

**SUBCHAPTER V**  
**FROM START TO FINISH**  
**ABRIDGED**

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**I. INTRODUCTION**

Subchapter V of chapter 11 went into effect on February 19, 2020. As of March 27, 2023, there have been thirty-four Subchapter V cases in the Western District of Virginia. The Eastern District of Virginia has had forty-eight Subchapter V cases, primarily in the Alexandria Division.

**II. GETTING STARTED**

**Meeting with the potential client** – This is similar to most other bankruptcy initial meetings with clients. Mostly, for Subchapter V cases, the potential client will be a business. The analysis includes the debtor’s assets, debts and cash flow. Determine current litigation and collection activity. Determine client’s goals regarding reorganizing the business or perhaps selling assets to satisfy debt.

If the debtor meets the eligibility requirements of Subchapter V, i.e. is a qualified small business debtor with less than \$7,500,000.00 of debt explore whether a Subchapter V reorganization makes sense. *See* III and IV of this outline for more particular discussion on eligibility.

Does the debtor have secured obligations that need to be cured or modified? Does the debtor have tax obligations that can be best paid over a period of time? Does the debtor have unsecured debt beyond its ability to reasonably repay in the near term? Perhaps most importantly, does the debtor have a viable business that can be profitable if given a respite from current obligations? If the answers to some or all of these questions are “yes”, it is likely that a Subchapter V case makes sense for this debtor.

**Petition** – The obligations of the petition are similar to those of other chapters of the Bankruptcy Code, although they include statements regarding the debtor’s status as a small business debtor and the debtor’s election to pursue Subchapter V. Other than that, a matrix of all creditors with names and addresses are part of the minimal requirements for filing a Subchapter V petition.

**Schedules** – The Subchapter V schedules are basically the same as those of a chapter 7 or larger chapter 11 bankruptcy. The debtor will need to list all of its assets and debts, and fill out the statement of financial affairs. Although schedules I and J are not required in Subchapter V schedules it is advisable to prepare and include them, as disposable income will likely be an important component of the Subchapter V case and plan.

**Tax Returns/Insurance** – Similar to larger chapter 11 cases, a debtor will need to be current with their tax returns as they will be required to quickly share them with the United States Trustee and Subchapter V Trustee. It is also imperative that the debtors have all of their required insurance (general liability, hazard and casualty, and workman’s comp) in place. Similar to a larger chapter 11, perhaps something that chapter 7 and chapter 13 practitioners do not always run into, failure to have the requisite insurance in place can lead to a quick dismissal of the Subchapter V case.

**Employment Application** – A Subchapter V case requires applications to the Court for all professionals, including a copy of the engagement agreement and a statement of disinterestedness. *See* attached Exhibit 1. If possible, the application should be filed at the same time as the bankruptcy petition; failure to file the application puts the professional at risk for not getting paid.

**First Day Motions** – Typically, if the Subchapter V debtor generates revenue from the sale of inventory or generates accounts receivable, and those assets are subject to a lien, the Subchapter V debtor will immediately need Court approval to allow continued use of this “cash collateral”. *See* 11 U.S.C. § 363(a) and (c). Another first day motion will be filed for permission to pay pre-petition wages of the Subchapter V debtor, *i.e.*, wages that accrued prior to the date of the bankruptcy petition but that are not due until after the case is filed.

Once the case is filed, the Subchapter V debtor is generally allowed to go forward conducting its business as usual, subject to certain immediate directions from the Court such as establishing a debtor-in-possession bank account and escrowing for future fees for the Subchapter V Trustee. Both of these items are covered in greater detail in a different part of these materials.

### III. ELIGIBILITY

#### Section 1182 Definitions:

In this chapter:

(1) The term “debtor”—

(A) subject to paragraph (B), means a person engaged in commercial or business activities (including any affiliate of such person that is also a debtor under this title and excluding a person whose primary activity is the business of owning single asset real estate) that has aggregate, noncontingent, liquidated secured and unsecured debts as of the date of the filing of the petition or the date of the order of relief in an amount not more than

\$7,500,000 (excluding debts owed to 1 or more affiliates or insiders) not less than 50 percent of which arose from the commercial or business activities of the debtor; and

(B) does not include—

- (i) any member of a group of affiliated debtors under this title that has aggregate noncontingent liquidated secured and unsecured debts in an amount greater than \$7,500,000 (excluding debt owed to 1 or more affiliates or insiders;
- (ii) any debtor that is a corporation subject to the reporting requirements under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78(m), 78o(d)); or
- (iii) any debtor that is an affiliate of a corporation described in clause (ii).

Note: Unless the United States Congress takes action to extend the expiration date of this section, on June 23, 2024, the definition of “debtor” for Subchapter V will revert to the definition of “debtor” set forth in section 101(51C).

#### **Section 101 Definitions:**

(2) The term “affiliate” means—

(A) entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without discretionary power to vote such securities; or

(ii) solely to secure a debt if such entity has not in fact exercised such power to vote:

(B) corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the debtor, or by an entity that directly or indirectly owns, controls, or holds with power to vote 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(C) person whose business is operated under a lease or operating agreement by a debtor, or person substantially all of whose property is operated under an operating agreement with the debtor; or

(D) entity that operates the business or substantially all of the property of the debtor under a lease or operating agreement.

(51B) The term “single asset real estate” means real property constituting a single property or project, other than residential real property with fewer than 4 residential units, which generates substantially all of the gross income of the debtor who is not a family farmer and on which no substantial business is being conducted by a debtor other than the business of operating the real property and activities incidental thereto.

### **Other Definitions:**

“Noncontingent”: A debt is contingent if all events giving rise to liability have occurred prior to the filing of a bankruptcy petition. *See In re Bello*, 609 B.R. 695 (Bankr. E.D. Mich. 2019); *In re Kdeit*, 613 B.R. 890 (Bankr. E.D. Mich. 2020). It is only where some future event must transpire before liability arises that a debt is contingent. *See Kanke v. Adams (In re Adams)*, 373 B.R. 116, 119-20 (B.A.P. 10<sup>th</sup> Cir. 2007)

“Liquidated”: A liquidated debt is “one where it is certain what is due and how much is due”. *See In re Hefner*, 2021 Bankr. LEXIS 3615 (Bankr. M.D. Fla. 2021), quoting *U.S. v Verdunn*, 89 F.3d 799, 802 (11<sup>th</sup> Cir. 1996). “A debt is liquidated if the amount of the debt is easily ascertainable using a simple mathematical calculation.” *See In re Mitchell*, 2013 Bankr. LEXIS 5800 (Bankr. W.D. Va. 2013).

### **A. Who can be a Subchapter V debtor? Special definition in Section 1182.**

1. Person must be “engaged in commercial or business activities (including any affiliate of such person that is also a debtor under this title . . .).” Section 1182(1)(A). Fairly substantial case law has emerged about what it means to be “engaged in commercial or business activities.” Consensus seems to be that that determination is made as of the petition date and that debtor must presently be engaged in commercial or business activities. *See In re RS Air, LLC*, 638 B.R. 403, 409-10 (9<sup>th</sup> Cir. B.A.P. 2022). What exactly constitutes “commercial or business activities” has been subject of a number of decisions. *See, e.g., RS Air*, 638 B.R. 403 (eligible for Subchapter V; was engaged in litigation, paying aircraft registration fees, filing tax returns and paying taxes); *In re Rickerson*, 636 B.R. 416 (Bankr. W.D. Pa. 2021) (not eligible for Subchapter V; debtor was employee; no evidence that entities owned by debtor were engaged in any business activities on the petition date); *In re Port Arthur Steam Energy, L.P.*, 629 B.R. 233 (Bankr. S.D. Texas 2021) (eligible for Subchapter V; was engaged in litigation, selling assets and maintaining equipment; debtor not required to “maintain its core or historical business activities”).

2. Current debt limit is \$7,500,000.00. That is “noncontingent liquidated secured and unsecured debts.” So, it would exclude contingent or unliquidated debts. Also, excludes debts owed by the debtor to affiliates or insiders. This debt limit is set to expire on June 21, 2024. Two-year extension of this debt limit was signed into law on June 21, 2022. The debt limit for small business cases is \$3,024,725.00. *See* Section 101(51D). Assume it will revert to whatever the current debt limit in that section is if the extension expires.

Regarding the debt limit – a person is not eligible to be a debtor if they are a “member of group of affiliated debtors under this title” that has debt that exceeds the \$7,500,000.00 debt limit. *See* Section 1182(1)(B)(i). Note that this would include an affiliate of the debtor that has filed under another chapter of the Code. This subsection would apply to a company that filed Subchapter V whose owner has filed a chapter 13 case.

3. Not less than 50% of the debt must arise from the “commercial or business activities of the debtor.” This is probably different from the definition of “consumer debt” in Section 101(8). That is defined as “debt incurred by an individual primarily for a personal, family, or household purpose.” Only one case has discussed whether there needs to be a “nexus” between the business debt and the current business activities. In other words, does the debtor have to have more than 50% of its debt from the operation of a current business and not a business that is now defunct? *In re Blue*, 630 B.R. 179, 191 (Bankr. M.D.N.C. 2021), holds that that is does not.

4. Does not include:

- a. Single asset real estate debtors. Section 1182(1)(A). *See* Section 101(51B) for definition of single asset real estate.
- b. Publicly traded corporation or an affiliate of a publicly traded corporation. *See* Section 1182(1)(B)(ii) and (iii).

B. If a party contests a debtor’s eligibility to be a Subchapter V debtor, the burden is on the debtor to establish that it is eligible. *See In re Blue*, 630 B.R. 179, 187 (Bankr. M.D.N.C. 2021); *In re Offer Space, LLC*, 629 B.R. 299, 304 (Bankr. D. Utah 2021).

C. Bankruptcy Rule 1020 governs objection to the Subchapter V election. The deadline is thirty days from the conclusion of the Section 341 meeting or thirty days from the amendment to the debtor’s election to be a Subchapter V debtor, whichever is later. Any party in interest, including the U.S. Trustee, can object to the Subchapter V election. *See* Rule 1020(b). Such objections are contested matters. *See* Rule 1020(c).

Note as a technical matter, a debtor does not “convert” to Subchapter V. The debtor makes an election on the petition to select Subchapter V. The proper mechanism to turn a non-Subchapter V chapter 11 case into a Subchapter V case is to file an amended petition. *See In re Wetter*, 620 B.R. 243, 253-54 (Bankr. W.D. Va. 2020) (Judge Black).

## REPORTED SUBCHAPTER V CASES

### Eligibility under Section 1182:

*In re Ventura*, 615 B.R. 1 (Bankr. E.D.N.Y 2020)

Debtor qualified to proceed under the SBRA because the primary use of the real property at issue was the operation of a bed and breakfast, even though the debtor also used the property as a principle residence.

*In re Parking Mgmt.*, 620 B.R. 544 (Bankr. D. Md. 2020)

The chapter 11 debtor's lease rejection claims were not considered in the debt limitation determination under 11 U.S.C. § 1182(1)(A) where they were pending until the court approved the rejections, thereby making them noncontingent, and therefore they were contingent as of the date of filing.

*Hall L.A. WTS, LLC v. Serendipity Labs, Inc. (In re Serendipity Labs, Inc.)*, 620 B.R. 679 (Bankr. N.D. Ga. 2020)

Debtor's Subchapter V election to proceed as a small business debtor was revoked because a publicly traded company held more than 20% of debtor's voting shares, which pursuant to 11 U.S.C. § 1182(1)(B)(iii), rendered debtor ineligible for Subchapter V.

*In re Thurmon*, 625 B.R. 417 (Bankr. W.D. Mo. 2020)

Court sustained U.S. Trustee's objection to debtors' designation as a subchapter V small business debtor, as they were not "engaged in commercial or business activities" under 11 U.S.C. § 1182(1)(A) on the day they filed bankruptcy where they had sold the business with no intent to return to it and were otherwise not active in commercial or business activities.

*In re Sullivan*, 626 B.R. 326 (Bankr. Co. 2021)

Debtor's chapter 11 plan could not be confirmed because debtor did not qualify for subchapter V as a small business debtor given that inclusion of a property settlement with his ex-wife meant that a majority of the debtor's debts on the petition date did not arise from his commercial or business activities as required by 11 U.S.C. § 101(51D).

*In re ENKOGSI, LLC*, 626 B.R. 860 (Bankr. M.D. Fl. 2021)

Debtor that owned and operated a hotel was eligible to file a Subchapter V chapter 11 case because it was not a single-asset real estate case under 11 U.S.C. § 1182 as it operated a substantial business other than managing the real estate as it provided room cleaning services, laundry services, and maintained a swimming pool and fitness center.

*In re Offer Space, LLC*, 629 B.R. 299 (Bankr. D. Utah 2021)

Debtor met Subchapter V eligibility requirements under 11 U.S.C. § 1182(1)(A) because, while debtor's business was no longer in operation as it had been previously, when considering totality of circumstances, debtor's petition-date activities adequately demonstrated that it was engaged in commercial or business activities on the petition date.

*In re Blue*, 630 B.R. 179 (Bankr. N.D. N.C. 2021)

The plain language of section 1182(1)(A) does not mandate that the debtor's scheduled business debts be related to her current business activities.

*Nat'l Loan Invs., L.P. v. Rickerson (In re Rickerson)*, 636 B.R. 416 (Bankr. W.D. Pa. 2021)

Although the debtor had previously engaged in business activities, but was engaged in a "garden variety" employer-employee relationship at the time of the petition, the debtor's routine employment did not constitute commercial or business activity under section 1182(a)(A), and so was not eligible to proceed under Subchapter V.

*In re Johnson*, 2021 Bankr. LEXIS 471 (Bankr. N.D. Tex. 2021)

Starting first with the statutory language itself, "engaged" in the context of section 101(51D) is commonly defined as involved in activity: occupied, busy. Thus, applying the ordinary meaning of engaged to the language of §101(51D), a person "engaged in" commercial or business activities is a person occupied with or busy in commercial or business activities — not a person who at some point in the past had such involvement.

*In re McGrath*, 2021 Bankr. LEXIS 1210 (Bankr. M.D. Fl. 2021)

The definition of a single asset real estate debtor set forth in section 101(51B) encompasses not only single properties but also single projects. The mere fact that multiple parcels of real property are involved is not dispositive. For two or more parcels to constitute a single project, the multiple parcels must be purchased, developed or sold pursuant to a common plan or scheme, linked together by common usage or in pursuit of a common purpose

*In re Hyde*, 2022 Bankr. LEXIS 1571 (Bankr. E.D. La. 2022)

An individual debtor facing guarantor liability for the debts of a failed small business met the requirements to confirm a plan of reorganization under subchapter V.

*In re Vertical Mac Constr., LLC*, 2021 Bankr. LEXIS 2285 (Bankr. M.D. Fla. 2021)

A small business debtor met its burden of showing it was entitled to relief under Subchapter V chapter 11, because it engaged in commercial or business activities as required under 11 U.S.C. § 1182(1)(A) by maintaining bank accounts, working with insurance adjusters to resolve the construction claims and preparing for the sale of assets

*In re Phenomenon Mktg. & Entm't, LLC*, 2022 Bankr. LEXIS 1189 (Bankr. C.D. Ca. 2022)

The debtor bears the burden of proof to establish eligibility to proceed under Subchapter V.

*NetJets Aviation, Inc. v. RS Air, LLC (In re RS Air, LLC)*, 638 B.R. 403 (9<sup>th</sup> Cir. B.A.P. 2022)

A profit motive is not required to satisfy section 1182(1)A), provided that the activities of the debtor were “commercial or business activities” and that the debtor was “engaged in” those activities on the petition date.

*In re Free Speech Systems, LLC*, 2023 WL 2732943 (Bankr. S.D. Tex. 2023)

Debtor did not lose its eligibility to proceed as a Subchapter V debtor even though debtor’s owner had subsequently filed a chapter 11 case and owner’s debt exceeded the Subchapter V debt limit. The court found the time to consider eligibility for Subchapter V was on the petition date. Further, the time to challenge the debtor’s Subchapter V election under Rule 1020 had long passed.

## **Odds & Ends**

*In re Nat’l. Small Bus. Alliance*, 642 B.R. 345 (Bankr. D.D.C. 2022)

In appropriate situations, a court is able to order the revocation of the debtor’s election to proceed under Subchapter V, even when the revocation is not specifically provided for in the Bankruptcy Code.

*In re Keffer*, 628 B.R. 897 (Bankr. S.D. W.Va. 2021)

Although the deadlines in 11 U.S.C. §§ 1188 and 1189 for Subchapter V had expired before debtor filed his 11 U.S.C. § 1307 motion to convert, the court agreed with those courts that had nevertheless allowed conversion, as debtor showed that the delay necessitating an extension of the deadlines was caused by circumstances beyond his control.

*In re Majestic Gardens Condo. C Ass’n*, 637 B.R. 775 (Bankr. S.D. Fl. 2022)

The court could not grant debtor an extension of the 11 U.S.C. § 1189(b) deadline (to file a plan) based on Fed. R. Bankr. P. 9006(b)(1). Though the court could grant a retroactive extension under § 1189(b), counsel's calendaring error did not satisfy the § 1189(b) standard.



