

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re: Beverly Gruarin,) Bankruptcy No. 13-25009-JAD
)
Debtor.) Chapter 11
)
) Honorable Jeffery A. Deller

**AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY AMENDED PLAN DATED MAY 31, 2016**

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating Debtor’s proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots:

Brian C. Thompson, Esquire
Thompson Law Group, P.C.
125 Warrendale-Bayne Road, Suite 200
Warrendale, PA 15086

I. Background

1. Name of Debtor

Beverly Gruarin.

2. Type of Debtor

Debtor is an individual residing in the Commonwealth of Pennsylvania.

3. Debtor’s Business or Employment

Debtor Beverly Gruarin is sole practitioner podiatrist. Debtor also owns and manages two residential rental properties.

4. Date of Chapter 11 Filing:

Chapter 11 Bankruptcy filed on November 26, 2013.

5. Events that Caused the Filing:

The Debtor initiated this Chapter 11 case to reorganize her debts after falling behind on her financial obligations as a result of her inability to work for several months, and unexpected judgments and statutory tax liens.

6. Anticipated Future of the Debtors & Source of this Information and Opinion:

The Plan is to be implemented by the reorganized Debtor through future income of the Debtor derived by her podiatry business. .

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

A. Class 1, Administrative Claims (Unimpaired). Claims shall be paid in full as of the Plan effective date, if possible, or as soon thereafter as practicable. Other post-petition administrative claims, including counsel fees and quarterly fees to the United States Trustee will be paid as they become due from time to time and with prior Court approval if necessary. Pursuant to Stipulation and Agreed Order with the Internal Revenue Service, the unpaid 2013 administrative income tax claim of \$223.52, plus all accrued interest and penalties until paid, shall be paid in full on or before the plan effective date.

B. Class 2, Secured Claim of Seterus, Inc., Claim No. 11 (Impaired).

a. Class 2 – Seterus, Inc. (Mortgage on residence 8110 Thompson Run Road.

The secured claim of Seterus, Inc., in the amount of \$100,784.50 is secured against the residence of the Debtor known as 8110 Thompson Run Road, and shall be paid 3.5% over 8 years, with 96 equal monthly payments of \$1,200.00, with lien retained until paid in full.

C. Class 3 Secured Tax Claims (Impaired).

a. Class 3 – Internal Revenue Service, Claim 1-2.

Per Stipulation and Agreed Order, the IRS secured and priority claims totaling \$298,477.17, together with interest thereon at the rate of 3 percent per annum, shall be paid in monthly installments of \$2,287.55 over an eight-four (84) month period. The first such installment shall be due on the first day of the month following the month of the effective date of the plan, and each subsequent payment shall be due on the first day of each month thereafter until such time as the amount of such claim plus interest has been fully paid.

b. Class 3 – Pennsylvania Department of Revenue, Claim 3-2.

The secured tax claim of the Pennsylvania Department of Revenue in the amount of \$26,023.22 shall be paid at 3% interest over the remaining 17 months of the plan, with 17 equal monthly payments of \$1,678.78.

Payments shall commence on the effective date and be paid before the 10th day of every month until the pre-petition unsecured priority claim is paid in full as outlined above, with the lien remaining until the secured claim is paid in full.

D. Class 4, Secured Judgment Lien of PNC Bank (Impaired)

a. Class 4 – PNC Bank.

The secured judgment lien claim of the PNC Bank in the amount of 31,478.09 shall be paid at 0% interest over 15 years, with 120 equal monthly payments of \$262.32.

Payments shall commence on the effective date and be paid before the 10th day of every month until the pre-petition unsecured priority claim is paid in full as outlined above, with the lien remaining until the secured claim is paid in full.

E. Class 5, Unsecured Priority Tax Claims (Impaired).

a. Class 5 – Internal Revenue Service, Claim 1-2.

The unsecured priority claim of the Internal Revenue Service shall be paid in accordance with Paragraph C, Class 3, as outlined above.

b. Class 5 – Pennsylvania Department of Revenue.

