

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

In re:

417 Rentals, LLC

Debtor.

**Case No. 17-60935
Chapter 11**

DISCLOSURE STATEMENT FILED BY 417 RENTALS, LLC

This Disclosure Statement is prepared and filed by 417 Rentals LLC, a Missouri limited liability company.

Debtor filed this Chapter 11 case in the United States Bankruptcy Court for the Western District of Missouri on August 25, 2017.

Under the provisions of §1125 of the Bankruptcy Code, a debtor may not solicit acceptance of a plan “from a holder of a claim or interest with respect to such claim or interest, unless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court, as containing adequate information.”

“adequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, *including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case*, that would enable *such hypothetical investor* of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan *and in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information;*”

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW OF THE PLAN BY EACH HOLDER OF EACH CLAIM OR INTEREST ENTITLED TO VOTE THEREON, BUT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. HOLDERS OF CLAIMS SHOULD REVIEW THE PLAN ITSELF AND ANY RELATED AGREEMENTS OR TRANSACTIONS FOR A FULL UNDERSTANDING OF ITS PROVISIONS. THIS DISCLOSURE STATEMENT IS QUALIFIED

IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE TERMS OF THE PLAN AND ANY RELATED AGREEMENTS ARE CONTROLLING, SHOULD ANY INCONSISTENCY EXISTS BETWEEN THEM AND THE DISCLOSURE STATEMENT.

NO STATEMENTS OR INFORMATION CONCERNING THE DEBTOR OR ANY OTHER ENTITY DESCRIBED IN THE DISCLOSURE STATEMENT OR THE PLAN, PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS, PROFITS, FINANCIAL CONDITIONS, ASSETS, LIABILITIES OR THE DEBT SECURITIES TO BE ISSUED PURSUANT TO THE PLAN, ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT.

The Debtor is unable to warrant or represent that the information set forth in the Disclosure Statement is without any inaccuracy. To the extent practicable, however, great effort has been made to ensure that all such information is fairly presented.

I.
PROCEDURAL INFORMATION

Voting. Under 11 U.S.C. §1126 and Federal Rule of Bankruptcy Procedure 3018(a), only creditors whose claims are deemed allowed pursuant to §502 of the Bankruptcy Code, or have been allowed by an Order of the Bankruptcy Court, are entitled to vote on the Plan. A holder of an unimpaired claim is deemed to have accepted the Plan.

Except as otherwise provided in the Disclosure Order, ballots are being sent with the Disclosure Statement to the known holders of all Claims against the Debtor, as of the commencement date of this on August 25, 2017, including those that have been or will be objected to by the Debtor. The holders of Claims and Interests that have been objected to by the Debtor are not entitled to vote on the Plan unless otherwise ordered by the Bankruptcy Court in accordance with Federal Rule of Bankruptcy Procedure 3018(a), which provides, in pertinent part, that: “Notwithstanding objection to a claim or interest, the Court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan”.

All pleadings and other documents referred to in the Disclosure Statement as being on file with the Bankruptcy Court are available for inspection and review during normal business hours at the office of the Clerk of the Bankruptcy Court, 400 E. Ninth St., Kansas City, Missouri 64106.

ANY CHANGES TO THESE DOCUMENTS WILL BE DESCRIBED AT THE HEARING ON THE CONFIRMATION OF THE PLAN.

After carefully reviewing the Plan, this Disclosure Statement and Exhibits annexed thereto, please indicate your vote(s) with respect to the Plan on the ballot sent to you and return it by the deadline to Debtor's counsel. If you have a Claim in more than one Voting Class, you are entitled to vote each Claim. **PLEASE VOTE AND RETURN EVERY BALLOT THAT YOU RECEIVED, IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY _____.**

The Court will hold a hearing on confirmation of the Plan commencing at _____ A.M./P.M. on _____, 2017 (the "Confirmation Hearing").

II. **HISTORY OF THE BUSINESS**

The properties owned by the Debtor in this case are composed of approximately four hundred fifty-three (453) properties totaling six hundred forty-six (646) residential units in and-around Springfield Missouri, out of which the Debtor has contracts to sell approximately fifty-three (53) properties totaling fifty-four (54) units encumbered by loans made by Central Bank and another nine (9) properties totaling seventeen (17) units encumbered with loans made by First National Bank. Assuming those sales close, the Debtor will own three hundred-ninety-one (391) properties totaling five hundred-seventy-five (575) units.

The properties were acquired over a period of several years by the Debtor and have had fluctuating vacancy rates averaging from 0% to 100% over that timeframe.