*In re John V. Gally Fam. Protective Trust, Inc.*, 2022 Bankr. LEXIS 3598 (Bankr. D. Az. 2022)

Debtor's bankruptcy case was not filed in bad faith under 11 U.S.C. § 1112(b), despite the case being filed in lieu of posting a supersedeas bond in state court because debtor did not have sufficient liquid assets or collateral to post a bond; debtor filed the case with a proper bankruptcy purpose of liquidating assets to pay creditors.

*In re Roberts*, 644 B.R. 220 (Bankr. D. Co. 2022)

Conversion of an individual debtor's chapter 11 case to chapter 7 was warranted under 11 U.S.C. § 1112(b)(1) because conversion was in the best interests of creditors and the estate where debtor had failed to comply with numerous court orders and had engaged in pre-petition litigation misconduct.

*In re 218 Jackson LLC*, 2021 Bankr. LEXIS 2284 (M.D. Fl.)

Creditor was not entitled to dismissal or relief from stay in debtor's Subchapter V case because debtor's property was not single asset real estate under 11 U.S.C. § 101(51B), as debtor's two properties were being used for different purposes, one had a commercial building and the other could not be characterized as residential.

*In re Kemp*, 2021 LEXIS 1332 (S.D. Miss.)

The bankruptcy court denied the debtor's motion to convert a chapter 12 case to a subchapter V case under chapter 11, because the plain language of 11 U.S.C. § 1208(a) clearly allowed a debtor to convert a chapter 12 case to a chapter 7 case but did not permit a chapter 12 debtor to convert to a chapter 11 case.

*In re Ozcebeli*, 639 B.R. 365 (Bankr. S.D. Tex. 2022)

There was cause to convert or dismiss case pursuant to 11 U.S.C. § 1112(b)(1) for the debtor's bad faith in filing the case and in carrying out his duties because, in part, the debtor's numerous lies and failure to make full and candid disclosure throughout his bankruptcy case evidenced a pattern of reckless and cavalier disregard for the truth.

*In re Chip's Southington, LLC*, 2021 Bankr. LEXIS 1900 (D.Conn.)

Debtor restaurant was entitled to have dismissal order vacated and its chapter 11 case reinstated under Fed. R. Civ. P. 60(b) because extraordinary circumstances beyond debtor's control caused its chapter 11 case to be dismissed, including a global pandemic and restrictions that significantly affected the debtor's ability to operate its restaurant.

*In re Patel*, 2022 Bankr. LEXIS 1215 (W.D.N.C)

Confirmation of the amended plan was denied because the debtors' proposed plan and reason for the filing of the case was not in line with any of the purposes of the Bankruptcy

Code as debtors were both wage earners, did not have a business to reorganize, and lacked good faith.

*In re Del. Valley Lift Truck, Inc.*, 640 B.R. 342 (E.D.Pa 2022)

Sanctions against counsel were justified under Fed. R. Bankr. P. 9011 because counsel abused bankruptcy process by orchestrating filing of bankruptcy petition for an improper purpose, merely to advance interests of debtor's president and to disrupt district court litigation, and in doing so relied upon objectively unreasonable factual contentions.

*Cantwell-Cleary Co. v. Cleary Packaging, LLC (In re Cleary Packaging, LLC)*, 36 F.3d 504 (4<sup>th</sup> Cir. 2022)

Section 1141(a) and (d)(2) of the Bankruptcy Code makes 523(a) of the Bankruptcy Code applicable to chapter 11 cases, including those cases commenced under Subchapter V. *Silva v. Blue Whale Studios, LLC (In re Blue Whale Studios, LLC)*, 644 B.R. 252 (Bankr. N.D. Ga. 2022)

Movant established that the filing of bankruptcy petition was not authorized under either the alleged operating agreement or under Georgia law, and case must be dismissed pursuant to 11 U.S.C. § 1112 because movant and co-founder each owned a fifty percent voting interest in debtor, and movant did not approve the filing of the petition.

*In re Robinson*, 628 B.R. 168 (Bankr. D.Kan. 2021)

United States Trustee was not entitled to dismissal of debtor's chapter 11 Subchapter V small business case for cause under 11 U.S.C. § 1112(b) because, while debtor lost \$4,000 through gambling after he filed his bankruptcy case, this did not constitute gross mismanagement where debtor gambled post-petition income prior to confirmation.

*In re Glaukom, LLC*, 2022 Bankr. LEXIS 1988 (D. Ut.)

There was no discrimination under 11 U.S.C. § 1123(a)(4), because a debtor's plan of reorganization provided for the same treatment for each claim and equity interest in each respective class unless the holder of a particular claim or equity interest had agreed to less favorable treatment with respect to such claim or interest.

*In re U.S.A. Parts Supply*, 630 B.R. 487 (Bankr. N.D. W.Va. 2021)

There was ample cause to dismiss debtor's case seeking confirmation of its plan of reorganization, under 11 U.S.C. § 1112(b), because debtor suffered continuing losses in absence of reasonable likelihood of rehabilitation, and debtor shirked its duties to bankruptcy estate while choosing to operate behind cloak of misinformation and obfuscation.

*In re Nat'l Tractor Parts, Inc.*, 640 B.R. 916 (Bankr. E.D. Ill. 2022)

chapter 11 debtor, proceeding under subchapter V, was not entitled to modify its confirmed plan pursuant to 11 U.S.C. § 1193(b) because the correct reading of 11 U.S.C. § 1101(2)(C) was that, if the other two requirements were satisfied, the plan was substantially consummated once any payment to any creditor was made.

*SSRE Holdings, LLC v. Zirkle Grp., LLC (In re SSRE Holdings, LLC)*, 2021 Bankr. LEXIS 2346 (9<sup>th</sup> Cir. BAP)

Bankruptcy court erred in dismissing chapter 11 case based on its finding that debtor's manager lacked authority to file the bankruptcy petition because the Operating Agreement for the debtor (a holding company) implicitly granted the manager the authority to unilaterally file bankruptcy for the debtor.

*In re Excellence 2000*, 636 B.R. 475 (Bankr. S.D. Tex. 2022)

Debtor could not extend the plan filing deadline under 11 U.S.C. § 1189(b) as it failed to show that its request was attributable to circumstances for which it should not be held accountable, including that it had no evidence as to why its motion was untimely despite knowing of a property ownership dispute well in advance of the deadline.

*In re HBL SNF, LLC*, 635 B.R. 725 (Bankr. S.D.N.Y. 2022)

A debtor satisfied its burden to show that an extension to file its plan under 11 U.S.C. § 1189 was appropriate because it did not appear practical, fair, or wise to require the debtor to file a plan when the central issue of its lease with a landlord remained unresolved.

*In re Par 5 Prop. Invs., LLC*, 2022 Bankr. LEXIS 3045

Disgorgement of fees by chapter 11 debtor's law firm was warranted because application failed to mention third-party guarantee by debtor's member, declaration in support of application stated that an individual did not have pre-petition claim against estate, which was not true, and source and amount of retainer on petition date was inaccurate.

*In re Online King, LLC*, 629 B.R. 340 (Bankr. E.D.N.Y. 2021)

There is no statutory mandate in Subchapter V that the debtor must request an extension of the deadline to file a plan prior to the expiration of the deadline. By its terms, section 1189(b) implies that the Court may grant retroactive relief. To prevail on a request for additional time to file a plan, the debtor must show that the need for the extension is attributable to circumstances for which the debtor should not be held accountable.

*In re Young*, 2021 Bankr. LEXIS 765 (D. N. Mex.)

chapter 11 debtors' Subchapter V plan was not confirmable because creditors would do better in a chapter 7 liquidation than under plan, plan was not fair and equitable to the creditors, and plan was not proposed in good faith. Instead of converting case to chapter 7, court removed debtors as debtors in possession according to 11 U.S.C. § 1185.

*Lyons v. Fam. Friendly Contr. LLC (In re Fam. Friendly Contr. LLC)*, 2021 Bankr. LEXIS 2945 (Bankr. Md. 2021)

The statute (1182(1)(A)) does not require the court to dissect the various benefits obtained by all of the parties and for the purpose of § 1183(1)(A), include only debt that is linked to a direct benefit by a debtor, while excluding debt that directly benefited others.

*In re Vertical Mac Constr., LLC*, 2021 Bankr. LEXIS 2285 (Bankr. M.D. Fla. 2021)

A small business debtor met its burden of showing it was entitled to relief under Subchapter V because it engaged in commercial or business activities as required by 11 U.S.C. §1182(1)(A) by maintaining bank accounts, working with insurance adjusters to resolve the construction claims and preparing for the sale of assets.

*In re Port Arthur Steam Energy, L.P.*, 629 B.R. 233 (Bankr. S.D. Tex 2021)

Debtor satisfied requirements of proceeding under Subchapter V under section 1182(1)(A) by engaging in commercial or business activities, in part by actively pursuing litigation against a third party, seeking to collect outstanding accounts receivables, and selling assets, all of which were commercial and business activities.

*In re McGrath*, 2021 Bankr. LEXIS 1210 (M.D. Fl. 2021)

For the Debtor's real property to constitute single asset real estate for purposes of section 1183(1)(A), the real property at issue must satisfy the definition of that term set out in section 51(B) of the Bankruptcy Code.

*Avion Funding LLC v. GFS Indus., LLC (In re GFS Indus., LLC)*, 2022 Bankr. LEXIS 3199

Corporate debtors proceeding under Subchapter V corporate debtors could not be made defendants in a section 523 dischargeability proceeding because section 1192(2) limits the applicability of the section 523 to individuals only. (Case certified to Fifth Circuit Court of Appeals on February 3, 2023) (But See *Cantell-Cleary Co. v. Cleary Packaging LLC (In re Cleary Packaging, LLC)* below.

*In re Gabbidon Builders Builders, LLC*, 2021 Bankr. LEXIS 1300 (W.D.N.C.)

Debtor's proposed Plan was not confirmed because the Plan was not feasible, as required by 11 U.S.C. § 1129(a)(11). Moreover, cause existed to convert the case to chapter 7

because the debtor had engaged in gross mismanagement of the estate, there had been a diminution of the estate, and there was not a reasonable likelihood of rehabilitation.

*In re Wetter*, 620 B.R. 243 (Bankr. W.D. Va. 2020) (J. Black)

Neither Subchapter V or section 348(b) adjust deadlines specified in Subchapter V cases when a case is converted to Subchapter V from another chapter.

*In re Corinthian Commc'n, Inc.*, 642 B.R. 224 (Bankr. S.D.N.Y. 2022)

Given in part the debtor's continuous lack of disclosure to the trustee, there was cause to expand the trustee duties under section 1183(b)(2) to include the investigation of the debtor and the operation of the debtor's business for purposes of section 1106(a)(3). If a debtor is removed as debtor in possession, the non-operating trustee's duties are expanded under section 1183(b)(5) to include, amongst other duties, operating the business of the debtor.

*In re Twin Pines, LLC*, 2020 Bankr. LEXIS 1217 (Bankr. D. Mex. 2020)

Court could extend deadlines imposed under sections 1188(b) and 1189(b) for debtor who had commenced its chapter 11 case approximately 1 year before the SBRA was enacted.

*In re U.S.A. Parts Supply*, 630 B.R. 487 (Bankr. N.D. W.Va. 2021).

There was ample cause to dismiss debtor's case seeking confirmation of its plan of reorganization, under 11 U.S.C. § 1112(b), because debtor suffered continuing losses in absence of reasonable likelihood of rehabilitation, and debtor shirked its duties to bankruptcy estate while choosing to operate behind cloak of misinformation and obfuscation.

*In re Abundant Life Worship Ctr. of Hinesville GA, Inc.*, 2020 Bankr. LEXIS 3517 (Bankr. S.D.Ga. 2020)

Automatic stay of 11 U.S.C. § 362(a) did not come into effect upon debtor's filing of its petition pursuant to § 362(n)(1)(B) because debtor had previous small business case dismissed within the two years prior to the filing of the instant case. Exception of § 362(n)(2)(B) did not apply because debtor did not have two cases pending at same time.

*Cantell-Cleary Co. v. Cleary Packaging LLC (In re Cleary Packaging, LLC)*, 36 F.4<sup>th</sup> 509 2022

A Subchapter V of chapter 11 of the Bankruptcy Code proceeding involves a non-consensual plan, i.e., a "cram-down" proceeding, in which stakeholders in the bankruptcy estate are treated differently than they would be in traditional chapter 11 proceedings under the absolute priority rule. Under a Subchapter V plan, owners of a debtor can retain ownership interests to continue conducting the reorganization at the expense of and over the objection of creditors. All Subchapter V debtors are textually subject to the discharge

limitations described in 11 U.S.C. § 523(a), not just individual Subchapter V debtors (overruling lower court).

*In re Samurai Martial Sports, Inc.*, 644 B.R. 667 (Bankr. S.D.Tex. 2022)

Debtor, a small business, was not entitled to modify its confirmed subchapter V plan of reorganization pursuant to 11 U.S.C. § 1193(c) because debtor failed to carry its burden to show that the modification was feasible given that debtor consistently was unable to or unwilling to adhere to the terms of the current Plan.

*In re Hunts Point Enters. LLC*, 2021 Bankr. LEXIS 771 (E.D.N.Y.)

Debtor's motion to dismiss case was conditioned on the payment of any compensation allowed to the Subchapter V Trustee.

*In re Gui-Mer-Fe, Inc.*, 2022 Bankr. LEXIS 1144 (D.P.R.)

A debtor's motion in request of administrative closing of the case under 11 U.S.C. § 350 was denied. In subchapter V cases that were confirmed under § 1191(b), the services of the trustee did not terminate until the completion of plan payments, and the trustee filed his/her final report and the debtor requested a final decree and discharge.

*In re Abundant Life Worship Ctr. of Hinesville GA, Inc.*, 2020 Bankr. LEXIS 3517 (Bankr. S.D. Ga. 2020)

Automatic stay of 11 U.S.C. § 362(a) did not come into effect upon debtor's filing of its petition pursuant to § 362(n)(1)(B) because debtor had previous small business case dismissed within the two years prior to the filing of the instant case. Exception of § 362(n)(2)(B) did not apply because debtor did not have two cases pending at same time.

*In re Young*, 2021 Bankr. LEXIS 765 (D.N.Mex)

chapter 11 debtors' Subchapter V plan was not confirmable because creditors would do better in a chapter 7 liquidation than under plan, plan was not fair and equitable to the creditors, and plan was not proposed in good faith. Instead of converting case to chapter 7, court removed debtors as debtors in possession according to 11 U.S.C. § 1185.

*In re Gabbidon Builders Builders, LLC*, 2021 Bankr. LEXIS 1300 (W.D.N.C.)

Debtor's proposed Plan was not confirmed because the Plan was not feasible, as required by 11 U.S.C. § 1129(a)(11). Moreover, cause existed to convert the case to chapter 7 because the debtor had engaged in gross mismanagement of the estate, there had been a diminution of the estate, and there was not a reasonable likelihood of rehabilitation.

## Takeaways

1. Be creative in evaluating eligibility but have an alternative ready.
2. Do not ignore the negative effect of “affiliates” and their debts.
3. Courts’ interpretation of what Section 1182 means may be evolving.
4. In the Western District, plan on the Court ordered \$1,000.00 escrow for Trustee compensation.

## IV. ROLE OF THE UNITED STATES TRUSTEE

### A. General Resources.

The official information from the U.S. Trustee Program about Subchapter V can be found here: <https://www.justice.gov/ust/private-trustee-handbooks-reference-materials/chapter-11-subchapter-v-handbooks-reference-materials>

### B. Employment

Standard rules apply regarding employment of professionals – except – Section 1195 provides that a professional who holds a claim against the debtor of less than \$10,000 is not disqualified solely for that reason. Note that this applies to all professionals, not just attorneys. The debt should be scheduled of course.

Typically, professionals either had to be get paid pre-petition or waive their claims to be retained by the debtor. The Subchapter V Manual says that the U.S. Trustee will not object if the professional returns preferential pre-petition payments and waives any claim under Section 502(d) that exceeds \$10,000.

### C. First Day Motions

Subchapter V does not change the requirements regarding the ordinary first day motions. The Debtor is still going to need to file a motion to pay pre-petition debt (critical vendors and wages), use cash collateral, obtain DIP financing, seek a case management order, etc.

### D. Initial Debtor Interview (“IDI”).

There is still a required IDI. Held in the first days of the case, usually within 10 days of filing. Usually conducted by one of our Bankruptcy Auditors/Analysts . General review of the Debtor’s business as well as a discussion of administrative requirements. Debtor, debtor’s counsel and the Subchapter V trustee attend and participate in the meeting

## **E. Necessary Documentation and Insurance Coverage**

Typically, in advance of the IDI meeting, debtors will be expected to provide before the IDI:

- Pre-petition Profit/Loss Statement and balance sheet or in the case of an individual debtor, the most recent financial statement;
- Insurance documentation showing the debtor is insured by workers compensation, liability, auto, fire and theft and any other insurance customarily maintained in the business in which the debtor is engaged. U. S. Trustee to be added as a certificate holder;
- Original checks marked VOID from the post-petition Debtor in Possession bank accounts (UST approved);
- A statement detailing the salary of officers, directors and principals of the debtor;
- Copies of monthly bank statements for all pre-petition accounts for the preceding 12 months;
- Copies of the Federal Tax Returns for the preceding 3 years (if any returns have not been prepared, copies of filed extensions);
- 6 month operating projection;
- Individual Debtors - Employer Identification Number for the Estate - See IRS Notice to Individual Debtors.

