

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

In Re: Kristal C. Owens- Gayle

Bankruptcy No. 15-22220-GLT
Document No.

**AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY THE AMENDED PLAN DATED October 10, 2016**

Chapter 11 Small Business (Check box only if debtor has elected to be considered a small business under 11 U.S.C. §1121(e))

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:

Donald R. Calaiaro, Esquire
Calaiaro Valencik
428 Forbes Avenue, Suite 900
Pittsburgh, PA 15219-1621

I. Background

- 1. Name of Debtor**
Kristal C. Owens-Gayle
- 2. Type of Debtor**
Individual
- 2. Debtor's Business or Employment**
The Debtor is a Psychologist and a real estate investor.
- 4. Date of Chapter 11 Petition**
June 18, 2015
- 5. Events that Caused the Filing:**
The debtor invested in several real estate projects. She encountered problems with the tenants and the collection of rents. When this occurred she was unable to maintain the debt service on the mortgages and they fell into arrears. When the creditors took actions to foreclose, she elected to file a bankruptcy to allow her the opportunity to save the properties.

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

The Debtor has recovered 6564 Frankstown Road, Pittsburgh, PA when she had the sheriff sale set aside; and she has decided to sell 5137 Astor Place SE Washington D.C. 20019. The net proceeds will help fund the plan of reorganization. Her income will help fund the plan.

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, will be paid in full on the Plan Effective Date or as parties agree.

(B) Class 2, Leases with current tenants, the leases with current tenants will be assumed.

(C) Class 3, Ocwen Loan Servicing LLC is the holder of a first mortgage on **4402 Sellman Rd. Beltsville MD 20705** in the approximate amount of \$534,302.70. This is a multi use property and the residence of the Debtor. The mortgage will be modified under the Plan. The mortgage will be reduced to the amount of the secured claim and the "Modified Secured Claim" will be restructured over a new 30 year period with a fixed interest rate of 3.0%.

(D) Class 4, Nationstar Mortgage is the holder of a first mortgage on **5137 Astor Place SE Washington D.C. 20019** in the approximate amount of \$464,183.59. Specialized Loan Servicing is the holder of a second mortgage on **5137 Astor Place SE Washington D.C. 20019** in the approximate amount of \$128,570.54. property will be sold through a real estate broker and the proceeds will be used to pay off the mortgages, to the extent funds are available. The net proceeds will be used to fund the plan.

(E) Class 5, Wells Fargo Home Mortgage is the holder of a first mortgage on **204-214 South Avenue, Wilkinsburg PA 15221** The Debtor listed this mortgage with a balance of \$ 190,000.00 on schedule D; this creditor did not file a proof of claim. This mortgage will be modified by the Debtor's Plan. This mortgage will be modified by the Debtor's Plan to approximately \$ 107,000.00; (190,000.00 – 83,000.00 in tax liens). The Debtor will pay the modified secured claim that remains after the adversary to determine value, over 30 years The Debtor will pay the modified secured claim of approximately \$190,000.00 over 30 years at 3% fixed interest.

(F) Class 6, Bayview Loan Servicing, LLC, is the holder of a first mortgage on 6564 Frankstown Road, **Pittsburgh, PA**. The debtor filed a motion to set aside the sheriff sale. The mortgage will be modified under the Plan. The mortgage will be reduced to the amount of the secured claim and the "Modified Secured Claim" will be restructured over a new 20 year period with a fixed interest rate of 3.0%.

(G) Class 7, Secured and Priority Tax Claims, will be paid in full over five (5) years. The secured tax claims and unsecured priority claims

(H) Class 8, Real Estate Tax Claims, will be paid in full over five (5) years with statutory interest.

(I) Class 9, Debtor's Exemptions will be retained but impaired.

(J) Class 10, General Unsecured Creditors allowed general unsecured claims will be paid 15,000.00 over five (5) years. They will not receive interest on their claims after the commencement of the case. Any amount not paid under the Plan will be discharged upon the completion of the payments to class 11.

8. **Are All Monthly Operating Statements Current and on File with the Clerk of Court? Yes No If Not, Explain:**

9. **Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release. No**

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

The leases with tenants in the investment properties are being assumed; the Debtor reserves all of her rights to enforce the lease contracts. The assumption of those leases is not a waiver of any prior defaults.