Starting in 2015, the Debtor began experiencing problems with numerous properties having "problem tenants" who caused damage to the units and who stopped paying rent. The Debtors' attempts to evict the tenants, repair the damage and then re-lease the units were complicated by a series of city enforcement actions that delayed the Debtors' ability to lease the units and in some instances, resulted in the units being demolished by the city of Springfield.

Commencing in 2015 the Debtor was unable to meet the amortized payment schedules on numerous loans to various financial institutions whose mortgages encumber multiple properties owned

by the Debtor.

In order to stop pending foreclosure actions and reorganize its financial affairs, the Debtor filed for protection under Chapter 11 of the Bankruptcy Code on August 25, 2017

II. HISTORY OF THE CASE

Since the Debtor's Chapter 11 filing, the Debtor has negotiated cash collateral stipulation and adequate protection payments with all of its secured creditors and signed offers to sell 62 properties, totaling 71 units, which will retire approximately \$1,385,495 in debt.

The Debtor continues to evict problem tenants; repair damaged residential units and lease vacant units.

III. SUMMARY OF THE PLAN

A copy of the Plan is attached hereto and made a part hereof to this Disclosure Statement as "**Exhibit A**" The Plan explains how each claim held by a creditor is to be paid. In accordance with the requirements of § 1122(a) of the Code, a claim or interest may be placed in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. As a practical matter, this means that each creditor holding a secured claim is classified separately and other classes may include the claims of several creditors. The classes are as follows:

2.1 Class 1, Administrative Claims. Each Allowed Administrative Claim is to be paid in full in cash (or otherwise satisfied in accordance with the terms of the Plan or the terms agreed to by Debtor and the holder of such Claim) by Debtor on the latest of: (a) the Effective Date; (b) such date as may be fixed by the Bankruptcy Court; (c) the tenth business day after such Claim is Allowed; and (d) such date as the Holder of such Claim and Debtor may agree; or as soon thereafter as is practicable.

2.2 Class 2, Priority Tax Claims and Other Allowed Priority Non-Tax Claims.
Priority Tax Claims. As set forth more fully in the Plan, unless otherwise agreed by the holder of a Priority Tax Claim and the Reorganized Debtor, each Tax Creditor will receive, in full satisfaction of its Allowed Priority Tax Claim, deferred cash payments totaling the Allowed amount of such Claim over a period not exceeding five (5) years from the Petition Date, as required by the Bankruptcy Code, which period shall conclude on or about August 3, 2022. The Plan provides that payments on the Allowed Priority Tax Claims will be made beginning on the first Semi-Annual Distribution Date following the Effective Date and shall continue to become due on each subsequent

Semi-Annual Distribution Date until the Priority Tax Claims are paid in full. The payments on the Allowed Priority Tax Claims shall be made in equal semi-annual installments of principal and simple interest accruing from the Effective Date at the current rate of interest required by law on the unpaid portion of each Allowed Priority Tax Claim (or upon such other terms determined by the Bankruptcy Court to provide the holders of Priority Tax Claims with deferred cash payments having a value, as of the Effective Date, equal to the Allowed amount of such Priority Tax Claims). No payments will be made on account of any penalty arising with respect to or in connection with an Allowed Priority Tax Claim. The Reorganized Debtor will have the right and discretion to pay any Allowed Priority Tax Claim, or any remaining balance of such Priority Tax Claim, in full, at any time on or after the Effective Date, without premium or penalty and without further order of the Court if cash is available to do so.

Other Allowed Priority Non-Tax Claims. Under the Plan, as soon as practicable after the later of the Effective Date and the date the Claim becomes an Allowed Claim, each holder of an Allowed Priority Non-Tax Claim against a Reorganized Debtor will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Non-Tax Claim a Distribution from the applicable Reorganized Debtor: (i) in Cash equal to the unpaid portion of such Allowed Priority Non-Tax Claim against the Debtor, or (ii) in such amounts and on such other terms as may be agreed between the holder of the Allowed Priority Non-Tax Claim and the Debtor, or (iii) in accordance with the terms of the particular agreement under which such Priority Non-Tax Claim arose. To the extent that any Creditor's total Allowed Priority Non-Tax Claim exceeds the amount entitled to Priority treatment under 11 U.S.C. § 507, the remaining amount of such Claim shall be treated as a Class 16 Allowed Unsecured Claim. The Debtor does not believe that there are any unpaid Priority Non Tax Claims to be paid under the Plan.

2.3 Classes 3a, 3b, 3c and 3d, (the "Class 3 Claims") consist of the allowed Secured Claims of Arvest Bank. Arvest Bank may hereinafter be referred to as the "Class 3 Claimant."

