

1 JOHN D. MUNDING
2 MUNDING, P.S.
3 1610 W. Riverside Ave.
4 (509) 624-6464
5 John@mundinglaw.com

The Honorable Frederick Corbit

6 *Attorney for Debtor-in-Possession*

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8
9 **UNITED STATES BANKRUPTCY COURT**
10 **EASTERN DISTRICT OF WASHINGTON**

11 In re:

Case No. 16-00643-FPC11

12
13 **Jeannie Kile**

Chapter 11

14
15 Debtor.

16 **DISCLOSURE STATEMENT TO**
ACCOMPANY DEBTOR'S PLAN OF
REORGANIZATION

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18 **DISCLOSURE STATEMENT TO ACCOMPANY DEBTOR'S PLAN OF**
19 **REORGANIZATION**
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1 **I. OVERVIEW, IDENTIFICATION OF PROPONENT, AND SUMMARY.**

2 Jeannie L. Kile, an individual debtor and debtor in possession in the above
3 captioned case (“Kile” or “Debtor”), submits this Disclosure Statement to Accompany
4 the Debtor’s Plan of Reorganization (this “Disclosure Statement”), which describes the
5 Debtor’s Plan of Reorganization (the “Plan”) filed contemporaneously herewith. The
6 Debtor is the proponent of the Plan. A copy of the Plan will be served together with
7 this Disclosure Statement. Capitalized terms in this Disclosure Statement not otherwise
8 defined herein have the meanings given to them in the Plan, the Bankruptcy Code, the
9 Federal Rules of Bankruptcy Procedure, and the local rules.
10
11

12
13 The Plan and Disclosure Statement are submitted pursuant to Chapter 11 of Title
14 11, United States Code, codified at 11 U.S.C. § 101, *et seq.* (the “Bankruptcy Code”).
15 The Debtor submits this Disclosure Statement to all of her Creditors in order to comply
16 with provisions of the Bankruptcy Code requiring the submission of information
17 necessary to enable Creditors to arrive at an informed decision in exercising their right
18 to vote for acceptance or rejection of the Plan.
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21 This Plan is a Plan of Reorganization. The Debtor intends to pay each Holder of
22 an Allowed Claim in full, with interest. The Plan will be funded by money held on
23 deposit, sale of real property, sale of equipment, vehicles, and grain. The Plan also
24 provides for the contingency of additional financing to fund the Plan should the need
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1 arise. The Farm Property is valued at \$824,000. The Farm Property has sufficient
2 equity to support financing and complete Plan Funding if necessary. The continued
3 litigation as referenced in this Disclosure Statement under the Debtor's direction, will
4 add significant value and benefit to the Estate by way of resolution of claims, possible
5 claim reduction or elimination, and even potential recovery for the benefit of the Estate.
6 The Debtor anticipates it will take approximately twenty-four (24) to thirty-six (36)
7 months to consummate the Plan.
8
9

10 **II. PLAN AND CODE PROVISIONS FOR VOTING.**

11 **A. Relationship of Disclosure Statement to the Plan**

12 This Disclosure Statement provides relevant information about the Debtor, her
13 financial condition, and the Plan. This Disclosure Statement contains a detailed
14 discussion of the Plan and its implementation; however, the discussion of the Plan in
15 this Disclosure Statement is only a summary of the Plan and should be read in
16 conjunction with the Plan itself, which is a legal document and which, upon
17 Confirmation, will become binding upon the parties. Accordingly, this Disclosure
18 Statement is qualified by the Plan. If there is any inconsistency between the Plan and
19 this Disclosure Statement, the Plan is controlling.
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21
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23 The Debtor urges Creditors to consult with independent counsel in evaluating the
24 Plan and deciding whether to accept or reject the Plan.
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1 As used herein:

- 2
- 3 • “Claim” means any right to payment from the Debtor, whether or
4 not such right is reduced to judgment, liquidated, unliquidated,
5 fixed, contingent, matured, unmatured, disputed, undisputed, legal,
6 equitable, secured, unsecured, or any other right to an equitable
7 remedy for breach of performance if such breach gives rise to a right
8 to payment from Debtor, whether or not such right is reduced to
9 judgment, liquidated, unliquidated, fixed, contingent, matured,
10 unmatured, disputed, undisputed, legal, equitable, secured,
11 unsecured, arising by virtue of the rejection of an Executory
Contract under the Plan, or otherwise. The term “Claim” includes
all “claims” as defined in section 101(5) of the Bankruptcy Code.
 - “Creditor” means every holder of a Claim (whether or not such
Claim is or becomes an Allowed Claim) and includes all “creditors”
as defined in section 101 (10) of the Bankruptcy Code.

12 Your Claim will be assigned to a Class of Claims, and the treatment of each Class
13 is set forth in this Disclosure Statement and in the Plan. The Debtor has used her best
14 efforts to comply with 11 U.S.C. § 1129 for this treatment. The only representations
15 the Debtor is authorized to make concerning the value of her assets or potential
16 distributions are contained in this Disclosure Statement.
17
18

19 **B. Voting and Confirmation Procedures**

20 Accompanying this Disclosure Statement are copies of the following documents:
21
22 (1) the Plan; (2) a Notice to Voting Classes; and (3) an applicable Ballot. This
23 Disclosure Statement, the form of Ballot, and the related materials delivered together
24 herewith (collectively, the “Solicitation Package”), are being furnished to Holders of
25 Claims for the purposes of soliciting votes on the Plan. If you did not receive a Ballot
26

1 in your Solicitation Package, and believe that you should have received a Ballot, please
2 contact John D. Munding at Munding, P.S., 1610 W. Riverside Avenue, Spokane,
3 Washington 99201; or by telephone at (509) 624-6464, or by e-mail at
4 John@Mundinglaw.com.
5

6 1. Who May Vote

7 Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims that
8
9 (i) are “Impaired” and (ii) are not deemed, as a matter of law, to have rejected a plan of
10 organization under section 1126(g) of the Bankruptcy Code are entitled to vote to accept
11 or reject the Plan. Under section 1126(g) of the Bankruptcy Code, Classes which are
12 to receive nothing under the Plan are deemed to reject it. Any class that is “Unimpaired”
13 is not entitled to vote to accept or reject the Plan and is conclusively presumed to have
14 accepted the Plan. As set forth in section 1124 of the Bankruptcy Code, a Class is
15 “Impaired” if legal, equitable, or contractual rights attaching to the Claims or Interests
16 of that Class are modified or altered. For purposes of the Plan only, holders of impaired
17 Claims are entitled to vote on the Plan.
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21 A Claim must be “Allowed” for purposes of voting in order for the creditor
22 holding such Claim to have the right to vote. Generally, for voting purposes, a Claim
23 is deemed Allowed absent an objection to the Claim if (i) a Proof of Claim was timely
24 filed, or (ii) if no Proof of Claim was filed, but the Claim is identified in the Debtor’s
25
26

1 Schedules as other than “disputed,” “contingent,” or “unliquidated,” and an amount of
2 the Claim is specified in the Schedules, in which case the Claim will be deemed
3 Allowed for the specified amount for voting purposes. When an objection to a Claim
4 is filed, the creditor holding the Claim cannot vote unless the Court, after notice and
5 hearing, overrules the objection or allows the Claim for voting purpose. The Debtor
6 reserves the right, through the Claim reconciliation process, to object to, or seek to
7 disallow, any Claim for distribution under the Plan, including Claims that are expressly
8 Allowed in the Plan.
9

10
11 2. Voting Instructions and Voting Deadline

12
13 All votes to accept or reject the Plan must be cast by using the Ballot enclosed
14 with this Disclosure Statement. No votes other than ones using such Ballots will be
15 counted, except to the extent the Court orders otherwise. After carefully reviewing the
16 Plan and this Disclosure Statement, including any exhibits, please indicate your
17 acceptance or rejection of the Plan on the Ballot and return such Ballot in the enclosed
18 envelope by the deadline set forth in the Notice served herewith to:
19
20

21 United States Bankruptcy Court for the
22 Eastern District of Washington
23 904 W. Riverside Ave., Ste. 304
24 Spokane, WA 99201
25
26

1 With a copy to the undersigned counsel at:

2 John D. Munding
3 Munding, P.S.
4 1610 W. Riverside Ave.
5 Spokane, WA 99201

6 Ballots must be completed and received by the date specified in the Notice served
7 with the Solicitation Package (the "Voting Deadline"). Any Ballot that is not executed
8 by a duly authorized person shall not be counted. Any Ballot that is executed by the
9 Holder of an Allowed Claim, but that does not indicate an acceptance or rejection of the
10 Plan will be deemed to have accepted the Plan.

