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5

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

8 In re: 9 EVA ANDRADE 10 Debtor(s)	Case No. 15-16746-LED Chapter: 11 Hearing Date: December 6, 2016 Hearing Time: 9:30 A.M.
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13 **DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION OF**
14 **EVA ANDRADE**

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1 **DISCLOSURE STATEMENT DESCRIBING CHAPTER 11 PLAN OF**

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3 **REORGANIZATION BY EVA ANDRADE**

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5 **THIS DISCLOSURE STATEMENT HAS BEEN CONDITIONALLY APPROVED**
6 **UNDER BANKRUPTCY CODE SECTION §1125(b) FOR USE IN THE SOLICITATION OF**
7 **ACCEPTANCES OR REJECTIONS OF THE PLAN OF REORGANIZATION DESCRIBED**
8 **HEREIN. THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS**
9 **NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF**
10 **ACCEPTANCES OR REJECTIONS OF SUCH PLAN OF REORGANIZATION. THE**
11 **INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY**
12 **PURPOSE BEFORE A DETERMINATION BY THE COURT THAT THIS DISCLOSURE**
13 **STATEMENT CONTAINS “ADEQUATE INFORMATION” WITHIN THE MEANING OF**
14 **SECTION §1125(a) OF THE BANKRUPTCY CODE.**

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18 **PURPOSE OF DISCLOSURE STATEMENT**

19 **THE PURPOSE OF THIS DISCLOSURE STATEMENT IS TO PROVIDE**
20 **ADEQUATE INFORMATION FOR THE HOLDERS OF CLAIMS OR INTERESTS IN THE**
21 **CASE TO MAKE AN INFORMED JUDGMENT ABOUT THE PROPOSED PLAN. THE**
22 **SOURCE OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS**
23 **THE DEBTOR.**

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I. INTRODUCTION

This document is the Disclosure Statement (the "Disclosure Statement") in the individual chapter 11 case of EVA ANDRADE ("Debtor" or "Debtor in Possession"). This Disclosure Statement contains information about the Debtor and describes her Plan of Reorganization (the "Plan") which will be filed contemporaneously with this disclosure statement in accordance with the United States Bankruptcy Code, 11 U.S.C. 101, et seq. (the "Bankruptcy Code"). A full copy of the Plan of Reorganization is attached to this Disclosure Statement as "Exhibit A."

YOU SHOULD READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE. YOUR RIGHTS MAY BE AFFECTED.

The proposed distributions under the Plan are discussed under section IV of this Disclosure Statement. Secured creditors are classified into one (1) unimpaired class, (3) impaired classed, within the meaning of 11 USC § 1124. Unsecured Creditors are listed in class 6 and will not receive a disbursement.

II. VOTING INFORMATION

Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

This Disclosure Statement was approved on _____ and final approval shall take place at the confirmation hearing of the chapter 11 plan, on _____.

This section describes the procedures pursuant to which the Debtor seek to have the Plan confirmed. In addition, included with this Disclosure Statement is the Notice of Confirmation, which sets forth objection deadlines, as well as other important dates, deadlines and time periods.

Time and Place of the Hearing to Confirm the Plan.

The court will hold a hearing on _____ to determine whether to confirm the plan, at the United States Bankruptcy Court for the District of Nevada, 300 South Las Vegas Blvd, Las Vegas, Nevada, 89101

Deadline for Voting to Accept or Reject the Plan.

If you are entitled to vote to accept or reject the Plan, enclosed is a ballot describing your claim. Please, complete the ballot, as indicated, and return the ballot in the enclosed envelope to Debtor's counsel: **The Deadline to Vote on the Plan is** _____.

1 If you have already cast a ballot for an earlier version of the plan, and do not cast a ballot for
2 the Plan, then your most recent ballot shall be considered to apply to the Plan.

3 Deadline for Objecting to Confirmation of the Plan.

4 Objections to the confirmation of the Plan must be filed with the Court and served
5 upon Debtor's counsel. **The Deadline to Object to the Plan is _____.**

6 Identity of Person to contact for more information

7
8 If you want additional information about the Plan, you should contact Debtor's
9 counsel, Seth Ballstaedt, Esq. 9555 S Eastern Ave. Suite 210, Las Vegas, NV 89123. Phone
(702) 715-0000, Fax (702) 666-8215, email help@ballstaedtlaw.com.

