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5 **UNITED STATES BANKRUPTCY COURT**
6 **DISTRICT OF NEVADA**

7 In re:

8 SARA SALAZAR,
9 Debtor.

BK-S-15-12690-abl

DEBTOR'S DISCLOSURE STATEMENT
RE: DEBTOR'S PLAN OF
REORGANIZATION – PLAN # 1

Hearing Date: December 14, 2016
Hearing Time: 1:30 p.m

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1 **1. INTRODUCTION**

2 This Disclosure Statement contains information about SARA SALAZAR (the “Debtor”),
3 and describes the Debtor’s Plan of Reorganization - Plan # 1 (the “Plan”). Article 5 of this
4 Disclosure Statement contains a summary of the Plan including class treatment and distributions. A
5 full copy of the Plan is attached hereto as Exhibit 1 and also filed separately on the case docket.
6 *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully*
7 *and discuss them with your attorney. If you do not have an attorney, you may wish to consult*
8 *one.*

9 **1.1. Purpose of This Document.** This Disclosure Statement¹ is submitted pursuant to 11 U.S.C.
10 §1125² and describes:

- 11 • The Debtor and significant events during the bankruptcy case,
- 12 • How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you
- 13 will receive on your claim or equity interest if the plan is confirmed),
- 14 • Who can vote on or object to the Plan,
- 15 • What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to
- 16 confirm the Plan,
- 17 • Why the Plan proponent believes the Plan is feasible, and how the treatment of your claim
- 18 or equity interest under the Plan compares to what you would receive on your claim or
- 19 equity interest in liquidation, and
- 20 • The effect of confirmation of the Plan.

21 Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement
22 describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

23 **1.2. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.** The Court has
24 not yet confirmed the Plan described in this Disclosure Statement. The Order approving this
25 Disclosure Statement sets the following:

- 26 • The deadline for objecting to confirmation of the Plan.
- 27 • The time and place for Plan confirmation.
- 28 • The deadline for voting to accept or reject the Plan.
- If the Order is conditional, the time and place of the hearing to finally approve

29 _____
30 ¹ The Disclosure Statement follows the general form and content of Official Form 25B. Various alterations,
31 deletions, and additions have been made though to accommodate case specifics, facilitate ease of review, and
32 incorporate desired language.

33 ² Unless otherwise stated, references herein to the “Bankruptcy Code,” the “Code,” or unspecified references
34 to “Section” or “§” refer to 11 U.S.C. § 101 et seq., as amended.

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1 this Disclosure Statement and the deadline for objecting to the adequacy of
2 disclosure.

3 **The above deadlines are also detailed in the Notice of Confirmation Hearing or if the**
4 **Order is conditional, the Notice of Combined Hearing provided to you.** If your class is
5 entitled to vote for or against the Plan, ballots should be returned (and received by the deadline) to
6 the Debtor’s Balloting Agent at the address provided therein. In the event the Plan is not accepted
7 by all classes, the Debtor will request confirmation of the Plan in accordance with the provisions of
8 11 U.S.C. § 1129(b). If you want additional information about the Plan, you should contact
9 Debtor’s Counsel.

10 **2. DISCLAIMER(S)**

11 **2.1. THE COURT HAS APPROVED (OR CONDITIONALLY APPROVED AS THE**
12 **CASE MAY BE) THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE**
13 **INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN**
14 **INFORMED JUDGMENT ABOUT ITS TERMS. THE COURT HAS NOT YET**
15 **DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR**
16 **CONFIRMATION. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT**
17 **CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT, OR A**
18 **RECOMMENDATION THAT IT BE ACCEPTED. IF CONDITIONAL, THE COURT’S**
19 **APPROVAL OF THIS DISCLOSURE STATEMENT IS SUBJECT TO FINAL**
20 **APPROVAL AT THE HEARING ON CONFIRMATION OF THE PLAN.**

21 **2.2. THE PLAN IS NOT A PART OF THIS DISCLOSURE STATEMENT AND MUST**
22 **BE REVIEWED INDEPENDENTLY. EXCEPT AS SET FORTH IN THIS**
23 **DISCLOSURE STATEMENT (INCLUDING REFERENCED SCHEDULES³ AND**
24 **EXHIBITS), NO REPRESENTATIONS CONCERNING THE DEBTOR, DEBTOR'S**
25 **ASSETS, PAST OR FUTURE FINANCIAL MANAGEMENT, OR THE PLAN ARE**
26 **AUTHORIZED. UNAUTHORIZED REPRESENTATIONS SHOULD NOT BE RELIED**
27 **UPON IN ARRIVING AT A VOTING DECISION WITH RESPECT TO THE PLAN**
28 **AND SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR. AN**
INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN
THIS DISCLOSURE STATEMENT HAS NOT BEEN CONDUCTED. NEITHER
DEBTOR NOR DEBTOR'S COUNSEL WARRANT OR REPRESENT THAT
INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT
ANY INACCURACY. FACTUAL INFORMATION REGARDING THE DEBTOR, THE
DEBTOR’S ESTATE, ASSETS, AND LIABILITIES, HAVE BEEN DERIVED FROM
THE DEBTOR’S RECORDS, PETITION SCHEDULES, PUBLIC RECORDS AND
RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN. THE ABILITY
OF THE DEBTOR TO ACHIEVE PROJECTED PERFORMANCE IS SUBJECT TO
SUBSTANTIAL RISKS. THEREFORE, PROJECTIONS PREPARED BY THE
DEBTOR DO NOT CONSTITUTE A GUARANTY OF RESULTS.

