERIFIED ANY OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

Defined Terms. Terms used in this Plan have the meanings given to them in the Bankruptcy Code unless the context requires otherwise. In addition, the following definitions will be used for purposes of the Plan:

“Effective Date” means the fifteenth (15<sup>th</sup>) day after the day on which the Court enters an order confirming this Plan. If the fifteenth day is a Saturday, Sunday or Holiday, the Effective Date shall be the next day that is not a Saturday, Sunday or Holiday. Holidays shall be determined as defined in Minnesota Statute § 645.44, Subd. 5.

## **II. BACKGROUND OF DEBTOR'S BUSINESS, EVENTS LEADING TO THE CHAPTER 11 CASE**

The Debtor in this chapter 11 proceeding is an individual, Alan M. Webb. The reason for Mr. Webb's individual bankruptcy proceeding relates primarily to the present financial situation of his business, Webb Business Promotions, Inc., which also filed a simultaneous chapter 11 proceeding in case no. 15-32536-KHS. Both chapter 11 proceedings are currently pending in this court.

In 1986, Mr. Webb started Webb Business Promotions, Inc. in the basement of his home with a \$5,000 loan from his mother. Within twelve years, Webb Business Promotions had grown to a \$20 million company engaged in the distribution of promotional products. As his company expanded, Mr. Webb saw an opportunity to transition from mere distribution to being a supplier to distributors throughout the country. In doing so, Webb Business Promotions enlarged its customer base to include thousands of distributor-clients which purchased its promotional products. With a history of success and an eye on continued expansion, Webb Business Promotions sought to enter into the retail market with its line of breath mints, hand sanitizers and lip balms. In doing so, Mr. Webb made the business decision to open a factory in China, a decision which ultimately failed due to the product line not working in the retail market and caused Webb Business Promotions to close its China operations. At that time, Webb Business Promotions was forced to downsize its operations and product lines and sell certain real estate holdings in order to repay its major secured lender at that time. In turn, the sales of Webb Business Promotions dropped to a fraction of its former market share while overhead did not drop proportionally with decreased sales. While the business has been able to somewhat recover over the most recent years and sales continue to slowly grow, the former debts and reduced going concern of the business has made it difficult for Webb Business Promotions to obtain the credit that it used to rely upon.

The primary reason for this individual bankruptcy proceeding is due to the personal guarantees Mr. Webb has executed in assistance to his struggling business over the past ten years. Because of these many guarantees for his business's liabilities, it became necessary for Mr. Webb to file an individual bankruptcy proceeding simultaneous to the chapter 11 proceeding filed by Webb Business Promotions on the same file date in July, 2015. As listed in his bankruptcy schedules, the majority of the general unsecured debts owed by Mr. Webb were either acquired by Mr. Webb for the purpose of investment in Webb Business Promotions or otherwise are personally guaranteed debts of the business.

Of the total general unsecured claims included in Class 3 of the Plan, approximately \$1,497,150 represents such amounts that have been guaranteed by the Debtor on behalf of Webb Business Promotions. Consequently, the Debtor's obligations for payment of these Class 3 liabilities are contingent upon the non-payment by the primary obligor, Webb Business Promotions (the "Business"). The only Class 3 claims for which the Debtor's liability is not so contingent upon non-payment by the Business, i.e., the liabilities of the Debtor which were not acquired pursuant to the Business's co-liability, aggregate the approximate amount of \$332,622 and are those claims held by Synchrony Bank (claim no. 14), Tradition Construction Capital, LLC (no claim has been filed), Jerry Webb (claim no. 5, which was acquired for business purposes but is the sole liability of the Debtor) and VW Credit Leasing, Ltd. (claim no. 15).

As disclosed above, the Business is presently in a chapter 11 bankruptcy proceeding pending before this Bankruptcy Court. Of the \$1,497,150 in Class 3 claims that are additionally owed by the Business, approximately \$810,980 represents claims that are unsecured by any collateral of the Business while three claims totaling \$836,170 are secured as to collateral of the Business: Banc of California (claim no. 1 in the amount of \$46,173), M2 Lease Funds, LLC (claim nos. 12 and 13 in the aggregate amount of \$100,032), and Data Sales Co., Inc. (claim no. 7 in the amount of \$689,965).

With regard to the Debtor's contingent, unsecured obligation owing to Data Sales Co., Inc. in the claimed amount of \$689,965, the Bankruptcy Court in the Business's chapter 11 case previously ordered approval of a stipulation between Data Sales Co., Inc. and the Business that amongst other terms reaffirmed the guarantee of Alan Webb as to a secured claim amount of \$420,000 and set the unsecured claim amount in that case in the amount of \$223,965 (*see Case 15-32536, Doc. 87*).

Pursuant to the chapter 11 plan filed by the Business on April 6, 2016 (*see Case 15-32536, Doc. 94*), the total amount of Class 3 claims that is expected to be satisfied by the primary obligor is: 1) with regard to the \$810,980 in business-unsecured claims, approximately 30.8%, or \$249,532; and 2) with regard to the \$836,170 in the three business-secured claims, approximately \$527,912 plus the value, if any, of leased collateral that will be returned to M2 Lease Funds, LLC in satisfaction of its claim against the Business in the amount of \$23,900. Accordingly, the amount of Class 3 claims that will not be satisfied by the primary obligor is \$719,706, i.e., \$1,497,150 less \$777,444 paid under the Business's proposed chapter 11 plan. This information is contingent upon confirmation of the chapter 11 plan filed by the Business, which as of the date of this Disclosure Statement has not yet been confirmed and may be further modified to alter the satisfaction amounts contained in this disclosure.

### **III. TREATMENT OF CLAIMS AND INTERESTS**

#### **3.1 Formulation of Plan of Reorganization**

A plan of reorganization outlines each of the different categories of a debtor's debts and equity interests and contains the terms pursuant to which each category is to be treated. The bankruptcy laws require that certain types of claims and interests be grouped into classes, and that other types of claims not be grouped into classes. The designation of classes of claims and interests,

and the treatment of both classified and unclassified claims, and of interests, is detailed in the Plan. In the event of any inconsistency between the contents of this Disclosure Statement and the Plan, the terms of the Plan control.

The Debtor is also required to identify those classes of claims and interests that are impaired under the Plan and what classes of claims and interests are unimpaired under the Plan. In general, a claim or interest is impaired if the plan alters the legal, equitable, or contractual rights to which the holder of the claim or interest would be entitled absent the filing of the Bankruptcy Case.

**3.2 Classified Claims and Interests - Description of Holders and Treatment**

The Bankruptcy Code permits certain claims and interests to be placed in particular classes in a plan of reorganization. In general, any claim or interest within a class must be substantially similar to the other claims or interests in that same class. The classification of claims and interests is significant because, subject to certain limitations and requirements, different classes of claims and interests may be subject to different treatment under the Plan. In addition, the holders of claims and interests are permitted to cast ballots only within the classes to which their claims and interests belong; as more fully described in Article IX below, a plan of reorganization generally may be confirmed so long as it is accepted by at least one impaired class.

The classification of claims as provided in the Debtor’s Plan, along with a brief description of the nature of each of the classes and respective treatment is summarized as follows:

Class No. / Claim Description	Impairment	Description of Claim, Collateral (if any) and Plan Treatment
<p style="text-align: center;"><b>1</b></p> <p><b>Priority claim of Kristine Fern for domestic support obligations</b></p>	<p>Unimpaired</p>	<p>Class 1 consists of the priority claim for domestic support obligations as defined in section 507(a)(1) of the Bankruptcy Code owed to the Debtor’s ex-spouse, Kristine Fern, that is in the nature of payments for the support of Ms. Fern and the minor son of the Debtor and Ms. Fern. These support obligations are ordered pursuant to the Judgment and Order of the Dakota County Court dated June 16, 2015 in case number 19HA-FA-11-299 (the “Fern Marital Judgment”) in the monthly amount of \$815.00 additionally to which the Debtor voluntarily pays \$35, for a total monthly support obligation of \$850.00 continuing at least until his minor son reaches the age of 18 years in June of 2025. There are no prepetition arrearages owed to Ms. Fern as of the File Date of this bankruptcy proceeding and the Debtor is current in the payment of his domestic support obligations to Ms. Fern as of the date of the Plan.</p> <p>Additionally pursuant to the terms of the Fern Marital Judgment, the Debtor is solely responsible for the continued payment of Ms. Fern’s vehicle loan with Bank of America, NA for the 2010 Infiniti EX35 that is held in the sole possession of Ms. Fern. The Debtor does not incur either the vehicle insurance or operating expenses associated with this vehicle. For the details and</p>

