

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE DIVISION**

IN RE:	§	CHAPTER 11
	§	
BYRON T. VASSBERG,	§	CASE NO. 16-10059
d/b/a Kallion Farms,	§	
	§	
Debtor.	§	

**DEBTOR’S CHAPTER 11 PLAN OF REORGANIZATION
PROVIDING FOR LIQUIDATION OF ESTATE ASSETS
AND ACCOMPANYING DISCLOSURE STATEMENT**

TO THE HONORABLE EDUARDO V. RODRIGUEZ, UNITED STATES BANKRUPTCY JUDGE, ALL CREDITORS OF THE DEBTOR, AND ALL PARTIES IN INTEREST:

NOW COMES, Byron T. Vassberg d/b/a Kallion Farms (“Debtor”) and files this his Chapter 11 Plan of Reorganization Providing for Liquidation of Estate Assets and Accompanying Disclosure Statement which provides for the orderly liquidation of the majority of the Debtor’s assets. The Disclosure Statement information, which is included in this document, is intended to solicit the acceptance of the Plan by persons who are entitled to vote on confirmation or rejection of the Plan of Reorganization.

**ARTICLE I
INTRODUCTION TO DEBTOR’S PLAN**

A. The Debtor.

Byron T. Vassberg, the individual Debtor in the above entitled bankruptcy proceeding filed for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court (“Bankruptcy Court”) for the Southern District of Texas, Brownsville Division, on March 11, 2016. Since that time, has continued to operate as Debtor-in-Possession pursuant to the provisions of Section 1108 of the Bankruptcy Code.

B. Explanation of Chapter 11.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, an attempt is made to restructure the Debtor's finances so that the Debtor may both continue to operate his business and repay his creditors. Alternatively, the Chapter 11 Plan may provide for the liquidation of the Debtor’s assets, with the proceeds from properties subject to security interests going to the respective secured creditors and any proceeds from the remaining property satisfying,

first, administrative claims and, secondly, general unsecured claims. Formulation of a Plan of Reorganization is the primary purpose of a reorganization proceeding under Chapter 11.

The Chapter 11 Plan sets forth and governs the treatment and rights to be afforded to creditors, other claimants, and equity interest holders with respect to their claims against, and interests in the Debtor's assets. According to Section 1125 of the Bankruptcy Code, acceptances of a Chapter 11 plan may be solicited only after a written Disclosure Statement approved by the Bankruptcy Court as containing adequate information has been provided to each creditor or equity interest holder. This Disclosure Statement is presented to creditors and interest holders to satisfy the disclosure requirements contained in Section 1125 of the Bankruptcy Code.

C. Plan and Accompanying Disclosure Statement.

This document is being filed to serve the dual purpose of a Plan of Reorganization, setting forth the treatment to be afforded all Claims of the Debtor and a Disclosure Statement to give Creditors sufficient information about the future management and operations of the Debtor, or, as in this case, the liquidation of the Debtor's assets, to allow them to make an intelligent decision about voting for or against confirmation of the Plan.

The purpose of a Disclosure Statement is to provide the Creditors and parties in interest adequate information to make an informed judgment about the Debtor's Plan. Generally, this information includes, among other matters, a brief history of the Debtor, a history of the Chapter 11 case, a description of the remaining assets and liabilities of the Debtor, an explanation of how the Plan will function and an explanation of why the reorganization or liquidation of the Debtor under the proposed Plan should result in a greater benefit to the Creditors than if the Chapter 11 case was converted to a Chapter 7 case and a Chapter 7 Trustee was appointed.

A summary of the Plan being proposed appears below. This summary is intended to set forth in a simplified form the manner in which the Debtor will be liquidated if the Bankruptcy Court approves the Plan. The summary is also intended to inform each Creditor the way their particular Claims are to be paid under the terms of the Plan. A reading of the summary will provide you with general information about the Plan and its proposed treatment of all Creditors. However, to make a fully informed judgment about the Plan, you are urged to read the entire Disclosure Statement and Plan.

D. Summary of the Plan.

This Section of the Disclosure Statement is intended as a summary of the Plan only, and should not be relied upon for voting purposes. A thorough reading of the entire Plan and Disclosure Statement should be undertaken for full details concerning the classification and treatment provided for any particular claim or interest.

The Plan proposed by the Debtor is a liquidating plan. The Debtor's Plan of Reorganization Providing for the Liquidation of Estate Assets is primarily a plan for liquidating the majority of the assets of the estate where the Debtor either turns over to various Creditors the property that is subject to their liens, or provides for the liquidation of the collateral and then turns over the proceeds to the

Creditors holding liens against the property. All funds from the liquidation of all pre-petition unencumbered, non-exempt assets as well as any equity in encumbered assets will be distributed to claimants in accordance with the priorities established in 11 U.S.C. Section 507 after Notice of Proposed Distributions is circulated to all creditors and parties in interest and a final order approving the proposed distributions is approved by the Bankruptcy Court.

The Debtor does propose to retain certain exempt farm machinery and equipment having an estimated value of \$35,000, along with certain vehicles which are the subject of installment purchase agreements. This equipment will be used by the Debtor to operate a smaller farming enterprise that will provide him with a means of making a living. The Debtor believes that sufficient cash flow will be generated from this farming operation to allow him to make the payments on the assets he retains, and to provide a means to make a living while he tries to rebuild his farming enterprise.

All other unencumbered and non-exempt property in the bankruptcy estate will be liquidated under the terms of the Plan, and the proceeds will be distributed in accordance with the priorities established in the Bankruptcy Code in 11 U.S.C. Section 507.

Prior to any distribution of the funds realized from the sale of the unencumbered, non-exempt assets, the Debtor will send out a Notice of Proposed Distributions to all creditors and parties in interest and allow the opportunity for objections to be filed and a hearing held before the Bankruptcy Court. No distributions from the sale proceeds will be made without a final order from the Bankruptcy Court after notice and opportunity for hearing.

The Plan creates a Liquidating Trust for the benefit of holders of Allowed Unsecured Claims. The Debtor's Plan provides for a Liquidating Trustee to be appointed and for all causes of action owned by the Estate, specifically including Preference Claims and other such avoidance actions, to be conveyed into the Liquidating Trust. The Liquidating Trustee will then prosecute the causes of action and the net proceeds from such recoveries will be distributed pro rata to the holders of Allowed Unsecured Claims.

E. Balloting, Voting Deadline, and General Information About Claims and The Plan Confirmation Process.

General Instructions Pertaining to Voting. The holder of a claim or interest allowed under Section 502 of the Code or allowed by the Court may vote on whether to accept or reject the Plan. The Court will issue an Order setting forth instructions for voting for the filed Plan. The Order will require that all votes for the acceptance or rejection of the Plan be received prior to the hearing before the Bankruptcy Court on approval of such Plan or at such other time as the Bankruptcy Court may set. The time and date of the hearing will be set forth in a notice to all creditors and parties-in-interest. Voting may be on the ballot that will be provided with this Disclosure Statement or in any other written manner. Your ballot should be sent to:

David R. Langston
MULLIN HOARD & BROWN, L.L.P.
P.O. Box 2585
Lubbock, Texas 79408-2585

Please mail or deliver your ballots so that all copies will reach the above address before the deadline set by the Court. A vote received after that time will not be counted.

Whether a Creditor votes on the Plan or not, each creditor will be bound by the terms and treatments set forth in the confirmed Plan that is accepted by the requisite majorities of creditors and is confirmed by the Court, or as confirmed by the Court pursuant to the provisions of 11 U.S.C. § 1129(b). Absent some affirmative act constituting a vote, a Creditor not voting on the Plan will not be included in the tally. Allowance of a claim for voting purposes does not necessarily mean that all or a portion of the claim will be allowed for distribution purposes.

You are urged to fill in, date, sign and properly mail in duplicate the enclosed ballot, which has been provided. Be sure to properly complete and legibly identify the name of the creditor, the class in which you believe the claim is treated in the Plan, the amount of the claim, and indicate whether you are voting for or against confirmation of the Plan. Representatives of the Debtor or creditors of the Debtor may solicit your vote. The cost of any solicitation by the Debtor will be borne by the Debtor. Likewise, the solicitation costs of competing plan proponents will be borne by the parties proposing the competing plan.

No representations concerning the Plan of the Debtor are authorized by the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements by any persons to secure your vote other than those contained in this Disclosure Statement should not be relied upon, and such representations of inducements should be reported to counsel for the Debtor who shall then deliver such information to the Bankruptcy Court for appropriate action.

Creditors Entitled to Vote. Any creditor whose claim is impaired under the Plan is entitled to vote, if either i) its claim has been scheduled by the Debtor and such claim is not scheduled as disputed, contingent, or unliquidated, or ii) it has filed a proof of claim on or before the last date set by the Bankruptcy Court for such filings. Any claim as to which an objection has been filed and such objection is still pending is not entitled to vote, unless the Bankruptcy Court temporarily allowed the claim in an amount which it deems proper for the purpose of accepting or rejecting the Plan upon application by the creditor. Such application must be heard and determined by the Bankruptcy Court at such time as specified by the Bankruptcy Court. A creditor's vote may be disregarded if the Bankruptcy Court determines that the creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Court.

Definition of Impairment. Under Section 1124 of the Bankruptcy Code, a class of claims or equity security interests is impaired under a Chapter 11 Plan unless, with respect to each claim or interest of such class, the Plan:

- a. Leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity security interest; or
- b. Notwithstanding any contractual provision or applicable law that entitled the holder of a claim or equity security interests to receive accelerated payment of his claim or equity security interests after the occurrence of a default:
 1. Cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default that consists of a breach of any provisions relating to the insolvency or financial condition of the Debtor at any time before the closing of the case, the commencement

- of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code;
2. Reinstates the maturity of such claim or equity security interest as it existed before the default;
 3. Compensates the holder of such claim or equity security interest for damages incurred as a result of reasonable reliance on such contractual provisions or applicable law; and
 4. Does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity security interest entitles the holder of such claim or equity security interest; or
- c. Provides that, on the effective date of the Plan of Reorganization, the holder of such claim or equity security interest receives on account of such claims or equity security interest, cash equal to:
1. With respect to a claim, the allowed amount of such claim
 2. With respect to any equity security interest, if applicable, the greater of:
 - i. Any applicable fixed liquidation preference; or
 - ii. Any fixed price at which the Debtor, under the terms of the security, may redeem the security.

Classes Impaired. Classes Two through Seven are Impaired. Only those Claims included in Class One are Unimpaired.

Votes Required for Class Acceptance. The Bankruptcy Code defines acceptance of a Plan by a class of creditors or equity security interests holders as acceptance by holders of two-thirds in dollar amount and a majority in number of the claims or equity security interests of that class which actually cast ballots for acceptance or rejection of the plan; i.e., acceptance takes place only if sixty-six and two-thirds percent (66 2/3%) in amount of claims and equity security interests in each class and more than fifty percent (50%) of claims or equity security interests voting in each class cast their ballots in favor of acceptance.

NOTICE OF HEARING ON CONFIRMATION

NOTICE IS HEREBY GIVEN THAT THE COURT HAS SCHEDULED A HEARING TO DETERMINE WHETHER OR NOT THE PLAN SHOULD BE CONFIRMED ON THE _____ IN THE COURT ROOM OF BANKRUPTCY JUDGE EDUARDO V. RODRIGUEZ LOCATED IN THE REYNALDO G. GARZA-FILEMON B. VELA UNITED STATES COURTHOUSE, 600 E. HARRISON, BROWNSVILLE, TEXAS. YOU HAVE A RIGHT TO ATTEND THE HEARING AND PRESENT TO THE COURT YOUR ARGUMENTS EITHER IN FAVOR OF OR IN OPPOSITION TO CONFIRMATION OF THE PLAN.

