

1 Statement. In the event of such timely election by the Class 5 Claimant, the Debtors' Plan term
 2 shall be decreased to five (5) years and the additional \$24,000 which was to be dedicated for the
 3 Debtors' prosecution and defense of the pending ██████ Adversary Proceeding shall be made the
 4 subject of a second unsecured two (2) year promissory note to ██████, without interest, which will
 5 be paid in monthly installments of \$1,000.00 by the Debtors beginning on the first day of the
 6 month following the Debtors completion of all monthly payments required under the Debtors'
 7 modified five (5) year Plan term and may be pre-paid at anytime by the Debtors without penalty.
 8 In the event that this global settlement option is not timely elected by the Class 5 Claimant, such
 9 Claimant will receive its respective treatment provided to Class 5 under the Plan at such time as
 10 its Claim becomes an Allowed Claim by final and non-appealable judgment or settlement.

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12
13 **ARTICLE VII**

14 **MEANS OF IMPLEMENTATION OF THE PLAN**

15 On the Effective Date of the Plan, all property of the Debtors' bankruptcy estate shall be
 16 vested in the Debtors as the Reorganized Debtors who will be responsible for administering the
 17 Plan by committing their projected net disposable monthly income of \$1,000 to Chapter 11 Plan
 18 payments for seven (7) years, or the reasonably equivalent value thereof, for the benefit of
 19 creditors pursuant to the distributive terms and provisions of the Plan (*See Article V, above*). All
 20 Allowed Administrative and Priority Claims shall be paid directly by the Reorganized Debtors in
 21 full upon approval by the Court on or after the Effective Date of the Plan. The holder of the Class
 22 1 Claim shall be paid by the non-debtor limited liability company owned by the Debtors; the
 23 Class 2 Claim shall be satisfied by surrender of its collateral; the Class 3 Claim shall be paid by
 24 surrender of its collateral and allowance of its deficiency as a Class 6 Claim upon completion of
 25 the foreclosure process and the final determination of such claimant's allowed deficiency claim;
 26 the Class 4 Allowed Claim shall be paid directly by the Reorganized Debtors as a reasonable and
 27 necessary monthly expense; the Class 5 Allowed Claim, if any, shall be paid *pro rata* in
 28 accordance with the treatment afforded to Class 6 Claims upon the final and non-appealable

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1 determination of such claimant's allowed claim following resolution of the pending Adversary
2 Proceeding by final and non-appealable judgment or settlement. Alternatively, upon election by
3 duly filed notice thereof by the Class 5 Claimant at any time prior to the initial hearing on
4 Approval of Disclosure Statement, the holder of the Class 5 Claim shall be paid by the Debtors
5 and the Debtors' business entity known as [REDACTED] LLC, pursuant to Article VI.
6 Payments to Class 6 general unsecured creditors of the Debtors shall be made from a Plan
7 Account opened by the reorganized Debtors after the Effective Date of the Plan and maintained
8 for the purpose of holding Plan Funds consisting of the net disposable income payments of the
9 Debtors pending distribution to holders of Class 6 Allowed Claims under the terms of the Plan.
10 There shall be no Post-Confirmation Managers of the Debtors, and no compensation shall be paid
11 on account thereof. Beginning on the last day of the first calendar quarter following the Effective
12 Date of the Plan and after payment in full of all Allowed Administrative and Priority Claims, and
13 continuing on the last day of each calendar quarter thereafter through month sixty (60), each
14 holder of a Class 6 Allowed Claim shall be paid *pro rata* through such quarterly distributions of
15 the Reorganized Debtors' net disposable income from the Plan Account. No distributions of cash
16 shall be made under the Plan in an amount less than ten dollars (\$10.00).

17
18 **ARTICLE VIII**

19 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

20 8.1 The Debtors as lessors assume the following executory contracts and/or unexpired
21 leases effective upon the Effective Date of this Plan:

<p>22 Lessee: [REDACTED], L.L.C. [REDACTED] AZ [REDACTED]</p>	<p>23 Leased Property: 2008 Chevrolet Express Van Maturity Date is 60 months after Effective Date of Plan; Lease is current and lease payment is \$360/month</p>
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24 8.2 The Debtors will be conclusively deemed to have rejected all executory contracts
25 and/or unexpired leases as lessors and/or lessees not expressly assumed under Section 5.1 above,
26 or before the date of the Order confirming this Plan, upon the Effective Date of this Plan pursuant
27 to the provisions of sections 365 and 1123(b)(2) of the Code. A Proof of Claim arising from the
28

1 rejection of an executory contract or unexpired lease under this Section must be filed no later than
2 thirty (30) days after entry of the Order confirming this Plan.

3
4 **ARTICLE IX**

5 **ALLOWANCE AND DISALLOWANCE OF CLAIMS**

6 **9.1 Proof of Claim Filing Bar Date.** The Debtors shall request the Court to establish
7 a bar date no sooner than sixty (60) days thereafter by which all claims not scheduled by the
8 Debtors as noncontingent, liquidated and undisputed must be filed by creditors ("Claims Bar
9 Date"). All creditors and interested parties shall receive written notice of such Claims Bar Date in
10 sufficient time to file a formal Proof of Claim, if necessary.

11 **9.2 Disputed Claim.** A disputed Claim is a Claim which has not been Allowed or
12 disallowed [by a final non-appealable order], and as to which either: (a) a Proof of Claim has
13 been filed or deemed filed, and the Debtors or another party in interest have filed an objection; or
14 (b) no proof of claim has been filed, and the Debtors have scheduled such claim as contingent,
15 unliquidated or disputed.

16 **9.3 Delay of Distribution on a Disputed Claim.** No distribution will be made on
17 account of a disputed claim unless such claim is Allowed [by a final non-appealable order].

18 **9.4 Settlement of Disputed Claims.** The Reorganized Debtors will have the power
19 and authority to settle and compromise a disputed claim with Court approval and compliance with
20 Rule 9019 of the Federal Rules of Bankruptcy Procedure.

21 **9.5 Estimation of Claim.** At any time before or after the Effective Date of the Plan,
22 the Reorganized Debtors may request that the Court disallow or estimate, for purposes of
23 allowance, the amount of any contingent, unliquidated or disputed Claim, including any Claim
24 arising from any rejection of an executory contract or unexpired lease, pursuant to section 502(c)
25 of the Code.
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ARTICLE X

DISCHARGE AND RELEASE

Upon the completion of all payments provided for under the Plan, the Debtors shall be discharged of all Claims against them, except any Claim specifically adjudicated as non-dischargeable. The discharge of the Debtors shall be effective as to each Claim, regardless of whether a Proof of Claim thereof was filed, whether the claim is an Allowed Claim or whether the holder thereof votes to accept the Plan. Until the completion of the payments under the Plan, creditors shall be enjoined through the Confirmation Order from taking any action against the Debtors to collect on their Claims; provided, however, that this provision shall not prevent any holder of any Claim from taking any action to enforce the terms of this Plan or to enforce any debt or security interest preserved or provided for in this Plan; and provided further that creditors of the Debtors whose claims are held to be nondischargeable pursuant to Code section 523 may seek to collect upon such Claims from property of the Debtors which is not property of their bankruptcy estate. The Debtors' discharge of debts pursuant to this Plan shall not be effective until the completion of all the Plan obligations described above. Should those Plan obligations not be performed, the Debtors, the Reorganized Debtors, or any other party in interest shall retain the ability to move the Court to convert this Case to one under Chapter 7 of the Code, and the entry of the Confirmation Order shall not be deemed "a discharge ... under section 1141 of [title 11]" within the meaning of Code section 727(a)(8).

ARTICLE XI

DEFAULT

If the Reorganized Debtors are unable to perform the terms and conditions of a confirmed Plan, then they will be in default. Any creditor may seek to enforce the Plan. Before doing so, however, a creditor must first provide at least twenty-one (21) days notice to the Reorganized Debtors specifying the nature of the alleged default and providing the Reorganized Debtors a twenty-one (21) day period to cure such default. Any such notice shall be in writing and sent to the Reorganized Debtors, by certified mail, at their address of record with a copy sent, by

1 certified mail, to: Peter M. Gennrich, Nussbaum Gillis & Dinner, P.C., 14850 N. Scottsdale
2 Road, Suite 450, Scottsdale, AZ 85254.

3
4 **ARTICLE XII**

5 **CONDITIONS TO CONFIRMATION AND EFFECTIVENESS**

6 Confirmation of the Plan shall not occur unless the Bankruptcy Court shall have entered a
7 Confirmation Order, which (a) shall not have been stayed and (b) shall have been final and non-
8 appealable. The Effective Date of the Plan shall be the first business day that is fifteen (15) days
9 after the Confirmation Order is entered, provided that all conditions to effectiveness of the Plan
10 are satisfied, or else the next business day after all such conditions to effectiveness are satisfied.

11
12 **ARTICLE XIII**

13 **RETENTION OF JURISDICTION BY THE COURT**

14 After the Confirmation Date, the Court may retain jurisdiction for the following purposes,
15 or as otherwise permitted by law:

16 **Objections to Claims.** To hear and determine objections to the allowance of
17 Claims and requests for the estimation of Claims.

18 **Fee Applications.** To hear and determine requests for payment of Administrative
19 Claims entitled to priority under section 507(a)(2) of the Code, including applications for
20 compensation of professional services and disbursements.

21 **Pending Matters.** To hear and determine any and all pending applications,
22 motions, adversary proceedings and other contested matters not resolved by the Plan.

23 **Modification of Plan.** To modify the Plan to the full extent permitted by the Plan
24 and the applicable provisions of section 1127 of the Code.

25 **Resolution of Disputes and Enforcement of Payments, Rights, and Interests.**
26 To resolve controversies and disputes regarding the interpretation or enforcement of the
27 terms and provisions of payments, rights, and interests required or created by the Plan.
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1 thus yielding no value available for distribution in a Chapter 7 liquidation. A Liquidation
2 Analysis was attached to Debtors' Disclosure Statement for Plan of Reorganization as Exhibit 3
3 and incorporated herein by reference.

4
5 **ARTICLE XVI**

6 **SPECIAL RISK FACTORS**

7 The Plan is funded totally from wages to be paid to Debtors [REDACTED] and [REDACTED]
8 [REDACTED] for their employment services for five (5) years, or the reasonably equivalent value
9 thereof. As such, the success or failure of the Plan is dependent upon their health and the stability
10 of their employment relations.

11
12 **ARTICLE XVII**

13 **CLOSING AND REOPENING CASE**

14 17.1 Upon substantial consummation of the Plan, the Reorganized Debtors may apply
15 for an order closing the Case, and, if appropriate, pursuant to Bankruptcy Code section 350(a) of
16 the Bankruptcy Code, the Court shall close the Case by entry of a Final Decree.

17 17.2 The Case may be reopened pursuant to section 350(b) of the Bankruptcy Code to
18 administer assets, for the entry of an order determining that the Debtors have been discharged of
19 Claims or to grant the Reorganized Debtors other relief, or for other cause.

20 DATED this 9th day of February, 2012.

21 [REDACTED]
22 [REDACTED] Debtor

[REDACTED]
[REDACTED], Debtor

24 **NUSSBAUM GILLIS & DINNER, P.C.**

25 *Randy Nussbaum*

26 Randy Nussbaum
27 Peter M. Gennrich
28 Attorneys for [REDACTED]
and [REDACTED], Debtors

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EXHIBIT 2 - PROJECTED MONTHLY BUDGET

[REDACTED] and **[REDACTED]** Debtors
 Case No. 0:11-bk-16337-JMM

CHOE PROJECTED MONTHLY BUDGET		
EXPENSE CATEGORY	EXPENSE	INCOME
Rent/Housing	\$2,000.00	\$11,500.00
Phone	320.00	
Utilities	300.00	
Cable	160.00	EXPENSES
Home Maintenance	50.00	\$10,488.00
Recreation	270.00	
Groceries	1,000.00	
Clothing	100.00	NET DISPOSABLE INCOME
Car Payment	360.00	\$1,012.00
Insurance- Health	948.00	
Fuel	660.00	
Auto Insurance	250.00	
Life Insurance	90.00	
Entertainment	120.00	
Medical	150.00	
Personal (Haircuts)	60.00	
Personal Income Taxes Est.	3,450.00	
Charitable Contributions	200.00	
TOTAL EXPENSES	\$10,488.00	

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EXHIBIT 3 – LIQUIDATION ANALYSIS

[REDACTED] and **[REDACTED]**, Debtors
 Case No: 0:11-bk-16337-JMM

Plan Proponents' Estimated Liquidation Value of Assets

Scheduled Assets

a. Cash and deposits	\$ 331.69 (\$300 exempt)
b. Household goods, furnishings & possessions	\$ 1,665.00 (exempt)
c. Books	\$ 25.00 (exempt)
d. Wearing Apparel	\$ 250.00 (exempt)
e. Wedding Band & Wedding Ring	\$ 1,000.00 (exempt)
f. Two Seiko Watches	\$ 8.00 (exempt)
g. Term Life Insurance Policy #XX2593	\$ 0.00
h. Term Life Insurance Policy #XX2592	\$ 0.00
i. [REDACTED] , LLC (100% interest)	\$ 0.00
j. 1995 Toyota Land Cruiser	\$ 500.00
k. 2005 Land Rover	\$ 4,000.00 (exempt)
l. 2005 Honda Pilot	\$ 8,000.00 (\$5,000 exempt)
m. 2008 Chevrolet Express Van	\$ 8,000.00 (leased)
n. 2009 Montana Mountaineer Toy Hauler	\$ 21,000.00
o. Scottsdale Residence	<u>\$ 700,000.00</u> (secured)
Total Assets at Liquidation Value	\$ 744,779.69

Less:

Secured and Lessor creditors' recoveries \$ 708,000.00

Less:

Chapter 7 trustee fees and expenses \$ unknown

Less:

Chapter 11 administrative expenses \$ unknown

Less:

Priority claims, excluding administrative expense claims \$ 0.00

Less:

Debtor's claimed exemptions \$ 12,248.00

(1) Maximum Balance for unsecured claims \$ 24,531.69

(2) Total dollar amount of undisputed, liquidated, non-contingent unsecured claims, excluding John Chung unsecured claim, on which distributions may be paid \$ 480,000.00 (approx)

Percentage of Claims Which Unsecured Creditors Would Receive or Retain in a Chapter 7 Liquidation:

5.10% [Divide (1) by (2)]

Percentage of Claims Which Unsecured Creditors Will Receive or Retain under the Plan:

6.25%

Part 1
Proposed Treatment of Claims

A. Unclassified Claims including administrative priority claim, priority tax claims, and gap claims

Holders of administrative priority claims are entitled to priority pursuant to § 507(a)(2) of the Bankruptcy Code including (i) professional fees and costs; (ii) United States trustee's fees; and (iii) postpetition domestic support obligations. Such claims shall be paid in full on, or as soon as practicable after, the Effective Date or upon allowance of such claim, whichever is later.