³ Reference to numbered schedules (e.g. Schedule 1, Schedule 2, etc.) refer to schedules attached to this Disclosure Statement. Schedule references beginning with letters (e.g. Schedule “B” or “B 106”) refer to official bankruptcy forms filed separately on the case docket.

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1 **2.3. THIS DISCLOSURE STATEMENT MERELY CONTAINS A SUMMARY OF THE**
2 **PLAN. THE PLAN ITSELF SHALL CONTROL IN THE EVENT OF ANY**
3 **INCONSISTENCIES BETWEEN THE DOCUMENTS. STATEMENTS HEREIN ARE**
4 **MADE AS OF THE DATE THE DISCLOSURE STATEMENT IS EXECUTED BY**
5 **DEBTOR UNLESS ANOTHER TIME IS EXPRESSLY PROVIDED. THE DELIVERY**
6 **OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY**
7 **CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS NOT BEEN**
8 **ANY CHANGE IN THE INFORMATION PROVIDED SINCE THE DATE OF**
9 **EXECUTION.**

6 **3. BACKGROUND**

7 **3.1. Description and History of Debtor, Debtor’s Business, and Insiders (if any).**

8 Sara Salazar is an individual who is employed as a nurse. Debtor also receives monthly
9 rental income from an Investment Property located at 2090 Bowstring Drive Las Vegas,
Nevada 89142 (“Investment Property”) which is not operated as an independent business
entity.

10 Pursuant to 11 U.S.C. §101(31)(A), as an individual, Debtor’s “insiders” include:

- 11 1. Debtor’s husband who is not a joint debtor in this case.

12 **3.2. Management of Finances.**

13 Both before and after the filing of this case, Debtor has managed Debtor’s personal affairs
14 and the Investment Property. Debtor will continue to manage Debtor’s own financial affairs
15 post confirmation and throughout the duration of the Plan though Debtor reserves the right to
retain financial professionals as needed.

16 **3.3. Events Leading to the Chapter 11 Filing.**

17 Debtor was no longer regularly generating enough income to maintain all creditor payments
and experienced a significant devaluation of the Investment Property.

18 **3.4. Significant Events Occurring in this Bankruptcy.**

19 On 5/11/2015 Debtor filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy
20 Code. The meeting of creditors (11 U.S.C. § 341) was held and concluded on or about June
21 11, 2015. Debtor has remained in possession of Estate property pursuant to 11 U.S.C. §
22 1107. Since filing the voluntary petition, Debtor’s efforts have focused on reorganization of
23 secured debt. Debtor has filed an Application to Employ (counsel). Debtor filed a Motion
to Value the Investment property and received an Order granted the value of the property at
\$130,000.00. There have been no other significant events during the pending proceedings
and Debtor’s finances have remained stable.

24 **3.5. Prior Bankruptcy Proceedings.**

25 There are no case associations for this case.
26 •

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1 **3.6. Pending Litigation.**

2 No pending litigation involving the Debtor or the Estate is presently pending or anticipated.

3 **3.7. Fraudulent and Preferential Transfers.**

4 To the best of Debtor’s knowledge and belief there have not been any fraudulent or
5 preferential transfers within one year of the bankruptcy filing.

6 **3.8. Sources of Information for this Disclosure Statement.** Information contained in this
7 Disclosure Statement and the Plan have not been audited. Descriptions, values, and facts provided
8 are derived from the Debtor’s experience in managing Debtor’s personal affairs and finances and
9 where applicable, from professionals employed by Debtor. Significant effort has been made to
10 compile and review the information provided herein. **Creditors are urged to review the Plan**
11 **prior to voting.**

12 **4. OPERATIONS, CURRENT & HISTORICAL FINANCIAL CONDITIONS**

13 Debtor's income is generated from personal employment and from rental income received
14 from Debtor's Investment Property. Debtor has been able to improve cash reserves since the filing
15 of this bankruptcy and also retain income which can be used to fund the Plan. Available funding is
16 outlined in Schedule 1 “Cash Flow Analysis” attached hereto. A liquidation analysis is also
17 attached as Schedule 2. On the case docket are full descriptions of estate assets and liabilities
18 contained in Debtor’s official schedules, as amended. Also available are various operating reports
19 covering Debtor’s post-petition performance.

20 **4.1. Assets.**

21 Debtor’s assets consist generally of the following:

22 Real Property:	Investment Property: 1. 2090 Bowstring Drive, Las Vegas, Nevada 89142(undersecured) 2. 6700 Virgil Way, Nine Mile Falls, Washington 99037
23 Personal Property:	Category 2 - Accounts Category 4 – Household Goods and Furnishings Category 6 – Wearing Apparel Category 25 – Automobiles, Trucks, Trailers, etc.

24 **Note:** Details regarding applicable exemptions and the extent to which these assets are
25 encumbered are provided in Debtor’s official schedules, as amended, filed on the case docket and
26 Schedule 2, attached hereto.
27
28

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4.2. Liabilities.