The U.S. Trustee may request other documents depending on the case.

Evidence that necessary insurance is in place is mandatory. The U.S. Trustee is likely to swiftly file motions to dismiss or convert for failing to get required insurance in place. *See* Section 1112(b)(4)(C). Please note that insurance requirements apply to individual debtors too.

Debtor is required to open a debtor-in-possession bank account. This allows the U.S. Trustee to monitor compliance with Section 345.

Section 1187(a) and Section 1116(1) require the Debtor to file:

- 1) Most recent balance sheet;
- 2) Most recent statement of operations;
- 3) Cash-flow statement;
- 4) Federal income tax return;
- 5) Or, a statement under the penalty of perjury that those documents have not been prepared or filed, as the case may be.

## **F. No Creditors' Committee Unless Ordered by Court**

Section 1102(a)(3) provides that there is no creditors' committee unless the Court orders otherwise "for cause."



## **G. 341 Meeting**

There is still a required Section 341 meeting. A designee of the U.S. Trustee will conduct the meeting.

## **H. Reporting**

During the case debtors must file monthly operating reports using form B425C (Small business form).

The monthly operating report is due on the 21<sup>st</sup> day of the month (for the prior month). That syncs up filings with the new rule regarding operating reports in “regular” chapter 11s. *See* 28 C.F.R. Section 58.8.

Debtors are currently not required to file reports post-confirmation. Debtors are required to file the required reports for through the date of confirmation.

## **I. No U.S. Trustee Fees**

U.S. Trustee fees are excepted under 28 U.S.C. § 1930(a)(6)(B).

Note that if the case is pending as a “regular” chapter 11 case the debtor will be assessed U.S. Trustee fees for the period that the case is not a Subchapter V case.

## **J. Retainers for Subchapter V trustees.**

This is something that the Court has started doing by Order. The current standard Subchapter V Order calls for the Debtor to put \$1,000.00 a month in trust to pay Subchapter V trustee fees.

## **K. The Plan**

No disclosure statement unless the Court orders otherwise. *See* Section 1181(b). Section 1190(1) does require the plan to contain some disclosure statement like information.

## **L. Applications for Compensation**

Subchapter V does not change the law or our procedures regarding review of applications for compensation.

Please be aware of 28 C.F.R. Part 58, Appendix A, which applies in Subchapter V cases. It applies to all professionals, not just attorneys. Further information can be found here: <https://www.justice.gov/ust/fee-guidelines>

Since the timeline is shorter in Subchapter V cases, many professionals end up filing only one or two fee applications. Expect a request for a provision in the confirmation order that sets a deadline for filing of final fee applications post-effective date.

## **V. DUTIES OF THE SUBCHAPTER V TRUSTEE**

### **Section 1183(b)**

Perform the duties in paragraphs 2, 5, 6, 7, and 9 of Section 704(a).

Perform the duties in paragraphs 3, 4, and 7 of Section 1106(a) if the Court orders.

Be heard at the status conference and any hearing that concerns:

Value of property subject to a lien

Confirmation of a Subchapter V plan

Post-confirmation modification of the plan

Sale of property of the estate

Ensure debtor commences payments under a confirmed plan

If a debtor is no longer a debtor in possession, perform the duties under Section 704(a)(8) and paragraphs 1, 2, and 6 of section 1106(a).

Perform the duties under Section 704(c) if there is a domestic support obligation with respect to the debtor.

Facilitate the development of a consensual plan.

Of these duties, the most important is the facilitation of a confirmable consensual plan. The Subchapter V Trustee can serve as a resource and sounding board for debtor's counsel. The Subchapter V Trustee can also serve as an intermediary between the debtor and its creditors to find workable terms for a plan.

Because Subchapter V Trustees have a great deal of experience with chapter 11 reorganizations, judges value the input and contributions of the Subchapter V Trustee so it makes sense to utilize the Subchapter V Trustee

## **VI. SECURED CREDITORS**

### **A. Proof of Claim**

When you know that a borrower of your lender is in financial trouble check the loan documents to be sure that your lender's lien is properly perfected.

Assuming that your lender is properly perfected, you should file a proof of claim so that you can set out the amount owed. Many times, the Subchapter V debtor does not know exactly how much is owed and having a filed proof of claim to go by will assist debtor's counsel with formulating the plan treatment for your creditor.

## **B. 1111(b) Election**

Let's assume that a Subchapter V debtor owes a lender \$1,500,000. The loan is secured by a Deed of Trust on an office building. Everyone agrees that the current value of the office building is \$1,000,000. Under section 506(a), the lender has a secured claim for \$1,000,000 and an unsecured claim for \$500,000. Typically, the secured claim would be paid with interest and the unsecured claim would receive some payment under the Subchapter V Plan.

If the case was a standard chapter 11 case, the lender might want to have a large unsecured claim as that claim might permit the lender to block confirmation of a plan. However, in Subchapter V cases, a plan can be confirmed without the acceptance by any class. So, if the lender believes that the value of the building will increase, the lender may want to make an 1111(b) election.

If our lender had made the 1111(b) election, its secured claim for \$1,000,000 would be paid with interest and the \$500,000 remainder of its claim would still be secured by the office building, but the remainder of the claim would not share in the distribution to unsecured creditors.

If the value of the office building were to increase to \$1,400,000 and the \$1,000,000 secured claim had been paid, the lender would still be entitled to be paid \$400,000 on the sale of building. If the value of the office building did not increase, the lender would have foregone the percentage distribution to unsecured creditors.

The Court's early Order in a Subchapter V case sets a date by which the 111(b) election has to be made – within 10 days after the filing of the plan.

## **C. Plan Remedies**

The area most neglected by creditors in Subchapter V plans is the remedies available to creditors.

Section 1191(c)(3)(B) says that a nonconsensual Subchapter V plan has to provide appropriate remedies to protect the creditors in the event plan payments are not made. Usually, a Subchapter V plan says that if the debtor defaults on its plan payments, the creditor can pursue its remedies as are available to it pursuant to applicable law. In *In re Channel Clarity Holdings, LLC*, 2022 WL 3710602 (Bankr. N.D. Ill 2022) it was suggested that expedited liquidation of nonexempt assets, truncated process for declaring a default and letting collection begin, or immediate conversion to chapter 7 could be appropriate remedies.

Even without a default, a creditor may want the plan to require the debtor to have to report its distributions on a periodic basis and to establish strict payment dates.

In certain instances in a consensual or nonconsensual plan, a creditor or the debtor may want the Subchapter V Trustee to remain in place to monitor payments even though the Subchapter V will not be responsible for making distributions.

## VII. PLAN

There are many different formats for a Subchapter V plan of reorganization. Examples attached as follows:

- A) Exhibit 2 - plan of Mid Atlantic Printers, Ltd. – Case No. 21-61173;
- B) Exhibit 3 - plan of Russell Anderson – Case No. 22-60960;
- C) Exhibit 4 - Official Form 425A – Small Business Plan of Reorganization under Chapter 11.

Subchapter V cases do not require a separate disclosure statement as is required in the larger chapter 11 cases. Instead, Subchapter V plans include a brief summary of the debtor's history and should include a recitation of the debtor's operations and progress from the time of the bankruptcy filing to the time of the filing of the plan. Unless extended by the Court, the plan is due within ninety (90) days of the filing of the case. Subchapter V plans also require projections by the debtor of cash flow going forward post-confirmation.

Subchapter V plans require the debtor to classify creditors in classes of claims, and then set out treatment for those classes of claims. Typically, each secured creditor will have its own separate class, with specific treatment as to its secured claim set out in its class treatment. Priority claims such as the Internal Revenue Service or Virginia Department of Taxation also typically have their own classes with their own treatments set out therein. Other classes of claims are administrative claims, which typically will be required to be paid in full either upon approval by the Court of the administrative claim or pursuant to an agreement with the administrative creditor; executory contracts and unexpired leases claims which will generally be assumed or rejected pursuant to 11 U.S.C. § 365; and finally, and often most importantly, general unsecured claims.

General unsecured claims can be treated in a number of ways. Perhaps the debtor has some unencumbered real estate or personal property that it proposes to sell and pay the proceeds to general unsecured creditors. Perhaps the debtor will pursue avoidance actions, such as voidable preferences or fraudulent conveyances and pay the general unsecured creditors from the proceeds of litigation. Most common, the debtor believes, and projects through its income and expense projections, that as a result of the bankruptcy relief that it has gotten, and/or a streamlined or better managed business, it will begin to generate operating profit. From this profit, the Debtor will often propose to pay its unsecured creditors over a period of three (3) to five (5) years. The plan will mostly contemplate that whatever profit the debtor will generate during that time period will constitute the entire recovery for general unsecured claims. *See* 11 U.S.C. §1190 and 1191.

One important aspect of Subchapter V for individual debtors is 11 U.S.C. § 1190(3), which says that the Debtor “notwithstanding §1125(b)(5) of this title, may modify the rights of the holder of a claim secured only by security interest in the real property that is the principal residence of the debtor if the new value received in connection with the granting of the security interest was (A) not used primarily to acquire the real property: and (B) used primarily in

connection with the small business of the debtor.” So unlike in chapter 13 or a traditional chapter 11, under some circumstances an individual Subchapter V debtor can modify secured debt that is secured only by his or her residence.

## VIII. PLAN CONFIRMATION

Once the Subchapter V debtor files its plan of reorganization, the Court will enter an Order directing the debtor to send out the plan with all of its exhibits along with a ballot, to all creditors to vote indicating their acceptance or rejection of the plan. The Court’s Order will also have deadlines for creditors to return ballots, direction to the debtor as to filing a ballot summary with the Court and set an objection deadline for creditors or parties in interest to object to confirmation of the plan.

All “impaired” creditors, *see* 11 U.S.C. § 1124, are allowed to vote for or against the plan. The debtor is free to reach out to creditors to encourage voting in favor of the plan. As mentioned previously, there is no disclosure statement requirement in Subchapter V, so there is no condition of disclosure statement approval to solicit acceptance of the plan from the creditors.

As in traditional chapter 11 cases, the debtor accomplishes acceptance of its plan from a particular class if over fifty percent (50%) of the voting creditors in a class, whose claims represent at least two-thirds (2/3) of the amount of claims voting in a class, vote to accept the plan.

**Confirmation Requirements – This is one of the most significant and important changes to Subchapter V compared to traditional chapter 11.** While a Subchapter V debtor will still try to accomplish all of the plan confirmation requirements set out in 11 U.S.C. § 1129(a), in Subchapter V, it is not absolutely required that the debtor obtain the consensual vote of an impaired class of creditors. It is also not required that in the event the debtor fails to obtain the acceptance of all impaired classes, that the debtor has to comply with the “absolute priority rule” found in 11 U.S.C. §1129(b). In many cases, this makes plan confirmation much easier and more practical for the Subchapter V debtor, and greatly helps “level the playing field” between the debtor and its creditors, who no longer have as much of an ability to individually prevent confirmation.

**Consensual v. Non-Consensual Confirmation** – As mentioned above, the debtor will still always try to obtain consensual confirmation by accomplishing all of the elements of 11 U.S.C. § 1129(a), including acceptance by all impaired classes. If the debtor is able to do this, its plan gets confirmed, it immediately receives its discharge, and it goes forward operating under its confirmed plan. See 11 U.S.C. § 1191(a).

If, however, the debtor is unable to obtain consent of impaired classes, it can still confirm its plan provided that it complies with 11 U.S.C. § 1191(b) and (c). It will need to commit its disposable income to its creditors for a period of between three (3) and five (5) years but will still be able to obtain confirmation of its plan despite its failure to have accomplished the acceptance of any or all of its impaired classes. Under this non-consensual confirmation, the debtor’s discharge will be pursuant to 11 U.S.C. §1192, and it will not actually receive its discharge until

it has complied with the payment obligations of the plan. In this way, despite several procedural differences, a Subchapter V case can somewhat resemble a chapter 13 case.

## **IX. CONCLUDING THOUGHTS**

Why I decided to be a Subchapter V Trustee

Benefits of Subchapter V

Our experience with Subchapter V

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
LYNCHBURG DIVISION

IN RE:

MID ATLANTIC PRINTERS, LTD.,

Debtor(s).

Chapter 11 Subchapter V  
Case No. 21-61173

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**APPLICATION TO EMPLOY MAGEE GOLDSTEIN LASKY & SAYERS, P.C. AS  
COUNSEL FOR THE DEBTOR EFFECTIVE THE PETITION DATE**

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The above-captioned debtor and debtor-in-possession (the “Debtor”), by counsel, hereby applies (this “Application”), for entry of an order authorizing the Debtor’s employment and retention of Magee Goldstein Lasky & Sayers, P.C. (“MGLS”) as its attorneys in connection with its chapter 11 case, effective the Petition Date (as defined herein). In support of this Application, the Debtor submits the Declaration of Andrew S. Goldstein, president of MGLS (the “Declaration”), which is attached hereto as **EXHIBIT 1**. In further support whereof, the Debtor respectfully states as follows:

**Jurisdiction and Venue**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The statutory bases for the relief requested herein are sections 327(a) and 330 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Bankruptcy Rules for the United States Bankruptcy Court for the Western District of Virginia (the “Local Rules”).

**EXHIBIT 1**

**Background**

3. The Debtor has filed a voluntary petition for relief under chapter 11 subchapter V of the Bankruptcy Code. The Debtor is operating its business and managing its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtor has elected small business, Subchapter V status.
4. The Debtor requires legal counsel to assist it with complying with all requirements of the Bankruptcy Code and in developing and seeking approval of a plan of reorganization.

**Relief Requested**

5. By this Application, the Debtor seeks entry of an order pursuant to sections 327(a) and 330 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and the Local Rules authorizing the employment and retention of MGLS as its attorneys in accordance with the terms and conditions set forth in that certain engagement agreement (the “Engagement Agreement”) between the Debtor and MGLS, a copy of which is annexed as **EXHIBIT 2** hereto and incorporated herein by reference.

**MGLS’s Qualifications**

6. The Debtor seeks to retain MGLS because of MGLS’s expertise and experience in the field of debtor protections, creditors’ rights, and reorganization proceedings under chapter 11 of the Bankruptcy Code. MGLS has been actively involved in major chapter 11 cases, both within and outside of this Court.
7. In preparing for its representation of the Debtor in this Bankruptcy Case, MGLS has become familiar with the Debtor’s businesses and many of the potential legal issues that will arise in the context of this Bankruptcy Case. These facts render MGLS both well qualified and uniquely able to represent the Debtor’s interests in these proceedings in an efficient and timely manner. Requiring the Debtor to engage new counsel would impose



an undue burden; moreover, the time and effort that would be necessary for new counsel to become acquainted with the Debtor's financial and legal situation would create inefficiencies that would prejudice the Debtor.

**Services to Be Provided**

8. Subject to further order of the Court and consistent with the Engagement Agreement, the Debtor requests the employment and retention of MGLS to render the following legal services:
- a. Advising the Debtor with respect to its powers and duties as debtor in possession in the continued management and operation of its business and properties;
  - b. Advising and consulting on the conduct of the Bankruptcy Case, including all of the legal and administrative requirements of operating in chapter 11;
  - c. Attending meetings and negotiating with representatives of Debtor's creditors and other parties in interest;
  - d. Taking all necessary action to protect and preserve the Debtor's estate, including prosecuting actions on the Debtor's behalf, defending any actions commenced against the Debtor, and representing the Debtor's interests in negotiations concerning all litigation in which the Debtor is involved, including objections to claims filed against the Debtor's estates;
  - e. Preparing all pleadings, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Debtor's estate;
  - f. Representing the Debtor in connection with obtaining post-petition financing, if necessary;
  - g. Advising the Debtor in connection with any potential sale of assets;
  - h. Appearing before the Court to represent the interests of the Debtor's estate before the Court;
  - i. Taking any necessary action on behalf of the Debtor to negotiate, prepare on behalf of the Debtor, and obtain approval of a chapter 11 plan and documents related thereto; and
  - j. Perform all other necessary or otherwise beneficial legal services to the Debtor in connection with prosecution of this Bankruptcy Case, including (i) analyzing the Debtor's leases and contracts and the assumptions, rejections, or assignments

thereof, (ii) analyzing the validity of liens against the Debtor; and (iii) advising the Debtor on corporate and litigation matters.

**Professional Compensation**

9. MGLS intends to apply for compensation for professional services rendered on an hourly basis and reimbursement of expenses incurred in connection with the Debtor's Bankruptcy Case every 60 days, subject to the Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, guidelines established by the Office of the United States Trustee for the Western District of Virginia, and any other applicable procedures and orders of this Court, on an hourly basis and subject to a general retainer. The hourly rates and corresponding rate structure to be utilized by MGLS in this Bankruptcy Case are essentially equivalent to the hourly rates and corresponding rate structure used by MGLS for restructuring, workout, bankruptcy, insolvency, and comparable matters, regardless of whether an application is required. These rates and the rate structure reflect that restructuring and other matters involve great complexity, high stakes, and severe time pressures.
10. MGLS's hourly rates are set at a level designed to fairly compensate MGLS for the work of its professionals and paraprofessionals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned. These hourly rates are subject to periodic adjustments to reflect economic and other conditions and are consistent with the rates charged by firms of similar size and experience in similar locations. The initial hourly rates for the attorneys and paralegals at MGLS who are expected to have primary responsibility for the case are set forth in the Engagement Agreement. MGLS attorneys who have responsibility for particular issues arising in this case bill at hourly rates typically ranging from \$250.00 per hour to \$400.00 per hour. Paralegal and paraprofessional rates are \$100.00 per hour.