Holders of priority tax claims are entitled to priority under § 507(a)(8). Such claims shall be paid in full over five years from the date of the entry of the order for relief with ____% interest in equal [monthly/quarterly/annually] amortized payments according to § 511 of the Bankruptcy Code. See Article I.C. of the Plan.

Holders of involuntary gap period claims allowed under § 502(f) are entitled to priority under § 507(a)(3). Such claims will be paid in full on, or as soon as is practicable, after the Effective Date. See Article I.D. of the Plan. Involuntary gap priority creditors exist only in cases commenced involuntarily. These are creditors who have claims that arose after the involuntary petition was filed but prior to the court's appointing a trustee or granting an order for relief.

B. Secured Creditors (Classes 2, 3, 4 and 5)

See Article II of the Plan.

C. Priority Unsecured Creditors

The following class(es) of priority unsecured claims are impaired and therefore, entitled to vote under the Plan. Such creditors will be paid [annually/quarterly/monthly] in full over ____ years with ____% interest. Payments shall be in equal [monthly/quarterly] amortizing installments beginning on the first day of each calendar [] month [] quarter after the Effective Date. Alternatively, if any one of these Classes does not vote to accept the Plan, then each claim in such class must be paid in full on, or as soon as practicable after, the Effective Date (except to the extent a holder of a claim in the class agrees to other terms) or the plan cannot be confirmed. See Article II of the Plan.

- [] Class 1(a): Domestic support obligation
[] Class 1(b): Priority wage claims
[] Class 1(c): Employee benefit plan contribution claims
[] Class 1(d): Grain producer and fisherman claims
[] Class 1(e): Consumer deposit claims.

D. General Unsecured Creditors (Classes 6(a) and 6(b))

[] Class 6(a): A creditor whose allowed claim is \$ _____ or less or who elects to reduce its allowed claim to \$ _____ will receive a single payment equal to 100% of its allowed claim on, or as soon as practicable after, the Effective Date of the Plan. See Article II of the Plan.

[] Class 6(b): Other general unsecured creditors will be paid ____% of their allowed claims with[out] interest [at the rate of ____% per annum], in equal [monthly][quarterly] installments over ____ years. Under § 1129(a)(15), if an unsecured creditor objects to confirmation, an individual debtor must either pay the present value of that unsecured claim in full or make distributions under the plan totaling at least the value of the debtor's net disposable income over the greater of (a) five years or (b) the period for which the plan provides payments. However, § 1129(a)(15) should be read and applied in conjunction with § 1123(a)(4) which provides that a chapter 11 plan must provide the same treatment for each claim in the same particular class. See Article II of the Plan.

Undisputed Class 6 claims, as of this date, are listed in Exhibit C to the Disclosure Statement.

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E. Executory Contracts and Unexpired Leases

(1) Executory Contracts and Leases Assumed. On the Effective Date, the Debtor assumes the executory contracts and unexpired leases enumerated in Exhibit E to the Disclosure Statement and shall perform all obligations thereunder, both preconfirmation and postconfirmation.

Any preconfirmation arrearages shall be paid by the Effective Date, unless the parties agree otherwise or the court finds that a proposed payment schedule provides timely cure and adequate assurance of future performance. Postconfirmation obligations will be paid as they come due.

(2) Executory Contracts and Leases Rejected. The Debtor is conclusively deemed to have rejected all executory contracts and/or unexpired leases not previously assumed or listed in Exhibit E to the Disclosure Statement as of the Effective Date. Claims arising from the rejection of an executory contract or unexpired lease under this section are general unsecured claims in Class 6, except to the extent this court orders otherwise. 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.

F. Discharge

Upon completion of the payments under the Plan, the Debtor may receive a discharge of preconfirmation debts, except such discharge shall not discharge the Debtor from any debts that are found nondischargeable under § 523 or are obligations created by this Plan. The payments promised in the Plan constitute new contractual obligations that replace the preconfirmation debts proposed to be discharged. Creditors may not sue to collect on these obligations so long as the Debtor is not in material default under the Plan. If the Debtor materially defaults in performing the Plan, affected creditors may sue the Debtor to enforce the terms of the Plan or to dismiss this case or to convert it to a case under chapter 7 of the Bankruptcy Code. See Article VI of the Plan.

**Part 2
Voting on Confirmation of Plan**

A. Who may vote: Only impaired creditors are entitled to vote (see § 1124). A creditor is entitled to vote on confirmation of the Plan unless (i) the creditor's class is unimpaired (presumed to accept the Plan) or is to receive no distribution (presumed to reject the Plan); (ii) an objection has been filed to that creditor's claim; (iii) that creditor's claim is scheduled by the Debtor as contingent, disputed, unliquidated or unknown and the creditor has not filed a proof of claim; or (iv) the claim is unclassified (and thus required by law to be paid in full). A creditor whose claim has either been objected to or has been scheduled by Debtor as contingent, disputed, unliquidated or unknown or who has not filed a proof of claim, and who wishes to vote, must move to have its claim allowed for voting purposes by filing a motion for such relief in time for that motion to be heard before the hearing on confirmation of the Plan. A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject a Plan in each capacity by delivering one ballot for the secured part of the claim and another ballot for the unsecured portion of the claim.

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B. How to vote: A voting creditor must fill out and return the attached ballot so that it is received by the Plan proponent no later than _____ at the following address:

C. Effect of vote: The Plan will be confirmed only if (i) it is accepted by each impaired class, or (ii) it is accepted by at least one impaired class exclusive of insiders (as defined by §101(31)) and the court determines that the Plan is "fair and equitable" (as defined by §1129(b)) to all rejecting classes of creditors, and it meets all of the other criteria required for confirmation. A class of creditors accepts the Plan if it is accepted by a majority in number and at least two-thirds in dollar amount of the creditors in that class timely voting.

**Part 3
Source(s) of Payments under the Plan**

The Debtor intends to make the payments required under the Plan from the following sources:

A. **Available Cash.** Debtor projects \$ _____ cash will be available on the Effective Date.

B. **Sale of Assets.** A sale of property described in the Plan, which the Debtor estimates will produce \$ _____.

C. **Future disposable income.** Debtor estimates that projected monthly disposable income available to creditors for the _____ year¹ period following confirmation will be \$ _____.² This is based on the monthly income of \$ _____ and expenses of \$ _____ as set forth in Debtor's Declarations of Current/Postpetition Income and Expenses (LBR Form F 3015-1.20), which have been prepared as of _____³ and are attached hereto as Exhibit A.

This projection is consistent with (i) Debtor's average monthly income for the six months prior to this case of \$ _____, as set forth in Debtor's Statement of Current Monthly Income (Official Bankruptcy Form 22B) filed with this court and (ii) average monthly income of \$ _____ and average monthly expenses (excluding professional expenses and fees incurred in this bankruptcy case) of \$ _____ during the _____ months since the petition date (based on monthly operating statements filed with the court), and such differences as are explained as follows:

Upon written request, Debtor will provide copies of the Statement of Current Monthly Income and/or monthly operating statements.

¹ This number should match the number of years selected for payments made to creditors under the plan. See note 11 of the Plan as to the Absolute Priority Rule and modify this paragraph accordingly.

² Under § 1123(a)(8), the plan of an individual debtor shall "provide for payment to creditors . . . of all or such portion" of postpetition personal services income "as is necessary for execution of the plan."

³ LBR Form F 3015-1.20 should be updated to the date of the most recent financial information available for the debtor.

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D. Other sources of funding are explained as follows:

Risk Factors

The proposed Plan has the following risks: (explain, e.g., sale falls through, Debtor loses employment/business, illness):

Part 4
Liquidation Analysis

The Debtor's Schedules A and B, that may have been amended for the purposes of this Disclosure Statement, are attached hereto as Exhibit B. The Debtor has calculated the liquidation value of each asset as shown below. The Debtor arrived at the net liquidation values that are subject to liens by deducting from the value of the assets the amount of the secured liens and any applicable sales costs, fees, and taxes.

Net liquidation value of Debtors' assets	\$ _____
Less estimated chapter 7 trustee expenses	— \$ _____)
Less administrative claims and priority tax claims (see Article I of Plan)	— \$ _____)
Less Other Priority Claims (see Article II of Plan)	— \$ _____)
Liquidation value available to general unsecured creditors	\$ _____
Divide by estimated amount of allowed general unsecured claims (see Article II, Class 6 of Plan; Exhibit C)	\$ _____
Equals estimated percentage of their allowed claims that general unsecured creditors would receive in a liquidation of the Debtor	_____%
Estimated percentage of claims general unsecured creditors would receive under Debtor's proposed Plan	_____%

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**Part 5
Feasibility**

The Plan cannot be confirmed unless the court finds it feasible. A Plan is feasible if confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor, unless such liquidation or reorganization is proposed in the Plan.

Feasibility by the Effective Date. The Debtor estimates that the Debtor will have sufficient cash on hand on the Effective Date to pay all claims and expenses entitled to be paid in cash on such date, as shown below.

Cash Debtor will have on hand by Effective Date:	\$ _____
Less:	
Administrative claims:	— \$ _____
Statutory costs and charges:	— \$ _____
Other Plan payments payable on Effective Date:	— \$ _____
 Balance after paying these amounts:	 \$ _____

The sources of cash the Debtor will have on hand by the Effective Date, as shown above are:

Cash on Hand	\$ _____
Sale of assets	\$ _____
Additional cash the Debtor will accumulate from projected disposable income between now and Effective Date	+ \$ _____
Borrowing from: _____	+ \$ _____
Other: _____	+ \$ _____
Total	\$ _____

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Feasibility over the life of the Plan. The Debtor has, and projects that the Debtor will receive, enough cash over the life of the Plan to make the required Plan payments based on the sources described above. See **Exhibit A** attached hereto.

Date: _____

By: _____
Signature of Debtor

Name: _____
Printed name of Debtor

Date: _____

By: _____
Signature of attorney for Debtor, if any

Name: _____
Printed name of attorney for Debtor, if any

I declare under penalty of perjury that the foregoing factual assertions are true and correct to the best of my knowledge.

Executed the ____ day of (month) _____, 20__ at (city and state) _____

Signature of Debtor

List of Exhibits

- Exhibit A: Declarations of current/postpetition income and expenses, prepared as of _____ . List of expenses shall include a list of proposed plan payments
- Exhibit B: Schedules A and B, as adjusted to provide liquidation values and with appendices describing valuation methods
- Exhibit C: General unsecured claims (*indicate next to each creditor whether or not claims are disputed*) (Class 6)
- Exhibit D: Ballot
- Exhibit E: Executory contracts and unexpired leases to be assumed

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

A true and correct copy of the foregoing document described as INDIVIDUAL DEBTOR'S DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Order(s) and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document.

On _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL OR OVERNIGHT MAIL (state method for each person or entity served):

On _____, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Date: _____

Signature: _____

Printed Name: _____

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A. 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.

B. Other Administrative Claims. The Debtor will pay other claims allowed under § 503(b) and entitled to priority under § 507(a)(2), including domestic support obligations arising postpetition¹ and United States trustee fees, in full on the Effective Date (although expenses arising and paid in the ordinary course of Debtor's financial affairs may be paid as due), except to the extent that a holder of these claims agrees to other terms.²

C. Tax Claims. The Debtor will pay claims entitled to priority under § 507(a)(8) in full over time with _____% interest in equal amortized payments in accordance with § 511. Payments will be made quarterly, due on the first day of the quarter, starting on the first such date after the Effective Date and ending on the last such date that is no more than 5 years after the entry of the order for relief.³

D. Involuntary Gap Period Claims pursuant to § 507(a)(3). The Debtor will pay claims allowed under § 502(f) in full on, or as soon as practicable after, the Effective Date except to the extent a holder of such claim agrees to other terms.⁴

Article II Classification and Treatment of Claims

Classes 1(a)-(e): Priority Claims.

These impaired classes include allowed unsecured claims entitled to priority under § 507 (except administrative claims under § 507(a)(2), involuntary gap period claims under § 507(a)(3) and priority tax claims under § 507(a)(8), which are unclassified and treated in Article I). For instructions on voting, see Part 2 of the Disclosure Statement. If any Class does not vote to accept the Plan, then each claim in the non-accepting class will be paid in full on the Effective Date (except to the extent a holder of a claim in the class agrees to other terms). Creditors in Class 1 are treated as follows (*Check each box that applies*):

Debtor has no creditors in Class 1

Class 1(a): Unsecured domestic support obligation claims entitled to priority under § 507(a)(1). Debtor proposes to pay each claim in Class 1(a) in full over _____ years, with _____% postconfirmation interest. Payments will be made in equal monthly quarterly amortized installments, due on the first day of each calendar monthly quarterly, starting on the first such date after the Effective Date. This class is impaired and entitled to vote on confirmation of the Plan.

Class 1(b): Wage and commission claims entitled to priority under § 507(a)(4). The Debtor proposes to pay each claim in Class 1(b) in full over _____ years, with _____% postconfirmation interest. Payments will be made in equal monthly quarterly amortized installments, due on the first day of each calendar [month][quarter], starting on the first such date after the Effective Date. This class is impaired and entitled to vote on confirmation of the Plan.

Class 1(c): Employee benefit plan contribution claims entitled to priority under § 507(a)(5). The Debtor proposes to pay each claim in Class 1(c) in full over _____ years, with _____% postconfirmation interest. Payments will be made in equal monthly quarterly amortized installments, due on the first day of each calendar month quarter, starting on the first such date after the Effective Date. This class is impaired and entitled to vote on confirmation of the Plan.

¹ Section 1129(a)(14) requires payment of all domestic support obligations arising postpetition.

² Section 1129(a)(9)(A) requires payment in full of administrative expenses on the Effective Date.

³ Payment of priority tax claims in full within 5 years of the petition date and on terms not less favorable than those accorded the most favored nonpriority creditor is required by § 1129(a)(9)(C) IF THE ABSOLUTE PRIORITY RULE APPLIES AND CLASS 6(B) VOTES TO REJECT THE PLAN, ADD THE FOLLOWING: "Accordingly, if Class 6(b) votes to reject the Plan and is paid in full over time, tax priority claimants will receive an interest rate of ___% and maturity on _____. This treatment is at least as favorable as that received by Class 6(b)."

⁴ This treatment is required by § 1129(a)(9)(A).

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Class 1(d): Grain producer and fisherman claims entitled to priority under § 507(a)(6). The Debtor proposes to pay each claim in Class 1(d) in full over _____ years, with _____% postconfirmation interest. Payments will be made in equal monthly quarterly amortized installments, due on the first day of each calendar month quarter, starting on the first such date after the Effective Date. This class is impaired and entitled to vote on confirmation of the Plan.

Class 1(e): Consumer deposit claims entitled to priority under § 507(a)(7). The Debtor proposes to pay each claim in Class 1(e) in full over _____ years, with _____% postconfirmation interest per annum. Payments will be made in equal monthly quarterly amortizing installments, due on the first day of each calendar month quarter, starting on the first such date after the Effective Date. This class is impaired and entitled to vote on confirmation of the Plan.

Class 2: Secured claims on Debtor’s principal residence.