11. **Has a bar date been set? Yes No (If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)**

12. **Has an election under 11 U.S.C. §1121(e) has been filed with the Court to be treated as a small business? Yes No**

13. **Specify property that will be transferred subject to 11 U.S.C. §1146.**
5137 Astor Place SE, Washington D.C. 20019

II. Creditors

A. Secured Claims

SECURED CLAIMS

Creditor	Total Amount Owed	Arrearages	Type of Collateral Priority of Lien (1, 2, 3)	Disputed(D) Liquidated(L) Unliquidated (U)	Will Liens be Retained Under the Plan (Y)or(N)
Ocwen Loan Servicing- 1 st Mortgage; 4402 Sellman Rd. Beltsville MD 20705 POC#7	\$534,302.70	\$ 157,694.05 (N/A-mortgage is being modified under the Plan)	1 st Mortgage	Disputed as the extent of their secured claim	Yes. As modified
Nationstar Mortgage- POC # 10- mortgage;	\$464,183.59	\$ 125,502.04 (N/A-mortgage	1 st Mortgage	Disputed as to amount	Yes

5137 Astor Place SE Washington D.C. 20019		is being modified under the Plan)			
<u>Specialized Loan Servicing LLC/ U S Bank National Association- POC # 12 2nd Mortgage;</u> Astor Place SE, Washington D C	\$ 128,570.54		2 nd Mortgage	Disputed as the extent of their secured claim	No
Allegheny County 204 South Avenue 2007-2015- POC # 8	\$10,936.13		Tax/ municipal Lien	Admitted	Yes
Wells Fargo Home Mortgage-204-214 South Avenue, Wilksburg PA 15221.	\$190,000.00		1 st Mortgage	Admitted	Yes
Bayview Loan Servicing, LLC- estimated- they did not file a POC	\$190,000.00		1 st Mortgage	Admitted	Yes
Allegheny County 204 South Avenue 2007-2015- POC # 8	\$10,936.13		Tax/ municipal Lien	Admitted	Yes
Borough of Wilksburg- POC #5	\$23,480.91		Tax/ municipal Lien	Admitted	Yes
Wilksburg School District- POC #4	\$50,863.82		Tax/ municipal Lien	Admitted	Yes
DC Water-POC # 11	\$ 4,692.83		Tax/ municipal Lien	Disputed	Yes
Yerodin Avent	\$4,038.00				
TOTAL	\$1,612,004.65				

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D)(L)(U) *
Controller of Maryland-	\$28,625.00		Disputed
Internal Revenue Service	\$26,466.50		Disputed
TOTAL	\$55,091.50		

* Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1. Amount Debtor Scheduled (Disputed and Undisputed) \$ 31,250.51
2. Amount of Unscheduled Unsecured Claims¹ \$ 78,990.79

¹Includes a.) Unsecured claims filed by unscheduled 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

3.	Total Claims Scheduled or Filed	\$ 110,241.30
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Unsecured Claims	\$ 110,241.30
D. Other Classes of Creditors		
1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$
E. Other Classes of Interest Holders		
1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

III. Assets

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/Book Value)	Amount of Debtor's Equity (Value Minus Liens)
Home/Home office; 4402 Sellman Rd., Beltsville, MD 20705	\$265,000.00	Debtor's Opinion	Ocwen Loan Servicing-1 st Mortgage; \$534,302.	0.00
4 Unit Apartment Building 5137 Astor Place, SE, Apt. 3 Washington, DC 20019	\$520,000.00	Debtor's Opinion	Nationstar Mortgage-\$339,734.56;Specialized Loan Servicing-\$128,570.54	50,000.00
6 Unit Apartment Building 204-214 South Ave. Wilkinsburg, PA 15221	\$190,000.00	Debtor's Opinion	Taxes- 83,000.00-Wells Fargo Home Mortgage-190,000.00	0.00
6564 Frankstown Avenue, Pittsburgh PA 15206	\$ 85,000.00	Debtor's Opinion	Bayview 1 st mortgage\$	0.00
Checking Accounts/Cash	\$ 475.00	Debtor's Opinion	Debtor's Exemption	0.00
Household Furniture	\$ 3,000.00	Debtor's Opinion	Debtor's Exemption	0.00
Books	\$ 1,000.00	Debtor's Opinion	Debtor's Exemption	0.00
Clothing	\$ 1,500.00	Debtor's Opinion	Debtor's Exemption	0.00
Handgun	\$400.00	Debtor's Opinion	Debtor's Exemption	0.00
Home Office; Furniture/Equipment/computer	\$1,000.00	Debtor's Opinion	Debtor's Exemption	0.00
	<u>\$1,067,375.00</u>			<u>\$50,000.00</u>

previously scheduled.