11. It is MGLS's policy to charge in all areas of its practice for identifiable, non-overhead expenses incurred in connection with the client's case that would not have been incurred except for representation of that particular client. It is also MGLS's policy to charge only the amount actually incurred by MGLS in connection with such items. Examples of such expenses include postage, overnight mail, courier delivery, transportation, overtime expenses, computer-assisted legal research, photocopying, outgoing facsimile transmissions, airfare, meals, and lodging.
12. Subject to Court approval in accordance with §330(a) of the Bankruptcy Code, and subject to any order entered by the Court in this case, the Debtor has agreed to pay for MGLS's legal services on the basis described above and to reimburse MGLS for reasonable expenses incurred during such representation as indicated above. The Debtor understands that MGLS intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and orders of this Court for services performed and expenses incurred after the Petition Date.
13. Pursuant to Bankruptcy Rule 2016(b), MGLS has not shared or agreed to share (a) any compensation it has received or may receive with another party or person, other than with the partners, associates, and attorneys associated with MGLS, or (b) any compensation another person or party has received or may receive.
14. The Debtor retained MGLS to advise it as to alternatives for reorganizing of its business, not only for its benefit, but also for the benefit of its creditors and other parties in interest. Prior to the Petition Date, MGLS agreed to accept \$15,000.00 plus the filing fee of \$1,738.00 from the Debtor, to be paid by the Petition Date. As of the Petition Date, \$1,738.00 is in the Debtor's retainer account at MGLS.

**MGLS's Disinterestedness**

15. To the best of the Debtor's knowledge, and as disclosed herein and in the Declaration, (a) MGLS is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code, and except as disclosed in the Declaration does not represent an interest adverse to the Debtor's estate; and (b) MGLS has no connection to the Debtor, its creditors, or related parties except as may be disclosed in the Declaration.
16. MGLS will periodically review its files during the pendency of this Bankruptcy Case to ensure that no conflicts or other disqualifying circumstances exist or arise. Should relevant facts or relationships be discovered or arise, MGLS will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a).

**Fee Applications**

17. As described above, MGLS intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules of this Court, and pursuant to any additional procedures that may be established by the Court in this Chapter 11 case; however, MGLS requests authority to apply to the Bankruptcy Court for fees and expenses in 60-day intervals, beginning on the Petition Date, rather than in 120-day intervals.

**Notice**

18. Notice of this Application has been given to the U.S. Trustee pursuant to Local Rule 2014-1. Pursuant to Local Rules and in accordance with Rule 6003, absent objections within 14 days from the date of this application, the Court may enter an order approving

the application without the necessity of holding a hearing.

WHEREFORE, Vance and Son's Enterprises, Inc. debtor and debtor in possession, respectfully requests entry of an order granting this Application.

Date: October 27, 2021

Respectfully submitted,

MID ATLANTIC PRINTERS, LTD.

By: /s/ Nancy Edwards  
It's President

By: /s/ Andrew S. Goldstein  
MAGEE GOLDSTEIN LASKY & SAYERS, P.C.  
Andrew S. Goldstein, Esq. (VSB #28421)  
P.O. Box 404  
Roanoke, VA 24003-0404  
Telephone: (540) 343-9800  
Facsimile: (540) 343-9898  
Electronic Mail: [agoldstein@mglspc.com](mailto:agoldstein@mglspc.com)  
*Proposed Counsel for the Debtor*

#### **CERTIFICATE OF SERVICE**

I certify that on this 27<sup>th</sup> day of October, 2021 I electronically filed the original of the foregoing with the United States Bankruptcy Court for the Western District of Virginia which caused electronic copies to be served on the United States Trustee and all users of ECF that have appeared in this case.

By: /s/ Andrew S. Goldstein

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
LYNCHBURG DIVISION

IN RE:

MID ATLANTIC PRINTERS, LTD.,

Debtor(s).

Chapter 11 Subchapter V  
Case No. 21-61173

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**DECLARATION OF ANDREW S. GOLDSTEIN**

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Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure, Andrew S. Goldstein, being duly sworn, deposes and says:

1. I am a member in good standing of the Bar of the Commonwealth of Virginia and admitted to practice before, among others, the United States Supreme Court, the Fourth Circuit Court of Appeals, and the United States Bankruptcy and District Courts for the Eastern and Western Districts of Virginia.
2. I am a shareholder in the law firm of Magee Goldstein Lasky & Sayers, PC (“MGLS”) and am duly authorized to make this Declaration on behalf of MGLS. I make this Declaration in support of the Application of Vance and Sons Enterprise, Inc. (the “Debtor”) for an Order Authorizing Retention and Employment of Magee Goldstein Lasky & Sayers, PC as Counsel for the Debtor (the “Application”). The facts set forth in this Declaration are personally known to me and, if called as a witness, I could and would testify thereto. Unless otherwise defined, all capitalized terms used herein have the meanings given to them in the Application.
3. I am on the panel of chapter 7 trustees which the United States Trustee (the “U.S. Trustee”) oversees; otherwise, except as set forth in paragraph 5, neither I, nor MGLS, nor any shareholder or associate thereof, as far as I have been able to ascertain, has any connection with the Debtor, its creditors, the U.S. Trustee, or any other party with an

actual or potential interest in this Chapter 11 case or their respective attorneys or accountants.

4. To check and clear potential conflicts of interest in this case, MGLS reviewed its client database to determine whether it had any relationship with the following entities (collectively, the “Interested Parties”):

- a. the Debtor;
- b. the Debtor’s major business affiliations;
- c. the Debtor’s creditors, as identified in its Chapter 11 matrix;
- d. parties to significant litigation with the Debtor;
- e. the attorneys and other professionals that the Debtor has identified for employment in this Chapter 11 case in Applications filed on the Petition Date or anticipated to be filed shortly thereafter;
- f. the parties to material contracts and leases with the Debtor; and
- g. the Debtor’s material secured and unsecured lenders and its professionals and other parties asserting security interests in or against property of the Debtor.

To the extent that MGLS’s research of its relationship with the Interested Parties indicates that MGLS represented or currently represents any of the entities in matters unrelated to this Chapter 11 case, MGLS will immediately disclose such representation to the Court, the U.S. Trustee, and appropriate creditors and other parties in interest.

5. Except as disclosed in this document, as far as I have been able to ascertain, neither I, nor MGLS, nor any shareholder or associate thereof, hold or represent any interest adverse to the Debtor or its bankruptcy estate in the matters for which MGLS is proposed to be retained. Accordingly, I believe that MGLS is a “disinterested person,” as defined in § 101(14) of the Bankruptcy Code.

6. Subject to the Court’s approval, MGLS will (a) charge for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the dates services are rendered, and (b) seek reimbursement of actual and necessary out-of-pocket expenses. MGLS will maintain detailed, contemporaneous records of time and any actual and necessary expenses incurred in connection with the rendering of the legal services described above by category and nature of the services rendered. The names, positions, bar admission dates, and current hourly rates of MGLS lawyers and paraprofessionals expected to have primary responsibility or provide services to the Debtor are as follows:

Professional	Hourly Rate	Admitted to Bar
Andrew S. Goldstein	\$400.00	1988
Caroline Gallagher	\$250.00	2014
Paralegals/Paraprofessionals	\$100.00	

7. The proposed employment of MGLS is neither prohibited by nor improper under Bankruptcy Rule 5002. MGLS and the professionals it employs are qualified to represent the Debtor in the matters for which MGLS is proposed to be employed.
8. Prior to filing the Debtor’s bankruptcy petition, MGLS billed the Debtor for its pre-petition services and MGLS was paid from funds held in its trust account. Both the payment for pre-petition services and the retainer were paid by the Debtor’s managing member.
9. MGLS intends to apply to the Court for payment of compensation and reimbursement of expenses in 60-day intervals, beginning on the Petition Date, rather than in 120-day intervals, in accordance with the applicable provisions of the Bankruptcy Case Engagement Agreement with the Debtor, the Bankruptcy Code, the Bankruptcy Rules,



and the Local Rules of this Court, and pursuant to any additional procedures that may be established by the Court in this case.

Given under my hand this day of October 27<sup>th</sup>, 2021

By: /s/ Andrew S. Goldstein

Sworn and subscribed to before me this 27<sup>th</sup> day of October 2021 by Andrew S. Goldstein, shareholder of Magee Goldstein Lasky & Sayers, PC.

/s/ Donna Hubble Pickett  
Notary Public

My commission expires: 09/30/2024  
My registration number is: 337805

## **BANKRUPTCY CASE ENGAGEMENT AGREEMENT**

THIS BANKRUPTCY CASE ENGAGEMENT AGREEMENT (the “Agreement”) is made by and between MID ATLANTIC PRINTERS, LTD. (the “Client”) and MAGEE GOLDSTEIN LASKY & SAYERS, P.C. (“MGLS”), this 27<sup>th</sup> day of October 2021.

1. Retainer. For and in consideration of a fee of Fifteen Thousand Dollars (\$15,000.00) retainer (the “Retainer”). The Client agrees to retain MGLS for legal representation in all matters arising out of or relating to institution and pursuit to completion of chapter 11 bankruptcy proceedings, including confirmation of a plan of reorganization—or in the event the Client cannot be reorganized, an orderly liquidation, entry of a final decree, and a final order closing the bankruptcy case (the “Case”). The retainer is to be paid as follows: \$15,000.00 plus the filing fee of \$1,738.00 prior to the filing of the Chapter 11 petition by either the principal of the Client or the Client. MGLS’ representation is limited to representation of the Client in a chapter 11 proceeding. MGLS will not represent the Client if the Case is dismissed or converted to another chapter under the United States Bankruptcy Code (the “Bankruptcy Code”), unless a separate engagement agreement is executed and additional retainer is paid. MGLS attorneys’ fees and expenses are subject to approval by the United States Bankruptcy Court (the “Bankruptcy Court”) upon applications duly filed (the “Fee Applications”). Attorneys’ fees and expenses incurred by MGLS in this Case prior to confirmation of the Client’s plan of reorganization shall be paid by the Client, as approved by an order(s) of the Bankruptcy Court (“Fee Order(s)”) upon entry of a Fee Order. Attorneys’ fees and expenses incurred by MGLS after confirmation of

the Client's plan shall be paid by Client, or its assignee or designee upon presentation of MGLS' invoices.

2. Approval by Bankruptcy Court. MGLS shall promptly request approval of this Agreement from the Bankruptcy Court pursuant to the applicable sections of the Bankruptcy Code and applicable bankruptcy and local rules. The parties agree that the Retainer is reasonable under the circumstances of this Case. Attorneys' fees and expenses are expected to be more than the Retainer because the nature, extent and complexity of the legal and business issues and circumstances that are expected to arise in this Case.

3. Fees. Client contracts with MGLS for legal services at the hourly rates set forth in **Exhibit 1** for the time expended by MGLS and its professional staff for and on behalf of Client. Attorneys' fees incurred for travel, preparation of MGLS fee applications, orders regarding fee applications, notices and hearings on fee applications, and defending fee and expense applications will be charged to Client at seventy-five per cent (75%) of MGLS' full hourly rates. MGLS represents to Client and Client accepts the representation that the fees and expenses set forth on **Exhibit 1** are the fees and expenses that have been charged by MGLS to its bankruptcy and non-bankruptcy clients since January 1, 2017. MGLS rates are subject to increases at the first of the calendar year.

4. Ordinary Costs and Expenses. All expenses incurred by MGLS on behalf of the Client including, but not limited to, document production and reproduction costs (\$.15 per page in-house), charges for long distance telephone calls, conference telephone calls, expedited delivery services, facsimile transmissions (\$.25 per page), messenger services, travel at the then current IRS rate for automobile travel, lodging, postage, telegram, and other ordinary and necessary expenses will be billed to the Client at the actual cost and will be subject to

allowance and approval by the Bankruptcy Court. Allowance and approval of MGLS' expenses will be requested simultaneously with MGLS' request for allowance and approval of attorneys' fees in Fee Applications submitted to the Bankruptcy Court.

5. Extraordinary Third Party Expenses. In addition to prompt and timely payment of attorneys' fees and expenses allowed by the Bankruptcy Court, the Client shall pay for extraordinary expenses incurred by MGLS on its behalf. Extraordinary expenses include, but are not limited to, outside copying costs, deposition expenses, witness fees and costs, subpoena fees, service of process fees, court reporter and transcription costs, word processing contractors, and similar out-of-pocket expenses. All such expenses incurred are the Client's responsibility, including any fees and expenses incurred by accountants, actuaries, appraisers, consultants, public relations consultants, special accountants for limited purposes, special counsel, title examiners, and other professional persons that may be employed, subject to the Bankruptcy Court's approval. Such service providers' fees and expenses must be approved by the Bankruptcy Court. The Client is responsible for the payment of all such fees and expenses and shall pay such invoices after approval by the Bankruptcy Court. MGLS shall have no liability for such third party fees and expenses. In this case, it is likely that the Client will engage a consultant engaged in corporate financial and strategic consulting to consult and advise the Client. The Client anticipates using someone as its financial consultant in this case. MGLS is not responsible for consultant's fees and expenses. Those costs will be borne by the Client.

6. Bankruptcy Court Approval and Allowance of Fees and Costs. All attorney's fees and expenses incurred prior to the confirmation of the Client's plan must be approved by the Bankruptcy Court. Assuming the Bankruptcy Court approves a request for interim compensation procedures, after the commencement of the Client's bankruptcy case, MGLS will submit Fee

Applications according to a process approved by the Bankruptcy Court seeking the allowance and payment of fees and expenses incurred for legal services rendered to the Client. MGLS Fee Applications will contain an itemized description of all of the services rendered by date, time incurred, timekeeper, amount(s) requested, and actual expenses incurred. Upon filing Fee Applications, MGLS shall simultaneously send an invoice to the Client. The Client shall pay the Bankruptcy Court-approved fees and expenses immediately after entry of the Fee Order approving such Fee Application.

7. Retainer as Trust Fund. The parties agree that the Retainer is deemed to be held in trust to secure payment of MGLS' attorneys' fees and expenses. Any interest accruing on the Retainer will be added to the Retainer. If the Client or MGLS notifies the other in writing of a decision to terminate MGLS' representation, the balance of the Retainer may be applied to all accrued but unpaid fees and expenses incurred up to the date of termination, subject to Bankruptcy Court approval and the balance of the Retainer, if any, shall be distributed as the Bankruptcy Court directs.

8. Identity of Client. For the purposes set forth in this Agreement, and the Case contemplated herein, MGLS shall represent only the Client and no other party. All duties and responsibilities of MGLS created and imposed by this Agreement shall be owed only to the Client, and not to its board of directors or any officer, director, agent, or employee of the Client, or any other party to these proceedings. MGLS will not represent Client's current officers, directors, or employees. If necessary and appropriate, separate counsel may be engaged to represent and advise the officers, directors and managers.

9. Duties of the Client. The Client, through its officers and directors shall fully and faithfully cooperate with MGLS at all times and shall use best efforts to provide MGLS with

such assistance as requested by MGLS and shall promptly and accurately provide MGLS all information requested by MGLS. Upon MGLS' request, the Client, by its authorized representative, shall timely execute all necessary and appropriate documents that may be required in the course of the Case. Client shall promptly meet with MGLS representatives upon request. A designated representative or representatives of the Client shall appear in person at all conferences, depositions, examinations, hearings, and other meetings, as requested by MGLS. The Client shall fully and conscientiously perform all of the statutory duties of debtor and debtor-in-possession under the United States Bankruptcy Code, and shall timely comply with all reasonable requests for information or reports requested by the Bankruptcy Judge, the Office of United States Trustee, the Clerk of the Bankruptcy Court, MGLS, or any other creditor or party in interest. The Client shall maintain accurate financial records and shall file all monthly and quarterly operating reports when due and shall pay all quarterly fees when due.

10. Scope of Representation. With the assistance of the Client's officers, directors and employees, MGLS shall use reasonable efforts to prepare and file with the Bankruptcy Court all necessary and appropriate documents and pleadings in connection with the initiation and prosecution of the Case. MGLS shall be the final arbiter of "necessary and appropriate documents and pleadings" that will be filed in connection with the Case. MGLS shall represent the Client in accordance with applicable bankruptcy law and rules. MGLS shall appear at hearings for which the Client is required to appear, and shall keep the Client advised of actions or events that arise or that are reasonably anticipated by MGLS to arise with regard to the Case.

11. Attorney as Representative. The Client, by its authorized representatives, has authorized Andrew S. Goldstein, and the law firm of Magee Goldstein Lasky & Sayers, P.C. to represent it in the Case, utilizing legal means and procedures available under the United States

Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and other applicable state and federal law to restructure the Client's financial affairs.