The Class 3 Claims consist of the following loans: Class 3a, loan #1705360, Class 3b loan # 4064848, Class 3c, loan # 4243330 and Class 3d, loan # 4319350, hereinafter referred to as the "Class 3 loans". Total combined debt on the Class 3 loans approximates \$1,432,158. The value of the properties securing the Class 3 claims is approximately \$ 1,484,900. The Debtor intends to treat the claim as fully secured.

The Class 3 claims are evidenced by individual notes executed by the Debtor.

The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 3 loans is attached hereto

as "**Exhibit 3D**" and incorporated herein by reference.

The proposed monthly payments to the Class 3 Claimant, approximate loan balances, and contract interest rates on each of the Class 3 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 3 Claims will be paid at the contract interest rate for each Class 3 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 3 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the class 3 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.4 Classes 4a, 4b, 4c and 4d (the Class 4 Claims) consist of the allowed secured claims of **Bancorp South**. Bancorp South may hereinafter be referred to as the "Class 4 Claimant."

The Class 4 Claims consist of the following loans: Class 4a, loan #862000676413, Class 4b loan #862000696023, Class 4c, loan # 866000754304 and Class 4d, loan #866000754308, hereinafter referred to as the "Class 4 loans".

Total combined debt on the Class 4 loans approximates \$756,462.66. The value of the properties securing the Class 4 claims is approximately \$607,800. The Debtor intends to treat the claim as fully secured.

The Class 4 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 4 loans is attached hereto as "**Exhibit 4D**" and incorporated herein by reference.

The proposed monthly payments to the Class 4 Claimant, approximate loan balances, and contract interest rates on each of the Class 4 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 4 Claims will be paid at the contract interest rate for each Class 4 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class

4 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 4 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.5 Classes 5a, 5b, 5c, 5d, and 5e (the "Class 5 Claims") consist of the allowed Secured Claims of Bank of Bolivar. Bank of Bolivar may hereinafter be referred to as the "Class 5 Claimant."

The Class 5 Claims consist of the following loans: Class 5a, loan #6.19610, Class 5b loan # 6.19611, Class 5c, loan # 6.22081, Class 5d, loan #6.22082, and Class 5e, loan #6.23858, hereinafter referred to as the "Class 5 loans".

Total combined debt on the Class 5 loans approximates \$1,422,664. The value of the properties securing the Class 5 claims is approximately \$ 1,294,600. The Debtor intends to treat the claim as fully secured.

The Class 5 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 5 loans is attached hereto as "**Exhibit 5D**" and incorporated herein by reference.

The proposed monthly payments to the Class 5 Claimant, approximate loan balances, and contract interest rates on each of the Class 5 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 5 Claims will be paid at the contract interest rate for each Class 5 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 5 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 5 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.6 Classes 6a, 6b, 6c and 6d (the Class 6 Claims") consist of the allowed secured claims of Bank of Missouri. Bank of Missouri may hereinafter be referred to as the "Class 6 Claimant."

The Class 6 Claims consist of the following loans: Class 6a, loan #133850, Class 6b loan

#136845, Class 6c, loan #139634 and Class 6d, loan #160778, hereinafter referred to as the “Class 6 loans”.

Total combined debt on the Class 6 loans approximates \$1,388,285.50. The value of the properties securing the Class 6 claims is approximately \$1,008,000. The Debtor intends to treat the claim as fully secured.

The Class 6 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 6 loans is attached hereto as “**Exhibit 6D**” and incorporated herein by reference.

The proposed monthly payments to the Class 6 Claimant, approximate loan balances, and contract interest rates on each of the Class 6 loans are attached hereto as “**Exhibit 3C**” and incorporated herein by reference.

The Class 6 Claims will be paid at the contract interest rate for each Class 6 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 6 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 6 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.7 Classes 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h 7i, and 7j (the Class 7 Claims) consist of the **allowed secured claims of Great Southern Bank**. Great Southern Bank may hereinafter be referred to as the “Class 7 Claimant.”

The Class 7 Claims consist of the following loans: Class 7a, loan #96193492, Class 7b loan #96193506, Class 7c, loan #96195339 ,Class 7d loan #96196262, Class 7e, loan #96196270, Class 7f, loan #96272856, Class 7g, loan #96199040, Class 7h, loan# 96205792, Class 7i, loan# 96212381, and Class 7j, loan #130091769, hereinafter referred to as the “Class 7 loans”.