11
12 3. Whom to Contact for More Information

13 If you wish to obtain additional copies of the Plan, Disclosure Statement, or
14 exhibits, at your own expense, unless otherwise specifically required by Bankruptcy
15 Rule 3017(d), please contact John D. Munding at Munding, P.S., 1610 W. Riverside
16 Avenue, Spokane, Washington 99201, or by telephone at (509) 624-6464, or by e-mail
17 at John@Mundinglaw.com.
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20 4. Acceptance or Rejection of the Plan

21 The Bankruptcy Code defines "acceptance" of a plan by a Class of Claims as
22 acceptance by Holders of Impaired Claims holding at least two-thirds (2/3) in dollar
23 amount and more than one-half (1/2) in number of the Allowed Claims in that Class
24 that cast Ballots for acceptance or rejection of the Plan. The Code further defines
25
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1 “acceptance” of the Plan by a Class of Interests as acceptance by holders of at least two-
2 thirds (2/3) in dollar amount of the Allowed Interests in that Class that cast Ballots for
3 acceptance or rejection of the Plan. Assuming that at least one Impaired Class votes to
4 accept the Plan, the Plan proponent will seek to confirm the Plan under section 1129(b)
5 of the Bankruptcy Code, which permits the Confirmation of a plan of reorganization,
6 notwithstanding the non-acceptance by one (1) or more Impaired Classes of Claims.
7 Under section 1129(b) of the Bankruptcy Code, the Plan may be confirmed if (i) the
8 Plan has been accepted by at least one (1) Impaired Class of Claims that is entitled to
9 vote, and (ii) the Court determines that the Plan does not discriminate unfairly and is
10 “fair and equitable” with respect to the non-accepting Classes.
11
12

13
14 5. Time and Place of the Confirmation Hearing

15 Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold
16 a Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any
17 party-in-interest may object to confirmation of the Plan. Pursuant to section 1128 of
18 the Bankruptcy Code and Bankruptcy Rule 3017(c), the Court will schedule the
19 Confirmation Hearing to commence before the Honorable Frederick P. Corbit at a time
20 and date to be set which shall be provided by separate notice. The Confirmation
21 Hearing may be adjourned from time to time by the Court or the Plan proponent without
22 further notice.
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1 6. Objections to the Plan

2 Any objection to Confirmation of the Plan must be in writing, must comply with
3 the Bankruptcy Code, Bankruptcy Rules, and the Local Rules of the Court, **must be**
4 **filed with the Court**, and must be served as described in the Notice presented herewith.

5
6 **C. Representations Limited**

7 No representations concerning the Debtor, particularly regarding future
8 operations or the value of the Debtor's assets, have been authorized by the Debtor
9 except as set forth in this Disclosure Statement. You should not rely on any other
10 representations or inducements proffered to secure your acceptance or rejection of the
11 Plan.
12
13

14 While every effort has been made to provide the most accurate information
15 available, the Debtor is unable to warrant or represent that all information is without
16 inaccuracy, although no known inaccuracies are present in this Disclosure Statement or
17 the Plan. Further, some of the information contained herein consists of projections of
18 future performance in an uncertain economic climate. While every effort has been made
19 to ensure that the assumptions are valid and the projections are as accurate as possible,
20 under the circumstances, the Debtor does not undertake to certify or warrant the
21 absolute accuracy of the projections and other information contained herein.
22
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25 The Court's approval of the Disclosure Statement does not imply that the Court
26

1 endorses or approves of the Plan, but only that, if the information is accurate, it is
2 sufficient to provide adequate information for Creditors to make an informed decision
3 to approve or reject the Plan.
4

5 **III. THE DEBTOR**

6 **A. History of the Debtor**

7 The Debtor is a long time resident of Spokane County, Washington. Jeannie
8 Kile has been and continues to be employed as an insurance representative by a
9 national insurance company,
10

11 In addition to being employed in the insurance industry, Jeannie Kile is also
12 actively involved in farming, primarily dryland wheat farming in the "Palouse"
13 Whitman County, Washington. Jeannie Kile owns approximately 317 acres of farm
14 land in Whitman County. Presently, Ms. Kile is not the operator of the farm, but
15 instead farms the ground through a traditional 1/3 – 2/3 share crop arrangement.
16 Present farming operations are not a significant source of revenue due to expenses and
17 yield.
18
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21 In addition to the Farm Property, the Debtor owns a Rental Property located at
22 5816 N. Lincoln St., Spokane, Washington 99210. This Rental Property is also not a
23 significant source of income.
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1 1. Death of Her Father – Lester J. Kile

2 The Debtor was one of four children of Lester J. Kile. The Last Will and
3 Testament of Lester J. Kile (“the Will”), which was executed on March 4, 2010,
4 provides in part:
5

6 E. I give, devise, and bequeath to Jeannie Kile, as Trustee in in
7 trust, all of my interest in Kile Farms, Inc., including any real
8 property included in the assets of that corporation, and any real
9 property and personal property held in my name that is leased
10 or managed, or otherwise utilized by Kile Farms, Inc. (all of
11 which together is referred to below as “the Farm”).

12 The Trustee shall manage the Farm pursuant to common
13 practices of farming, making arrangements or contracts for
14 appropriate payment to persons responsible for farming
15 activity, including persons related to the Trustee. It is my
16 desire that this property be held in trust as long as there are
17 family members willing and able to farm or manage the farming
18 the activity.

19 The income from the trust, after the payment of expenses,
20 including reasonable reserves for taxes, insurance, equipment
21 and improvement needs, and a reasonable period of operating
22 costs shall be distributed on a periodic basis, but at least
23 annually to Jeannie Kile. If however, Cody Kendall operates
24 the farm at any time herein, then he shall be entitled to two-
25 thirds of such income and Jeannie Kile shall be entitled to one-
26 third.

21 (Will of Lester J. Kile, March 4, 2010).

22 During the period of 1988 until 2013, Jeannie Kile operated her Father’s Farm.
23
24 Lester Kile died on May 30, 2012. Pursuant to the terms and conditions of the Will,
25 Jeannie Kile continued to operate Kile Farms as Personal Representative of Lester
26

1 Kile's Estate and Trustee of the Kile Farm Trust.

2 On April 13, 2015, Jeannie Kile was removed as Personal Representative of
3 Lester Kile's Estate and Trustee of the Kile Farm Trust by the Superior Court as
4 described in greater detail in the section below.
5

6 2. Dissolution of Marriage

7 Jeannie Kile was previously married to Gordon Kendall. On December 13,
8 2011, Jeannie Kile filed for dissolution from Gordon Kendall under Spokane County
9 Superior Court Case No. 11-3-02969-5. Gordon Kendall at the time was performing
10 farm work and services for Kile Farms. The dissolution action was concluded on
11 February 2, 2013, and subsequently appealed by Gordon Kendall. On May 28, 2015,
12 the Court of Appeals remanded the case to the Superior Court.
13
14

15 The Debtor, prior to filing Chapter 11 had successfully managed her financial
16 affairs, including farming operations. She was able to accumulate significant savings,
17 real property holdings, and successfully manage farming operations at a profit.
18

19 **B. Management of the Debtor**

20 The Debtor is an individual in this Chapter 11 proceeding. The Debtor
21 manages her financial affairs, including living expenses, on a daily basis, as reflected
22 in historical operating reports associated with this case.
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1 **C. Factors Precipitating Chapter 11**

2 1. Litigation re: Estate of Lester Kile

3 On February 21, 2013, Cody Kendall, the Debtor's adult son, filed a petition in
4 Spokane County Superior Court under TEDRA. An amended petition was filed on May
5 6, 2013. The amended petition sought, among other things, a declaration of the intent
6 of Lester Kile under the Will, the removal of Jeannie Kile as Personal Representative,
7 and the removal of Jeannie Kile as Trustee. The litigation was contested and proceeded
8 to trial on matters on March 2-4, 2015. On April 13, 2015 the Probate Court entered
9 Findings of Facts and Conclusion of Law. On May 21, 2015, the Probate Court entered
10 Judgment. Subsequently, the Court awarded attorney fees and costs totaling
11 \$178,602.40, and damages of \$340,928 against Jeannie Kile. Cody Kendall, through
12 counsel, immediately commenced collection actions on his judgments. Jeannie Kile
13 appealed both judgments, but was unable to post bond during the pendency of her
14 appeal. To preserve assets for the benefit of all creditors pending the appeal, she filed
15 the Chapter 11 proceeding.

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21 2. Dissolution Action

22 The remand of the Dissolution Action to the Superior Court was centered around
23 property distribution. According to the Proof of Claim filed in this proceeding by
24 Gordon Kendall, he is seeking a reallocation of assets from Jeannie Kile in the amount
25
26

1 of \$306,977.00.

2 The pending Dissolution Action impeded Jeannie Kile's ability to obtain a
3 supersedes bond as related to the Appeal of the adverse judgments in the probate case
4 described above.
5

6 3. Legal Fees

7 As a direct result of the defense of both the litigation involving the Estate of
8 Lester Kile and the Dissolution Action, Jeannie Kile incurred substantial legal fees. The
9 legal fees, in part, contributed to the decision to seek bankruptcy protection.
10

11 4. Post-Petition Events

12 The following events and/or relief have been sought or granted post-petition:
13

- 14 • March 3, 2016 – Voluntary Petition Filed (ECF No. 1);
- 15 • March 3, 2016 – Notice of Appearance and Request for Notices by
16 Delian Deltchev of Ewing Anderson, P.S., on behalf of Cody Kendall
(ECF No. 2);
- 17 • March 4, 2016 – First Meeting of Creditors scheduled for April 8, 2016
18 (ECF No. 3);
- 19 • March 17, 2016 – Order Approving Application of Agreed Scheduling
Order uploaded by U.S. Trustee (ECF No. 11);
- 20 • March 21, 2016 – Order Granting Motion for Approval of Agreed
Scheduling Order (ECF No. 13);
- 21 • March 28, 2016 – Notice of Appearance and Request for Notices of
22 David Eash of Ewing Anderson P.S., on behalf of Cody Kendall (ECF
No. 21);
- 23 • May 23, 2016 – Order Granting Application to Approve Employment
24 of John D. Munding as Attorney for Debtor-in-Possession (ECF No.
25 40);
- 26 • May 23, 2016 – Order Granting Application to Approve Employment
of Daniel Johnson as Accountant for Debtor (ECF No. 41);

- June 6, 2016 – Adversary Proceeding filed by Cody Kendall, case No. 16-80044 (ECF No. 44);
- June 16, 2016 – Order Granting Application for Employment of Joseph Brown as Special Counsel for Debtor (ECF No. 51); and
- June 16, 2016 – Order Granting Application for Employment of Martin Salinas as Special Counsel for Debtor (ECF No. 52).

The Debtor anticipates relatively few other post-petition motions or events during the remaining course of this Chapter 11 proceeding.