The estimated liabilities of the Debtor as set forth in filed proofs of claim, Debtor’s official schedules, as amended, as well as in post-petition operating reports include:		
Proofs of Claims Filed - Total: (2 Claims)		
Secured Claims Total:		\$275625.74
Priority Claims Total:		\$0.00
Unsecured Claims Total:		\$0.00
	Total:	\$275625.74
Schedule D – Creditors Holding Secured Claims		
Creditors Listed (2)	Total Scheduled:	\$289000.00
Schedule E – Creditors Holding Unsecured Priority Claims		
Creditors Listed (0)	Total Scheduled:	\$0.00
Schedule F – Creditors Holding Unsecured Non-Priority Claims		
Creditors Listed (1)	Total Scheduled:	\$6000.00

Note: Plan payments (if any) shall be paid to creditors who have filed a proof of claim or who are deemed to have filed a proof of claim, that are not disputed, contingent, unliquidated, or otherwise allowed by order of the Court (11 U.S.C. § 1111 (a)). Scheduled claims may not match in amount, number, or classification, the actual proofs of claim filed. To ensure proper classification and the avoidance of redundant payments, prior to initial disbursement (if any), Debtor shall reconcile scheduled claims against filed proofs of claim, stipulated claims, and/or claims otherwise allowed. Debtor reserves its right to the full extent permissible under the Bankruptcy Code to object to claims.

4.3. Valuation Discussion. Debtor believes the valuation of assets, estimated on schedules, as amended, are fair estimate(s) if the assets were to be sold at fair market value. Should Debtor be converted to a Chapter 7 bankruptcy resulting in liquidation of the Estate, it is highly possible that significantly lower value(s), or no value at all may be received from liquidated assets. As such, the liquidation analysis in Schedule 2, should only be considered in the context of orderly sales transaction(s) with motivated purchasers. In the event of liquidation, actual value received and resulting creditor payments may vary dramatically depending on the specific markets available to sell Estate assets. Debtor believes the highest potential (and timely) recovery available with the least risk to creditors will be achieved through the proposed Plan.

4.4. Feasibility. Debtor’s Investment Property rental income and personal income has remained stable since the order for relief and is expected to continue to do so. Debtor anticipates that the course of repayment will be certain other than unforeseen business loss, personal disability, or a downturn in general economic activity which exceeds worst estimates presently available to the

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1 general public. Debtor has sufficient net income to fund proposed payments to Creditors under the
2 Plan.

3 **4.5. Projected Recovery of Avoidable Transfers.** The Debtor does not intend to pursue
4 preference, fraudulent conveyance, or other avoidance actions.

5 **4.6. Claim Objections.** Except to the extent that a claim is already allowed pursuant to a final
6 non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your
7 claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to
8 your claim is later upheld. The procedures for resolving disputed claims are set forth in Article 5 of
9 the Plan.

10 **5. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS**
11 **AND EQUITY INTERESTS**

12 **5.1. What is the Purpose of the Plan of Reorganization?** As required by the Code, the Plan
13 places claims and equity interests in various classes and describes the treatment each class will
14 receive. The Plan also states whether each class of claims or equity interests is impaired or
15 unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the
16 Plan. This summary is not a solicitation for acceptance of the Plan. Creditors should not rely on
17 this summary to decide whether or not to vote in favor of or against the Plan. Creditors are
18 expressly referred to the Plan itself as it contains binding provisions which will not be summarized
19 herein.

20 **5.2. Unclassified Claims.** Certain types of claims are automatically entitled to specific treatment
21 under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan.
22 They may, however, object if, in their view, their treatment under the Plan does not comply with that
23 required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

24 **5.2.1. Administrative Expenses.** Administrative expenses are costs or expenses of
25 administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code.
26 Administrative expenses also include the value of any goods sold to the Debtor in the ordinary
27 course of business and received within 20 days before the date of the bankruptcy petition. The
28 Code requires that all administrative expenses be paid on the effective date of the Plan, unless a

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particular claimant agrees to a different treatment. The following administrative expenses presently apply to this case:

<p>Professional Fees, as approved by the Court.</p>	<p>These expenses consist of fees for services rendered and expenses incurred by counsel and other professional persons prior to the Effective Date of the Plan, as approved and allowed by order of the Court, and any other expenses incurred during the course of the Chapter 11 proceeding that have not yet been paid. Presently, the member(s) of this class include Michael J Harker, Esq., Counsel for the Debtor. Debtor engaged the Law Offices of Michael J. Harker, Esq., under a general retainer for representation in these Chapter 11 proceedings (See Docket #39). Debtor's Counsel has not filed any interim fee application(s) at this time. It is anticipated that, in addition to \$8400.00 paid as a retainer prior to the filing of the bankruptcy, future legal fees will be approximately \$5,000 to \$10,000.00. Additional fees are subject to application, notice, and Court approval.</p>
<p>Office of the U.S. Trustee Fees</p>	<p>These expenses consist of various fees of the Office of the United States Trustee. The Reorganized Debtor shall timely pay post confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930 (a)(6) until such time as this Bankruptcy Court enters a final decree closing this Chapter 11 case, administratively closes, orders conversion to a case under Chapter 7, or dismisses this case. After Confirmation, the reorganized Debtor shall file with this Court and shall serve on the United States Trustee such reports as required by Trustee Guidelines and Federal Rule of Bankruptcy Procedure 2015. In the event the Debtor owes pre-confirmation U.S. Trustee's fees on the date of confirmation, the Debtor shall pay all past due fees to the U.S. Trustee on or before the Effective Date of the Plan.</p>

5.2.2. Priority Tax Claims. Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, pursuant to § 1129(a)(9)(C) of the Code, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The following priority tax claims presently apply to this case:

Claimant	Treatment
NA	NA

5.3. Classified Claims and Equity Interests. The following are the Classes set forth in the Plan, and the proposed treatment they will receive under the Plan.

