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**UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA**

In re:	)	Case No. 16-12269 - LED
	)	
Gerald Garapich and	)	Chapter 11
Gail Marie Garapich,	)	
	)	Hearing Date: TBD
Debtor(s).	)	Hearing Time: TBD

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**DISCLOSURE STATEMENT**

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**I. INTRODUCTION**

This is the Disclosure Statement (the “**Disclosure Statement**”) in the chapter 11 case of Gerald and Gail Marie Garapich (the “**Debtors**”). This Disclosure Statement contains information about the Debtors and describes their Plan of Reorganization (the “**Plan**”) filed on October 24, 2016, in accordance with the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”). A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.

**YOUR RIGHTS MAY BE AFFECTED. 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.**

The proposed distributions under the Plan are discussed at pages 6-9 of this Disclosure Statement. Secured creditors are sub-divided in 4 Classes within Class 1. Unsecured creditors are classified in 2 separate classes, which include Classes 2 (Priority Unsecured) and 3 (General Unsecured Creditors). General Unsecured Creditors will likely receive no distributions for their allowed claims (the “**Unsecured Creditors’ Distribution**”). To the extent distributions should be made in accordance with Section 1129(a)(15), as more fully set forth herein, such Unsecured Creditors’ Distribution will be made by the Debtors (also the “**Distribution Agent**”). The Distribution Agent will be authorized to hire attorneys to object to proofs of claim, if necessary, and to collect a reasonable fee for administering the Debtors post confirmation estate

**PURPOSE OF THIS DOCUMENT**

This Disclosure Statement describes:

- The Debtors and the significant events during the bankruptcy case;
- How the Plan proposes to treat claims of the type you hold (i.e., what you will receive for your claim if the plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the “**Court**”) will consider when deciding whether to confirm the Plan;
- Why the Debtors believe the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation; and
- The effect of confirmation of the Plan.

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

**Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed. In addition, included with this Disclosure Statement is the Notice of Confirmation, which describes the objection deadlines and important Court dates relevant here.

**Time and Place of the Hearing to Confirm the Plan.**

The Court will hold a hearing on \_\_\_\_\_, **2017** at \_\_\_\_\_ to determine whether to confirm the Plan, in Courtroom 3, at the United States Bankruptcy Court for the District of Nevada, 300 South Las Vegas Boulevard, 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 to the Debtors counsel,

Schwartz Flansburg PLLC, 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq. See section IV.A. below for a discussion of the voting eligibility requirements.

Your ballot must be received by \_\_\_\_\_, 2017, or it will **NOT** be counted.

**Deadline for Objecting to Confirmation of the Plan.**

Objections to the confirmation of the Plan must be filed with the Court and served upon (a) the Debtors counsel, Schwartz Flansburg PLLC 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq. and (b) The Office of the United States Trustee by \_\_\_\_\_, 2017.

This is an individual Chapter 11 bankruptcy case. Therefore, if the holder of an allowed unsecured claim objects to confirmation of the Plan pursuant to Section 1129(a)(15) of the Bankruptcy Code, such creditor will be entitled to receive either (a) the value of the property to be distributed under the Plan, or (b) the projected disposable income of the Debtors (as set forth in Section 1325(b)(2) of the Bankruptcy Code) to be paid during the 5 year period beginning after confirmation of the Plan. The Debtors proposed payment under the plan and in accordance Section 1129(a)(15) of the Bankruptcy Code is set forth in **Exhibit C**, which the Debtors project to be **ZERO**.

THE DEBTORS SUBMITS THAT THEY ARE NOT RETAINING ANY NON-EXEMPT ASSETS THROUGH THIS CHAPTER 11 PLAN. ACCORDINGLY, THE DEBTORS SUBMIT THE "ABSOLUTE PRIORITY RULE" – AS DEFINED IN RE LIVELY, 2013 WESTLAW 2347045, 2013 U.S. APP. LEXIS 10839 (5TH CIR. 2013); AFFIRMING IN RE LIVELY, 466 B.R. 897 (BANKR. S.D. TEX. 2011)(ISGUR, J.), DOES NOT APPLY IN THIS CASE.

**IF NO OBJECTIONS ARE LODGED, THE DEBTORS MAY ELECT NOT TO MAKE ANY DISTRIBUTIONS TO GENERAL UNSECURED CREDITORS.**

**Identity of Person to contact for more information.**

If you want additional information about the Plan, you should contact the Debtors counsel, Schwartz Flansburg PLLC 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq.

**DISCLAIMER**

**THE COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN INFORMED DECISION ABOUT ITS TERMS. THE COURT HAS NOT YET DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR CONFIRMATION, AND THE FACT THAT THE COURT APPROVED THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT, OR A RECOMMENDATION THAT IT BE ACCEPTED.**

## **II. BACKGROUND**

### **Description and history of the Debtors Business**

The Debtors are a married couple living in Las Vegas, Nevada. The Debtors are semi-retired, and living on a fixed income with occasional business income from Mr. Garapich's architectural consulting. As such, the Debtors operations are straight forward. The Debtors elected to file this Chapter 11 case to resolve certain outstanding debt, beginning with moneys owed to City National Bank ("CNB"). Specifically, is cross collateralized against both of the Debtors' residential properties. Therefore, the Debtors filed their bankruptcy case to liquidate the larger and more valuable of their properties for the benefit of CNB, and preserve their smaller, more affordable home as their homestead.

The Debtors do not own significant assets. Their current assets include (a) their primary residence and homestead, (b) 2 cars (c) and their household furniture and clothing. Outside of their retirement income, the Debtors do not have any other significant assets to satisfy the debts of their creditors.

THE DEBTORS SUBMIT THAT THEY ARE NOT RETAINING ANY NON-EXEMPT ASSETS THROUGH THIS CHAPTER 11 PLAN. ACCORDINGLY, THE DEBTORS SUBMITS THE "ABSOLUTE PRIORITY RULE" – AS DEFINED IN RE LIVELY, 2013 WESTLAW 2347045, 2013 U.S. APP. LEXIS 10839 (5TH CIR. 2013); AFFIRMING IN RE LIVELY, 466 B.R. 897 (BANKR. S.D. TEX. 2011)(ISGUR, J.), DOES NOT APPLY IN THIS CASE.

### **Insiders of the Debtors**

The Debtors are individuals with little or no payments to insiders. The majority of their excess income is used to pay for and carry their personal expenses.

### **Management of the Debtors before and During the Bankruptcy**

During the time period prior to the date on which the Debtors filed their bankruptcy petition, the Debtors were semi-retired individuals. Therefore, they do not have any officers, directors or managers. Nothing in the plan, however, should be construed to limit the Debtors personal liability for any secured claims.