IV. SUMMARY OF THE DEBTOR’S FINANCIAL STATUS

The Debtor’s financial status is summarized as follows:

A. Operations

The Debtor continues to operate its business affairs and is compliant with U.S. Trustee Reporting requirements. The post-petition operating reports reflect:

Month	EFC #	Net Profit/(Loss)
March	27	\$2,424
April	42	\$-108
May	53	\$10,675

The Debtor continues to operate her household and continue farming operations utilizing income derived from her employment, farm income, and rental income. Household income is not necessary to fund the Plan. Instead, such income will continue to be utilized to sustain household expenses, farming operations, and general living expenses pending consummation of the Plan, which is premised on the sale of real

1 property, funds on deposit, and sale of personal property.

2 B. Liabilities

3 The Debtor's liabilities consist of the cost and expense associated with
4 administration of this bankruptcy proceeding, the secured debt obligation owed to
5 secured lenders, prepetition general unsecured debt obligations, and a series of disputed
6 Claims. A complete description of known Claims is attached hereto as Appendix "A."
7

8 C. Assets

9 The Debtor's remaining assets are described in detail at Appendix "B" attached
10 hereto. The Debtor's primary assets are real property, consisting of her home, lake
11 cabin, rental property, and farm land. The Debtor also holds personal property
12 consisting of savings, farm equipment, vehicles, and grain in storage.
13
14

15 **V. PLAN OF REORGANIZATION**

16 A. **Allowed Claims**

17 The Court has previously set a Claims Bar Date of July 7, 2016. The Plan
18 contemplates that before a Claim will become an Allowed Claim, unless: (1) such Claim
19 has been listed in the applicable Schedule as disputed, contingent, or unliquidated, in
20 which case such Claim shall be allowed only in such amounts and of such classification
21 as is authorized by a Final Order of the Court; (2) such Claim is Disputed; or (3) such
22 Claim has been paid in full, withdrawn, released, or otherwise deemed satisfied in full.
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26

1 **B. Classification of Claims**

2 *Summary*

3 All Claims are classified under the Plan as set forth below. At the time of
4 Confirmation Hearing, any class that does not hold or contain an Allowed Claim (or a
5 Claim temporarily or provisionally Allowed by the Court for voting purposes) will be
6 deleted from the Plan with respect to voting on Confirmation of the Plan. A Claim shall
7 be deemed classified in a particular Class only to the extent the Claim qualifies within
8 the description of that Class and shall be deemed classified in a different Class to the
9 extent that any remainder of such Claim qualifies within the description of such
10 different Class.
11
12
13

14 *1. Administrative Claims*

15 Claims for Administrative Expenses are not classified in accordance with section
16 1123(a)(1) of the Bankruptcy Code. Claims for Administrative Expenses are
17 Unimpaired, are not classified for purposes of voting on the Plan, and holders of
18 Administrative Expense Claims are not entitled to vote on the Plan. Claims for
19 Administrative Expense are Claims for any expense in the Chapter 11 Case of the type
20 defined in section 503(b) of the Bankruptcy Code and entitled to priority in Section
21 507(a) of the Bankruptcy Code, including all liabilities incurred by the Debtor in the
22 operation of its business during the Chapter 11 Case, the actual and necessary costs and
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1 expenses of preserving the Estate, and Claims for professional services and
2 reimbursement of expenses awarded under sections 330 and 331 of the Bankruptcy
3 Code.

4 5 *2. Priority Claims*

6 The Debtor does not believe that there are any Priority Claims, and as of the
7 date of this Plan, no such Claims have been filed. To the extent a Priority Claim is
8 filed and allowed, the Holder of the Priority Claim shall receive, in full satisfaction,
9 settlement, release, extinguishment and discharge of such Claims in the amount of
10 their unpaid Allowed Priority Claim in full, with statutory interest within thirty (30)
11 days of the Effective Date with funds available in the Plan Fund.
12
13

14 Priority Claims, if any, are Unimpaired and are not entitled to vote on the Plan.
15

16 *3. Class 1 – Secured Claim of Chase Bank with a Secured Interest* 17 *in Debtor's Primary Residence*

18 Class 1 is comprised of the Secured Claim of Chase Bank, which has a secured
19 interest in Debtors' primary residence located at 9719 W. Masters Lane, Cheney, WA
20 99004. Pursuant to the underlying loan documents, Chase Bank holds a valid,
21 undisputed, perfected, first priority security interest in the Debtors' residence. The loan
22 was current as of the Petition Date. However, due to automatic payment and account
23 closure, the Debtor is in arrears post-petition for the April 2016, May 2016, and June
24 2016 payments. The approximate balance on the loan is \$86,680.06. Any defaults not
25
26

1 cured as of the Effective Date shall be cured through the Plan.

2 *4. Class 2 – Real Property and Personal Property Taxes*

3 Class 2 is comprised of Claims associated with real property taxes and personal
4 property taxes owed to Spokane County, Washington and Whitman County,
5 Washington. The real property associated with the real property taxes and personal
6 property taxes is identified in Appendix B to the Disclosure Statement. All allowed
7 real property and personal property tax Claims shall be paid in full, with any penalties
8 and interest with cash available in the Plan Fund within thirty (30) days of the
9 Effective Date.
10
11
12

13 *5. Class 3 – General Unsecured Claims*

14 Class 3 is comprised of the holders of General Unsecured Claims, to the extent
15 allowed. The Debtor estimates Class 3 Claims are approximately \$35,000. All
16 allowed Class 3 Claims shall be paid in full, with interest from cash available in the
17 Plan Fund within thirty (30) days of the Effective Date.
18
19

20 *6. Class 4 – Claim of Gordon Kendall (Disputed)*

21 Class 4 is comprised of the Claim of the Debtor's ex-husband Gordon Kendall.
22 This Claim is referenced as Claim No. 1 on the Court's Claim Register. The Claim is
23 disputed in its entirety. The Claim of Gordon Kendall is stated in the amount of
24 \$306,977.00, and is premised upon and arises from the dissolution action pending
25
26

1 before the Superior Court, County of Spokane, State of Washington, captioned as:

2 *In the Matter of the Marriage of: Jeannie Kile and Gordon B. Kendall, Case*

3
4 No. 11-3-02969-5.

5 This Claim is disputed and deemed not to be an Allowed Claim at this time.

6 The dispute concerning this Claim shall be resolved by the judge presiding over Case

7 No. 11-3-02969-5. To the extent allowed by final order of judgment in the Superior

8
9 Court, this Claim shall be paid through the Plan.

10 *7. Class 5 – Claim of Cody Kendall (Disputed)*

11 Class 5 is comprised of the Claim of the Debtor's son, Cody Kendall. The

12 Claim of Cody Kendall is disputed. This Claim is referenced on the Court's Claims

13 Register as Claim No. 3. This Claim is premised upon a judgment obtained in

14 Superior Court, State of Washington, County of Spokane, captioned as:

15
16 *Kendall v. Kile, Case No. 12-4-00521-6.*

17 The stated Claim is in the amount of \$345,523.52 and asserted in part as a

18 Secured Claim for \$191,700.00. This judgment has been appealed to the Court of

19 Appeals, State of Washington, Division III. The appeal remains pending and serves as

20 the basis for the dispute of this Claim. The dispute concerning this Claim will

21 ultimately be resolved either by the Superior Court, Court of Appeals, or the

22 Washington Supreme Court by final decisions, orders, and/or judgments. Once

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1 entered and deemed final, the Claim will be Allowed. Once Allowed, Class 5 shall be
2 paid in accordance with the Plan.

3
4 *8. Class 6- Secured Claim of CNH Industrial Capital.*

5 Class 6 is comprised of the Secured Claim of CNH Industrial Capital. CNH
6 Capital is secured by a IH Combine and IH header. The Debtor makes payments
7 pursuant to the original contract with CNH Capital. The last payment of \$23,464.21 is
8 scheduled for October 21, 2016. Class 6 shall receive its final payment on October
9 21, 2016 in accordance with the terms of the Plan and the original contract.
10

11 **C. Treatment of Allowed Claims**

12
13 The following is the description of the treatment proposed for the Claims by each
14 Class of Creditors, Interest holders, and holders of Administrative Expense and Priority
15 Claims against the Estate as classified in the Plan.
16

17 *1. Administrative Expense Claims*

18 Allowed Claims for Administrative Expenses shall be paid in full on the later of
19 (1) the Effective Date (or as soon thereafter as reasonably practicable, but in no event
20 later than 30 days after the Effective Date), (2) the date on which such Claim becomes
21 an Allowed Claim (or as soon thereafter as reasonably practicable, but in no event later
22 than 30 days after such Claim is Allowed), (3) the date that payment of such Allowed
23 Claim is due under ordinary business terms, or (4) as agreed between the Debtor and
24
25
26

1 the holder of any Administrative Expense Claim. **Administrative Claims are**
2 **Unimpaired and the holders thereof are not entitled to vote on the Plan.**

3
4 *2. Treatment of Priority Claims*

5 The Debtor does not believe that there are any Priority Claims, and as of the
6 date of this Plan, no such Claims have been filed. To the extent a Priority Claim is
7 filed and allowed, the Holder of the Priority Claim shall receive, in full satisfaction,
8 settlement, release, extinguishment and discharge of such Claims in the amount of
9 their unpaid Allowed Priority Claim in full, with statutory interest within thirty (30)
10 days of the Effective Date with funds available in the Plan Fund. **Priority Claims, if**
11 **any, are Unimpaired and are not entitled to vote on the Plan.**

