

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
CENTRAL DIVISION**

In re:

**1802 Palisades Investments, LLC
Debtor.**

Case #17-20009-drd11
Chapter 11

**FIRST AMENDED PLAN OF REORGANIZATION OF DEBTOR
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

1802 Palisades Investments, LLC, Debtor and Debtor-in-Possession in the above-captioned Chapter 11 case ("Debtor") proposes this Plan of Reorganization ("Plan") pursuant to Chapter 11 of the Bankruptcy Code.

ARTICLE I

Definitions

For purposes of this Plan, except as expressly provided, or unless the context otherwise requires, all capitalized terms not otherwise defined have the meanings ascribed to them in Article 1 of the Plan. Any term used in the Plan that is not defined herein but is defined in the Bankruptcy Code or the Bankruptcy Rules retains the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms include the plural as well as the singular, the masculine gender includes the feminine gender, and the feminine gender includes the masculine gender.

As used in this Plan, the following terms have the meanings specified below.

1.1 **Administrative Claim.** A Claim for any cost or expense of administration of the Chapter 11 Case allowed under §§364(a), (b), (c), 503(b), 507(b or 546(c)(2) of the Bankruptcy Code and entitled to priority under §507(a)(1) of the Bankruptcy Code, or as otherwise allowed by the Bankruptcy Court and not included in any other classification under the Plan, but including, without limitation: (a) fees payable under 28 U.S.C. §1930; (b) actual and necessary costs and expenses incurred in the ordinary course of Debtor's business; and (c) actual and necessary costs and expenses of preserving the Estate or administering the Chapter 11 case, but not including Ordinary Course Administrative Claims or Professional Fees.

1.2 **Allowed Claim.** With respect to any Claim against the Debtor: (a) proof of which, requests for payment of which, or application for allowance of which, was filed or deemed filed on or before the Bar Date, the Administrative Claim Bar Date, or the Professional Fee Bar Date, as applicable, for filing proofs of claim or requests for payment for Claims of such type against Debtor; or (b) if no proof of claim is filed, which has been or is ever listed by Debtor in the Schedules as liquidated in amount and not disputed or contingent, and, in the case of (a) or (b) a Claim as to which no objection to its allowance has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court. The term "Allowed," when used to modify a reference in the Plan to any Claim or Class of Claims means a Claim (or any Claim in any such Class) that is so allowed. If a Claim becomes Allowed by virtue of an order of the Bankruptcy Court, it shall be deemed Allowed upon the order becoming a Final Order.

1.3 **Allowed Priority Claim.** An Allowed Claim entitled to priority pursuant to §507 of the Bankruptcy Code.

1.4 **Allowed Secured Claim.** An Allowed Claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to setoff under §553 of the Bankruptcy Code, to the extent of the value [determined in accordance with §506(a) of the Bankruptcy Code] of the interest of the Holder of such Allowed Claim in the Debtor's interest in such property, or to the extent of the amount subject to such setoff, as the case may be.

1.5 **Bankruptcy Code or Code.** United States Bankruptcy Code 11 U.S.C. §§101 et seq. and any amendments thereto.

1.6 **Chapter 11 Case.** The case under Chapter 11 of the Bankruptcy Code in which Debtor is Debtor and Debtor-in-possession, pending before the Bankruptcy Court.

1.7 **Claim.** Any "claim" as defined in §101(5) of the Bankruptcy Code and any other debt or obligation of whatever character of the Debtor, as of November 6, 2009, including any accrued and unpaid interest thereon up to that date, and any Claim arising from the rejection of an executory contract or unexpired lease.

1.8 **Confirmation Date.** The date upon which the Order of Confirmation of this Plan is entered by the Court.

1.9 **Court.** The United States Bankruptcy Court for the Western District of Missouri in which the Debtor's Chapter 11 case is pending, including any Bankruptcy Judge sitting in said Court, and any Court having competent jurisdiction to review orders of the Bankruptcy Judge or to hear appeals therefrom.

1.10 **Creditor.** Any Holder of a Claim, whether or not such Claim is an Allowed Claim, encompassed within the statutory definition set forth in §101(10) of the Bankruptcy Code.