### **Events Leading to Chapter 11 Filing**

The Debtors filed bankruptcy to reorganize their debt and resolve the open issues with CNB and the monies owed to them. Over the past few years the Debtors business income decreased, leading them to get further behind on their obligations and unable to make payments to CNB, which led to CNB seeking to enforce and foreclose on their deeds of trust against the Debtors' residential properties.

In addition, Gail Marie Garapich underwent back surgery at the outset of the case, which left her physically limited, and generally unable to work. Mrs. Garapich is currently seeking permanent disability income. Separately, Mr. Garapich consults from time-to-time as an

architect, however, the architectural industry is still recovering from the Recession, and the related downturn in construction. As a result, Mr. Garapich's business income is irregular.

### **Significant Events During the Bankruptcy Case**

The following is a list of the significant events which occurred during the Debtors Chapter 11 case. As the Debtors are individuals, their case is not complex. Accordingly, the only material event in this case centers upon the Debtor's efforts to reorganize their secured debt and complete an agreement with CNB to pay off monies owed to them and release the liens on the Debtors' residential property. The Debtors filed their case initially under Chapter 7 of the Bankruptcy Code. Unfortunately, the Chapter 7 process proved unworkable, therefore, the Debtors converted their case to Chapter 11, in order to further their efforts to settle with CNB. At the time of conversion, the Debtors reached an accord with CNB, which included: (a) the sale of their larger property located at 6 Hazlehurst Pass, Henderson Nevada; (b) the liquidation of funds from the Debtors' retirement accounts for the benefit of CNB in the amount of \$100,000 by October 31, 2016; (c) the sale or refinance of the Debtors' 2312 Thayer Avenue, Henderson, Nevada home to payoff the balance owed to CNB within ninety (90) days post-effective date of the Plan of Reorganization; and (d) as an alternative to refinancing or selling the real property located 2312 Thayer Avenue, Henderson, Nevada, Debtors also have the option to liquidate a minority interest in a limited liability company owned by Gerry Garapich, which company owns land in North Las Vegas, Nevada, and which interest was pledged to CNB within ninety (90) days post-effective date of the Plan of Reorganization. In consideration of the agreement, CNB agreed to support the Debtors' reorganization.

On October 12, 2016, the Debtors sold the Hazlehurst home, pursuant to an order of the Bankruptcy Court, the proceeds of which were paid to CNB. The Debtors anticipate finalizing their settlement with CNB in accordance with Bankruptcy Rule 9019, through the confirmation of the Plan.

### **Projected Recovery of Avoidable Transfers**

The Debtors do not intend to pursue preference, fraudulent conveyance, or other avoidance actions at this time. The Debtors do not believe any significant transfers occurred during the 2 year period leading up to the filing of this case. Importantly, the majority of the Debtors significant transfers were the payment of their regular, ongoing debt.

The Debtors do reserve their right, however, to perform and complete an investigation with regard to prepetition transactions. Although he does not believe significant transfers occurred, creditors should be aware that if you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Bankruptcy Code, the Debtors may seek to avoid such transfer.

### **Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtors reserve the right to object to creditors' claims, including those of all parties whose contracts were rejected during the bankruptcy. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

The bar date for proofs of claim in the case is December 28, 2016 (the "**Bar Date**"). The Bar Date is the date after which creditors cannot file a proof of claim in this case. Importantly, if your claim is listed in the Debtors Schedules of Liabilities, and you agree with the claim amount listed there, you do not need to file a proof of claim in the case. If the Debtors amend their Schedules of Liabilities and your claim is affected, you will have an opportunity to file an objection to any such change.

### **Current and Historical Financial Conditions**

The identity and fair market value of the estate's assets are listed in **Exhibit B**. The value of the assets is based on the valuations performed for each property or asset. In addition, the Debtors reserve the right to re-value the assets prior to final confirmation of the plan to reflect the value of the home at that the time. Therefore, if you are a secured lender, your secured claim may change in connection with confirmation of the Plan if the value of your collateral has fallen after the hearing on the Motion to Value. **If you are a secured creditor and intend to object to any revised valuation of your collateral based on a re-appraisal, you must file an objection to the Plan. If you are a secured lender subject to a revised appraisal, a copy of the related appraisal will be delivered to you upon filing with the Court. All other parties may receive copies of the Debtors valuations, if any, upon request of Debtors counsel.**

## **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

### **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.

### **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 their view, their treatment under the Plan does not comply with that required by the Code. As such, the Debtors did *not* place the following claims in any class:

### **Administrative Expenses**

Administrative expenses are costs or expenses of administering the Debtors 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 Debtors 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 Debtors estimated administrative expenses, and their proposed treatment under the Plan:

<b><u>TYPE</u></b>	<b><u>ESTIMATED AMOUNT OWED</u></b>	<b><u>PROPOSED TREATMENT</u></b>
Expenses Arising in the Ordinary Course of Business After the Petition Date	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.
Professional Fees, as approved by the court	\$35,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Clerk's Office Fees	\$0.00	Paid in full on the effective date of the Plan.
Other administrative expenses	\$0.00	Paid in full on the effective date of the Plan or according to separate written agreement.
Office of the U.S. Trustee Fees	\$650.00	Paid in full on the effective date of the Plan.
<b>TOTAL</b>	<b><u>\$35,650.00</u></b>	Estimated, plus any contingency fees approved by the Court.

### **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. As of the date of this Disclosure Statement, the Debtors owe approximately \$13,884.56 to the Internal Revenue Service.

### **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 Debtors bankruptcy estate (or that are subject to set off) to the extent allowed as secured claims under Section 506 of the Bankruptcy Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general, unsecured claim in Class 3. The Debtors 4 lien holder's claims are divided into Class 1, based upon each lien holders related separate and unique property rights. The unsecured portions of any lien holders' claims against the Debtors, as well as those of general unsecured creditors, are classified in the general Class 3. As a result, each lien holder against the Debtors real or personal property will receive two ballots, as applicable, for their separate Class 1 and Class 3 claims.

Secured creditors whose notes and mortgage may be modified pursuant to the Plan must elect to have their claims treated under Section 1111(b) of the Bankruptcy Code prior to the conclusion of the hearing of this Disclosure Statement. The failure of any secured creditor to elect to apply Section 1111(b) prior to the conclusion of the Disclosure Statement hearing, may result in the loss of such rights, as set forth in Bankruptcy Rule 3014.