12
13
14 *3. Treatment of Class 1 Secured Claim of Chase*

15 Chase Bank is the sole holder of a Class 1 Claim. Chase Bank is secured by a
16 valid, undisputed, and perfected deed of trust against the Debtor's residence located at
17 9719 W. Masters Lane, Cheney, WA 99004. The Debtor shall continue to make
18 monthly principal and interest payments of \$1,010.54 in accordance with the terms
19 and conditions of the loan agreement between the parties. The loan agreement shall
20 be reaffirmed as part of the Plan. Any arrears or defaults associated with the Allowed
21 Claim of Chase Bank shall be paid in full within thirty (30) days of the Effective Date.
22
23
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1 Payment shall be made with funds available in the Plan Fund. **Class 1 has been**
2 **impaired and is entitled to vote to accept or reject the Plan.**

3
4 *4. Treatment of Class 2 Real Property Taxes and Personal Property*
5 *Taxes*

6 The holders of all Allowed Class 2 Claims shall receive in full payment,
7 satisfaction, and release of liens associated with said claims, the full amount of their
8 respective Allowed Claims plus any interest and penalties for past due real property
9 and personal property taxes. Payment of such claims shall be made within thirty (30)
10 days of the Effective Date from funds available in the Plan Fund. **Class 2 Claims**
11 **have been impaired and are entitled to vote to accept or reject the Plan.**

12
13 *5. Treatment of Class 3 – General Unsecured Claims*
14

15 The Holders of all Allowed Class 3 Claims shall receive, on account of their
16 Allowed Class 3 Claims, in full satisfaction, release, and discharge of such Claims,
17 payment in full, plus interest at 6% per annum calculated from the date of the Petition
18 until paid. Payment shall be distributed from the Plan Fund and made within thirty
19 (30) days of the date of the Effective Date. **Class 3 is impaired and is entitled to**
20 **vote to accept or reject the Plan.**

21
22 *6. Treatment of Class 4 – Claim of Gordon Kendall*
23

24 Gordon Kendall is the ex-husband of the Debtor and the sole holder of the Class
25 4 Claim. Mr. Kendall's Claim is presently disputed and will not be paid until it
26

1 becomes an Allowed Claim. Once, and if, Mr. Kendall becomes the holder of an
2 Allowed Claim, Mr. Kendall's Allowed Class 4 Claim shall be paid in full, with
3 interest as determined by the applicable judgment rate to his claim commencing on the
4 date Allowed.
5

6 Payment of Mr. Kendall's Allowed Claim shall be made as follows:

- 7 • 33 1/3% of the Allowed Claim shall be paid within thirty (30) days of
8 the date upon which the Claim is deemed Allowed.
- 9 • 33 1/3% of the Allowed Claim shall be paid twelve (12) months after
10 the date of the first distribution on his Allowed Claim.
- 11 • The remaining balance of Mr. Kendall's Allowed Claim shall be paid
12 in full, with interest, twenty-four (24) months after the first date of
distribution to Mr. Kendall.

13 All distribution made to the Class 4 Allowed Claim shall be made from funds
14 available in the Plan Fund at the date of each distribution. **Class 4 has been impaired
15 and is entitled to vote to accept or reject the Plan.**
16

17 *7. Treatment of Class 5 – Claim of Cody Kendall*

18 Cody Kendall is the son of the Debtor and the sole holder of the Class 5 Claim.
19 Mr. Kendall is an “insider” of the Debtor. Mr. Kendall's Claim is presently disputed,
20 and deemed not an Allowed Claim.
21

22 Once disputes concerning Mr. Kendall's Claim are resolved by either final
23 court decision or agreement, the Allowed Claim shall be paid in full, with interest at
24 the judgment rate determined as of the date of the Allowed Claim, as follows:
25
26

- 33 1/3% of the total amount of the Allowed Claim shall be paid within thirty (30) days of the date of Allowance of Claim 5.
- 33 1/3% of the total amount of the Allowed Claim shall be paid within twelve (12) months of the date of the first disbursement of payment to Class 5.
- The remaining balance of the Allowed Class 5 Claim shall be paid in full, with interest, twenty-four (24) months after the first disbursement of payment to Class 5.

Class 5 is impaired and is entitled to vote to accept or reject the Plan.

The stated Claim is in the amount of \$345,523.52 and asserted in part as a Secured Claim for \$191,700.00. The secured nature of this Claim is by way of judgment lien. The judgment lien was perfected within one year of the date upon which the Debtor filed bankruptcy. The underlying judgment has been appealed to the Court of Appeals, State of Washington, Division III. The appeal remains pending and serves as the basis for the dispute of this Claim. The judgment lien of Class 5, if any, shall be released from the Rental Property at the time of sale. However, such judgment lien shall be attached to the net proceeds of sale and shall be deposited into the Plan Fund. Said lien shall remain on said net proceeds until the amount of net proceeds for the sale of rental property have been distributed to Class 5 or the judgment lien has been removed by Court Order.

8. *Treatment of Class 6- Secured Claim of CNH Industrial Capital*

Class 6 is comprised of the Secured Claim of CNH Industrial Capital. CNH

1 Capital is secured by a IH Combine and IH header. The Debtor makes payments
2 pursuant to the original contract with CNH Capital. The last payment of \$23,464.21 is
3 scheduled for October 21, 2016. Class 6 shall receive its final payment on October
4 21, 2016 in accordance with the terms of the Plan and the original contract. **Class 6 is**
5 **unimpaired and not entitled to vote to accept or reject the Plan.**

7
8 **D. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code**

9 The Debtor will request Confirmation of the Plan, as it may be modified from
10 time to time, under section 1129(b) of the Bankruptcy Code with respect to any Class
11 of Claims or Interests that rejects, or is deemed to have rejected, the Plan.

12
13 **E. Effective Date of the Plan**

14 The **Effective Date** of the Plan, means fourteen (14) days after the Confirmation
15 Date as may be designated by the Debtor.

16
17 **F. Binding Effect**

18 On the Effective Date, the provisions of the Plan shall be binding on the Debtor,
19 the Reorganized Debtor, the Estate, all holders of Claims against the Estate, and all
20 other parties-in-interest whether or not such parties hold Impaired and whether or not
21 such parties have accepted the Plan.

22
23
24 **G. Effect on Automatic Stay**

25 Except as provided otherwise in the Plan, on the Effective Date, the automatic
26

1 stay imposed by section 362(a) of the Bankruptcy Code shall terminate. This includes,
2 but is not limited to termination of the automatic stay with respect to pending causes of
3 action identified as:

- 4 • *In the Matter of the Estate of Lester J. Kile, Deceased, Kendall v. Kile*, Court of Appeals, State of Washington, Division III, Case No. 33613-1.
- 5 • *In the Matter of the Marriage of: Jeannie Kile and Gordon B. Kendall*, Superior Court, State of Washington, County of Spokane, Case No. 11-3-02969-5.

6
7
8
9
10 However, collection on any judgments awarded in either proceeding are enjoined
11 by the Holding Injunction of the Plan.

12 **H. Filing of Reports**

13
14 The Reorganized Debtor shall file all reports and pay all fees required by the
15 Bankruptcy Code, Bankruptcy Rules, U.S. Trustee guidelines, and the rules and orders
16 of the Court.

17 **I. Administration of the Plan**

18
19 The Plan provides for the appointment of the Debtors as the “Plan Disbursing
20 Agent” through counsel John D. Munding of Munding, P.S. to collect, administer, and
21 distribute assets in accordance with the terms of the Plan. The Plan Disbursing Agent
22 will be authorized to employ legal and accounting professionals necessary to carry out
23 the provisions of the Plan. Unless terminated sooner, the Plan Disbursing Agent shall
24 serve until the Plan is fully consummated.
25
26

1 **J. Delivery of Distributions**

2 The distribution to any holder of an Allowed Claim shall be made by the
3 Disbursement Agent: (i) at the address set forth on the proof of claim filed by such
4 holder; (ii) at the address set forth in any written notices of address change delivered to
5 the Debtor or Reorganized Debtor after the date of any related proof of claim; (iii) at
6 the address reflected in the Schedules if no proof of claim has been filed and the Debtor
7 or Reorganized Debtor has not received a written notice of change of address; (iv) if the
8 holder's address is not listed in the Schedules, at the last known address of such holder
9 according to the Debtor's books and records; or (v) if any holder's distribution is
10 returned as undeliverable, no further distributions to such holder shall be made unless
11 and until the Reorganized Debtor is notified of such holder's current address, at which
12 time all missed distributions will be made to such holder without interest. All
13 distributions returned to the Reorganized Debtor and not claimed within two (2) months
14 of return shall be treated as Unclaimed Funds. Upon such reversion, the Claim of any
15 holder or such holder's successors, with respect to such property, shall be discharged
16 and forever barred notwithstanding any federal or state escheat laws to the contrary.