A. Unimpaired secured claims on Debtor’s principal residence. These classes include claims secured solely by the Debtor’s principal residence. All arrearages shall be paid on, or as soon as practicable after, the Effective Date unless the holder of the claim agrees to other terms. Regular payments shall be made as they come due based on their respective governing loan documents, and except with respect to curing the arrearages, the Plan does not alter the legal, equitable or contractual rights of the creditor. The Debtor shall maintain current payments and the Plan must not otherwise alter the legal, equitable or contractual rights of the creditors to which that claim entitles the holder of the claim.

These classes are unimpaired and not entitled to vote on the Plan.

Class 2(a): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Total amount of allowed claim: \$ _____
Amount of arrearages: \$ _____
Regular monthly payment: \$ _____

Class 2(b): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Total amount of allowed claim: \$ _____
Amount of arrearages: \$ _____
Regular monthly payment: \$ _____

B. Impaired secured claims on Debtor’s principal residence. These classes of secured claims on the Debtor’s principal residence are impaired and therefore, entitled to vote under the Plan. The arrearages in the sum of \$ _____ shall be paid over _____ years with _____% interest. To cure the arrearages, the payments shall be made in monthly quarterly amortized installments beginning on the first day of each calendar month quarter after the Effective Date (Cure Payments). Ongoing payments shall be made as they come due based on their respective governing loan documents (Regular Payments). The claim will be paid in full as a secured claim in this class pursuant to § 1123(b)(5).

Class 2(c): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Amount of arrearages: \$ _____
Total amount of allowed claim as of _____:
 Monthly quarterly Cure Payment amount: \$ _____
 Monthly quarterly Regular Payment amount: \$ _____
Total monthly quarterly payments: \$ _____
Total amount of payments (over time) to satisfy the secured claim: \$ _____
Interest rate (to compensate creditor because claim is paid over time): _____%
First payment date: _____

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Amount of each installment: \$ _____
Frequency of payments: _____
Total yearly payments: \$ _____
Final payment date: _____
Monthly payments will be due on the first day of the month.

Class 2(d): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Amount of arrearages: \$ _____
Total amount of allowed claim as of: _____
 Monthly quarterly Cure Payment amount: \$ _____
 Monthly quarterly Regular Payment amount: \$ _____
Total monthly quarterly payments: \$ _____
Total amount of payments (over time) to satisfy the secured claim: \$ _____
Interest rate (to compensate creditor because claim is paid over time): _____%
First payment date: _____
Amount of each installment: \$ _____
Frequency of payments: _____
Total yearly payments: \$ _____
Final payment date: _____
Monthly payments will be due on the first day of the month.

Class 3: Unimpaired secured claims on property other than the Debtor's principal residence.

This class includes claims secured by a lien on property other than the Debtor's principal residence in which Debtor has an interest that is unimpaired under the Plan. Debtor will cure any default that occurred before or after the petition date in this case, reinstate the maturity of that claim as such maturity existed before the default, maintain current payments, and not otherwise alter the legal, equitable or contractual rights to which that claim entitles the holder of the claim. All arrearages shall be paid in full on, or as soon as practicable after, the Effective Date, unless the holder of the claim agrees to other terms. Regular payments made thereafter will be made when due under the documents governing claim.

These classes are unimpaired and not entitled to vote on the Plan.

Class 3(a): Secured claim of: _____
Description of collateral: _____
Priority of lien: _____
Total amount of allowed claim: \$ _____
Amount of arrearages: \$ _____
Regular monthly payment: \$ _____

Class 3(b): Secured claim of: _____
Description of collateral: _____
Priority of lien: _____
Total amount of allowed claim: \$ _____
Amount of arrearages: \$ _____
Regular monthly payment: \$ _____

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Class 4: Unimpaired secured claims on Collateral to be Surrendered by Debtor.

This class includes claims secured by a lien on property in which the Debtor has an interest that are unimpaired under the Plan. Debtor will not retain interest in such property(ies) and will surrender such collateral to the secured creditor: not later than Effective Date by (date): _____

Class 4(a): Secured claim of: _____
Description of collateral: _____
Class 4(b): Secured claim of: _____
Description of collateral: _____

Class 5: Impaired secured claims

The following classes include claims secured by a lien on property other than the debtor's principal residence in which Debtor has an interest, other than the secured claims in Class 2 and the unimpaired secured claims in Classes 3 and 4.

The secured portion of the following impaired class(es) shall be paid as set forth below. The arrearages in the sum of \$ _____ shall be paid over _____ years with _____% interest. To cure the arrearages, the payments shall be made in monthly quarterly amortized installments beginning on the first day of each calendar month quarter after the Effective Date (Cure Payments). Ongoing payments shall be made as they come due based on their respective governing loan documents (Regular Payments), or in modified payments as described below. The amount of the claim, if any, in excess of the secured claim is an unsecured claim in Class 6. However, if the holder of a secured claim makes a timely and valid §1111(b) election, the claim shall be treated as a secured claim notwithstanding § 506(a).

The following chart lists Class 5 claims and their proposed treatment under the Plan:

Class 5(a): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Amount of arrearages: \$ _____
Total amount of allowed claim as of: _____
 monthly quarterly Cure Payment amount: \$ _____
 monthly quarterly Regular Payment amount: \$ _____
Total monthly quarterly payments: \$ _____
Total amount of payments (over time) to satisfy the secured claim: \$ _____
Interest rate (to compensate creditor because claim is paid over time): _____%
First payment date: _____
Amount of each installment: \$ _____
Frequency of payments: _____
Total yearly payments: \$ _____
Final payment date: _____
Monthly payments will be due on the first day of the month.

Class 5(b): Secured claim of: _____
Property address or description of collateral: _____
Priority of lien: _____
Total amount of allowed secured claim as of: _____
Total amount of payments (over time) to satisfy the secured claim: \$ _____
Interest rate (to compensate creditor because claim is paid over time): _____
First payment date: _____
Amount of each installment: \$ _____
Frequency of payments: _____
Total yearly payments: \$ _____
Final payment date: _____
Monthly payments will be due on the first day of the month.

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If a secured creditor disputes the value of its collateral as stated above, that secured creditor must timely file an objection to confirmation of the Plan, or the value stated by Debtor may be determined to be the value of the collateral. The objection must be accompanied by competent evidence of valuation. If the value of the collateral is disputed, the court may schedule a separate hearing to determine value.

To the extent that certain creditors' claims are entitled to various amounts due because defaults are not cured or paid in full on or before the Effective Date, those classes of creditors are impaired and entitled to vote on the Plan. See Part 2 of the Disclosure Statement for instructions on voting.

Class 6: General Unsecured Claims.

Class 6(a): Smaller Unsecured Claims. This class includes any allowed unsecured claim of \$ _____ or less and any allowed unsecured claim larger than \$ _____ but whose holder agrees to reduce its claim to \$ _____. Each member of this class shall receive on the Effective Date, or as soon as practicable thereafter, a single payment equal to 100% of the allowed claim. This class is unimpaired and not entitled to vote on the plan.

Class 6(b): Other General Unsecured Creditors. This class includes all allowed unsecured claims not in Class 6(a) and not entitled to priority. Each member of Class 6(b) shall be paid _____% of its claim over _____ years in equal monthly quarterly installments, due on the first day of each calendar month quarter, with interest at the rate of _____% per annum without interest starting on the first such date after the Effective Date. If payments are not proposed as equal monthly installments, they will be paid as follows:

This class is impaired and entitled to vote on confirmation of the Plan. For instructions on voting, see Part 2 of the Disclosure Statement.

Undisputed Class 6 claims, as of this date, are listed on Exhibit C to the Disclosure Statement.

Article III 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 unless the amount allowed by the compromise does not exceed \$ _____, in which case no court approval is necessary.

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**Article IV
Executory Contracts and Unexpired Leases**

A. Executory Contracts and Leases Assumed. The Debtor assumes the executory contracts and unexpired leases enumerated in Exhibit E to the Disclosure Statement, effective upon the Effective Date, and shall perform all obligations thereunder, both preconfirmation and postconfirmation. Any preconfirmation arrearages shall be paid by the Effective Date, unless the parties agree otherwise or the court finds that a proposed payment schedule provides timely cure and adequate assurance of future performance. Postconfirmation obligations will be paid as they come due.

B. Executory Contracts and Leases Rejected. The Debtor is conclusively deemed to have rejected all executory contracts and/or unexpired leases not previously assumed or listed in Exhibit E to the Disclosure Statement as of the Effective Date. 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 6, except to the extent this court orders otherwise.

**Article V
Means of Implementation**

The Plan will be funded through (*Check each box that applies*):

- a. \$ _____ of cash available on the date of the Plan confirmation hearing;
- b. A sale of the following property (*describe*) _____, described in the Plan, which the Debtor estimates will produce \$ _____;
- c. additional cash from projected disposable income (projected to be \$ _____/month for the _____ year(s)⁵ following confirmation); and/or
- d. other sources of funding, as follows: _____

Please see Part 3 of the Disclosure Statement for further details of these projections.

**Article VI
Discharge and Other Effects of Confirmation**

A. Discharge. Upon completion of all payments under the Plan, the Debtor shall receive a discharge of all preconfirmation debts, whether or not the creditor files a proof of claim, or accepts the Plan, unless the court orders otherwise. Such discharge will not discharge Debtor from any debts that are nondischargeable under § 523 or the obligations created by this Plan.

B. Vesting of Property. On the Effective Date, all property of the estate will vest in the reorganized debtor pursuant to § 1141(b), free and clear of all claims and interests except as provided in the Plan.

C. Plan Creates New Obligations. Except as otherwise stated in the Plan, the payments promised in the Plan constitute new contractual obligations that replace those obligations to creditors that existed prior to the Effective Date.

D. Creditor Action Restrained. Creditors may not take any action to enforce either preconfirmation obligations or obligations due under the Plan, so long as the Debtor is not in material default under the Plan. If the Debtor is in material default under the Plan, affected creditors may: (i) take any action permitted under nonbankruptcy law to enforce the terms of the Plan; or (ii) move to dismiss this case or to convert this case to a chapter 7 bankruptcy case.

E. Material Default Defined. If 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

⁵ This number should match the number of years selected for payments made to creditors under the plan and the number of years of projected disposable income calculated in Part 3.C. of the Disclosure Statement.

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may serve upon Debtor and 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 the service of such notice of default, plus 3 additional days if served by mail, either: (i) to cure the default or (ii) to obtain from the court an extension of time to cure the default or a determination that no default occurred.

F. Retention of Jurisdiction. This court retains jurisdiction until all Plan payments have been made.

**Article VII
General Provisions**

A. Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Bankruptcy Code shall apply when terms defined or construed in the Bankruptcy Code are used in the Plan.

B. Effective Date of Plan. The Effective Date of the Plan is 14 days following the date of the entry of the order confirming the Plan. But, if a stay of the confirmation order is in effect on that date, the Effective Date will be the first business day after the date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

C. Cramdown. Debtor reserves the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of creditors, pursuant to § 1129(b).

D. Binding Effect. 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.

E. Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of the Plan.

F. Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code or FRBP), the laws of the State of California govern the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise provided in this Plan.

G. Final Decree. Pursuant to FRBP 3022, a Final Decree may not be entered until a bankruptcy case is fully administered. The court may, however, allow a Final Decree to be entered at an earlier date if requested in Miscellaneous Provisions (below), or for cause shown.

H. Miscellaneous Provisions: _____

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I. Addendum attached, see addendum.

Date: _____

By: _____
Signature of Debtor

Name: _____
Printed name of Debtor

Date: _____

By: _____
Signature of attorney for Debtor, if any

Name: _____
Printed name of attorney for Debtor, if any

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

A true and correct copy of the foregoing document described as INDIVIDUAL DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Order(s) and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL OR OVERNIGHT MAIL (state method for each person or entity served): On _____, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Date: _____

Signature: _____

Printed Name: _____

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**



***CENTRAL DISTRICT OF CALIFORNIA
APPROVED FORM FOR PRODUCING A***

CHAPTER 11 DISCLOSURE STATEMENT

Microsoft Word Format

Revised October 2010

F 3017-1

WESTERN CONSUMER BANKRUPTCY CONFERENCE

1 NAME OF ATTORNEY – State Bar No.
NAME OF ATTORNEY – State Bar No.
2 NAME OF LAW FIRM
Address
3 City, State, Zip Code
Telephone () -

4 Attorneys for

5
6 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA

7 In re:

8
9 ,
10 Debtor

Bk. No. : - - -

In a Case Under Chapter
11 of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

(1) _____ DISCLOSURE STATEMENT
DESCRIBING (2) _____ CHAPTER 11 PLAN

Disclosure Statement Hearing

Date:
Time:
Ctrm:

Plan Confirmation Hearing
Complete This Section When Applicable

Date:
Time:
Ctrm:

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23
24
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28

TABLE OF CONTENTS

I. INTRODUCTION **1**

 A. Purpose of This Document 1

 B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing..... 2

 1. Time and Place of the Confirmation Hearing 2

 2. Deadline for Voting For or Against the Plan..... 2

 3. Deadline for Objecting to the Confirmation of the Plan..... 2

 4. Identity of Person to Contact for More Information Regarding the Plan 2

 C. Disclaimer 3

II. BACKGROUND **3**

 A. Description and History of the Debtor’s Business 3

 B. Principals/Affiliates of the Debtor’s Business 3

 C. Management of the Debtor Before and After the Bankruptcy 3

 D. Events Leading to Chapter 11 Filing 3

 E. Significant Events 3

 1. Bankruptcy Proceedings 3

 2. Other Legal Proceedings 4

 3. Actual and Projected Recovery of Preferential or Fraudulent Transfers 4

 4. Procedures Implemented to Resolve Financial Problems 4

 5. Current and Historical Financial Conditions 4

III. SUMMARY OF THE PLAN OF REORGANIZATION **4**

 A. What Creditors and Interest Holders Will Receive Under the Proposed Plan 4

 B. Unclassified Claims..... 4

 1. Administrative Expenses..... 5

 2. Priority Tax Claims 6

 C. Classified Claims and Interests..... 7

 1. Classes of Secured Claims 7

WESTERN CONSUMER BANKRUPTCY CONFERENCE

1 2. Classes of Priority Unsecured Claims..... 7

2 3. Classes of General Unsecured Claims 8

3 4. Class(es) of Interest Holders 8

4 D. Means of Effectuating the Plan 9

5 1. Funding for the Plan..... 9

6 2. Post-Confirmation Management 9

7 3. Disbursing Agent..... 9

8 E. Risk Factors 9

9 F. Other Provisions of the Plan 9

10 1. Executory Contracts and Unexpired Leases..... 9

11 a. Assumptions.....9

12 b. Rejections..... 10

13 2. Changes in Rates Subject to Regulatory Approval..... 10

14 3. Retention of Jurisdiction..... 10

15 G. Tax Consequences of Plan 10

16 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES 11**

17 A. Who May Vote or Object..... 11

18 1. Who May Object to Confirmation of the Plan..... 11

19 2. Who May Vote to Accept/Reject the Plan 11

20 a. What is an Allowed Claim/Interest 11

21 b. What is an Impaired Claim/Interest..... 12

22 3. Who is Not Entitled to Vote 12

23 4. Who Can Vote in More Than One Class..... 13

24 5. Votes Necessary to Confirm the Plan 13

25 6. Votes Necessary for a Class to Accept the Plan 13

26 7. Treatment of Nonaccepting Classes 13

27 8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)..... 13

1 B. Liquidation Analysis 14

2 C. Feasibility 16

3 **V. EFFECTS OF CONFIRMATION OF PLAN** **18**

4 A. Discharge 18

5 B. Revesting of Property in the Debtor 18

6 C. Modification of Plan 18

7 D. Post-Confirmation Status Report 18

8 E. Quarterly Fees 18

9 F. Post-Confirmation Conversion/Dismissal 19

10 G. Final Decree 19

11 **VI. SUPPORTING DECLARATIONS** **20**

12 EXHIBIT A – LIST OF ALL ASSETS 21

13 EXHIBIT B – FINANCIAL STATEMENT 22

14 EXHIBIT C – UNEXPIRED LEASES TO BE ASSUMED 23

15 EXHIBIT D – EXECUTORY CONTRACTS TO BE ASSUMED 24

16 EXHIBIT E – LIQUIDATION ANALYSIS 25

17 EXHIBIT F – LIST OF ADMINISTRATIVE EXPENSE CLAIMS 26

18 EXHIBIT G – LIST OF PRIORITY UNSECURED CLAIMS 27

19 EXHIBIT H – LIST OF GENERAL UNSECURED CLAIMS 33

20 EXHIBIT I – LIST OF EQUITY INTERESTS 34

21
22
23
24
25
26
27
28

I.