NOTICE OF THE FIXING OF A BAR DATE AND THE REQUIREMENTS FOR FILING AND ALLOWANCE OF CLAIMS:

NOTICE IS HEREBY GIVEN that the Court set August 15, 2016 as the last day upon which proofs of claim or interests can be filed with the Court for the case of Byron T. Vassberg.

DISCLOSURE OF EFFECT OF COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT AND OF THE ACCURACY OF THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT:

COURT APPROVAL OF THE DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF ANY OF THE REPRESENTATIONS CONTAINED IN EITHER THE DISCLOSURE STATEMENT OR THE PLAN, NOR DOES COURT APPROVAL OF THE DISCLOSURE STATEMENT CONSTITUTE AN ENDORSEMENT OF THE PLAN ITSELF. APPROVAL OF THE DISCLOSURE STATEMENT BY THE COURT REPRESENTS A DETERMINATION THAT THE DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS REQUIRED BY 11 U.S.C. SECTION 1125 AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTOR AND THE CONDITION OF THE DEBTOR'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

THE DEBTOR SEEKS AN AFFIRMATIVE VOTE FROM EACH CLASS AND EACH HOLDER OF A CLAIM IN THIS BANKRUPTCY PROCEEDING. THE BALLOT WHICH YOU WILL RECEIVE PERMITS YOU TO ACCEPT OR REJECT THE PLAN.

EXCEPT WHERE SPECIFICALLY STATED OTHERWISE, ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR OR OBTAINED FROM HIS RECORDS AND FILES. THE PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT ARE BASED UPON THE BEST INFORMATION AVAILABLE TO THE DEBTOR AT THE TIME THAT THE DISCLOSURE STATEMENT WAS PREPARED.

THE DEBTOR FAVORS ACCEPTANCE OF HIS PLAN AND BELIEVES THAT CONFIRMATION OF HIS PLAN WOULD REALIZE PAYMENT OF LARGER DIVIDENDS TO CREDITORS THAN COULD BE OBTAINED THROUGH A CHAPTER 7 LIQUIDATION. SUCH CONCLUSION IS BASED ON INFORMATION IN THE POSSESSION OF THE DEBTOR AT THE TIME THE DISCLOSURE STATEMENT AND PLAN WAS PREPARED.

WHILE THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED OR VERIFIED EXCEPT WHERE SPECIFICALLY STATED, AND THE RECORDS KEPT BY THE DEBTOR ARE NOT

REPRESENTED TO BE WITHOUT ANY INACCURACY OR OMISSION, THE DEBTOR FIRMLY BELIEVES THAT EVERY EFFORT HAS BEEN MADE TO BE ACCURATE AND COMPLETE.

CRAMDOWN:

In the event that any impaired class of claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired class which has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A Plan of Reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or equity security interests. "Fair and equitable" has different meanings for secured claims and unsecured claims.

With respect to a secured claim, "fair and equitable" means either: i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal to the allowed amount of its claim with a present value on the effective date of the Plan at least equal to the value of such secured creditor's interest in the property securing its liens; or ii) property subject to the lien of the impaired secured creditors is sold free and clear of that lien, with that lien attaching to the proceeds of the sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof; or iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the Plan.

With respect to an unsecured claim, "fair and equitable" means either i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its allowed claim; or ii) the holders of the claims and equity security interests that are junior to the claims of the dissenting class will not receive any property under the Plan.

In the event one or more classes of impaired claims rejects the Plan, the Bankruptcy Court will determine at the hearing for confirmation of the Plan whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of claims. If the Bankruptcy Court determines that the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of claims, the Bankruptcy Court can confirm the plan over the objection of any impaired class.

ARTICLE II
THE PLAN OF REORGANIZATION

A. Definitions.

If any definition of any term used in this Plan and Disclosure Statement is not referenced in the following Definitions section, then the Bankruptcy Code shall be controlling as to the meaning of the word. However, if the term is not defined in the Bankruptcy Code, then the plain meaning of the word is intended to be used.

1.1 General. Unless the context otherwise requires, the following terms used in the Plan shall have the following meanings. Any term used in this Plan that is not defined below

but that is defined in Title 11 of the United States Code, as amended, shall have the meaning assigned to such term therein.

1.2 Administrative Claim shall mean any Claim in respect of costs or expenses of administration for the Proceeding under Sections 503 and 507(a) of the Bankruptcy Code.

1.3 Affiliates shall mean all persons or entities affiliated with the Debtor pursuant to Section 101(2) of the Bankruptcy Code.

1.4 Allowed or Allowed Amount shall mean the amount of any Allowed Claim.

1.5 Allowed Claim shall mean a Claim against the Debtor that (i) is allowed by an Order which is not stayed on appeal, (ii) is scheduled as liquidated, undisputed and non-contingent by the Debtor in their schedules filed with the Bankruptcy Court as they may be amended or supplemented (collectively the “Schedules”), (iii) is timely filed with the Clerk of the Bankruptcy Court and no objection has been made to the allowance thereof, (iv) any reconciled contested claim that has been negotiated to an agreed amount or established by Court Order, or (v) is provided to be allowed by the terms of this Plan.

1.6 Allowed Administrative Claim shall mean an Allowed Claim which is an Administrative Claim and is entitled to priority pursuant to Sections 503 and 507(a)(2) of the Bankruptcy Code.

1.7 Allowed Priority Claim shall mean an Allowed Claim which is a Priority Claim and is entitled to priority under Section 507 of the Bankruptcy Code.

1.8 Allowed Secured Claim shall mean an Allowed Claim for which a Claimant asserts and is determined by an Order not stayed on appeal to hold a valid, perfected and enforceable lien, security interest or other interest in or encumbrance on property in which the Debtor has an interest to the extent of the value, determined in accordance with Section 506(a) of the Bankruptcy Code, of the Claimant’s interest in the Debtor’s interest in the property. To the extent a proof of claim is filed as secured and not objected to it shall be “deemed allowed” pursuant to 11 U.S.C. Section 502(a).

1.9 Allowed Unsecured Claim shall mean an Allowed Claim for which the Claimant has not asserted or is determined by an Order not stayed on appeal not to hold a valid, perfected and enforceable lien, security interest or other interest in or encumbrance against property of the Debtor or right to setoff to secure the payment of such Claim.

1.10 Allowed Wage Claim shall mean an Allowed Claim for which a Claimant asserts and is determined to be entitled to priority under Section 507(a)(4), Bankruptcy Code.

1.11 Ballot shall mean the ballot to be delivered with the Disclosure Statement to holders of Claims and Interests on which such holder will be able to vote to accept or reject the Plan. The Ballot may be different for holders of the various Claims and Interests.

1.12 Bankruptcy Code shall mean the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* and all amendments thereto.

1.13 Bankruptcy Court shall mean the United States Bankruptcy Court for the Southern District of Texas, Brownsville Division.

1.14 Bankruptcy Clerk shall mean the Clerk of the Bankruptcy Court located at Room #5, Reynaldo G. Garza-Filemon B. Vela United States Courthouse, 600 E. Harrison Street, Brownsville, Texas.

1.15 Bankruptcy Rules shall mean the Federal Rules of Bankruptcy Procedure and all relevant local rules of the Bankruptcy Court.

1.16 Bar Date shall mean August 15, 2016, being the deadline ordered by the Bankruptcy Court for Claimants to file Proofs of Claim in the Byron T. Vassberg proceeding.

1.17 Claim shall mean (i) a right to payment from the Debtor, whether or not such right is reduced to a judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment from the Debtor, whether or not such right to an equitable remedy has produced a judgment, or is fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.18 Claimant shall mean the holder of a Claim.

1.19 Class shall mean a category designated in the Plan of holders or owners of Claims or Interests that are substantially similar pursuant to Section 1122 of the Bankruptcy Code.

1.20 Confirmation Date shall mean the date of Confirmation.

1.21 Confirmation Hearing shall mean the hearing that will be held before the Bankruptcy Court in which the Debtor will seek Confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code that is now scheduled for [to be determined].

1.22 Confirmation Order shall mean the Order of the Bankruptcy Court confirming the Plan.

1.23 Contested Claims shall mean Claims to which objections are timely filed or which are listed as disputed, contingent or unliquidated in the Schedules of the Debtor.

1.24 Creditor shall have the meaning set forth in Section 101(10) of the Bankruptcy Code.

1.25 Debtor or Debtor-in-Possession shall mean Byron T. Vassberg.

1.26 DIP Accounts shall mean the Debtor-in-Possession bank accounts maintained by the Debtor as of the Effective Date.

1.27 Disclosure Statement shall mean the Disclosure Statement prepared and submitted by the Debtor with respect to the Plan, including all Exhibits [To be Provided] attached thereto, and prepared pursuant to the Bankruptcy Court's Orders and Section 1125 of the Bankruptcy Code and, if applicable, Bankruptcy Rule 3018(b) for the Solicitation of Ballots, and all supplements and amendments thereto.

1.28 Distribution Date shall mean the date when the Debtor pays out the funds from the sale of unencumbered, non-exempt assets of the Estate, and which shall occur within 30 days after the entry of an order by the Bankruptcy Court authorizing and approving the Debtor's proposed payments under the Plan after completion of the liquidation of the assets of the Estate and the Notice of Proposed Distributions has been sent to creditors and parties in interest.

1.29 Effective Date shall mean the thirtieth (30th) day following the date when the Confirmation Order becomes final, if the Confirmation Order has not been stayed on appeal, or if such a stay has issued, immediately after such stay is dissolved by Final Order. The Effective Date may sometimes be referred to as the Consummation Date.

1.30 Estate shall mean the estate created by Section 541 of the Bankruptcy Code upon commencement of the case under Chapter 11 of the Bankruptcy Code.

1.31 Executory Contract or Unexpired Lease shall mean an executory contract or unexpired lease within the meaning of Section 365 of the Bankruptcy Code, in effect between or among the Debtor and any other Person or Persons as of the Petition Date.

1.32 Filed shall mean filed with the Clerk of the Bankruptcy Court.

1.33 Final Order shall mean an order of the Bankruptcy Court or any appellate court thereof that has not been reversed, modified, amended or stayed, and the time for appeal or to seek review or certiorari or rehearing thereof has expired and as to which no appeal, review or rehearing is pending, and has become conclusive of all matters adjudicated thereby and is in full force and effect.

1.34 Byron T. Vassberg shall mean the Debtor or Debtor in Possession in Case No. 16-10059-11, pending in the United States Bankruptcy Court for the Southern District of Texas, Brownsville Division.

1.35 Insider shall mean the various persons and entities listed under section 101(31) of the Bankruptcy Code.

1.36 Liquidating Trust shall mean the Liquidating Trust created under the Liquidating Trust Agreement for the benefit of the Liquidating Trust Beneficiaries. For purposes of the Liquidating Trust the following terms shall apply:

Liquidating Trust shall mean the Liquidating Trust created under the Liquidating Trust Agreement for the benefit of the Liquidating Trust Beneficiaries.

Liquidating Trust Agreement shall mean the Liquidating Trust Agreement to be executed by the Debtors and the Liquidating Trustee.

Liquidating Trust Assets shall mean all legal and equitable interests of the Debtor, all avoidance actions, specifically including Preference Claims, and all books and records of the Debtor necessary for the pursuit of the causes of action.

Liquidating Trust Beneficiaries shall mean, collectively, the holders of Allowed Unsecured Claims.

Liquidating Trustee Suggestion shall mean the notice filed by the Debtor, twenty (20) days before the Confirmation Hearing Date, with the Debtor's recommendation for the Liquidating Trustee as specified in Section E.1 of the Plan.

Liquidating Trustee Objection Deadline shall mean the date that is seven (7) days prior to the Confirmation Hearing.

Liquidating Trustee shall mean the person or entity that shall administer the Liquidating Trust pursuant to the terms of the Plan, the Liquidating Trust Agreement and the Confirmation Order.

1.37 Net Distributable Income shall mean all of the Reorganized Debtor's post-effective date annual taxable income, as reported on his federal income tax return, minus all federal income taxes due thereon (after taking into account any benefit from any net operating loss or other tax attribute), and the estimate of the Debtor of adequate working capital for the next year.