22 **K. Unclaimed Funds and Interests**

23 For a period of two (2) months from the date of the disbursement, the Plan
24 Disbursing Agent shall retain any distribution hereunder which remains unclaimed.
25
26

1 Thereafter, the Claims giving rise to the right to distribution of such unclaimed funds
2 will be deemed disallowed and any unclaimed funds, net of expenses, will be distributed
3 to the Debtor.
4

5 **L. Disputed Claims**

6 The Reorganized Debtor shall be entitled to object to Claims, provided however,
7 that the Debtor and Reorganized Debtor shall not be entitled to object to claims (i) that
8 have been Allowed by a Final Order entered by the Court prior to the Effective Date, or
9 (ii) that are Allowed by the express terms of the Plan. Any objections to Claims must
10 be filed by the Effective Date, unless such deadline is extended by the Court for cause
11 (the "Claims Objection Deadline").
12
13

14 The disputed Class 4 Claim and disputed Class 5 claim shall be resolved by the
15 respective Washington State Courts in which proceedings are already pending. The
16 Claims shall be adjudicated by trial decision by the respective Superior Court, Court of
17 Appeals, or Supreme Court. The Final Order of such Courts shall be deemed an
18 Allowed Claim once the final, non-appealable decision, is filed with this Court and
19 recorded on the docket.
20
21

22 **M. Administrative Claims Bar Date**

23 Unless otherwise agreed by the Debtor, all requests for payment of
24 Administrative Expense Claims other than current obligations must be served and filed
25
26

1 with the Court no later than thirty (30) days after the Effective Date. Except as
2 otherwise allowed by the Court, any Administrative Expense Claim that is not served
3 and filed by such date will be forever barred. After approval of the final fee application
4 of the Chapter 11 professionals by the Court for services provided and costs incurred
5 during the course of administration of the Chapter 11 Case, the Chapter 11 professionals
6 will be required to submit further fee applications to the Court pending final
7 consummation of the Plan.
8
9

10 **N. Vesting of Property**

11 Except as otherwise expressly provided in the Plan, on the Effective Date the
12 Reorganized Debtors will be vested with all of the property of the Estate, subject to the
13 Allowed Claims of Creditors determined by agreement or Final Order to hold secured
14 Claims against Assets. As of the Effective Date, the Reorganized Debtors may hold,
15 use, dispose, and otherwise deal with such property and conduct their affairs, subject to
16 restrictions imposed by the Bankruptcy Code, the Court, the Plan, the Confirmation
17 Order, or the other documents entered into in connection with the Plan.
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20

21 **O. Transfer Tax Exemption**

22 Pursuant to Bankruptcy Code section 1146(a), the Plan provides that any transfer
23 or sale of real or personal property, shall not be taxed under applicable state or local
24 law.
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1 **P. Discharge of Debtor**

2 Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise
3 specifically provided in this Plan or in the Confirmation Order, the distributions that
4 are provided in this Plan shall be in complete satisfaction, discharge, and release of all
5 Claims, whether known or unknown, against, liabilities of, liens on, obligations of,
6 and rights against the Debtor, the Reorganized Debtor or her Estate that arose prior to
7 the Effective Date. The Discharge of the Debtor shall be granted in the form of and
8 “Order of Discharge” upon notice of the motion to creditors and after completion of
9 the Plan payments pursuant to 11 U.S.C. 1141(d)(5).
10

11 **Q. Executory Contracts and Unexpired Leases**

12 1. *Pre-Petition Contracts and Leases*

13 Subject to the terms and conditions provided for in the Plan, the Debtors
14 assume and reaffirm the loan agreements upon consummation of all Plan Payments to
15 Class 1. All other unexpired leases and executory contracts shall be deemed rejected
16 by the Debtors as of the Effective Date, unless affirmed by Court Order.
17

18 2. *Post-Petition Contracts and Leases*

19 All post-petition leases and Executory Contracts are rejected as of the Effective
20 Date. There are not believed to be any such contracts.
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22
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1 **R. Causes of Action**

2 The Debtor or Reorganized Debtor retains her Causes of Action to be
3 enforced post-Confirmation. The Debtor is aware of and intends to fully pursue all
4 rights, remedies, and relief in the following actions:
5

- 6 1. *In the Matter of the Estate of Lester J. Kile, Deceased, Kendall v. Kile,*
7 Court of Appeals, State of Washington, Division III, Case No. 33613-1.
8 2. *Kendall v. Kile,* Superior Court, State of Washington, County of Spokane,
9 Case No. 12-4-00521-6.
10 3. *In the Matter of the Marriage of: Jeannie Kile and Gordon B. Kendall,*
11 Superior Court, State of Washington, County of Spokane, Case No. 11-3-
12 02969-5.
13 4. *Kendall v. Kile,* United States Bankruptcy Court for the Eastern District of
14 Washington, Case No. 16-80044 and all Counter/Cross Claims brought by
15 the Debtor in this action.
16 5. Anticipated Preferential Transfer.

17 On or about June 1, 2015, Cody Kendall was an “Insider” as defined by 11 U.S.C.
18 101 (31). On June 1, 2015, Cody Kendall received approximately \$178,000 in payment
19 by a writ of garnishment of the Debtor’s bank account. The Debtor is awaiting the
20 outcome of the pending appeal and decision of the Court of Appeals before commencing
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1 proceedings under 11 U.S.C. §§ 544 or 548.

2 **VI. CONFIRMATION OF THE PLAN**

3 **A. Implementation of the Plan**

4
5 The Debtor intends to implement funding of the Plan and distribution to
6 creditors for payment of their Allowed Claims as follows:

7 *1(a). Pursuit of Appeal*

8
9 The Debtor intends to continue to prosecute the appeal of the adverse judgment
10 entered in *Kendall v. Kile*, Superior Court, State of Washington, County of Spokane,
11 Case No. 12-4-00521-6. The appeal is presently pending before the Court of Appeals,
12 State of Washington, Division III, Case No. 33613-1. The appellate briefing is near
13 completion, and oral argument is anticipated in 2016. A decision from the Court of
14 Appeals is anticipated by early 2017. The outcome of this appeal will have a direct
15 impact on Claim No. 5, and its allowance as an Allowed Claim for purposes of
16 distribution under the Plan.

17
18 *1(b). Defense of Dissolution Action*

19
20
21 The Debtor intends to defend the pending Dissolution Action described as *In the*
22 *Matter of the Marriage of: Jeannie Kile and Gordon B. Kendall*, Superior Court, State
23 of Washington, County of Spokane, Case No. 11-3-02969-5. The outcome of this action
24 will have a direct impact on Claim No. 4 and its Allowance as an Allowed Claim for
25
26

1 purposes of distribution under the Plan.

2 *1(c). Adversary Counter-Claim/Cross-Claim*

3
4 The Debtor intends to pursue and prosecute counter-claims and cross-claims in
5 Adversary Proceeding: *Kendall v. Kile*, United States Bankruptcy Court for the Eastern
6 District of Washington, Case No. 16-80044. The Counter-Claims and Cross-Claims are
7 premised upon violations of the Automatic Stay. The Debtor is seeking damages in
8 excess of \$25,000.
9

10 *1(d). Sale of Rental Property*

11
12 The Debtor is the owner of the real property located at 5816 N. Lincoln,
13 Spokane, WA 99210. This property is currently utilized as a Rental Property. The
14 Rental Property is not encumbered and has an estimated market value of \$117,500. The
15 Rental Property shall be listed with a qualified real estate broker, marketed, and sold.
16
17 The Rental Property shall be marketed and sold at a fair market price as determined by
18 the Debtor in consultation with the Broker. The Property shall be sold within twelve
19 (12) months of the Effective Date.
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1 *1(e). Sale of Equipment/ Vehicle*

2 The Debtor is the owner of the following farm equipment and vehicles:

3 Vehicles:

- 4
- | | |
|---|----------|
| 5 • Impala | \$2,500 |
| 6 • 1974 Truck | \$3,000 |
| 7 • K2500 Truck | \$2,750 |
| 8 • Peterbuilt Truck | \$65,000 |
| • Buick | \$2,500 |

9 Farm Equipment:

- 10 • Glencoe 30ft Cultivator \$1,995
- 11 • Morris Rod Weeder \$5,000
- 12 • Sunflower Disc \$9,000
- 13 • 2006 Polaris \$2,000
- 14 • Shop Tools \$15,000
- Bob Cat Tractor \$34,000

15 The foregoing equipment and vehicles shall be sold by the Debtor with the

16 assistance of a qualified equipment dealer of her choosing or by the Debtor directly.

17

18 The Debtor shall establish all sales prices based upon her business judgment. All sales

19 should be completed within twelve (12) months of the Effective Date. If additional time

20 is required to sell the foregoing property, it shall be sought from the Court.

21

22 *1(f). Sale of Grain in Storage*

23 The Debtor owns approximately 2,171.29 bushels of wheat in storage with

24 Cooperative Agricultural Producers. The price of wheat fluctuates daily with market

25 conditions. The wheat in storage shall be sold at the Debtor's discretion and based upon

26

1 her business judgment within twelve (12) months of the Effective Date.

2 *1(g). Farm Machinery and Equipment Lease*

3
4 The Debtor is the owner of a 2003 Case IH 2388 combine and a 30-foot 1010
5 Case IH header (“Combine”) presently under lease to Ken and Jessica Kile through
6 January 1, 2018. Annual rent for the Combine is paid to the Debtor in the amount of
7 \$23,428.48. Per the Lease Agreement, the annual rent is due on the first day of
8 November each year. The amount of \$23,428.48 will be paid to the Debtor on
9 November 1, 2016 and November 1, 2017. Upon payment of the amount due under the
10 Lease Agreement to the Debtor, the funds will be deposited into the Plan Fund.
11

12
13 *1(h). Plan Fund*

14 The Debtor presently holds money on deposit in the Debtor-in-Possession Bank
15 Account ending in 6880. The balance of this account is approximately \$388,316.05 as
16 of the date of this Plan and is expected to increase by the date of Confirmation. Upon
17 the Effective Date, the Debtor-in-Possession Account shall be renamed the Plan Fund.
18 All moneys on deposit in the Plan Fund are dedicated to funding the Plan. Upon sale
19 of the Rental Property, equipment, vehicles, and grain, all net sales shall be deposited
20 into the Plan Fund.
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1 1(i). *Financing of Farm Property*

2 In the event the Plan Fund balance drops below an amount necessary to fund
3 distribution of payment twelve (12) months and twenty-four (24) months from the dates
4 of payment to Classes 4 and 5, the Debtor shall either immediately obtain a loan against
5 the Farm Land in an amount sufficient to fully fund the Plan Fund and make all
6 distributions under the Plan. The Farm Property has a fair market value of
7 approximately \$824,000.00. During the pendency of the Plan and consummation of the
8 Plan, the Farm Land shall not be encumbered or sold, except for the purpose of funding
9 the Plan Fund.
10
11

12 2. Income

13 The Debtor shall continue to operate her household and continue farming
14 operations utilizing income derived from her employment, farm income, and rental
15 income. Household income is not necessary to fund the Plan. Instead, such income
16 will continue to be utilized to sustain household expenses, farming operations, and
17 general living expenses pending consummation of the Plan, which is premised on the
18 sale of real property, funds on deposit, and sale of personal property.
19
20
21

22 3. Reporting

23 Every 120 days commencing on the Date of Confirmation, the Debtors shall file
24 a report with the Bankruptcy Court reflecting progress concerning Plan funding,
25
26

1 including sale of assets.