12. Extraordinary Expertise. MGLS will act as Client's bankruptcy counsel. This Agreement does not contemplate the provision of extraordinary legal services outside the ordinary scope of a chapter 11 bankruptcy proceeding for an operating consultant business. This Agreement and MGLS' employment hereunder does not include MGLS providing legal advice or services outside the scope of bankruptcy law and procedure, in areas including, but not limited to, tax, securities, environmental, labor, criminal, or similar matters. Nor does the scope of this engagement include many state law matters. If the Client requires representation in such matters, MGLS will assist Client in engaging special counsel.

13. "Persons in Control" Excluded. The following categories of persons or entities as set forth in the Bankruptcy Code are excluded from representation under this Agreement: (a) representation of officers, directors or other "persons in control" in connection with any personal liability; (b) filing of proofs of claim or interest by such "persons in control" in the bankruptcy case; (c) defense of any claims asserted by a creditor, party in interest, creditors' committee, or trustee against such "person in control" for the recovery of excess compensation, insider preferences, fraudulent transfers, set-offs, or for the equitable subordination of claims; (d) assertion or right to assert that any property in the possession of the Client is the personal property of such "person in control"; (e) any effort on the part of such "person in control," either directly or through another person or entity, to purchase any of the property of the estate from the debtor, debtor-in-possession, or trustee if a sale not in the ordinary course of business is authorized by the Bankruptcy Court; (f) the assertion by any "person in control" of any privilege against self-incrimination; and (g) any other matters which in the exercise of MGLS' professional judgment may

create a conflict of interest, an appearance of impropriety, or a legal or moral position not otherwise approved by the rules of professional conduct or applicable federal or state law or rules.

14. Conflicts of Interest. In the event a conflict of interest appears, MGLS will notify the Court, the United States Trustee and other parties in interest as soon as reasonably possible, and thereafter shall act in accordance with the rules of professional conduct and applicable law and rules.

15. Termination of Agreement and Withdrawal from Representation. MGLS or the Client may terminate this Agreement and the services contemplated hereunder, with or without cause, at any time by delivering to the other party written notification of termination. If MGLS elects to terminate this Agreement, it shall do so in a manner and for reasons consistent with the rules of professional conduct, applicable federal or state law and rules, bankruptcy law and rules, orders of the Bankruptcy Court, or other court of appropriate jurisdiction, and this Agreement. MGLS may withdraw from representation of Client for reasons including, but not limited to:

***a. Non-Payment of Retainer or Fees.*** To the extent that the Retainer or any fees and expenses are not paid when due or if in its sole discretion MGLS deems itself insecure as to payment of future fees or expenses, MGLS shall have the right to withdraw as counsel for the Client.

***b. Failure to Cooperate.*** To the extent that the Client disregards its duties under this Agreement or fails to use its best efforts at all times to cooperate with MGLS and provide MGLS with such assistance as requested by MGLS, MGLS shall have the right to withdraw as counsel for the Client.

***c. Perpetration of Fraud or Crime.*** To the extent that the Client: (i) persists in a course of action involving MGLS' services that the MGLS reasonably believes is criminal or fraudulent, MGLS shall have the right to withdraw as counsel for the Client; or (ii) has used the lawyer's services to perpetrate a crime or fraud, MGLS shall have the right to withdraw as counsel for the Client;

***d. Conflict of Interest.*** In the event a conflict of interest appears, MGLS shall have the right to withdraw as counsel for the Client.



***e. Unreasonably Burdensome Representation.*** In the event the Client chooses to act in a manner repugnant to MGLS, in a manner which MGLS believes to be imprudent, or otherwise renders the representation unreasonably burdensome, MGLS shall have the right to withdraw as counsel for the Client.

***f. Organization as the Client.*** In the event that any officer, director, or employee of the Client engages in actions, intends to act, or refuses to act in a matter related to the representation that is a violation of a legal obligation to the Client or is a violation of any law which might be imputed to the Client or result in substantial injury to the Client, MGLS shall proceed as is reasonably necessary in the best interest of the Client, but shall have the right to withdraw as counsel for the Client.

***g. Other Good Cause.*** To the extent any other good cause for withdrawal exists, MGLS shall have the right to withdraw as counsel for the Client.

16. Client in Good Standing. The Client represents that it is in good standing with appropriate federal, state, and other regulatory authorities.

IN WITNESS WHEREOF, the parties hereto affix their signatures.

“CLIENT”

“MGLS”

Mid Atlantic Printers, Ltd.

Magee Goldstein Lasky & Sayers, P.C.

By: /s/ Nancy Edwards

By: /s/ Andrew S. Goldstein

Its: President

Its: President

Date: 10/27/2021

Date: October 27, 2021

**EXHIBIT 1 TO**

**BANKRUPTCY CASE ENGAGEMENT AGREEMENT**

**MAGEE GOLDSTEIN LASKY & SAYERS, P.C.**

**FEE SCHEDULE**

**(EFFECTIVE 01/01/2021)**

<u>ATTORNEY</u>	<u>HOURLY RATE</u>
Andrew S. Goldstein	\$400.00
Caroline Gallagher	\$250.00
Paralegals and Paraprofessionals	\$100.00

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
LYNCHBURG DIVISION

IN RE:

MID ATLANTIC PRINTERS, LTD.,

Debtor.

Chapter 11 Subchapter V  
Case No. 21-61173

**4<sup>TH</sup> AMENDED PLAN OF REORGANIZATION**

**Proponent**

**Mid Atlantic Printers, Ltd.  
Debtor**

**April 18, 2022**

Andrew S. Goldstein, Esq. (VSB #28421)  
Magee Goldstein Lasky & Sayers, P.C.  
PO Box 404  
Roanoke, VA 24003-0404  
Telephone: (540) 343-9800  
Facsimile: (540) 343-9898  
agoldstein@mglspc.com  
*Counsel for the Debtor*

**MAGEE GOLDSTEIN  
LASKY & SAYERS, P.C.**

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**EXHIBIT 2**

**4<sup>TH</sup> AMENDED PLAN OF REORGANIZATION**

**I. INTRODUCTION AND SUMMARY**

Mid Atlantic Printers, Ltd., (the “Debtor”), debtor and debtor-in-possession in this chapter 11 proceeding, by counsel, proposes the following 4th Amended Plan of Reorganization (the “Plan”).

**ARTICLE I**

**A. HISTORY OF DEBTOR’S BUSINESS**

The Debtor was formed as the Altavista Printing Company, which published the Altavista Journal, a weekly community newspaper, in 1909. It was founded by C.H. Edwards and Raymond Edwards, brothers who were Altavista residents.

Throughout the years, the company passed from one Edwards generation to the next, until, 1998, upon the death of Pauline Edwards, Charles R. Edwards owned and ran the company as its President. He was more interested in running the company as a commercial printer than a weekly newspaper, and commencing with his tenure, and until the present, the Debtor has operated as a commercial printing company. In 1999, as a result of his focus on commercial printing, rather than a community newspaper, Charles Edwards changed the name of the Debtor to its current name, Mid Atlantic Printers, Ltd. As a commercial printer, he greatly expanded its geographic base, offering services from Washington, DC to Greensboro, North Carolina. The company has printed books, pamphlets and advertisements for AARP, General Electric Financial Services, Liberty University and other colleges. Currently, it does the majority of its work, through a relationship with an intermediary, for Crayola.

Charles Edwards died in 2018, at which time, his wife, Nancy Edwards, became the sole owner and President of the Debtor. Nancy Edwards never took an active management role with the

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company; at the time of Charles Edward's death, his and Nancy Edwards' son, Jason Edwards, began running the company, acting as its Chief Executive Officer.

In approximately July 2021, Jason Edwards became absent from the company and from his family. Unfortunately, his current whereabouts are unknown. Unbeknownst to Nancy Edwards and other employees, Jason Edwards had stopped the company from paying its IRS and Virginia Department of Taxation payroll obligations in the first quarter of 2020. This became apparent, and came to a head, in October 2021, when the Virginia Department of Taxation garnished the Debtor's operating account at Bank of the James, alleging a payroll tax and sales tax related obligation to the Commonwealth of Virginia of approximately \$90,000.00. This garnishment prompted an investigation by Nancy Edwards and Rob Poindexter, the latter who had been a plant manager for the Debtor for several years, into the company's financial situation. After realizing the Debtor's financial state with its various tax creditors, Nancy Edwards decided to commence this chapter 11 Subchapter V filing.

#### B. POST PETITION OPERATIONS

Commencing approximately with the October 27, 2021 chapter 11 Subchapter V filing, Rob Poindexter was promoted to Chief Operating Officer. That is the position that he holds today. He has continued his role as plant manager, but has also become completely involved in the financial reporting/accounting/bookkeeping obligations and duties for the Debtor. He has overseen the hiring of a bookkeeper to accurately report the Debtor's day to day revenues and expenses. He has also hired an accountant, whose employment has been approved by the Bankruptcy Court. The accountant's initial duty was to compile the necessary information to file all quarterly payroll tax reports for four quarters of 2020 and three quarter of 2021. That task has been done and the payroll taxes are now filed with the Internal Revenue Service. The accountant is currently working on compiling and filing the delinquent 2018 through 2020 tax returns, and then will prepare and the

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Debtor’s 2021 tax return. The Debtor’s financial reporting, which was a definite challenge at the commencement of the case, has improved markedly since the petition date as result of the oversight, internal hiring and professional employment that Rob Poindexter has overseen.

The Debtor’s revenues for the months of November and December, 2021 have been strong. Filing of the Debtor’s monthly operating reports has been slightly complicated by the fact that the Debtor had an operating bank account at the time of its filing which was frozen. As a result, the Debtor made some extraordinary deposits into its payroll account. Ultimately, in December, the Debtor obtained and has operated a debtor-in-possession bank account. The Debtor has filed its November and December operating reports.

As of the date of this Plan, the Debtor is current with its post-petition tax filings and payroll tax deposits. The Debtor is also current with its post-petition obligations. It appears that the Debtor is operating profitably and will be able to fund its Plan of Reorganization.

C. DEBTOR’S INCOME AND EXPENSE PROJECTIONS

The Debtor’s projected revenue and projected operating expenses are attached as Exhibit 1.

**ARTICLE II**

**CLASSIFICATION OF CLAIMS**

The claims against the Debtor, to the extent allowed, are classified as set forth in this Article II. The claim is in any particular class designated herein only to the extent such claim fits within the description of such class and is in such other and different class or classes to the extent that the remainder thereof fits within the description of such other class or classes:

**Unclassified Claims**

Class 1: Administrative Expenses

**Classified Claims**

- Class 2: Bank of the James Secured Claim
- Class 3: Campbell County Secured and Priority Claims
- Class 4: Dalton Trust Secured Claim
- Class 5: Nancy Edwards Secured Claim
- Class 6: Ricoh, USA Secured Claim

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- Class 7: De Lage Landen Financial Services, Inc. Secured Claim
- Class 8: Internal Revenue Service Secured and Priority Claims
- Class 9: Virginia Department of Taxation Priority Claim
- Class 10: Town of Altavista Secured and Priority Claim.
- Class 11: General Unsecured Claims
- Class 12: Executory Contracts and Unexpired Lease Claims
- Class 13: Equity Interests.

**ARTICLE III**

**PROVISIONS FOR TREATMENT OF CLAIMS**

Allowed claims as classified in Article II shall be treated in the manner set forth in this Article III.

**Unclassified Claims**

Class 1: Administrative Expenses.

Allowed administrative expenses shall be paid in full as they become due, or in the case of professionals’ fees, are allowed by the Court.

**Classified Claims**

Class 2: Bank of the James Secured Claim.

The Bank of the James secured claim is secured by a first position blanket lien on the Debtor’s accounts receivable, inventory, equipment (excluding the Debtor’s Heidelberg printing presses), and general intangibles, and also a first lien Deed of Trust on the Debtor’s real estate at 503 3<sup>rd</sup> Street in Altavista, Virginia. The Bank of the James note requires monthly payments of approximately \$2,400.00 per month until the note is paid in full. The balance on the note as of the petition date was \$175,331.00 according to Bank of the James’ proof of claim. The Debtor is current in its payments to Bank of the James, having made its October, November and December post-petition payments. The Debtor and Bank of the James entered into a post-petition cash collateral agreement, which has been approved by the Court, which contemplates that the Debtor

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will continue to make its monthly payments and will continue to maintain adequate insurance on all of its property. The Class 2 Claim shall be treated as follows:

- A. The Debtor shall continue to make regular monthly payments directly to Bank of the James in accordance with the secured creditor's note and security documents.
- B. The Debtor shall continue to operate in accordance and in compliance with the Cash Collateral Order.
- C. The Bank of the James shall retain its lien on the Debtor's real and personal property.

Class 3: Campbell County Secured and Priority Claims

Campbell County, pursuant to its proofs of claim, asserts a secured claim against the Debtor's personal property in the amount of \$24,730.00 and a priority claim in the amount of \$2,204.00. The Class 3 secured and priority claims shall be treated as follows:

- A. Upon the Effective Date of the Plan, the Debtor will commence monthly payments to Campbell County sufficient to pay its secured and priority claims in full over a period of five (5) years with an interest rate of four (4) percent. This treatment shall be Campbell County's treatment pursuant to its currently filed claim or any amendments that Campbell County may file after the filing of this 4<sup>th</sup> Amended Plan. Although the Debtor reserves the right to object to the Campbell County secured claim, provided the claim is allowed in the amount of the proof of claim filed, the Debtor's monthly payment to this Class 3 creditor will be \$496.00.
- B. Post-petition, the Debtor will make the Campbell County personal property tax claims on time as they become due.
- C. Campbell County shall retain its lien on the Debtor's personal property.

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Class 4: Dalton Trust Secured Claim

The Dalton Trust is secured by a first priority lien on the Debtor's Heidelberg printing presses as evidenced by the secured creditor's properly filed UCC-1 financing statement.

The Class 4 creditor shall be treated as follows:

- A. The Debtor will pay the Dalton Trust pursuant to its note and security documents. Specifically, the Debtor will pay \$4,184.00 per month through June, 2022. Provided the Debtor makes those payment timely, the Dalton Trust Secured Claim will be paid in full after the June, 2022 payment.
- B. The Dalton Trust shall retain its lien on the Heidelberg printing presses.

Class 5: Nancy Edwards Secured Claim.

Nancy Edwards has a secured claim in the amount of \$578,415.00 representing funds loaned to the company by Nancy Edwards and her late husband, Charles Edwards. The claim is secured by a second lien Deed of Trust against the Debtor's real estate at 503 3<sup>rd</sup> Street, Altavista, Virginia and a 2<sup>nd</sup> lien on the Debtor's Heidelberg presses. The Deed of Trust was recorded on May 14, 2019.

The Class 5 creditor shall be treated as follows:

- A. Commencing on the Effective Date, the Debtor will pay Nancy Edwards a monthly payment sufficient to pay her secured debt in full over a period of twenty-five (25) years, with a three (3) percent rate. This will result in a monthly payment of \$2,743.00.
- B. Nancy Edwards shall retain her lien against the Debtor's real estate.
- C. The secured debt will balloon in seven (7) years.

Class 6: Ricoh, USA Secured Claim

The secured claim of Ricoh, USA as a result of its judgment against the Debtor issued in Campbell County Circuit Court on March 24, 2021 will be treated as an allowed general unsecured

claim under Class 11 of this Plan. The Ricoh judgment creates a lien on the Debtor's real estate at 503 3<sup>rd</sup> Street, Altavista, VA, wholly in excess of the value of the real estate when considering superior liens on the real estate. Accordingly, the lien may be so modified pursuant to 11 U.S.C. § 1123(b)(5). Pursuant to 11 U.S.C. § 1123(b)(5) of the Bankruptcy Code, the Class 6 creditor's claim shall be modified to terminate the effectiveness of the judgment lien in favor of Ricoh, USA against the Debtor's real estate which shall automatically be deemed void and of no continuing effect. Ricoh, USA has filed a general unsecured claim in the case in the amount of \$56,862.00. It shall be treated as an allowed unsecured claim in that amount for purposes of treatment and voting in Class 11 claims.

**Class 7: De Lage Landen Financial Services, Inc. Secured Claim**

The secured claim of De Lage Landen Financial Services, Inc. as a result of its judgment against the Debtor docketed in Campbell County Circuit Court on January 24, 2020 will be treated as an allowed unsecured claim under Class 11 of this Plan. The De Lage Landen judgment creates a lien on the Debtor's real estate at 503 3<sup>rd</sup> Street, Altavista, VA, wholly in excess of the value of the real estate, when considering superior liens on the real estate. Accordingly, the lien may be so modified pursuant to 11 U.S.C. § 1123(b)(5). Pursuant to 11 U.S.C. §1123(b)(5) of the Bankruptcy Code, the Class 7 creditor's claim shall be modified to terminate the effectiveness of the judgment lien in favor of De Lage Landen Financial Services, Inc. against the Debtor's real estate, which shall automatically be deemed void and of no continuing effect. De Lage Landen filed a general unsecured claim in this case in the amount of \$35,985.10. It shall be treated as an unsecured claim, for purposes of treatment and voting in Class 11 claims.