1.38 Objection Date shall mean the date established by the Bankruptcy Court as the last day for filing objections to confirmation of the Plan and filing written rejections or written acceptances or rejections of the Plan.

1.39 Old Loan Documents shall mean the various original promissory notes, loan agreements, security documents and all other attending documents and instruments, originally entered into between the Debtor and a Secured Creditor.

1.40 Person shall mean an individual, corporation, partnership, limited liability company, association, joint-stock company, joint venture, estate, trust, unincorporated organization, governmental unit or any political subdivision thereof.

1.41 Petition Date shall mean the date on which Byron T. Vassberg filed his Petition for relief under Chapter 11 of the Bankruptcy Code, which was March 11, 2016.

1.42 Plan shall mean this Debtor's Plan of Reorganization, as it may be amended, modified and/or supplemented from time to time pursuant to the Bankruptcy Code.

1.43 Preference shall mean any transfer of an interest of the Debtor that is avoidable under Section 547 of the Bankruptcy Code.

1.44 Priority Claim shall mean any Claim, to the extent entitled to priority in payment under Section 507(a) of the Bankruptcy Code, other than an Administrative Claim, that (1) has not been barred by the Plan and (2) has not been disallowed by a Final Order.

1.45 Priority Tax Claim shall mean the allowed claims of governmental taxing authorities that are entitled to priority claims under section 507(a)(8) of the Bankruptcy Code or tax claims as otherwise specified herein.

1.46 Proceeding shall mean the case for reorganization of the Debtor pending before the Bankruptcy Court.

1.47 Proof of Claim shall mean a proof of claim conforming to Bankruptcy Official Form 10.

1.48 Reorganized Debtor shall mean the surviving Debtor, Byron T. Vassberg, after the reorganization provided for in the Plan.

1.49 Representative shall mean any Affiliate, Person, agent, insider (as defined in Section 101(31) of the Bankruptcy Code), attorney, accountant, fiduciary, heir, guardian, surety, corporate parent or subsidiary (whether direct or indirect), and other entity having a legal or equitable relationship with another entity whatsoever

1.50 Section 502(c)(1) Valuation shall mean in the case of contingent, unliquidated claims the value of the creditor's claim as estimated by the Bankruptcy Court.

1.51 Section 506 Valuation shall mean the value of collateral as established by the Bankruptcy Court after a hearing held pursuant to Bankruptcy Rule 3012 and in accordance with Section 506 of the Bankruptcy Code, or made part of a Final Order of Bankruptcy Court.

1.52 Secured Claim shall mean any Claim that is considered secured under Section 506(a) of the Bankruptcy Code.

1.53 Secured Creditors shall mean all Creditors who hold a lien, secured interest, or other encumbrance that has been properly perfected as required by law with respect to property owned by the Debtor.

1.54 Unsecured Claims shall mean all Claims not secured by a lien in or other encumbrance upon the property interests of the Debtor.

1.55 Unsecured Contingent Claims shall mean claims held by any creditor that were contingent, unliquidated or disputed as of the Petition Date specifically including but not limited to all claims arising from lawsuits where the Debtor was named as a Defendant.

1.56 Unsecured Creditors shall mean any and all Creditors having Unsecured Claims, including but not limited to Claimants holding Unsecured Deficiency Claims.

1.57 Unsecured Deficiency Claims shall mean all Allowed Claims of creditors that are deemed to be unsecured following valuation of the Debtor's property as a result of either a Section 506 Valuation hearing, the Bankruptcy Court or the District Court's order determining the nature, extent or validity of a creditor's lien on the Debtor's property that is not stayed on appeal, or the agreement of the parties, due to the fact that the value of the collateral securing repayment of a claim against property of the estate is less than the amount of such allowed claim as determined by the provisions of Section 506 of the Bankruptcy Code.

1.58 Other Terms. Any term that is used in the Plan and not defined herein, but that is defined in the Bankruptcy Code, shall have the meaning set forth in the Bankruptcy Code. The words "herein", "hereof", "hereto", "hereunder", and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan.

B. Explanation of Insiders and Related Entities.

2.1 Relationship of Debtor to Insiders and Related Entities.

2.1.1 General. Insiders of Byron T. Vassberg in this proceeding include his children, Grant Andrew Vassberg, Allison Marie Vassberg and Trent Elliot Vassberg, his mother and step father, Diane (Penny) Hutchins and Bob Bell, his father, Gerald C. Vassberg and step mother, Lew Vassberg, and the Texas corporation known as Kallion Farms, Inc. which was once used by the Debtor to conduct farming operations.

2.2. Treatment of Interest and Penalties Under the Plan.

2.2.1 No Interest to Accrue on Unsecured Claims. The Plan provides for no interest or penalties to accrue or be assessed after the Petition Date on any Claims except those Claims that are clearly secured. If the agreement between a Debtor and a creditor so provides, a creditor may accrue interest on its claim at the contract rate through the Petition Date. However, unless specifically provided for under the terms of the Plan, no creditor shall accrue interest on its claim after the Petition Date, unless it has sufficient value in collateral to secure the payment of such interest. Pursuant to the provisions of the Bankruptcy Code, only those Secured Creditors who have adequate value in collateral of the Estate are permitted to accrue interest on their claims after the Petition Date. This provision shall not apply to Priority Tax Claims which are entitled to interest pursuant to the provisions of 11 U.S.C. Section 1129(a)(9)(C).

2.2.2 Reservation of Rights to Contest Validity of Security Interests or Liens. The Debtor specifically reserves the right to contest the validity of any asserted

security interests or deeds of trust or mortgages which are not properly perfected in the event that facts should be disclosed or developed which indicate that there are valid grounds for contesting the validity of such security interests or real estate liens.

- 2.2.3 No Penalties on Unsecured Claims.** Penalties will only be paid when creditors are fully secured, and only if such penalties are directly related to pecuniary loss. The Debtors reserve the right to object to the payment of penalties, unless such penalties are allowed under the provisions of the Bankruptcy Code or the specific terms of the Plan.

ARTICLE III HISTORY OF THE DEBTOR

A. Background Facts Affecting Debtor's Plan of Reorganization.

In order to understand the measures that the Debtor will take in order to make his Chapter 11 Plan of Reorganization successful, a brief history of the Debtor's operations prior to the filing of the bankruptcy is necessary.

The Debtor is a "farmer" as the Bankruptcy Code defines that term. Byron T. Vassberg has operated farms in the Rio Grande Valley of Texas since 1987. He has grown both irrigated and dry land crops since that time. Prior to the filing of this Bankruptcy Case, he operated up to 6,500 acres of farmland where he grew cotton, grain sorghum, corn, sugarcane and other crops. He considered himself to be a successful farmer and businessman.

Calendar year 2014 began a run of poor business decisions and bad luck:

- ❑ His cotton crop was severely damaged by too much rain.
- ❑ While his 2015 spring crops were successful and he paid some carryover debt from the 2014 year, in the fall of 2015 Mother Nature once again intervened.
- ❑ In the fall of 2015 he had 5,000 acres of corn destroyed by an infestation of black birds and corn worms. Since USDA will not provide subsidies from crop insurance related to fall crops, he was uninsured.
- ❑ The crop losses in the fall of 2015 completely ruined his finances.

As a result of these events, Byron T. Vassberg made the decision to file for relief under Chapter 11 of the Bankruptcy Code and did so on March 11, 2016.

B. Current Status of Bankruptcy Proceedings.

Prior to the bankruptcy case of Byron T. Vassberg secured operating loans and secured trade credit from Marcon Investments, Ltd. and Garcia Grain Trading Company that allowed him to have the necessary funds to operate and complete his 2016 crops. Marcon loaned the Debtor in excess of \$1,250,000 and Garcia loaned approximately \$750,000. Due to low crop yields and grain prices the 2016 crop was a financial failure. Currently, there is a dispute between Marcon and one of the

Debtor's landlords, Wadi Musa, LLC, concerning the entitlement to the remaining proceeds held by Garcia Grain. Garcia Grain, by virtue of a pre-petition subordination agreement has been paid in full for its secured trade credit.

The Debtor plans on allowing the parties who claim liens against the grain proceeds to establish their entitlement to the proceeds through an adversary proceeding to determine the nature, extent, priority and validity of liens. Once the relative lien positions of the parties are established by the Bankruptcy Court, the funds will be paid in accordance with such determination. Any remaining deficiency claims of Garcia, Marcon or Wadi Musa will then be treated as an Allowed Unsecured Claim in Class 7.

In accordance with the provisions of this proposed Plan of Reorganization the Debtor will endeavor to sell the remainder of his assets with the exception of the house where he currently resides. Mr. Vassberg intends to claim as exempt enough farm machinery and equipment to farm approximately 2,350 acres of farmland, and use the profits from the farming operations to make payments to make annual payments from his Net Disposable Income to pay toward the Administrative and Priority Tax Claims. In the event the Debtor has additional Net Distributable Income to pay toward the Priority Tax Claims over and above the regular annual installments he must contribute such Net Distributable Income toward the payment of the General Unsecured Claims in order to be entitled to the discharge provisions of 11 U.S.C. Section 1141(d)(5).

ARTICLE IV
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS
UNDER THE DEBTORS' PLAN

A. Explanation and Treatment of Classes.

All claims as defined in Section 101(5) of the Bankruptcy Code, of whatever nature, whether or not scheduled, liquidated, unliquidated, disputed, undisputed, contingent, fixed, equitable, secured, or unsecured shall be bound by the provisions of the Plan and are grouped into the classes that appear below. The claims have all been placed in a particular class based on the fact that such claims are substantially similar to the other claims or interests in the class which is permissible under Section 1122(a) of the Code. For some of the classes, subclasses have been created to distinguish the various types of treatment that certain debts in a particular class will receive. However, for the purposes of voting for or against the Plan, all Creditors contained in a class, regardless of whether they are categorized as different subclasses, will be treated as one class. Additionally, all Creditors should note that the listing of the amount owed to each Creditor in the Plan is an approximation based on the Debtor's records as well as proofs of claim or other pleadings that have been filed by various Creditors. The Debtor expressly reserves his right to object to all claims in order that Claims may be reconciled to the true amount that Debtor owes to the respective Creditors in this Bankruptcy Case. All objections to Claims filed against the Estate shall be objected to, if at all, on or before 30 days after the Effective Date.

4.0 CLASS ZERO – ALLOWED UNSECURED CLAIMS FOR DOMESTIC SUPPORT OBLIGATIONS:

Class Zero consists of the Debtor's Allowed Unsecured Claims for Domestic Support Obligations allowed priority under the provisions of Section 507(a)(1) of the Bankruptcy Code. These claims are established in that certain Final Decree of Divorce entered in the case styled, *In the Matter of the Marriage of Byron Vassberg and Melinda Wilson Vassberg*, under Case No. 06-001066-D, before the County Court at Law No. 2 in Brazos County, Texas. Pursuant to such Final Decree of Divorce, the Debtor is obligated to pay monthly child support of \$3,200 until his youngest son obtains the age of eighteen and then is contractually obligated to pay one-half of the tuition, activities fees, student service fees, building fees, laboratory fees, books, room and board, and other such charges related to the education of his children at an institution of higher learning for his children until they earn their degrees.

4.0(A) TREATMENT OF ALLOWED UNSECURED CLAIMS FOR DOMESTIC SUPPORT OBLIGATIONS: All Class Zero Allowed Unsecured Claims for Domestic Support Obligations shall be paid in accordance with the provisions of Section 507(a)(1) of the Bankruptcy Code as has regularly been paid by the Debtor in the past.