The unsecured priority claim of the Pennsylvania Department of Revenue in the amount of \$18,030.16 shall be paid at 3% interest over the remaining 17 months of the plan, with 17 equal monthly payments of \$1,163.14.

Payments shall commence on the effective date and be paid before the 10th of every month until the pre-petition unsecured priority claim is paid in full as outline above.

F Class 6 General Unsecured Claims (Impaired)

The Class 6 general unsecured claims will be paid an estimated total of \$3,678.44. This is an estimated 1% of unsecured claims. Debtor shall pay a lump sum payment of \$3,678.44 on or before the 5 year anniversary of the effective date of this Plan. Unless after notice and a hearing the court orders otherwise for cause, confirmation of the plan does not discharge any debt under Class 12 provided for in the plan until the court grants a discharge on completion of all payments under the plan.

8. Are All Monthly Operating Statements Current and on File with the Clerk of Court?

Yes ___ No X

If Not, Explain:

Monthly operating reports have been prepared, and will be filed subsequent to filing of plan.

9. Does the plan provide for releases of non-debtor parties? Specify which parties and terms of release.

No.

10. Identify all executory contracts that are to be assumed, assumed and assigned, or rejected.

None.

11. Has a bar date been set?

Yes, May 26, 2014 for governmental units and April 8, 2014 for all other creditors or parties in interest.

12. Has an election under 11 U.S.C. §1121(e) been filed with the Court to be treated as a small business?

Yes _____ No X

13. Specify property that will be transferred subject to 11 U.S.C. §1146.

While no property is currently contemplated to be sold in connection with 11 U.S.C. §1146, Debtors reserve their right to amend this Plan at any time to do so.

II. Creditors

A. Secured Claims

Creditor	Total Amount Owed (Estimated or claimed)	<u>Arrearages</u>	<u>Type of Collateral Priority of Lien</u>	<u>Disputed Liquidated Unliquidated</u>	<u>Will Liens be Retained Under the Plan (Y) or (N)</u>
<u>Seterus, Inc.</u>	<u>\$100,784.50</u>	<u>\$0.00</u>	<u>Mortgage- Debtor's real property located at 8110 Thompson Run Road, Pittsburgh, PA 15227</u>		<u>Y</u>

<u>Great Plains Capital</u>	<u>\$6,338.62</u>	<u>\$0.00</u>	<u>Mortgage – Debtor’s rental property located at 730 Ohio River Blvd., Pittsburgh, PA 15202</u>	<u>Y</u>
<u>PNC Bank</u>	<u>\$31,478.09</u>	<u>\$0.00</u>	<u>Judgment Lien on all real property</u>	<u>Y</u>
<u>Total</u>	<u>\$138,601.21</u>			

B. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ 6,135.00
2.	Amount of Unscheduled Unsecured Claims ¹	\$ 7,104.53
3.	Total Claims Scheduled or Filed	\$13,239.53
4.	Amount Debtor Disputes (Investigation not complete)	\$ 2,833.00
5.	Estimated Allowable Unsecured Claims	\$10,406.53

C. Other Classes of Creditors - Priority

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$35,000.00
2.	Amount of Unscheduled Unsecured Claims	\$35,622.42
3.	Total Claims Scheduled or Filed	\$70,622.42
4.	Amount Debtor Disputes	\$0.00
5.	Estimated Allowable Priority Claims	\$70,622.42

D. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$0.00
2.	Amount of Unscheduled Unsecured Claims	\$0.00
3.	Total Claims Scheduled or Filed	\$0.00
4.	Amount Debtor Disputes	\$0.00
5.	Estimated Allowable Unsecured Claims	\$0.00