10 **IMPORTANT NOTICE**

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12 THE PLAN, DISCLOSURE STATEMENT, AND BALLOTS CONTAIN IMPORTANT
13 INFORMATION THAT IS NOT INCLUDED IN THIS SUMMARY. THAT INFORMATION
14 COULD MATERIALLY AFFECT YOUR RIGHTS. YOU SHOULD THEREFORE READ THE
15 PLAN, DISCLOSURE STATEMENT, AND BALLOTS IN THEIR ENTIRETY. YOU ALSO
16 SHOULD CONSULT WITH YOUR LEGAL AND FINANCIAL ADVISORS BEFORE VOTING
17 ON THE PLAN.

18 **III. BACKGROUND**

19 Events Leading to Chapter 11 Filing.

20 Debtor found herself overwhelmed with her personal debt, and the value on her
21 property was worth much less than the she owed on it. Debtor sought protection under
22 Chapter 11 of the U.S. Code. Debtor filed this instant case on December 3, 2015. Debtor
23 sought the assistance of the Ballstaedt Law Firm, in all matters relating to this instant case.
24 Debtor believes that filing for Chapter 11 Bankruptcy protection was the only option by which
25 she could reorganize her mortgage, while preserving ownership of her property, and that by
26 so doing, the creditors will receive as much as they would if Debtor simply surrendered the
27 property.

28 The Debtor's Sources of Income

Debtor is a single woman who lives with her two adult children (both are unemployed). Debtor works as a Real Estate Agent for King Realty Group and as of the date of the petition had an average monthly gross income of \$16,470/month.

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1 Debtor's cash flow analysis states that she will have approximately \$225.00/month in
2 disposable income, which shall be used for payment of administrative fees.

3 Insiders of the Debtor

4 Debtor has no insiders to whom she has made any payments in the last two years.

5 Significant Events During the Bankruptcy Case

6 The Debtor is a single woman who, as already noted herein, and owns one property.

7 Specifically, the significant events in the case to this point are as follows:

- 8
- 9 1. An Order granting the application to pay the court filing fees in installments (Dkt #8).
 - 10 2. An Order granting the Motion to Continue the Stay under 362(c)(3)(B) (Dkt #35)
 - 11 3. An Order granting the application to Employ Seth Ballstaedt, Esq. as attorney (Dkt
12 #49).
 - 13 4. An Order granting Adequate Protection payments to the first lien holder on Subject
14 property (Dkt #51).
 - 15 5. An Order granting Adequate Protection payments to the IRS (Dkt #68).

16 The Debtor is not party to any adversary proceedings or lawsuits at this time.

17 Through this chapter 11 plan, Debtor will re-schedule the HOA claims on her property, and
18 pay priority and secured tax claims. The balance of the general unsecured creditors shall
19 receive a disbursement from debtor's disposable income, which shall be adjusted by
20 administrative fees.

21 Projected Recovery of Avoidable Transfers or Other Actions on Behalf of the Bankruptcy Estate

22 Debtor does not intend to pursue preference, fraudulent conveyance, or other
23 avoidance actions at this time. Debtor does not believe any avoidable transfers occurred
24 during the 2 year period preceding the filing of this case. In fact, Debtor's only significant
25 transfers were the payments on the mortgage of the property she owns.

26 Debtor does reserve the right, however, to perform and complete an investigation
27 with regard to pre-petition transactions. Although she does not believe significant transfers
28 occurred, creditors should be aware that if they received a payment or other transfer within
90 days of the bankruptcy, or other transfer avoidable under the Bankruptcy Code, the
Debtor could seek to avoid such transfer.

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Claim Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to any creditors' claims. Therefore, even if a creditor's claim is allowed for voting purposes, they may not be entitled to a distribution if an objection to their claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

Additionally, since the conversion of the case to Chapter 11, the Court has set a Bar Date for proofs of claim of dated prior to **April 6, 2016** for general creditors. The Bar Date is the date after which creditors cannot file a proof of claim in this case. If an unsecured creditor's claim is listed in the Debtor's Schedules of Liabilities, and they agree with the claim amount listed there, they do not need to file a proof of claim in the case in order to receive a distribution under the general unsecured class. Secured creditors do not need to file a proof of claim if they agree with the debt as scheduled on Debtor's bankruptcy petition. In addition, If the Debtor amends her Schedules of Liabilities and a secured creditor's claim is affected, they will have an opportunity to file an objection to any such change.