2 4. Exemption from Certain Transfer Taxes and Recording Fees

3 Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from the
4 Debtor to the Reorganized Debtor or to any other person or entity pursuant to the Plan,
5 or any agreement regarding the transfer of title or ownership of any of the Debtor's real
6 or personal property will not be subject to any document recording tax, conveyance fee,
7 sales tax, intangible or similar tax, mortgage tax, stamp tax, real estate transfer tax,
8 mortgage recording tax, Uniform Commercial Code filing, securities regulation, or
9 other similar tax, governmental assessment, or regulation.
10
11
12

13 5. Effectuating Documents; Further Transactions

14 The Debtor and Reorganized Debtor are authorized to execute, deliver, file,
15 and/or record such contracts, instruments, releases, and other agreements or documents,
16 and take any such actions as each of them may deem necessary or appropriate to
17 effectuate and further evidence the terms and conditions of the Plan, or to otherwise
18 comply with applicable law.
19
20

21 6. Further Authorization

22 The Reorganized Debtor shall be entitled to seek such orders, judgments,
23 injunctions, and rulings as it deems necessary to carry out the intentions and purposes,
24 and to give full effect to the provisions, of the Plan.
25
26

1 **B. Disbursements Under the Plan**

2 1. Disbursement Agent

3 The Reorganized Debtor, through counsel John D. Munding, of Munding, P.S.,
4 will be the Disbursement Agent under the Plan.
5

6 2. Conditions to Disbursement

7 The Disbursement Agent may, as a condition to distribution of funds, require a
8 holder of a Claim to return and cancel instruments respecting such Claim or to execute
9 separate releases of any Claims provided for under the Plan. Upon receipt of full
10 payment of its Allowed Claim, any Secured Creditor shall release its lien and/or
11 effectuate the cancellation of instruments evidencing such lien, and shall cooperate with
12 reasonable requests that it may receive from an escrow or title insurance company to
13 provide confirmation of the payoff amount of its Allowed Claims and its agreement to
14 release of its lien, is conditioned only upon payment of its Allowed Claim.
15
16
17

18 3. Administrative / Priority Claims Distribution

19 All Allowed Administrative Expense Claims and Priority Claims shall be paid in
20 full in accordance with the Plan. To the extent Administrative Expense Claims and
21 Priority Claims are asserted against the Debtor prior to the Effective Date, but have not
22 been Allowed as of the Effective Date, sufficient funds shall be reserved to pay said
23 Claims in the amount stated on the Proof of Claim or application for approval of the
24
25
26

1 Claim.

2 5. Classified Claims Distribution

3 *a. Class 1 Claim*

4
5 The Allowed Class 1 Claim of Chase Bank shall be paid on a monthly basis
6 through principal and interest payment to Chase Bank in accordance with the terms and
7 conditions of the original loan agreement between the parties.
8

9 Any and all arrears, including incurring late fees, penalties, and/or interest shall
10 be paid in full within thirty (30) days of the Effective Date from the Plan Funds available
11 in the Plan Fund.
12

13 *b. Class 2 Claims*

14 All Allowed Class 2 Claims shall be paid in full, with interest and penalties, and
15 in release and satisfaction of such Claims and any lien associated therewith within thirty
16 (30) days of the Effective Date from funds available in the Plan Fund.
17

18 *c. Class 3 Claims*

19 The Class 3 Claims of General Unsecured Creditors shall be paid as follows.
20 Distributions to holders of Class 3 Claims shall be made after Administrative Expense
21 Claims and Priority Claims have been paid in full. Distribution to Class 3 shall occur
22 within thirty (30) days after the Effective Date with funds available in the Plan Fund.
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25 Class 3 shall receive payment in full of its Allowed Claims, with interest of eight
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1 percent (8%) per annum calculated from the Petition date.

2 *d. Class 4 Claim*

3 The holder of an Allowed Class 4 Claim – Gordon Kendall, shall be paid in full,
4 with interest as determined by the judgment rate of the Allowed Claim, as follows:

- 5
- 6 • 33 1/3% of the Allowed Claim shall be paid within thirty (30) days of
 - 7 the date upon which the Claim is deemed Allowed.
 - 8 • 33 1/3% of the Allowed Claim shall be paid twelve (12) months after
 - 9 the date of the first distribution on his Allowed Claim.
 - 10 • The remaining balance of Mr. Kendall’s Allowed Claim shall be paid
 - 11 in full, with interest, twenty-four (24) months after the first date of
 - 12 distribution to Mr. Kendall.

13 Payments shall be made from the Plan Fund.

14 *e. Class 5 Claim*

15 The Class 5 Allowed Claim of Cody Kendall shall be paid in full, with interest
16 as determined by judgment rate of the Claim once allowed. Class 5 shall receive
17 distribution of payment of its Allowed Claims as follows:

- 18
- 19 • 33 1/3% of the total amount of the Allowed Claim shall be paid within
 - 20 thirty (30) days of the date of Allowance of Claim 5.
 - 21 • 33 1/3% of the total amount of the Allowed Claim shall be paid within
 - 22 twelve (12) months of the date of the first disbursement of payment to
 - 23 Class 5.
 - 24 • The remaining balance of the Allowed Class 5 Claim shall be paid in
 - 25 full, with interest, twenty-four (24) months after the first disbursement
 - 26 of payment to Class 5.

Payment shall be made from the Plan Fund.

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f. Class 6 Claim.

Class 6 consists of the contract claim of CNH Industrial Capital. The Claim is secured entirely by the Debtor's IH Combine and FH Header. The final payment on this Claim is due October 21, 2016. CNH's Allowed Claim shall be paid in full when it is due on October 21, 2016 with Funds available in the Plan Fund. Once paid, CNH Capital shall fully release all securing interest, claim, right, and title to the farm equipment securing its loan, including the IH Combine and IH Header. Payment shall be made from the Plan Fund.

C. Feasibility of the Plan and Best Interests Test

The Bankruptcy Code requires that, for the Plan to be confirmed that does not provide for the liquidation of the Debtor's assets, the Debtor must demonstrate that consummation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. Here, the Plan meets this test because the Debtor is dedicating sufficient assets to fund the entire Plan within twenty-four (24) to thirty-six (36) months. Sufficient funds will be available to pay one hundred percent (100%) of all Allowed Claims in accordance with the terms and conditions of the Plan.

The Plan is feasible as it is premised upon the sale of marketable and valuable property. It is in the best interest of creditors as the Plan provides for prompt payment of all Allowed Claims in full, with interest, to **all creditors**.

1 **D. Alternatives to Reorganization – Liquidation Analysis**

2 The Bankruptcy Code requires that each holder of an Impaired Claim either (i)
3 accept the Plan or (ii) receive/retain property with a value, as of the Effective Date, that
4 is not less than the value such holder would receive/retain if the Debtor was liquidated
5 under Chapter 7 of the Bankruptcy Code on the Effective Date.
6

7 The Plan meets this test if it either (i) provides creditors payment in full (such as
8 Class 3 General Unsecured Creditors) from sources of funds that are outside any secured
9 or purportedly secured Creditor’s security interest, or (ii) provides secured or Disputed,
10 purportedly secured Creditors payment in full from their collateral in order of priority
11 to the extent their Claims are Allowed (and in fact offers the Debtor the ability to obtain
12 a discount on the senior most secured Claim). The Plan, as proposed, provides for the
13 methodical adjudication of Disputed Claims, payment of Allowed Claims, and
14 controlled sale of assets to maximize value and avoid unnecessary tax issues that would
15 be triggered by the complete liquidation of assets by a Chapter 7 Trustee.
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19 In conducting a liquidation analysis, the first step in meeting this test is to
20 determine the dollar amount that would be generated from the liquidation of the
21 Debtor’s Assets in the context of a Chapter 7 liquidation case. The gross amount of
22 cash available would be the sum of the proceeds from the disposition of the Debtor’s
23 Assets and the cash held by the Debtor at the time of the commencement of the Chapter
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1 7 case. The next step is to reduce that total amount by the amount of any Claims secured
2 by such Assets, the costs and expenses of liquidation, and such additional administrative
3 expenses and Priority Claims that may result from the termination of the Debtor's
4 business and the use of Chapter 7 for the purposes of liquidation. Any remaining net
5 cash would be allocated to creditors in strict priority in accordance with section 726 of
6 the Bankruptcy Code. Finally, the present value of such allocations (taking into account
7 the time necessary to accomplish the liquidation) is compared to the value of the
8 property that is proposed to be distributed under the Plan on the Effective Date.
9
10

11 Under the Chapter 11 Plan, there are sufficient assets dedicated to Plan Funding
12 to ensure that all creditors and classes of creditors receive full payment of their
13 respective Allowed Claims. In a Chapter 7 liquidation scenario it is likely that all
14 creditors would also likely receive full payment of their Allowed Claims.
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17 *1. Costs of Administration and Litigation*