5.3.1. Classes of Secured Claims. Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's

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1 claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as
 2 a general unsecured claim. The following classes contain Debtor's secured prepetition claims
 3 and their proposed treatment under the Plan:

CLASS 1	Impaired: Yes	Insider(s): No
Description:	Secured Claim of NATIONSTAR MORTGAGE. (see Proof of Claim #1) against Debtor's Investment Property located at 2090 Bowstring Drive, Las Vegas, Nevada 89142	
Valuation:	Per the Order Granting Motion to Value Collateral (See Docket # 31), hereby incorporated in its entirety by this reference, the Class 1 Secured Claim is valued at \$130,000.00.	
Summary of Terms:	<ul style="list-style-type: none"> • Interest Rate: 5.25% per annum fixed (360-month amortization schedule) • Payment Start Date: Thirty Days of Plan Confirmation • Maturity Date: 360 months (all remaining amounts due) • Initial Fixed Monthly Payment: \$718.00 (principal & interest) Debtor shall also continue to make payments on Taxes and Insurance for the property	
Voting:	Class 1 is an impaired class and the holder of the Class 1 Secured Claim is entitled to vote to accept or reject the Plan.	

CLASS 2	Impaired: No	Insider(s): No
Description:	Secured Claim of CAPITAL ONE AUTO FINANCE against Debtor's Vehicle.	
Treatment:	The Class 2 claim shall continue to be paid according to the terms of the existing vehicle purchase agreement made between the parties.	
Voting:	Class 2 is an unimpaired class and is deemed to accept the Plan. As such, Class 2 Creditors are not entitled vote to accept or reject the Plan.	

CLASS 3	Impaired: Yes	Insider(s): No
Description:	Class 3 consists of GENERAL UNSECURED CREDITORS of the Debtor including the unsecured portion of the Class One Claim	
Treatment:	All Class 3 Creditors having filed proofs of claims by September 9, 2015 (the "Deadline To File a Proof of Claim") or deemed to have filed proof of claims, that are not disputed, contingent, unliquidated, or otherwise approved by Order of the Court, shall be paid a pro rata share of \$7000.00 which equals or exceeds the estate's liquidation value.	
Discharge of Claims:	For purposes of compliance with 11 U.S.C. 1141(5)(A) and subject to Court approval at the time of discharge, with respect to Class 3, "... completion of all payments under the plan[.]" shall be deemed to have occurred upon payment to all Class 3 Creditors their allotted amount.	
Voting:	Class 3 is an impaired class. As such, Class 3 Creditors are entitled vote to accept or reject the Plan.	
Procedures and Plan Disbursements:	Debtor may seek approval of the Court for additional dividend disbursement procedures including but not limited to notice procedures	

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	<p>and the treatment of Unclaimed Property, which shall conform to the following basic terms:</p> <p><u>Dividend(s)</u>: All payments to Class 3 Creditors shall be in cash or cash equivalent.</p> <p><u>Term</u>: Debtor shall have up to 12 months to pay Class 3 Creditors from the Effective Date.</p> <p><u>Notice of Final Dividend Payment</u>: Each final payment shall be accompanied by a Notice of Final Dividend Payment which shall detail Debtor’s compliance with the terms of this Plan with respect to each creditor receiving a final dividend installment.</p> <p><u>Disbursement Agent</u>: Debtor may serve as its own Disbursement Agent or may select a third party. Under no circumstances shall a third party Disbursement Agent be liable for Debtor’s failure to make payments under the Plan. Subject to Court approval, the third party Disbursement Agent shall be authorized to retain attorneys, if necessary, to object to claims, pay administrative expenses, and may collect a reasonable fee for administering Debtor’s post-confirmation estate.</p> <p><u>Disputed Claims</u>: No payments shall be made on Disputed Claims until the dispute is resolved by settlement between the parties or a final non-appealable order of the Court. In the event of a Disputed Claim, the Disbursement Agent shall establish appropriate reserves limited to the potential dividend due on the Disputed Claim. Should there be a Disputed Claim, payments to claimholders of non-disputed Class 3 claims shall not cease except upon order of the Court.</p> <p><u>Unclaimed Property</u>: Debtor and Debtor’s Disbursement Agent are only required to make reasonable efforts to transmit dividend payments to Class 3 creditors. Failure by a creditor to update payment address(es) or timely process dividend payments received (regardless of the form of legal payment) may result in cancellation of payments and upon approval of the Court, forfeiture of Class 3 creditor’s dividend or portion thereof.</p>
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5.3.2. Classes of Priority Unsecured Claims. Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Claimant	Treatment
NA	NA

1
2 **5.3.4. Class[es] of Equity Interest Holders.** Equity interest holders are parties who hold
3 an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding
4 preferred or common stock are equity interest holders. In a partnership, equity interest holders
5 include both general and limited partners. In a limited liability company (“LLC”), the equity
6 interest holders are the members. Finally, with respect to an individual who is a debtor, the
7 Debtor is the equity interest holder. The following chart sets forth the Plan’s proposed treatment
8 of the class[es] of equity interest holders:
9

CLASS 4	Impaired: NA	Insider(s): NA
Description	Equity Interest Holder – Sara Salazar	
Treatment:	Debtor shall retain under the Plan the following: 1) The Investment Property subject to the Class 1 valuation.	