Current and Projected Financial Conditions

The cash flow analysis is attached to this Disclosure Statement as "Exhibit B". The Cash Flow analysis gives an accounting of the Debtor's income and expenses and the amount that the Debtors anticipate that she will have available each month as disposable income. The value of Debtor's property, 9700 Highridge Dr. Las Vegas, NV 89134 is based on an appraisal dated Sept. 30, 2016, and which values the property at \$1,300,000. Debtor reserves the right to re-appraise the property prior to final confirmation of the plan to reflect the value of the property at that time. Therefore, a secured lender's claim may change in connection with confirmation of the Plan if the value of their collateral has fallen and there is a Motion to Value in this case and no agreement between secured lender and debtor has been reached. If a secured creditor intends to object to any revised valuation of their collateral based on a reappraisal, they must file an objection to the Plan. A secured lender subject to a revised appraisal, a copy of the related appraisal will be delivered to them upon filing with the Court. All other parties may receive copies of the Debtor's property appraisal upon request of the Debtor's Counsel. Overall, it is the Debtor's conservative opinion that the current financial condition is the same as the projected condition, except of course for the treatment of creditors through this reorganization.

IV. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTEREST

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What is the purpose of the plan of Reorganization?

As required by the Bankruptcy Code, the Plan places claims in separate classes and describes the treatment each class will receive. The Plan also states whether each class of claims is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

Who may file a plan

Pursuant to section 1121 the Debtor has the exclusive right to file a plan during the first 120 days of the case, after which time any party in interest (a creditor's committee, a trustee, etc.) may file a plan if a trustee has been appointed, or the debtor has not filed a plan before the first 120 days, or the Debtor's plan has not been accepted within 180 days.

Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in such creditor's view, its treatment under the Plan does not comply with that required by the Code. As such, the Debtor did not place administrative claims in any class:

Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under section 507(a)(2) of the Bankruptcy Code. Administrative expenses also include the value of any goods or services sold to the Debtor in the ordinary course of business. The Bankruptcy Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment. The following chart lists the Debtor's estimated administrative expense and her proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Professional fees for Debtors' Counsel in this case.	est. \$15,000	Law Firm received, prior to becoming attorney of record, a retainer of \$5,000. The balance of professional fees and expenses will be paid upon confirmation in a lump sum, or in monthly payments of \$225.00/month until attorney fees and expenses are paid in full. These payments shall come from

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		debtor's disposable monthly income, and shall be disbursed to Law Firm.
Expenses arising in the ordinary course of business	None at this time. Current as of the date of filing of the Disclosure Statement	Paid in full on the effective date of the Plan, or according to terms of obligation if later.
Clerk's Office Fees	None at this time	Paid in full on the effective date of the Plan
Office of the US Trustee Fees	None at this time	Paid in full on the effective date of the Plan or as they come due each quarter until the case is closed.

Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by Section 507(a)(8) of the Bankruptcy Code. Unless the holder of such a Section 507(a)(8) priority tax claim agrees otherwise, 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. On the date of the filing of this instant case, Debtor had one priority tax claims.

<u>Description</u>	<u>Treatment</u>
Priority claim of the IRS	The priority claim of the IRS shall be paid in full within 60 months of the date of relief. The total claim of \$159,280.02 shall be paid over 48 months at 3% interest. Monthly payments of \$3,525.56 shall commence on the effective date of the plan, or on January 1, 2017, whichever comes first.

Classes of Claims

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to set off) to the extent allowed as secured claims under Section 506(a) of the Bankruptcy Code. If the value of the collateral or set offs securing the creditor's claim are less than the amount of the creditor's allowed claim, the deficiency will be classified as a general, unsecured claim and treated in Class 4. The Debtor's mortgage on her was modified in 2012, and debtor will not impair the mortgage claim. The following chart lists the Debtor's proposed treatment of secured claims under the Plan:

