

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE: § **CASE NO. 16-11141**
§
ROSEWOOD OAKS, LLC §
§
DEBTOR § **CHAPTER 11**

**DEBTOR’S CHAPTER 11 COMBINED PLAN OF REORGANIZATION AND
DISCLOSURE STATEMENT**

This Combined Plan of Reorganization and Disclosure Statement is presented to you to inform you of the proposed Plan for restructuring the debt of the Debtor, and to seek your vote to accept the Plan.

You are encouraged to carefully review the full text of this document, including all exhibits and attachments, before deciding how to vote on the Plan. To assist you in your review, please note that a list of definitions and a section of frequently asked questions appear at the end of this document.

IN ADDITION TO CASTING YOUR VOTE TO ACCEPT OR REJECT THE PLAN, YOU MAY OBJECT TO THE ADEQUACY OF THE DISCLOSURES MADE IN THIS DOCUMENT, OR YOU MAY OBJECT TO THE TERMS OF THE PROPOSED PLAN. IF YOU WISH TO OBJECT TO THE ADEQUACY OF THE DISCLOSURES OR TO THE TERMS OF THE PROPOSED PLAN, YOU MUST DO SO BY [OBJECTION DATE/TIME].

YOUR BALLOT STATING HOW YOU ARE VOTING ON THE PLAN MUST BE RETURNED BY [DEADLINE]. THE BALLOT MUST BE MAILED TO THE FOLLOWING ADDRESS: [DEBTOR’S COUNSEL’S ADDRESS]

A HEARING ON THE CONFIRMATION OF THE PLAN IS SCHEDULED FOR [HEARING DATE/TIME] IN COURTROOM NO. _____ AT THE [INSERT COURTHOUSE NAME AND FULL COURT ADDRESS, CITY, STATE, ZIP CODE]

Your rights may be affected by this Combined Plan and Disclosure Statement. You should consider discussing this document with an attorney. Counsel for the Debtor can be contacted at the following address

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Summary of the Plan and Distributions to Creditors

At the time of filing, Rosewood Oaks LLC, Debtor, owned the real property located at 2600 Rosewood Ave Austin, Texas. January 14, 2017, Debtor executed a sale of the real property to 2016 Wolverine Way, LP (“Buyer”), as assignee and successor-in-interest to Eureka Holdings for \$1,650,000.00. At closing Debtor satisfied the mortgage and tax liens against the property and is holding \$584,672.44 in its Debtor in Possession account to disburse to the remaining claims in full.

Article I. Background of the Debtor

December 1999, Rosewood Oaks LLC secured land located at 2600 Rosewood Ave Austin Texas and built a day care center. Construction was complete August 2001 and it commenced business. August 2005, Rosewood Oaks opened a second location.

Section 1.01 Filing of the Debtor’s Chapter 11 Case.

On September 30, 2016, the Debtor filed a voluntary petition for relief under the Bankruptcy Code. The Chapter 11 case is pending in the Western District of Texas, Austin Division.

Section 1.02 Debtor’s Assets.

Description/Real Property	Value
2600 Rosewood Ave Austin, Texas 78702 Approximately 3.283 acres of land, same being lots 1,2,3,4,5, and 6 of Wimberle Addition	\$1,650,000.00
Description/Personal Property	Value
Chairs (4) \$75.00 for all Book Cases (3) \$20.00 each Desks (3) \$25.00 each Student Chairs \$30.00 Student Tables \$50.00 Sofa \$150.00 Tables (2) \$20.00 each	\$480.00
Wire Shelving \$30.00 Vent Hood \$50.00 Wash Basin \$20.00 3 Compartment Sink \$75.00	\$175.00
Stove \$100.00; Class Rugs (\$100.00); Used books 50-75 \$30.00; Clothes \$100.00; Toys \$50.00; Sm frig (2)-\$25 each; computer \$50.00; refrig \$150.00; microwave (2) \$20.00 each; Custodial buckets \$40.00; Freezer	\$890.00

\$100.00; Infant Swings \$10.00; Fax machine \$40.00; printer \$30.00	
Texas Unclaimed Property Claim No 17053368 Overpayment of Insurance	\$440.00
Total	\$1,651,985.00

Section 1.03 Events Leading to the Filing of the Bankruptcy Case.

May 2012, business slowed and it was forced to close its doors. Trying to generate cash Rosewood loaned the building to Wallace Development LLC and put the property on the market to sell. May 2015, the other location closed. Debtor has several contacts to purchase the property that fell through during the option phase. Debtor was forced to file a bankruptcy to prevent a foreclosure that would have terminated a contact to purchase.

Section 1.04 Significant Events During the Bankruptcy Case.

January 14, 2017 Debtor executed a sale of the real property located at 2600 Rosewood Ave for \$1,650,000.00.