III. Assets

Assets	Value	Basis for Value Priority of Lien	Name of Lienholder (if any) (Fair Market Value/Book Value)	Amount of Debtor’s Equity (Value Minus Liens, but not considering exemptions)
Residence – 8110 Thompson Run Road, Pittsburgh, PA 15237	365,000.00	Debtor’s opinion/comparable sales	Seterus, Inc. IRS PA Dept of Revenue	\$0.00
Rental property – 730 Ohio River Blvd., Pittsburgh, PA	50,000.00	Debtor’s opinion/comparable sales	Great Plains Capital Allegheny County Avalon Borough Northgate School District	\$0.00

¹ Includes a.) unsecured claims filed by unsecured creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

15202			IRS PA Dept of Revenue	
Rental property – 722 Ohio River Blvd., Pittsburgh,PA 15202	40,000.00	Debtor’s opinion/comparable sales	Great Plains Capital Allegheny County Avalon Borough Northgate School District IRS PA Dept of Revenue	\$0.00
Cash	\$50.00	Debtor’s actual value	None.	\$50.00
Various Household items	\$8,050.00	Debtor’s opinion/estimation	None	\$8,050.00
Personal Clothing	\$200.00	Debtor’s opinion/estimation	None	\$200.00
Jewelry	\$1,750.00	Debtor’s opinion/estimation	None	\$1,750.00
Family Foot Center, Inc.	\$10,000	Debtor’s opinion/estimation	None	\$10,000.00
1998 Mercedes ML320	1,205.00	Debtor’s opinion/ estimation/Kelly Blue Book	None	\$1,205.00
Total	\$476,255.00			\$21,255.00

1. Are any assets which appear on Schedule A or B of the bankruptcy petition or subsequent amendments not listed above?

2. No.

If so, identify asset and explain why asset is not in estate:

3. Are any assets listed above claimed as exempt? If so, attach a copy of Schedule C and any amendments.

Yes.

IV. Summary of Plan

1. Effective Date of Plan: Within thirty (30) days of the date of the confirmation order.

2. Will cramdown be sought? Yes, if votes needed to confirm Plan are not obtained.

3. Treatment of Secured Non-Tax Claims

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Seterus, Inc.	2	\$100,784.50	To be paid according to modified terms in the Plan.
Great Plains Capital	3	\$6,338.62	To be paid from sale/surrender of

			property.
Total:		\$107,123.12	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Avalon Borough	4	\$27,891.47	To be paid from sale/surrender of property.
Northgate School District	4	\$45,076.04	To be paid from sale/surrender of property.
Allegheny County	4	\$15,902.18	To be paid from sale/surrender of property.
Avalon Borough	4	\$969.95	To be paid from sale/surrender of property.
Internal Revenue Service	4	\$175,567.12	To be paid according to terms in the Plan.
PA Dept. of Revenue	4	\$26,023.22	To be paid according to terms in the Plan.
		\$291,429.98	

5. Treatment of Administrative Non-Tax Claims²

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
Thompson Law Group, P.C.	\$30,000.00 Approximately	Attorney for the Debtors – legal fees	Will be paid on plan effective date and thereafter, only with prior court approval.
U.S. Trustee	\$0.00	U.S. Trustee Fees	Will be paid in full on a quarterly or in accordance with applicable guidelines.

*Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

**Type of Debt (P=Professional, TD=Trade, TX=Taxes)

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
None			

7. Treatment of Priority Non-Tax

² Include all § 503(b) administrative claims

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				

8. Treatment of Priority Tax Claims³

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
Internal Revenue Service				To be paid in full together with secured claim, in accordance with terms in Plan
Pennsylvania Department of Revenue	6	\$18,030.16	2003-2006	To be paid in full in accordance with terms in Plan
Total		\$140,940.20		

9. Treatment of General Unsecured Non-Tax Claims

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	
Anderson Fin Network/Bloom (Spring)	7	\$452.00	1%
Duquesne Light	7	\$1,994.48	1%
Greater Pittsburgh Orthopedic	7	\$80.00	1%
Infinite Solutions	7	\$1,269.00	1%
Peoples Natural Gas	7	\$1,883.14	1%
Total		\$5,678.62	

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
PA Dept. of Revenue	7	\$5,110.05	1%
Internal Revenue Service	7	\$356,831.73	1%
		\$361,941.78	

11. Will Periodic payments be made to unsecured creditors?

Yes _____ No x Lump sum payment in the amount of \$3,678.44 to be made on or before the 5 year anniversary of the effective date.