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Treatment</u>
2	<p>US Bank National Association, as trustee, on behalf of the holders of the Adjustable Rate Mortgage Trust 2007-3 Adjustable Rate Mortgage Backed Pass Through Certificates, Series 2007-3, its assignees and/or successors, by and through its servicing agent Select Portfolio Servicing, Inc. (“US Bank”)’s First Mortgage Claim against 9700 Highridge Dr. Las Vegas, NV 89134</p>	Unimpaired	<p>Debtor received a loan modification with payments beginning on July 1, 2012. The mortgage loan will remain unimpaired, and Debtor shall continue to make the monthly principal and interest payments of \$5,677.69. The modified loan includes a balloon payment with the full balance of the loan coming due at the maturity date. The full loan has a term of 480 months.</p> <p>The mortgage modification does not include the collection of funds for property taxes and homeowners insurance (non-escrowed), therefore, Debtor is responsible for the payment of taxes and insurance as required under the Loan Documents.</p> <p>The terms of the modified loan shall govern the treatment of this claim.</p>
3	<p>US Bank National Association, as trustee, on behalf of the holders of the Adjustable Rate Mortgage Trust 2007-3 Adjustable Rate Mortgage Backed Pass Through Certificates, Series 2007-3, its assignees and/or successors, by and through its servicing agent Select Portfolio Servicing, Inc. (“US Bank”)’s <u>ARREARAGES</u> on the Mortgage Claim against 9700 Highridge Dr. Las Vegas, NV 89134</p>	Impaired	<p>Debtor shall cure the arrears of \$139,576.25 over 5 years at 0% interest. Monthly payments of \$2,326.27 shall commence on the effective date of the plan and shall continue for a term of 5 years (60 months) or until the arrears are paid in full, whichever comes first.</p>
4	<p>The Homeowner’s Association Claims against real property of the estate.</p>	Impaired	<p>NRS 116.3116(2) provides a homeowners’ association (“HOA”) with a true superpriority lien for up to nine (9) months of unpaid HOA assessments. Debtor’s property is associated with the following Homeowner Associations. In the event that an HOA has a pre-petition claim, the</p>

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			<p>superpriority portion of up to nine (9) months of assessments shall be paid over 3 year at 0% interest commencing on the effective date of the plan. The balance of any pre-petition claim, including fines, late fees, and assessments older than 9 months pre-petition, shall be re-classified as general unsecured to be paid on a pro-rata basis with other members of the general unsecured class for full satisfaction of the pre-petition claim.</p> <p>a) <u>Mountain Trails Community Association</u> C/O Red Rock Financial Services claim against 9700 Highridge Dr. Las Vegas, NV 89134. Debtor shall pay the pre-petition superpriority claim of \$4302 (Which includes 9 months of assessments at \$478/month). Monthly payments of \$119.50 shall commence on the effective date of the plan and continue for a term of 36 months.</p> <p>b) <u>Summerlin North Community Association</u> Claim against 9700 Highridge Dr. Las Vegas, NV 89134 – Debtor shall pay the pre-petition superiority claim of \$423.00 (which consists of 9 months of assessments at \$47.00/month). Monthly payments of \$11.75 shall commence on the effective date of the plan and continue for a term of 36 months.</p>
5	Secured claim of the IRS against Debtor’s real and personal property	Impaired	The secured claim of the IRS in the amount of \$37,520.00 shall be paid over 60 months (5 years) at 3.0% fixed interest. Monthly payments of \$674.19 shall commence on the effective date of the plan and continue for a term of 5years.

A secured creditor’s claim may be reduced in accordance with Section 506(a) of the Bankruptcy Code, as of the effective date of the Plan. If a secured creditor disagrees with the revaluation or the appraised amounts, they should object to the Plan.

Classes of General Unsecured Claims

1 General unsecured claims are not secured by property of the estate and are not
2 entitled to priority under Section 507(a) of the Bankruptcy Code. The following chart
3 identifies the Plan's proposed treatment of the general unsecured classes.

4 Class #	Description	Impairment	Treatment
5 6	6 General Unsecured Class, comprised of non-priority general unsecured claims, including unsecured portion of class 4 claims	Impaired	This class consists of all unsecured creditors with scheduled claims that are not disputed, contingent or unliquidated, and that are not otherwise classified in the plan. This class shall not receive a disbursement.

10 Class 7 - Equity Interest of the Debtor

11 Equity interest holders are parties who hold an ownership interest (i.e. equity
12 interest). In a corporation, entities holding preferred or common stock are equity interest
13 holders. In a partnership, equity interest holders include both general and limited partners.
14 In a limited liability company, the equity interest holders are the members. Finally, with
15 respect to an individual who is a debtor, the Debtor is the equity interest holder. In this case,
16 because the Debtor is an individual, her equity interests will be unimpaired by the Plan.