10
11
12
13 **5.4. Means of Implementing the Plan.**

- 14 **1. Source of Payments.** Payments and distributions under the Plan will be funded by
15 the Investment Property rents and Debtor’s wage income as required.
16 **2. Post-confirmation Management.** See 3.2 above.

17 **5.5. Risk Factors.** Various risk factors can affect the success of a Plan and/or require future
18 amendment(s). Risk factors personal to the Debtor may include change or loss of employment,
19 disability, unexpected expenses (business or otherwise), loss of customers, and management
20 decisions which may negatively affect business revenue. Events beyond Debtor’s control can also
21 result in the inability to fund the Plan such as a general slowing of economic activity and/or events
22 of “force majeure.”

23 **5.6. Executory Contracts and Unexpired Leases.** The Plan describes which contracts and
24 unexpired leases Debtor’s intends to assume under the Plan. Assumption means that the Debtor has
25 elected to continue to perform the obligations under such contracts and unexpired leases, and to
26 cure defaults of the type that must be cured under the Code, if any. If applicable, the Plan also lists
27 how the Debtor will cure and compensate the other party to such contract or lease for any such
28

1 defaults. If you object to the assumption of your unexpired lease or executory contract, the
 2 proposed cure of any defaults, or the adequacy of assurance of performance, you must file and
 3 serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan,
 4 unless the Court has set an earlier time. All executory contracts and unexpired leases that are not
 5 expressly assumed will be rejected under the Plan. Consult your adviser or attorney for more
 6 specific information about particular contracts or leases. If you object to the rejection of your
 7 contract or lease, you must file and serve your objection to the Plan within the deadline for
 8 objecting to the confirmation of the Plan.

9 **5.7. Tax Consequences of Plan.** Distributions received from the Estate may be taxed. The
 10 characterization of distributions for tax purpose depends upon the nature of the claim. The method
 11 of accounting utilized by a creditor for income tax purposes may also affect the tax consequences
 12 of a distribution. In general, the amount of gain (or loss) recognized by a creditor distributee will
 13 be the difference between (i) the creditor's basis (if any) in the claim, and (ii) the amount of the
 14 distribution. Characterization of a distribution as ordinary income or capital gain depends generally
 15 upon whether the distribution results from a claim which would otherwise generate ordinary
 16 income or would constitute a return of capital.

17 **STATEMENTS REGARDING INCOME TAX CONSEQUENCES ARE NOT BINDING**
 18 **AND NO RULING HAS BEEN SOUGHT OR OBTAINED BY DEBTOR FROM THE**
 19 **INTERNAL REVENUE SERVICE OR ANY OTHER TAXING AUTHORITY WITH**
 20 **RESPECT TO THESE MATTERS. CREDITORS ARE URGED TO CONSULT**
 21 **THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS TO**
 22 **DETERMINE SPECIFIC TAX CONSEQUENCES UNDER FEDERAL, STATE, AND**
 23 **LOCAL LAWS, WHICH MAY RESULT FROM CONFIRMATION AND**
 24 **CONSUMMATION OF THE PLAN.**

25 **6. CONFIRMATION REQUIREMENTS AND PROCEDURES**

26 To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the
 27 Code. These include the requirements that: the Plan must be proposed in good faith; at least one
 28 impaired class of claims must accept the plan, without counting votes of insiders; the Plan must
 distribute to each creditor and equity interest holder at least as much as the creditor or equity
 interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest

1 holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only
2 requirements listed in § 1129, and they are not the only requirements for confirmation.

3 **6.1. Who May Vote or Object.** Any party in interest may object to the confirmation of the Plan
4 if the party believes that the requirements for confirmation are not met. Many parties in interest,
5 however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder
6 has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim
7 or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired. See
8 Article 5 above for a description of Plan classes and their impairment status as proposed.

9 **6.1.1. What Is an Allowed Claim or an Allowed Equity Interest?** Only a creditor or equity
10 interest holder with an allowed claim or an allowed equity interest has the right to vote on the
11 Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the
12 claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or
13 unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection
14 has been filed to such proof of claim or equity interest. When a claim or equity interest is not
15 allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote
16 unless the Court, after notice and hearing, either overrules the objection or allows the claim or
17 equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy
18 Procedure. **The deadline for filing a proof of claim in this case was December 2, 2015 and**
19 **unless otherwise extended by court order, all objections to claims must be filed within**
20 **sixty (60) days after entry of an order confirming the Plan.**

21 **6.1.2. What Is an Impaired Claim or Impaired Equity Interest?** As noted above, the holder
22 of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired
23 under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan
24 alters the legal, equitable, or contractual rights of the members of that class.

25 **6.1.3. Who is Not Entitled to Vote.** The holders of the following five types of claims and
26 equity interests are not entitled to vote:

- 27 • holders of claims and equity interests that have been disallowed by an order of the
28 Court;

- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement (unless already approved by the Court).