1.11 **Disclosure Statement.** The written disclosure statement relating to the Plan including, without limitation, all exhibits and schedules to such disclosure statement, in the form approved by the Bankruptcy Court under §1125 of the Bankruptcy Code or Bankruptcy Rule 3017.

1.12 **Effective Date.** Ten (10) days after the date on which the Order of Confirmation becomes a Final Order and Judgment, all conditions to the effectiveness of the Plan expressly set forth therein have been satisfied fully or effectively waived, and no stay of the Confirmation Order is in effect.

1.13 **Estate.** The Estate of Debtor created in the Chapter 11 case in accordance with §541 of the Bankruptcy Code.

1.14 **Final Order and Judgment.** An Order or Judgment of the Court which is no longer subject to appeal, review or modification and as to which no appeal, review or modification proceedings is pending.

1.15 **Holder.** The Person on whose behalf and in whose name a Claim was listed or filed with the Court, or the Person to whom such Claim was last transferred by an Order of the Court substituting the transferee for the prior Holder thereof.

1.16 **Nonpriority Unsecured Claim.** Any Claim against Debtor as of the Petition Date not secured by a charge against or interest in property of the Estate, excluding: (a) Secured Claims, except that portion, if any, that is unsecured in accordance with §506 of the Bankruptcy Code; (b) Administrative Claims; (c) Ordinary Course Administrative Claims; (d) Priority Tax Claims; (e) Priority Claims; and (f) Claims for Professional Fees.

1.17 **Order of Confirmation.** The Order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code, and which is no longer subject to appeal, modification or review.

1.18 **Person.** An individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, government or any agency or political subdivision thereof.

1.19 **Plan.** This Plan of Reorganization and any duly authorized amendments thereto or modifications thereof.

1.20 **Professionals.** Those Persons (a) employed in accordance with an order of the Bankruptcy Court under §§ 327 or 1103 of the Bankruptcy Code and to be compensated for services under §§ 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court under §503(b) of the Bankruptcy Code.

ARTICLE II

Classification and Treatment of Claims and Interests

All Claims against the Debtor of whatever nature, whether or not scheduled, liquidated or unliquidated, absolute or contingent, including all Claims arising from transactions of the Debtor or the rejection of executory contracts or unexpired leases of the Debtor, whether resulting in an Allowed Claim or not, shall be bound by and deemed satisfied by the provisions of the Plan. The Claims and Interests shall be treated as follows:

2.1: **Class 1 - Administrative Claims.** These are claims arising after filing and up to confirmation. These include fees of Debtor's counsel and unpaid expenses incurred during this period. These Claims are to be paid on the Effective Date or as agreed by the parties. Debtor does not anticipate substantial claims in this Class that will put post-confirmation performance under the Plan at risk.

2.2: **Class 2 – Claim of Bank of America.** This claim in the amount of \$362,610.66 is secured by a first lien on the Debtor's real estate. This claim will be paid in full in accordance with the terms of the Promissory Note and Deed of Trust executed by the Debtor. The claim is unimpaired.

2.3: **Class 3 – Claim of BMO Harris Bank as successor to M&I Marshall & Ilsley Bank.** This claim in the amount of \$334,831.37 is secured by a second lien on the Debtor's real estate. This claim will be paid by \$200,000.00 in cash within ninety (90) days of the Effective Date, which will fully satisfy this indebtedness. The claim is impaired.

2.4: **Class 4 – Unsecured Creditors.** This Class consists of the claims of the unsecured creditors in the approximate amount of \$7202.81. This Class will be paid in full without interest on or before December 31, 2017. The claims in this Class are impaired.

2.5: **Class 5 – Claim of William Prelogar.** This claim is in the amount of \$487,883.69. This claim will be subordinated and will be paid in full without interest after payment to Classes 3 through 5.

2.6: **Class 6 – Claim of Equity Holder.** This claimant will retain her equity interest in the Debtor but will receive nothing under the Plan.

ARTICLE III ***Implementation of the Plan***

3.1 **Effect of Confirmation.** Upon the entry of an Order of Confirmation, the Debtor shall be vested with all of the property of the Estate, subject only to outstanding liens created and/or recognized by this Plan and free and clear of all other claims, liens, encumbrances, charges and other interests of creditors, and shall be entitled to operate its business and manage its affairs free of any restrictions imposed by the Bankruptcy Code, the Bankruptcy Rules, or any local rules of the Bankruptcy Court and without further order of the Bankruptcy Court, except as otherwise expressly provided under the Plan.