Total combined debt on the Class 7 loans approximates \$ 1,406,060.66. The value of the properties securing the Class 7 claims is approximately \$1,553,004. The Debtor intends to treat the claim as fully secured.

The Class 7 claims are evidenced by individual notes executed, by the Debtor. The notes are

collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 7 loans is attached hereto as "**Exhibit 7D**" and incorporated herein by reference.

The proposed monthly payments to the Class 7 Claimant, approximate loan balances, and contract interest rates on each of the Class 7 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 7 Claims will be paid at the contract interest rate for each Class 7 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 7 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 7 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired

2.8 Classes 8a, 8b, 8c, 8d, 8e and 8f (the "Class 8 Claims") consist of the allowed Secured Claims of Guaranty Bank. Guaranty Bank may hereinafter be referred to as the "Class 8 Claimant."

The Class 8 Claims consist of the following loans: Class 8a, loan # 5100190938, Class 8b loan # 5400228881, Class 8c, loan #5400228909, Class 8d, loan # 5400229052, Class 8e, loan # 5400229090, and Class 8f, loan # 5400229140, hereinafter referred to as the "Class 8 loans".

Total combined debt on the Class 8 loans approximates \$ 2,934,084.81. The value of the properties securing the Class 8 claims is approximately \$2,473,300. The Debtor intends to treat the claim as fully secured.

The Class 8 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 8 loans is attached hereto as "**Exhibit 8D**" and incorporated herein by reference.

The proposed monthly payments to the Class 8 Claimant, approximate loan balances, and contract interest rates on each of the Class 8 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 8 Claims will be paid at the contract interest rate for each Class 8 loan in payments of

interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 8 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 8 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.9 Classes 9a, 9b, 9c and 9d (the Class 9 Claims) consist of the allowed secured claims of Legacy Bank and Trust. Legacy Bank and Trust may hereinafter be referred to as the "Class 9 Claimant."

The Class 9 Claims consist of the following loans: Class 9a, loan #40001644, Class 9b loan #40003477, Class 9c, loan #40003752 and Class 9d, loan #40003612, hereinafter referred to as the "Class 9 loans".

Total combined debt on the Class 9 loans approximates \$1,475,729.22. The value of the properties securing the Class 9 claims is approximately \$926,400. The Debtor intends to treat the claim as fully secured.

The Class 9 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 9 loans is attached hereto as "**Exhibit 9D**" and incorporated herein by reference.

The proposed monthly payments to the Class 9 Claimant, approximate loan balances, and contract interest rates on each of the Class 9 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 9 Claims will be paid at the contract interest rate for each Class 9 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 9 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 9 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

2.10 Classes 10a, 10b, and 10c (the Class 10 Claims) consist of the allowed secured claims of Mid Missouri Bank. Mid Missouri Bank may hereinafter be referred to as the “Class 10 Claimant.”

The Class 10 Claims consist of the following loans: Class 10a, loan# 322289001, Class 10b loan #322289002, and Class 10c, loan #322289101, hereinafter referred to as the “Class 10 loans”.

Total combined debt on the Class 10 loans approximates \$912,392.28. The value of the properties securing the Class 10 claims is approximately \$857,400. The Debtor intends to treat the claim as fully secured.

The Class 10 claims are evidenced by individual notes executed, by the Debtor.

The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 10 loans is attached hereto as “**Exhibit 10D**” and incorporated herein by reference.

The proposed monthly payments to the Class 10 Claimant, approximate loan balances, and contract interest rates on each of the Class 10 loans are attached hereto as “**Exhibit 3C**” and incorporated herein by reference.

The Class 10 Claims will be paid at the contract interest rate for each Class 10 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 10 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 10 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.11 Classes 11a, 11b, 11c and 11d (the Class 11 Claims) consist of the allowed secured claims of Old Missouri Bank. Old Missouri Bank may hereinafter be referred to as the “Class 11 Claimant.”

The Class 11 Claims consist of the following loans: Class 11a, loan #9452, Class 11b loan #9512, and Class 11c, loan #12628, and Class 11d, Loan #10121, hereinafter referred to as the “Class 11 loans”.

Total combined debt on the Class 11 loans approximates \$1,421,490.85. The value of the properties securing the Class 11 claims is approximately \$1,093,900. The Debtor intends to treat the

claim as fully secured.

The Class 11 claims are evidenced by individual notes executed, by the Debtor. The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 11 loans is attached hereto as "**Exhibit 11D**" and incorporated herein by reference.