If so:

Amount of each payment (aggregate to all unsecured claimants): n/a

³ Include dates when any § 507(a)(7) taxes were assessed.

Estimated date of first payment: n/a
 Time period between payments: n/a
 Estimate date of last payment: n/a
 Contingencies, if any: None known at this time.

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements: Source of funds for plan payments will be derived from Debtor’s employment income wages.

Other significant features of the plan:
 Include any other information necessary to explain this plan:

V. Comparison with Chapter 7 Liquidation

If Debtor’s proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor’s non-exempt assets.

In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants. The secured creditors receive more on their total claim by receiving a stream of payments over time with interest. Additionally, there would be additional administrative costs and expenses such as transfer taxes, real estate broker commission fees, closing costs as well as Chapter 7 Trustee fees.

Also, the value received for Debtor’s non-exempt property in a liquidation sale would yield a lesser value. Debtor’s only non-exempt asset is the theoretical equity in her homestead. However, the value listed on Schedule A is strictly speculative and based on Debtor’s opinion. The value of that real property being sold by a Chapter 7 Trustee under a liquidation scenario may be much lower, and may not yield any return for the unsecured creditors who are to be paid in full under this Plan with interest. For instance, the proceeds from the sale may not be enough to pay of senior liens, as well as the costs, fees and expenses of the case that would need to be paid before the unsecured creditors.

Total value of Chapter 7 estate (See Section III)	\$476,255.00
1. Less secured claims (See IV)	\$398,553.10
2. Less exemptions from Schedule C	\$ 21,255.00
3. Less administrative expenses (See IV)	\$ 30,000.00
4. (estimated and not including costs of sale/liquidation)	\$140,940.20
 Total Amount Available for Distribution to Unsecured Creditors:	 \$ 0.00
 Divided by total allowable unsecured claims of (See Section II B)	 \$367,843.72
 Percentage of Dividend to Unsecured Creditors:	 1.00%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes _____ No x

Explain: Liquidation under chapter 7 would result in smaller distributions and possibly no distributions to some creditors, as the case may be, compared to those distributions provided for in this Plan because of Debtors' exemptions, as well as the costs and fees of administering a liquidation of Debtor's assets. The Plan not only preserves the best value of the Estate, it also provides for the most effective and efficient disposition and administration of the Debtor's assets. The likelihood of no other claims being paid, except for some secured claims, is very likely under this scenario.

VI. Feasibility

- A. If prepared, Income Statements for Prior 12 Months are available on the Court Docket.
- B. If Prepared, Cash Flow Statements for Prior 12 months are available on the Court Docket.
- C. Attach Cash Flow Projections for Next 12 months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$36,654.47

Show how this amount was calculated.

\$30,000.00	Administrative Class (estimated) – Debtor’s counsel may agree to receive regular payments over time to facilitate the plan confirmation process should funds not be available to pay this claim in full.
\$ 1,200.00	Seterus, Inc.
\$ 62.68	Great Plains Capital
\$ 2,287.55	Internal Revenue Service
\$ 2,841.92	Pennsylvania Department of Revenue
\$ 262.32	PNC Bank
\$ 0.00	UST Fees
\$ 36,654.47	TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan? A reduction and modification of outstanding secured debts.

Cash on hand \$ 0,000.00 Current (Counsel’s escrow account – redacted version available upon request)
 Cash on hand \$37,000.00 (Estimated amount available on date of confirmation)

Will funds be available in the full amount for administrative expense on the effective date of the plan?
 Unknown at this time. From what source? See above. If not available, why not and when will payments be made? N/A.

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
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None		
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VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, Litigation is pending?

Caption of Suit and Case Number	Nature of Proceedings	Court of Agency Location	Status or Disposition
None at this time.			