INTRODUCTION

(3) is the Debtor in a Chapter 11 bankruptcy case. On (4), (5) commenced a bankruptcy case by filing (6) Chapter 11 (6b) petition under the United States Bankruptcy Code ("Code"), 11 U.S.C. §101 et seq., Chapter 11 allows the Debtor, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization ("Plan"). The Plan may provide for the Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. (7) is the party proposing the Plan sent to you in the same envelope as this document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.

This is a (8) plan. In other words, the Proponent seeks to accomplish payments under the Plan by (9). The Effective Date of the proposed Plan is (10).

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,
- (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,
- (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN,
- (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
- (6) WHETHER THIS PLAN IS FEASIBLE.

1 This Disclosure Statement cannot tell you everything about your rights. You should consider
2 consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the
3 best course of action for you.

4 Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies
5 between the Plan and the Disclosure Statement, the Plan provisions will govern.

6 The Code requires a Disclosure Statement to contain "adequate information" concerning the Plan.
7 The Bankruptcy Court ("Court") has approved this document as an adequate Disclosure Statement,
8 containing enough information to enable parties affected by the Plan to make an informed judgment about
9 the Plan. Any party can now solicit votes for or against the Plan.

10 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

11 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE
12 STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE.
13 HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON
14 THE DEBTOR AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

15 **1. Time and Place of the Confirmation Hearing**

16 The hearing where the Court will determine whether or not to confirm the Plan will take place on
17 (11) , at {A.M./P.M.}, in Courtroom , {Insert Courthouse Name}, {Insert Full Court Address,
18 City, State, Zip Code}.

19 **2. Deadline for Voting For or Against the Plan**

20 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return
21 the ballot in the enclosed envelope to (12) .

22 Your ballot must be received by (13) or it will not be counted.

23 **3. Deadline for Objecting to the Confirmation of the Plan**

24 Objections to the confirmation of the Plan must be filed with the Court and served upon
25 (14) by (15) .

26 **4. Identity of Person to Contact for More Information Regarding the Plan**

27 Any interested party desiring further information about the Plan should contact (16) .
28

1 **C. Disclaimer**

2 The financial data relied upon in formulating the Plan is based on (17) . The information
3 contained in this Disclosure Statement is provided by (18) . The Plan Proponent represents that
4 everything stated in the Disclosure Statement is true to the Proponent's best knowledge. The Court has not
5 yet determined whether or not the Plan is confirmable and makes no recommendation as to whether or not
6 you should support or oppose the Plan.

7 **II.**

8 **BACKGROUND**

9 **A. Description and History of the Debtor's Business**

10 The debtor is a (19) .
11 The debtor is in the business of (20) .
12 The debtor has been in this business since (21) .

13 **B. Principals/Affiliates of Debtor's Business**

14 (22) .

15 **C. Management of the Debtor Before and After the Bankruptcy**

16 (23) .

17 **D. Events Leading to Chapter 11 Filing**

18 Here is a brief summary of the circumstances that led to the filing of this Chapter 11 case:

19 (24) .

20 **E. Significant Events During the Bankruptcy**

21 **1. Bankruptcy Proceedings**

22 The following is a chronological list of significant events which have occurred during this case: (25)

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24
25 The Court has approved the employment of the following professionals: (26) .

26 Currently, the following significant adversary proceedings and motions are still pending:

27 (27) .

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2. Other Legal Proceedings

In addition to the proceedings discussed above, the Debtor is currently involved in the following non-bankruptcy legal proceedings: (28) .

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers (29)

(30) is estimated to be realized from the recovery of fraudulent and preferential transfers.

The following is a summary of the fraudulent conveyance and preference actions filed or to be filed in this case: (31) .

4. Procedures Implemented to Resolve Financial Problems

To attempt to fix the problems that led to the bankruptcy filing, Debtor has implemented the following procedures: (32) .

5. Current and Historical Financial Conditions

(33) .

The identity and fair market value of the estate’s assets are listed in Exhibit A. See also the Debtor’s financial history set forth in Exhibit B.

III.

SUMMARY OF THE PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class.

WESTERN CONSUMER BANKRUPTCY CONFERENCE

1 **1. Administrative Expenses**

2 Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11
3 case which are allowed under Code section 507(a)(1). The Code requires that all administrative claims be
4 paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment **(34)**.

5 The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their treatment
6 under the Plan **(35)**. (see Exhibit F for detailed information about each administrative expense claim):

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Clerk's Office Fees		Paid in Full on Effective Date (36)
Office of the U.S. Trustee Fees		Paid in Full on Effective Date
	TOTAL	

7
8
9
10
11
12
13 Court Approval of Fees Required:

14 The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except
15 Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly
16 noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the
17 Court will be owed and required to be paid under this Plan.

18 As indicated above, the Debtor will need to pay **(37)** worth of administrative claims on the
19 Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on
20 the claim. As indicated elsewhere in this Disclosure Statement, Debtor will have **(38)** amount of cash
21 on hand on the Effective Date of the Plan. The source of this cash will be **(39)**.

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan **(48a)**:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Secured claim of: <ul style="list-style-type: none"> • Name = • Collateral description = • Collateral value = • Priority of security int. = • Principal owed = • Pre-pet. arrearage amount = • Post-pet. arrearage amount = • Total claim amount = 		(49)	<ul style="list-style-type: none"> • Pymt interval = • Pymt amt/interval = • Balloon pymt (50) = • Begin date = • End date = • Interest rate % = • Total payout (50a) = _ % = \$ • Treatment of Lien =
	Secured claim of: <ul style="list-style-type: none"> • Name = • Collateral description = • Collateral value = • Priority of security int. = • Principal owed = • Pre-pet. arrearage amount = • Post-pet. arrearage amount = • Total claim amount = 			<ul style="list-style-type: none"> • Pymt interval = • Pymt amt/interval = • Balloon pymt = • Begin date = • End date = • Interest rate % = • Total payout _ % = \$ • Treatment of Lien =

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) **(51)** are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

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The following chart lists all classes containing Debtor’s 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) (52) priority unsecured claims and their treatment under this Plan (see Exhibit G for more detailed information about each priority unsecured claim) (53).

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Priority unsecured claim pursuant to (54) • Total amt of claims = (55)		• Paid in full in cash on Effective Date (56)
	Priority unsecured claim pursuant to (57) • Total amt of claims = (58)		• Paid in full in cash on Effective Date

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan’s treatment of the class containing all of Debtor’s general unsecured claims (see Exhibit H for detailed information about each general unsecured claim):

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	General unsecured claims • Total amt of claims =	(59)	<ul style="list-style-type: none"> • Pymt interval = • Pymt amt/interval = • Begin date = • End date = • Interest rate % = • Total payout (59a) % = \$

(59b)
(59c)

4. Class(es) of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies the Plan’s treatment of the Class (60) of interest holders (see Exhibit I for more detailed information about each interest holder):

WESTERN CONSUMER BANKRUPTCY CONFERENCE

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
	Interest holders	(61)	

D. Means of Effectuating the Plan

1. Funding for the Plan

The plan will be funded by the following: (62)

2. Post-Confirmation Management

(63)

3. Disbursing Agent

(64) shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall serve (65) bond and shall receive (66) for distribution services rendered and expenses incurred pursuant to the Plan.

E. Risk Factors

The proposed plan has the following risks: (67)

F. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

a. Assumptions

The following are the unexpired leases and executory contracts to be assumed as obligations of the reorganized Debtor under this Plan (see Exhibit C for more detailed information on unexpired leases to be assumed and Exhibit D for more detailed information on executory contracts to be assumed):

(68)

On the Effective Date, each of the unexpired leases and executory contracts listed above shall be assumed as obligations of the reorganized Debtor. The Order of the Court confirming the Plan shall constitute an Order approving the assumption of each lease and contract listed above. If you are a party to a lease or contract to be assumed and you object to the assumption of your lease or contract, you must file

1 and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. See
2 Section {I.B.3.} of this document for the specific date.

3 **b. Rejections**

4 On the Effective Date, the following executory contracts and unexpired leases will be rejected:

5 **(69)**

6 The order confirming the Plan shall constitute an Order approving the rejection of the lease or
7 contract. If you are a party to a contract or lease to be rejected and you object to the rejection of your
8 contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the
9 confirmation of the Plan. See Section {I.B.3.} of this document for the specific date.

10 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM
11 THE REJECTION OF A LEASE OR CONTRACT IS **(70)** . Any claim based on the rejection of a
12 contract or lease will be barred if the proof of claim is not timely filed, unless the Court later orders
13 otherwise.

14 **2. Changes in Rates Subject to Regulatory Commission Approval**

15 This Debtor **(71)** subject to governmental regulatory commission approval of its rates
16 **(71a)**.

17 **3. Retention of Jurisdiction**

18 The Court will retain jurisdiction to the extent provided by law **(71b)**.

19 **G. Tax Consequences of Plan**

20 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT
21 THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR
22 ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of
23 alerting readers about possible tax issues this Plan may present to the Debtor. The Proponent CANNOT
24 and DOES NOT represent that the tax consequences contained below are the only tax consequences of
25 the Plan because the Tax Code embodies many complicated rules which make it difficult to state
26 completely and accurately all the tax implications of any action.

27 The following are the tax consequences which the Plan will have on the Debtor's tax liability:

1 (72)

2 IV.

3 CONFIRMATION REQUIREMENTS AND PROCEDURES

4 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS PLAN SHOULD
5 CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF
6 REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of
7 alerting readers about basic confirmation issues, which they may wish to consider, as well as certain
8 deadlines for filing claims. The proponent CANNOT and DOES NOT represent that the discussion
9 contained below is a complete summary of the law on this topic.

10 Many requirements must be met before the Court can confirm a Plan. Some of the requirements
11 include that the Plan must be proposed in good faith, acceptance of the Plan, whether the Plan pays
12 creditors at least as much as creditors would receive in a Chapter 7 liquidation, and whether the Plan is
13 feasible. These requirements are not the only requirements for confirmation.

14 A. Who May Vote or Object

15 1. Who May Object to the Confirmation of the Plan

16 Any party in interest may object to the confirmation of the Plan, but as explained below not
17 everyone is entitled to vote to accept or reject the Plan.

18 2. Who May Vote to Accept/Reject the Plan

19 A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest
20 holder has a claim which is both (1) allowed or allowed for voting purposes and (2) classified in an impaired
21 class.

22 a. What is an Allowed Claim/Interest

23 As noted above, a creditor or interest holder must first have an allowed claim or interest to
24 have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest
25 brings a motion objecting to the claim. When an objection to a claim or interest is filed, the creditor or
26 interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either
27 overrules the objection or allows the claim or interest for voting purposes.

1 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS (73) . A
2 creditor or interest holder may have an allowed claim or interest even if a proof of claim or interest was not
3 timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtor's schedules and such claim is
4 not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the
5 claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.
6 Consult Exhibits F through L to see how the Proponent has characterized your claim or interest.

7 **b. What is an Impaired Claim/Interest**

8 As noted above, an allowed claim or interest only has the right to vote if it is in a class that
9 is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of
10 the members of that class. For example, a class comprised of general unsecured claims is impaired if the
11 Plan fails to pay the members of that class 100% of what they are owed.

12 In this case, the Proponent believes that classes (74) are impaired and that holders
13 of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Proponent
14 believes that classes (75) are unimpaired and that holders of claims in each of these classes
15 therefore do not have the right to vote to accept or reject the Plan. Parties who dispute the Proponent's
16 characterization of their claim or interest as being impaired or unimpaired may file an objection to the Plan
17 contending that the Proponent has incorrectly characterized the class.

18 **3. Who is Not Entitled to Vote**

19 The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2)
20 claims in unimpaired classes; (3) claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and
21 (a)(8) (76); and (4) claims in classes that do not receive or retain any value under the Plan. Claims in
22 unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan.
23 Claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote
24 because such claims are not placed in classes and they are required to receive certain treatment specified
25 by the Code. Claims in classes that do not receive or retain any value under the Plan do not vote because
26 such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE

1 DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE
2 PLAN.

3 **4. Who Can Vote in More Than One Class**

4 A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured
5 claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the
6 claim and another ballot for the unsecured claim.

7 **5. Votes Necessary to Confirm the Plan**

8 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class
9 has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired
10 classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cramdown” on non-
11 accepting classes, as discussed later in Section {IV.A.8.}.

12 **6. Votes Necessary for a Class to Accept the Plan**

13 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in number
14 and at least two-thirds (2/3) in dollar amount of the claims which actually voted, voted in favor of the Plan.
15 A class of interests is considered to have accepted the Plan when at least two-thirds (2/3) in amount of the
16 interest-holders of such class which actually voted, voted to accept the Plan.

17 **7. Treatment of Nonaccepting Classes**

18 As noted above, even if all impaired classes do not accept the proposed Plan, the Court may
19 nonetheless confirm the Plan if the nonaccepting classes are treated in the manner required by the Code.
20 The process by which nonaccepting classes are forced to be bound by the terms of the Plan is commonly
21 referred to as “cramdown.” The Code allows the Plan to be “crammed down” on nonaccepting classes of
22 claims or interests if it meets all consensual requirements except the voting requirements of 1129(a)(8) and
23 if the Plan does not “discriminate unfairly” and is “fair and equitable” toward each impaired class that has
24 not voted to accept the Plan as referred to in 11 U.S.C. § 1129(b) and applicable case law.