3.2 **Discharge of Debtor.** Except as otherwise expressly provided in the Plan, the completion of performance of the Plan shall discharge the Debtor from any Claim and any "Debt" [as that term is defined in §1.01(12) of the Code] and the Debtor's liability in respect thereof is extinguished completely, whether liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from the agreement of the Debtor or Debtor-in-Possession or any obligation of the Debtor or Debtor-in-Possession incurred before the Confirmation Date, or from any conduct of the Debtor or Debtor-in-Possession prior to the Confirmation Date. In place thereof, Creditors and other parties in interest will have only those rights granted them under the terms and provisions of the Plan as confirmed by Order of the Bankruptcy Court.

3.3 **Release of Principal.** Completion of performance of the Plan shall constitute a release of the Debtor's Principal from any and all liability to any Creditor.

ARTICLE IV ***Executory Contracts and Unexpired Leases***

4.1 **Executory Contracts.** All executory contracts and unexpired leases existing on the date of filing shall be deemed assumed by the Debtor as of the Effective Date, except any executory contract or lease that Debtor's rejection has been approved by the Bankruptcy Court

4.2 **Deemed Rejected Contracts or Leases.** No executory contract or lease shall be deemed rejected unless so identified in a filing with the Court.

4.3 **Approval of Assumption or Rejection.** Entry of the Confirmation Order shall constitute (a) the approval, pursuant to §365(a) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to the Plan, and (b) the approval, pursuant to §365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan. Notwithstanding anything contained herein to the contrary, Debtor shall have the right to add or delete any executory contract or unexpired lease to the schedules filed with the Bankruptcy Court on or before the Effective Date.

4.4 **Post-Petition Date Contracts and Leases.** Executory contracts and unexpired leases entered into and other obligations incurred after the Petition Date by Debtor shall be performed by Debtor, as applicable, in the ordinary course of its business.

ARTICLE V
Retention of Liens

5.1 Liens held by creditors as of the date of filing shall be retained and continue in full force and effect unless modified or avoided by motion, a provision of this Plan, or by Court order after notice and a hearing.

ARTICLE VI
Remedy Upon Default

6.1 In the event of default after confirmation, the creditor entitled to payment which has not been made shall give the Debtor written notice of such failure. Debtor shall have fifteen (15) days after receipt of such notice to cure the default. If a cure is not made, the creditors shall have all rights available under applicable law to collect the debt or to take possession of collateral securing the debt, without the necessity of seeking relief from the Bankruptcy Court.

6.2 Debtor reserves the right, this provision notwithstanding, to propose a plan amendment to cure the default. Such action shall stay any collection effort until further order of the Bankruptcy Court.

ARTICLE VII
Acceptance or Rejection of the Plan

7.1 **Impaired Classes to Vote.** Each Holder of an Allowed Claim in an impaired Class shall be entitled to vote separately to accept or reject this Plan unless such Holder is deemed to accept or reject this Plan. ANY BALLOT NOT INDICATING AN ACCEPTANCE OR REJECTION WILL BE DEEMED AN ACCEPTANCE OF THIS PLAN AND ANY HOLDER OF A CLAIM ENTITLED TO VOTE ON THIS PLAN FAILING TO RETURN A BALLOT BY THE VOTING DEADLINE (AS DEFINED IN THE DISCLOSURE STATEMENT) SHALL BE DEEMED TO HAVE VOTED SUCH HOLDER'S CLAIMS TO ACCEPT THE PLAN. The Allowed Claims of Class 3, Class 5 and Class 6 are all impaired and are entitled to vote. The Allowed Administrative Claims, Allowed Claim of Bank of America, Allowed Ordinary Course Administrative Claims, and Allowed Priority Claims are unimpaired, are deemed to accept, and are not entitled to vote.

7.2 **Acceptance by Class of Creditors and Holders of Interests.** An impaired Class of Holders of Claims shall have accepted this Plan if this Plan is accepted by at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class that have voted to accept or reject this Plan. A Class of Holders of Claims shall be deemed to accept this Plan in the event that no Holder of a Claim within that Class submits a Ballot by the Ballot Date.