**Class 8: Internal Revenue Service Secured and Priority Claims.**

As of April 1, 2022, with its 5<sup>th</sup> amended claim the IRS has filed a secured claim in the amount of \$56,623.00 as a result of a tax lien filed in Campbell County resulting from the Debtor's

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failure to fully pay its 2013 payroll taxes. Its 5<sup>th</sup> amended proof of claim reflects a priority claim in the amount of \$773,857.00.

The Class 8 treatment shall be as follows:

- A. Commencing with the Effective Date, the Debtor shall pay monthly payments to the IRS sufficient to pay its secured and priority claims in full over a period of five (5) years, with an interest rate of four (4) percent. This treatment shall be the IRS' treatment pursuant to its currently filed claim or any amendments that the IRS may file after the filing of this 4<sup>th</sup> Amended Plan. Provided that the secured and priority claims are allowed in the currently claimed total amount of \$830,480.00 described above, the Debtor's monthly payment to the IRS will be \$15,295.00.
- B. The IRS shall retain its lien on the Debtor's property.

Class 9: Virginia Department of Taxation Priority Claim.

Virginia Department of Taxation has a priority claim against the Debtor, resulting from unpaid pre-petition payroll taxes (\$40,000.00), sales taxes (\$45,000.00 and unemployment taxes (\$14,600.00) in the total approximate amount of \$99,600.00.

The Class 9 claim shall be paid as follows:

- A. Commencing on the Effective Date, the Debtor will make monthly payments to Virginia Department of Taxation in an amount sufficient to pay its priority claim in full over five (5) years with four (4) percent interest. This treatment shall be the Virginia Department of Taxation's treatment pursuant to its currently filed claim or any amendments that the Virginia Department of Taxation may file after the filing of this 4<sup>th</sup> Amended Plan. If the Virginia Department of Taxation allowed claim is \$99,600.00, the monthly payment will be \$1,834.00.

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Class 10: Town of Altavista Secured and Priority Claim.

The Town of Altavista has filed an amended priority claim against the Debtor resulting from real and personal property taxes in the amount of \$9,118.00.

The Class 10 claim shall be treated as follows:

- A. Commencing on the Effective Date, the Debtor will make monthly payments to the Town of Altavista sufficient to pay its secured and priority claims in full over five (5) years with four (4) percent interest. This treatment shall be the Town of Altavista treatment pursuant to its currently filed claim or any amendments that the Town of Altavista may file after the filing of this 4<sup>th</sup> Amended Plan. If the secured and priority claims of the Town of Altavista are allowed at \$9,118.00 the monthly payment to the Class 8 creditor will be \$168.00.

Class 11: General Unsecured Claims.

As a result of a review of its chapter 11 schedules and the claims that have been filed in this case as of the claims bar date of January 5, 2022, the Debtor estimates its general unsecured claims to be approximately \$650,000.00.

The Class 11 claims shall be treated as follows:

- A. On a quarterly basis commencing the next calendar quarter after the Effective Date,, and for a period of five (5) years following or the date that all class 9 claims are paid in full, whichever is sooner, and after paying outstanding Class 1 claims, the Debtor will commit all of its disposable income to the Mid Atlantic Printers Reorganization Fund. From the Mid Atlantic Printers Reorganization Fund, the Debtor will make quarterly pro-rata distributions to allowed General Unsecured Claims. The Debtor will fund its obligation to the Mid Atlantic Printer Reorganization Fund with its aggregate disposal income within thirty (30) days from the end of each quarter.

Thus, provided an Effective Date prior to September 30, 2022, the first payment will be due October 30, 2022, thirty (30) days from the end of the quarter that ends September 30, 2022. If the Debtor's revenue and expenses projections are accurate, Class 11 creditors can expect to receive over 50% of their claims, even without a recovery from the insurance claim or preference claims discussed below.

Class 12: Executory Contracts and Unexpired Leases.

Known executory contracts and unexpired leases of the Debtor are as follows:

- A. Hub Scrap – Unexpired nonresidential lease for the Debtor's warehouse;
- B. Mid Atlantic Realty – Unexpired nonresidential lease for the Debtor's fulfillment center;
- C. Fujifilm North America Corporation – Customer Support Agreement for the Debtor's Fujifilm equipment and supply contract pursuant to an Equipment Loan Agreement;
- D. Heidelberg Maintenance Agreement for the Debtor's Heidelberg Printing Press;
- E. Ricoh/Wells Fargo – Unexpired lease/contract for Debtor's Ricoh printing equipment.
- F. Pay Junction – Contract for merchant services.

The Class 12 claims shall be treated as follows:

The Debtor assumes, pursuant to 11 U.S.C. § 365, as of the petition date, the executory contracts and unexpired leases described in A through D, and F above. The Debtor rejects, as of the petition date, the executory contract/unexpired lease described in E above. The executory contract/unexpired lease described in E above shall be treated as a general unsecured creditor pursuant to Class 11 of this plan. The only executory contracts to be assumed that have pre-petition arrearages to be cured are those of Fujifilm North America Corporation pursuant to the referenced

customer support agreement and equipment loan agreement and Heidelberg pursuant to its maintenance agreement. The total cure amount with respect to Fujifilm's executory contracts is \$67,861.00 per Fujifilm's proof of claim. The Debtor will cure the arrearage by making payments to Fujifilm of \$1,500.00 per month, commencing on the Effective Date, and continuing until the arrearage is paid in full. The total cure amount for Heidelberg is \$12,970.00 per the Debtor's schedules. The Debtor will cure the Heidelberg arrearage by making payments of \$300 per month, commencing on the Effective Date and continuing until the arrearage is paid in full.

Class 13: Equity Interests.

Equity Interests of Nancy Edwards, or any transferees of her interest, shall remain in place during the pendency of this case and post-confirmation. The Debtor makes no representations as to how the plan will impact its shareholders' personal tax situation. No distributions will be made to Nancy Edwards, or any other shareholders, towards equity until such time as the plan obligations to Campbell County, Dalton Trust, IRS, Virginia Department of Taxation, Town of Altavista, and General Unsecured Claims are paid in full.

The Class 13 interest holder shall retain the interest in the Debtor.

**ARTICLE IV**

**CLAIMS IMPAIRED UNDER THE PLAN**

Classes 3, 5, 6, 7, (Classes 6 and 7 vote in Class 11) 8, 9, 10, 11 and 13 are impaired under the Plan. The Plan alters the legal, equitable, and/or contractual rights of these impaired classes of claims. Holders of Claims falling into these classes are entitled to vote in favor of or against the Plan.

**ARTICLE V**

**MEANS OF EXECUTION OF THE PLAN**

The Debtor hereby provides the following means for execution of this Plan:

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- A. The Debtor will continue its operations as a commercial printer servicing its customers in the ordinary course of business. Rob Poindexter will continue in his role as Chief Operating Office of the Debtor. His salary will be increased by \$2,500.00 per month, recognizing his greatly expanded role as he continues to serve as plant manager, and now oversees all operations and financial aspects of the company as chief operating officer.
- B. The Debtor will pursue avoidable preferences and other avoidance actions as it deems appropriate. Pursuant to its schedules, the Debtor paid over \$300,000.00 on its American Express credit card in the ninety (90) days prior to the petition date. According to proofs of claim filed in the case, American Express was owed no more than \$45,000.00 as of the petition date. The Debtor will determine whether or not to pursue a voidable preference complaint against American Express, and anticipates doing so. The Debtor will similarly consider other potential voidable preference complaints to the extent that other creditors received more than the statutory preference amount in the ninety (90) days prior to the petition date. To the extent that the Debtor recovers on preference claims it will make a lump sum pro-rata payment among classes 3, 8, 9 and 10. In the event that such lump sum payment is made, the Debtor reserves the right to re-amortize those creditors' monthly payments over the remaining period of the five (5) year repayment period.
- C. As a result of the actions and omissions of its Chief Executive Officer in the periods prior to the filing this case, some of which are outlined or mentioned in this plan, the Debtor filed a claim under its Officers and Directors liability insurance policy in an amount exceeding \$300,000.00. To the extent that the Debtor recovers on this insurance claim it will make a lump sum pro-rata payment among classes 3, 8, 9 and

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10. In the event that such lump sum payment is made, the Debtor reserves the right to re-amortize those creditors' monthly payments over the remaining period of the five (5) year repayment period.

D. Any objections to claims are to be filed within forty-five (45) days of the Effective Date.

E. Final professional fee applications are to be filed within forty-five (45) days of the Effective Date.

#### **ARTICLE VI**

The Debtor's liquidation analysis is attached as **Exhibit 2** to this Plan.

#### **ARTICLE VII**

##### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Unless specifically assumed the Plan will constitute rejection pursuant to 11 USC § 365 of all executory contracts and unexpired leases. Any parties with a rejection claim arising from such rejected contract or lease may file its claim within thirty (30) days of the Effective Date, or such rejection claim will not be allowed. Any allowed rejection claim will be treated as a claim in Class 9 of the Plan.

#### **ARTICLE VIII**

##### **TAX CONSEQUENCES**

The Debtor makes no representation as to the tax consequences that treatment under the Plan may have for its creditors. Creditors should seek their own tax advice from tax professionals to determine tax consequences of the Plan.

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**ARTICLE IX**

**RETENTION OF JURISDICTION**

Until this case is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to ensure that the purpose and intent of this Plan is carried out and to hear and determine all claims set forth in Article III that could have been brought before entry of the confirmation order. The Bankruptcy Court shall retain jurisdiction to hear and determine all claims against the Debtor and to enforce all causes of action that may exist on behalf of the Debtor. Nothing contained in the Plan shall prevent the Debtor from taking action as may be necessary in the enforcement of any cause of action that exists on behalf of the Debtor and that has not been enforced or prosecuted by the Debtor. Failure of the Debtor to object to, or examine, any claim for the purpose of voting, shall not be deemed a waiver of the Debtor's right to object to, or re-examine, the claim, in whole or in part.

The Bankruptcy Court shall further retain jurisdiction after the Confirmation Date for the purpose of determining all questions and disputes regarding title to assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the Confirmation Date, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction, until the case is closed, for the following additional purposes after the Confirmation Date:

- (a) to modify this Plan after confirmation pursuant to the Bankruptcy Rules and title 11 of the Bankruptcy Code;
- (b) to assure the performance by the reorganized Debtor of its obligations to make distributions under the Plan, and of any third parties who have obligations pursuant to the Plan;
- (c) to interpret the terms and conditions of this Plan;

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- (d) to enter such orders, including injunctions, as are necessary to enforce the title, rights, and powers of the reorganized Debtor and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as the Bankruptcy Court may deem necessary;
- (e) to enter an order concluding and terminating this reorganization case;
- (f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the order of confirmation as may be necessary to carry out the purposes and intent of this Plan; and
- (g) to decide issues concerning federal tax reporting and withholding that arise in connection with the confirmation and consummation of this Plan.

## ARTICLE X

### MODIFICATION OF THE PLAN

The Debtor may propose amendments or modifications to the Plan any time prior to the date of confirmation. After the date of confirmation, the Debtor may remedy any defects or omissions or reconcile any inconsistencies in the Plan or in the Confirmation Order in such a manner as may be necessary to carry out the purposes and intent of the Plan, so long as the interests of claimants are not materially or adversely affected thereby.

## ARTICLE XI

### POST-CONFIRMATION REPORTS AND FINAL ORDER

The Debtor shall file a quarterly report of the disbursements made pursuant to this provision, stating the name of each recipient, the amount received by each recipient and the date of the disbursement of payments until all payments due under this Plan are completed.

Following the completion of those steps necessary to consummate and implement the Plan, the Debtor will file an application for entry of a final decree closing the case, pursuant to Bankruptcy Code § 350 and Bankruptcy Rules 2015(a)(7), 3022, and 5009.

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**ARTICLE XII**

**REMEDIES UPON DEFAULT**

Upon confirmation, the Plan shall be a binding contractual obligation of the Debtor. Should the Debtor default on the Plan, creditors could sue to enforce plan treatment, seek a judgment, or ask the Court to convert the Chapter 11 case.

**ARTICLE XIII**

**DISCHARGE**

Upon the confirmation under this Plan and notice to creditors as appropriate, the Debtor shall be entitled to, and the Court will issue, the Debtor's discharge. If the plan is confirmed as a consensual plan as described in 11 U.S.C § 1191(a), the court will issue the Debtor's discharge in accordance with 11 U.S.C. § 1141 as of the date of confirmation. If the plan is confirmed as a non-consensual plan as described in 11 U.S.C. § 1191(b), the Debtor shall receive its discharge pursuant to 11 U.S.C. §1192.

**ARTICLE XIV**

**EFFECTIVE DATE OF THE PLAN**

The Plan shall take effect upon the Effective Date, which will be the day thirty (30) days from the date of the final order confirming the Plan.

Date: April 18, 2022

Respectfully submitted,

MID ATLANTIC PRINTERS LTD.

By: /s/ Andrew S. Goldstein  
Of Counsel

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MAPL 2022 Projected Budget														EARLY TOTAL	MONTHLY AVERAGE
Payee	January	February	March	April	May	June	July	August	September	October	November	December	EARLY TOTAL	MONTHLY AVERAGE	
<b>Monthly Sales</b>	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$291,666.00	\$3,499,992.00		
<b>Payroll &amp; Taxes</b>															
Payroll	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$99,000.00	\$1,188,000.00	\$99,000.00	
Federal/State	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$26,000.00	\$312,000.00	\$26,000.00	
Sales tax	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$245.00	\$2,940.00	\$245.00	
<b>Employee Benefits</b>															
401K	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$4,500.00		
Health Saving Account - Health Equity	\$0.00	\$1,235.55	\$1,177.75	\$1,152.60	\$1,185.65	\$2,247.50	\$2,239.80	\$2,349.20	\$812.20	\$4,837.07	\$1,392.18	\$2,088.27	\$20,717.77	\$1,726.48	
United Healthcare & PCHP	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$132,000.00	\$11,000.00	
Anthem Dental	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$941.46	\$11,297.52	\$941.46	
Anthem Life	\$505.19	\$505.19	\$505.19	\$538.57	\$538.57	\$538.57	\$538.57	\$538.57	\$538.57	\$538.57	\$404.57	\$2.57	\$5,558.70	\$463.23	
American United Pension	\$3,928.25	\$0.00	\$18,153.63	\$8,861.02	\$4,617.05	\$11,980.83	\$2,633.37	\$739.51	\$1,913.28	\$3,119.59	\$3,415.92	\$2,792.69	\$62,155.14	\$5,179.60	
<b>Dalton Trust</b>															
Interest Paid Monthly	\$471.67	\$446.92	\$422.00	\$396.92	\$371.67	\$346.25							\$2,455.43	\$204.62	
Principal - Monthly	\$3,712.50	\$3,737.25	\$3,762.17	\$3,787.25	\$3,812.50	\$3,837.92							\$22,649.59	\$1,887.47	
<b>BOTJ secured debt</b>															
Bank of the James # 4080002287	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$2,337.56	\$28,050.72	\$2,337.56	
<b>Rent</b>													\$0.00		
Warehouse (Lane Building)	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$4,470.00	\$53,640.00	\$4,470.00	
Fulfillment	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$780.00	\$9,360.00	\$780.00	
<b>Equipment Rental</b>															
Penske	\$1,758.30	\$1,758.30	\$2,090.88	\$1,767.20	\$1,425.00	\$1,758.30	\$3,568.67	\$1,794.76	\$1,794.76			\$2,323.65	\$1,794.76	\$21,834.58	\$1,819.55
													\$0.00	\$0.00	
<b>Sales Commissions</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Ray Morgan	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$3,000.00		
<b>OFFICE SUPPLIES</b>															
Best Buy	\$2,213.40	\$3,623.27	\$29.00	\$6.15	\$420.55	\$0.00	\$286.05	\$914.81	\$514.66	\$1,004.29	\$744.41	\$6.15	\$9,762.74	\$813.56	
Staples	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$50.00	\$50.00	\$50.00	\$50.00	\$1,000.00	\$83.33	
<b>Century Link (Utilities)</b>															
Telephones															
Century Link - Account 309433554	\$984.89	\$984.89	\$996.92	\$996.92	\$1,057.95	\$1,058.03	\$1,174.07	\$1,083.91	\$1,269.01	\$1,315.04	\$1,018.94	\$1,018.94	\$12,959.51	\$1,079.96	
Century Link - Account 320429100	\$127.69	\$140.69	\$139.75	\$127.30	\$132.99	\$126.13	\$129.28	\$137.12	\$131.32	\$195.48	\$187.06	\$183.53	\$1,758.34	\$146.53	
Cell - AT&T	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$1,293.51	\$15,522.12	\$1,293.51	
<b>Dominion Energy (Electricity)</b>															
3rd Street - Office (503)	\$4,985.24	\$4,823.33	\$4,439.56	\$4,052.91	\$4,449.73	\$5,944.87	\$5,728.13	\$7,008.71	\$6,915.77	\$5,514.45	\$4,997.86	\$4,510.86	\$63,371.42	\$5,280.95	
Fulfillment Center (1315)	\$1,296.15	\$1,291.79	\$1,082.68	\$1,082.02	\$1,752.56	\$1,804.07	\$1,994.38	\$1,989.73	\$2,072.63	\$1,752.54	\$1,730.04	\$1,262.80	\$19,111.39	\$1,592.62	
<b>Gas - Columbia Gas</b>													\$0.00		
3rd Street - Office (503)	\$548.27	\$548.65	\$597.53	\$349.39	\$143.61	\$73.48	\$31.12	\$31.12	\$31.12	\$31.12	\$32.21	\$116.72	\$2,534.34	\$211.20	
Fulfillment Center (1315)	\$405.86	\$683.63	\$559.33	\$348.68	\$95.08	\$72.28	\$63.62	\$61.42	\$59.97	\$65.44	\$64.67	\$205.85	\$2,685.83	\$223.82	
<b>Water / Sewer</b>													\$0.00		
3rd Street - Office (503)	\$74.80	\$66.61	\$71.14	\$67.27	\$81.25	\$48.86	\$73.87	\$79.50	\$101.03	\$101.03	\$36.07	\$101.03	\$902.46	\$75.21	
Fulfillment Center (1315)	\$22.04	\$24.11	\$26.00	\$25.25	\$28.22	\$28.82	\$25.25	\$26.67	\$26.38	\$26.38	\$27.23	\$26.38	\$312.73	\$26.06	
<b>First Piedmont Trash Pick-up / Disposal</b>															
3rd Street - Office (503)	\$474.06	\$478.44	\$482.83	\$487.22	\$487.22	\$487.22	\$512.27	\$512.27	\$512.27	\$512.27	\$521.41	\$521.41	\$5,988.89	\$499.07	
Fulfillment Center (1315)	\$604.89	\$610.49	\$616.09	\$621.69	\$621.69	\$621.69	\$653.63	\$653.63	\$653.63	\$653.63	\$665.30	\$665.30	\$7,641.66	\$636.81	
<b>Dodson Pest Control</b>															
Fulfillment Center (1315)	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$720.00	\$60.00	
3rd Street - Office (503)	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$62.00	\$744.00	\$62.00	
227 Pittsylvania Ave	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$840.00	\$70.00	
<b>Cintas - Building Cleaning Supplies</b>															
Tammy Blanks - Cleaning Supplies	\$1,027.58	\$1,081.15	\$1,213.18	\$959.86	\$1,451.19	\$1,176.70	\$1,329.66	\$1,924.82	\$1,434.66	\$1,538.14	\$1,334.26	\$1,387.91	\$15,859.11	\$1,321.59	
	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$900.00	\$75.00	
<b>Gas for Company Trucks</b>															
Fleetcore	\$3,256.91	\$3,113.62	\$822.44	\$2,962.09	\$4,201.83	\$762.64	\$3,384.45	\$2,407.39	\$3,845.16	\$966.96	\$0.00	\$0.00	\$25,723.49	\$2,143.62	
AXOS Card	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$301.19	\$3,614.28	\$301.19	
Tim Hudson Gas Purchase Advance	\$64.24	\$0.00	\$0.00	\$0.00	\$47.54	\$178.66	\$115.93	\$0.00	\$184.16	\$0.00	\$231.52	\$250.00	\$1,072.05		
<b>Repairs / Maintenance</b>															
Miscellaneous Repairs To Vehicles	\$419.66	\$1,235.17	\$210.00	\$801.12	\$247.81	\$247.11	\$0.00	\$126.15	\$22.61	\$119.08	\$0.00	\$110.71	\$3,339.42	\$278.29	
Fuji Maintenance Contract (prepress)	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$973.50	\$11,682.00		
Heidelberg Maintenance Contract (prepress)	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$1,169.00	\$14,028.00		
Equipment Upgrades	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$120,000.00		
Miscellaneous Repairs To Fork Lifts	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00		
Lawn Care / Snow removal	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$1,200.00		