		<p>treatment of the related claim held by Bank of America, NA, see Class 10 below.</p> <p><u>Treatment of Class 1.</u> Class 1 is not impaired by the Plan. In accordance with 11 U.S.C. § 1129(a)(9)(B), Kristine Fern shall continue to receive monthly support payments of \$850.00 until such time as ordered under the order of the Dakota County Court.</p>
<p><b>2</b></p> <p><b>Priority Claims for Rental Deposits under §507(a)(7)</b></p>	<p>Unimpaired</p>	<p>Class 2 consists of <del>all timely filed and the</del> allowed priority claims for residential security deposits paid by tenants of the Debtor prior to July 10, 2015 (the filing date of this case) with an aggregate balance due of \$3,750.00 as of that date <u>and including any subsequent deposits paid since.</u></p> <p><u>Treatment of Class 2.</u> Class 2 is not impaired by the Plan. Class 2 Claims will be paid in full on the later of either the Effective Date or when they become due under the respective leases.</p>
<p><b>3</b></p> <p><b>General Unsecured Creditors</b></p>	<p>Impaired</p>	<p>Class 3 consists of the general unsecured claims against the Debtor (“Class 3 Claims”). Including the personal guarantees granted by the Debtor on business liabilities that are either known to exist or for which proofs of claim asserting a personal guarantee have been filed in this proceeding, the Debtor estimates that Class 3 Claims total approximately \$1,829,772.</p> <p><u>Treatment of Class 3.</u> Class 3 is impaired by the Plan. Creditors holding allowed Class 3 Claims will be paid their pro-rata share of <del>\$6965,000</del>, to be made in semi-annual (i.e., twice per year) payments, commencing on the 15<sup>th</sup> of the first full calendar month following the Effective Date, and then again on the 15<sup>th</sup> of the month that is six months thereafter, and continuing likewise once every six months for a total of ten (10) semi-annual payments of <del>\$6,000-500</del> each. Class 3 claims will also receive their pro-rata share of any proceeds of avoidance actions after payment of costs and administrative expenses incurred in prosecuting such actions, if any such actions exist. The Debtor has identified one viable avoidance action as against Tradition Construction Capital, LLC for post-petition transfers made by the Debtor in the aggregate amount \$8,050.37 for what the Debtor believed to be payments due and owing on mortgage on the Debtor’s homestead for which the Debtor has recently discovered was satisfied in 2009. The successful net recovery of this avoidance action, after the payment of costs and administrative expenses, is property of the bankruptcy estate in the estimated amount of \$6,050.00 and is expected to provide an additional recovery for Class 3 claimants. This avoidance action is further described in Article 5 of the Disclosure Statement provided herewith. In any event, the Debtor will pay no less than what is</p>

		<p>necessary to pay unsecured creditors more than they would receive in a Chapter 7. Unsecured Creditors in Class 3 have the right to object to the Debtor’s Plan pursuant to 11 U.S.C. §1129(a)(15).</p>
<p style="text-align: center;"><b>4</b> <b>Secured Claim of</b> <b>Lisa Webb</b></p>	<p style="text-align: center;">Impaired</p>	<p>The Class 4 Claim is made up of the Debtor’s obligations to Lisa R. Webb, the Debtor’s ex-spouse, under that certain Judgment and Decree in marital dissolution proceeding dated May 29, 2008, and as thereafter amended on August 27, 2008, on October 9, 2008 and again on November 16, 2011, <u>for a cash property settlement</u> in the original principal amount of \$575,000.00 (the “Webb Marital Judgment”).</p> <p>The Debtor’s obligations under the Webb Marital Judgment are secured under that certain marital lien dated May 29, 2008 (the “Webb Marital Lien”), under which the Debtor granted to Lisa R. Webb a marital lien on his homestead real property located at 5220 167<sup>th</sup> Street W., Lakeville, Minnesota. The property is legally described as follows:</p> <p style="text-align: center;">Lot 7, Block 10, Spirit of Brandtjen Farm Second Addition, Dakota County, Minnesota.</p> <p style="text-align: center;">(the “Homestead Property”). The Dakota County Parcel ID for the Homestead Property is 22-71301-10-070.</p> <p>The Webb Marital Lien was originally granted as to the Debtor’s former homestead also located in Dakota County and, pursuant to the terms of the Webb Marital Judgment, the Webb Marital Lien attached to the Debtor’s subsequently-acquired Homestead Property.</p> <p>The Debtor’s obligations under the Webb Marital Lien are additionally secured by an interest in his residential real property located at 20427 Kensfield Trail, Lakeville, Minnesota. The property is legally described as follows:</p> <p style="text-align: center;">Unit No. 607, Common Interest Community No. 340, Springbrook Condominiums, Dakota County, Minnesota.</p> <p style="text-align: center;">(the “Kensfield Property”). The Dakota County Parcel ID for the Kensfield Property is 22-71390-05-607.</p> <p>The Webb Marital Lien was properly perfected as to the Homestead Property by recording of the Webb Marital Judgment in the office of the Dakota County Recorder on November 17, 2011 as document number 2831176, and as to the Kensfield Property by recording of the Webb Marital Judgment in the office of the Dakota County Recorder on October 16, 2008 as document number T634469. Class 4 is in a second position of priority on</p>

		<p>the Homestead Property and a second position of priority on the Kensfield Property.</p> <p>As of the Filing Date, the unpaid principal balance under the Webb Marital Judgment was approximately \$150,000.00. The fair market value of the Homestead Property is \$504,900.00 and, as of the Filing Date, the total unpaid balance owed to classes with a superior position of priority on the Homestead Property was \$356,073.50. The fair market value of the Kensfield Property is \$151,000.00 and, as of the Filing Date, the total unpaid balance owed to classes with a superior position of priority on the Kensfield Property was \$97,994.69. As such, Class 4 is fully secured.</p> <p><u>The Webb Marital Judgment does not, by its terms, preclude modification of the cash property settlement awarded therein and for which comprises the entire basis for the Class 4 claim.</u></p> <p><u>Treatment of Class 4.</u> Class 4 is impaired by the Plan. Class 4 shall have an allowed secured claim in the amount of \$150,000.00. As was originally stated in Webb Marital Judgment, there shall be no accrual of interest thereon. The <u>new payment schedule Webb Marital Judgment</u> shall be <u>amended</u> as follows: The new maturity date shall be five (5) years following the Effective Date of the Plan. Monthly payments of principal only shall be reduced from the pre-petition original amount due of \$10,000.00 to \$2,500.00. Payments to Class 4 in the monthly amount of \$2,500.00 shall recommence on the 15<sup>th</sup> of the first full calendar month following the Effective Date, and shall continue monthly for a total of sixty (60) payments of \$2,500.00 each. The remaining terms of the underlying Webb Marital Judgment will remain in effect. The terms of the Plan shall control.</p>
<p><b>5</b> <b>Secured Claim of Iowa Bankers Mortgage Corporation</b></p>	<p>Unimpaired</p>	<p>The Class 5 Claim is made up of the Debtor’s obligations to Iowa Bankers Mortgage Corporation under that certain Note in the original principal amount of \$417,000.00 (the “Iowa Bankers Note”).</p> <p>The Debtor’s obligations under the Iowa Bankers Note are secured under that certain Mortgage dated August 17, 2009 (the “Iowa Bankers Mortgage”), under which the Debtor granted Iowa Bankers Mortgage Corporation a mortgage interest in his homestead real property located at 5220 167<sup>th</sup> Street W., Lakeville, Minnesota. The property is legally described as follows:</p> <p style="text-align: center;">Lot 7, Block 10, Spirit of Brandtjen Farm Second Addition, Dakota County, Minnesota.</p>