The following chart lists the classes containing the Debtors secured prepetition claims and their proposed treatment of those claims under the Plan:

<b>Class #</b>	<b>Description</b>	<b>Impairment</b>	<b>Treatment</b>
1(a)	Class 1(a) consists of the First Lien of Bank of America against the Debtors' property located at 2312 Thayer Avenue Henderson, NV 89074 which is secured by a lien against the property, loan number *****7983.	Unimpaired	The holder of the allowed Class 1(a) claim will be paid in accordance with the underlying loan documents and is unimpaired.
1(b)	Class 1(b) consists of the Secured Claim of City National Bank against the Debtors' property located at 2312 Thayer Avenue Henderson, NV 89074 which is secured by a lien against the property, loan number *****3803.	Impaired	The holder of the allowed Class 1(b) Secured Claim shall be impaired and will be satisfied in full by the sale or refinancing of the property 90-day post-effective date, and any settlement reached between the lender and the Debtors as set forth in the record before the Court.
1(c)	Class 1(c) consists of the Secured Claim of Ally Financial against the Debtors' 2012 Fiat 500, which is secured by a lien against the Debtors' vehicle, loan number *****9798.	Unimpaired	The holder of the allowed Class 1(c) Secured Claim shall be unimpaired and paid in full in accordance with the underlying loan documents.



1(d)	Class 1(d) consists of the Secured Claim of Hyundai Capital America against the Debtors' 2013 Hyundai Santa Fe, loan number *****6245.	Unimpaired	The holder of the allowed Class 1(d) Secured Claim shall be unimpaired and paid in full in accordance with the underlying loan documents.
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**The Debtors Plan shall, pursuant to Section 1123(b) of the Bankruptcy Code, provide for the revaluation of the Debtors assets listed on Exhibit B, in accordance with each property's current market value immediately prior to final confirmation of the plan. If you are a secured creditor, your secured claim may be reduced in accordance with Section 506(a) of the Bankruptcy Code, as of the effective date of the Plan. If you disagree with the revaluation, you should object to the Plan.**

**To the extent necessary, the Plan shall be treated as a motion and the Confirmation Order will constitute the Bankruptcy Court's finding and determination that the transactions reflected in the Plan are (1) in the best interests of the Debtor, its estate and all Holders of Claims and Equity Interests, (2) fair, equitable and reasonable, (3) made in good faith and (4) approved by the Bankruptcy Court pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rules 9014 and 9019, as each may be applicable.**

### **Priority Unsecured Claims – Class 2**

Class 2 shall include certain priority claims that are referred to in Sections 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code. The Bankruptcy 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. A class of holders of such claims, however, may vote to accept different treatment. As of the date of this Disclosure Statement, the Debtors have no amounts owed to Class 2 creditors.

### **Classes of General unsecured Claims**

General unsecured claims are not secured by property of the estate and are not entitled to priority under Section 507(a) of the Bankruptcy Code.

The following chart identifies the Plan's proposed treatment of Class 3, which contains the general unsecured claims against the Debtors:

<b>Class #</b>	<b>Description</b>	<b>Impairment</b>	<b>Treatment</b>
3	General Unsecured Class, which includes the unsecured portion of the Debtors second lien holders	Impaired	Payment equals the Percentage of Allowed Claim, paid on the effective date of the Plan, which the Debtors anticipate to be zero.

**IF NO OBJECTIONS ARE FILED TO THE PLAN, THE DEBTORS MAY ELECT TO MAKE NO DISTRIBUTIONS TO GENERAL UNSECURED CREDITORS AS SET FORTH IN SECTION 1129(A)(15) OF THE BANKRUPTCY CODE. IF CREDITORS DO**

NOT OBJECT TO THE PLAN AND ELECT TO RECEIVE PAYMENTS IN ACCORDANCE WITH SECTION 1129(A)(15) OF THE BANKRUPTCY CODE.

### **Equity Interest of the Debtors**

Equity interest holders are parties who hold an ownership interest (i.e., equity interest). In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company, the equity interest holders are the members. Finally with respect to an individual who is a debtor, the Debtors are the equity interest holder.

In this case, because the Debtors are an individual, there will not be an issuance of new equity.

### **Means of Implementing the Plan**

#### **Source of Payments**

Payments and distributions under the Plan will be funded by the Debtors, based upon their personal income. The Debtors Cash Flow Analysis is attached hereto as **Exhibit D** and outlines the Debtors sources and uses of income. Indeed, the math is not complex, insomuch as the Plan payments described in this Disclosure Statement are based on the sum of their personal income, minus their monthly mortgage payments and personal expenses. The Debtors anticipate paying zero to their unsecured creditors.

#### **Method of Plan Payments**

On or about the effective date of the Plan, the Debtors will serve as their disbursement agent. Except as otherwise provided in the Plan, upon confirmation, the Debtors shall begin making quarterly distributions under the Plan. The Debtors shall begin, as soon as practical, making pro rata payments to the Debtors unsecured creditors holding allowed claims, until such claims are paid as set forth in the Plan.

#### **Distributions on Account of Claims Allowed After the Effective Date**

Except as otherwise provided in the Plan, or upon the entry of a final, non-appealable order of the Bankruptcy Court, or as agreed to by the relevant parties, distributions under the Plan on account of a disputed claim that becomes an allowed claim after the effective date of the Plan shall be begin on the regular quarterly payment date, as established by the Disbursement Agent, which is at least thirty (30) days after such claim becomes an allowed claim.

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 connection with such disputed claim have been resolved by settlement among the parties or a final order of the Court. In the event that there are disputed claims requiring adjudication and resolution, the Disbursement Agent shall

establish appropriate reserves for potential payment of such Claims pursuant to Article VII.B.2 of the Plan.

In no event, however, shall the Disbursement Agent be held liable for any failures of the Debtors to make any of their payments required under the Plan.

### **Undeliverable Distributions**

Holding of Certain Undeliverable Distributions. If any distribution to a Holder of an Allowed Claim made in accordance herewith is returned to the Reorganized Debtors (or the Distribution Agent) as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors (or the Distribution Agent) is notified in writing of such Holder's then current address, at which time all currently due missed distributions shall be made to such Holder on the next Periodic Distribution Date. Undeliverable distributions shall remain in the possession of the Reorganized Debtors, subject to Article VII.C. of the Plan, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any additional interest, dividends or other accruals of any kind on account of their distribution being undeliverable.

Failure to Claim Undeliverable Distributions. No later than 210 days after the Effective Date, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of undeliverable distributions. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Case stays open. Any Holder of an Allowed Claim, irrespective of when a Claim becomes an Allowed Claim, that does not notify the Reorganized Debtors of such Holder's then current address in accordance herewith within the latest of (i) one year after the Effective Date, (ii) 60 days after the attempted delivery of the undeliverable distribution and (iii) 180 days after the date such Claim becomes an Allowed Claim, shall have its Claim for such undeliverable distribution discharged and shall be forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or its property. In such cases, (i) any Cash or Equity Interest held for distribution on account of Allowed Claims shall be redistributed to Holders of Allowed Claims in the applicable Class on the next Periodic Distribution Date and (ii) any Cash held for distribution to other creditors shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

Failure to Present Checks. Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within 180 days after the issuance of such check. In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, no later than 180 days after the issuance of such checks, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of any un-negotiated checks. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Case stays open. Requests for reissuance of any check shall be made directly to the Distribution Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an

un-negotiated check that does not request reissuance of such un-negotiated check within 240 days after the date of mailing or other delivery of such check shall have its Claim for such un-negotiated check discharged and be discharged and forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or its property. In such cases, any Cash held for payment on account of such Claims shall be property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

### **Post-confirmation Management**

The Debtors will manage their property post-petition in the ordinary course. The Debtors will be authorized to enter into, terminate and renew agreements as they see fit.