1. **Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above? None**
If so, identify asset and explain why asset is not in estate:
2. **Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments. See attached schedule C, the Debtor's claimed exemptions.**

IV. SUMMARY OF PLAN

1. **Effective Date of Plan:** October 1, 2016
2. **Will cramdown be sought? Yes No**
If yes, state bar date: The hearing on the confirmation of this plan.
3. **Treatment of Secured Non-Tax Claims**

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Ocwen Loan Servicing LLC	3	\$534,302.70	The plan will reduce the secured claim to the value of the collateral which secured the mortgage. That "Modified Secured Claim" will be paid over 30 years with 3.0
Nationstar Mortgage	4	\$ 464,183.59	The collateral will be sold to pay off the mortgages by October 31, 2017.
Specialized Loan Servicing	4	\$ 128,570.54	The collateral will be sold to pay off the mortgages by October 31, 2017.
Wells Fargo Home Mortgage- estimated- It did not file a Proof of Claim	5	\$190,000.00	The plan will reduce the secured claim to the value of the collateral which secured the mortgage. That "Modified Secured Claim" will be paid over 30 years with 3.0 % fixed interest.
Bayview Loan Servicing- estimated- It did not file a Proof of Claim	6	\$190,000.00	The plan will reduce the secured claim to the value of the collateral which secured the mortgage. That "Modified Secured Claim" will be paid over 30 years with 3.0 % fixed interest.
Russel Avent		\$4,038.00	Will be treated in class 11
TOTAL		\$1,511,094.83	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
IRS POC#3	7	\$5,925.00	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
Wilkinsburg S.D.	8	\$ 50,863.82	The Tax/ Municipal Claims will be paid over 5

POC # 4 204 South Avenue			years with statutory interest.
Wilkinsburg Borough- POC # 5 204 South Avenue	8	\$23,480.91	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
Wilkinsburg Borough- POC # 6 204 South Avenue		\$3,074.06	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
Allegheny County 204 South Avenue 2007-2015- POC # 8	8	\$10,936.13	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
City of Pittsburgh S.D. POC#9	8	\$21.58	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
Pittsburgh Water & Sewer Authority POC#15	8	\$802.63	The Tax/ Municipal Claims will be paid over 5 years with statutory interest.
TOTAL		\$99,796.96	

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
Calaiaro Valencik	\$ 55,000.00	Attorney for Debtor Fees	To be paid in full on the Plan Effective Date or as parties agree.
United States Trustee	\$ 650.00	Court Costs	To be paid in full on the Plan Effective Date.
TOTAL	\$55,650.00		

* 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:

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
NONE			

8. Treatment of Priority Tax Claims³:

²Include all §503(b) administrative claims.

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

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
Controller of Maryland-	7	\$26, 625.00	Disputed	Will be paid over 5 years with 2% interest. First payment to be made on the Plan Effective Date.
IRS POC#3	7	\$26,466.50	Disputed	Will be paid over 5 years with 2% interest. First payment to be made on the Plan Effective Date.
TOTAL		\$26,466.50		

9. Treatment of General Unsecured Non-Tax Claims:

Creditor	Class	Total Amount Owed	Percent of Dividend
Yerodin Avent- POC # 2	11	\$4,038.00	
Aaron's Rental	11	\$1,850.00	
American Home Shield	11	\$557.50	
ASF International	11	\$201.96	
Barclays Bank Delaware	11	\$1,950.00	
Cash Yes	11	\$1,850.00	
City of Pittsburgh- Library tax-POC # 9	11	\$21.58	
First Premier Bank	11	\$150.00	
Gold 'n Diamonds	11	\$2,200.00	
Moore's Trash	11	\$690.00	
PNC Bank	11	\$150.00	
PNC Bank	11	\$667.59	
Regional Acceptance Corporation- POC # 1	11	\$10,551.90	
Regus	11	\$750.00	
Sandy Spring Bank	11	\$400.00	
The VIP Loan Shop	11	\$800.00	
Washington Gas	11	\$2,061.00	
Pittsburgh Water & Sewer Authority		\$802.63	
Duquesne Light Company POC#13		\$1,558.35	
TOTAL	11	\$31,250.51	

10. Treatment of General Unsecured Tax Claims:

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
IRS POC#3		\$78,990.79	
TOTAL		\$78,990.79	

11. Will periodic payments be made to unsecured creditors?

Yes X No _____ **First payment to begin: October 1, 2016**

If so:

Amount of each payment (aggregate to all unsecured claimants) \$250.00

Estimated date of first payment: October 1, 2016

Time period between payments: Monthly

Estimated date of last payment: September 1, 2021
Contingencies, if any:

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison of Plan 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.