		<p>(the “Homestead Property”). The Dakota County Parcel ID for the Homestead Property is 22-71301-10-070.</p> <p>The Iowa Bankers Mortgage was recorded in the office of the Dakota County Recorder on March 11, 2010 as document number 2718816. The Iowa Bankers Mortgage was originally in the name of Tradition Mortgage, LLC and was subsequently assigned to Tradition Capital Bank, then to Mortgage Electronic Registration Systems, Inc. and then to Iowa Bankers Mortgage Corporation. Class 5 is in a first position of priority on the Homestead Property.</p> <p>As of the Filing Date, the unpaid balance under the Iowa Bankers Note, including principal and unpaid interest, was \$356,073.50. The fair market value of the Homestead Property is \$504,900.00. As such, Class 5 is fully secured.</p> <p><u>Treatment of Class 5.</u> Class 5 is not impaired by the Plan. Class 5 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$349,923.00. The interest will accrue at the same, fixed 5.00% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$2,238.55. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del> Iowa Bankers Mortgage Corporation shall retain its first priority mortgage lien unaffected by the confirmation of the Plan.</p>
<p><b>6</b></p> <p><b>Secured Claim of Wells Fargo Bank, N.A.</b></p>	<p>Unimpaired</p>	<p>The Class 6 Claim is made up of the Debtor’s obligations to Wells Fargo Bank, N.A. under that certain Note in the original principal amount of \$105,648.84 (the “Wells Fargo Note”).</p> <p>The Debtor’s obligations under the Wells Fargo Note are secured under that certain Mortgage, as modified, dated May, 29, 2015 (the “Wells Fargo Mortgage”), under which the Debtor granted Wells Fargo Bank, N.A. a mortgage interest in his residential real property located at 14090 Alabama Ave. S., Savage, Minnesota. The property is legally described as follows:</p> <p style="padding-left: 40px;">Lot 5, Block 1, CIC No. 1078, Townhomes of Loftus landing, Scott County, Minnesota.</p> <p>(the “Alabama Property”). The Scott County Property ID for the Alabama Property is 263090050.</p> <p>The Wells Fargo Mortgage on the Alabama Property was recorded in the office of the Scott County Recorder on November</p>

		<p>12, 2004 as document number A678315. The Wells Fargo Mortgage was originally in the name of American Residential Mortgage, LP and was simultaneously assigned to Wells Fargo Bank, N.A. on that same date, and was thereafter modified on June 8, 2015. Upon information and belief, an assignment of rents was filed contemporaneously with the Wells Fargo Mortgage. Class 6 is in a first position of priority on the Alabama Property.</p> <p>As of the Filing Date, the unpaid balance under the Wells Fargo Note, including principal and unpaid interest, was approximately \$105,517.16. The fair market value of the Property is \$143,000.00. As such, Class 6 is fully secured.</p> <p><u>Treatment of Class 6.</u> Class 6 is not impaired by the Plan. Class 6 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$104,568. The interest will accrue at the same, fixed 4.750% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$551.11. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>
<p style="text-align: center;"><b>7</b></p> <p style="text-align: center;"><b>Secured Claim of Wells Fargo Bank, N.A.</b></p>	<p>Unimpaired</p>	<p>The Class 7 Claim is made up of the Debtor’s obligations to Wells Fargo Bank, N.A. under that certain Note in the original principal amount of \$110,000.00 (the “Wells Fargo Note”).</p> <p>The Debtor’s obligations under the Wells Fargo Note are secured under that certain Mortgage dated September 30, 2004 (the “Wells Fargo Mortgage”), under which the Debtor granted Wells Fargo Bank, N.A. a mortgage interest in his residential real property located at 19506 Blue Jay Court, Farmington, Minnesota. The property is legally described as follows:</p> <p style="padding-left: 40px;">Lot Unit No. 2, Common Interest Community No. 323, Vermillion Grove Condominiums, a condominium, Dakota County, Minnesota.</p> <p style="padding-left: 40px;">(the “Blue Jay Property”). The Dakota County Parcel ID for the Blue Jay Property is 14-82500-08-002.</p> <p>The Wells Fargo Mortgage on the Blue Jay Property was recorded in the office of the Dakota County Recorder on November 11, 2004 as document number 551897. The Wells Fargo Mortgage was originally in the name of American Residential Mortgage, LP and was simultaneously assigned to Wells Fargo Bank, N.A. on that same date. Class 7 is in a first position of priority on the Blue Jay Property.</p>

		<p>As of the Filing Date, the unpaid balance under the Wells Fargo Note, including principal and unpaid interest, was \$88,998.09. The fair market value of the Blue Jay Property is \$139,900.00. As such, Class 7 is fully secured.</p> <p><u>Treatment of Class 7.</u> Class 7 is not impaired by the Plan. Class 7 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$87,916. The interest will accrue at the same, fixed 6.125% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$668.37. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>
<p style="text-align: center;"><b>8</b> <b>Secured Claim of</b> <b>MN Finance</b> <b>Holdings I, LLC</b></p>	<p>Unimpaired</p>	<p>The Class 8 Claim is made up of the Debtor’s obligations to MN Finance Holdings I, LLC under that certain Note in the original principal amount of \$100,000.00 (the “MN Finance Holdings Note”).</p> <p>The Debtor’s obligations under the MN Finance Holdings Note are secured under that certain Mortgage dated September 26, 2014 (the “MN Finance Holdings Mortgage”), under which the Debtor granted MN Finance Holdings I, LLC a mortgage interest in his residential real property located at 19506 Blue Jay Court, Farmington, Minnesota. The property is legally described as follows:</p> <p style="padding-left: 40px;">Lot Unit No. 2, Common Interest Community No. 323, Vermillion Grove Condominiums, a condominium, Dakota County, Minnesota.</p> <p style="padding-left: 40px;">(the “Blue Jay Property”). The Scott County Parcel ID for the Blue Jay Property is 14-82500-08-002.</p> <p>The MN Finance Holdings Mortgage on the Blue Jay Property was recorded in the office of the Scott County Recorder on November 21, 2014 as document number A969100. Class 8 is in a second position of priority on the Blue Jay Property.</p> <p>As of the Filing Date, the unpaid balance under the MN Finance Holdings Note, including principal and unpaid interest, was \$51,493.99. As of the Filing Date, the total unpaid balance owed to classes with a superior position of priority on the Blue Jay Property was \$88,998.09. The fair market value of the Blue Jay Property is \$139,900.00. As such, Class 8 is partially secured as to the Debtor’s assets.</p>

		<p>The total amount of this Class 8 claim is owed pursuant to a personal guarantee and security interest granted by the Debtor on behalf of Webb Business Promotions (the “Business”) and which is additionally secured by second position blanket lien on the assets of the Business, the payment of which is the primary responsibility of the Business. As such, the Debtor’s obligation for the payment of the Class 8 claim is contingent upon the non-payment by the primary obligor, Webb Business Promotions. According to the <u>confirmed</u> chapter 11 plan filed by the Business (<del>see Case 15-32536, Doc. 94 filed April 6, 2016</del>), this Class 8 claim shall be paid in full <u>by Webb Business Promotions</u>, in fully amortized equal monthly installments at 4.5% for five years estimated to commence on or before August, 2016. <u>See Case 15-32536, and the first modified plan filed as Doc. 114 on May 25, 2016 and confirmed by order of this court dated July 20, 2016 as Doc. 131. Since the Business will pay the Class 8 claim in full, this Plan provides no additional provision for the Debtor’s payment of the MN Finance Holdings Note. This information is contingent upon confirmation of the chapter 11 plan filed by the Business, which as of the date of this Disclosure Statement has not yet been confirmed and may be further modified to alter the satisfaction amounts contained in this disclosure.</u></p> <p><u>Treatment of Class 8.</u> Class 8 is not impaired by this Plan. Class 8 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$51,494.00. The interest will accrue at the same, fixed 6.00% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>
<p style="text-align: center;"><b>9</b> <b>Secured Claim of</b> <b>Wells Fargo Bank,</b> <b>N.A.</b></p>	<p>Unimpaired</p>	<p>The Class 9 Claim is made up of the Debtor’s obligations to Wells Fargo Bank, N.A. under that certain Note in the original principal amount of \$120,000.00 (the “Wells Fargo Note”).</p> <p>The Debtor’s obligations under the Wells Fargo Note are secured under that certain Mortgage dated August 25, 2004 (the “Wells Fargo Mortgage”), under which the Debtor granted Wells Fargo Bank, N.A. a mortgage interest in his residential real property located at 20427 Kensfield Trail, Lakeville, Minnesota. The property is legally described as follows:</p> <p style="text-align: center;">Unit No. 607, Common Interest Community No. 340, Springbrook Condominiums, Dakota County, Minnesota.</p> <p style="text-align: center;">(the “Kensfield Property”). The Dakota County Parcel ID for the Kensfield Property is 22-71390-05-607.</p> <p>The Wells Fargo Mortgage on the Kensfield Property was recorded in the office of the Dakota County Recorder on October</p>