### **Risk Factors**

The significant risk related to the Debtors Plan is, should the Debtors health continue to deteriorate and their medical expenses continue to rise, making their Plan payments could become impossible.

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

The Plan, in **Exhibit 2**, lists all executed contracts and unexpired leases the Debtors will assume under the Plan. Assumption means that the Debtors have elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. **Exhibit 2** also lists how the Debtors will cure and compensate the other party to such contract or lease for any such defaults.

**If you object to the assumption of your unexpired lease or executive contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court sets an earlier time.**

All executory contracts and unexpired leases that are not listed in **Exhibit E** will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

**The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract is \_\_\_\_\_.** Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

### **Tax Consequences of Plan**

**Creditors Concerned with How the Plan May Affect Their Tax Liability Should Consult with their own Accountants, Attorneys, and/or Advisors.**

The Debtors do not anticipate any adverse tax consequences to their estate from the Plan. To the extent the Debtors receives any debt forgiveness income related to their 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.*

#### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

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, without counting votes of insiders; (iii) 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 holder votes to accept the Plan; and (iv) the Plan must be feasible. These requirements are not the only requirements listed in Section 1129, and they are not the only requirements for confirmation.

##### **Who May Vote or Object**

Any party-in-interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties-in-interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed (or allowed for voting purposes) and (2) impaired.

In this case, the Debtors believe that classes 1 and 3 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan (except Class 1(c)). The Debtors believe that class 2 is unimpaired and that holders of claims in this class, therefore, are assumed to accept the Plan.

This is an individual Chapter 11 bankruptcy case. Therefore, if the holder of an allowed unsecured claim objects to confirmation of the Plan pursuant to Section 1129(a)(15) of the Bankruptcy Code, such creditor will be entitled to receive either (a) the value of the property to be distributed under the Plan, or (b) the projected disposable income of the Debtors (as set forth in Section 1325(b)(2) of the Bankruptcy Code) to be paid during the 5 year period beginning after confirmation of the Plan. The Debtors proposed payment under the plan and in accordance Section 1129(a)(15) of the Bankruptcy Code is set forth in **Exhibit C**.

If no objections are filed to the Plan, the Debtors may elect to make no distributions to general unsecured creditors as set forth in Section 1129(a)(15).

### **What Is an Allowed Claim?**

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

The deadline for filing a proof of claim in this case is December 28, 2016, at 5:00 p.m.

The deadline for filing objections to Confirmation is August 1, 2016 at 5:00 p.m.

### **What Is an Impaired Claim?**

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in Section 1124 of the 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:

- **Holders of claims that have been disallowed by an order of the Court;**
- **Holders of other claims that are not “allowed claims” (as discussed above), unless they have been “allowed” for voting purposes;**
- **Holders of claims in unimpaired classes;**
- **Holders of claims entitled to priority pursuant to Sections 507(a)(2), or (a)(8) of the Bankruptcy Code;**
- **Holders of claims in classes that do not receive or retain any value under the plan; and**
- **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.

### **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.

### **Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (A) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, or (B) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed below.

### **Votes necessary for a Class to Accept the Plan**

A class of claims accepts the Plan if both of the following occur: (A) 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 (B) 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.

### **Treatment of Non-Accepting Classes**

Even if one or more of the impaired classes reject the Plan, the Court may nonetheless confirm 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 interests if it meets all the requirements 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 has not voted to accept the Plan.

**You should consult your own attorney regarding whether a “cram down” confirmation will affect your claim, as the variations on this general rule are numerous and complex.**

### **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such claim holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **Exhibit D**.

### **Feasibility**

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

### **Ability to Initially Fund the Plan**

The Debtors believes that they will have either (A) enough cash on hand or (B) sufficient cash flow on the effective date of the Plan to pay all claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit C**.



### **Ability to Make Future Plan Payments And Operate Without Further Reorganization**

The Debtors must also show that they will have enough cash over the life of the Plan to make the required Plan Payments.

The Debtors financial projections show that the Debtors will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, as set forth on **Exhibit C** hereto. The final Plan payment is expected to be paid on or about the effective date.

**You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.**

## **V. EFFECT OF CONFIRMATION PLAN**

### **Discharge of the Debtors**

Confirmation of this Plan does not discharge any of the personal debt of the Debtors until the court grants a discharge on completion of all payments to unsecured creditors under this Plan as set forth herein and in accordance with Section 1129(a)(15), and as provided in Section 1141(d)(5) of the Code. The Debtors will not be discharged from any debt upon confirmation excepted from discharge under Section 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

### **Modification of Plan**

The Debtors 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 Debtors may also seek to modify the Plan at any time after confirmation only if the Court authorizes the proposed modifications after notice and a hearing.

Upon request of the Debtors, trustee, United States trustee or the holder of an allowed unsecured claim, the Plan may be modified in accordance with section 1127(e) of the Bankruptcy Code 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 the Plan to the extent necessary to take on accounting of any payment of a claim made other than under the Plan.

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the confirmation order; and (b) after the entry of the confirmation order, the Debtors or the reorganized Debtors, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any

inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

### **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of bankruptcy Procedure, the Debtors, or such other party as the Court shall designate in the Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

## **VI. OTHER PLAN PROVISIONS**

### **Vesting of Assets in the Reorganized Debtors**

After confirmation of the Plan, all property of the Debtors shall vest in the reorganized Debtors free and clear of all liens, claims, charges or other encumbrances, except those enumerated in the confirmation order. The reorganized Debtors may operate their business and may use, acquire or dispose of property and compromise or settle any claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the confirmation order. Without limiting the foregoing, the Debtors shall pay the charges that they incur after confirmation for professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of professional fee applications) without application to the Bankruptcy Court.

### **Release of Liens, Claims and Equity Interests**

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, upon confirmation, all liens, claims, mortgages, deeds of trust, or other security interests against the property of the Debtors estate shall be fully released and discharged. The security interests of the Debtors first lien holders in Class 1, however, shall be unimpaired under the Plan with respect to both the Debtors and their property.