4.1 CLASS ONE - ADMINISTRATIVE CLAIMS:

Class One consists of the Debtor's Allowed Administrative Claims approved by order of the Bankruptcy Court under Section 503(b) of the Bankruptcy Code and Bankruptcy Rules 2014, 2016 and 2017, and includes all Allowed Administrative Expense Claims entitled to Priority in accordance with Section 507(a)(2) of the Bankruptcy Code, as scheduled or filed, which includes Claims arising after the Debtor's Petition Date. The Debtor estimates unpaid Allowed Administrative Claims upon confirmation to be:

Name of Creditor	Estimated
<i>Costs of Administration:</i>	
Mullin Hoard & Brown, L.L.P. (Attorneys for Debtor)	\$15,000.00
Everhard CPA (Accountant for Debtor)	\$15,000.00
Internal Revenue Service (943 taxes)	\$ 1,200.00
U.S. Trustee (Quarterly Fees)	\$ 6,500.00
D. Williams & Company (Cash Flows)	\$ 3,000.00
 <i>Trade Vendors:</i>	
Neuhaus Company (Parts & repairs)	\$132,500.00
Oil Patch	\$49,100.00
Rowland Dusting	\$43,400.00
Lew Vassberg (Bookkeeping Services)	\$20,000.00
Joel Ortega (Custom Hire, Payroll, Misc.)	\$32,500.00
Boswell/Elliff	\$ 6,565.00
Cypress Insurance	\$ 3,200.00

CP&L	\$ 1,520.00
Blanton Ltd. Partnership	\$ 625.00
Willacy Cooperative	\$ 920.00
Valley Designs, Inc.	\$ 360.00
Robert Pavon, Jr.	\$ 200.00
All Valley Waste, LLC	\$ 186.00
North Alamo Water Supply	\$ 160.00
Los Fresnos Investment	\$ 90.00

TOTAL ADMINISTRATIVE CLAIMS \$331,926.00

4.1(A) Treatment of Administrative Claims. All Class 4.1 Administrative Claims (to the extent allowed under the Bankruptcy Code and Bankruptcy Rules and approved by the Court and to the extent not paid) shall be paid in full by the Debtor on or before the Distribution Date immediately following such allowance. Provided, however, that notwithstanding anything herein to the contrary, a governmental unit shall not be required to file a request for the payment of an Administrative Claim as set forth in 11 U.S.C. Section 503(b)(1)(D). If any such Administrative Claims remain unpaid, the Debtor will make arrangements to make periodic payments, with the consent of the holder of the claim, to satisfy these unpaid Administrative Class Claims until they are paid in full.

4.2 CLASS TWO - PRIORITY TAX CLAIMS:

Class Two consists of Allowed Priority Tax Claims entitled to priority pursuant to 11 U.S.C. §507(a)(8). Thus, the estimated Priority Tax Claims are broken into subclasses, as follows:

4.2.1. SUBCLASS 2.1 – FEDERAL TAX CLAIMS AGAINST BYRON T. VASSBERG: Subclass 2.1 consists of all pre-petition federal taxes assessed and unassessed against Byron T. Vassberg entitled to priority under 11 U.S.C. §507(a)(8). Subclass 2.1 consists of the following Allowed Claims:

<u>Kind of Tax Claim</u>	<u>Claim</u>
Agri – FICA & FUTA (2015)	\$unknown
Income – (2015)	\$2,024.00
<u>Penalty (Unsecured General Claim)</u>	<u>\$1,300.00</u>
Total IRS Tax Claims	\$3,324.00.

4.2.1(A) Treatment of Federal Tax Claims Against Byron T. Vassberg: The Plan calls for the Debtor to pay the Internal Revenue Service an amount on the Priority Tax Claims of the IRS from the proceeds of the sale of the Debtor's unencumbered, non-exempt assets if any are available after the payment of Administrative Claims or from Net Distributable Income realized from the

Debtor's farming operations. These taxes are to be paid in accordance with the priorities established in 11 U.S.C. §507(a) from funds realized from the liquidation of all of the Debtor's unencumbered, non-exempt assets, as soon as possible after confirmation of the Plan and establishment of the claims of the IRS by the Bankruptcy Court, or pursuant to the tax returns filed by the Debtor. All sales of unencumbered, non-exempt assets will be made only after motion pursuant to the provisions of 11 U.S.C. Section 363, notice to creditors and the entry of an order approving the sale by the Bankruptcy Court, and distribution of the proceeds will only be made after the Notice of Proposed Distributions has been sent to all creditors and parties in interest with an opportunity to object and a final order approving such distributions has been entered by the Bankruptcy Court after notice and hearing. The balance of the Priority Tax Claims of the IRS will receive payments from any additional Net Distributable Income that may be generated over the life of the Plan. The Debtor will not receive a discharge of any of the unpaid Priority Tax Claims. The Unsecured General Claim of the Internal Revenue Service in the amount of \$1,300.00 will be classified as a general unsecured claim and afforded the treatment called for under Class 7.

Notwithstanding any other provision of term of the Plan or Order of Confirmation, the following Default Provision shall apply to the United States of America, Internal Revenue Service ("IRS") and its Claims and Administrative Expense Claims in this case:

If the Debtor or the Reorganized Debtor fail to make all payments on federal taxes, claims of the IRS, and administrative expense claims of the IRS, which are provided for in this Plan or Order of Confirmation, or if any other event of default as provided in the Plan occurs, the IRS shall be entitled to give the Debtor notice of the default and if the default has not been cured within thirty (30) days from the mailing of the written notice, the IRS shall have the following rights and the following provisions shall apply to the IRS:

- (a) The IRS shall have the right to declare due and payable any interest or penalties which would have accrued on pre-petition tax liabilities of the Debtor but for the filing of the bankruptcy petition and if the Debtor fails to pay the interest and penalties then they may be assessed by the IRS;
- (b) The pre-petition tax claims shall be treated as taxes owed by the non-debtor as if no bankruptcy petition had been filed and as if no plan had been confirmed;
- (c) The IRS shall have the right to proceed to collect from the Debtor or the Reorganized Debtor any of the pre-petition tax liabilities and related penalties and interest through administrative or judicial collection procedures available under the United States Code as if no bankruptcy petition had been filed and as if no plan had been confirmed, and, such procedure shall include, but not be limited to:
 1. The filing of the notices of federal tax liens; and,
 2. Collection by levy as provided by I.R.C. Sections 6331 Through 6344;

And,

- (d) The failure of the IRS to declare a default does not constitute a waiver by the IRS of the right to declare that the Debtor or the Reorganized Debtor is in default of the Plan or the Order of Confirmation.

4.2.2. SUBCLASS 2.2 – STATE AND LOCAL PROPERTY TAXES: Subclass 2.2 includes all allowed Priority Tax Claims for pre-Petition state and local taxing authorities entitled to priority in accordance with Section 507(a)(8)(B). Subclass 2.3 consists of the following Allowed Claims:

<u>Creditor</u>	<u>Claim</u>
Harlingen CISD	\$1,996.51
Cameron County	\$1,572.97
Texas Workforce Commission	\$ 241.49

4.2.2(A) Treatment of State and Local Property Tax claims against Debtor: The Plan calls for the Debtor to pay the State and Local Property Tax Claims from the proceeds of the sale of the Debtor's unencumbered, non-exempt assets if any are available after the payment of Administrative Claims, or from Net Distributable Income realized from the Debtor's farming operations. These taxes are to be paid in accordance with the priorities established in 11 U.S.C. §507(a) from funds realized from the liquidation of all of the Debtor's unencumbered, non-exempt assets

4.3 CLASS THREE -- SECURED CLAIMS OF CREDITORS HOLDING PURCHASE MONEY SECURITY INTERESTS AGAINST VEHICLES AND EQUIPMENT TO BE ABANDONED BY THE DEBTOR: Class Three consists of the Secured Claims of creditors holding purchase money security interests against vehicles and equipment of the Debtor which the Debtor intends to abandon to the Secured Creditors in order to allow them to foreclose upon their collateral and sell it in order to apply the proceeds derived from such sales against their respective indebtedness and then file a Proof of Claim for the amount of any unsecured deficiency owed. The deficiency claims shall be treated under the provisions afforded the holders of Unsecured Claims of Class 7. In the event of a dispute over the amounts due, the Bankruptcy Court will resolve the dispute through the claims reconciliation process.

Thus, the Class Three claims are broken into subclasses, as follows:

4.3.1. SUBCLASS 3.1 – SECURED CLAIMS OF FORD MOTOR CREDIT, LLC: Subclass 3.1 consists of the claims of Ford Motor Credit, LLC in the approximate sum of \$87,302.00 secured by purchase money security interests against vehicles having the secured claims and estimated fair market values as follows:

<u>Description of Vehicle</u>	<u>Amount of Claim</u>	<u>Estimated Value</u>	<u>Est. Equity</u>
2012 Ford F250 Truck	\$16,993.58	\$5,887.00	\$-0-
2013 Ford F250 Truck	\$22,320.99	\$12,092.00	\$-0-
2016 Ford F250 Truck	\$47,987.20	\$20,000.00	\$-0-

4.3.1(A) Treatment of Secured Claims of Ford Motor Credit Company, LLC:

The Debtor does not believe the vehicles have any equity for the Estate. Thus, the Debtor entered into an agreement with Ford Motor Credit Company to surrender possession of the vehicles. The agreement allows Ford Motor Credit Company to foreclose upon its collateral, sell the vehicles and apply the proceeds for the sale to its indebtedness as defined in the written agreements signed by the Debtor. In the event Ford Motor Credit has a remaining deficiency balance owing after the sale of the vehicles, such claim would be treated in accordance with the provisions of Class 7 of the Plan.

4.3.2. SUBCLASS 3.2 – SECURED CLAIMS OF TD AUTO FINANCE LLC:

Subclass 3.2 consists of the claims of TD Auto Finance LLC in the approximate sum of \$101,329 secured by purchase money security interests against vehicles having the secured claims and estimated fair market values as follows:

<u>Description of Vehicle</u>	<u>Amount of Claim</u>	<u>Estimated Value</u>	<u>Est. Equity</u>
2012 Ford F250 Truck	\$34,320.10	\$16,163.00	\$-0-
2013 Ford F250 Truck	\$33,594.20	\$15,147.00	\$-0-
2016 Ford F250 Truck	\$33,414.49	\$16,646.00	\$-0-

4.3.2(A) Treatment of Secured Claims of TD Auto Finance LLC: The Debtor does not believe the vehicles have any equity for the Estate. Thus, the Debtor entered into an agreement with TD Auto Finance LLC to surrender possession of the vehicles. The agreement allows TD Auto Finance LLC to foreclose upon its collateral, sell the vehicles and apply the proceeds for the sale to its indebtedness as defined in the written agreements signed by the Debtor. In the event TD Auto Finance LLC has a remaining deficiency balance owing after the sale of the vehicles, such claim would be treated in accordance with the provisions of Class 7 of the Plan.

4.3.3. SUBCLASS 3.3 – SECURED CLAIM OF CAVALRY SPV I, LLC:

Subclass 4.3 consists of the claim of Cavalry SPV I, LLC in the approximate sum of \$8,276.00 secured by purchase money security interest against a 2012 Yamaha Wave Runner VX Deluxe having an estimated value of \$5,000.

4.3.3(A) Treatment of Secured Claim of Cavalry Spv I, LLC: The Plan provides for the Debtor to surrender the recreational vehicle in order to allow Cavalry Spv I, LLC to foreclose upon its collateral, sell the collateral and apply the proceeds from the sale to its indebtedness as defined in the written agreements signed by the Debtor. Should Cavalry Spv

I, LLC have a remaining deficiency balance owing after the sale of the equipment, such claim would be treated in accordance with the provisions of Class 7 of the Plan.

4.3.4. SUBCLASS 3.4 – CLAIMS OF DIVERSIFIED FINANCIAL SERVICES, LLC RELATED TO LEASES OF CERTAIN FARM MACHINERY AND EQUIPMENT: This Subclass consists of the claims of Diversified Financial Services, LLC totaling approximately \$190,943.00 related to leases covering certain farm machinery and equipment listed as follows:

- 2004 John Deere Model 9760 Combine, S/N H097605706407;
- 1993 John Deere Model 930F Flexhead, S/N H00930F651301;
- 1989 John Deere Model 844 Cornhead, S/N 13416;
- 2010 John Deere Model 612C Cornhead, S/N CX0000036;
- 2014 J&M Model HT974X6 trailer, S/N 1304457;
- 2014 J&M Model HT974X6 trailer, S/N 1304452; and
- 2014 J&M Grain Cart, S/N 1401037.