		<p>25, 2004 as document number 550691. The Wells Fargo Mortgage was originally in the name of American Residential Mortgage, LP and was simultaneously assigned to Wells Fargo Bank, N.A. on that same date. Class 9 is in a first position of priority on the Kensfield Property.</p> <p>As of the Filing Date, the unpaid balance under the Wells Fargo Note, including principal and unpaid interest, was \$97,994.69. The fair market value of the Kensfield Property is \$151,000.00. As such, Class 9 is fully secured.</p> <p><u>Treatment of Class 9.</u> Class 9 is not impaired by the Plan. Class 9 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$96,435.00. The interest will accrue at the same, fixed 5.875% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$709.85. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>
<p><b>10</b> <b>Secured Claim of Bank of America, N.A.</b></p>	<p>Unimpaired</p>	<p>The Class 10 Claim is made up of the Debtor’s obligations to Bank of America, N.A. under that certain vehicle retail installment contract and security agreement dated October 30, 2012 in the original principal financed amount of \$13,307.81 (the “Bank of America Auto Loan”).</p> <p>The Debtor’s obligations under the Bank of America Auto Loan are secured by the collateral of the Debtor’s 2010 Infiniti EX35, the security for which was perfected by the naming of the lienholder on the vehicle title as of the date entered on that title. There are no other liens held against the 2010 Infiniti EX35.</p> <p>As of the Filing Date, the unpaid balance under the Bank of America Auto Loan, including principal and unpaid interest, was \$4,964.59 and the value of the collateral was \$17,525. As such, Class 10 is fully secured.</p> <p><u>Treatment of Class 10.</u> Class 10 is not impaired by the Plan. Class 10 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$2,947.63. The interest will accrue at the same, fixed 3.79% non-default rate for the term of the loan and the maturity date will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$300.00. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>

<p style="text-align: center;"><b>11</b></p> <p style="text-align: center;"><b>Secured Claim of RBS Citizens Financial Group</b></p>	<p>Unimpaired</p>	<p>The Class 11 Claim is made up of the Debtor’s obligations to RBS Citizens Financial Group under that certain vehicle retail installment contract and security agreement dated June 30, 2015 in the original principal financed amount of \$56,708.71 (the “RBS Auto Loan”).</p> <p>The Debtor’s obligations under the RBS Auto Loan are secured by the collateral of the Debtor’s 2015 Infiniti QS70L, the security for which was perfected by the naming of the lienholder on the vehicle title as of the date entered on that title. There are no other liens held against the 2015 Infiniti QS70L.</p> <p>As of the Filing Date, the unpaid balance under the RBS Auto Loan was \$56,708.71, exclusive of accruing interest, and the value of the collateral was \$52,000.00. As such, Class 11 is partially secured.</p> <p><u>Treatment of Class 11.</u> Class 11 is not impaired by the Plan. Class 11 will have an allowed secured claim in the amount of principal and interest due as of the confirmation date, currently approximately \$51,734.53. The interest will accrue at the same, fixed 3.69% non-default rate for the term of the loan and the maturity date of June 30, 2021 will remain the same as the original note. The monthly payment of principal and interest due under the Plan remains unaffected at the current amount of \$879.23. The remaining terms of the underlying loan documents will remain in effect. <del>The terms of the Plan shall control.</del></p>
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### 3.3 Impaired and Unimpaired Classes

Classes 3 and 4 are impaired. All other classes are not impaired under the Plan.

### 3.4 Unclassified Claims – Description of Holders and Treatment of Claims

#### 3.4.1 Pre-Petition Priority Government Claims

“Pre-Petition Priority Government Claims” consists of all timely filed and allowed claims of governmental units for pre-petition claims accorded a priority status pursuant to Section 507(a)(8) of the Bankruptcy Code. The Debtor does not believe that he is liable on any Pre-Petition Priority Government Claims. Pursuant to the mandates of Section 1123(a)(1) of the Bankruptcy Code, Pre-Petition Priority Government Claims are not classified in the Debtor’s Plan.

Treatment of Pre-Petition Priority Government Claims. Pre-Petition Priority Government Claims will be paid, in full, over a term ending on or before the fifth anniversary of the Filing Date. From and after the Effective Date, Pre-Petition Priority Government Claims will accrue interest on the terms and at the rate provided for in 26 U.S.C. §6621(b), and will be paid in periodic

payments so that such claims are fully amortized and paid in full over a period ending not later than the date that is five years after the Filing Date.

### **3.4.2 Administrative Expenses**

“Administrative Claim” means any claim for the payment of any administrative expense arising under Section 503(b) of the Bankruptcy Code.

Subject to the specific terms set forth below, the Debtor will pay each holder of an allowed Administrative Claim (except any such holder that agrees to different treatment) the allowed amount of such holder’s allowed Administrative Claim, in cash, on the Effective Date; provided, however, that allowed Administrative Claims representing post-petition liabilities incurred in the ordinary course of business by the Debtor will be paid as they come due.

#### **(a) Professional Fees**

Professional fees that constitute Administrative Claims are the allowed fees and costs of the professionals that have been employed in the course of the Bankruptcy Case and for which receive approval for the payment of by the Bankruptcy Court. Assuming the relatively orderly administration of the Bankruptcy Case, the Debtor estimates that professional fees will accrue and be paid as follows:

Professional	Estimated Fees/Costs	Paid to Date during Chapter 11 Proceeding	Amount to be Paid Under Plan
Lynn J.D. Wartchow Attorney for Debtor	\$13,662.46	\$3,662.46	\$10,000.00

Provided the professionals receive Bankruptcy Court approval of their fees and expenses, the claims for professional fees identified above will be paid in full in cash on the Effective Date, or on such date as the Court may fix, or upon such other terms as may be agreed upon by the professional and the Debtor. The source of payment of the fees for professionals shall be from earned income by the Debtor after confirmation.

#### **(b) U.S. Trustee Fees and Court Costs**

U.S. Trustee fees and court costs that constitute Administrative Claims are those obligations imposed by operation of 28 U.S.C. §1930 (all such fees and costs will be referred to as “U.S. Trustee Fees”).

The Debtor will pay all U.S. Trustee Fees owed by the Debtor, as and when due, until the Bankruptcy Case is closed. In addition, the Debtor will continue to comply with all reporting requirements imposed by the U.S. Trustee until this Bankruptcy Case is closed.

#### **(c) Other Administrative Expense Claims**

There may be other Administrative Claims, such as the following: (1) filed proofs of claim for administrative expenses; (2) post-petition taxes; (3) unpaid post-petition claims incurred in the ordinary course of business; and (4) certain claims associated with executory contracts and unexpired leases (all of the foregoing will be referred to as “Other Administrative Claims”). The Debtor has remained current on all of his post-petition obligations, and does not believe that he will be liable on any Other Administrative Claims.

To the extent there are any allowed Other Administrative Claims, such claims will be paid, in full and in cash, on the Effective Date, or as otherwise agreed to by the Debtor and the claimant.

### **3.5 Executory Contracts and Unexpired Leases**

The Debtor is a party to certain unexpired leases of real property held with residential rental tenants as indicated on the Debtor’s amended Schedule G previously filed with the Bankruptcy Court. These leases and terms change periodically in the ordinary course of the Debtor’s personal affairs as tenants may move into and depart from the three rental properties: the Blue Jay Property, the Alabama Property and the Kensfield Property (all properties are further described herein above). As to the various unexpired tenant leases of real property, the Debtor ~~intends to~~ assumes all tenant leases pursuant to and by operation of this Plan and further shall repay the residential security deposits as they become due under the respective leases as Class 2 Priority claims stated herein this Plan.

## **IV. PROOFS OF CLAIMS AND OBJECTIONS TO CLAIMS**

In general, creditors are permitted to file proofs of claims with the Bankruptcy Court pursuant to Bankruptcy Rules 3001 or 3002. The deadline for timely filing a proof of claim for both governmental and non-governmental creditors was November 16, 2015.

Certain creditors may hold or assert claims for the payment of administrative expenses of the types described in Section 503(b) of the Bankruptcy Code. Unless otherwise ordered by the Bankruptcy Court, the deadline by which administrative claims must be timely filed is thirty days after the date on which an order confirming this Plan is entered. Administrative expense claims must be asserted by motion filed and served by the deadline set forth herein. **SUBJECT TO SUBSEQUENT ORDER OF THE BANKRUPTCY COURT, THIS INFORMATION CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING ADMINISTRATIVE EXPENSE CLAIMS**

## **V. CLAIMS OF THE DEBTOR AGAINST OTHERS**

### **5.1 Claims from Bankruptcy Laws – Preferences, etc.**

Bankruptcy laws create a number of claims and causes of action that a debtor-in-possession may pursue for the benefit of the bankruptcy estate. Among the rights of recovery that are available to a debtor-in-possession are those based on theories of preferential and fraudulent transfers.