6.1.4. Who Can Vote in More Than One Class? A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

6.2. Votes Necessary to Confirm the Plan. If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes.

6.2.1. Votes Necessary for a Class to Accept the Plan. A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan. A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

6.2.2. Treatment of Nonaccepting Classes. Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not “discriminate unfairly” and

1 is “fair and equitable” toward each impaired class that has not voted to accept the Plan. The
 2 requirement that a plan not discriminate unfairly generally refers to whether similar claims or
 3 equity interests are treated similarly.

4 **6.2.3. Non-Accepting Secured Class(es).** With respect to secured creditors, to be fair and
 5 equitable, a plan must permit a secured creditor to retain its lien and be paid the full value of its
 6 secured claim. (See § 1129(b)(2)(A)).

7 **6.2.4. Non-Accepting Unsecured Class(es).** The “fair and equitable” plan standard with
 8 respect to a non-accepting unsecured class can be found at § 1129(b)(2)(B). Subsection (ii)
 9 applies where an unsecured class is not receiving or retaining property equal to the allowed
 10 amount of their claim(s). Recently the 9th Circuit Court of Appeals clarified that the standard
 11 under subsection (ii) for permitting retention of property under a plan of reorganization, applies
 12 to the pre-petition property of an individual debtor.⁴ The subsection (ii) standard does not apply
 13 to the retention of property included in the bankruptcy estate by way of 11 U.S.C. §1115 though
 14 (property acquired after the commencement of the case).

15 **6.3. Non-Consensual Confirmation.** Debtor believes the Plan conforms with the requirements of
 16 § 1129(b)(2)(A) and (B). In particular, should there be a non-accepting unsecured class, Debtor
 17 believes the Plan can be confirmed for reasons which include:

18 **6.3.1. Certain Retained Estate Assets Are Exempt:** A portion of the property proposed to be
 19 retained by the Debtor is exempt and thus excluded from the bankruptcy estate under 11 U.S.C.
 20 §522.

21 **6.3.2. Sufficient New Value Is Offered Under The Plan By the Debtor:** The Plan proposes
 22 to pay to unsecured creditors, cash in an amount that is equal to or exceeds the value of any
 23 non-exempt property or portion thereof in the case of partially exempt property. Where the full
 24 value of the property of an individual bankruptcy estate is being paid to unsecured creditors
 25 from non-estate assets, Debtor asserts sufficient “new value” is being provided and that such a
 26

27 ⁴ See *Zachary v. California Bank & Trust*, 2016 WL 360519 (9th Cir. Jan. 28, 2016). 11 U.S.C.
 28 1129(b)(2)(B)(ii) constitutes to the extent intended by Congress, codification of the judicial doctrine
 commonly referred to as the “Absolute Priority Rule.”

1 plan is fair and equitable with respect to unsecured creditors⁵. Debtor also believes the
2 proposed property valuations and the process by which Debtor has proposed to retain assets are
3 fair and equitable under the Plan.⁶ The source of cash payments are Debtor’s post-petition
4 earnings which are excluded from the reach of § 1129(b)(2)(B)(ii) as provided in §1115.

5 **6.3.3. Certain Under-Secured Property Is Retained Under the Plan Solely At The**

6 **Discretion Of Controlling Creditor(s).** Debtor has negotiated retention of certain property
7 from creditor(s) who have sole authority and discretion with respect to said property.

8 Unsecured creditors have no interest either directly or derivatively (i.e. via their interest in the
9 Bankruptcy Estate) in the subject property as it was exempt or was without equity on the
10 petition date.

11 **UPON SATISFACTION OF 11 U.S.C. §1129(a) GENERAL CONFIRMATION**
12 **STANDARDS, BUT EXCLUDING PARAGRAPH (8), DEBTOR WILL REQUEST THE**
13 **COURT CONFIRM A PLAN UNDER THE STANDARDS SET FORTH IN §1129(b).**
14 **YOU SHOULD CONSULT YOUR OWN ATTORNEY IF YOU BELIEVE YOUR**
15 **CLAIM, INTEREST, OR ANY OTHER RIGHT(S) YOU HAVE, MAY BE AFFECTED**
16 **AS A RESULT.**

17 **6.4. Liquidation Analysis.** To confirm the Plan, the Court must find that all creditors and equity
18 interest holders who do not accept the Plan will receive at least as much under the Plan as such
19 claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is
20 attached to this Disclosure Statement as Schedule 2.

21 **6.5. Feasibility.** With respect to feasibility, the court is only required to determine whether a
22 plan can be accomplished. This entails determining:

- The availability of cash for payments required at confirmation;
- The ability of the debtor to make payments called for under the plan; and
- The absence of other factor(s) which might make it impossible for a debtor to accomplish what is promised in the plan as contemplated.

23 The Court's judgment on these matters does not constitute an expression of the Court's opinion as
24 to whether the plan is a good one or an opinion by the Court regarding any debt instrument or
25 equity interest or security interest issued to creditors under the plan. Rather, the Court's judgment

26
27 ⁵ For a discussion of the “new value corollary” see *In re Bonner Mall Partnership*, 2 F. 3d 899 (9th Cir. 1993).

28 ⁶ For a general discussion of §1129(b)(2)(B)(ii) by the Supreme Court, see *Bank of America Nat’l Trust and Sav. Ass’n v. 203 N. Lasalle St. P’ship.*, 526 U.S. 434 (1999).

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1 is merely that the plan complies with the applicable Bankruptcy Code provisions and has garnered
2 sufficient votes by its creditors for confirmation.