3.4(A) Treatment of Claims of Diversified Financial Services, LLC Related to Leases of Certain Farm Machinery and Equipment: The Debtor has previously entered into an agreement with Diversified Financial Services, LLC to reject all of the leases, surrender possession of all of the farm machinery and equipment without any waiver of claims for amounts due from Debtor, whether incurred pre- or post-petition.

4.3.5 SUBCLASS 3.5 – SECURED CLAIMS OF DEERE AND COMPANY AGAINST FARM MACHINERY AND EQUIPMENT: This Subclass consists of the Secured Claims of Deere and Company secured by 23 separate purchase money security interests against various items of farm machinery and equipment having a combined estimated fair market value \$2,051,000, to secure the repayment of indebtedness totaling approximately \$3,314,000 as of the Petition Date. A complete listing of the items of equipment, their estimated values, and the amount of the unpaid balance owing against them is reflected on the attached Exhibit [To be Provided] “A.”

3.5(A) Treatment of Secured Claims of Deere and Company: The Debtor does not believe the equipment has any equity for the Estate. The Debtor entered into a Stipulated Order with Deere and Company to surrender possession of all of the equipment, and allow Deere and Company to exercise their state law remedies in order to allow Deere and Company to foreclose upon its collateral, sell the farm machinery and equipment and apply the proceeds from the sale to its indebtedness as defined in the written agreements signed by the Debtor. In the event there are surplus proceeds after the sale, the funds will be paid over to the Debtor and used to fund the payments required pursuant to the provisions of the Plan. Should Deere and Company have a remaining deficiency balance owing after the sale of the equipment, such claim would be treated in accordance with the provisions of Class 7 of the Plan.

4.3.6 SUBCLASS 3.6 – CLAIMS OF DEERE CREDIT INC. RELATED TO LEASES OF CERTAIN FARM MACHINERY AND EQUIPMENT: This Subclass consists of the claims of Deere Credit Inc. totaling approximately \$1,253,000 related to leases covering certain farm machinery and equipment listed as follows:

- John Deere Model R4038 Hicycle Sprayer, S/N 1N04038RVE0001963;
- John Deere Model 8370 Row-Crop Tractor, S/N 1RW8370RAED096239;
- John Deere Model 8370 Row-Crop Tractor, S/N 1RW8370RKED096512;
- John Deere Model 8370 Row-Crop Tractor, S/N 1RW8370RTED096300;
- John Deere Model 8370 Row-Crop Tractor, S/N 1RW8370RHED096454.

3.6(A) Treatment of Claims of Deere Credit Inc. Related to Leases of Certain Farm Machinery and Equipment: The Debtor has previously entered into an agreement with Deere Credit Inc. to reject all of the leases, surrender possession of all of the farm machinery and equipment without any waiver of claims for amounts due from Debtor, whether incurred pre- or post-petition.

4.4 CLASS FOUR – CLAIM OF FIFTH THIRD BANK: Class Four consists of the Secured Claim of Fifth Third Bank secured by a certificate of title lien against 2015 Ford F150, VIN: 1FTEW1EG8FFB61735. The outstanding indebtedness owing on the vehicle as of the Petition Date was approximately \$49,632 and the vehicle has an approximate equivalent value.

4.4(A) Treatment of Secured Claim of Fifth Third Bank: The Debtor desired to continue to own the vehicle subject to the lien in favor of Fifth Third Bank and entered into an agreement to continue to make the monthly payments associated with the vehicle. However, due to the failure of his 2016 crop he has been unable to do so and is presently behind in his monthly payments in the total sum of \$5,991.80 (April 2016 – September 2016). The current monthly payment is \$1,015.99 with the next payment coming due on October 30, 2016. The Plan provides for the Debtor to bring all monthly payments current and then to restructure the payments into semi-annual installments. If the Debtor is unable to bring the balance current he will surrender possession and Fifth Third Bank will be entitled to exercise its remedies as established in its written retail installment agreement.

4.5 CLASS FIVE - SECURED CLAIM OF CAPITAL FARM CREDIT AGAINST HOMESTEAD OF DEBTOR: Class Five consists of the Secured Claim of Capital Farm Credit secured by a first lien deed of trust against the Debtor's homestead located at the municipal street address of 5611 La Plaza in the City of Harlingen, Texas. The amount of this Claim is in the approximate sum of \$99,000, and the Debtor asserts that the collateral value of the property fully secures the amount of the indebtedness.

4.5(A) Treatment of Secured Claims of Capital Farm Credit Against Homestead of Debtor: The Plan provides for the Debtor to continue making the monthly installments due on the indebtedness in accordance with the original terms of the promissory note and deed of trust in favor of Capital Farm Credit. The Debtor intends to reaffirm the indebtedness and

abide by the terms of the written agreements between the parties.

4.6 CLASS SIX– CLAIMS OF CREDITORS ASSERTING LIENS AGAINST 2016 CROPS OF DEBTOR: Class Six consists of the Claims of creditors who assert liens against the Debtor’s 2016 crops, crop proceeds, USDA farm program payments and crop insurance. The Debtor’s entire 2016 grain crop has been sold to Garcia Grain Trading Company which is currently holding the proceeds pending a determination of the nature, validity, extent and priority of the various liens being asserted by creditors who claim an interest in the crop proceeds. The deficiency claims shall be treated under the provisions afforded the holders of Unsecured Claims of Class 7. In the event of a dispute over the amounts due, the Bankruptcy Court will resolve the dispute through the claims reconciliation process.

Thus, the Class Six claims are divided into subclasses, as follows:

4.6.1 SUBCLASS 6.1 – SECURED CLAIM OF GARCIA GRAIN TRADING COMPANY: Subclass 6.1 consists of the Secured Claim of Garcia Grain Trading Company in the approximate sum of \$750,000 secured by a first lien against the Debtor’s grain proceeds currently in its possession. Garcia Grain Trading Company provided secured trade credit to the Debtor of up to \$750,000 to finance the purchase of seed, fertilizer, farm chemicals and other inputs necessary for the production of the grain crop. Marcon Investments, Ltd. executed a subordination agreement in order to induce Garcia Grain Trading Company to extend \$750,000 worth of trade credit to the Debtor thereby granting Garcia Grain Trading Company a first lien against the grain crop.

4.6.1(A) Treatment of the Secured Claim of Garcia Grain Trading Company: The Plan provides for the Bankruptcy Court to enter judgment in an adversary proceeding brought to establish the nature, extent, priority, and validity against the Debtor’s 2016 grain crop and proceeds. Once the Bankruptcy Court determines the priority and validity of the liens against the crop proceeds will be paid out according to the Court’s determination, and any deficiency owed to Garcia Grain Trading Company, if any, will be treated equally along with the holders of other Unsecured Claims in Class 7 of the Plan.

4.6.2 SUBCLASS 6.2 – SECURED CLAIM OF MARCON INVESTMENTS, LTD.: Subclass 6.2 consists of the Secured Claim of J. Michael Martin/Marcon Investments, Ltd. (“Marcon”) which entered into a pre-petition lending arrangement with the Debtor to provide him with the financing necessary to grow his crops secured by a perfected security interest in the crops, crop proceeds, farm program payments and crop insurance. Marcon claims a current unpaid balance of \$1,253,673. Marcon executed a subordination agreement in favor of Garcia Grain Trading Company to the extent of \$750,000 worth of trade credit.

4.6.2(A) Treatment of the Secured Claim of Marcon Investments, Ltd.: The Plan provides for the Bankruptcy Court to enter judgment in an adversary proceeding brought to establish the nature, extent, priority, and validity of liens against the Debtor’s 2016 grain crop and proceeds. Once the Bankruptcy Court determines the priority and validity of the liens against the crop proceeds the funds will be paid out according to the Court’s determination, and any deficiency owed to Marcon will be treated equally along with the holders of other Unsecured Claims in Class 7 of the Plan.

4.6.3 SUBCLASS 6.3 – SECURED CLAIM OF WADI MUSA, LLC: Subclass 6.3 consists of the Secured Claim of Wadi Musa, Ltd. which entered into a pre-petition lease with the Debtor covering farm land upon which the 2016 grain crop was grown. Wadi Musa, LLC leased the farm land to the Debtor pursuant to lease agreements, both written and oral, which allowed the Debtor the use of its real property for the production of crops either in exchange for cash rent or a share of the crops grown. Wadi Musa is owed a total of approximately \$283,216 worth of crop rent and cash rent for the use of its land during 2016 and prior years. Wadi Musa asserts its claims for unpaid rent are at least partially secured by a statutory lien against the crops pursuant to Section 54.001 of the Texas Property Code. The Debtor asserts that he is owed reimbursement for funds expended for land preparation prior to the time that Wadi Musa filed pleadings with the Bankruptcy Court to terminate the lease agreements.

4.6.3(A) Treatment of the Secured Claim of Wadi Musa, LLC: The Plan provides for the Bankruptcy Court to enter judgment in an adversary proceeding brought to establish the nature, extent, priority, and validity of liens against the Debtor’s 2016 grain crop and proceeds, as well as to establish whether the Debtor is entitled to reimbursement for funds expended in land preparation on Wadi Musa’s real property prior to the time the lease was terminated. Once the Bankruptcy Court determines the priority and validity of the liens against the crop proceeds, as well as the question of the Debtor’s entitlement to reimbursement, the funds will be paid out according to the Court’s determination, and any deficiency owed to Wadi Musa will be treated equally along with the holders of other Unsecured Claims in Class 7 of the Plan.

4.7 CLASS SEVEN - GENERAL UNSECURED CLAIMS: This Class consists of the following Unsecured Creditors:

1. Those Creditors who have Unsecured Claims under Sections 502 and 506 of the Code and under Bankruptcy Rule 3012 as a result of having claims which were originally secured but are now at least partially unsecured or wholly unsecured under Sections 502 and 506 of the Code; and
2. Those Creditors who have Unsecured Contingent Claims that may exist against the Debtor’s Estate provided those Claims have been filed and allowed by the Court during the claims reconciliation process.

The General Unsecured Claims of the Debtor are estimated to total approximately \$3.3 million, and consist mainly of Unsecured Deficiency Claims or trade debts incurred by the Debtor over the two years prior to the Petition Date. A listing of the Unsecured General Claims is included in the Bankruptcy Liquidation Analysis attached as Exhibit [To be Provided] “B”.

The General Unsecured Claims of the Debtor are estimated to total in excess of \$3.3 million, and consist of the following creditors whose claims are estimated as follows:

American Express Company	\$450.00;
Bogus Ford	\$1,783.35;
Chase Credit Card Services	\$11,000.00;
Helena Chemical	\$1,376,425.53;

Mark Abbott	\$169,436.90;
John A. Luchenbach	\$50,000.00;
Pioneer	\$121,188.99;
Monsanto Company	\$104,440.99;
PHI Financial Services	\$133,952.79;
Sanders	\$526,081.44;
Los Fresnos Investments	\$12,741.60;
Producers Cooperative Assoc.	\$45,444.26;
John Deere Farm Plan	\$462,482.00;
Liberty Mutual	unknown;
Neuhaus Company	\$100,000.00;
Rowland Dusting Service	\$94,302.00;
Texas Boll Weevil Eradication	\$46,575.00;
Marcon Investments, Ltd.	unknown (deficiency claim);
Wadi Musa, LLC	unknown (deficiency claim);
Garcia Grain Trading Company	unknown (deficiency claim);
Deere and Company	unknown (deficiency claim);
Deere Credit	unknown (deficiency claim);
Diversified Financial Services	unknown (deficiency claim);
TD Auto Finance	unknown (deficiency claim);
Ford Motor Credit Company	unknown (deficiency claim);
Todd Carlton	\$36,000.00.
<hr/>	
TOTAL	\$3,292,304.85+

4.7(A) Treatment of the Claims of General Unsecured Creditors: The Plan calls for the General Unsecured Creditors of the Debtor be paid in accordance with the priorities established in 11 U.S.C. §507. Since the Claims of General Unsecured Creditors are lower than Administrative Claims and Priority Tax Claims, the Debtor does not anticipate that any payments will be made to this class from Net Distributable Income.