17 **V MEANS OF IMPLEMENTING THE PLAN**

18 Sources of Payments

19 Payments and distributions under the Plan will be funded by the Debtor, based upon
20 her actual monthly employment income. The Debtor's Cash Flow Analysis is attached
21 hereto as "**Exhibit B**" and outlines the Debtor's sources and uses of income. "Exhibit B -
22 Cash Flow Analysis" accounts for projected employment income and personal expenses.

23 Distributions on Account of Claims Allowed After the Effective Date

24 Except as otherwise provided in the Plan, or upon the entry of a final, non-appealable
25 order of the Bankruptcy Court, or as agreed to by the relevant parties, distributions under the
26 Plan on account of a disputed claim that becomes an allowed claim after the effective date
27 of the Plan shall begin on the regular quarterly payment date, as established by the
28 Disbursement Agent, which is at least thirty (30) days after such claim becomes an allowed
claim. Debtor shall tender all payments for administrative, priority, and secured claims
directly to the appropriate agency. Notwithstanding anything in the Plan to the contrary, and
except as otherwise agreed to by the relevant parties, no partial payments and no partial
distributions shall be made with respect to a disputed claim until all such disputes in

1 connection with such disputed claim have been resolved by settlement among the parties or
2 a final order of the Court. In the event that there are disputed claims requiring adjudication
3 and resolution, the Disbursement Agent shall establish appropriate reserves for potential
4 payment of such Claims.

5 No funds shall be disbursed to the General Unsecured Creditors.

6 Post-confirmation Management

7 Debtor will manage her property post-petition in the ordinary course. She will be
8 authorized to enter into, terminate any new lease agreements as she see fit. Debtor shall
9 tender all plan payments directly to the appropriate agencies, with the exception of the
10 administrative payment for chapter 11 plan fees of \$225.00/month, which shall be tendered
11 to the Ballstaedt Law Firm after approval of fees.

12 Risk Factors

13 As already admitted herein, the singular risk to Debtor's ability to abide by her duties
14 under the proposed plan would be the continued deterioration of the housing and rental
15 markets. However, Debtor believes, based on recent months, these markets are continuing
16 to slowly improve. Thus, so long as the housing and rental markets do not dramatically drop
17 as they did several years ago, there really are no foreseeable risk factors for Debtor to meet
18 her Plan obligations.

19 Executory Contracts and Unexpired Leases

20 Debtor may have elected to assume all executed contracts and unexpired leases
21 under the Plan. Assumption means that the Debtor has elected to continue to perform the
22 obligations under such contracts and unexpired leases, and to cure defaults of the type that
23 must be cured under the Code, if any. Debtor is not party to any executor contracts.

24 Tax consequences of the Plan

25 Creditors concerned with how the Plan may affect tax liability should consult with their
26 Accountants, Attorneys, and/or Advisers. Debtors do not anticipate any adverse tax
27 consequences to the estate from the Plan. To the extent the Debtors receive any debt
28 forgiveness income related to this Chapter 11 case, such income would not be taxable under
Section 108(a)(1) of the Internal Revenue Code, 26 U.S.C. §§ 1, et seq.

29 **VI. CONFIRMATION REQUIREMENTS AND PROCEDURES**

30 To be confirmable, the Plan must meet the requirements listed in Section 1129(a) or
(b) of the Bankruptcy Code. These include the requirements that: (i) the Plan must be
proposed in good faith; (ii) at least one impaired class of claims must accept the plan,

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1 without counting votes of insiders; and (iii) the Plan must distribute to each creditor and
2 equity interest holder at least as much as the creditor or equity interest holder would receive
3 in a Chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept
4 the Plan; and (iv) the Plan must be feasible. These requirements are not the only
5 requirements listed in Section 1129, and they are not the only requirements for confirmation.

6 Who May Vote or Object

7 Any party-in-interest may object to the confirmation of the Plan if the party believes
8 that the requirements for confirmation are not met. Many parties-in-interest, however, are not
9 entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to
10 vote for or against the Plan only if that creditor or equity interest holder has a claim or equity
11 interest that is both (1) allowed (or allowed for voting purposes) and (2) impaired.