A preference is a payment or other transfer of property to or for the benefit of a creditor, before the bankruptcy case was commenced, on account of an antecedent debt, that: (1) was made while the debtor was insolvent; (2) was made within the time period(s) specified in Section 547(b)(4) of the Bankruptcy Code; and (3) enabled the creditor receiving the transfer to receive more than the creditor would receive if the case were a case under Chapter 7 of the Bankruptcy Code. When a debtor avoids a preferential transfer, the preference defendant is required to return the payment or other transfer made, and the preference defendant then ordinarily has an unsecured claim in the amount of the returned preference.

An avoidable fraudulent conveyance under the bankruptcy laws is a transfer of an interest of the debtor in property, or any obligation incurred by the debtor, that was either: (a) undertaken with actual intent to hinder, delay, or defraud any present or future creditor; or (b) a transaction under which the debtor received less than a reasonably equivalent value, and (i) the debtor was insolvent on the date the transfer was made or such obligation was incurred or became insolvent as a result of such transfer or obligation; (ii) the debtor was engaged in business or a transaction, or was about to engage in such business or transaction for which the debtor's remaining assets would be insufficient; or (iii) the debtor intended to incur or believed that it would incur debts that would be beyond the debtor's ability to pay as such debts matured.

Based on a review of his records, the Debtor has identified the following avoidance action:

Upon information and belief as of the commencement of this bankruptcy proceeding, the Debtor had mortgage lien owing to Tradition Construction Capital, LLC as against his homestead real property located at 5220 167<sup>th</sup> Street W., Lakeville, Minnesota under a mortgage dated May 29, 2009 and recorded in the office of the Dakota County Recorder on June 4, 2009 as document number 2661512 (the "Tradition Capital Mortgage"). It has recently been discovered by the Debtor that the Tradition Capital Mortgage was fully released by way of a satisfaction of mortgage recorded in the office of the Dakota County Recorder on October 21, 2009 as document number 2691625. Nevertheless and in reliance on the belief that the Tradition Capital Mortgage was valid, the Debtor continued to make regular monthly payments due on the Tradition Capital Mortgage since its original 2009 date and including payments made since the File Date and through March, 2016. The aggregate value of post-petition transfers made by the Debtor to Tradition Construction Capital, LLC is \$8,050.37. This amount constitutes an avoidable transfer under 11 U.S.C. § 549(a), for which the successful net recovery, after the payment of costs and administrative expenses, is property of the bankruptcy estate in the estimated amount of \$6,050.00. Such net proceeds of this avoidance action are expected to provide an additional recovery for Class 3 claimants.

The Debtor believes that there are other known or viable constructively fraudulent or preferential transfers that would be subject to avoidance. In the event that any additional avoidance actions are later identified, the cash proceeds recovered by reason of the disposition of any avoidance action will be used first to pay administrative expenses associated with such avoidance action, and the remainder will be paid to Class 3 General Unsecured Creditors on a pro rata basis.

## **5.2 Setoffs**

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but will not be required to, setoff against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim. Neither the failure to setoff, nor the allowance of any claim hereunder will constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder. The Debtor has not identified any such claim for which he may setoff payment.

## **VI. POST CONFIRMATION**

### **6.1 Means for Execution**

#### **6.1.1 Plan Funding**

The Debtor will continue to earn compensation from his employment with Webb Business Promotions, Inc. as well as income from the operation of his rental properties. The Debtor proposes to fund his plan both from his projected income over the 5-year period following the Effective Date of this Plan as well as from the equity in certain assets as further described below.

The Debtor calculates his projected disposable income available to Class 3 General Unsecured Creditors for the 5-year period following confirmation to be \$18,750. This amount is based on the projected disposable monthly income as set forth on the Exhibit B attached herewith.

In addition to his 5-year projected disposable income, the Debtor will additionally pay approximately ~~\$4146~~,250 to Class 3 General Unsecured Creditors, for a total of ~~\$6065~~,000. The Debtor has existing cash reserves to fund administrative expenses following the confirmation of this Plan.

Also, and to the extent necessary to fund any future plan payments due under the Plan, the Debtor shall refinance one or more of his real properties in which he currently holds a positive equity position and/or sell such future equity acquired in his personal business interest holdings as may be necessary to capture additional funds to provide for the payments due under this Plan. In the event that the Debtor shall so need to refinance a real property to fund the additional \$41,250 payments to Class 3 General Unsecured Creditors, the Debtor anticipates that he will refinance either his homestead real property located at 5220 167<sup>th</sup> Street W., Lakeville, Minnesota which has current equity of approximately \$5,000, or the residential real property located at 14090 Alabama Ave. S., Savage, Minnesota which has current equity of approximately \$38,432. Between the existing equity in these two properties and any future appreciation in equity that may be acquired via market conditions and payment of principal on the respective mortgages, the Debtor anticipates that he will be able to obtain through refinancing at least the \$41,250 necessary to fund the additional payments to Class 3 General Unsecured Creditors.

#### **6.1.2 Plan Distributions**

The distributions under the Plan will be made by the Debtor on the dates provided for in the Plan, or on such earlier dates as the Debtor, in his sole discretion, may choose. The Debtor reserves and retains the right to prepay any obligation under the Plan without penalty. Any payment or distribution required to be made under this Plan on a day other than a business day will be made on the next succeeding business day, or as soon thereafter as practicable.

The Debtor will not be required to make any payment or distribution on account of any disputed claim until the dispute has been resolved and then only to the extent that the disputed claim becomes an allowed claim, whether by agreement of the parties or by final order of the Bankruptcy Court. As soon as practicable after a claim dispute is resolved, and subject to the terms of the Plan, the Debtor will pay and distribute to the holder of such allowed claim the amount provided in the Plan in the manner provided in the Plan, subject to the following condition: The Debtor may choose, in the alternative, to make any additional payment or distribution to the creditor holding a previously disputed allowed claim to bring distributions on account of such claim current with where they would have been had the claim never been subject to objection.

In the event that any property to be distributed under the Plan remains unclaimed or otherwise not deliverable to a creditor entitled thereto as of the later of: (a) one year after the date on which an order confirming the Plan is entered; or (b) one hundred twenty (120) days after any distribution called for under the terms of the Plan, such property will become vested in and will be transferred and delivered to the Debtor. Unclaimed property includes, but is not limited to, checks issued pursuant to the Plan and not negotiated within ninety (90) days of the date such check was issued.

The Debtor will withhold from any property distributed under this Plan, any amounts required to be withheld for federal, state, or local taxes. Except as expressly stated in the Plan or otherwise allowed by a final order of the Bankruptcy Court, no interest, penalty, or late charge arising after the Filing Date will be allowed on any claim, regardless of whether there is any objection to the claim. No attorneys' fees will be paid with respect to any claim except as specified in the Plan, or as allowed by a final order of the Bankruptcy Court.

Distributions to be made under this Plan to holders of allowed claims will be delivered by first class United States mail, postage prepaid to (a) the latest mailing address set forth in the schedules if no proof of claim was filed with respect to such claim; or (b) if a proof of claim was filed, to the address appearing on a proof of claim as the address to which notices should be sent to that claimholder. Distributions will be deemed made as of the time they are deposited in the United States mail.

Any notices related to the Plan must be addressed as follows:

Alan M. Webb  
5220 167<sup>th</sup> Street W.  
Lakeville, MN 55044

and

Lynn J.D. Wartchow

Wartchow Law Office, LLC  
5200 Willson Road, Suite 150  
Edina, MN 55424

### **6.1.3 Implementation of Plan**

The Plan will be implemented upon entry of an order confirming the Plan.

The Plan may be modified in the manner provided for under Section 1127 of the Code. The Debtor will give notice of any proposed modification to the United States Trustee and to any other parties designated by applicable bankruptcy rules or by Court order. The Debtor reserves the right to make such modifications at any hearing on confirmation as may be necessary to facilitate confirmation of the Plan, as well as the right to seek modification after confirmation to the full extent permitted under the Bankruptcy Code.

The Debtor's obligations under the Plan are contingent upon entry of an order confirming the Plan, and said order not being stayed, appealed, or otherwise challenged before the expiration of the applicable deadline; provided, however, that the Debtor may, in his sole discretion, choose to undertake and perform its obligations under the Plan notwithstanding the pendency of an appeal.