7.3 **Cramdown.** If any impaired Class of Claims entitled to vote shall not accept this Plan by the requisite statutory majorities provided in §1126(c) of the Bankruptcy Code, Debtor reserve the right to request that the Bankruptcy Court confirm this Plan under §1129(b) of the Bankruptcy Code. With respect to impaired Classes of Claims that are deemed to reject this Plan, Debtor shall request the Bankruptcy Court to confirm this Plan under §1129(b) of the Bankruptcy Code.

ARTICLE VIII
Miscellaneous

8.1 **Headings.** The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

8.2 **Section and Article Reference.** Unless otherwise specified, all references in the Plan to sections and articles are to sections and articles of the Plan.

8.3 **Severability.** Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision in the Plan is either illegal on its face or as applied to any Claim, or that any provision in the Plan violates the provisions of §1123 of the Bankruptcy Code, such provision shall be unenforceable as to the Holder of any Allowed Claim as to which the provision is illegal or unauthorized. Such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan or the power of the Bankruptcy Court, without further notice or hearing, to confirm the Plan with any provision the Bankruptcy Court has determined to be unenforceable deleted.

8.4 **Quarterly Fees to the United States Trustee.** Debtor shall pay all quarterly fees payable to the Office of the United States Trustee for Debtor after Confirmation consistent with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and 28 U.S.C. §1930(a)(6).

8.5 **Method of Payment.** Payments of cash required to be made under the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank at the election of the Person making such payment. Whenever any payment or Distribution to be made under the Plan is due on a day other than a Business Day, such payment or Distribution may instead be made, without interest, on the immediately following Business Day.

8.6 **Successors and Assigns.** The rights, benefits and obligations of any Person or Holder named or referred to in the Plan will be binding upon, and will inure to the benefit of, the heirs, executors, administrators, successors and assigns of such Person or Holder.

ARTICLE IX

Retention of Jurisdiction

9.1 **Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court retains such jurisdiction over the Chapter 11 case on and after the Effective Date as is legally permissible, including, without limitation, jurisdiction:

(a) to allow, disallow, determine, liquidate, classify, estimate, or establish the amount or priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims;

(b) to adjudicate all claims as to ownership interest in any property of the Debtor or of this Estate and of any proceeds thereof;

(c) to adjudicate all claims or controversies arising out of any purchase, sale or contract made or undertaken by the Debtor during the pendency of this Chapter 11 proceeding;

(d) to determine the validity, extent and priority of all liens against property of the Debtor's Estate;

(e) to determine the value of the property securing any Claim;

(f) to grant or deny any applications for allowance of compensation or reimbursement of expenses authorized under the Bankruptcy Code or the plan;

(g) to resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which Debtor is parties and to hear, determine, and if necessary liquidate, any Claims arising from or cure amounts related to such assumption or rejection;

(h) to decide or resolve any motions, adversary proceedings or contested matters, and to grant or deny any applications or motions involving Debtor that may be pending on the Effective Date;

(i) to resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or the obligations of any Holder or Person incurred in connection with the Plan;

(j) to consider and approve any modification of the Plan under §1127 of the Bankruptcy Code or under Bankruptcy Rule 3019 and/or any modification of the Plan after substantial consummation as defined in §1101(2) of the Bankruptcy Code;

(k) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to prevent interference by any entity with consummation or enforcement of the Plan, and any transactions related thereto, except as otherwise provided in the Plan;

(l) to hear and determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order except as otherwise provided in the Plan;

(m) to adjudicate all causes of action or claims of Debtor;

(n) to approve settlements of any cause of action or claim of Debtor;

(o) to resolve any disputes between Professionals and Debtor in accordance with Section 3.8;

(p) to hear and determine such matters and make such orders consistent with the Plan as may be necessary or desirable to interpret, enforce and carry out the provisions thereof; and

(q) to enter an order closing the Chapter 11 case.

Dated at Kansas City, Missouri this 31st day of August, 2017.

1802 PALISADES INVESTMENTS, LLC

By: /s/ Patsy Prelogar

Patsy Prelogar, Member

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