However, the Plan provides for the creation of a Liquidating Trust and the conveyance into the trust all avoidance actions belonging to the Estate. The largest avoidance action is a claim against Bob Bell and Diane Hutchins, the Debtor's step-father and mother, who appear to have received payments on debts totaling in excess of \$500,000 within the one year insider preference period. A demand letter was written to the recipients of the alleged insider preference and the response claims that all such payments were made in the ordinary course of business and were repayments for short term loans related to the Debtor's farming operations.

The Debtor's Plan provides for the Liquidating Trust to hire special counsel to pursue the preference against Mr. Bell and Mrs. Hutchins, and upon the receipt of any recovery the proceeds will be distributed pro rata to the holders of Allowed Unsecured Claims.

ARTICLE V
MEANS OF IMPLEMENTATION OF THE PLAN AND STATUS
OF PENDING OR CONTEMPLATED LITIGATION

A. Provisions to Provide for Adequate Means for the Plan's Execution.

The Debtor's Plan of Reorganization, which provides for liquidation of certain estate assets, is primarily a liquidating Plan whereby the Debtor will turn over to various Creditors property, subject to their liens, or, will liquidate the collateral that secures the repayment of indebtedness turning over the proceeds to the Creditor having a lien against the property. The Debtor proposes to retain certain farm machinery and equipment which is allowed as exempt, and then seek to obtain financing for his farming operations.

All unencumbered and non-exempt property will be liquidated by the Debtor and applied in accordance with the priorities established in the Bankruptcy Code in 11 U.S.C. §507. The Plan provides for the Debtor to continue farming as a means to make necessary payments for the support of his ex-wife, payment of installments on his purchase of the farm machinery and equipment as well as payments on Priority Tax Claims.

The Plan provides that all sales of all unencumbered, non-exempt assets must be approved by the Bankruptcy Court pursuant to the provisions of 11 U.S.C. Section 363. Following these sales of assets the proceeds, over and above those necessary to extinguish the valid liens against the property in order to convey good title, will be retained in the Debtor in Possession account and be subject to disclosure in the monthly operating reports of the U.S. Trustee's Office. Furthermore, no distributions will be made from the account until the Debtor in Possession has filed with the Bankruptcy Court, noticed to creditors, and received a Bankruptcy Court order approving a Report of Proposed Distributions.

The Plan provides for the Debtor to continue his farming operations by the retention of farm machinery and equipment under the Plan, which he will use to farm such land as the Debtor is able to secure through rental arrangements under the Plan. The Debtor intends to secure sufficient financing from loans from third parties and through secured trade credit to plant crops during the 2017 growing season. He anticipates that upon the harvest of these crops he will have Net Distributable Income to make payments to the holders of any Administrative or Priority Tax Claims that remain after the distribution of proceeds realized from the sale of his unencumbered and non-exempt assets. Additionally, future crops will be available to provide security for operating loans. The Debtor believes that sufficient working capital will be available to finance his farming operations, which in turn, will enable the Debtor to produce the crops and resulting profits necessary to make the required payments to any remaining Administrative or Priority Tax Claims under the Plan.

A cash flow summary for 2017 is attached hereto as Exhibit [To be Provided] "C." The cash flow is representative of the expected income and expenditures of the Reorganized Debtor over the life of Debtor's Plan. These cash flow analyses demonstrate the feasibility of the Plan as proposed by

the Debtor.

B. Status of Pending or Contemplated Litigation impacting upon the Plan. The Debtor discloses the following facts concerning pending litigation that has been brought against him and contemplated litigation that must be resolved by the Debtor in order to fully implement the Plan:

1. Preference Claim against Bob Bell and Diane Hutchins: This is a claim the Estate owns against the Debtor's step father and mother for the recovery of in excess of \$500,000 repaid to his relatives within one year of the date of the Petition. The Debtor believes that Bob Bell and Diane Hutchins are Insiders and that the repayment of the funds constitutes an avoidable transaction. A demand letter has been written concerning the claim and the attorney for the Insiders claims that the repayments were in the ordinary course of the business conducted with the Debtor as they regularly financed short term loans related to his farming operations. This is an avoidance action that will be conveyed into the Liquidating Trust and prosecuted by the Liquidating Trustee on behalf of the Trust Beneficiaries who are holders of Allowed Unsecured Claims.
2. Case No. C-1-CV-15-007006; Texas Boll Weevil Eradication Foundation v. B.T. Vassberg; pending in the County Court at Law #1 in Travis County, Texas: This is a suit for past assessments in the approximate sum of \$48,000 due as the result of cotton grown by the Debtor and relates to the eradication of boll weevils in the Rio Grande Valley area of Texas. The Debtor recognizes this as a valid indebtedness and the claim will be treated as an Allowed Unsecured Claim entitled to treatment in Class 7 of the Plan. The Debtor anticipates that this lawsuit will be dismissed.
3. Cause No. 15-002854-CV-85; Producers Cooperative Association v. Byron and Melinda Vassberg dba Kallion Farms; pending in the 85th District Court of Brazos County, Texas: This is a collection action on a trade account involving the purchase of crop inputs by the Debtor. The Debtor recognizes this as a valid indebtedness and the claim will be treated as an Allowed Unsecured Claim entitled to treatment in Class 7 of the Plan. The Debtor anticipates that this lawsuit will be dismissed.

C. Preservation of Causes of Action and Rights. All Causes of Action, rights of setoff and other legal and equitable defenses of the Debtors or the Estates are preserved unless expressly released, waived, or relinquished under the Plan or the Confirmation Order, and shall vest in the Liquidating Trust as part of Liquidating Trust Assets. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as an indication that a Cause of Action will not be pursued against them.

Unless expressly released by the Plan or by an Order of the Bankruptcy Court, the Debtor may hold the following claims, all of which shall be preserved and transferred to the Liquidating Trust as the Liquidating Trust Assets pursuant to the terms of this Plan.

- Preference claims under section 547 of the Bankruptcy Code;
- Fraudulent transfer and other avoidance claims arising under section 506, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and various state laws;
- Unauthorized post-petition transfer claims including, without limitation, claims under section 549 of the Bankruptcy Code;
- Claims and Causes of Action asserted in current litigation, whether commenced pre- or post-petition; and
- Counterclaims asserted in current litigation;

D. Standing of Liquidating Trustee as Representative of the Estates. The Liquidating Trustee shall be appointed representative of the Estate pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code with respect to the Liquidating Trust Assets. With regard to the Liquidating Trust Assets, the Liquidating Trust may enforce, sue on, and, subject to Bankruptcy Court approval (except as otherwise provided herein), settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action transferred to the Liquidating Trust. Except as otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall be vested with authority and standing to prosecute the Causes of Action transferred to the Liquidating Trust. The Liquidating Trustee and his or her attorneys and other professional advisors shall have no liability for pursuing or failing to pursue any such Causes of Action.

ARTICLE VI
TREATMENT OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES

A. Executory Contracts.

The Debtor hereby assumes Farm Service Agency contracts involving his participation in the farm programs administered by the U.S. Department of Agriculture.

All other executory contracts are rejected.

B. Unexpired Leases.

The Debtor had in existence farm leases prior to the filing of the Chapter 11 petition. The Debtor hereby notices his intent to reject the leases with all landlords save and except the leases of farmland owned by Rio Farms and Bill Youngblood Farms which are to the extent necessary accepted and assumed.

ARTICLE VII
STATEMENT ON THE FEASIBILITY
OF THE PLAN OF REORGANIZATION

A. Liquidation Analysis.

In order to assist Creditors and other parties in interest in deciding whether to vote for or against confirmation of the Plan of Reorganization, the proponent has prepared a Chapter 7 liquidation analysis for the Estate of Byron T. Vassberg.

A copy of the liquidation analysis of Debtor is attached as Exhibit [To be Provided] “B”. This schedule sets forth the estimated liquidation values of all assets of the Estate as compared to the liens and encumbrances which are associated with such assets. It also reflects values for any equity in assets and a total value for unencumbered assets that would be available for liquidation and distribution to Unsecured Creditors if the case were converted to Chapter 7. The analysis concludes that in a Chapter 7 liquidation, General Unsecured Creditors could expect to receive no payment on their claims. Consequently, the proponent of the Plan asserts that the treatment afforded the Claims of all Creditors under the terms of the Plan is equal to or better than the treatment they would receive in a Chapter 7 case.

B. Feasibility of the Plan.

The Cash Flows attached as Exhibit [To be Provided] “C” reflect that the Reorganized Debtor will be able to make the payments contemplated under the provisions of the Plan. Furthermore, as can be discerned from the cash flow projections, the Debtor believes they will not only be able to service the secured Debt established under the Plan, but will be able to pay toward the extinguishment of Administrative and Priority Tax Claims which remain owing over a 5-year period. Therefore, based upon these Financial Projections, the Debtor asserts that the Plan is feasible and is not likely to be followed by liquidation or the need for further financial reorganization. These Financial Projections illustrate that the Debtor will have available the necessary cash to fund the Plan of Reorganization after confirmation; has the ability to generate future cash flow sufficient to make the payments called for under the Plan and necessary to continue in business; and other than the vagaries of the farming operations and markets and general economic conditions there are no factors which might make it impossible for the Debtor to accomplish that which he promises under the terms of the Plan or allow him to continue in business as contemplated under the Plan.

The Debtor has secured written crop-share leases with landlords owning land in the Rio Grande Valley of Texas, which will enable him to plant 950 acres of irrigated cotton, 1,150 acres of dryland cotton, and grow 250 acres of sugarcane in 2017. The landlords owning the land to be leased are: Rio Farms and Youngblood Farms – both on a crop share basis. These cash flow projections are based on the Debtor planting all the available land in cotton. Typically, most non-irrigated producers in South Texas have average yields between 500 and 1000 pounds per acre and spend somewhere between \$300.00 and \$400.00 per acre for production expenses. These cash flows reflect a reasonable 5-year projection based upon historical prices and historical expenses. The Debtor projects he will have \$30,000.00 each year to service Administrative Claims and Priority Tax Claims. The gross receipts from crop sales are reflected on the cash flows that are attached. These

cash flows indicate that the Debtor will be able to make the projected payments toward the Administrative and Priority Tax Claims called for in the Plan from Net Distributable Income. Due to the vagaries of the weather and market the Net Distributable Income could range from zero to as much as \$50,000.00 per year.

Therefore, based upon the liquidation of the Estate assets as well as the cash flow projections associated with the Debtor's farming operations, the Debtor asserts that the Plan is feasible, and is not likely to be followed by the need for additional reorganization or liquidation.

C. Statement on Tax Treatment and Consequences of the Plan.

The Debtor elected to separate his personal tax treatment from the tax treatment afforded the Bankruptcy Estate in this case and timely filed his election to file a short-year tax return with the Internal Revenue Service. As a consequence, the Bankruptcy Estate secured a separate tax identification number from the IRS, and the Estate will file an IRS Form 1041 for calendar year 2006 that will cover the period from the Petition Date until December 31, 2016.

The Debtor and its accountants intend to seek an expedited review of these returns for the Estate for 2006 and 2007 pursuant to Revenue Procedure 2006-24 so that the funds from the liquidation of the Estate can be paid as soon as possible after the Confirmation Date.