## **6.2 Reservation of Rights, Powers and Jurisdiction**

### **6.2.1 Rights and Powers**

Except as otherwise expressly provided in the Plan, the Debtor will retain, after confirmation of the Plan, full right and power to do any of the following:

- (a) Object to the allowance of claims;
- (b) Seek subordination of claims;
- (c) Pursue any claims against third parties, including, but not limited to those based on theories of preference, fraudulent transfer, or any other action arising under Article 5 of the Bankruptcy Code;
- (d) Pursue any claims and enforce any rights arising under the Bankruptcy Code in favor of a trustee or debtor-in-possession; and
- (e) Pursue any causes of action that the Debtor may have as of the date on which an order confirming the Plan is entered. Except to the extent explicitly released under the terms of the Plan, any and all causes of action that the Debtor may have had prior to confirmation of the Plan will survive confirmation of the Plan, will vest in the Debtor as of confirmation of the Plan, and will not be affected by confirmation or the passing of the Effective Date of the Plan.

The Debtor may object to the allowance of claims within the time period provided for in the order confirming the plan, or as otherwise dictated by order of the Court. The Debtor's authority to object to the allowance of claims will not be affected in any way by the Debtor's failure to object to allowance of any claim for purposes of voting.

### **~~6.2.2 Court Approval~~**

~~After confirmation of the Plan, the Debtor may seek the Court's approval of any of the following:~~

- ~~(a) settlements regarding objections to claims;~~
- ~~(b) settlements regarding claims against third parties;~~
- ~~(c) settlements regarding allowance of fees and expenses incurred by professionals employed during the pendency of the Bankruptcy Case.~~

~~If the Debtor chooses to seek court approval of any such settlements, the Debtor will not be required to provide notice to creditors as would typically be provided during the chapter 11 case or to file and serve a motion for the approval of the settlement. Instead, the Debtor will be authorized to seek approval by filing a stipulation setting forth the material terms of the settlement, along with a proposed order providing for the approval of such stipulation.~~

### **6.2.3-2 Retention of Jurisdiction**

Until the Plan has been fully consummated, the Court will retain jurisdiction over, and the Debtor will retain standing and the right to pursue any cause of action, proceeding, or other request for relief related to the following:

- (a) classification of the claims of creditors;
- (b) determination of the allowed amount of any claims arising before or during the pendency of the Bankruptcy Case;
- (c) subordination of the allowed claims of creditors or liens or other interests securing such claims;
- (d) determination of any counterclaims against any creditor, including any claim for turnover of property of the Debtor and any claim for offset of the value of the property against the claim of the creditor;
- (e) determination of the allowed amount of claims for damages from the rejection of executory contracts or unexpired leases;
- (f) determination of all issues and disputes regarding title to the assets of the estate and the Debtor;
- (g) determination of all causes of actions between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code, and to avoid any preferential or fraudulent transfers;
- (h) correction of any defect, the curing of any omission or the reconciliation of any inconsistency of the Plan or the order confirming the Plan as may be necessary to carry out the purpose and intent of the Plan;
- (i) interpretation and enforcement of the terms of the Plan;
- (j) shortening or extending, for cause, any time fixed for doing any act or thing under the Plan;
- (k) entry of any order, including any injunction, necessary to enforce the title, rights, and powers of the Debtor;
- (l) entry of an order concluding and terminating the case; and

(m) approval of any settlement related to any of the foregoing.

The Debtor's transfer or assignment of any interests or rights will not affect the Court's retention of jurisdiction to the full extent provided herein.

### **6.3 Effects of Plan Confirmation**

#### **6.3.1 Binding Effect**

The Plan will be binding upon and inure to the benefit of the Debtor, all present and former holders of claims against, or interests in, the Debtor, and all respective successors and assigns.

#### **6.3.2 Discharge and Injunction**

THE DEBTOR IS AN INDIVIDUAL. AFTER CONFIRMATION OF THE DEBTOR'S PLAN, THE DEBTOR INTENDS TO SEEK AN ORDER CLOSING THE CASE. UPON COMPLETION OF THE PLAN PAYMENTS OR AS OTHERWISE MAY BE ALLOWED FOR CAUSE BY SUBSEQUENT ORDER OF THIS COURT UNDER SECTION 1141(d)(5) AFTER FURTHER NOTICE AND HEARING, THE DEBTOR INTENDS TO REOPEN THE CASE AND FILE A MOTION SEEKING A DISCHARGE. ~~TO THE FULL EXTENT PROVIDED FOR IN SECTION 1141 OF THE BANKRUPTCY CODE, AND SUBJECT TO ANY EXCEPTION OR QUALIFICATION UNDER SUCH SECTION, THE DEBTOR WILL BE ENTITLED TO ENTRY OF AN ORDER PROVIDING FOR THE COMPLETE DISCHARGE, WAIVER, RELEASE, AND SATISFACTION OF ALL CLAIMS AGAINST THE DEBTOR AS OF THE FILING DATE.~~ THE DISCHARGE WILL OPERATE TO RELEASE AND EXTINGUISH ANY PURPORTED LIENS, ENCUMBRANCES, OR SECURITY INTERESTS CLAIMED BY A CLAIMANT OR ANY OTHER ENTITY AGAINST PROPERTY OF THE DEBTOR, PROPERTY DEALT WITH BY THE PLAN, AND PROPERTY OF THE ESTATE, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN. THE ORDER CONFIRMING THE PLAN IS A GENERAL ADJUDICATION AND RESOLUTION WITH PREJUDICE OF ALL PENDING LEGAL PROCEEDINGS AGAINST THE DEBTOR, PROPERTY OF THE DEBTOR, OR PROPERTY OF THE ESTATE, EXCEPT AS OTHERWISE PROVIDED IN THE PLAN.

THE DISCHARGE ~~AND THE ORDER CONFIRMING THE PLAN SHALL~~ OPERATE AS AN INJUNCTION TO THE EXTENT PROVIDED IN SECTION 524 OF THE BANKRUPTCY CODE, ~~AND ONLY TO SUCH EXTENT, ANY CREDITOR OR EQUITY HOLDER ENTITLED TO RECEIVE ANY DISTRIBUTION PURSUANT TO THIS PLAN WILL BE PRESUMED CONCLUSIVELY TO HAVE RELEASED THE DEBTOR FROM ANY CLAIM RELATED TO THAT WHICH THE DISTRIBUTION IS MADE. THIS RELEASE WILL BE ENFORCEABLE AS A MATTER OF CONTRACT AGAINST ANY CREDITOR THAT ACQUIRES ANY RIGHT TO DISTRIBUTION PURSUANT TO THIS PLAN.~~

THE DISCHARGE AND THE ORDER CONFIRMING THE PLAN SHALL NOT ENJOIN THE ENFORCEMENT OF THE IOWA BANKERS NOTE OR THE IOWA BANKERS MORTGAGE. THE CLASS 5 CLAIM IS UNIMPAIRED AND THEREFORE THE RIGHTS OF THE HOLDER OF SUCH CLASS 5 CLAIM ARE NOT AFFECTED BY THE PLAN, CONFIRMATION OF THE PLAN, OR THE ENTRY OF THE DISCHARGE.

SUBJECT TO ANY LIMITATIONS PROVIDED FOR IN THE BANKRUPTCY CODE, UNLESS A TAXING AUTHORITY HAS ASSERTED A CLAIM AGAINST THE DEBTOR BEFORE THE DEADLINE FOR FILING CLAIMS, ~~CONFIRMATION OF THE PLAN DISCHARGE~~ WILL OPERATE AS A DISCHARGE OF ANY CLAIM OR LIEN OF ANY TAXING AUTHORITY AGAINST THE DEBTOR, THE DEBTOR'S BANKRUPTCY ESTATE, ANY PROPERTY OF THE DEBTOR, AND ANY PROPERTY OF THE ESTATE, FOR ANY TAXES, PENALTIES, OR INTEREST: (I) FOR ANY TAX YEAR FOR A PERIOD BEFORE THE FILING DATE; (II) ARISING OUT OF THE FAILURE OF THE DEBTOR TO FILE ANY TAX RETURN; OR (III) ARISING OUT OF AN AUDIT OF ANY TAX RETURN WITH RESPECT TO A PERIOD BEFORE THE FILING DATE.

### **6.3.3 Re-Vesting**

Subject to the terms of the Plan, on the date that the order confirming the Plan is entered, the Debtor will be restored to full ownership of all property owned by the Debtor, all property of the estate, and all other rights and interests. The property so vested in the Debtor will be free and clear of all claims, liens, encumbrances, charges, and other interests of holders of claims or interests, except as otherwise provided in this Plan.