3 **7. ALTERNATIVES TO THE PROPOSED PLAN**

4 Debtor believes the Plan will realize the maximum available benefit for creditors. If the
5 Plan is not confirmed, however, the Debtor will seek other avenues for resolution and/or
6 liquidation of debts.

7 **7.1. Conversion.** In the event no suitable alternative to the Plan can be found, Debtor may be
8 compelled to recommend conversion of this Chapter 11 case to a case under Chapter 7 with
9 resulting liquidation of the Estate. Creditors are encouraged to reach their own conclusions but
10 Debtor is of the opinion that a forced liquidation of assets will not be in the best interest of
11 creditors for the following reasons:

- 12 • To evaluate the Debtor's assets and liabilities, the newly appointed Chapter 7 Trustee will
13 require time to become familiar with the Debtor's financial affairs, interview persons, and
14 review documents and operations;
- 15 • Additional administrative expenses entitled to priority over general unsecured claims will be
16 incurred, such as Trustee commissions and fees for any professionals retained;
- 17 • There will likely be no distribution, if any, to the creditors until the case is ready to be
closed;
- Secured creditors must be paid in full first from the sale of encumbered assets which
presently appraise for less than amounts due under applicable security agreements; and
- The bulk of the Estate's unencumbered personal property is exempt under applicable law.

18 Debtor has prepared a "Liquidation Analysis," attached hereto as Schedule 2 which illustrates the
19 likely outcome of a liquidation of the Estate. This analysis is conservative though and assumes an
20 orderly liquidation, low transaction costs, and estimated sales proceeds that may not reflect market
21 reality in a forced sale. Additionally, certain costs of liquidation such as auction or broker's fees,
22 salvage costs, and incidental expenses have not been accounted for.

23 **7.2. Dismissal.** Dismissal of the case would, in the Debtor's opinion, lead to an unsatisfactory
24 result as well. Dismissal will likely result in secured creditor(s) initiating foreclosure proceedings
25 on the Investment Property that Debtor is attempting to reorganize. As stated previously, limited
26 personal assets will be available for the creditors to secure judgments against, as a significant
27 portion are exempt or have only modest equity. Creditors may incur significant costs as well as be
28 forced into conflict with other creditors. Further, these actions would cause the Debtor to incur

1 more expenses in the form of professional fees, etc., thereby leaving even less for distribution to
 2 creditors. It should be noted that a vote against the Plan leading to rejection of the Plan will not
 3 alter the present status of the Debtor. A vote on the Plan does not include a vote on alternatives to
 4 the Plan. There is no assurance what turn the proceedings will take if the Plan is rejected. If you
 5 believe one of the alternatives referred to above is preferable to the Plan and you wish to urge it
 6 upon the Court, you should consult independent counsel.

7 **8. IMPLEMENTATION OF THE PLAN, JURISDICTION**

8 Implementation of the Plan occurs after entry of an order by the Bankruptcy Court
 9 confirming the Plan. If accepted and approved as filed, implementation of the Plan shall begin as
 10 soon as practicable after Confirmation. Notwithstanding confirmation of the Plan, the Court will
 11 retain jurisdiction (i) to determine the allowance of claims upon objection by a party in interest, (ii)
 12 to determine requests for payment of administrative claims and expenses, including compensation,
 13 entitled to priority under §507(a)(I) of the Code, (iii) to resolve disputes regarding interpretation of
 14 the Plan, (iv) to modify the Plan, (v) to implement provisions of the Plan, (vi) to adjudicate any
 15 cause of action brought by the Debtor or Trustee as representatives of the Estate, (vii) to enter a
 16 final decree, and (viii) for other purposes.

17 **9. MODIFICATION OF PLAN**

18 **9.1. Modification Prior to Confirmation.** The Debtor may modify a plan at any time before
 19 confirmation of the plan, but modified plans must meet the requirements of §§ 1122 and 1123 of
 20 the Bankruptcy Code. However, the Court may require a new disclosure statement and/or re-
 21 voting on the Plan.

22 **9.2. Modification After Confirmation.** If the debtor is an individual, as in this present case, the
 23 plan may be modified at any time after confirmation of the plan but before the completion of
 24 payments under the plan, whether or not the plan has been substantially consummated.
 25 Modification may be upon request of the Debtor, the Trustee, the United States Trustee, or the
 26 holder of an allowed unsecured claim for the purpose of (1) increasing or reducing the amount of
 27 payments under a plan on claims of a particular class provided for by the plan, (2) extending or
 28 reducing the time period for such payments, or (3) altering the amount of distribution to a creditor

1 whose claim is provided for by the plan to the extent necessary to take account of any payment of
2 such claim made other than under the plan.