### **Certificate of Incorporation and Bylaws**

The articles of organization and bylaws (or other formation documents) of the Holding Company shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code or as otherwise required by, and in a form reasonably acceptable to, the Debtors. On or as soon as reasonably practicable after confirmation of the Plan, the reorganized Debtors shall file a new certificate of organization with the Nevada secretary of state, as required by section 1123(a)(6) of the Bankruptcy Code.

### **Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes**

The Debtors 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 necessary or appropriate to effectuate and implement the provisions of the Plan.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the confirmation order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

### **Revocation of Plan**

The Debtors reserve the right to revoke or withdraw the Plan prior to the confirmation hearing and to file subsequent Chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, the Debtors or any other entity; (b) prejudice in any manner the rights of the Debtors or any other entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other entity.

### **Successors and Assigns**

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

### **Reservation of Rights**

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

### **Further Assurances**

The Debtors or the reorganized Debtors, as applicable, all holders of Claims receiving distributions under the Plan and all other entities shall, from time to time, prepare, execute 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.

### **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 Deposits**

Unless the Debtors agree otherwise in a written agreement or stipulation approved by the Court, all security deposits provided by the Debtors to any person or entity at any time after the petition date shall be returned to the Debtors within twenty (20) days after the date of confirmation, without deduction or offset of any kind.

### **Filing of Additional Documents**

On or before the Effective Date, the Debtors 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.

/s/ Gerald Garapich  
Gerald Garapich

/s/ Gail Marie Garapich  
Gail Marie Garapich

/s/ Samuel A. Schwartz  
Samuel A. Schwartz, Esq.  
Attorneys for the Debtors

## **EXHIBITS**

**Exhibit A** - Copy of Proposed Plan of Reorganization

**Exhibit B** - List of Assets

**Exhibit C** – Cash Flow Analysis

**Exhibit D** – Liquidation Analysis

**Exhibit E** – List of Executory Contracts

# Exhibit A

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Bryan A. Lindsey, Esq.  
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Attorneys for the Debtors

**UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA**

In re:	)	
	)	CASE NO.: 16-12269-LED
	)	Chapter 11
Gerald Garapich and	)	
Gail Marie Garapich,	)	
	)	
	)	
Debtors.	)	
	)	

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**JOINT PLAN OF REORGANIZATION OF  
GERALD GARAPICH AND GAIL MARIE GARAPICH**

**ARTICLE I - SUMMARY**

This Second Amended Joint Plan of Reorganization (the “**Plan**”) under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”) proposes to pay creditors of Gerald Garapich and Gail Marie Garapich, the above-captioned debtors and debtors-in-possession (the “**Debtors**”) from the reorganization of their residential property and secured debt.

This Plan provides for 4 classes of secured claims; and 1 class of unsecured claims. Unsecured creditors holding allowed claims will receive distributions, which the Debtors anticipate will likely be 0% of creditor’s allowed claims. This Plan also provides for the payment of administrative and priority claims in full on the effective date of this Plan, or as agreed by the holder of such administrative or priority claim.

All creditors should refer to Articles II through IV of this Plan for information regarding the precise treatment of their claims. A Second Amended Disclosure Statement (the “**Disclosure Statement**”) that provides more detailed information regarding this Plan and the rights of creditors was circulated with this Plan. Your rights may be affected. You should read these papers carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.



## ARTICLE II - CLASSIFICATION AND TREATMENT OF CLAIMS

This Plan constitutes the Chapter 11 plan of reorganization of the Debtors. All Claims against the Debtors are placed in classes (each a “**Class**”) as designated by Classes 1 through 5. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims and Priority Tax Claims.

The categories of Claims (as defined in the Bankruptcy Code, listed below classify Claims for all purposes, including, without limitation, voting, confirmation and distribution pursuant to this Plan sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim to be classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim qualifies within the description of such different Class. A Claim is in a particular Class only to the extent that any such Claim is allowed in that Class and has not been paid or otherwise settled prior to the effective date of the Plan as determined in paragraph 6.02 below.

### Classification of Claims

#### 2.01 Class 1(a) – Secured Claim of Bank of America

- (a) *Classification:* Class 1(a) consists of the First Lien of Bank of America against the Debtors’ property located at 2312 Thayer Avenue Henderson, NV 89074 which is secured by a lien against the property, loan number \*\*\*\*\*7983.
- (b) *Treatment:* The holder of the allowed Class 1(a) claim will be paid in accordance with the underlying loan documents and is unimpaired.
- (c) *Voting:* Class 1(a) is an unimpaired class, and the holder of the Class 1(a) claim is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holder of the Class 1(a) claim is not entitled to vote to accept or reject the Plan.

#### Class 1(b) – Secured Claim of City National Bank

- (a) Class 1(b) consists of the Secured Claim of City National Bank against the Debtors’ property located at 2312 Thayer Avenue Henderson, NV 89074 which is secured by a lien against the property, loan number \*\*\*\*\*3803.
- (b) *Treatment:* The holder of the allowed Class 1(b) Secured Claim shall be impaired and will be satisfied in full by the sale or refinancing of the property, as well as the completion of the settlement reached between the parties and stated on the record before the Bankruptcy Court, and as more fully set forth in Section 4.02.

- (c) *Voting:* Class 1(b) an impaired Class, and holders of Class 1(b) claims are entitled to vote to accept or reject the Plan.

Class 1(c) –Secured Claim of Ally Financial

- (a) Class 1(c) consists of the Secured Claim of Ally Financial against the Debtors' 2012 Fiat 500, which is secured by a lien against the Debtors' vehicle, loan number \*\*\*\*\*9798.
- (b) *Treatment:* The holder of the allowed Class 1(c) Secured Claim shall be unimpaired and paid in full in accordance with the terms of its related security agreement.
- (c) *Voting:* Class 1(c) is an unimpaired class, and the holder of the Class 1(c) claim is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holder of the Class 1(c) claim is not entitled to vote to accept or reject the Plan.

Class 1(d) –Secured Claim of Hyundai Capital America

- (a) *Classification:* Class 1(d) consists of the Secured Claim of Hyundai Capital America against the Debtors' 2013 Hyundai Santa Fe, loan number \*\*\*\*\*6245.
- (b) *Treatment:* The holder of the allowed Class 1(d) Secured Claim shall be unimpaired and paid in full in accordance with the terms of its related security agreement.
- (c) *Voting:* Class 1(d) is an unimpaired class, and the holder of the Class 1(d) claim is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holder of the Class 1(d) claim is not entitled to vote to accept or reject the Plan.