On and after the date on which the order confirming the Plan is entered, the Debtor may freely use, acquire, and dispose of property of the estate and property of the Debtor, except as otherwise provided in the Plan. Except as may otherwise be expressly provided for in the Plan or by order of the Court, the Debtor's operation of his personal affairs and use of his property will not be subject to any restrictions imposed by operation of the Bankruptcy Code, the Bankruptcy Rules, or any prior Bankruptcy Court order entered during this bankruptcy case.

## **VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The following is intended only as a summary of potential material federal income tax consequences of the Plan. Neither this summary nor any other information provided herein should be construed to be the opinion of the Debtor or the Debtor's counsel for purposes of tax planning or reporting by any creditor or other party in interest. Neither the IRS nor any other taxing authority has participated in the preparation of these materials, and this discussion of tax consequences is not binding on the IRS or any other taxing authority.

Confirmation and performance according to the terms of the Plan may result in certain claimholders having reportable loss or gain for purposes of federal income tax. Whether such a

claimholder will have gain or loss will depend on a number of factors, including, but not limited to, the following: (i) whether the creditor's claim arises out of a transaction that was of a personal rather than a business nature; (ii) the tax basis of the creditor's claim; and (iii) the degree to which the creditor may be able to claim that the value of a particular claim is affected by the Plan. With respect to the Debtor, the most significant potential tax consequence of the Plan would be that certain tax attributes, including, but not limited to, net operating losses, certain tax credits, and the Debtor's basis in property, could be reduced to the extent that debt is discharged. The Debtor has not determined what, if any, tax consequences he may experience by confirmation of the Plan.

The foregoing discussion does not constitute tax advice, and is only intended to provide a summary of certain material tax issues that each claimholder might consider in deciding how to vote on the Plan. The tax consequences for any particular claimholder or other party in interest will necessarily involve a large number of variables, and the Debtor therefore makes no representations as to the specific tax implications for any creditor. Creditors, claimholders and other parties in interest are therefore strongly urged to seek professional advice regarding the tax consequences of the Plan. PURSUANT TO U.S. TREASURY REGULATIONS, PLEASE BE ADVISED THAT ANY U.S. FEDERAL TAX ADVICE INCLUDED IN THIS COMMUNICATION (1) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, TO AVOID ANY U.S. FEDERAL TAX PENALTIES, AND (2) IS PROVIDED TO SUPPORT THE PROMOTION OF THE PLAN. ANY TAXPAYER RECEIVING THIS COMMUNICATION SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR.

### **VIII. ALTERNATIVES TO THE PLAN OF REORGANIZATION**

One alternative to confirmation of the Plan is conversion of the reorganization case to a liquidation case under Chapter 7 of the Bankruptcy Code. In liquidation, all of the Debtor's assets would be used first to satisfy claims held by secured creditors, and the unsecured creditors would receive a distribution only if assets were available after payment of secured claims, priority claims, administrative expense claims, and taxes incurred as a result of liquidation.

The Debtor believes in the event of a chapter 7 bankruptcy, the secured creditors will obtain relief from the automatic stay, and foreclose on the real properties. The Debtor believes that liquidation would not yield sufficient proceeds to pay all secured claims in full, and that unsecured creditors would therefore receive nothing in liquidation. A liquidation analysis is attached as Exhibit C. Therefore, the debtor believes that this chapter 11 plan is in the best interest of all creditors.

### **IX. CONFIRMATION STANDARDS**

Before confirmation, the Court must determine whether the Plan has been accepted by the holders of claims in each impaired class. For a class of claims to accept the Plan, an affirmative vote must be cast by creditors holding at least two thirds in amount and more than fifty percent in number of allowed claims. For a class of interests to accept the Plan, an affirmative vote of at least two thirds in amount of allowed interests must be cast by those who vote.

In the event that one or more impaired classes reject the Plan, the Bankruptcy Court may still confirm the Plan if it finds that the Plan accords fair and equitable treatment to the rejecting classes. Generally and pursuant to 11 U.S.C. § 1129(b), the Plan may be confirmed over the rejection by one or more impaired classes so long as the Plan provides that: (1) each holder of a claim or interest in a rejecting class receives the value of that claim or interest; or (2) no holder of a claim or interest junior to those held by members of a rejecting class, if any so exist, will receive or retain any property under the Plan. The Debtor hereby specifically reserves the right to seek confirmation of the Plan pursuant to 1129(b) of the Bankruptcy Code.

**X. CONCLUSION**

The Debtor believes that acceptance of the Plan is in the best interest of all parties and therefore urges all holders of claims and interests to vote in favor of the Plan.

Dated: 7-22, 2016



Alan M. Webb, Debtor and Plan Proponent

**Exhibit A — Identity and Value of Material Assets of the Debtor**

	Value as of File Date 07/10/2015	Value as of Plan Date 03/11/2016	Aggregate Liens Owing	Equity Value to Debtor
Real Property:				
HOMESTEAD located at 5220 167th Street W., Lakeville, MN 55044	\$504,900	\$504,900	\$499,923	\$4,977
Rental property located at 14090 Alabama Ave. S., Savage, MN 55378	\$143,000	\$143,000	\$104,568	\$38,432
Rental property located at 20427 Kensfield Trail, Lakeville, MN 55044 ( <i>1/2 interest only held with Daniel J. Webb</i> )	\$151,000	\$151,000	<del>\$246</del> <sup>1</sup> 96,435	<del>\$0</del> <sup>2</sup> 27,282
Rental property located at 19506 Blue Jay Court, Farmington, MN 55024	\$139,900	\$139,900	\$139,410	\$490
<i>Subtotal real property</i>	<i>\$938,800</i>	<i>\$938,800</i>	<del><i>\$990</i></del> <sup>6</sup> <i>840,33</i>	<del><i>\$43,899</i></del> <sup>1,181</sup>
Personal Property:				
Cash on hand	\$10	\$200	\$0	\$200
Anchor Bank checking (pre-petition)	\$9,822	closed	\$0	\$0
Associated Bank checking (DIP)	n/a	\$1,328	\$0	\$1,328
Associated Bank savings (DIP)	n/a	\$20,551	\$0	\$20,551
Household goods and furnishings	\$10,000	\$10,000	\$0	\$10,000
Wearing apparel	\$700	\$700	\$0	\$700
Apple watch	\$200	\$200	\$0	\$200
401(k) held with Ameritas (1/31/16)	\$100,527	\$93,486	\$0	\$93,486
IRA held with Charles Schwab (1/31/16)	\$40,255	\$35,873	\$0	\$35,873
100% interest Promos for Peeps, LLC	\$0	\$0	\$0	\$0
80% interest Webb Business Promotions, Inc.	\$0	\$0	\$0	\$0
2014 MN homestead credit refund	\$2,120	\$0	\$0	\$0
2015 MN homestead credit refund (estimated)	n/a	\$2,000	\$0	\$2,000

<sup>1</sup> The first priority lien on the Kensfield Property is held by Wells Fargo Bank, N.A. with a current balance owing of approximately \$96,435. The second priority lien on the Kensfield Property is the Webb Marital Lien, as defined in section 3.2 hereinabove (see Class 4). Since the Webb Marital Lien attaches to both the Debtor's Homestead Property and the Kensfield Property, the Webb Marital Lien with the present amount owing of \$150,000 has been excluded from the calculation of aggregate liens owing stated above. Nothing herein shall be interpreted to alter or terminate the validity of the Webb Marital Lien on the Kensfield Property.

<sup>2</sup> This equity value to Debtor reflects one-half of the total equity value in the Kensfield Property.