The proposed monthly payments to the Class 11 Claimant, approximate loan balances, and contract interest rates on each of the Class 11 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 11 Claims will be paid at the contract interest rate for each Class 11 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 11 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 11 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.12 Classes 12a, 12b, 12c, 12d, 12e, 12f, 12g, 12h 12i, and 12j (the Class 12 Claims) **consist of the allowed secured claims of Simmons Bank.** Simmons Bank may hereinafter be referred to as the "Class 12 Claimant."

The Class 12 Claims consist of the following loans: Class 12a, loan #3016984, Class 12b loan #3017325, Class 12c, loan #3115501 Class 12d loan #3115524, Class 12e, loan #3116262, Class 12f, loan #3116305, Class 12g, loan #4019868, Class 12h, loan #10361726, Class 12i, loan #40001896, and Class 12j, loan #50000476, hereinafter referred to as the "Class 12 loans".

Total combined debt on the Class 12 loans approximates \$2,089,631.06. The value of the properties securing the Class 12 claims is approximately \$1,852,900. The Debtor intends to treat the claim as fully secured.

The Class 12 claims are evidenced by individual notes executed, by the Debtor.

The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 12 loans is attached hereto as "**Exhibit 12D**" and incorporated herein by reference.

The proposed monthly payments to the Class 12 Claimant, approximate loan balances, and contract interest rates on each of the Class 12 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 12 Claims will be paid at the contract interest rate for each Class 12 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 12 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 12 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired

2.13 Classes 13a, 13b, 13c, 13d, and 13e (the "Class 13 Claims") consist of the allowed Secured Claims of Southern Missouri Bank of Marshfield. Southern Missouri Bank of Marshfield may hereinafter be referred to as the "Class 13 Claimant."

The Class 13 Claims consist of the following loans: Class 13a, loan #60016056, Class 13b loan #60017340, Class 13c, loan #60017489, Class 13d, loan #60017564, and Class 13e, loan #60019096, hereinafter referred to as the "Class 13 loans".

Total combined debt on the Class 13 loans approximates \$1,348,558.15. The value of the properties securing the Class 13 claims is approximately \$1,015,000. The Debtor intends to treat the claim as fully secured.

The Class 13 claims are evidenced by individual notes executed, by the Debtor.

The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 13 loans is attached hereto as "**Exhibit 13D**" and incorporated herein by reference.

The proposed monthly payments to the Class 13 Claimant, approximate loan balances, and contract interest rates on each of the Class 13 loans are attached hereto as "Exhibit 3C" and incorporated herein by reference.

The Class 13 Claims will be paid at the contract interest rate for each Class 13 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class

13 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 13 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.14 Classes 14a, 14b, 14c, and 14d (the "Class 14 Claims") consist of the allowed Secured Claims of Southern Bank. Southern Bank may hereinafter be referred to as the "Class 14 Claimant."

The Class 14 Claims consist of the following loans: Class 14a, loan #639353, Class 14b loan #661752, Class 14c, loan #1600090324, and Class 14d, loan #635903, hereinafter referred to as the "Class 14 loans".

Total combined debt on the Class 14 loans approximates \$1,668,087.00. The value of the properties securing the Class 14 claims is approximately \$1,265,800. The Debtor intends to treat the claim as fully secured.

The Class 14 claims are evidenced by individual notes executed by the Debtor.

The notes are collateralized by Deeds of Trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 14 loans is attached hereto as "**Exhibit 14D**" and incorporated herein by reference.

The proposed monthly payments to the Class 14 Claimant, approximate loan balances, and contract interest rates on each of the Class 14 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 14 Claims will be paid at the contract interest rate for each Class 14 loan in payments of interest-only for the first thirty (30) months and then be paid at the contract interest rate amortized over thirty (30) years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 14 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 14 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.15 Classes 15, 15b, 15c, 15d, 15e and 15f (the "Class 15 Claims") consist of the allowed Secured Claims of Systematic Savings Bank. Systematic Savings Bank may hereinafter be referred to

as the "Class 15 Claimant."

The Class 15 Claims consist of the following loans: Class 15a, loan #1788, Class 15b loan #6650, Class 15c, loan #6651, and Class 15d, loan #6722, 15e loan #6881 and 15f loan #6817, hereinafter referred to as the "Class 15 loans".

Total combined debt on the Class 15 loans approximates \$714,620.78. The value of the properties securing the Class 15 claims is approximately \$712,200. The Debtor intends to treat the claim as fully secured.

The Class 15 claims are evidenced by individual notes executed, by the Debtor.

The notes are collateralized by deeds of trust conveying interests in real estate owned by the Debtor and assignments of rents.