Section 1.05 Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

Section 1.06 Bar Date

The Bar date to file a Proof of Claim in this case was **January 23, 2017.**

Article II. The Plan

Section 2.01 Unclassified Claims

- a) Under § 1123(a)(1)(i) administrative expense claims allowed under § 503(b) and entitled to priority under § 507(a)(2) (including the claims of professionals, United States trustee fees; under § 507(a)(8) are not classified and are not entitled to vote on confirmation of the Plan. These claims shall be treated as follows:
 - 1) **Professional Fees.** Professional fees may only be paid upon application to and approval by the court. The Debtor will pay professional fees in full in cash on the later of (i) the Effective Date or (ii) upon court order, except to the extent that a holder of such claim agrees to other terms.
 - 2) **UST Fees.** UST Fees for first quarter 2017 shall be paid in full in cash when due. The UST Fees are estimated at \$4,875.00 for the first quarter 2017.

Section 2.02 Classification of Claims

- a) **Class 1 Claims: Allowed Secured Claims** Allowed Secured Claims of any Person with a Claim secured by Lien upon any Asset of the Estate.
- b) **Class 2 Claims: Allowed Claims of Taxing Authorities** Allowed Secured Claims of Taxing Authorities or Allowed Claims of Taxing Authorities that are entitled to priority treatment under Bankruptcy Code sections 507(a)(8).
- c) **Class 3 Claims: Allowed General Unsecured Claims** All Allowed Unsecured Claims, including Allowed claims arising from the rejection of any Executory Contract.

Section 2.03 Effective Date of the Plan

The effective date of the Plan shall be the thirtieth (30th) day after the date on which the confirmation order confirming the plan is entered, unless stayed pursuant to Bankruptcy Rule 8005 by order of an appropriate court.

Section 2.04 All Claims and their Treatment

	Allowed Claim	Impairment	Comments
Administrative Claims			
JB Goodwin Realtors/Linda Del Toro	49,500.00	Unimpaired	Allowed administrative claim. Claim has already been satisfied in accordance with the Sale Order on January 14, 2017. It will not receive any distribution under the Plan.
US Trustee Fee	4,875.00	Unimpaired	Estimate for first quarter 2017.
Law Office Fred Walker	25,000.00 (estimate)	Unimpaired	Estimate at time of filing
Class 1 Secured Claims			
R Bank	910,104.74	Unimpaired	The Allowed Secured Claim has already been satisfied in accordance with Sale Order which funded January 14, 2017. Because the holder of Class 1 Claim has already been paid in full, it will not receive any distribution under the Plan.
Class 2 Allowed Claims of Taxing Authorities			
Travis County Taxes 2016	1,340.63	Unimpaired	The Allowed Secured and/or Priority Claims of Taxing Authorities have already been satisfied in accordance with the Sale Order

			which funded January 14, 2017. Because holder of the Class 2 Claim has already been paid in full, they will not receive any distribution under the Plan.
Travis County Taxes 2015	37,640.68	Unimpaired	The Allowed Secured and/or Priority Claims of Taxing Authorities have already been satisfied in accordance with the Sale Order which funded January 14, 2017. Because holder of the Class 2 Claim has already been paid in full, they will not receive any distribution under the
Allowed General Unsecured Claims			
ADT Security	280.44	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
American Express Plum	646.42	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
AT&T	161.03	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Avis Wallace	167,404.76	Unimpaired	This holder agrees to reduce her claim to allow the other allowed claims to be paid in full.
Beverly Piper	10,000.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Can Capital Asset Servicing Inc.	51,617.16	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Chase Bank USA, N.A.	5,791.50	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
CIT Technologies c/o	5,000.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.

City of Austin	5,647.30	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
ESQ Industries	50,000.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Janette Wallace	125,580.40	Unimpaired	This holder agrees to reduce her claim to allow the other allowed claims to be paid in full.
Josh Ray CPA	1,200.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Law Offices of Hubert Bell, Jr.	250.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Ollie Jones	5,000.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Platinum Travel Network	250.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Wallace Development LLC	125,000.00	Unimpaired	The Allowed Unsecured Claim shall receive payment in full in cash of the allowed amount of such claim within 30 days of the effective date of the Plan.
Estimate Total left to Disburse	\$583,704.01		

Section 2.05 Estimated Number and Amount of Claim Objections.

Debtor does not anticipate filing claim objections.

Section 2.06 Allowance and Disallowance of Claims

- a) Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed and as to which either: (i) a proof of claim has been filed or deemed filed and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed and the Debtor has scheduled such claim as disputed, contingent, unliquidated or unknown.

- b) **Delayed Distribution on Disputed Claims.** No distribution will be made on account of that portion of a claim that is disputed unless it is allowed by final nonappealable order.
- c) **Settlement of Disputed Claims.** The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with FRBP 9019.