2.03 Class 3 – Priority Claims

- (a) *Classification:* Class 3 consists of the Priority Claims against the Debtors.
- (b) *Treatment:* The legal, equitable and contractual rights of the holders of allowed Class 3 Claims are unaltered. Except to the extent that a holder of an allowed Class 1 or Class 2 claim has been paid by the Debtors prior to the effective date of this Plan or otherwise agrees to different treatment, each holder of an allowed Class 3 Claim shall receive, in full and final satisfaction of such allowed Class 3 claim, payment in full in cash on or as soon as reasonably practicable after (i) the effective date of the Plan, (ii) the date such allowed Class 3 claim becomes allowed or (iii) such other date as may be ordered by the Bankruptcy Court.

- (c) *Voting:* Class 3 is an unimpaired Class, and is deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the holders of Class 3 claims are not entitled to vote to accept or reject the Plan.

2.05      2.05      Class 5 - General Unsecured Claims

- (c) *Classification:* Class 5 consists of General Unsecured Claims against the Debtors, which includes the unsecured portion of the Debtors' first and second lien holders.
- (d) *Treatment:* Holders of allowed General Unsecured Claims shall receive, in full and final satisfaction of such allowed Class 5 claims, their pro rata share of the Debtors' monthly plan payments, which the Debtors estimate to be zero.
- (e) *Voting:* Class 5 is an impaired Class, and holders of Class 5 claims are entitled to vote to accept or reject the Plan.

### ARTICLE III

#### TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS. U.S. TRUSTEES FEES AND PRIORITY TAX CLAIMS

3.01      Unclassified Claims. In accordance with section 1123(a)(1) of the Bankruptcy Code, administrative expense claims, and priority tax claims are not in classes.

3.02      Administrative Expense Claims. Each holder of an administrative expense claim allowed under Section 503 of the Bankruptcy Code will be paid in full on the effective date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtors.

3.03      Priority Tax Claims. Each holder of a priority tax claim will be paid in full on the effective date of this Plan, or with respect to the Internal Revenue Service, as agreed upon among the parties.

3.04      United States Trustee Fees. All fees required to be paid by 28 U.S.C. § 1930 will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

### ARTICLE IV

#### PROVISIONS FOR EXECUTORY CONTRACTS, UNEXPIRED LEASES AND DISPOSITION OF VACANT LAND

4.01      Assumed Executory Contracts and Unexpired Leases.

(a) The Debtors shall assume, on the effective date of this Plan, the executory contracts and unexpired leases listed on **Exhibit 2** attached hereto. Listed on **Exhibit 2** is also the Debtors' estimated cure amount, if any, necessary to assume such contract in accordance with Section 365 of the Bankruptcy Code.

(b) The Debtors will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 4.01(a) above. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

(c) The confirmation order shall constitute an order of the Bankruptcy Court approving such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code as of the effective date of this Plan. The Debtors reserve the right to amend **Exhibit 2** at any time before the effective date.

(d) Any objection by a party to an executory contract or unexpired lease to the Debtors' proposed assumption or any related cure amount set forth on **Exhibit 2** must be filed, served and actually received by the Debtors at least five (5) days prior to the confirmation hearing of this Plan. Any party to an executory contract or unexpired lease that fails to object timely to the proposed cure amount will be deemed to have consented to such assignment of its executory contract or unexpired lease. The confirmation order shall constitute an order of the Bankruptcy Court approving any proposed assignments of executory contracts or unexpired leases pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

(e) In the event of a dispute regarding (i) the amount of any cure payment, (ii) the ability of the Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the executory contract or unexpired lease to be assigned or (iii) any other matter pertaining to assignment, the applicable cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a final order or orders resolving the dispute and approving the assumption. If an objection to a cure amount is sustained by the Bankruptcy Court, the Debtors at their sole option, may elect to reject such executory contract or unexpired lease in lieu of assuming and assigning it.

**4.02 Disposition of Land and Settlement with City National Bank.** Pursuant to sections 363 and 554 of the Bankruptcy Code, the Debtors may either sell or abandon their real property parcel located on 2312 Thayer Ave., Henderson, NV, subject to approval of the Bankruptcy Court in accordance with the confirmation hearing. In addition, in order to satisfy the claims of City National Bank ("CNB"), and pursuant to the parties settlement set forth on the record during the bankruptcy case, the Debtors will do the following to satisfy the debt of CNB: (a) liquidate up to \$100,000.00 of their exempt retirement accounts by October 31, 2016; (b) liquidate their exempt holdings in a minority interest in an limited liability company owned by Gerry Garapich, which company owns land in North Las Vegas, Nevada, and which interest was pledged to CNB within ninety (90) days post-effective date of the Plan of Reorganization; and (c) as an alternative to liquidating their exempt holdings in a minority interest in an limited liability company owned by Gerry Garapich, the sale or refinance of the Debtors' 2312 Thayer Avenue, Henderson, Nevada primary residence within ninety (90) days post-effective date of the Plan of Reorganization (the "**CNB Settlement**").

Therefore, the order confirming the Plan will constitute the Bankruptcy Court's finding and determination that the CNB Settlement is (1) in the best interests of the Debtors, their estates and parties in interest, (2) fair, equitable and reasonable, (3) made in good faith and (4) approved pursuant to either section 363 or 554 of the Bankruptcy Code, and Bankruptcy Rule 9019.

## ARTICLE V - MEANS FOR IMPLEMENTATION OF THE PLAN

5.01 Source of Payments. Payments and distributions under the Plan will be funded by the Debtors, based upon their (a) personal income (b) the sale of the Hazlehurst Property (c) and the use of the Debtors retirement accounts.

### 5.02 Method of Plan Payments

(a) On or about the effective date of the Plan, the Debtors shall retain Cynthia Bitaut of Langlands and Grossa, LLP, 2655 Box Canyon Drive #190, Las Vegas, Nevada 89128 as their disbursement agent (the "**Disbursement Agent**"). Except as otherwise provided in the Plan, upon the first full month after the entry of the order confirming the Plan, the Debtors shall begin making monthly distributions to the Disbursement Agent under the Plan. The Disbursement Agent shall begin, as soon as practical, making pro rata payments to the Debtors' unsecured creditors holding allowed claims, on a quarterly basis, until such claims are paid as set forth in the Plan.

(b) Except as otherwise provided in the Plan, or upon the entry of a final, non-appealable order of the Bankruptcy Court, or as agreed to by the relevant parties, distributions under the Plan on account of a disputed claim that becomes an allowed claim after the effective date of the Plan shall be begin on the regular quarterly payment date, as established by the Disbursement Agent, which is at least thirty (30) days after such claim becomes an allowed claim.

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

(d) In no event, however, shall the Disbursement Agent be held liable for any failures of the Debtors to make any of their payments required under the Plan. If any holders of allowed claims against the Debtors' estate fail to receive payment in accordance with the Plan, the Bankruptcy Court shall retain jurisdiction to hear and determine all matters related to the implementation of this Plan and the payments required hereunder.