Propane for Forklifts	\$298.41	\$213.13	\$107.67	\$125.33	\$93.46	\$149.26	\$49.94	\$144.31	\$104.98	\$182.46	\$143.44	\$163.09	\$1,775.48	\$147.96
Repairs / Maintenance-Equipment	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$30,000.00	
<b>Taxes</b>														
Personal Property Taxes - Town of Altavista	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$2,805.00	\$33,660.00	\$2,805.00
Real Estate Altavista	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$6,000.00	\$500.00
Personal Property Taxes - Campbell County	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$1,125.00	\$13,500.00	\$1,125.00
Real Estate Campbell	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$120.37	\$1,444.44	
<b>Mailing</b>														
Mailer supplies,	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$527.53	\$6,330.36	\$527.53
Postage & Shipping	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$2,262.70	\$27,152.40	\$2,262.70
<b>FEES - BANK, CREDIT CARD</b>														
Bank of the James - Maintenance Fee	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$900.00	\$75.00
Pay Junction Fees	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$688.00	\$8,256.00	\$688.00
<b>Professional Fees</b>														
Increase Expert - Quickbooks	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$6,000.00	\$500.00
Quickbooks payroll				\$695.00	\$695.00	\$695.00	\$695.00	\$695.00	\$695.00	\$695.00	\$695.00	\$695.00	\$6,255.00	
CFA (Jeff Allen)	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00	\$9,000.00	\$750.00
Legal Services (Andy G.)	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$24,000.00	\$2,000.00
Other (SUB V Trustee)	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$12,000.00	\$1,000.00
<b>Insurance</b>														
Cincinnati Insurance	\$0.00	\$15,957.00	\$5,316.00	\$5,316.00	\$5,316.00	\$5,316.00	\$4,715.00	\$4,483.00	\$4,483.00	\$4,496.20	\$627.07	\$0.00	\$56,025.27	\$4,668.77
													\$0.00	\$0.00
													\$0.00	\$0.00
													\$0.00	\$0.00
<b>Vendors</b>														
Veritiv	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$19,166.67	\$230,000.04	\$19,166.67
Lyndemeyer	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$4,272.92	\$51,275.04	\$4,272.92
Uline	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$1,415.61	\$16,987.32	\$1,415.61
Roosevelt	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$999.00	\$83.25
Case	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$835.00	\$10,020.00	\$835.00
Carter Printing	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$4,646.55	\$55,758.60	\$4,646.55
Packing Lines	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$6,027.33	\$72,327.96	\$6,027.33
Browns Binding	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$483.91	\$5,806.92	\$483.91
Family Binding	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$6,444.59	\$77,335.08	\$6,444.59
Salem Printing	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$7,229.06	\$86,748.72	\$7,229.06
Update	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$70.15	\$841.80	\$70.15
Morrisette	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$1,397.00	\$16,764.00	\$1,397.00
Pratt	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$1,155.96	\$13,871.52	\$1,155.96
Fuji Press room supplies	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,000.00	\$5,000.00
<b>Pallets</b>														
	\$1,650.00	\$0.00	\$825.00	\$825.00	\$825.00	\$1,650.00	\$825.00	\$0.00	\$550.00	\$825.00	\$1,650.00	\$825.00	\$10,450.00	\$870.83
<b>Chapter 11 plan payment</b>														
IRS	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$15,295.00	\$183,540.00	\$15,295.00
Campbell County	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$496.00	\$5,952.00	\$496.00
Va Dept. of Taxation	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$1,834.00	\$22,008.00	\$1,834.00
Town of Altavista	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00	\$2,016.00	\$168.00
Nancy Edwards	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$2,743.00	\$32,916.00	\$2,743.00
Fuji executory contract cure	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$3,600.00	\$300.00
	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$18,000.00	\$1,500.00
	\$283,950.82	\$297,680.00	\$298,767.56	\$291,273.58	\$289,219.94	\$296,271.01	\$285,887.88	\$282,822.42	\$283,736.99	\$283,426.56	\$277,313.63	\$273,799.79	\$3,444,150.18	\$268,769.06
<b>Profit</b>	\$7,715.18	-\$6,014.00	-\$7,101.56	\$392.42	\$2,446.06	-\$4,605.01	\$5,778.12	\$8,843.58	\$7,929.01	\$8,239.44	\$14,352.37	\$17,866.21	\$55,841.82	

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF VIRGINIA  
LYNCHBURG DIVISION

IN RE:

MID ATLANTIC PRINTERS, LTD.,

Debtor(s).

Chapter 11 Subchapter V  
Case No. 21-61173

LIQUIDATION ANALYSIS

<u>ASSET</u>	<u>LIQUIDATION VALUE AFTER SECURED CLAIMS</u>	<u>SOURCE OF VALUATION</u>
503 3 <sup>rd</sup> Street, Altavista, VA	\$0.00	TAV less debt
Heidelberg Presses	\$119,032.00	Debtor's estimate of value (\$400,000.00) less debt (\$115,968.00 Campbell County and \$35,000.00 Dalton Trust) less 25% quick sale; less 10% cost of sale
Machinery and Tools	\$33,750.00	Debtor's estimate of value (\$50,000.00 less 25% quick sale; less 10% cost of sale
Vehicles	\$17,550.00	Debtor's estimate of value (\$26,000.00) less 25% quick sale; less 10% cost of sale
Office Equipment and Computers, Phone System, Etc.	\$6,750.00	Debtor's estimate of value (\$10,000.00) less 25% quick sale; less 10% cost of sale
A/R	\$0.00	Current A/R balance as of date of plan (\$210,517.00 less debt (Bank of the James - \$170,000.00 and IRS - \$56,600.00)

Officers and Directors Insurance Claim	\$150,000.00	Claim amount \$300,000.00 – this is unliquidated – 50% discount in liquidation
TOTAL LIQUIDATION VALUE	\$327,082.00	
Projected Administrative Claims/Trustee Commission	\$30,000.00	
Priority Claims	\$650,000.00 (Approximately)	
Available to Unsecured Creditors	\$0.00	

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
HARRISONBURG DIVISION**

IN RE:

RUSSELL EDWIN ANDERSON,

CASE NO. 22-60960

Debtor.

CHAPTER 11

**PLAN OF REORGANIZATION**

Russell Edwin Anderson, the debtor and debtor-in-possession in this Chapter 11 proceeding (the “Debtor”), by counsel, proposes the following Plan of Reorganization (the “Plan”).

**ARTICLE I**

**Introduction, History Statement, Means  
of Execution, and Projections With  
Respect to the Ability of the Debtor to  
Make the Proposed Plan Payments  
Pursuant to 11 U.S.C. § 1190(1)**

The Debtor filed a petition for relief under Title 11 of the United States Code on September 21, 2022 (the “Petition Date”), and elected to proceed under Subchapter V of Chapter 11.

The United States Trustee appointed William E. Callahan, Jr., as the Subchapter V Trustee on September 26, 2021.

The Debtor is a sole proprietor woodworker and custom cabinetmaker operating in Nelson County, Virginia, and the surrounding area under the trade name, K&R Construction. The Debtor completes projects, typically for homeowners and business owners, throughout the central Virginia region.



The Debtor's prepetition financial problems arose from several sources. The Debtor took on a number of woodworking projects that required several employees in addition to his own time and attention. Regrettably, the Debtor was unable to complete many of these projects timely due to difficulties maintaining employees during the pandemic. In addition, the Debtor encountered a series of personal issues, including the illness and death of his father and the resulting need to provide care and assistance to his mother, that took his time away from the business.

The Debtor ultimately filed the Chapter 11, Subchapter V, case in an attempt to reorganize and restructure his debt.

The Debtor expects to be able to reorganize his business successfully post-petition. The Debtor is scaling back the size of his business to something more manageable that he, along with the help of one or more employees, can maintain profitably. The Debtor has evaluated his contracts with customers and is rejecting those that he is unable to complete timely within budget. He is assuming and moving forward with those contracts that will be profitable.

The Debtor currently has three sources of income and/or funding that he expects to use to fund this Plan: (1) the net income generated from K&R Construction (his "Business Operations"), (2) a commitment to contribute to the Debtor \$55,000.00 from his mother, Ms. Lauren Anderson ("Family Support") for his use to fund, in part, the Plan; and (3) other personal property assets of the Debtor that may be sold or otherwise converted into cash to fund the Plan (the "Personal Property Proceeds").

Projections with respect to the ability of the Debtor to make payments under the proposed Plan of reorganization and to provide for the Debtor's reasonable and necessary expenses are attached as Exhibit A.

A liquidation analysis is outlined and explained in Article VI of this Plan, and the supporting details of the liquidation analysis are provided on the attached Exhibit B.

**ARTICLE II**

**Effective Date of the Plan, Plan Payments,  
Plan Period, Statement Pursuant to 11 U.S.C. § 1190(2); and  
Remedies in the Event of Default in Plan Payments**

The Effective Date of the Plan shall be 30 days after the date of the confirmation of the Plan.

The Debtor shall submit all or such portion of his future earnings or other future income to the Plan as is necessary for the execution of the Plan in accordance with 11 U.S.C. § 1190(2).

The combined income and/or disbursements from the Debtor’s Business Operations, Family Support, and Personal Property Proceeds will generate sufficient funding to satisfy the requirements of this Plan. This Plan shall be funded by certain plan payments (the “Plan Payments”) as follows:

The Debtor shall make the following lump sum payment (“Lump Sum Plan Payment”).

<b>Lump Sum Plan Payment</b>	<b>Due Date</b>	<b>Expected Source of Funds</b>
\$55,000.00	On or before 60 months following the Effective Date	Family Support

The Debtor shall make the following regular monthly plan payments (the “Regular Plan Payments”).

<b>Regular Plan Payment Amount</b>	<b>Start Date</b>	<b>Expected Source of Funds</b>
\$1,000.00 per month	On or before the Effective Date	Business Operations

The total funding required under this Plan (the "Plan Funding") shall be derived from the Lump Sum Payment and the Regular Plan Payments and must be satisfied on or before 60 months following the Effective Date. The Plan Funding shall be the greater of \$115,000.00 or an amount sufficient to ensure that all Class 4 general unsecured creditors receive distributions of at least 37.3% of their allowed claims (the "Minimum Unsecured Distribution"). In the event that Plan Funding must exceed the scheduled Plan Payments of \$115,000.00 in order to ensure the Minimum Unsecured Distribution, the Debtor shall provide the additional required funding from his Business Operations, Family Support, and/or Personal Property Proceeds on or before 60 months following the Effective Date. The Debtor shall have the right to prepay, without penalty, all, or any portion of the Plan Payments and shall cease making Plan Payments when the total Plan Funding has been satisfied.

In the event that the Debtor fails to make any of the above required Plan Payments for any reason, the Debtor shall liquidate sufficient of his other nonexempt or exempt personal property as is necessary to cure the default within 30 days of any such default and immediately use the resulting Personal Property Proceeds to complete the missing Plan Payments. Once the Debtor has cured the default, he may cease the liquidation of his assets and resume his Plan Payments according to the schedule described above.

### **ARTICLE III**

#### **Subchapter V Trustee and Distributions Under the Plan**

In the event that this Plan is confirmed under the cramdown provisions of [11 U.S.C. § 1191\(b\)](#), all of the Debtor's Plan Payments shall be received and disbursed by the Subchapter V Trustee. However, if this Plan is confirmed consensually under [11](#)

U.S.C. § 1191(a), the Debtor will disburse the Plan Payments to the claimants upon the order confirming this Plan becoming a final order, and the Subchapter V Trustee's services shall terminate in accordance with 11 U.S.C. § 1183(c), unless otherwise ordered by the Court.

Distributions to allowed claimants shall be regular and completed at least quarterly, unless otherwise noted herein or ordered by the Court, such as in Class 1 and Class 3 below. The first distributions under the Plan shall be made by the 15<sup>th</sup> day of the first full month following the Effective Date of the Plan. Unless otherwise noted in the Plan or by order of the Court, all distributions to creditors under the Plan shall be made from Plan Payments.

## **ARTICLE IV**

### **Classification of Claims**

The claims against the Debtor, to the extent allowed, are classified as set forth below.

#### **Unclassified Claims**

- Administrative Expenses
- Priority Claims Under 11 U.S.C. § 507(a)(8)

#### **Classified Claims**

- Class 1: Secured Consensual Mortgage Claims
- Class 2: Priority Claims Under 11 U.S.C. § 507(a)(7)
- Class 3: Secured Claims Under 11 U.S.C. § 506
- Class 4: General Unsecured Creditors

The impaired classes include the creditors in Classes 2, 3 & 4 from the above list.

## ARTICLE V

### Treatment of Claims

#### A. Unclassified Claims

##### 1. Administrative Expenses.

Allowed administrative expenses shall be paid in full, as they come due or, in the case of professionals' fees, as they are allowed by the Court.

To the extent awarded or allowed by the Court under 11 U.S.C. § 330(a), the Subchapter V Trustee shall be paid for all fees and for the reimbursement of expenses as administrative expenses. Cox Law Group's legal fees and expenses shall also be paid as administrative expenses to the extent allowed or approved by the Court. These fees shall be paid in full upon the Effective Date of the Plan to the extent the fees have been allowed by the Court or upon such alternate terms as the professional may agree. Professional fees incurred following confirmation of the Plan shall be paid directly by the Debtor and shall not require court approval or allowance.

##### 2. Priority Claims Under 11 U.S.C. § 507(a)(8)

The allowed priority creditors under 11 U.S.C. § 507(a)(8) will receive on account of such claim regular installment payments from Plan Payments in cash— (i) of a total value, as of the effective date of the Plan, equal to the allowed amount of such claim; (ii) over a period ending not later than 5 years after the date of the order for relief under 11 U.S.C. §§ 301, 302, or 303; and (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan (other than cash payments made to a class of creditors under 11 U.S.C. § 1122(b)). To comply with the requirements of 11 U.S.C. § 1129(a)(9)(C), interest will be paid on the allowed claims at

the rates noted below. The governmental units' proof of claim bar date is March 21, 2023.