Section 2.07 Treatment of Executory Contracts & Unexpired Leases

- a) **Executory Contracts and Leases Assumed.** Debtor has no executory contracts to assume at the time of filing this document.
- b) **Executory Contracts and Leases Rejected.** Debtor rejects the following executory contract as of the effective. A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than 30 days after the date of the order confirming this Plan. Claims arising from the rejection of an executory contract or unexpired lease under this section are general unsecured claims in Class 3.

1) CIT Technologies

Section 2.08 Acceptance or Rejection of this Plan

Classes Entitled to Vote. All Classes are unimpaired and are therefore deemed to accept the Plan. No Classes are entitled to vote on the Plan.

Section 2.09 Means for Implementation of the Plan

- a) **Funding.** The plan will be funded by the \$584,672.44 cash on hand in the Debtor in Possession Account on the effective date of the of the Plan. The funds are to be used for the payment of Claims or other Distributions to be made under the Plan.
- b) **Distribution Agent.** The Distribution Agent shall be the Debtor. The Distribution Agent will serve until all distributions required under the Plan have been made, whereupon the Debtor in Possession Account will be closed, and no further actions are required to consummate the Plan.
- c) **Assumption of Allowed Claims.** The Reorganized Debtor hereby assumes the liability for and obligation to perform and make all Distributions or payments on account of all Allowed Claims in the manner provided in this Plan.

Section 2.10 Tax consequences of the Plan

Creditors who are concerned with how the plan may affect their tax liability should consult with their own Accountants, Attorneys, and or Advisors.

Section 2.11 Risk Factors/Mitigating Factors

Debtor does not anticipate any risk or mitigating factors regarding confirmation or disbursement under the plan. Debtor has the funds on hand to disburse 100% of the allowed claims.

Article III. Feasibility of Plan

Section 3.01 Ability to Fund the Plan and Cash on Hand

Funding. The plan will be funded by the \$584,672.44 cash on hand in the Debtor in Possession Account within 30 days of the effective date of the of the plan. The funds to be used for the payment of Claims or other Distributions to be made under the Plan.

Section 3.02 Cash on Hand on the Effective Date.

Debtor estimates to have \$584,672.44 of cash on hand on the effective date of the plan.

Article IV. Liquidation Valuation

- a) To confirm the Plan, the Bankruptcy Court must find that all Creditors who do not accept the Plan will receive at least as much under the Plan as such Creditors would receive in a Chapter 7 liquidation.
- b) The creditors in this case are receiving 100% of their allowed claim which is more than they would received in a Chapter 7.

Article V. General Provisions

Section 5.01 Title to Assets

Vesting of Assets. As of the Effective Date, all Assets owned by the Debtor shall be transferred to, and vested in, the Debtor free and clear of all Liens and Claims and all rights, title and interests, except as expressly set forth in this Plan.

Section 5.02 Binding Effect.

If the Plan is confirmed, the provisions of the Plan will bind the Debtor and all Creditors, whether or not they accept the Plan. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

Section 5.03 Severability.

If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

Section 5.04 Retention of Jurisdiction by the Bankruptcy Court.

The Bankruptcy Court shall retain jurisdiction of this case with regard to the following matters: (i) to make such orders as are necessary or appropriate to implement the provisions of this Plan and to resolve any disputes arising from implementation of the Plan; (ii) to rule on any modification of the Plan proposed under section 1127; (iii) to hear and allow all applications for compensation to professionals and other

Administrative Expenses; (iv) to resolve all issues regarding Claims objections, and issues arising from the assumption/rejection of executory contracts or unexpired leases, and (v) to adjudicate any cause of action which may exist in favor of the Debtor, including preference and fraudulent transfer causes of action.

Section 5.05 Modification of Plan.

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Bankruptcy Court may require a new disclosure statement and/or re-voting on the Plan. Upon request of the Debtor, the United States Trustee, or the holder of an Allowed Unsecured Claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a Creditor whose Claim is provided for by the Plan to the extent necessary to take account of any payment of the Claim made other than under the Plan.

Section 5.06 Final Decree.

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

Section 5.07 Material Default Defined.

If the Debtor fails to make any payment required under the Plan, or to perform any other obligation required under the Plan for more than 14 days after the time specified in the Plan, the affected Creditor may serve upon the Debtor and the Debtor's attorney (if any) a written notice of default. The Debtor is in material default under the Plan if the Debtor fails within 21 days of service of such notice of default, plus three additional days if served by mail, either: (i) to cure the default; or (ii) to obtain from the Bankruptcy Court an extension of time to cure the default or a determination that no default occurred.

Date: January 30, 2017

Debtor

By: /s/ Avis Wallace
Rosewood Oaks LLC.
Avis Wallace

ATTORNEY FOR DEBTOR:

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