3 **DEBTOR RESERVES THE RIGHT TO AMEND OR MODIFY THE PLAN PRIOR TO**
4 **THE ENTRY OF THE CONFIRMATION ORDER. FURTHERMORE, AFTER THE**
5 **ENTRY OF THE CONFIRMATION ORDER, THE DEBTOR MAY, UPON ORDER OF**
6 **THE BANKRUPTCY COURT, AMEND OR MODIFY THE PLAN, IN ACCORDANCE**
7 **WITH SECTION 1127(E) OF THE BANKRUPTCY CODE OR REMEDY ANY**
8 **DEFECT OR OMISSION OR RECONCILE ANY INCONSISTENCY IN THE PLAN IN**
9 **SUCH MANNER AS MAY BE NECESSARY TO CARRY OUT THE PURPOSE AND**
10 **INTENT OF THE PLAN, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE**
11 **REQUIREMENTS OF THE BANKRUPTCY CODE.**

12 **10. EFFECT OF CONFIRMATION OF PLAN**

13 **10.1. No Immediate Discharge of Debtor.** Unless after notice and hearing and the Court orders
14 otherwise for cause, confirmation of this Plan does not discharge any debt provided for in this Plan
15 until the Court grants a discharge on completion of all payments under this Plan. Alternatively,
16 should Debtor demonstrate compliance with the requirements of 11 U.S.C. 1141(d)(5)(B) & (C), at
17 any time after confirmation of the Plan, and after notice and a hearing, the Court may grant a
18 discharge prior to completion of payments under the Plan.

19 **10.2. Vesting.** Property of the Estate will vest in the reorganized Debtor thirty days after entry of
20 the final Confirmation Order.

21 **10.3. Final Decree.** Once the estate has been fully administered, as provided in Rule 3022 of the
22 Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall
23 designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree
24 to close the case. Alternatively, the Court may enter such a final decree on its own motion.

25 **11. CONCLUSION**

26 Debtor believes that the Plan as proposed will provide a better outcome for creditors to
27 receive maximum potential payment on claims in a timely fashion than that which would occur
28 resulting from a Chapter 7 liquidation or distress sale of Debtor's assets. If the Plan is not
approved, Debtor will continue to seek reorganization alternatives. Liquidation may ensue though
with the potential consequences discussed above in Article 7.

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1 Dated: October 24, 2016

2 Respectfully submitted by,

3 /s/ Sara Salazar

4 Sara Salazar

Debtor / Plan Proponent

5 /s/ Michael J Harker

6 Michael J Harker, Esq.

Attorney for Debtor/Plan Proponent

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SCHEDULE 1 – CASH FLOW ANALYSIS

Debtor:

Case Number:

SARA SALAZAR

15-12690-abl

This analysis is based on a number of estimates and assumptions that, although considered reasonable by the Debtor, are inherently subject to significant economic, business and competitive uncertainties and contingencies beyond the control of the Debtor. This analysis is also based on the Debtor's best judgment of how likely it is that Debtor will be able to retain the same level of income throughout the life of the Plan and not have income reduced. There can be no assurance that the cash flow estimates reflected in this analysis will be realized if the Debtor is unable to maintain current income and actual results may vary materially and adversely from those contained herein.

CURRENT AND PROJECTED MONTHLY INCOME/EXPENSE SUMMARY

Notes:	Income	Current	Projected
1. "Current" column includes non-adjusted mortgage payments and "Projected" column includes adjusted mortgage payments per the Plan. 2. Entries are rounded to nearest whole dollar amount. 3. "Schedule" references refer to Debtor's Official Forms B 106I & 106J, (See Docket #64) as amended.	Rental Income 2090 Bowstring Drive Las Vegas, Nevada 89142	\$900	\$900
	Debtor's Net Wage Income (Household)	\$4435	\$4435
	Total Income Schedule I – Line 12	\$8464	\$8464
	Monthly Expenses	Current	Projected
	Mortgage Payment 2090 Bowstring Drive Las Vegas, Nevada 89142	\$1500	\$900
	Monthly Household Expenses Schedule B6/106 J – Line 22	\$3740	\$3740
	Total Expenses	\$5240	\$4640
	Cash Flow (Disposable Income)	\$3224	\$3824

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SCHEDULE 2 – LIQUIDATION SUMMARY ANALYSIS

Debtor: SARA SALAZAR	Case Number: 15-12690-abl
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List of Debtor's Real Property, Lien Amounts, Exemptions, and Equity				
Property	Lien Amounts	Estate Equity	Exempt	Non-Exempt
2090 Bowstring Drive, Las Vegas, Nevada 89142	\$246919.26 ¹	(\$116,919.26)	\$0.00	\$0.00
6700 Virgil Way, Nine Mile Falls Washington, 99037	0	\$12,000.00	\$0.00	\$12,000.00
Real Property Totals			Sub-Total	\$12,000.00
List of Debtors' Personal Property, Lien Amounts, Exemptions and Equity²				
Property	Lien Amounts	Estate Equity	Exempt	Non-Exempt
Financial Assets	\$0.00	\$8000.00	\$8000.00	\$0.00
Personal Clothing	\$0.00	\$2,500.00	\$2,500.00	\$0.00
Household Goods / Furniture	\$0.00	\$5,000.00	\$5,000.00	\$0.00
Autos, Trucks, Etc.	\$28,706.00 ³	\$25,000.00	\$0.00	\$0.00
Category Totals	\$26,999.00	\$37,544.46	\$15,500.00	\$0.00
			Sub-Total	\$0.00
			Total	\$12000.00
			11 U.S.C § 326 Estimated Chapter 7 Administrative Expenses	\$5000.00
			Estimated Liquidation Value	\$7000.00

1. Proof of Claim # 1. secured claim value is \$130,000.00 (see Docket #31)
2. For Details, refer to Debtor's official Forms 6 A, B & C Proof of Claim amounts used where available.
3. Lien is against Debtor's Vehicle which is valued at \$25,000.00 (value included in Estate Equity).

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