12 In this case, the Debtor believes that all classes are impaired, and that holders of
13 claims in each of the remaining classes are therefore entitled to vote to accept or reject the
14 Plan.

15 What is an Allowed Claim?

16 Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a
17 claim is allowed if either (A) the Debtor has scheduled the claim on the Debtor's schedules,
18 unless the claim has been scheduled as disputed, contingent, or un-liquidated, or (B) the
19 creditor has filed a proof of claim, unless an objection has been filed to such proof of claim
20 by the Debtor, in which case, such creditor cannot vote unless the court, after notice and
21 hearing, either overrules the objection the objection or allows the claim for voting purposes
22 pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

23 The **deadline for filing a proof of claim in this case is April 6, 2016.**
24 The **deadline for filing objections to Confirmation is _____.**

25 What is an Impaired Claim?

26 As noted above, the holder of an allowed claim or equity interest has the right to vote
27 only if it is in a class that is impaired under the Plan. As provided in Section 1124 of the
28 Bankruptcy Code, a class is considered impaired if the Plan alters the legal, equitable, or
contractual rights of the members of that class.

Who is NOT Entitled to Vote?

The holders of the following six types of claims are not entitled to vote:

- 1 • Holders of claims that have been disallowed by an order of the Court;
- 2 • Holders of other claims that are not "allowed claims" (as discussed above), unless
- 3 they have been "allowed" for voting purposes;
- 4 • Holders of claims in unimpaired classes;
- 5 • Holders of claims entitled to priority pursuant to Sections 507(a)(2), or (a)(8) of the
- 6 Bankruptcy Code;
- 7 • Holders of claims in classes that do not receive or retain any value under the plan;
- 8 and
- 9 • Administrative expenses.

10 Even if you are not entitled to vote on the Plan, you have a right to object to the confirmation

11 of the Plan and to the adequacy of the Disclosure Statement.

12 Who can Vote In More Than One Class

13 A creditor whose claim has been allowed in part as a secured claim and in part as an

14 unsecured claim or who otherwise hold claims in multiple classes, is entitled to accept or

15 reject a Plan in each capacity, and should cast one ballot for each claim.

16 Votes Necessary to Confirm the Plan

17 If impaired classes exist, the Court cannot confirm the Plan unless (A) at least one

18 impaired class of creditors has accepted the Plan without counting the votes of any insiders

19 within that class, or (B) all impaired classes have voted to accept the Plan, unless the Plan is

20 eligible to be confirmed by "cram down" on non-accepting classes, as discussed below.

21 Votes Necessary for a Class to Accept the Plan

22 A class of claims accepts the Plan if both of the following occur: (A) the holders of

23 more than one-half (1/2) of the allowed claims in the class, who vote, cast his votes to

24 accept the Plan, and (B) the holders of at least two thirds (2/3) in dollar amount of the

25 allowed claims in the class, who vote, cast his votes to accept the Plan.

26 Fair Treatment of Non-Accepting Classes

27 The Court may still confirm the Plan, even if one or more creditors or classes vote

28 against the Plan, if the non-accepting classes are treated in the manner prescribed by

Section 1129(b) of the Bankruptcy Code. A plan that binds non-accepting classes is

commonly referred to as a "cram down" plan. the Code allows the Plan to bind non-

accepting classes of claims or equity interest if it meets all the requirement for consensual

confirmation except the voting requirements of Section 1129(a)(8) of the Bankruptcy Code,

does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that

1 has not voted to accept the Plan. For individuals, like the Debtor, "fair and equitable" would
2 mean that the Debtor must devote her "disposable income" to the Plan, as that term is used
3 in Chapter 13. Even though the "disposable income" analysis might not be applicable
4 unless an unsecured creditor votes against the Plan, the Debtor believe that the treatment
5 proposed in the Plan is adequate to meet any "disposable income" analysis.

6 Because this is an individual case, if you are a general unsecured creditor and you
7 believe that the Debtor may have projected disposable income that is not properly devoted
8 to repayment in the plan, you have a right to object to the Plan pursuant to Section
9 1129(a)(15) for a showing of disposable income as defined in section Disclo25(b)(2).

10 Nevertheless, you should consult your own attorney regarding whether a "cram
11 down" confirmation will affect your claim and whether "disposable income" is being
12 disbursed.