The value of the real property or properties collateralized by the Class 15 loans is attached hereto as "**Exhibit 15D**" and incorporated herein by reference.

The proposed monthly payments to the Class 15 Claimant, approximate loan balances, and contract interest rates on each of the Class 15 loans are attached hereto as "**Exhibit 3C**" and incorporated herein by reference.

The Class 15 Claims will be paid at the contract interest rate for each Class 15 loan in payments of interest-only for the first 30 months and then be paid at the contract interest rate amortized over 30 years for months 31-60.

The combined cash flows within the Debtor portfolio and or of the properties subject to the Class 15 loans provide sufficient revenue to make the above payments. In addition, the Debtor may offer the properties for sale, the revenue from which would significantly reduce or pay in full all or part of the Class 15 Claims. In the event that a tenant is lost, the Debtors' principal has the ability and will supplement the revenue necessary to make the monthly payments.

This class is impaired.

2.16 Class 16, Allowed Unsecured Claims. This class shall be the claims of unsecured creditors. These claims approximate \$41,022 between the creditors. These claims will be paid over 5 years with interest at 5%. The monthly payment will be \$2,051.

This class is impaired.

2.17 Class 17, Equity Interests. The Debtor's principal, Chris Gatley will retain his interest in the Debtor.

IV. **DISCLOSURE OF EMPLOYMENT**

No principal of the Debtor or family member is employed by or will be employed by Debtor.

V.
LIQUIDATION ANALYSIS

Under the provisions of § 1129 (a)(7) of the Code as amended, a plan of reorganization may be confirmed if, inter alia the holders of impaired claims accept the Plan or will receive under the Plan "property of a value... that is not less than the amount such holder would receive or retain if the Debtor were liquidated under Chapter 7..."

Debtor values its' combined assets at less than the approximately \$18,970,000 owed to the Class 3 through Class 15 Claimants. If the Plan is not confirmed, the creditors holding claims secured by deeds of trust would foreclose the property in separate parcels. The value received would be lower and the unsecured creditors would receive no payment on their claims and the secured creditors would very likely receive less. Several would receive little or no payment on their claims.

Over time, the 417 Rentals property has been improved, but it is unlikely that these improvements, at this time, would add significant value in a foreclosure context.

In addition, conversion to Chapter 7 would result in additional administrative costs and delay in time during which the trustee will analyze the case and determine what disposition to make of the property. Proceeds could also be diminished by costs of foreclosure.

VI.
IMPLEMENTATION OF THE PLAN

A. 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.

B. Post-Confirmation Operations. Notwithstanding the entry of an Order of Confirmation, the Debtor shall continue as Debtor-in-Possession until entry of a final decree closing this Chapter 11 case; shall have all rights and powers of a trustee serving in a case under this Chapter of the Bankruptcy Code; shall retain and remaining possession after confirmation of this Plan of all causes of action as they may have under the Bankruptcy Code; and as Debtor-in-Possession shall be

authorized to prosecute such actions as fully and completely as if the same were being prosecuted by a Trustee in Bankruptcy. The Bankruptcy Court shall have and retain jurisdiction over such causes of action.

Although there is sufficient income to make the Plan payments, in the even that additional funds are needed, the Debtor's principal has the ability and has made the commitment to provide personal funds, should that occasion arise. The five-year projections are attached hereto, made a part hereof and marked "**Exhibit B.**"

C. Discharge of Debtor. The Debtor will be discharged from all pre-petition obligations upon completion of the Plan.

D. Executory Contracts. All executory contracts set forth on the schedule of assumed executory contracts filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing shall be deemed assumed by Debtor, as of the Effective Date, except for any executory contract (a) that has been rejected pursuant to an Order of the Bankruptcy Court entered prior to the Effective Date, or (b) as to which a motion for approval of the rejection of such executory contract, if applicable, has been filed with the Bankruptcy Court prior to the Effective Date.

E. Unexpired Leases. All unexpired leases set forth on the schedule of assumed unexpired leases filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing shall be deemed assumed by Debtor, as of the Effective Date, except for any unexpired lease (a) that has been rejected pursuant to an Order of the Bankruptcy Court prior to the Effective Date, or (b) as to which a motion for approval of the rejection of such unexpired lease, if applicable, has been filed with the Bankruptcy Court prior to the Effective Date.

F. Deemed Rejection. All executory contracts and unexpired leases not specified on the schedule of assumed executory contracts and unexpired leases, filed with the Bankruptcy Court prior to the Effective Date or not previously rejected shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (a) that has been assumed pursuant to a final order entered on or before the Effective Date, or (b) that is the subject of a pending motion to assume or an order relating to assumption that has not yet become a final order as of the Effective Date.