ARTICLE VIII **CONTESTED CLAIMS**

A. Objection to Claims and Interests.

On or before the Distribution Date, but in no event later than thirty (30) days after the Effective Date, objections to Claims and Interests shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims ("Contested Claims") and Interests ("Contested Interests") to which objections are made. The Liquidating Trustee shall litigate to judgment, settle or withdraw objections to Contested Claims and Contested Interests. Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Contested Claim or Contested Interest unless and until all objections to such Contested Claim or Contested Interest have been determined by or settled pursuant to Final Order.

B. Claims for Damages.

Any Claim based upon rejection of an executory contract or unexpired lease under the Plan must be Filed with the Bankruptcy Court and served on the Debtor such that the Claim is actually received within thirty (30) days of the entry of an Order rejecting such contract or lease. All Allowed Claims for rejection damages, unless otherwise specifically provided for or addressed in this Plan, shall be treated as Class 7 General Unsecured Claims. Any Claim not Filed within such time will be forever barred from assertion against the Debtor, the Estate or the Liquidating Trust.

ARTICLE IX
THE LIQUIDATING TRUST

A. The Liquidating Trust. The Debtor and the Liquidating Trustee, who shall be appointed according to the procedures set forth herein below, shall execute a Liquidating Trust Agreement which establishes a Liquidating Trust. The Liquidating Trust, duly organized under the laws of the State of Texas, is created for the purpose of Liquidating the Liquidating Trust Assets in accordance with Treasury Regulation Section 301.7701-4(d) and making the Payments or Distributions to (i) certain holders of Allowed Claims from the Reserve Accounts and (ii) holders of Liquidating Trust Interest from the applicable Reserve Accounts. The Liquidating Trust Beneficiaries, who will be treated as grantors and deemed owners for federal income tax purposes, are the holders of Liquidating Trust Interest. The Liquidating Trust shall file federal income tax returns for the Liquidating Trust as a grantor trust pursuant to Section 671 of the Internal Revenue Code of 1986, as amended, and the Treasury Tax Regulations promulgated thereunder. The parties shall not take any position on their respective tax returns with respect to any other matter related to taxes that is inconsistent with treating the Liquidating Trust as a “liquidating trust” within the meaning of Treasury Regulation Section 301.7701-4(d), unless any party receives definitive guidance from the Internal Revenue Service.

B. Funding of Res of Trust. For all federal and applicable state and local income tax purposes, all Persons (including without limitation the Debtor, the Liquidating Trustee and the Liquidating Trust Beneficiaries) will treat the transfers and assignment of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries as (a) a transfer of the Liquidating Trust Assets directly to the Liquidating Trust Beneficiaries followed by (b) the transfer of the Liquidating Trust Assets by the Liquidating Trust Beneficiaries to the Liquidating Trust. The Liquidating Trust will be treated as a grantor trust for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The Liquidating Trust Beneficiaries will be treated as the grantors and deemed owners of their allocable portion of the Liquidating Trust Assets for federal income tax purposes.

The fair market value of the portion of the Liquidating Trust Assets that is treated for U.S. federal income tax purposes as having been transferred to each Liquidating Trust Beneficiary will be determined by the Liquidating Trustee, and all parties (including, without limitation, the Liquidating Trustee and the Liquidating Trustee Beneficiaries) must utilize such fair market values determined by the Liquidating Trustee for federal and applicable state and local income tax purposes.

The Liquidating Trust’s taxable income, gain, loss, deduction or credit will be allocated to the Liquidating Trust Beneficiaries in accordance with their relative beneficial interests in the Liquidating Trust during the applicable taxable period. Such allocation will be binding on all parties for federal and applicable state and local income tax purposes, and the parties will responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

C. Liquidating Trustee. The Liquidating Trust shall be administered by the Liquidating Trustee. The Liquidating Trustee shall administer the Liquidation Trust consistent with the terms of this Plan, Confirmation Order, general trust law (except as superseded by this Plan) and the Liquidating Trust Agreement, and shall have all of the rights, obligations, powers and duties as set

forth in the Plan, Liquidating Trust Agreement and Confirmation Order.

D. Appointment of Liquidating Trustee.

1. Suggestion of Litigation Trustee. On or before the date that is twenty one days prior to the Confirmation Hearing, the Debtor shall file and serve a Suggestion of Liquidating Trustee (the "Liquidating Trustee Suggestion"), which shall nominate a person who the Debtor believes is capable and qualified to serve as Liquidating Trustee, upon each of the parties who hold Allowed Class 7 General Unsecured Claims. Any party wishing to object to the Liquidating Trustee Suggestion, must file an objection to the Liquidating Trustee Suggestion on or before the date that is seven days prior to the Confirmation Hearing (the "Liquidating Trustee Objection Deadline") and serve such objection, in writing, upon counsel for the Debtor. Further, any objection filed to the Liquidating Trustee Suggestion shall contain an alternative nomination of a person or entity to serve as the Liquidating Trustee. Failure to nominate an alternative person or entity in such objection shall render the objection moot and overruled on its face. If no objection to the Liquidating Trustee Suggestion is filed by the Liquidating Trustee Objection Deadline, then the Liquidating Trustee shall be the person specified in the Liquidating Trustee Suggestion. If a timely-filed objection to the Liquidating Trustee Suggestion is filed, the person named in the Liquidating Trustee Suggestion, along with any person or entity nominated in the timely-filed objection(s) shall be voted on pursuant to the election procedures in Section D.2 below.

2. Election of Litigation Trustee. In the event that a timely-filed objection to the Liquidating Trustee Suggestion is filed with the Bankruptcy Court in conformance with the provisions of Section E.1, the Debtor shall convene an election at the Confirmation Hearing. If such an election is held, the Liquidating Trustee shall be elected by the Holders of Allowed Class 7 General Unsecured Claims. Each Holder of an Allowed Class 7 General Unsecured Claim who wishes to participate in the election, must appear in person at the Confirmation Hearing, or deliver its vote, in writing via a validly executed proxy (in which case, such proxy will certify its credentials to the Debtor) by 4:00 p.m. on the Business Day immediately prior to the Confirmation Hearing. Prior to said deadline, it shall be the job of any party who filed an objection to the Liquidating Trustee Suggestion to apprise each of the Holders of Allowed Class 7 General Unsecured Claims its alternative nominee and why that party believes its nominee is capable and appropriate. At the Confirmation Hearing, the Debtor shall declare the winner of said election. Such winner shall be the person with the most votes, regardless of whether a majority of the Holders of Allowed Class 7 General Unsecured Claims voted for such person. There shall be no runoff. In the event of a tie, the Debtor shall choose which of the two or more candidates shall prevail.

3. Notification. Promptly after the Liquidating Trustee Objection Deadline if no objection is filed, or promptly after declaring the winner of the election described in Section D.2 of this Plan, the Committee shall file in the Bankruptcy Cases a Notice of Liquidating Trustee (the "Liquidating Trustee Notice") specifying the identity of the Liquidating Trustee.

4. No Prejudice. Each Creditor who participates or files an objection to the Liquidating Trustee Suggestion, or participates in the election described in Section D.2 does not, by such participation, in any way prejudice any right to contest any portion of this Plan, to vote against this Plan, or any other right, claim, or issue in the Bankruptcy Cases or otherwise.

5. **Bankruptcy Jurisdiction.** The Bankruptcy Court shall have exclusive jurisdiction to determine any disputes related to the Liquidating Trustee or the procedures described herein related to his selection.

E. Retention of Professionals. The Liquidating Trustee shall have the right to retain the services of attorneys, accountants, and other professionals that, in the discretion of the Liquidating Trustee, are necessary to assist the Liquidating Trustee in performance of his duties. The Liquidating Trustee shall be permitted to use a portion of the Liquidating Trust Assets to retain attorneys, accountants or other professionals that may be necessary to evaluate and/or effectuate the liquidation of the Liquidating Trust Assets. However, after initial payments are made for retention of such professionals, any further fees of such professionals shall be paid by the Liquidating Trust only after recovery and liquidation of the Liquidating Assets has begun, and such fees shall only be paid to the extent that such fees and expenses are related to Liquidating Assets that have actually been liquidated. Subject to any further agreement with the Professionals, the Liquidating Trust shall bear its own expenses. Professionals of the Debtor shall be eligible for retention by the Liquidating Trustee, and former employees of the Debtor shall be eligible for retention by the Liquidating Trust and Liquidating Trustee.

F. Compensation of the Liquidating Trustee. For services rendered by the Liquidating Trustee in administering the Litigation Trust, the Liquidating Trustee shall be compensated \$150.00 per hour.

G. Liquidating Trust Expenses. Subject to the provisions of the Liquidating Trust Agreement, all costs, expenses and obligations incurred by the Liquidating Trustee in administering this Plan, the Liquidating Trust, or in any manner connected, incidental or related thereto, in effecting distributions from the Liquidating Trust thereunder (including the reimbursement of reasonable expenses) shall be a charge against the Liquidating Trust Assets remaining from time to time in the hands of the Liquidating Trustee. Such expenses shall be paid as they are incurred without the need for Bankruptcy Court approval.

H. Liability, Indemnification of Liquidating Trustee. The Liquidating Trustee shall not be liable for any act or omission taken or omitted to be taken in his or her capacity as the Liquidating Trustee, other than acts or omissions resulting from such Person's willful misconduct, gross negligence or fraud. The Liquidating Trustee may, in connection with the performance of his or her functions, and in his or her sole absolute discretions, consult with attorneys, accountant and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Liquidating Trustee shall be under no obligation to consult with attorneys, accountants or his or her agents, and his or her determination to not do so should not result in imposition of liability on the Liquidating Trustee unless such determination is based on willful misconduct, gross negligence or fraud. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee and his or her agents, representatives, professionals, and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the implementation or administration of this Plan;

provided, however, that no such indemnification will be made to such Persons for such actions or omissions as a result of willful misconduct, gross negligence or fraud.

I. Termination. The duties, responsibilities and powers of the Liquidating Trustee shall terminate after all Liquidating Trust Assets, including Causes of Action transferred and assigned to the Liquidating Trust, are fully resolved, abandoned or liquidated and the Cash and other amounts held in accounts of the Liquidating Trust have been distributed in accordance with this Plan and the Liquidating Trust Agreement. Except in circumstances set forth below, the Liquidating Trust shall terminate no later than five (5) years after the Effective Date. However, if warranted by the facts and circumstance provided for in this Plan, and subject to the approval of the Bankruptcy Court upon a finding that an extension is necessary for the purpose of the Liquidating Trust, the terms of the Liquidating Trust may be extended one or more times (not to exceed a total of five extensions, unless the Liquidating Trustee received a favorable ruling from the Internal Revenue Service that any further extension would not adversely affect the state of the Liquidating Trust as a grantor trust for federal income tax purposes) for a finite period, not to exceed six months, based on the particular circumstances at issue. Each such extension must be approved by the Bankruptcy Court with notice thereof to all of the unpaid beneficiaries of the Liquidating Trust. Upon the occurrence of the termination of the Liquidating Trust, the Liquidating Trustee shall file with the Bankruptcy Court a report thereof, seeking an order discharging the Liquidating Trustee.

J. Standing of the Liquidating Trust. The Liquidating Trust shall be deemed an independent entity and shall have standing to sue and be sued in its own name in any court and to otherwise appear before any administrative body, tribunal or other proceeding.

ARTICLE X **FUTURE MANAGEMENT AND** **FINANCIAL ACCOUNTING OF THE DEBTOR**

A. Future Management.

The Debtor, Byron T. Vassberg contemplates that he will actively participate in the management and operation of the farming enterprise during the entire term of the Plan of Reorganization. The Plan specifically provides that he will contribute his labor, his experience and his expertise to operate his business.

In exchange for his contributions of labor and management, the Plan provides that the Debtor will receive as compensation \$2,500.00 a month. A projected monthly cash flow for Byron T. Vassberg is attached hereto as Exhibit [To be Provided] "C" and demonstrates that he will have sufficient revenue from his farming operations to take a \$7,500 per month draw to cover his living expenses and the payment of his domestic support obligations due his ex-wife.