25 **8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)**

26 The party proposing this Plan (77) asks the Court to confirm this Plan by cramdown on
27 impaired classes (77a) if any of these classes do not vote to accept the Plan. Please note that the

1 proposed Plan treatment described by this Disclosure Statement cannot be crammed down on the following
2 classes : **(78)** . AS A RESULT, IF ANY OF THESE CLASSES DOES NOT VOTE TO ACCEPT THE
3 PLAN, THE PLAN WILL NOT BE CONFIRMED **(79)**.

4 **B. Liquidation Analysis**

5 Another confirmation requirement is the “Best Interest Test”, which requires a liquidation analysis.
6 Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or
7 interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain
8 under the Plan property of a value not less than the amount that such holder would receive or retain if the
9 Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

10 In a Chapter 7 case, the Debtor’s assets are usually sold by a Chapter 7 trustee. Secured creditors
11 are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative
12 claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to
13 their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their
14 allowed claim in relationship to the amount of total allowed unsecured claims. Finally, interest holders
15 receive the balance that remains after all creditors are paid, if any.

16 For the Court to be able to confirm this Plan, the Court must find that all creditors and interest
17 holders who do not accept the Plan will receive at least as much under the Plan as such holders would
18 receive under a Chapter 7 liquidation. The Plan Proponent maintains that this requirement is met here for
19 the following reasons: **(80)** .

20 Below is a demonstration, in balance sheet format, that all creditors and interest holders will receive
21 at least as much under the Plan as such creditor or interest holder would receive under a Chapter 7
22 liquidation. (See Exhibit E for a detailed explanation of how the following assets are valued. This
23 information is provided by **(18)**.)

WESTERN CONSUMER BANKRUPTCY CONFERENCE

1	ASSETS VALUE AT LIQUIDATION VALUES (81):	
2	CURRENT ASSETS	
3	a. Cash on hand	\$
3	b. Accounts receivable	\$
4	c. Inventories	\$
5	TOTAL CURRENT ASSETS	<hr/>
6	FIXED ASSETS	
7	a. Office furniture & equipment	\$
7	b. Machinery and equipment	\$
7	c. Automobiles	\$
8	d. Building & Land (82)	\$
9	TOTAL FIXED ASSETS	<hr/>
10	OTHER ASSETS	
11	a. Customer list	\$
11	b. Other intangibles	\$
12	TOTAL OTHER ASSETS	<hr/>
13	TOTAL ASSETS AT LIQUIDATION VALUE	<hr/> \$
14	Less:	
14	Secured creditor's recovery (1)	\$
15	Less:	
15	Chapter 7 trustee fees and expenses	\$
16	Less:	
16	Chapter 11 administrative expenses	\$
17	Less:	
17	Priority claims,	\$
18	excluding administrative expense claims	\$
19	Less:	
19	Debtor's claimed exemptions	\$
20		<hr/>
20	(1) Balance for unsecured claims	\$
20	(2) Total amount of unsecured claims	\$
21		
22	% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE OR RETAIN IN A CH. 7 LIQUIDATION (2): = (83)	
23	% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE OR RETAIN UNDER THIS PLAN: = (84)	

25 1/ Note: The deficiency portion of a secured recourse claim must be added to the total amount of unsecured claims.

26 2/ Note: If this percentage is greater than the amount to be paid to the unsecured creditors on a "present value basis" under the Plan, the Plan is not confirmable unless Proponent obtains acceptance by every creditor in the general unsecured class.

1 Below is a demonstration, in tabular format, that all creditors and interest holders will receive at
 2 least as much under the Plan as such creditor or holder would receive under a Chapter 7 liquidation.

<u>CLAIMS & CLASSES (85)</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims		
Priority Tax Claims		
Class 1 – (86)		
Class 2 – (87)		
Class 3 – (88)		
Class 4 – (89)		

C. Feasibility

11 Another requirement for confirmation involves the feasibility of the Plan, which means that
 12 confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial
 13 reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or
 14 reorganization is proposed in the Plan.

15 There are at least two important aspects of a feasibility analysis. The first aspect considers whether
 16 the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and
 17 expenses which are entitled to be paid on such date. The Plan Proponent maintains that this aspect of
 18 feasibility is satisfied as illustrated here:

Cash debtor will have on hand by Effective Date (90)	\$
To Pay: Administrative claims	-
To Pay: Statutory costs & charges	-
To Pay: Other Plan Payments due on Effective Date	-
Balance after paying these amounts.....	\$

WESTERN CONSUMER BANKRUPTCY CONFERENCE

1 The sources of the cash Debtor will have on hand by the Effective Date, as shown above are:

2 \$	Cash in DIP Account now
3 +	Additional cash DIP will accumulate from net earnings between now and Effective Date
4 +	Borrowing
5 +	Capital Contributions
6 +	Other
7 \$	Total (91)

8
9 Borrowing is from (92) and will be paid back as follows: (93) .

10 The second aspect considers whether the Proponent will have enough cash over the life of the
11 Plan to make the required Plan payments. (94)

12 The Proponent has provided financial statements which include both historical and projected
13 financial information. Please refer to Exhibit B for the relevant financial statements. YOU ARE ADVISED TO
14 CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS
15 PERTAINING TO THESE FINANCIAL STATEMENTS.

16 In summary, the Plan proposes to pay (95) each (96) . As Debtor's financial projections
17 demonstrate, Debtor will have an average cash flow, after paying operating expenses and post-confirmation
18 taxes, of (97) each (98) for the life of the Plan. The final Plan payment is expected to be paid
19 on (99) . The Plan Proponent contends that Debtor's financial projections are feasible. As shown by
20 Debtor's historical financial statements, Debtor's average (100) cash flow, after paying operating
21 expenses and post-confirmation taxes, in the three years preceding the filing of this bankruptcy case is
22 (101) . Debtor's average (102) cash flow, after paying operating expenses and post-
23 confirmation taxes, during the bankruptcy case is (103) . Furthermore, as discussed earlier in the
24 Disclosure Statement at Section {II.E.4}, Debtor has implemented procedures to (104) .

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V.

EFFECT OF THE CONFIRMATION OF PLAN

A. Discharge (105)

This Plan provides that upon (106) , Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided in Section {V.E.}, and except as provided elsewhere in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of Plan

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Proponent of the Plan may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, Plan Proponent shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the same entities.

E. Quarterly Fees

Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be paid to the United States Trustee on or before the effective date of the plan. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7.

1 **F. Post-Confirmation Conversion/Dismissal**

2 A creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b),
3 after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders, the case
4 converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter
5 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7, estate. The
6 automatic stay will be reimposed upon the reverted property, but only to the extent that relief from stay was
7 not previously authorized by the Court during this case.

8 The order confirming the Plan may also be revoked under very limited circumstances. The Court
9 may revoke the order if the order of confirmation was procured by fraud and if the party in interest brings an
10 adversary proceeding to revoke confirmation within 180 days after the entry of the order of confirmation.

11 **G. Final Decree**

12 Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan
13 Proponent, or other party as the Court shall designate in the Plan Confirmation Order, shall file a motion
14 with the Court to obtain a final decree to close the case.

15
16 DATE: _____

17
18 _____
Name and Identity of Plan Proponent

19
20 _____
Signature of Plan Proponent
(optional unless party is pro se)

21
22 _____
Signature of Attorney for Plan Proponent

23
24 _____
Name of Attorney for Plan Proponent

25
26 _____
Name of Law Firm for Plan Proponent

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VI.
SUPPORTING DECLARATIONS (107)

EXHIBIT A – LIST OF ALL ASSETS (108)

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EXHIBIT B – FINANCIAL STATEMENTS

As directed by the Court, the historical financial statements for the three years preceding the petition date and projected financial statements for the life of the Plan are attached **(109)**. This information is supplied by **(18)** and is based on the **(17)** .

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EXHIBIT C – UNEXPIRED LEASES TO BE ASSUMED (109a)

LEASES	ARREARS/DMGS	METHODS OF CURE
<ul style="list-style-type: none"> • Description = (110) • Lessor's Name = • Lessee's Name = • Expiration Date = 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss (111) = 	<ul style="list-style-type: none"> • Method of curing default & loss • Means of assuring future performance (112) =
<ul style="list-style-type: none"> • Description = • Lessor's Name = • Lessee's Name = • Expiration Date = 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss = 	<ul style="list-style-type: none"> • Method of curing default & loss • Means of assuring future performance =
<ul style="list-style-type: none"> • Description = • Lessor's Name = • Lessee's Name = • Expiration Date = 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss = 	<ul style="list-style-type: none"> • Method of curing default & loss • Means of assuring future performance =

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EXHIBIT D – EXECUTORY CONTRACTS TO BE ASSUMED

CONTRACT	DEFAULT/DMGS	METHODS OF CURE
<ul style="list-style-type: none"> • Contract description = • Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss = 	<ul style="list-style-type: none"> • Method of curing default & loss = • Means of assuring performance =
<ul style="list-style-type: none"> • Contract description = • Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss = 	<ul style="list-style-type: none"> • Method of curing default & loss = • Means of assuring performance =
<ul style="list-style-type: none"> • Contract description = • Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> • Default amt = • Actual pecuniary loss = 	<ul style="list-style-type: none"> • Method of curing default & loss = • Means of assuring performance =

EXHIBIT E – LIQUIDATION ANALYSIS

SUPPORTING VALUATION

<u>CURRENT ASSETS</u>		
CASH ON HAND (113)		
a. Acct Number:	\$	
b. Acct Number:	\$ _____	
c. Total Cash		\$ _____
ACCOUNTS RECEIVABLE		
a. Accounts receivable	\$	
b. Less: uncollectible accounts	\$ _____	
c. Net Accounts Receivables		\$ _____
INVENTORIES (114)		
		\$ _____
<u>FIXED ASSETS:</u>		
OFFICE FURNITURE, MACHINERY, & EQUIPMENT (115)		\$ _____
TRANSPORTATION EQUIPMENT (116)		\$ _____
BUILDINGS, LAND, AND OTHER REAL PROPERTY (117)		
a. Real Property at:	\$	
b. Real Property at:	\$ _____	
c. Total		\$ _____
OTHER ASSETS (118):		\$ _____
<u>TOTAL ASSETS AT LIQUIDATION VALUE</u>		\$ _____

CROSS-REFERENCE KEY

I. **Overview to Cross-Reference Key**

This Disclosure Statement is a “fill in the blank form.”

The user only fills in the blanks. DO NOT CHANGE THE LANGUAGE IN THE REST OF THE FORM, EXCEPT IN THE FEW PLACES WHERE THE INSTRUCTIONS EXPRESSLY TELL YOU THAT YOU MAY OMIT A SENTENCE OR CLASS IF IT IS NOT NEEDED FOR YOUR CASE.

As you read this Form, you will notice blanks with numbers in them, and also numbers at the end of certain sentences or phrases.

- Here is an example of a blank with a number:
(1) _____
- Here is an example of a sentence with a number:
This is an example (2).

These numbers refer to the numbered instructions in this “Cross Reference Key.” When you encounter one of these numbers in the form itself, you need to refer to the “Cross Reference Key,” and read the applicable numbered instruction. In our example above, instructions number 1 and 2 would be applicable instructions. Follow the instructions to fill in the needed information.

a. Why the Instructions in this Cross Reference Key are in Two Different Types of Print

When you read the numbered instructions in the “Cross Reference Key” you will see that these instructions are printed in two different types of print, Arial 10 pt. and Times New Roman 10 pt.

Instructions in Arial 10 pt. font (the font you are currently reading), mean that you are to simply provide the information requested in the endnote and insert it in the corresponding blank. For example, if instruction number 1 states “Debtor’s name”, then you should insert the Debtor’s name in blank number 1.

Instructions in Times New Roman 10 pt. font may contain explanations on how to use the disclosure statement form, explanations of the law, or examples of what should be inserted in a particular blank. Read and follow these instructions also.

II. **Key Notes 1 through 118**

1. Put which version of Disclosure Statement (Original, First Amended, Second Amended Disclosure Statement). Do not use the term “Modified” when describing any version subsequent to the Original.
2. Put what Plan is being described (Original, First Amended, Second Amended Plan, etc.)
3. Debtor’s name.
4. Petition date.

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5. Insert the applicable information, depending on who filed the petition:
 - (a) Debtor's name
 - (b) Names of the petitioning creditors
6. Insert one of the following:
 - (a) a voluntary
 - (b) an involuntary
- 6b. If case was commenced in a chapter other than Chapter 11 and later converted to Chapter 11, so state and state date of conversion to Chapter 11.
7. Proponent's name.
8. Insert the applicable phrases:
 - (a) liquidating
 - (b) reorganizing
 - (c) combined liquidating and reorganizing
9. Provide a brief summary of how Proponent proposes to fund the Plan. If applicable, include statement that this plan is a joint plan, or is otherwise related to a plan in another bankruptcy case, or is a consensual plan between one or more parties to this Chapter 11 case.
10. Effective date of the Plan.
11. Date of the confirmation hearing.
12. Name, address, and telephone number of the Plan Proponent or Counsel to the Plan Proponent.

If applicable, the Disclosure Statement should indicate that there are two or more competing plans, and should tell readers to look at their ballots for special instructions on marking them. The ballots should be modified to contain any applicable special instructions.
13. Deadline for receipt of ballots. (**Note:** This date will be provided by the Court at the hearing where the Court approves the Disclosure Statement.)
14. Name and address of the Plan Proponent or Counsel to the Plan Proponent.
15. Deadline for filing and serving any objection to the confirmation of the Plan. (**Note:** This date will be provided to you by the Court at the hearing where the Court approves the Disclosure Statement.)
16. Name, address, and telephone number of Plan Proponent or Counsel to the Plan Proponent. In cases where there is a creditor's committee, include the name, address, and telephone number of counsel for the creditor's committee.
17. Insert documents such as Debtor's books and records, financial statements such as projections, appraisals, and evaluations, as well as who provided these documents.
18. Identify by name and title the party providing the financial information (i.e., corporate officer, managing agent, accountant, accounting firm, bookkeeper, etc.). Accountants who assist

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clients in the preparation of financial statements should consult Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, dated November 19, 1990 and prepared by the AICPA Task Force on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code.

19. Insert the applicable phrase:
- (a) corporation
 - (b) partnership
 - (c) individual

(Note: If the Debtor is an entity that is not listed above, provide a description of Debtor's entity and verify that such an entity is eligible to be a debtor.)

20. Type of business conducted by the Debtor (if applicable).
(Note: See examples below.)

Note: For example, if the Debtor is in the business of developing real estate, the following should be listed:

- (a) The location of the properties/lots
- (b) The size of the lots
- (c) The stage of the development for each lot
- (d) The type of development, e.g., commercial, industrial or residential

If the Debtor is a manufacturer or service provider, the following should be listed:

- (a) The type of products manufactured or services provided
- (b) The location of Debtor's business

If the Debtor is in the business of renting real estate, the following should be listed:

- (a) Location of the building(s)
- (b) Size of the building(s)
- (c) Current occupancy rate(s)
- (d) Type(s) of building, e.g., residential, commercial, industrial
- (e) Debtor's interest in the building(s) being leased

If the Debtor is an individual, the following should be listed:

- (a) Debtor's employer and description of the employer's type of business
- (b) Length of Debtor's employment
- (c) Debtor's position, including title, number of hours worked, salaried or hourly
- (d) Description of Debtor's duties
- (e) Amount of Debtor's compensation

If Debtor is no longer in business, the above information should still be provided with respect to Debtor's business immediately preceding the bankruptcy. The date Debtor ceased to conduct business should also be provided.