G. 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 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.

H. 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 their business.

I. Administrative Expenses. There are no unpaid, post-petition debts. U.S. Trustee fees will be due for the first and second quarters of 2018. The U.S. Trustee fees will be paid by the Effective Date. Attorneys' fees will either be paid on the Effective Date or in equal installments during the six months following confirmation. If sufficient funds are not available from the Debtor, Chris Gatley will pay those fees and expenses.

J. Continuation of Liens. The valid liens of the secured creditors will continue throughout the life of the Plan or until the claims are paid in full.

K. Officers and Managers. Chris Gatley is the only officer and manager of the Debtor. Mr. Gatley will receive management fees during the life of the Plan.

L. Management. Chris Gatley will manage the Debtor. He will be assisted by the necessary accounting and clerical personnel, although the costs will be minimal and will approximate the past costs expended during the pendency of this reorganization proceeding.

M. Members of the Debtor. Chris Gatley is the sole member of Debtor.

N. Validity of Arvest Bank Lien. The Debtor recognizes and acknowledges the validity of the lien of Arvest Bank.

O. Causes of Action. The Debtor shall retain all causes of action, known or unknown that exist at the time of confirmation. At the present time, no known causes of action exist.

P. Powers of the Debtor. The Debtor will have the powers of a Trustee, to the extent necessary to carry out the provisions of the Plan.

Q. Guarantees of Chris Gatley. Chris Gatley is the sole interest holder of the Debtor and will be financially responsible for any shortage or inability of the Debtor to make the plan payments.

R. Provisions of Loan Documents. The terms and provisions of loan documents between the Debtor and the Class 3 through 15 Claimants shall remain unchanged, except for those terms that are specifically changed by confirmation of the Plan and incorporated as part of the Plan or pursuant to Court order.

S. Class 3 through Class 15 Claimants claims. The claims of the Class 3 through Class 15 Claimants are allowed.

T. 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 OR A CLAIM ENTITLED TO

VOTE ON THIS PLAN FAILING TO RETURN A BALLOT BY THE VOTING DEADLINE (AS DEFINED IN THE DISCLOSURE STATEMENTS) SHALL BE DEEMED TO HAVE VOTED SUCH HOLDER'S CLAIMS TO ACCEPT THE PLAN. Allowed Secured Claims and Allowed Nonpriority Unsecured Claims are impaired and are entitled to vote. Allowed Administrative Claims, allowed Ordinary Course Administrative Claims and allowed Priority Claims are unimpaired, are deemed to accept, and are not entitled to vote.

U. **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.

V. **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 reserves the right to request that the Bankruptcy Court confirm this Plan under § 1129(b) of the Bankruptcy Code.

W. **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.

(1) to allow, disallow, determine, liquidate, classify, estimate, or establish the amount of 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 of priority of Claims;

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

(3) 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;

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

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

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

(7) to resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which Debtor are parties and to hear, determine,

and if necessary liquidate any claims arising from or cure amounts related to such assumption or rejection;

(8) 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;

(9) 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;

(10) to consider and approve any modification of the Plan under § 1127 of the Bankruptcy Code or under Bankruptcy Rule 2019 and/or any modification of the Plan after substantial consummation as defined in § 1101(2) of the Bankruptcy Code;

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

(12) 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, Disclosure Statement or the Confirmation Order except as otherwise provided in the Plan;

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

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

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

(16) 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 in the provisions thereof; and

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

X. Risk Analysis. Because of the numerous risks and inherent uncertainties that will affect the operations of the Reorganized Debtor, the actual results of the Reorganized Debtor may be different from those projected, and such differences may be material and may adversely affect the Reorganized Debtor and its operations.

VII. **FEASIBILITY**

At this time, Debtor receives approximately \$278,000 per month in rent from several hundred tenants. The principal of Debtor can, and will, supplement cash flow to make payments under the Plan. The Debtor is actively seeking tenants and buyers and believes that the Plan is feasible.

The Plan is feasible.

VIII.
TAX CONSEQUENCES OF THE PLAN

A. INTRODUCTION

THE DEBTOR BELIEVES THAT EACH HOLDER OF A CLAIM SHOULD DISCUSS ANY POTENTIAL INCOME TAX CONSEQUENCES OF THE PLAN WITH COMPETENT TAX COUNSEL IN ORDER TO FULLY UNDERSTAND THE TAX IMPACT OR POTENTIAL IMPACT OF THE PLAN ON SUCH HOLDER OF A CLAIM OR INTEREST.