B. Future Financial Accounting.

The financial books and records of the Debtor will be maintained by Kenneth Everhard who is a Certified Public Accountant and has experience and background in maintaining accurate books and records for farming and ranching operations. Byron T. Vassberg will cooperate with Mr. Everhard

in an effort to insure that the financial goals of the Reorganized Debtor are realized and that all reports concerning the financial status of the Debtor are accurate.

ARTICLE XI
PROVISIONS FOR THE RETENTION, ASSIGNMENT,
ENFORCEMENT, SETTLEMENT OR ADJUSTMENT OF CLAIMS
BELONGING TO THE DEBTOR

A. General.

Except as settled prior to or as a part of the Plan, all preference claims pursuant to Section 547 of the Bankruptcy Code all fraudulent transfer claims pursuant to Section 548 of the Bankruptcy Code, all claims relating to post-petition transactions under Section 549 of the Bankruptcy Code, all claims recoverable under Section 550 of the Bankruptcy Code, claims against any third party on account of an indebtedness or any other claim owed to or in favor of the Debtor, which are not settled prior to or as part of this Plan are hereby preserved and will vest with the Liquidating Trustee for enforcement in accordance with the discretion of the Debtor subsequent to the Effective Date of this Plan for a period of 180 days following the Confirmation Order. Liquidating Trustee, without further order of the Bankruptcy Court, shall have the exclusive right to prosecute, settle, withdraw or release any such claim on behalf of the Liquidating Trustee.

ARTICLE XII
DISCHARGE

The Provisions of the Plan call for the discharge and extinguishment of indebtedness and claims against the Debtor over the full course of the Plan of Reorganization. The provisions of this Plan call for the Discharge and extinguishment of all indebtedness and claims against this Debtor to occur only after full consummation of the treatment to be afforded the Secured Claims of all Secured Creditors and the payment of all amounts set forth in the Plan toward the Administrative and Priority Tax Claims as contemplated under the provisions of 11 U.S.C. § 1141(d)(5). After the Debtor has made all payments provided for in the Plan toward the Administrative and Priority Tax Claims, the Debtor will give notice of a hearing related to his Discharge and seek a Discharge pursuant to 11 U.S.C. §1141(d)(5). Any unpaid Priority Tax Claims will not be discharged under the terms of the Plan. The Court shall retain jurisdiction to determine the Debtor's entitlement to a discharge as set forth under the provisions of 11 U.S.C. § 1141(d)(5).

ARTICLE XIII
RETENTION OF JURISDICTION

A. Court's Jurisdiction for Implementation of Plan.

Until this Proceeding is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to insure that the purpose and intent of the Plan are carried out and to hear and determine all Claims and Interests set forth in the Plan or elsewhere herein that could have been brought before the entry of the Confirmation Order.

B. Causes of Action.

The Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against the Debtor and the Liquidating Trustee, and to enforce all causes of action, which may exist on behalf of the Debtor or the Liquidating Trustee. Nothing contained herein shall prevent the Liquidating Trustee from taking such action as may be necessary in the enforcement of any cause of action which may exist on behalf of the Debtor or the Liquidating Trustee and which may not have been enforced or prosecuted, unless satisfied herein.

Unless expressly released by the Plan or by an Order of the Bankruptcy Court, the Debtor may hold the following claims, all of which shall be preserved and transferred to the Liquidating Trust pursuant to the terms of this Plan.

- Preference claims under section 547 of the Bankruptcy Code;
- Fraudulent transfer and other avoidance claims arising under section 506, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and various state laws;
- Unauthorized post-petition transfer claims including, without limitation, claims under section 549 of the Bankruptcy Code;
- Claims and Causes of Action asserted in current litigation, whether commenced pre- or post-petition;
- Counterclaims asserted in current litigation;
- Any and all claims and Causes of Action against any Affiliate of the Debtors, including, without limitation, DRM Transportation, LLC, DRM Management, Inc., DRM Companies, or any other entity sharing common ownership with the Debtors or Don Meek, including, but not limited to, (i) any Cause of Action listed above, (ii) any claims based on any intercompany debt or amounts borrowed by any Affiliate or related company from either of the Debtors, and (iii) any Avoidance Actions, including preference and fraudulent transfer;
- Any and all claims and Causes of Action against Don Meek, including, but not limited to, (i) any Cause of Action listed above, (ii) any claims based upon any amounts borrowed by Meek from either of the Debtors, (iii) breach of fiduciary duty; and (iv) Avoidance Action, including preference and fraudulent transfer;

- Any and all claims and Causes of Action against SB International, Inc., including, but not limited to, (i) any Cause of Action listed above, and (ii) any Avoidance Actions, including preference and fraudulent transfer;
- Any and all claims and Causes of Action, including Avoidance Actions, against any party listed in response to Question No. 3 on DRM Sales' Amended Statement of Financial Affairs [Docket No. 101].

The Liquidating Trustee shall be appointed representative of the Estates pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code with respect to the Liquidating Trust Assets. With regard to the Liquidating Trust Assets, the Liquidating Trust may enforce, sue on, and, subject to Bankruptcy Court approval (except as otherwise provided herein), settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action transferred to the Liquidating Trust. Except as otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall be vested with authority and standing to prosecute the Causes of Action transferred to the Liquidating Trust. The Liquidating Trustee and his or her attorneys and other professional advisors shall have no liability for pursuing or failing to pursue any such Causes of Action.

C. Claims Determinations.

After the Effective Date, the Bankruptcy Court shall further retain jurisdiction for the purpose of classification of Claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to Claims and Interests.

D. Property Determinations.

The Bankruptcy Court shall further retain jurisdiction through and after the Effective Date for the purpose of determining all questions and disputes regarding ownership and/or title to the assets of the Estate, or the proceeds thereof, and determination of all causes of action, controversies, disputes concerning the Debtor and/or the Liquidating Trustee and any other party, including, but not limited to any claim or entitlement associated with any crops or crop proceeds owned by the Debtor or the Liquidating Trustee, any right of the Debtor, or the Liquidating Trustee to recover assets pursuant to the provisions of the Bankruptcy Code, including but not limited all avoidance actions, and to adjudicate all Claims or controversies arising out of any purchase, sale or contract made or undertaken by the Debtor or the implementation or enforcement of the Plan.

E. Other Post-Confirmation Matters.

The Bankruptcy Court shall further retain jurisdiction for the following purposes through and after the Distribution Date:

- (a) To modify the Plan after Confirmation pursuant to the Bankruptcy Rules and the Bankruptcy Code;
- (b) To assure the performance by the Reorganized Debtor of its obligations under the Plan;

- (c) To enter such orders, including injunctions, as are necessary to enforce the title, rights, and powers of the Reorganized Debtor and to impose such limitations, restrictions, terms and conditions on such title, rights and powers as the Bankruptcy Court may deem necessary;
- (d) To enter an order concluding and terminating this Proceeding;
- (e) To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
- (f) To decide issues and Claims concerning all tax liabilities which arise in connection with or related to the Debtor, this Proceeding or the Plan, including, without limitation, to hear and determine matters concerning state, local and federal taxes pursuant to Sections 356, 505, 525 and 1146 of the Bankruptcy Code;
- (g) To hear and determine any action or proceeding brought by the Debtor, or the Liquidating Trustee pursuant Sections 510, 542, 543, 544, 545, 547, 549, 550, 551 and 553, Bankruptcy Code;
- (h) To resolve any disputes arising from distributions made pursuant to the Plan, and adjudicate all controversies concerning classification or allowance of any Claim or Interest;
- (i) To hear and determine all Claims arising from the rejection of Executory Contracts and Unexpired Leases and to consummate the rejection and termination thereof, and further, to hear and determine all matters relating to the assumption of Executory Contracts and Unexpired Leases;
- (j) To liquidate damages or estimate Claims in connection with disputed, contingent or unliquidated Claims;
- (k) To hear and determine all actions brought by or against the Debtor or the Liquidating Trustee arising in or related to this Proceeding or arising under the Bankruptcy Code;
- (l) To hear and determine all requests for compensation and/or reimbursement of expense that may be made after the Confirmation Date; and
- (m) To hear and determine the Debtor's right to a discharge as set forth under the provisions of 11 U.S.C. Section 1141(d)(5).

ARTICLE XIV
MODIFICATION OF THE PLAN

The Debtor may propose amendments to or modifications of this Plan at any time prior to substantial consummation of the Plan. After the Effective Date, the Debtor may remedy any defects or omissions or reconcile any inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of the Plan so long as the interest of Claimants or Interest holders are not materially and adversely affected. The Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, whether or not the Plan has been substantially consummated, in order to accomplish the purposes and consistent with the provisions of 11 U.S.C. Section 1127(e).

ARTICLE XV
MISCELLANEOUS PROVISIONS

A. Cramdown. In the event any impaired Class shall fail to accept the Plan in accordance with Section 1129(a) of the Bankruptcy Code, the reserves the right to request the Bankruptcy Court to confirm the Plan in accordance with the provisions of Section 1129(b) of the Bankruptcy Code.

B. Headings. Headings are utilized in this Plan for convenience and reference only and do not constitute a part of this Plan for any other purpose.

C. Due Authorization by Creditors. Each and every Creditor and Interest Owner who elects to participate in the distributions provided for herein warrants that he is authorized to accept in consideration of his Claim against or Interest in the Debtor the distributions provided for in the Plan and there are not outstanding commitments, agreements, or understandings, expressed or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by him under the Plan.

D. Entire Agreement. This Plan, as described herein and the Exhibit [To be Provided]s made a part thereof and the Disclosure Statement and Exhibit [To be Provided]s thereto (to the extent applicable to (and only to) and not inconsistent with the Plan), sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing. Nothing contained herein shall constitute an admission of any fact of liability by the Debtor, or be admissible in any proceeding involving the Debtor.

E. Class Acceptance. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have voted on the Plan. A Class of Interests shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount of the Allowed Interests of such Class that have voted on the Plan.

ARTICLE XVI
PLAN CONTINGENCIES

A. Assumptions and Contingencies. The Plan as written assumes access to crop income and proceeds in 2017, including USDA payments and crop insurance under the USDA farm programs. If this income is not forthcoming or if the Debtor is not able to secure sufficient loans to finance future farming operations Debtor's ability to make payments to the Administrative and Priority Tax Claims from Net Distributable Income will be jeopardized under this Plan. Furthermore, the payment of Administrative Claims and Priority Tax Claims from funds generated from the sale of the Debtor's unencumbered and non-exempt assets assumes that all of the assets will be sold for the values projected in this Disclosure Statement. If the sale of some of these assets cannot be closed, or if the proceeds actually derived from their sale is less than the amounts projected, then the Debtor may be unable to make any payments to the Administrative and Priority Tax Claims. In any event, however, the distribution of the funds generated from the sale of these assets over and above the amounts necessary to extinguish the Secured Claims against them will not be made until the Bankruptcy Court enters its order approving the Notice of Proposed Distributions after appropriate notice and hearing.

ARTICLE XVII
EFFECTIVE DATE

A. General. This Plan takes effect on the Effective Date.

ARTICLE XVIII
OBLIGATION TO THE U.S. TRUSTEE

A. General. During the pendency of these Proceedings, the Debtor will comply with all regulations promulgated by the Office of the U.S. Trustee, including remaining current on all quarterly fees assessed against the Estate by the U.S. Trustee.

WHEREFORE, the proponent of the Plan of Reorganization urges all creditors and parties in interest to vote in favor of confirmation of the Plan, and prays that the Bankruptcy Court hold a Confirmation Hearing pursuant to the provisions of the Bankruptcy Rules of Procedure and after considering the terms and provisions of the Plan, and hearing the evidence concerning its preparation and its feasibility, that the Court determine that it meets all the requirements of 11 U.S.C. Section 1129, and enter an appropriate Confirmation Order.

Respectfully submitted,

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