2. What, if any, Litigation is Proposed or Contemplated? Disputed unsecured Proofs of Claim

IX. Additional Information and Comments

X. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

Date: May 31, 2016

/s/Beverly Gruarin
Signature of Debtor

Date: May 31, 2016

/s/Brian C. Thompson
Brian C. Thompson, Esquire
PA-91197
THOMPSON LAW GROUP, P.C.
125 Warrendale-Bayne Road, Suite 200
724-779-8404 Telephone
724-779-8409 Facsimile
(412) 823-8686 Facsimile
bthompson@thompsonattorney.com

HISTORIC SUMMARY –2015 and 2016

Post Petition Periods	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Total Cash Flow from Operations:	4399.32	2828.99	1502.00	1837.05	3050.00	2400.00	9156.68	17966.68	12825.75	2,500.00	4000.00
Less Total Disbursements Excluding PMTS to Creditors In a Plan	3584.47	1240.91	1039.50	1942.03	1703.60	947.26	7444.12	8979.29	9445.91	1,321.90	1574.07
Total Net Cash Flow	814.85	1588.08	462.50	0.00	1346.49	1452.74	1712.56	8987.35	3379.84	1178.10	2425.93
A/R Collected	0.00	14535.72	7830.00	15508.31	24368.10	0.00	24368.10	11987.35	15352.00	12722.25	10859.96
A/R Bal end of month	138550.15	141623.43	151880.00	155835.69	164146.59	183232.16	164146.59	201646.42	207098.14	209907.89	216682.21

Post Petition Periods	Dec 2015	Jan 2016	Feb 2016	Mar 2016
Total Cash Flow from Operations:	2535.32	4800.00	4000.00	3000.00
Less Total Disbursements Excluding PMTS to Creditors In a Plan	2365.35	2039.81	1,197.03	2769.32
Total Net Cash Flow	169.97	2760.19	2802.97	230.68
A/R Collected	10,279.92	10,102.56	11,468	9,410.82
A/R Bal end of month	217,881.82	220,268.26	221,928.85	227,861.08

Definitions:

Total Projected Cash Flow from Operations: Total amount of projected funds collected in a specific period from cash sales, **collection of acts receivable**, and other income, excluding loan proceeds, cash contributions from insiders, and sales taxes collected.

Total disbursements excluding payments to creditors in a plan: Total projected disbursements in a specific period for production costs, general and administrative costs, excluding payments to creditors to be paid under the terms of the proposed plan.

PROJECTED SUMMARY

Post Petition Periods	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Total Projected Cash Flow from Operations:	5678	5678	5678	5678	5678	5678	5678	5678	5678	5678	5678	5678
Plus projected A/R	12502	12502	12502	12502	12502	12502	12502	12502	12502	12502	12502	12502
Total Projected Cash and A/R	18180	18180	18180	18180	18180	18180	18180	18180	18180	18180	18180	18180
Less Total Projected Disbursements Excluding PMTS to Creditors In a Plan	3565	3565	3565	3565	3565	3565	3565	3565	3565	3565	3565	3565
Anticipated Cash Flow Available for Plan	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615

Definitions:

Total Projected Cash Flow from Operations: Total amount of projected funds collected in a specific period from cash sales, **collection of accts receivable**, and other income, excluding loan proceeds, cash contributions from insiders, and sales taxes collected.

Total disbursements excluding payments to creditors in a plan: Total projected disbursements in a specific period for production costs, general and administrative costs, excluding payments to creditors to be paid under the terms of the proposed plan.

PLAN FEASABILITY

Post Petition Periods	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Anticipated Receipts Available for Plan:	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615	14615
Less Proposed Plan Payments:	6655	6655	6655	6655	6655	6655	6655	6655	6655	6655	6655	6655
Overage/(Short- age) of Cash Flow Available to Fund Plan	7960	7960	7960	7960	7960	7960	7960	7960	7960	7960	7960	7960