B. FEDERAL TAXES

The Plan may modify or affect the timing of the Federal Income tax treatment of claims.

DEBTOR MAKES NO REPRESENTATION NOR RENDERS ANY OPINION AS TO WHAT THE INCOME TAX CONSEQUENCES WILL BE OR ARE LIKELY TO BE IN THE CASE OF CONFIRMATION OF THE PLAN TO ANY CREDITOR, EACH MEMBER OF EACH CLASS IS SOLELY RESPONSIBLE FOR DETERMINING THE FEDERAL INCOME TAX CONSEQUENCES APPLICABLE TO ITS OWN CIRCUMSTANCES, CREDITORS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE PLAN AS IT AFFECTS THEIR PARTICULAR CLAIM OR INTEREST, INCLUDING THE IMPACT OF STATE AND LOCAL TAXES. NO OPINION OF TAX COUNSEL HAS BEEN SOUGHT OR OBTAINED IN CONNECTION WITH THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED HERE ARE ONLY GENERAL OBSERVATIONS AND ARE NOT TO BE INTERPRETED OR CONSTRUED AS LEGAL ADVICES.

IX.
CONFIRMATION REQUIREMENTS

At the hearing on the confirmation of the Plan, the Bankruptcy Court will confirm the Plan only if the requirements of the Bankruptcy Code, particularly those set forth in §1129, have been satisfied.

A. ACCEPTANCES NECESSARY TO CONFIRM THE PLAN

At the hearing on the confirmation of the Plan, the Bankruptcy Court must determine, among

other things, whether the Plan has been accepted by the requisite amount and number of allowed claims in each impaired class. Under the Bankruptcy Code, a class of creditors is impaired if their legal, equitable or contractual rights are altered by a proposed plan of reorganization. If a class is not impaired, each creditor in such unimpaired class is conclusively presumed to have accepted the Plan pursuant to §1126(f) of the Bankruptcy Code. Classes three through five are impaired under the Plan and holders of allowed claims in such classes are entitled to vote for or against the Plan by completing and returning the ballots mailed to them with the Disclosure Statement in the manner set forth in the ballots.

Under §1126 of the Bankruptcy Code, an impaired class of creditors and each holder of a claim in such Class will be deemed to have accepted a plan if the holder of at least two-thirds in amount and more than on-half in number of the Allowed Claims in such impaired Class for which completed ballots have been received have voted for acceptance of the Plan. An impaired Class of Equity Interests and each Holder of an Interest in such Class will be deemed to have accepted a Plan if the Plan has been accepted by at least two-thirds in amount of the interest in such Class who actually vote on the Plan.

If all impaired Classes under the Plan do not accept the Plan, the Debtor intends to request the Bankruptcy Court to confirm the Plan pursuant to §1129(b) of the Bankruptcy Code. To confirm the Plan under §1129(b) of the Bankruptcy code, the Bankruptcy Court must determine, among other things, that the Plan does not discriminate unfairly and that it is fair and equitable with respect to each Class of impaired Allowed Claims that have not voted to accept the Plan.

B. BEST INTERESTS OF CREDITORS

To satisfy one of the requirements necessary for confirmation of the Plan, the Debtor must establish, and the Bankruptcy Court must find that, with respect to each class of allowed claims under the Plan, each holder of an allowed claim in that class either has accepted the Plan or will receive or retain under the Plan on account of such allowed claims property of a value that is at least the amount that such holder would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. The section of this Disclosure Statement entitled "Liquidation Analysis" contains the Debtor' analysis of the likely results of a Chapter 7 liquidation of the Debtor. The Bankruptcy Court must compare the value of the distributions to each class under the Plan to determine if the Plan is in the best interest of each class of allowed claims.

THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF THE HOLDERS OF ALL ALLOWED CLAIMS AND PROVIDES VALUE TO ALL OF THEM AT LEAST IN THE AMOUNTS THAT THEY WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION CASE OF THE DEBTOR.

X.
SUBMISSION

Debtor submits that this Plan meets all requirements of the Bankruptcy Code, is filed in good faith, is in the best interest of creditors and is feasible. Debtor asks that you accept the Plan.

Dated: January 5, 2018

417 RENTALS, LLC

By: /s/ Christopher Gatley
Christopher Gatley, Member

BERMAN, DeLEVE, KUCHAN & CHAPMAN, LLC

By: /s/ Ronald S. Weiss

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**ATTORNEYS FOR 417 RENTALS, LLC
DEBTOR AND DEBTOR-IN-POSSESSION**