Total value of Chapter 7 estate (See Section III)	\$1,740,575.19
1. Less secured claims (See IV-2)	\$1,221,068.52
2. Less administrative expenses (See IV-3 and include approximate Chapter 7 expenses)	\$ 55,000.00
3. Less other priority claims (See IV-4)	\$ 156,267.31
Total Amount Available for Distribution to Unsecured Creditors	\$ 0.00
Divided by total allowable unsecured claims of (See Section II C)	\$ 110,241.30
Percentage of Dividend to Unsecured Creditors:	0.00%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation? Yes No

Explain: *Under this plan, unsecured creditors are being paid \$ 15,000.00. In a chapter 7 they would receive nothing.*

VI. Feasibility

- A. Attach Income Statement for Prior 12 Months.**
- B. Attach Cash Flow Statement for Prior 12 Months.**
- C. Attach Cash Flow Projections for Next 12 Months.**

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

\$

Show how this amount was calculated.

\$ 55,000.00 Administrative Class
 \$ Taxes
 \$ Unsecured Creditors

\$ 650.00 UST Fees
 \$ 55,650.00 TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan?

Will funds be available in the full amount for administrative expenses on the effective date of the plan? From what source? If not available, why not and when will payments be made?

Cash on hand \$ (Current) Attach current bank statement

Cash on hand \$ (Estimated amount available on date of confirmation)

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
Kristal Owens	\$ 83,000.00	\$ 83,000.00

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. **What, if any, Litigation is pending? NONE**

3. **What, if any, Litigation is Proposed or Contemplated?**
 - A. **Objection to claims**
 - B. **Adversary to determine the extent of the secured claim of:**
 - Wells Fargo Home Mortgage
 - Ocwen Loan Servicing LLC
 - Bayview Loan Servicing, LLC
 - C. **Motion to set aside sheriff's sale of 6564 Frankstown Rd. vs. Bayview Loan Servicing, LLC- completed**
 - D. **Actions to enforce the Plan;**
 - E. **Chapter 5 actions.**

IX. Additional Information and Comments

IX. 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.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan.

If Debtor is a general partnership, attach a copy of the consent agreement of all general partners to the filing of the bankruptcy.

Date: October 10, 2016

/s/ Donald R. Calaiaro
Donald R. Calaiaro, Esq., PA ID#27538
dcalaiaro@c-vlaw.com
David Z. Valencik, Esq., PA ID#308361
dvalencik@c-vlaw.com
CALAIARO VALENCIK
428 Forbes Avenue, Suite 900
Pittsburgh, PA 15219-1621
(412) 232-0930

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

IN RE:) **Case No.** 15-22220 GLT
Kristal C. Owens-Gayle,) **Chapter** 11
Debtor.) **Document No.**

**CERTIFICATE OF SERVICE OF AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY THE AMENDED PLAN DATED October 10, 2016**

I certify under penalty of perjury that I served the above captioned pleading on the parties at the addresses specified below or on the attached list on **October 10, 2016**

Service by First Class Mail:

Kristal Owens
6564 Frankstown Avenue,
Pittsburgh, PA 15206

Service by NEF:

Office of the U.S. Trustee
1001 Liberty Avenue
Liberty Center, Suite 970
Pittsburgh, PA 15222

The type(s) of service made on the parties (first-class mail, electronic notification, hand delivery, or another type of service) was: First Class Mail and Electronic Notification.

If more than one method of service was employed, this certificate of service groups the parties by the type of service. For example, the names and addresses of parties served by electronic notice will be listed under the heading "Service by Electronic Notification," and those served by mail will be listed under the heading "Service by First-Class Mail."

EXECUTED ON:

/s/ Donald R. Calaiaro
Donald R. Calaiaro, Esquire, PA I.D. #27538
dcalaiaro@c-vlaw.com
David Z. Valencik, Esquire, PA I.D. #308361
dvalencik@c-vlaw.com
CALAIARO VALENCIK
428 Forbes Avenue, Suite 900
Pittsburgh, PA 15219-1621
(412) 232-0930