13 Liquidation Analysis

14 To confirm the Plan, the Court must find that all creditors who do not accept the Plan
15 will receive at least as much under the Plan as such claim holders would receive in Chapter
16 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as "Exhibit C".
17 This analysis lists real property and personal property of the Debtor.

18 Feasibility

19 The Court must find that confirmation of the Plan is not likely to be followed by the
20 liquidation, or the need for further financial reorganization, of the Debtor or any successor to
21 the Debtor, unless such liquidation or reorganization is proposed in the Plan.

22 Ability to Initially Fund the Plan

23 The Debtor believes that she will have either (A) enough cash on hand or (B)
24 sufficient cash flow on the effective date of the Plan to pay all claims and expenses that are
25 entitled to be paid on that date. Tables, showing the amount of cash flow to be available on
26 the effective date of the Plan, and the sources of that cash, are attached to this disclosure
27 statement as "Exhibit B," Cash Flow Analysis.

28 Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Debtor must also show that she will have enough cash over the life of the Plan to
make the required Plan Payments. The Debtor's financial projections show that she will
have an aggregate surplus cash flow, after paying operating expenses and post-confirmation
taxes, as set forth in "Exhibit B." The analysis indicates that there will be sufficient cash flow
to pay \$255.00 per month for a total of 60 months (5 years) to administrative claims. The

1 final Plan payments of these claims are expected to occur about February 5th, 2022, unless
2 debtor elects to pay these claims in a lump sum at any point after confirmation. You should
3 consult with your accountant or other financial advisor if you have any questions pertaining
4 to these projections.

5 **VII. EFFECT OF CONFIRMATION PLAN**

6 Discharge of the Debtor

7 Unless after notice and a hearing, and the Court orders otherwise for cause,
8 confirmation of this Plan does not discharge any Debtor provided for in this Plan until the
9 Court grants a discharge under this Plan.

10 The Chapter 11 Plan outlines plan payments to administrative, priority and secured
11 creditors. Plan Payments to the administrative and priority claims are to be completed within
12 60 months (5 years) of the effective date of the plan. Any time after confirmation of the Plan
13 and before the 5 years have expired, Debtor may elect pay a lump sum to pay in full all plan
14 payments towards administrative disbursements. Upon completion of these payments,
15 debtor is eligible for discharge under section 1141. After discharge, any remaining
16 payments to the secured classes of creditors will continue as outlined in the chapter 11 plan.

17 Upon confirmation of the plan, Debtor may elect to file a motion to close the instant
18 Bankruptcy case for up to five years, with the intent to reopen the case upon the completion
19 of plan payments to the administrative and priority creditors. Once the payments to all
20 administrative and priority claims are complete according to the terms of the plan, and the
21 General Unsecured Class has received at least as much as they would receive in a chapter
22 7 liquidation, Debtor is eligible for discharge under section 1141. After discharge, any
23 remaining payments to the secured classes of creditors will continue as outlined in the order
24 confirming the chapter 11 plan, and any remaining payments to non-dischargeable
25 unsecured claims will be paid according to agreement between Debtor and the creditor for
26 the claim.

27 Modification of the Plan

28 Debtor, or any other party in interest, including a creditor or a trustee (if one has been
appointed) may modify the Plan at any time before confirmation of the Plan. The court,
however, may require a new Disclosure Statement and/or re-voting on the Plan.

The Plan may be modified at any time after confirmation of the Plan, but before the
completion of payments under the Plan to (1) increase or reduce the amount of payments
under the Plan on claims of a particular class, (2) extend or reduce the time period for such
payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by

1 the Plan to the extent necessary to take on accounting of any payment of a claim made
2 other than under the Plan.

3 Effective as of the date hereof and subject to the limitations and rights contained in
4 the Plan: (a) the Debtor reserves the right, in accordance with the Bankruptcy Code and the
5 Bankruptcy Rules, to amend or modify the Plan prior to the entry of the confirmation order;
6 and (b) after the entry of the confirmation order, the Debtor or the reorganized Debtor, as
7 applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in
8 accordance with section 1127(e) of the Bankruptcy Code or remedy any defect or omission
9 or reconcile an inconsistency in the Plan in such manner as may be necessary to carry out
10 the purpose and intent of the Plan; provided, however, that any modification to the Plan shall
11 not affect the rights or treatment of holders of General Unsecured Claims.