21. Approximate date and year debtor's business commenced.

22. Detailed list of the names and identity of Debtor's principals and affiliates. Include the amount of compensation currently paid to principals and affiliates. (Note: See examples below.)

For example, if Debtor is a corporation, the following must be listed:

- (a) Key members of the board of directors.
- (b) Key officers of the corporation.
- (c) Key shareholders and their respective percentage interest.

If Debtor is a partnership, the following must be provided:

- (a) Identity of all general partners since the inception of the partnership
- (b) Identity of all current limited partners.
- (c) (c) If the general partner is a corporation, the board members, officers and shareholders must be listed.

23. List key management of the Debtor before the bankruptcy petition was filed; list key management of the Debtor during the course of the bankruptcy; and lastly, list key management of the Debtor after the bankruptcy.
24. Discuss the specific events and dates which led the debtor to file bankruptcy. (Note: A statement to the effect that the recession caused debtor's business to fail is not specific enough.) Proponent must disclose the receipt of any notices from any governmental agency relating in any manner to actual or potential liability on the part of the Debtor for any environment or toxic waste hazards, whether or not occurring on the Debtor's premises.
25. In chronological order, list the significant events and orders that have been entered in this case and the entry dates of the orders. Also, give a brief description of the proceedings that led to the entry of the orders.
26. Detailed list of the professionals who have obtained court approval of their employment, including (1) the professional's name, (2) scope of employment, and (3) date court approved the employment.
27. Brief description of the following: (1) each significant adversary proceeding or motion that is still pending, including objections to claims, (2) the status of each matter, (3) the effects winning or losing the matter will have on the Plan, and (4) the anticipated cost of pursuing or defending the matter.
28. Brief description of the following: (1) each significant matter that is still pending in other courts, (2) status of each matter, (i.e. whether the matter is stayed), (3) effect the outcome of the matter will have on the Plan, and (4) the anticipated cost of pursuing or defending the matter.
29. If no preference or fraudulent conveyance actions exist and none are expected to be filed, then insert an affirmative statement to that effect and delete the rest of the text under this heading.
30. Estimated total recovery in dollar amount from avoiding preferential and fraudulent transfers and anticipated total expense of pursuing those matters.
31. Provide a brief summary of each fraudulent conveyance or preference action. For each action, include the name of the defendant, summary of the underlying facts, status of the action, and the estimated amount of recovery.

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32. Describe post-petition efforts made by the Debtor to remedy the problems that led to the filing of bankruptcy. (**Note:** Be specific.) Also describe the goals Debtor had in mind when implementing these procedures (e.g., save costs, increase profits).
33. The Proponent should provide a textual discussion pertaining to the Debtor's current financial condition. This discussion should inform the reader about the Debtor's current income and expenses and whether Debtor's operations, if any, are currently profitable. Each document shall identify (i) the accounting method used (e.g. cash or accrual), (ii) whether the financial statements are prepared in conformity with generally accepted accounting principles, and (iii) if the financial statements have been audited.
34. If professional(s) have agreed to payment over time, state the precise terms and payment schedule (e.g. \$_____ per months over _____ months).
35. For each chart, add more rows to the tables as necessary.
36. **NOTE:** Pursuant to policy of the Central District Clerk's Office, Court will not sign the order confirming the Plan until the Clerk's Office fees have been paid in full.
37. Total amount of administrative claims to be paid on Effective Date.
38. Amount of cash on hand on Effective Date.
39. The source(s) of all cash Debtor will have on Effective Date.

(**Note:** Be specific. If several sources of cash exist, list each source and the amount of cash expected to be generated from that source.)
40. Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.
41. Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.
42. Section 507(a)(7) [now renumbered 507(a)(8) for cases filed after October 22, 1994] describing certain priority tax claims. All 507(a)(7) tax claims must be fully paid within 6 years from the date of assessment. Only unsecured tax claims of the kind described by 11 U.S.C. § 507(a)(7)[8] should be inserted here.
43. Identify the proposed payment interval (e.g., monthly, quarterly, yearly).
44. Amount of payment per payment interval.
45. The date Plan payments will commence.
46. The date Plan payments will end.
47. The interest rate paid to a Section 507(a)(8) priority tax claimant should be consistent with the rate provided by 26 U.S.C. § 6621.
48. Total percentage of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to the claimant over life of the Plan.

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- 48a. Each secured claim should be placed in a separate class, unless the secured claims have identical collateral, priority, and terms of indebtedness.
- Begin numbering the classes with the number "1". The subsequent class should be numbered with the number "2". Do not use subclasses, e.g., 1.1, 1.2, etc.
49. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."
- If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."
50. Balloon payment amount, if any.
- 50a. Total percent of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to claimant over the life of Plan.
51. Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.
52. Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.
53. Each of the four categories of priority unsecured claims should be placed in a separate class. A separate class is not necessary for a particular category of priority unsecured claims if no claim exist in that category.
54. Insert one of the following:
(a) 11 U.S.C. § 507(a)(3)
(b) 11 U.S.C. § 507(a)(4)
(c) 11 U.S.C. § 507(a)(5)
(d) 11 U.S.C. § 507(a)(6)
55. Total amount of claims in this class.
56. If the Plan does not provide for cash payment in full on Effective Date, Plan Proponent must be able to prove that this class has accepted deferred payments pursuant to 11 U.S.C § 1129(a)(9) before the Plan can be confirmed.
57. Insert one of the following:
(a) 11 U.S.C. § 507(a)(3)
(b) 11 U.S.C. § 507(a)(4)
(c) 11 U.S.C. § 507(a)(5)
(d) 11 U.S.C. § 507(a)(6)
58. Total amount of claims in this class.

WESTERN CONSUMER BANKRUPTCY CONFERENCE

59. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."
- If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."
- 59a. Total percent of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to claimant over the life of Plan.
- 59b. If you have a convenience class allowed under 1122(b), then add as an additional unsecured class here, and at Page 5, line 17 of the Plan form, ",except general unsecured claims placed in the convenience class described hereafter."
- 59c. If you have an additional general unsecured class(es), add each here, with a separate class number. The norm is to have a single general unsecured class, or where appropriate, to have a general unsecured class plus a convenience general unsecured class (as described in footnote 59a). However, there are a few limited circumstances where it is permissible to have additional general unsecured classes, primarily where one or more general unsecured creditors are agreeing to receive worse treatment than is being given to the rest of the general unsecured creditors, then the creditors agreeing to be treated worse can be placed in a separate general unsecured class. Do not use more than one general unsecured class unless you can justify doing so under applicable law.
60. If there is more than one class of equity holders (e.g. preferred stock and common stock), put each in a separate class and change "class" to "classes."
61. If this class is Not Impaired, put the following in the box: "Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan."
- If this class is Impaired, put the following in the box: "Impaired; claims in this class are entitled to vote on the Plan"; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put "Impaired, and claims in this class are deemed to have rejected Plan."
62. Describe the source of funding for this Plan. Be specific and consistent with the information set forth in Section {IV.C.}
1. If property of the estate is being sold and 11 U.S.C. § 1129(B)(2)(A)(ii) applies, then explain how that section impacts on the rights of a lienholder at a sale of the property.
 2. If a buyer of the property has already been identified, then disclose the financial solvency of the proposed buyer.
63. For each entity who will be involved in post-confirmation management, state or explain the following:
- (a) Identity
 - (b) Post-confirmation managerial duties
 - (c) Amount of compensation paid pre-petition, paid currently, and to be paid post-confirmation
 - (d) Description of expertise
64. Name and identity of disbursing agent.

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65. Select one:
(a) with
(b) without
66. Explain whether Disbursing Agent will be compensated or reimbursed for services and expenses rendered and incurred in connection with making distributions under the Plan. If Disbursing Agent will be compensated or reimbursed, specify the exact amount and the interval of payment.

Note: If disbursing agent will be compensated or reimbursed, be sure to account for these additional costs when evaluating feasibility of the Plan.

67. Detailed description of all the risks that may exist which may prevent the successful consummation of the proposed Plan.

Note: For example, if the Plan will be funded by sale of property, the following risks should be disclosed:

- (a) Failure to find a buyer or a buyer willing to pay the listed price by the stated deadline set by the Plan
- (b) Inability of proposed buyer to complete sale
- (c) Possibility of foreclosure by secured creditor if debtor defaults under the plan
- (d) Terms of the sale, if known

For plans which provide for payment over time, the following risks should be discussed:

- (a) Possibility of default under terms of the Plan, i.e., possibility of inability to pay Plan payments
- (b) Financial projections provided by the Proponent may not be realized, thereby causing inability to pay Plan payments
- (c) Business environment
- (d) Debtor's competition
- (e) Nonbankruptcy law and regulation
- (f) Nonbankruptcy litigation

68. List the unexpired leases and executory contracts in sufficient detail to enable the reader to determine which Leases and contracts will be assumed. This list will enable a party to a lease or contract to quickly ascertain whether he or she needs to refer to Exhibit C or D.
- Exhibits C and D are intended to provide detailed information on each Lease or contract to be assumed so that the court and any party to a particular Lease or contract can decide whether assumption is proper and desirable.
69. List all executory contracts and unexpired Leases to be rejected in sufficient detail to enable a reader to quickly ascertain whether any particular Lease or contract will be rejected.
70. Deadline for filing proof of claim based on claim arising from rejection of contract or lease. (**Note:** Typically, this date will be 30 days from Effective Date.)
71. Select one:
(a) is
(b) is not

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- 71a. See 11 U.S.C. § 1129(a)(6). This section is only applicable if Debtor's business is regulated by a governmental regulatory commission. Examples include certain transportation companies and public utility companies. If Debtor is not regulated by a governmental commission, insert an affirmative statement to that effect in the Disclosure Statement. If debtor is regulated, state this and Plan must comply with 11 U.S.C. § 1129(a)(6).
- 71b. Do not change the language in this section unless the judge to whom your case is assigned has different or additional language that judge wishes to use in this section and directs you to insert that judge's specific language.
72. State the expected tax consequences of the Plan. For example, tax ramifications may include such issues as capital gains on the sale of real property and operating loss-carry forwards.

Note: If the Proponent has no idea of what such consequences might be, then the document must disclose that fact and why it is so.

Few situations exist where the tax liability should not be considered because any tax liability would affect distribution to creditors. Tax considerations might affect the likelihood of continued successful post-confirmation operation of the Debtor and may also affect the feasibility analysis. For these reasons, the Proponent should know the tax consequences of the Plan.

73. Bar date for filing a proof of claim.

Note: In most bankruptcy cases it is necessary that a bar date for filing proof of claims and interests has passed before creditors and interest holders may vote on the plan. Knowing which claims and interests have been allowed will allow the Plan Proponent to easily determine who is entitled to vote. Also, without knowing the amount and nature of the claims against the estate, it is impossible to complete a precise liquidation analysis and difficult to determine whether the Plan is feasible.

If the claims bar date has not yet passed, the motion for order approving the disclosure statement should explain why the disclosure statement and plan are proposed now instead of after the claim bar date.

74. Classes that are impaired.
75. Classes that are unimpaired. (For cases filed after October 22, 1994 please note that the Bankruptcy Reform Act of 1994 deleted § 1124(3). Therefore, creditors who receive cash in full equal to their allowed claim by the effective date would be considered impaired under the Bankruptcy Reform Act of 1994).
76. Denominated as 507(a)(7) for bankruptcy cases filed before October 22, 1994.
77. Select one:
(a) will
(b) will not
- 77a. List class number of each impaired class which Plan Proponent will seek to cram Plan down on if class does not accept Plan.

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78. List classes that are clearly not receiving the type of treatment provided for in section 1129(b)(1). Also, in the “SUMMARY OF THE PLAN OF REORGANIZATION” section (section III.C. of the Disclosure Statement), after each class that is not receiving the type of treatment provided for in Code section 1129(b)(1), insert the following statement: “If this class does not vote to accept the Plan, the Proponent will not be allowed to cram the Plan down on this class and the Plan will not be confirmed”.
79. Delete the preceding two sentences if (1) no unimpaired classes exist, or (2) the Plan does not discriminate unfairly and will give fair and equitable treatment to all impaired classes.
80. Insert the following reasons, if applicable:
- a. The liquidation value of the “x” is less than its fair market value because _____.
(Note: Be specific when justifying the difference between liquidation value and fair market value. State the basis for your justification.)
 - b. In a chapter 7 case, a trustee is appointed and entitled to compensation from the bankruptcy estate in an amount not to exceed 25% of the first \$5,000 of all moneys disbursed, 10% on any amount over \$5,000 but less than \$50,000, 5% on any amount over \$50,000 but not in excess of \$1 million, and 3% on all amounts over \$1 million. In this case, the trustee’s compensation is estimated to equal “x”.
 - c. A chapter 7 recovery is less because the Debtor is permitted to exempt a certain amount of the sales proceeds before unsecured creditors are paid anything.
(Note: Be specific when relying on Debtor’s claimed exemptions. List each exempt property, the code section which entitles the Debtor to the claimed exemption, and the amount of each exemption.)
- Note:** If Debtor is a partnership then § 723(a) provides that the general partners of the partnership are liable for any deficiency of property of the estate to pay in full all allowed claims. Therefore, the Proponent must disclose the financial condition of the individual general partners from whom chapter 7 trustee could seek to collect if this was a Chapter 7 case.
81. In appropriate cases, this format may be supplemented, but not reduced.
82. If Debtor owns more than one piece of real property, list each real property and its value separately.
83. Divide “Balance for unsecured claims” by “Total amt of unsecured claims”. Insert the result.
84. Divide the total amount proposed to be paid to unsecured claimants under the Plan by the “Total amt of unsecured claims”. Insert the result.
85. Add or delete the rows to the table when necessary to provide a row for each class of claims or interest.
86. Description of claims in Class 1.
87. Description of claims in Class 2.
88. Description of claims in Class 3.
89. Description of claims in Class 4. (Note: Insert more rows in the table if the Plan contains more than 4 classes.)