2015 income tax refunds (estimated)	n/a	\$0	\$0	\$0
2008 Harley Davidson RS	\$10,000	\$8,000	\$0	\$8,000
2010 Infiniti EX35	\$17,525	\$13,000	\$2,948	\$10,052
2015 Infiniti QS70L	\$52,000	\$45,000	\$51,735	\$0
<i>Subtotal personal property</i>	<i>\$243,159</i>	<i>\$230,338</i>	<i>\$54,683</i>	<i>\$182,390</i>
<b>TOTAL</b>	<b>\$1,181,959</b>	<b>\$1,169,138</b>	<b>\$1,045,895,0</b> <b>19</b>	<b>\$226,2892</b> <b>53,571</b>

*Exhibit A— Identity and Value of Material Assets of the Debtor*

**Exhibit B – 5-Year Projection of Disposable Income**

<b><u>INCOME</u></b>		<b><u>EXPENSES</u></b>	
Gross Wage Income	15,366.00	Homestead	
Auto Allowance	879.23	Iowa Bankers (mortgage)	2,238.55
Less: Withholdings		Real estate tax	509.57
Federal income tax	(1,462.80)	Homeowner's insurance	100.00
Social Security / Medicare	(1,248.36)	HOA, maintenance, etc.	650.00
MN income tax	(560.24)	Utilities	1,180.00
Insurance	(185.00)	Othe r	
401(k)	(186.03)	Food, housekeeping, personal care	775.00
Net Wage Income	<u>\$12,602.80</u>	Childcare	550.00
Gross Rental Income	3,800.00	Clothing, laundry, etc.	600.00
Less: Rental Expenses		Out of pocket medical / dental	450.00
14090 Alabama mortgage	(551.11)	Health insurance	490.00
14090 Alabama tax	(167.00)	Transportation	400.00
20427 Kensfield mortgage	(709.85)	Recreation	118.00
20427 Kensfield tax	(139.56)	Charitable	150.00
19506 Blue Jay mortgage	(668.37)	Vehicle payment--2010 Infiniti*	300.00
19506 Blue Jay tax	(174.35)	Vehicle payment--2015 Infiniti**	879.23
HOAs--all 3 rentals	(600.00)	Child support	850.00
Insurance	(79.71)	Pets	60.00
Upkeep, maintenance, etc.	(270.00)	Son's activities	200.00
Net Rental Income	<u>\$440.05</u>	<b>Total Expenses</b>	<u><b>\$10,500.35</b></u>
<b>Total Net Income</b>	<u><b>\$13,042.85</b></u>		

**SUMMARY OF INCOME/EXPENSES**

Total Net Income	\$13,042.85
Less: Total Expenses	(10,500.35)
Less: Class 4 (marital lien)	(2,500.00)
<b>Disposable Income</b>	<u><u><b>\$42.50</b></u></u>

\* This monthly obligation of \$300.00 is further detailed in Class 10 above, the continued payment of which is ordered pursuant to the Fern Marital Judgment described in Class 1. The payments due on the 2010 Infiniti ends with the final payment due in November, 2016, resulting in additional net disposable income of \$300.00 starting December, 2016.

\*\* This monthly obligation of \$879.23 is further described herein Class 11 above. The payments due on the 2015 Infiniti ends with the final payment due in June, 2021, which is more than 5 years following the anticipated Effective Date of the plan.

**Conclusion:**

Pursuant to the above calculation, the Debtor's projected disposable monthly income as of the anticipated Effective Date of the Plan is \$42.50. However this amount shall increase by \$300.00 per month following the final payment due on the 2010 Infiniti in November, 2016. Accordingly, the Debtor's projected monthly disposable income, inclusive of known changes in his income and expenses, for the 5-years following the Effective Date is be \$42.50 for six (6) months followed by \$342.50 for fifty four (54) months, for a total of \$18,750.

**Exhibit C – Liquidation Analysis**

**NET EQUITY VALUE OF ASSETS:**

*\*see attached detail*

Real Property	\$ <del>38,432,662,204</del>
Personal Property	\$ 182,390
Projected § 549(a) avoidance recovery	<u>\$ 6,050</u>
<b>Total Assets Value</b>	<b>\$ <del>226,872</del> <u>254,644</u></b>

**LESS:**

Exemptions Applied	\$ 151,456
Priority Claims ( <i>i.e., Class 2 rental deposits</i> )	\$ 3,750
Administrative Expenses (chapter 11)	\$ 7,000
Administrative Expenses (chapter 7 <u>trustee</u> )	\$ <del>10</del> <u>13,000</u> <sup>3</sup>
<u>Administrative Expense (chapter 7 realtor fees)</u>	<u>\$ 17,640</u> <sup>4</sup>
<b>Subtotal Recoveries</b>	<b>\$ <del>172,206</del> <u>192,846</u></b>
<b>Balance available to unsecured creditors in hypothetical chapter 7 case</b>	<b>\$ <del>54,666</del> <u>61,798</u></b>
<b>Estimated total unsecured claims</b>	<b>\$ 1,829,772</b>

**Analysis:**

% of Claims which general unsecured creditors would receive  
in a Chapter 7 Liquidation: **3.0038%**

vs.

% of claims which general unsecured creditors will receive  
under the chapter 11 plan: **3.2755%**

**Conclusion:**

<sup>3</sup> Because this Liquidation Analysis contemplates the liquidation sale of the Debtor’s non-exempt interest in both the Alabama Property and Kensfield Property, as those terms are defined in section 3.2 hereinabove, the chapter 7 trustee’s fees also includes the fees associated with the sale of property, estimated to be at least an additional \$3,000.

<sup>4</sup> For the same reason as stated in footnote 3, the chapter 7 administrative expenses necessarily include a professional fee of 6.0% of the sales price for the commission earned by the selling and buying agents’ respective brokerages. For the purpose of calculating this administrative expense, the sales price for each the Alabama Property and the Kensfield Property is estimated to be the current values as stated in Exhibit A.

Unsecured creditors will receive more under the proposed Plan than they would receive if the Debtor was to be liquidated in a Chapter 7 liquidation.

*Exhibit C—Liquidation Analysis, page 1*

**Exhibit C – Liquidation Analysis**

**\*Detail of Net Equity Value of Assets**

	<b>Value as of Plan Date 3/11/2016</b>	<b>Aggregate Liens Owing</b>	<b>Equity Value to Debtor</b>	<b>Exemption Applied 11 U.S.C. §</b>	<b>Amount Exempted</b>	<b>Non- Exempt Value</b>
<b>Real Property:</b>						
HOMESTEAD: 5220 167th Street W.	\$504,900	\$499,923	\$4,977	522(d)(1)	100% FMV	\$0
Rental: 14090 Alabama Ave. S.	\$143,000	\$104,568	\$38,432	--	--	\$38,432
Rental: 20427 Kensfield Tr. ( <i>1/2 interest</i> )	\$151,000	<del>\$246,964</del> 5	<del>\$927,282</del>	--	--	<del>\$927,282</del>
Rental: 19506 Blue Jay Court	\$139,900	\$139,410	\$490	522(d)(5)	\$490	\$0
<b>Personal Property:</b>						
Cash on hand	\$200	\$0	\$200	522(d)(5)	\$200	\$0
Anchor Bank checking (pre-petition)	<i>closed</i>	--	--	--	--	--
Associated Bank DIP checking ( <i>as of 3/9/16</i> )	\$1,328	\$0	\$1,328	522(d)(5)	\$507	\$821
Associated Bank DIP savings ( <i>as of 3/9/16</i> )	\$20,551	\$0	\$20,551	--	\$0	\$20,551
Household goods and furnishings	\$10,000	\$0	\$10,000	522(d)(3)	\$10,000	\$0
Wearing apparel	\$700	\$0	\$700	522(d)(3)	\$700	\$0
Apple watch	\$200	\$0	\$200	522(d)(5)	\$200	\$0
401(k) held with Ameritas ( <i>1/31/16</i> )	\$93,486	\$0	\$93,486	522(d)(12)	\$93,486	\$0
IRA held with Charles Schwab ( <i>1/31/16</i> )	\$35,873	\$0	\$35,873	522(d)(12)	\$35,873	\$0
100% interest Promos for Peeps, LLC	\$0	\$0	\$0	--	--	\$0
80% interest Webb Business Promotions	\$0	\$0	\$0	--	--	\$0
2014 MN homestead credit refund	\$0	\$0	\$0	--	--	\$0
2015 MN homestead credit refund ( <i>estimated</i> )	\$2,000	\$0	\$2,000	522(d)(5)	\$2,000	\$0
2015 income tax refunds ( <i>estimated</i> )	\$0	\$0	\$0	--	--	\$0
2015 income tax refunds ( <i>estimated</i> )	\$0	\$0	\$0	--	--	\$0
2008 Harley Davidson RS	\$8,000	\$0	\$8,000	522(d)(5)	\$8,000	\$0
2010 Infiniti EX35	\$13,000	\$2,948	\$10,052	--	--	\$10,052
2015 Infiniti QS70L	\$45,000	\$51,735	\$0	522(d)(2)	\$0	\$0
<b>TOTAL</b>	<b>\$1,169,138</b>	<b>\$1,045,019</b>	<del><b>\$226,289</b></del> <b><u>53,571</u></b>		<b>\$ 151,456</b>	<del><b>\$69,856</b></del> <b><u>97,138</u></b>

*Exhibit C—Liquidation Analysis, page 2*