12 Final Decree

13 Once the estate is fully administered, as provided in Rule 3022 of the Federal Rules
14 of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in the
15 Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the
16 case. Alternatively, the Court may enter such a final decree on its own motion.

17 **VIII. OTHER PLAN PROVISIONS**

18 Vesting of Assets in the Debtor

19 After confirmation of the Plan, all property of Debtor shall vest in her, free and clear of
20 all liens, claims, charges or other encumbrances, except for those liens provided for in the
21 Plan, and except for those other liens affected by the order approving the Motion to value
22 and the confirmation order. The Debtor may operate her business and may use, acquire or
23 dispose of property and compromise or settle any claims without supervision or approval by
24 the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy
25 Rules, other than those restrictions expressly imposed by the Plan and the confirmation
26 order. Without limiting the foregoing, the Debtor shall pay the charges that she incurs after
27 confirmation for professional fees, disbursements, expenses or related support services
28 (including reasonable fees relating to the preparation of professional fee applications)
without application to the Bankruptcy Court.

Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

Debtor may take all actions to execute, deliver, file or record such contracts,
instruments, releases and other agreements or documents and take such actions as may be

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1 necessary or appropriate to effectuate and implement the provisions of the Plan. Pursuant
2 to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan
3 shall not be subject to any stamp tax or other similar tax or governmental assessment in the
4 united States, and the confirmation order shall direct the appropriate state or local
5 governmental officials or agents to forgo the collection of any such tax or governmental
6 assessment and to accept for filing and recordation instruments or other documents
7 pursuant to such transfers of property without the payment of any such tax or governmental
8 assessment. The Plan, however, does not propose or envision any such transfers.

7 Revocation of Plan

8 Debtor reserves the right to revoke or withdraw the Plan prior to the confirmation
9 hearing and to file subsequent Chapter 11 plans. If the debtor revokes or withdraws the
10 Plan, or if confirmation does not occur, then: (1) the Plan shall be null and void in all
11 respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of
12 Executory Contracts or Unexpired Leases affected by the Plan and any document or
13 agreement executed pursuant hereto shall be deemed null and void except as may be set
14 forth in a separate order entered by the Court; and (3) nothing contained in the Plan shall:
15 (a) constitute a waiver or release of any Claims by or against, the Debtor or any other entity;
16 (B) prejudice in any manner the rights of the debtor or any other entity; or (c) constitute an
17 admission, acknowledgment, offer or undertaking of any sort by the Debtor or any other
18 entity.

16 Successors and Assigns

17 The rights, benefits and obligations of any entity named or referred to herein shall be
18 binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or
19 assign of such entity.

19 Reservation of Rights

20 Except as expressly set forth in the Plan, the Plan shall have no force or effect until
21 the Court enters the confirmation order. Neither the filing of the Plan, any statement or
22 provision contained in the Disclosure Statement, nor the taking of any action by the Debtor
23 or any other entity with respect to the Plan shall be or shall be deemed to be an admission
24 or waiver of any rights of: (1) any Debtor with respect to the holders of claims or other entity;
25 or (2) any holder of a Claim or other entity prior to the effective date of the Plan.

25 Further Assurances

26 Debtor or the reorganized Debtor, as applicable, all holders of Claims receiving
27 distributions under the Plan and all other entities shall, from time to time, prepare, execute
28 and deliver any agreements or documents and take any other actions as may be necessary
or advisable to effectuate the provisions and intent of the Plan or the confirmation order.

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Severability

If, prior to confirmation of the Plan, any term or provision of the Plan is held by the court to be invalid, void or unenforceable, the Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted, provided that any such alteration or interpretation must be in form and substance reasonably acceptable to the Debtors and to the extent such alteration or interpretation affects the rights or treatment of holders of general unsecured claims, such claim holder.

Return of Security Deposit

Unless the Debtor agrees otherwise in a written agreement or stipulation approved by the Court, all security deposits provided by the Debtor to any person or entity at any time after the petition date shall be returned to the Debtor within (20) days after the date of confirmation, without deduction or offset of any kind. In this case, debtor does not have any security deposits.

Filing of Additional Documents

On or before the Effective Date, the Debtor may file with the Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

Dated this October 20, 2016

/s/ EVA ANDRADE
EVA ANDRADE -Debtor in Possession

/s/ Seth D. Ballstaedt
Seth D. Ballstaedt, Esq.
Attorney for the Debtor in Possession