(e) The Disbursement Agent shall be authorized to retain attorneys, if necessary, to object to proofs of claim, pay administrative expenses and collect a reasonable fee for administering the Debtors' post-confirmation estate from the Debtors' plan payments.

5.03 The Holding Company. On or after the effective date of the Plan, the Debtors shall transfer title to their properties to a Nevada limited liability company (the "**Holding Company**"),

for liability purposes. The transfer shall not limit the Debtors' personal liability to their Class 1 creditors or their obligations to make payments under this Plan.

5.04 Post-confirmation Management. The Debtors will manage their properties post-petition in the ordinary course, which will include the assumption and continued operation under all partnership agreements, as well as the debt service obligations thereunder. They will be authorized to enter into, terminate and renew lease agreements as they see fit. Such activities will include retaining management companies to aid in the renting of their property, drafting and serving eviction notices, negotiating loan modifications or refinancing their properties, repairing the properties and maintaining a reserve account of up to one month's mortgage payments, or \$10,000.00, whichever is greater. In addition, the Debtors will be authorized to transfer the properties to the Holding Company to limit their liability from claims arising from their rental business (such as injuries occurring at the homes) after the date of confirmation.

## ARTICLE VI GENERAL PROVISIONS

6.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in Sections 101 and 102 of the Bankruptcy Code shall apply when terms defined or construed in the Bankruptcy Code are used in this Plan.

6.02 Effective Date of Plan. The effective date of this Plan is the eleventh business day following the date of the entry of the confirmation order. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

6.03 Modification of Plan.

The Debtors 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 Debtors may also seek to modify the Plan at any time after confirmation only if (A) the Plan has not been substantially consummated and (B) the Court authorizes the proposed modifications after notice and a hearing.

Upon request of the Debtors, 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 the Plan to the extent necessary to take on accounting of any payment of a claim made other than under the Plan.

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the confirmation order; and



(b) after the entry of the confirmation order, the Debtors may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan; provided, however, that any modification to the Plan shall not affect the rights or treatment of holders of unsecured claims.

6.04 Final Decree. Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of bankruptcy Procedure, the Debtors, or such other party as the Court shall designate in the Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

6.05 Vesting of Assets in the Reorganized Debtors and the Holding Company. After confirmation of the Plan, all property of the Debtors shall vest in the reorganized Debtors and the Holding Company, free and clear of all liens, claims, charges or other encumbrances, except those enumerated in the order approving the Motion to Value and the confirmation order. The reorganized Debtors may operate their business and may use, acquire or dispose of property and compromise or settle any claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the confirmation order. Without limiting the foregoing, the Debtors shall pay the charges that they incur after confirmation for professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of professional fee applications) without application to the Bankruptcy Court.

6.06 Release of Liens, Claims and Equity Interests. Except as otherwise provided herein or in the following sentence or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, upon confirmation, all liens, claims, mortgages, deeds of trust, or other security interests against the property of the Debtors' estate shall be fully released and discharged. The existing liens and lien rights of those lenders holding claims in Class 1 and Class 2 are expressly preserved under the Plan, and their existing liens shall ride through and remain attached to any and all underlying collateral in any transfer of property expressly set forth in, or contemplated by, the Plan. To the extent any provision in this Plan or the Confirmation Order can be read to contradict the express preservation of lien rights in this provision, this provision controls.

6.07 Certificate of Incorporation and Bylaws. The articles of organization and bylaws (or other formation documents) of the Holding Company shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code or as otherwise required by, and in a form reasonably acceptable to, the Debtors. On or as soon as reasonably practicable after confirmation of the Plan, the reorganized Debtors shall file a new certificate of organization with the Nevada secretary of state, as required by section 1123(a)(6) of the Bankruptcy Code.

6.08 Effectuating Documents; Further Transactions. The Debtors 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 necessary or appropriate to effectuate and implement the provisions of the Plan.



6.09 Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the confirmation order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

6.10 Revocation of Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the confirmation hearing and to file subsequent Chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, the Debtors or any other entity; (b) prejudice in any manner the rights of the Debtors or any other entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other entity.

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

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

6.13 Further Assurances. The Debtors or the reorganized Debtors, as applicable, all holders of Claims receiving distributions under the Plan and all other entities shall, from time to time, prepare, execute 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.

6.14 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 unsecured claims, such claim holder.

6.15 Return of Security Deposits. Unless the Debtors agree otherwise in a written agreement or stipulation approved by the Court, all security deposits provided by the Debtors to any person

or entity at any time after the petition date shall be returned to the Debtors within twenty (20) days after the date of confirmation, without deduction or offset of any kind.

6.16 Filing of Additional Documents. On or before the Effective Date, the Debtors 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.

6.16 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

## ARTICLE VII DISCHARGE

**7.01 Discharge.** Confirmation of this Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments under this Plan, or as otherwise provided in § 1141(d)(5) of the Code. The Debtors will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

Dated: October 24, 2016

Respectfully submitted,

Gerald Garapich

/s/ Gerald Garapich

Gail Marie Garapich

/s/ Gail Marie Garapich

# **Exhibit B**

**Exhibit B**

Property Owned by the Debtor

Residential Property – 2312 Thayer Avenue, Henderson, NV 89074

**Value** **\$348,000.00**

Vehicles – 2012 Fiat 500, 2013 Hyundai Santa Fe, 2003 GMC Yukon,  
2004 Kia Sedona, 2006 Big Dog Chopper Motorcycle

**Value** **\$34,695.00**

Personal Property

**Value (Furniture, jewelry, equipment)** **\$16,900.00**

Land Owned – Centennial 42, LLC 5% ownership in North Las Vegas Land

**Value** **\$100,000.00**

**TOTAL:** **\$399,595.00**

# Exhibit C

**Exhibit C**

Dependence on Assumptions. The Cash Flow Analysis is based on a number of estimates and assumptions that, although developed and considered reasonable by the Debtors advisors, are inherently subject to significant economic, business and competitive uncertainties and contingencies beyond the control of the Debtors. The Cash Flow Analysis is also based on the Debtor's best judgment of how likely it is that he will be able to rebuild some level of income throughout the life of his Plan and not have his workload and income reduced. Accordingly, there can be no assurance that the cash flow estimates reflected in this Cash Flow Analysis would be realized if the Debtors were unable to maintain his current income and actual results could vary materially and adversely from those contained herein.