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- 90. Explain sources of cash Debtor will have on Effective Date if Debtor does not currently have sufficient cash on hand to pay all claims that must be paid on Effective Date.
- 91. Total must match figure shown above as “Cash debtor will have on hand by Effective Date”.
- 92. Put person or entity funds are being borrowed from.
- 93. Put how loan will be paid back (example, lender has agreed it will not be paid until all Plan payments are completed and then will be paid at \$_____ per month at _____% until paid in full). If gift instead of borrowing, change “Borrowing” to “Gift” and state amount will never be paid back.
- 94. If the Plan is a liquidating plan or a plan that proposes to pay all claims on Effective Date, this section may not be applicable and may be deleted upon stating why this aspect of feasibility is not applicable to the Plan.
- 95. Total amount of Plan Payments to be made each payment interval.
- 96. Plan payment interval (e.g., monthly, yearly, quarterly).
- 97. Average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes.
- 98. Plan payment interval.
- 99. The last Plan payment date.
- 100. Payment interval (e.g., monthly, yearly, quarterly).
- 101. Amount of actual average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes, for the three years preceding the filing of this bankruptcy case.
- 102. Plan payment interval (e.g., monthly, yearly, quarterly).
- 103. Debtor's average cash flow per Plan payment interval, after paying operating expenses and post-confirmation taxes, during the bankruptcy case.
- 104. Select one:
 - (a) decrease costs
 - (b) increase costs
 - (c) decrease costs and increase income
- 105.

NOTE: If the Debtor is not entitled to a discharge pursuant to 11 U.S.C. 1141(d), change this heading to “NO DISCHARGE.” and follow instruction #106.

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106. Choose one of the following:
- (a) confirmation of the Plan
 - (b) payment in full of proposed plan payments to the unsecured creditors
 - (c) upon substantial confirmation of plan
 - (d) other. You must state what the other condition for or date of discharge is.

Alternatively, if debtor does not meet the test of 11 U.S.C. 1141(d)(3) for getting a discharge, then the debtor is not entitled to any discharge, and the whole paragraph under "Discharge" must be omitted and replaced with:

- (e) Debtor will not receive any discharge in this bankruptcy case because debtor does not meet the test for receiving a discharge specified under 11 U.S.C. § 1141(d)(3).

Note: More evidence regarding feasibility of the Plan may be required if the Plan Proponent seeks discharge upon Plan confirmation.

107. Proponent should provide a declaration from someone who has personal knowledge of Debtor's operations and assisted in preparing the Disclosure Statement. The declarant should attest to the truthfulness and accuracy of everything stated in the Disclosure Statement.
108. The exhibit should include the following information for all assets:
- 1. description of property (e.g., commercial/residential real property)
 - 2. fair market value
 - 3. basis for opinion of value (e.g. income/sales approach)
 - 4. qualifications of person rendering opinion
 - 5. any significant differences between an asset's value as listed in this exhibit and its value as stated in the Debtor's schedules should be explained in a footnote to this exhibit.

TOTAL ASSETS = _____

Proponent must describe each item of property with particularity and give a value for each item separately. If possible, Proponent should also provide a going concern value for the business as a whole so long as the foundation for that opinion is explained. For accounts receivable, the Proponent must explain the likelihood of collecting the accounts and for what amount. In addition, the debtor's status as a plaintiff in a lawsuit represents potential value to the estate. Although it may be difficult to estimate the exact value of a lawsuit, an effort must be made to present a low and high range of value and the foundation for such belief. The amount of cash on hand must also be disclosed, including, for any real property, any prepaid rent or security deposits paid by tenants and held by the Debtor.

109. List and attach actual financial statements for the three years preceding bankruptcy (e.g., balance sheets, cash flow statements, income and expense statements).

List and attach projected financial statements for the life of the Plan.

(**Note:** Income and expense statements should be organized at the payment interval rate. In other words, if the Plan proposes to make payments on a monthly interval, the historical and projected

WESTERN CONSUMER BANKRUPTCY CONFERENCE

income and expense statements should be organized on a monthly basis unless the Judge directs otherwise.)

- 109a. Note that the Court can only confirm a plan which provides for assumption of executory contracts or unexpired leases if the plan proponent proves, as part of plan confirmation, that all elements of 11 U.S.C. § 365 governing assumption of executory contracts and unexpired leases are met --including curing all defaults, paying all damages caused by defaults and providing that the party assuming the contract has capacity to perform the remainder of the contract/ lease. Each of these elements necessary for assumption must be proved by declarations or other admissible evidence presented to the court by plan proponent as part of the plan confirmation process.
110. Description of leased property or asset, including address of real property, if applicable.
111. Actual pecuniary loss consists of damages other than lease payment default amount, if any.
112. Describe how the Debtor is assuring performance on the remaining obligation under the lease, e.g., addition of guarantor.
113. List cash in all accounts in the manner shown in Exhibit E.
114. Assets in inventory should be valued at the amount they can be sold for in an orderly liquidation. If someone other than a qualified appraiser provides this value, then the basis for the non-appraiser's knowledge must be disclosed. If an appraiser, auctioneer, or other financial advisor is hired to determine this value, a report from the appraiser should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the Debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset.
115. Office furniture, equipment and machinery should be valued at the amount they can be sold for in an orderly liquidation. Disclose whether the total liquidation value assumes sales items individually or by lot.
- If someone other than a qualified appraiser, auctioneer, or other financial advisor provides this value, the basis for the non-appraiser's knowledge must be disclosed. If an appraiser, auctioneer, or other financial advisor is hired to determine this value, a report should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the Debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset.
116. Provide an itemized list of assets and the corresponding value for each asset.
- Automobiles should be valued at wholesale value as reported by the most recent "Kelley Blue Book." Unlisted transportation equipment should be valued by an independent appraiser. The appraisal report should be attached as an exhibit and the appraiser should submit a declaration attesting to his/her independence and qualifications as an expert for valuing this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed.
117. Real property assets should be valued at the amount they can be sold for in an orderly liquidation. Provide an itemized list of real properties and the corresponding liquidation value for each property.

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An appraiser or a real estate broker should be utilized to determine this value. A report from the appraiser should be attached as an exhibit. The appraiser should be independent of the Debtor and the appraiser should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed.

118. Other assets should be valued at the amount they can be sold for in an orderly liquidation. Provide an itemized list of assets and the corresponding liquidation value for each. Other assets may include, but are not limited to, assets to which exemptions apply, antiques and collectibles, trademarks, stock, liquor licenses and other assets listed on the Debtor's Schedule B.

An appraiser, auctioneer, or other financial advisor should be hired to determine the liquidation value. A report from the appraiser, auctioneer, or other financial advisor should be attached as an exhibit. The appraiser, auctioneer, or other financial advisor should be independent of the debtor and should provide a declaration certifying his/her independence and qualifications as an expert for valuation of this type of asset. If someone other than a qualified appraiser provides this value, the basis for the non-appraiser's knowledge must be disclosed. If a Chapter 7 Trustee could realize value from any of the avoidance actions, preference actions or other lawsuits which are assets of the Debtor, the value of such actions likely to be realized by the Chapter 7 Trustee must also be disclosed, as well as the assumptions underlying the value.

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**



***CENTRAL DISTRICT OF CALIFORNIA
APPROVED FORM FOR PRODUCING A***

CHAPTER 11 PLAN

MS Word Format

Revised August 2005

F 3018-1

WESTERN CONSUMER BANKRUPTCY CONFERENCE

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NAME OF ATTORNEY – State Bar No. _____
NAME OF ATTORNEY – State Bar No. _____
NAME OF LAW FIRM
Address
City, State Zip Code
Telephone () - _____

Attorneys for

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**

In re:
NAME OF DEBTOR,

Debtor

Bk. No. _____ - - _____

In a Case Under Chapter
11 of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

1 **CHAPTER 11** 2 **PLAN**

Disclosure Statement Hearing³

Date: _____
Time: _____
Ctrm: {Insert Courtroom #}
 {Insert Full
 Court Address
 Here}

**Plan Confirmation Hearing
See Disclosure Statement for
Voting and Objecting
Procedures**

Date: _____
Time: _____
Ctrm: {Insert Courtroom #}
 {Insert Full
 Court Address
 Here}

Revised August 2005

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TABLE OF CONTENTS

- I. INTRODUCTION** 1
- II. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS** 1
 - A. General Overview 1
 - B. Unclassified Claims 1
 - 1. Administrative Expenses 1
 - 2. Priority Tax Claims 2
 - C. Classified Claims and Interests 3
 - 1. Classes of Secured Claims 3
 - 2. Classes of Priority Unsecured Claims 4
 - 3. Classes of General Unsecured Claims 5
 - 4. Class(es) of Interest Holders 5
 - D. Means of Performing the Plan 6
 - 1. Funding for the Plan 6
 - 2. Post-Confirmation Management 6
 - 3. Disbursing Agent 6
- III. TREATMENT OF MISCELLANEOUS ITEMS** 6
 - A. Executory Contracts and Unexpired Leases 6
 - 1. Assumptions 6
 - 2. Rejections 7
 - B. Changes in Rates Subject to Regulatory Commission Approval 7
 - C. Retention of Jurisdiction 7
- IV. EFFECT OF CONFIRMATION OF PLAN** 7
 - A. Discharge 7
 - B. Revesting of Property in the Debtor 8
 - C. Modification of Plan 8
 - D. Post-Confirmation Status Report 8
 - E. Quarterly Fees 8
 - F. Post-Confirmation Conversion/Dismissal 9
 - G. Final Decree 9
- EXHIBIT A – UNEXPIRED LEASES TO BE ASSUMED 10
- EXHIBIT B – EXECUTORY CONTRACTS TO BE ASSUMED 11

I.

INTRODUCTION

_____4 is the Debtor in a Chapter 11 bankruptcy case. On _____5, _____6 commenced a bankruptcy case by filing _____7 Chapter 11 petition under the United States Bankruptcy Code ("Bankruptcy Code"), 11 U.S.C. § 101 et seq. This document is the Chapter 11 Plan ("Plan") proposed by _____8 ("Plan Proponent"). Sent to you in the same envelope as this document is the Disclosure Statement which has been approved by the Court, and which is provided to help you understand the Plan.

This is a _____9 plan. In other words, the Proponent seeks to accomplish payments under the Plan by _____10. The Effective Date of the proposed Plan is _____11.

II.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Overview

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive under the Plan.

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class. The treatment of these claims is provided below.

1. Administrative Expenses

Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1). The Code

1 requires that all administrative claims be paid on the Effective Date of the Plan, unless a
2 particular claimant agrees to a different treatment.¹²

3 The following chart lists all of the Debtor’s § 507(a)(1) administrative claims and
4 their treatment under this Plan.¹³

Name	Amount Owed	Treatment
Clerk’s Office Fees		Paid in full on Effective Date
Office of the U.S. Trustee Fees		Paid in full on Effective Date
TOTAL		

10 Court Approval of Fees Required:

11 The Court must approve all professional fees listed in this chart. For all fees
12 except Clerk’s Office fees and U.S. Trustee’s fees, the professional in question must file
13 and serve a properly noticed fee application and the Court must rule on the application.
14 Only the amount of fees allowed by the Court will be required to be paid under this Plan.

15 **2. Priority Tax Claims**

16 Priority tax claims are certain unsecured income, employment and other taxes
17 described by Code Section 507(a)(8).¹⁴ The Code requires that each holder of such a
18 507(a)(8) priority tax claim receive the present value of such claim in deferred cash
19 payments, over a period not exceeding six years from the date of the assessment of
20 such tax.

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The following chart lists all of the Debtor's Section 507(a)(8)¹⁵ priority tax claims and their treatment under this Plan.

Description	Amount Owed	Treatment ¹⁶
<ul style="list-style-type: none"> ● Name = ● Type of Tax = ● Date tax assessed = 		<ul style="list-style-type: none"> ● Pymt interval¹⁷ = ● Pymt amt/interval¹⁸ = ● Begin date¹⁹ = ● End date²⁰ = ● Interest Rate %²¹ = ● Total Payout Amount²² __% = \$
<ul style="list-style-type: none"> ● Name = ● Type of Tax = ● Date tax assessed = 		<ul style="list-style-type: none"> ● Pymt interval = ● Pymt amt/interval = ● Begin date = ● End date = ● Interest Rate % = ● Total Payout Amount % = \$

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan²³:

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Secured Claim of: <ul style="list-style-type: none"> ● Name = ● Collateral description = ● Collateral value = ● Priority of security int. = ● Principal owed = ● Pre-pet. arrearage amount = ● Post-pet. arrearage amount = ● Total claim amount = 		23a	<ul style="list-style-type: none"> ● Pymt Interval = ● Pymt amt/interval = ● Balloon pymt²⁴ = ● Begin date = ● End date = ● Interest rate % = ● Total payout ^{24a} % = \$ ● Treatment of Lien =
	Secured Claim of: <ul style="list-style-type: none"> ● Name = ● Collateral description = ● Collateral value = ● Priority of security int. = ● Principal owed = ● Pre-pet. arrearage amount = ● Post-pet.- arrearage amount = ● Total claim amount = 			<ul style="list-style-type: none"> ● Pymt Interval = ● Pymt amt/interval = ● Balloon pymt = ● Begin date = ● End date = ● Interest rate % = ● Total payout % = \$ ● Treatment of Lien =

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7)²⁵ are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's 507(a)(3), (4), (5), (6), and (7)²⁶ priority unsecured claims and their treatment under this Plan²⁷:

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	Priority unsecured claim pursuant to <u>28</u> <ul style="list-style-type: none"> Total amt of claims = <u>29</u> 		<ul style="list-style-type: none"> Paid in full in cash on Effective Date ³⁰
	Priority unsecured claim pursuant to <u>31</u> <ul style="list-style-type: none"> Total amt of claims = <u>32</u> 		<ul style="list-style-type: none"> Paid in full in cash on Effective Date

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan's treatment of the class containing all of Debtor's general unsecured claims:

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
	General unsecured claims <ul style="list-style-type: none"> Total amt of claims = 	33	<ul style="list-style-type: none"> Pymt interval = Pymt amt/interval = Begin date = End date = Interest rate % = Total payout ^{33a} ___% = \$

33b.

33c.

4. Class(es) of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the

1 interest holder. The following chart identifies this Plan's treatment of the class³⁴ of
 2 interest holders:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
	Interest holders	35	

6 **D. Means of Performing the Plan**

7 **1. Funding for the Plan**

8 The Plan will be funded by the following: ³⁶_____.

9 **2. Post-Confirmation Management** ³⁷_____

10 **3. Disbursing Agent** ³⁸_____ shall act as the disbursing agent for the
 11 purpose of making all distributions provided for under the Plan. The Disbursing Agent
 12 shall serve ³⁹_____ bond and shall receive ⁴⁰_____ for distribution services rendered
 13 and expenses incurred pursuant to the Plan.⁴¹

14 align="center">**III.**

15 align="center">**TREATMENT OF MISCELLANEOUS ITEMS**

16 **A. Executory Contracts and Unexpired Leases**

17 **1. Assumptions**

18 The following are the unexpired leases and executory contracts to be assumed
 19 as obligations of the reorganized Debtor under this Plan (see Exhibit A for more detailed
 20 information on unexpired leases to be assumed and Exhibit B for more detailed
 21 information on executory contracts to be assumed): ⁴²_____

22 On the Effective Date, each of the unexpired leases and executory contracts
 23 listed above shall be assumed as obligations of the reorganized Debtor. The Order of
 24 the Court confirming the Plan shall constitute an Order approving the assumption of each
 25 lease and contract listed above. If you are a party to a lease or contract to be assumed

1 and you object to the assumption of your lease or contract, you must file and serve your
2 objection to the Plan within the deadline for objecting to the confirmation of the Plan. See
3 Section {I.B.3.} of the Disclosure Statement describing this Plan for the specific date.