18 The costs of administration would be increased as a result of the Trustee's
19 compensation which is based upon a percentage of the gross amounts distributed by the
20 Trustee to creditors. This commission may be substantial based upon the outcome of
21 the disputes as to Class 4 and Class 5 Claims.
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24 Furthermore, the Chapter 7 Trustee would also need to hire independent counsel
25 to pursue the pending litigation and claims objections. There would be substantial
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1 added cost to the Estate and delay associated with due diligence to be conducted in
2 terms of litigation assessment and strategy by both the Chapter 7 Trustee and his counsel
3 who would not have a historical familiarity with each proceeding.
4

5 The Chapter 7 Trustee would also need to retain an accountant to provide a tax
6 opinion related to sale of real property of the Estate. A substantial capital tax liquidation
7 would be triggered by the sale of the Farm Property or Cabin Property.
8

9 2. *Delay*

10 A Chapter 7 Trustee may also have an adverse impact on the Estate in terms of
11 timing and amount of distribution. The underlying resolution of claims would likely be
12 delayed at least six (6) months if not a year as a result of new counsel and unfamiliarity
13 with each case. This time frame does not include the added delay associated with a
14 contest motion to convert the case from Chapter 11 to Chapter 7, which may take at
15 least 90 days. There is also an outside risk that the Chapter 7 Trustee may not be as
16 successful in opposing claims as the Debtor, which could result in the allowance of
17 Class 4 and Class 5 Claims as listed. The Trustee would also liquidate real property
18 which would take several months and likely result in lower prices. The capital gains
19 tax associated with any sale of the real property would be substantial and estimated in
20 excess of \$200,000. Each of the foregoing events would add risk that the timing of
21 payment to Classes 3, 4, and 5, would be delayed significantly.
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1 **E. Risk Factors**

2 The Plan, and payments to Creditors hereunder, is based on a number of
3 assumptions. Included in those assumptions is Debtor’s ability to sell the Rental
4 Property and personal property. Additional risk associated with the Plan is the
5 contingent nature of litigation and the ultimate outcome of the Appeal and Dissolution
6 proceedings as related to allowance of Claims. The timing of allowance of Claims and
7 amounts may negatively impact distribution. Lastly, there remains an outside risk the
8 Debtor may not be able to finance the Farm Property to complete Plan Funding should
9 the need arise.
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11

12 **F. Confirmation Over Dissenting Classes**

13 In the event that any Impaired Class of Claims does not accept the Plan, the Court
14 may nevertheless confirm the Plan at the request of the proponent if all other
15 requirements under section 1129(a) of the Bankruptcy Code are satisfied, and if, as to
16 each Impaired Class that has not accepted the Plan, the Court determines that the Plan
17 “does not discriminate unfairly” and is “fair and equitable” with respect to such non-
18 accepting Class. Each of these requirements is discussed below.
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22 *1. No Unfair Discrimination*

23 The Plan “does not discriminate unfairly” if: (i) the legal rights of a dissenting
24 Class are treated in a manner that is consistent with the treatment of other Classes whose
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1 legal rights are similar to those of the dissenting Class, and (ii) no Class receives
2 payment in excess of that which it is legally entitled to receive for its Claims. The
3 Debtor believes the Plan does not discriminate unfairly as to any Impaired Class of
4 Claims.
5

6 2. *Fair and Equitable Test*

7 The Bankruptcy Code establishes different “fair and equitable” tests for secured
8 Claims and unsecured Claims, as follows:
9

10 a. Secured Claims

11 To satisfy the “fair and equitable” requirements as to a class of Secured Claims,
12 the Plan must, at a minimum, provide that: (i) each Impaired secured Creditor retain its
13 secured lien and receive deferred cash payments having a present value equal to the
14 amount of its Allowed secured Claim; (ii) each Impaired secured Creditor realizes the
15 “indubitable equivalent” of its Allowed secured Claim; or (iii) the property securing the
16 Claim is sold free and clear of liens with such liens to attach to the proceeds, and the
17 liens against such proceeds are treated in accordance with clause (i) or (ii) of this
18 paragraph. The Plan provides for the payment of any secured Claims in full.
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22 b. Unsecured Claims

23 To satisfy the “fair and equitable” requirement, to the extent it applies to a Class
24 of unsecured Claims, the Plan must, at a minimum, provide that: (i) each Impaired
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1 unsecured Creditor receive or retain property of a value equal to the amount of its
2 Allowed Claim; or (ii) the holders of Claims and interests that are junior to the Claims
3 of the non-accepting Class do not receive or retain any property under the Plan on
4 account of such Claims. Here, Class 3 and Class 4 will be receiving a value equal to
5 each creditors Allowed Claim.
6

7
8 c. Judgment Lien

9 Class 5 is a disputed Claim which may or may not be secured by a valid judgment
10 lien. To the extent a judgment lien exists and is not set aside as a preferential transfer,
11 Class 5 shall retain its lien on the Debtor's real property until paid in full. As of the
12 Effective Date, the payment stream to Class 5 has a value equal to the Allowed Claim.
13 The Plan is fair and equitable as to Class 5.
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1 available assets and/or funds available.

2 As of the date of filing of the Plan, the Estate has not paid any professional fees
3 and expenses. As of the date of filing of the Plan, the Debtors anticipate or have accrued
4 the following professional fees and expenses for which authorization for payment will
5 be sought:
6

- 7 • Munding, P.S. - \$35,000 (estimated);
- 8
- 9 • Martin Salinas, Randall Danskin, Special Counsel – \$10,000
10 (estimated);
- 11
- 12 • Joseph Brown, Law Office of Paul Mack, Special Counsel
13 \$15,000 (estimated); and
- 14 • Daniel Johnson, Johnson & Associates PS -- \$2,500.00 (estimated).
- 15

16 C. Creditors Committee

17 No Unsecured Creditors Committee was appointed in this case.

18 D. Continuation of Business

19 Debtor will continue to hold, operate, and manage her real and personal
20 property interests, including farming operations
21

22 E. Insider Transactions/Avoidance Actions

23 Debtor has completed investigation of the insider transactions subject to
24 avoidance under Code sections 547, 548, and 550. Cody Kendall, the Debtor's adult
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1 son, received payment of \$178,000 on account of collection of an antecedent debt.
2 Furthermore, Cody Kendall also is believed to have recorded a judgment lien(s) which
3 encumbered the Debtor's real property. The events described occurred within one year
4 prior to commencement of the Debtor's bankruptcy case. The Debtor will likely
5 commence an action to set aside and avoid such transactions as necessary to
6 consummate the Plan. The Debtor is also awaiting the outcome of the pending appeal
7 before the Court of Appeals, State of Washington, Division III, as such decision may or
8 may not impact the underlying judgments and the Debtor's decision to pursue this
9 claim.
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13 F. Plan Modification

14 The Debtor may modify the Plan pursuant to section 1127 of the Bankruptcy
15 Code and as herein provided, to the extent allowed by law. Subject to the limitations
16 contained herein, the Debtor may modify the Plan in accordance with this paragraph,
17 before or after Confirmation, without notice or hearing, or after such notice and hearing
18 as the Court deems appropriate, if the Court finds that the modification does not
19 materially and adversely affect the rights of any parties-in-interest which have not had
20 notice and an opportunity to be heard with regard thereto. In the event of any
21 modification on or before Confirmation, any votes to accept or reject the Plan shall be
22 deemed to be votes to accept or reject the Plan as modified, unless the Court finds that
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1 the modifications materially and adversely affect the rights of parties-in-interest which
2 have cast said votes. The Debtor reserve the right in accordance with section 1127 of
3 the Bankruptcy Code to modify the Plan at any time before the Confirmation Date.
4

5 G. Court Jurisdiction

6 The Court shall retain jurisdiction over this Estate as set forth in the Plan. This
7 jurisdiction includes, but is not limited to, matters involving interpretation, correction,
8 modification, or reconciliation of any inconsistencies in the Plan, entry of any order
9 deemed necessary and appropriate by the Court to implement the Plan, and adjudication
10 of all Causes of Action, including but not limited to all pending adversary proceedings,
11 litigation, and Claim objections. In the event that the Court is found to lack jurisdiction
12 to resolve any matter, then the District Court shall hear and determine such matter. If
13 the District Court does not have jurisdiction, then the matter may be brought before any
14 court having jurisdiction with regard thereto.
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18 H. Holding Injunction

19 The Plan provides for a Holding Injunction which prohibits and enjoins the
20 commencement, prosecution, or collection by any person or entity, whether directly or
21 otherwise of any claims, obligations, suits, judgments, damages, demands, debts, rights,
22 causes of action, or liabilities, without leave of the Bankruptcy Court.
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1 I. Exculpation and Limitation of Liability

2 Subject to the provisions of this Plan and payment provided for herein, the Debtor
3 believes that the real estate provided herein to be retained, and all unsecured or liened
4 personal property listed in Schedules filed herein, which Debtor shall retain pursuant to
5 the specific terms of this Plan, is exempt without exception pursuant to applicable
6 exemption statutes, provided the payments proposed by Debtor to be made to Creditors
7 by this Plan is made. The Debtor hereby claims the property exempt. Debtor's
8 exemptions are not allowed, to the extent they exceed the statutory limit, until full
9 payment is made pursuant to this Plan. Provided, further, that if for any reason the
10 Debtor does not make the payments proposed and specified by this Plan, the Debtor
11 does not waive her exemption or her right to amend the claim of exemptions. The
12 Debtor shall have the right to amend her claim of exemptions. However, the property
13 which exceeds allowable exemptions would be available to Creditors. Notwithstanding
14 any provision in this paragraph or the Plan to the contrary, upon the Effective Date, all
15 exemptions claimed by the Debtor in Debtor's Bankruptcy Schedules shall be allowed.
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21 The Debtor and her attorneys, financial advisors, other professionals, and
22 Disbursement Agent, as agents of the Debtor, shall not be liable to any claimant or other
23 party with respect to any action, forbearance from action, decision, or exercise of
24 discretion taken during the period from the date appointed until Effective Date in
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1 connection with: (1) the implementation of any of the transactions provided for, or
2 contemplated in the Plan; or (ii) the administration of the Plan or the assets and property
3 to be distributed pursuant to the Plan, other than for willful misconduct, gross
4 negligence or breach of the Debtor's, the Reorganized Debtor's or the Disbursement
5 Agent's obligations under the Plan.
6

7
8 The Order closing this case shall provide for a release of the Debtor's
9 representatives, and all professionals employed by the Estate from any liability
10 associated with the performance of duties to the Estate, except for any liability arising
11 from gross negligence, willful misconduct, or breach of the Debtor's, the Reorganized
12 Debtor's or the Disbursement Agent's obligations under the Plan.
13

14 J. Retention of Documents

15 The Plan Disbursing Agent shall retain records of disbursements under the Plan
16 for such time as attorneys are generally required to maintain records of distributions
17 from their trust accounts, after which time they will be destroyed, unless ordered
18 retained for cause.
19

20
21 K. United States Trustee Fees

22 Until the Chapter 11 case is closed, the Debtor must file post-Confirmation
23 reports and pay quarterly fees under 28 U.S.C. § 1930(a)(6), which are paid for with
24 Estate funds. The Debtor will act to close the case as quickly as possible, thereby
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1 reducing the amount of such fees.