**CASH FLOW ANALYSIS**

<u>Monthly Income</u>	
Net Income (estimated)	\$3,786.00
<b>Total Current Income</b>	<b>\$3,786.00</b>
 <u>Monthly Expenses</u>	
Mortgage Payments	(\$1,334.34)
Personal Expenses	<u>(\$6,220.12)</u>
<b>Total Current Expenses</b>	<b>(\$7,554.46)</b>
 <b>Current Monthly Cash Flow Value:</b>	 (\$3,768.46)

**Monthly Expenses Breakdown**

<u>Personal Expenses</u>	
Utilities – Power & Gas	\$400.00
Cable, Cell Phone, Internet	\$409.43
Utilities – Water and Sewer	\$195.00
Food/Groceries	\$1,500.00
Health Insurance	\$684.00
Dental Insurance	\$175.00
Clothing/Laundry/Dry cleaning	\$50.00
Medical/Dental	\$65.00
Transportation	\$300.00
Vehicle Insurance	\$692.20
Vehicle Payment	\$955.49
Home Maintenance	\$215.00
IRS	\$175.00

Storage	\$404.00
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<b>Total Expenses</b>	<b>\$6,220.12</b>
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Total:	(\$3,768.46)
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# Exhibit D

**EXHIBIT D****LIQUIDATION ANALYSIS<sup>1</sup>****A. OVERVIEW**

A chapter 11 plan cannot be confirmed unless the bankruptcy court determines that the plan is in the “best interests” of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The “best interests” test requires a bankruptcy court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The property in question here would have a liquidated value equal to its appraised value, less foreclosure costs and fees.

**B. UNDERLYING ASSUMPTIONS AND DISCLAIMER**

This liquidation analysis (the “**Liquidation Analysis**”) was prepared in connection with the filing of the Debtors Disclosure Statement and Plan.

The Debtors have prepared this Liquidation Analysis based on a hypothetical liquidation under chapter 7 of the Bankruptcy Code. The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtors assets in a chapter 7 case is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and their legal advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation.

It is assumed, among other things, that the hypothetical liquidation under chapter 7 would commence under the direction of a court-appointed trustee and would continue for a period of time, during which time all of the Debtors major assets would be sold or surrendered to his respective lien holders, and the cash proceeds, if any, net of liquidation related costs, would then be distributed to creditors in accordance with relevant law.

THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION. THIS ANALYSIS ASSUMES “LIQUIDATION VALUES” BASED ON

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<sup>1</sup> All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Disclosure Statement. To the extent that a definition of a term in the text of this Exhibit C to the Disclosure Statement and the definition of such term in the Disclosure Statement is inconsistent, the definition included in the Disclosure Statement shall control.

APPRAISALS, WHERE AVAILABLE, AND THE DEBTORS BUSINESS JUDGEMENT, WHERE APPRAISALS ARE NOT AVAILABLE.

THE UNDERLYING FINANCIAL INFORMATION IN THE LIQUIDATION ANALYSIS WAS NOT COMPILED OR EXAMINED BY ANY INDEPENDENT ACCOUNTANTS. NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY. THIS ANALYSIS ASSUMES “LIQUIDATION VALUES” BASED ON APPRAISALS, WHERE AVAILABLE AND WHEN APPLICABLE, AND THE DEBTORS BUSINESS JUDGMENT, WHERE APPRAISALS ARE NOT AVAILABLE.

THE DEBTOR SUBMITS THAT HE IS NOT RETAINING ANY NON-EXEMPT ASSETS THROUGH THIS CHAPTER 11 PLAN. ACCORDINGLY, THE DEBTOR SUBMITS THE “ABSOLUTE PRIORITY RULE” – AS DEFINED IN RE LIVELY, 2013 WESTLAW 2347045, 2013 U.S. APP. LEXIS 10839 (5TH CIR. 2013); AFFIRMING IN RE LIVELY, 466 B.R. 897 (BANKR. S.D. TEX. 2011)(ISGUR, J.), DOES NOT APPLY IN THIS CASE.

### **C. SUMMARY NOTES TO THIS LIQUIDATION ANALYSIS**

The Liquidation Analysis should be read in conjunction with the following notes and assumptions:

1. Dependence on Unaudited Financial Statements. This Liquidation Analysis contains estimates that are still under review and it remains subject to further legal and accounting analysis.
2. Preference or Fraudulent Transfers. No recovery or related litigation costs attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions are assumed within this analysis due to, among other issues, anticipated disputes about these matters.
3. Duration of the Liquidation Process. The Debtors have assumed that the liquidation would involve very little operations. Thus, this Liquidation Analysis assumes the liquidation would be completed within twelve (12) months. In an actual liquidation the wind down process and time period(s) could vary thereby impacting recoveries. For example, the potential for priority, contingent and other claims, litigation, rejection costs and the final determination of allowed claims could substantially impact both the timing and amount of the distribution of the asset proceeds to the creditors. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were in fact, to undergo such a liquidation.

### **D. SUMMARY OF LIQUIDATION ANALYSIS (AS OF October 12, 2016)**

**LIST OF THE DEBTORS  
ASSETS, LIEN AMOUNTS AND EQUITY**

**Residential Property**

2312 Thayer Avenue  
Las Vegas, NV 89074

First Mortgage:	\$26,000.00
Current Appraised Value:	\$343,000.00
Lien of City National Bank:	\$270,000.00
Equity	<u>\$47,000.00</u>

**Vehicle: 2012 Fiat 500**

Secured Lien:	\$7,684.00
Current Appraised Value:	\$5,414.00
Negative Equity	<u>(\$2,270.00)</u>

**Vehicle: Hyundai Santa Fe**

Secured Lien:	\$18,956.00
Current Appraised Value:	\$19,195.00
Equity	<u>\$239.00</u>

**Vehicle: 2003 GMC Yukon**

Secured Lien:	\$0.00
Current Appraised Value:	\$3,988.00
Equity	<u>\$3,988.00</u>

**Vehicle: 2004 Kia Sedona**

Secured Lien:	\$0.00
Current Appraised Value:	\$1,098.00
Equity	<u>\$1,098.00</u>

**Vehicle: 2003 GMC Yukon**

Secured Lien:	\$0.00
Current Appraised Value:	\$3,988.00
Equity	<u>\$3,988.00</u>

**Vehicle: 2006 Big Dog Chopper**

Secured Lien:	\$0.00
Current Appraised Value:	\$5,000.00
Equity	<u>\$5,000.00</u>

**Personal Property:**

(Furniture, jewelry, equipment) \$16,900.00

**Total:**

Current Debt: \$322,640.00

Current Appraised Value: \$398,583.00

**Equity: \$75,943.00**

Chapter 7 Liquidation Costs. Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by a Chapter 7 trustee, including, but not limited to, expenses affiliated with selling the Debtors assets, will be entitled to payment in full prior to any distribution to Chapter 11 administrative and other priority claims. As the Debtors are an individual and do not operate a business, it is anticipated that creditors' recoveries would be extinguished by the secured claims of the Debtor's first lien holders, leaving no recovery for unsecured creditors.