4 **2. Rejections**

5 On the Effective Date, the following executory contracts and unexpired leases will
6 be rejected: ⁴³

7 The order confirming the Plan shall constitute an order approving the rejection of
8 the lease or contract. If you are a party to a contract or lease to be rejected and you
9 object to the rejection of your contract or lease, you must file and serve your objection to
10 the Plan within the deadline for objecting to the confirmation of the Plan. See Disclosure
11 Statement for the specific date.

12 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM
13 ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS ⁴⁴ . Any claim
14 based on the rejection of an executory contract or unexpired lease will be barred if the
15 proof of claim is not timely filed, unless the Court later orders otherwise.

16 **B. Changes in Rates Subject to Regulatory Commission Approval**

17 This Debtor ⁴⁵ subject to governmental regulatory commission approval of its
18 rates^{45a}.

19 **C. Retention of Jurisdiction**

20 The Court will retain jurisdiction to the extent provided by law.⁴⁶

21 **IV.**

22 **EFFECT OF CONFIRMATION OF PLAN**

23 **A. Discharge⁴⁷**

24 This Plan provides that upon ⁴⁸ , Debtor shall be discharged of liability for
25 payment of debts incurred before confirmation of the Plan, to the extent specified in
26

1 11 U.S.C. § 1141. However, any liability imposed by the Plan will not be discharged.

2 **B. Revesting of Property in the Debtor**

3 Except as provided in Section {IV.E.}, and except as provided elsewhere in the
4 Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

5 **C. Modification of Plan**

6 The Proponent of the Plan may modify the Plan at any time before confirmation.
7 However, the Court may require a new disclosure statement and/or revoting on the Plan
8 if proponent modifies the plan before confirmation.

9 The Proponent of the Plan may also seek to modify the Plan at any time after
10 confirmation so long as (1) the Plan has not been substantially consummated and (2) if
11 the Court authorizes the proposed modifications after notice and a hearing.

12 **D. Post-Confirmation Status Report**

13 Within 120 days of the entry of the order confirming the Plan, Plan Proponent
14 shall file a status report with the Court explaining what progress has been made toward
15 consummation of the confirmed Plan. The status report shall be served on the United
16 States Trustee, the twenty largest unsecured creditors, and those parties who have
17 requested special notice. Further status reports shall be filed every 120 days and served
18 on the same entities.

19 **E. Quarterly Fees**

20 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall
21 be paid to the United States Trustee on or before the effective date of the plan. Quarterly
22 fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United
23 States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or
24 entry of an order of dismissal or conversion to chapter 7.

1 **F. Post-Confirmation Conversion/Dismissal**

2 A creditor or party in interest may bring a motion to convert or dismiss the case
3 under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan.
4 If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all
5 property that had been property of the Chapter 11 estate, and that has not been
6 disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic
7 stay will be reimposed upon the reverted property only to the extent that relief from stay
8 was not previously granted by the Court during this case.

9 **G. Final Decree**

10 Once the estate has been fully administered as referred to in Bankruptcy Rule
11 3022, the Plan Proponent, or other party as the Court shall designate in the Plan
12 Confirmation Order, shall file a motion with the Court to obtain a final decree to close the
13 case.

14
15 Date: _____

16
17 _____
Signature of Party (optional unless party is pro se)

18
19 _____
Name of Plan Proponent

20
21 _____
Signature of Attorney for Plan Proponent

22
23 _____
Name of Attorney for Plan Proponent

24
25 _____
Name of Law Firm for Plan Proponent

EXHIBIT A – UNEXPIRED LEASES TO BE ASSUMED

<u>LEASES</u>	<u>ARREARS/DMGS</u>	<u>METHODS OF CURE</u>
<ul style="list-style-type: none"> ● Description = ¹ ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss² = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance³ =
<ul style="list-style-type: none"> ● Description = ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance =
<ul style="list-style-type: none"> ● Description = ● Lessor's name = ● Lessee's name = ● Expiration date = 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring future performance =

EXHIBIT B – EXECUTORY CONTRACTS TO BE ASSUMED

<u>CONTRACT</u>	<u>DEFAULT/DMGS</u>	<u>METHODS OF CURE</u>
<ul style="list-style-type: none"> ● Contract description = ● Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring performance =
<ul style="list-style-type: none"> ● Contract description = ● Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring performance =
<ul style="list-style-type: none"> ● Contract description = ● Contracting parties = <ol style="list-style-type: none"> 1. 2. 	<ul style="list-style-type: none"> ● Default amt = ● Actual pecuniary loss = 	<ul style="list-style-type: none"> ● Method of curing default & loss = ● Means of assuring performance =

CROSS REFERENCE KEY

I. **Overview to Cross Reference Key**

This Chapter 11 Plan is a “fill in the blank form.”

The user only fills in the blanks. DO NOT CHANGE THE LANGUAGE IN THE REST OF THE FORM, EXCEPT IN THE FEW PLACES WHERE THE INSTRUCTIONS EXPRESSLY TELL YOU THAT YOU MAY OMIT A SENTENCE OR CLASS IF IT IS NOT NEEDED FOR YOUR CASE.

As you read this Form, you will notice blanks with numbers in them, and also numbers at the end of certain sentences or phrases.

- * Here is an example of a blank with a number:

1

- * Here is an example of a sentence with a number:

This is an example.²

These numbers refer to the numbered instructions in this “Cross Reference Key.” When you encounter one of these numbers, in the form itself, you need to refer to the “Cross Reference Key,” and read the applicable numbered instruction. In our examples above, instructions number 1 and 2 would be applicable instructions. Follow the instructions to fill in the needed information.

a. **Why the Instructions in this Cross Reference Key are in Two Different Types of Print**

When you read the numbered instructions in the “Cross Reference Key” you will see that these instructions are printed in two different types of print, Arial 12 pt. and Times New Roman 10 pt.

Instructions in Arial 12 pt. font (the font you are currently reading), mean that you are to simply provide the information requested in the endnote and insert it in the corresponding blank. For example, if instruction number 1 states “Debtor’s name”, then you should insert the Debtor’s name in blank number 1.

Instructions in Times New Roman 10 pt. font may contain explanations on how to use the disclosure statement form, explanations of the law, or examples of what should be inserted in a particular blank. Read and follow these instructions also.

II. Key Notes 1 through 48

¹Name of party proposing the Plan (e.g. Debtor's, Creditor Committee's, etc.)

² Put which version of the Plan this is, i.e., Original, First Amended, Second Amended, etc. Do not use the term "modified" when describing Plans subsequent to the Original Plan unless the Court directs you to do so.

³ Delete Disclosure Statement Hearing information when the Disclosure Statement has been approved and the upcoming hearing is the Plan Confirmation hearing.

⁴ Debtor's name.

⁵ Petition date.

⁶ Insert the applicable information, depending on who filed the petition:

- (a) Debtor's name
- (b) Names of the petitioning creditors

⁷ Insert one of the following:

- (c) a voluntary
- (d) an involuntary

⁸ Plan proponent's name.

⁹ Insert the applicable phrases:

- (a) liquidating
- (b) reorganizing
- (c) combined liquidating and reorganizing

¹⁰ Provide a brief summary of how Proponent proposes to fund the Plan.

¹¹ Effective date of the Plan.

¹² Holders of administrative expenses under § 507(b) are paid before other administrative expenses. If any such expenses must be paid, so state.

¹³ For each chart, add more rows to the tables as necessary.

¹⁴ Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.

¹⁵ Denominated as Section 507(a)(7) for bankruptcy cases filed before October 22, 1994.

¹⁶ Section 507(a)(7) priority tax claims must be fully paid within 6 years from the date of assessment.

¹⁷ Identify the proposed payment interval (e.g., monthly, quarterly, yearly).

¹⁸ Amount of payments per payment interval.

¹⁹ The date Plan payments will commence.

²⁰ The date Plan payments will end.

²¹ The interest rate paid to a Section 507 (a)(7) priority tax claimant should be consistent with the rate provided by 26 U.S.C. § 6621.

²² Total percentage of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to the claimant over life of the plan.

²³ Each secured claim should be placed in a separate class, unless the secured claims have identical collateral, priority, and terms of indebtedness. Begin numbering the classes with the number “1”. The subsequent class should be numbered with the number “2”. Do not use subclass, e.g., 1.1, 1.2, etc.

^{23a.} If this class is Not Impaired, put the following in the box: “Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan.”

If this class is Impaired, put the following in the box: “Impaired; claims in this class are entitled to vote on the Plan”; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put “Impaired, and claims in this class are deemed to have rejected Plan.”

^{24.} Balloon payment amount, if any.

^{24a.} Total percentage of claim proposed to be paid to claimant over the life of the plan plus total dollar amount to be paid to claimant over life of plan.

^{25.} Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.

^{26.} Omit reference to 507(a)(7) (alimony/child support priority) if case was filed before October 22, 1994 because priority would not exist for cases filed before that date.

^{27.} Each of the four categories of priority unsecured claims should be placed in a separate class. A separate class is not necessary for a particular category of priority unsecured claims if no claim exists in that category.

²⁸ Insert one of the following:

- (a) 11 U.S.C. § 507(a)(3)
- (b) 11 U.S.C. § 507(a)(4)
- (c) 11 U.S.C. § 507(a)(5)
- (d) 11 U.S.C. § 507(a)(6)

²⁹ Total amount of claims in this class.

³⁰ If the Plan does not provide for cash payment in full on Effective Date, Plan Proponent must be able to prove that this class has accepted deferred payments pursuant to 11 U.S.C. § 1129(a)(9) before the Plan can be confirmed.

³¹ Insert one of the following:

- (a) 11 U.S.C. § 507(a)(3)
- (b) 11 U.S.C. § 507(a)(4)
- (c) 11 U.S.C. § 507(a)(5)
- (d) 11 U.S.C. § 507(a)(6)

³² Total amount of claims in this class.

³³ If this class is Not Impaired, put the following in the box: “Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan.”

If this class is Impaired, put the following in the box: “Impaired; claims in this class are entitled to vote on the Plan”; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put “Impaired, and claims in this class are deemed to have rejected Plan.”

^{33a} Total percentage of claim proposed to be paid to claimant over the life of the Plan plus total dollar amount to be paid to claimant over life of the plan.

^{33b} If you have a convenience class allowed under 1122(b), then add as an additional unsecured class here, and at page 5, line 15 of the Plan form: “except general unsecured claims placed in the convenience class described hereafter.”

^{33c} If you have an additional general unsecured class(es), add each here, with a separate class number. The norm is to have a single general unsecured class, or where appropriate, to have a general unsecured class plus a convenience general unsecured class (as described in footnote 33a). However, there are a few limited circumstances where it is permissible to have additional general unsecured classes, primarily where one or more general unsecured creditors are agreeing to receive worse treatment than is being given to the rest of the general unsecured creditors, then the creditors agreeing to be treated worse can be placed in a separate general unsecured class. Do not use more than one general unsecured class unless you can justify doing so under applicable law.

³⁴ If there is more than one class of equity holders (e.g., preferred stock and common stock), put each in a separate class and change “class” to “classes.”

³⁵ If this class is Not Impaired, put the following in the box: “Not Impaired; claims in this class are not entitled to vote on Plan, class is deemed to have accepted Plan.”

If this class is Impaired, put the following in the box: “Impaired; claims in this class are entitled to vote on the Plan”; unless this class is not retaining or receiving any value under the Plan. In this latter case only, put “Impaired, and claims in this class are deemed to have rejected Plan.”

³⁶ Describe the source of funding for this Plan. Be specific.

³⁷ For each entity who will be involved in post-confirmation management, state or explain the following:

- (a) Identity
- (b) Post-confirmation managerial duties
- (c) Amount of compensation paid pre-petition and to be paid post-confirmation
- (d) Description of expertise

³⁸ Name and identity of disbursing agent.

³⁹ Select one:

- (a) with
- (b) without

⁴⁰ Explain whether Disbursing Agent will be compensated or reimbursed for services and expenses rendered and incurred in connection with making distributions under the Plan. If Disbursing Agent will be compensated or reimbursed, specify the exact amount and the interval of payment.

NOTE: If disbursing agent will be compensated or reimbursed, be sure to account for these additional costs when evaluating feasibility of the Plan.

⁴¹ If the Disbursing Agent will be making distributions from a fund created under the Plan, the Plan and Disclosure Statement should provide that the fund will be maintained in a segregated interest-bearing account.

⁴² List the unexpired leases and executory contracts in sufficient detail to enable the reader to determine which Leases and contracts will be assumed. This list will enable a party to a lease or contract to quickly ascertain whether he or she needs to refer to Exhibit C or D.

Exhibits C and D are intended to provide detailed information on each Lease or contract to be assumed so that the court and any party to a particular Lease or contract can decide whether assumption is proper and desirable.

⁴³ List all executory contracts and unexpired Leases to be rejected in sufficient detail to enable a reader to quickly ascertain whether any particular Lease or contract will be rejected.

⁴⁴ Deadline for filing proof of claim based on claim arising from rejection of contract or lease.

(Note: Typically, this date will be 30 days from Effective Date.)

⁴⁵ Select one:

- (a) is
- (b) is not

^{45a} See 11 U.S.C. § 1129(a)(6). This section is only applicable if Debtor's business is regulated by a governmental regulatory commission. Examples include certain transportation companies and public utility companies. If Debtor is not regulated by a governmental commission, insert an affirmative statement to that effect in the Disclosure Statement. If debtor is regulated, state this and Plan must comply with 11 U.S.C. § 1129(a)(6).

⁴⁶ Do not change the language in this section unless the judge to whom your case is assigned has different or additional language that judge wishes to use in this section and directs you to insert that judge's specific language.

⁴⁷ **NOTE:** If the Debtor is not entitled to a discharge pursuant to 11 U.S.C. § 1141(d), change this heading to "NO DISCHARGE." Read and follow instruction #48.

⁴⁸ Choose one of the following:

- (a) confirmation of the Plan
- (b) payment in full of proposed plan payments to the unsecured creditors
- (c) substantial consummation of plan
- (d) other. You must state what the other condition for or date of discharge is.

Alternatively, if debtor does not meet the test of 11 U.S.C. 1141(d)(3) for getting a discharge, then the debtor is not entitled to any discharge, and the whole paragraph under "Discharge" must be omitted and replaced with:

- (e) Debtor will not receive any discharge in this case because debtor does not meet the test for receiving a discharge specified under 11 U.S.C. § 1141(d)(3).

NOTE: More evidence regarding feasibility of the Plan may be required if the Plan Proponent seeks discharge upon Plan Confirmation.

Instructions Relating to Exhibits A & B

¹ Description of leased property or asset, including address of real property, if applicable.

² Actual pecuniary loss consists of damages other than lease payment default, if any.

³ Describe how the Debtor is assuring performance on the remaining obligation under the lease, e.g., addition of guarantor.