2 L. Substantial Consummation

3 This Plan shall be deemed substantially consummated upon the filing of a final
4 report and request for final Order by the Reorganized Debtor through counsel certifying
5 that substantially all duties imposed upon the Reorganized Debtor under this Plan have
6 been completed and all payments under the Plan have been completed.
7

8 M. Final Decree

9 The Court may, upon application of the Reorganized Debtor, at any time on or
10 after the Effective Date, enter a final decree in this case. In such event, the Court may
11 enter an Order closing the Chapter 11 Case pursuant to section 350 of the Bankruptcy
12 Code, provided, however, that: (i) the Reorganized Debtor shall continue to have the
13 rights, powers, and duties set forth in the Plan; (ii) any provision of the Plan requiring
14 the absence of an objection shall no longer be required, except as otherwise ordered by
15 the Court; and (iii) the Court may from time to time reopen the Chapter 11 Case if
16 appropriate for any of the following purposes: (a) administering Assets; (b) entertaining
17 any adversary proceedings, contested matters, or applications the Debtor brought or will
18 bring with regard to the liquidation of Assets and the prosecution of Causes of Action;
19 (c) enforcing or interpreting the Plan or supervising its implementation; or (d) allowing
20 for the entry of an Order of Discharge upon completion of Plan payments.
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VIII. TAX CONSEQUENCES

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2 The Plan will impact various Creditors differently, depending on the nature of
3 their Claims, their taxpayer status, their accounting methods, and other variables.
4 Creditors should consult their own independent tax advisors regarding the tax impacts
5 of the Plan on their individual circumstances. No opinion of counsel has been sought
6 or obtained with respect to any tax consequences of the Plan. No rulings or
7 determinations of the Internal Revenue Service (“IRS”) or any other tax authorities have
8 been sought or obtained with respect to any tax consequences of the Plan, and the
9 discussion below is not binding on the IRS or other authorities. No representations are
10 being made to the Debtor or any holder of a Claim or Interest regarding the particular
11 tax consequences of the Confirmation and consummation of the Plan. Holders of
12 Claims and Interests are strongly urged to consult their own tax advisor regarding the
13 federal, state, local, and foreign tax consequences of the transactions described in this
14 Disclosure Statement and the Plan.
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20 ***IRS Circular 230 Notice:*** to comply with U.S. Treasury Regulations, be advised
21 that any U.S. federal tax advice included in this communication (and it is not intended
22 that any such advice be given in this Disclosure Statement) is not intended or written to
23 be used, and cannot be used, to avoid any U.S. federal tax penalties or to promote,
24 market, or recommend to another party any transaction or matter. Claimants are advised
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1 to consult with their tax advisers respecting the individual tax consequences of the
2 transactions contemplated by the Plan, including state and local tax consequences.

3
4 **IX. DISCLAIMER**

5 Court approval of this Disclosure Statement and accompanying Plan, including
6 appendix, is not a certification of the accuracy of the contents thereof. Furthermore,
7 Court approval of these documents does not constitute the Court's opinion as to whether
8 the Plan should be approved or disapproved.
9

10 **X. CONCLUSION**

11 Debtor believes the Plan provides for the best solution for resolving and paying
12 all Allowed Claims. The Plan is fair and equitable and is in the best interest of all
13 Creditors and Equity-Holders.
14

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16
17 Dated this 12th day of July, 2016.

18
19 MUNDING, P.S.

20
21 /s/ John D. Munding

22 JOHN D. MUNDING, WSBA #21734
23 Attorney for Debtor Jeannie Kile
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Dated this 11th day of July, 2016

Reviewed and Approved For Filing



Jeannie Kile, Debtor In Possession

Disclosure Statement-

MUNDING, P.S.
1610 W. RIVERSIDE AVE.
SPOKANE, WA 99201
(509) 624-6464

APPENDIX “A”

Liabilities As of June 2016				
Name	Class	Amount	Secured/Unsecured	Disputed/Undisputed
Administrative	Unclassified	\$62,500	Non-Voting	Undisputed
Administrative 1- Bankruptcy Counsel Munding, P.S. - \$35,000	Unclassified	\$35,000 Estimated		Undisputed
Administrative 2- Special Appellate Counsel Joseph Brown, Paul Mack, P.S.	Unclassified	\$15,000 Estimated		Undisputed
Administrative 3- Special Dissolution Counsel Randall Danskin	Unclassified	\$10,000 Estimated		Undisputed
Administrative 4- Daniel Johnson, Johnson & Associates PS	Unclassified	\$2,500 Estimated		Undisputed
Priority	Unclassified	\$0.00	Non-Voting	Undisputed
Chase Bank	Class # 1	\$86,680.06	Secured by 9719 W. Masters Lane, Cheney, WA 99004	Undisputed
Real Property Taxes and Personal Property Taxes	Class # 2	\$10,178.61	Secured	Undisputed

Real Property Taxes – 1 Whitman County for Parcel 20000431922000	Class #2	\$1,943.49	Secured	Undisputed
Real Property Taxes – 2 Whitman County for Parcel 200004320354900	Class #2	\$1,846.54	Secured	Undisputed
Real Property Taxes -3 Spokane County for 5816 N. Lincoln St., Spokane, WA 99210	Class #2	\$1,742.13	Secured	Undisputed
Real Property Taxes -3 Spokane County for 9719 W. Masters Lane, Cheney, WA	Class #2	\$3,418.27	Secured	Undisputed
Personal Property Taxes -5 Whitman County	Class #2	\$1,228.18	Secured	Undisputed
General Unsecured -1 Capitol One Bank	Class #3	\$500.00 Estimated	Unsecured	Undisputed
General Unsecured -2 Gary Libey, Libey & Ensley, PLLC	Class #3	\$32,084.05 Estimated	Unsecured	Undisputed
General Unsecured -3 PAML	Class #3	\$65.30 Estimated	Unsecured	Undisputed
General Unsecured -4 Radia Inc.	Class #3	\$200.00 Estimated	Unsecured	Undisputed

Gordon Kendall	Class # 4	\$306,977.00	Disputed/Dissolution Action Pending	Disputed
Cody Kendall	Class # 5	\$345,523.52	Disputed/Appeal Pending	Disputed
Cody Kendall	Class #5	\$191,700	Judgment Lien	Disputed
CNH Industrial Capital America, LLC	Class # 6	\$46,856	Secured/Combine	Undisputed
Personal Home	Unclassified	\$87,332	N/A	N/A

Real and Personal Property Taxes

Parcel Number	Type	County	Amount
24181.0808	Real Property-Residence	Spokane	\$3,418.27
36312.4207	Real Property-Rental	Spokane	\$1,742.13
200004319022000	Real Property-Agriculture	Whitman	\$1,943.49
200004320354900	Real Property-Agriculture	Whitman	\$1,846.54
Schedule Number-449850026080000	Personal Property	Whitman	\$1,228.18
Total			\$10,178.61

APPENDIX “B”

Assets as of July 2016	Type	Amount
Checking Horizon Credit Union	Personal Property	\$19,419
DIP Account WA. Trust	Personal Property	\$388,316
1974 Truck	Personal Property	\$3,000
K2500 Truck	Personal Property	\$2,750
Impala	Personal Property	\$2,500
Buick	Personal Property	\$2,500
House Hold Goods	Personal Property	\$4,935
Electronics	Personal Property	\$380
Collectables	Personal Property	\$1,730
Sporting Goods	Personal Property	\$3,65
Clothing and Jewelry	Personal Property	\$625
Tools	Personal Property	\$785
Investment and Retirement	Personal Property	\$112,500
2014/2015 Crop in Storage	Personal Property	\$10,000-\$12,000
Life Insurance	Personal Property	\$57,304
Two Contracts- Sale Equipment	Personal Property	TBD
Contingent Claims	Personal Property	TBD
Peterbilt Truck	Personal Property	\$65,000
Glencoe 30 ft Cultivator	Personal Property	\$1,995
Morris Rod Weeder	Personal Property	\$5,000
Sunflower Disc	Personal Property	\$9,000
2006 Polaris	Personal Property	\$2,000
Shop Tools	Personal Property	\$15,000
Bob Cat Tractor	Personal Property	\$34,000
Farm Land	Real Property	\$824,000
Cabin	Real Property	\$74,400
Home- 9719 W. Masters	Real Property	\$266,800
Rental- 5816 N. Lincoln	Real Property	\$117,500
TOTAL: \$2,027,089		