Creditor	Type of Priority	Claim	Interest Rate
Internal Revenue Service (POC #1)	<a href="#">11 U.S.C. § 507(a)(8)</a>	\$ 9398.06	6.0% <i>Per <a href="#">IRC § 6621</a></i>
Virginia Department of Taxation	<a href="#">11 U.S.C. § 507(a)(8)</a>	\$495.56	8.0% <i>Per Virginia Code § 58.1-15</i>

**B. Classified Claims**

**Class 1: Secured Consensual Mortgage Creditors**

The creditors listed below will be paid the regular monthly mortgage payment directly by the Debtor pursuant to the applicable loan documents without modification.

Creditor	Collateral	Arrearages	Regular Contract Payment
UVA Community Credit Union	Deed of Trust encumbering 106 Church Lane Faber, VA	\$0.00	\$220.00 per month

For the avoidance of doubt, the Debtor shall pay the regular contractual payments required above directly to the creditor. These direct, contractual payments are in addition to the Debtor's obligation under this Plan to make Plan Payments.

**Class 2: Priority Claims Under [11 U.S.C. § 507\(a\)\(7\)](#)**

Consistent with [11 U.S.C. § 1129\(a\)\(9\)\(B\)](#), each of the following Class 2 priority creditors under [11 U.S.C. § 507\(a\)\(7\)](#) will receive on account of its allowed claim either: (i) deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim if such class has accepted the plan; or (ii) if such class

has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim. To comply with the requirements of [11 U.S.C. § 1129\(a\)\(9\)\(B\)\(i\)](#), interest will be paid on the allowed claims at the rates noted below.

Creditor	Type of Priority	Claim	Interest Rate
Asset Enterprises, Inc. (POC #5-1)	<a href="#">11 U.S.C. § 507(a)(7)</a>	\$3,350.00	7.0%
Gerald and Julianne Denney (POC #6)	<a href="#">11 U.S.C. § 507(a)(7)</a>	\$3,350.00	7.0%

**Class 3: Secured Claims Under [11 U.S.C. § 506](#)**

For each claim listed below, the value of the secured claim is shown in the column headed, "Secured Claim Amount." The Secured Claim Amount will be paid in full with interest at the annual rate stated below. The portion of any creditor's allowed total claim that exceeds the amount of the secured claim will be treated as an unsecured claim under Class 4. The secured creditor will retain the lien on the property interest of the Debtor or the estate, in the same priority as between other lienholders as existed before the Petition Date or as otherwise established by order of the Court, until the payment of the Secured Claim Amount noted below.

Creditor	Collateral	Total Claim	Secured Claim Amount	Unsecured Claim	Monthly Payment, Interest Rate, Estimated Term & Start Date
Stearns Bank N. A. (POC #4)	Wood-Mizer LT15 Sawmill	\$4755.75	\$4500.00	\$255.75	Payments begin by the 15 <sup>th</sup> day of the first full month following the Effective Date in the amount of \$136.90/mo for 36 months, unless paid off sooner

#### **Class 4: General Unsecured Creditors**

The holders of allowed general unsecured claims comprise Class 4. The amount to be distributed to Class 4 creditors shall ensure a distribution of at least 37.3% of each allowed general unsecured claim. All the distributions shall be paid *pro rata* to the holders of the allowed Class 4 claims from the Plan Payments. Such distributions, to be shared among the entire class of holders of allowed unsecured claims, will be, in fact, an amount in excess of the amount that such holders would so receive or retain if the Debtor were liquidated under a chapter 7 bankruptcy.

### **ARTICLE VI**

#### **Claims Impaired Under the Plan, Voting on the Plan, and Liquidation Analysis**

The holders of claims in Class 2, Class 3 and Class 4 are impaired under the Plan. The Plan alters the legal, equitable, and/or contractual rights of the holders of these impaired classes of claims. Holders of claims falling into this class are entitled to vote in favor of or against the Plan.

Assuming for purposes of the hypothetical chapter 7 liquidation calculation that the priority claims are allowed as indicated in this Plan, then the general unsecured claimants would expect to receive in liquidation just **14.2%** of their allowed claims. Under this Plan, however, the general unsecured claimants will receive at least **37.3%** of their allowed claims.

The detailed liquidation analysis of the Debtor is provided on the attached Exhibit B.



**ARTICLE VII**

**Executory Contracts and Leases**

Unless specifically provided for below, (1) the Plan will constitute rejection pursuant to [11 U.S.C § 365](#) of all its executory contracts and unexpired leases, and (2) any party with a rejection claim arising from such rejected contract or lease may file a claim within thirty (30) days of the Effective Date, unless otherwise stated below, or such rejection claim will not be allowed.

<b>Creditor</b>	<b>Type of Contract</b>	<b>Treatment</b>
Asset Enterprises, Inc.	Woodworking contract: Whipple Residence Projects Agreement signed August 10, 2021	Contract rejected. No rejection claim allowed beyond the claim as filed as POC #5-1.
Gerald and Julianne Denney	Woodworking contracts: (1) Lake House Extras Agreement signed August 10, 2021, (2) Lake House Projects Agreement Signed December 2, 2020, and (3) Door Slab Refinishing Agreement dated September 22, 2021	All contracts rejected. No rejection claims allowed beyond the claim as filed as POC #6.
Tim and Sarah Burnett	Woodworking contract: Burnett Residence Custom Cabinetry Contract dated February 7, 2022	Contract assumed.
Ryan J. Wagner	Woodworking contract: Custom Mantel Contract dated January 31, 2020	Contract assumed.
Jacob A. Goodwin	Woodworking contract: Goodwin Residence Kitchen Cabinets Contract dated December 27, 2021	Contract assumed

## **ARTICLE VIII**

### **Allowance and Disallowance of Claims; Determining the Number of Claims for Voting Purposes**

A disputed claim is a claim that has not been allowed or disallowed by a final nonappealable order, 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, or unliquidated.

No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

In accordance with [11 U.S.C. § 1111\(a\)](#), a proof of claim or interest may either be: (1) filed in this case, or (2) deemed filed under 11 U.S.C. § 501 if the claim or interest appears in the schedules filed in this case and is not scheduled as disputed, contingent, or unliquidated.

## **ARTICLE IX**

### **Discharge**

If the Debtor's Plan is confirmed under § 1191(a), on the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code. The Debtor will not be discharged from any debt:

- (i) imposed by this Plan; or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

If the Debtor's Plan is confirmed under § 1191(b), confirmation of the Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments due within the first 3 years of this Plan, or as otherwise provided in § 1192 of the Code. The Debtor will not be discharged from any debt:

- (i) on which the last payment is due after the first 3 years of the Plan, or as otherwise provided in § 1192; or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

## **ARTICLE X**

### **Other Provisions**

#### **1. Retention of Jurisdiction**

The Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to ensure that the purpose and intent of this Plan is carried out and to hear and determine all claims that could have been brought before entry of the confirmation order. The Bankruptcy Court shall retain jurisdiction to hear and determine all claims against the Debtor and to enforce all causes of action that may exist on behalf of the Debtor. Nothing contained in the Plan shall prevent the Debtor from taking action as may be necessary in the enforcement of any cause of action that exists on behalf of the Debtor and that has not been enforced or prosecuted by the Debtor. Failure of the Debtor to object to, or examine, any claim for the purpose of voting, shall not be deemed a waiver of the Debtor's right to object to, or re-examine, the claim, in whole or in part.

The Bankruptcy Court shall further retain jurisdiction after the confirmation date for the purpose of determining all questions and disputes regarding title to assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the confirmation date, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction, until the case is closed, for the following additional purposes after the confirmation date:

- (a) to modify this Plan after confirmation pursuant to the Bankruptcy Rules and title 11 of the Bankruptcy Code;
- (b) to assure the performance by the reorganized Debtor of its obligations to make distributions under the Plan, and of any third parties who have obligations pursuant to the Plan;
- (c) to interpret the terms and conditions of this Plan;
- (d) to enter such orders, including injunctions, as are necessary to enforce the title, rights, and powers of the reorganized Debtor and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as the Bankruptcy Court may deem necessary;
- (e) to enter an order concluding and terminating this reorganization case;
- (f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the order of confirmation as may be necessary to carry out the purposes and intent of this Plan;
- (g) to hear objections to claims;
- (h) to hear applications for administrative claims (including professional fee claims); and

(i) to decide issues concerning federal tax reporting and withholding that arise in connection with the confirmation and consummation of this Plan.

## **2. Modification of the Plan**

The Debtor reserves the right, in accordance with the Bankruptcy Code and Bankruptcy Rules, to amend or modify this Plan at any time prior to or after entry of the confirmation order. A holder of an allowed claim that is deemed to have accepted this Plan shall be deemed to have accepted this Plan as modified if the proposed modification does not materially and adversely change the treatment of the claim of the holder.

## **3. Correction of Errors; Inconsistencies**

Before or after the confirmation date, or in the confirmation order, the Debtor may, after providing adequate notice and with the approval of the Bankruptcy Court, so long as it does not materially and adversely affect the interests of creditors who have accepted this Plan, remedy any defect or omission, or reconcile any inconsistencies in this Plan or amend this Plan, in such a manner as may be necessary to carry out the purposes and the effect of this Plan without the necessity of re-soliciting acceptances.

## **4. Liens Remain Unless Altered**

The terms of all agreements between the Debtor and the holders of all allowed secured claims, including the liens and security interests afforded therein, shall continue in effect except to the extent modified herein or by order of the Court.

## **5. Delivery of Distributions**

Subject to Bankruptcy Rule 9010, unless otherwise provided herein, all distributions to any holder of an allowed claim shall be made at the address of such holder as set forth on the bankruptcy schedules filed with the Bankruptcy Court, unless the Debtor has been notified, in advance and, in writing, of a change of address, including, without limitation, by the filing of a proof of claim by such holder that contains

an address for such holder different from the address reflected on such schedules for such holder. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Debtor has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter, such distribution shall be made to such holder; provided, however, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one (1) year from the date such distribution is returned. After such date, all unclaimed property shall revert to the Debtor. The Debtor shall not have any obligation to attempt to locate any holder of an allowed claim other than by reviewing their books and records (including any proofs of claim or interest filed in the Chapter 11 case).

#### **6. Stop Payments; Minimum Distribution; Unclaimed Funds**

The Debtor may stop payment on any distribution check that has not cleared the payer bank within ninety (90) days of the date of distribution of such check. No distribution under the sum of \$10.00 is required to be made by the Debtor.

#### **7. Prepayment**

Except as otherwise expressly provided in this Plan or the confirmation order, the Debtor shall have the right to prepay, without penalty, all, or any portion of the distributions toward an allowed claim, at any time.

#### **8. Interest on Claims**

Unless otherwise specifically provided for in this Plan or the confirmation order, post-petition interest shall not accrue or be paid on any claim, and no holder of an allowed claim shall be entitled to interest accruing on or after the Petition Date.

#### **9. Post-confirmation Employment and Compensation of Professionals**

After the confirmation of the Plan, the reorganized Debtor may employ, without notice, hearing or order of the Court, such attorneys, accountants, and other

professionals as he may desire to render services on such terms as he deems reasonable. With respect to services rendered by professional persons employed by the reorganized Debtor after the confirmation of the Plan, the reorganized Debtor shall be authorized to pay for such services, related costs, and expenses without notice, hearing or order of the Court.

**10. Waiver of Stamp Tax or Similar Tax for Document Recordings or Filings**

Pursuant to 11 U.S.C. § 1146(a), any transfers from the Debtor to any party pursuant to this Plan in the United States shall not be subject to any stamp tax or similar tax, and the order confirming this Plan shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**11. Implementation of Plan**

Pursuant to 11 U.S.C. § 1142(b) any necessary party and/or parties will be directed by the Court in the order confirming this Plan to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of property dealt with by this Plan, and to perform any other act, including the satisfaction of any lien, that is necessary for the consummation of the Plan. For the avoidance of doubt, the Debtor will be authorized to enter into, modify or amend loan documents and related agreements and record new financing statements or amend existing financing statements in furtherance of the terms of the Plan.

Date: **December 21, 2022**

Respectfully submitted,

**Russell Edwin Anderson**

By: /s/ David Cox  
Counsel

David Cox VSB#: 38670  
Cox Law Group, PLLC  
900 Lakeside Drive  
Lynchburg, VA 24501  
Telephone: 434-845-2600  
Fax: 434-845-0727  
david@coxlawgroup.com  
Counsel for the Debtor

# **Exhibit A**

## **Projections**

Projections with respect to the ability of the Debtor to make payments under the proposed Plan of reorganization and to provide for the Debtor's reasonable and necessary expenses.



Fill in this information to identify your case:

Debtor 1	<u>Russell</u>	<u>Edwin</u>	<u>Anderson</u>
	First Name	Middle Name	Last Name
Debtor 2 (Spouse, if filing)	_____	_____	_____
	First Name	Middle Name	Last Name
United States Bankruptcy Court for the:	<u>Western District of Virginia</u>		
Case number (if known)	<u>22-60960</u>		

Check if this is:

- An amended filing
- A supplement showing postpetition chapter 13 income as of the following date:  
\_\_\_\_\_  
MM / DD / YYYY

Official Form 106I

Schedule I: Your Income

12/15

Be as complete and accurate as possible. If two married people are filing together (Debtor 1 and Debtor 2), both are equally responsible for supplying correct information. If you are married and not filing jointly, and your spouse is living with you, include information about your spouse. If you are separated and your spouse is not filing with you, do not include information about your spouse. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Describe Employment

1. Fill in your employment information.

If you have more than one job, attach a separate page with information about additional employers.

Include part time, seasonal, or self-employed work.

Occupation may include student or homemaker, if it applies.

Employment status

Occupation

Employer's name

Employer's address

How long employed there?

Debtor 1	Debtor 2 or non-filing spouse
<input checked="" type="checkbox"/> Employed <input type="checkbox"/> Not Employed	<input checked="" type="checkbox"/> Employed <input type="checkbox"/> Not Employed
<u>Craftsman</u>	<u>Pre Auth Coordinator</u>
<u>Self Employed</u>	<u>UVA Medical Center</u>
<u>106 Church St</u> Number Street	<u>914 Emmet Street, N.</u> Number Street
<u>K&amp;R Construction</u>	_____
_____	_____
<u>Faber, VA 22938</u> City State Zip Code	<u>Charlottesville, VA 22904</u> City State Zip Code
_____	<u>22 years</u>

Part 2: Give Details About Monthly Income

Estimate monthly income as of the date you file this form. If you have nothing to report for any line, write \$0 in the space. Include your non-filing spouse unless you are separated.

If you or your non-filing spouse have more than one employer, combine the information for all employers for that person on the lines below. If you need more space, attach a separate sheet to this form.

	For Debtor 1	For Debtor 2 or non-filing spouse
2. List monthly gross wages, salary, and commissions (before all payroll deductions.) If not paid monthly, calculate what the monthly wage would be.	2. <u>\$0.00</u>	<u>\$4,973.00</u>
3. Estimate and list monthly overtime pay.	3. + <u>\$0.00</u>	+ <u>\$0.00</u>
4. Calculate gross income. Add line 2 + line 3.	4. <u>\$0.00</u>	<u>\$4,973.00</u>

Debtor 1 Russell Edwin Anderson Case number (if known) 22-60960  
 First Name Middle Name Last Name

		For Debtor 1	For Debtor 2 or non-filing spouse
Copy line 4 here..... →	4.	\$0.00	\$4,973.00
<b>5. List all payroll deductions:</b>			
5a. Tax, Medicare, and Social Security deductions	5a.	\$0.00	\$715.00
5b. Mandatory contributions for retirement plans	5b.	\$0.00	\$0.00
5c. Voluntary contributions for retirement plans	5c.	\$0.00	\$43.00
5d. Required repayments of retirement fund loans	5d.	\$0.00	\$0.00
5e. Insurance	5e.	\$0.00	\$649.00
5f. Domestic support obligations	5f.	\$0.00	\$0.00
5g. Union dues	5g.	\$0.00	\$0.00
5h. Other deductions. Specify: _____	5h. +	\$0.00	\$0.00
<b>6. Add the payroll deductions.</b> Add lines 5a + 5b + 5c + 5d + 5e + 5f + 5g + 5h.	6.	\$0.00	\$1,407.00
<b>7. Calculate total monthly take-home pay.</b> Subtract line 6 from line 4.	7.	\$0.00	\$3,566.00
<b>8. List all other income regularly received:</b>			
<b>8a. Net income from rental property and from operating a business, profession, or farm</b> Attach a statement for each property and business showing gross receipts, ordinary and necessary business expenses, and the total monthly net income.	8a.	\$1,735.00	\$0.00
<b>8b. Interest and dividends</b>	8b.	\$0.00	\$0.00
<b>8c. Family support payments that you, a non-filing spouse, or a dependent regularly receive</b> Include alimony, spousal support, child support, maintenance, divorce settlement, and property settlement.	8c.	\$0.00	\$0.00
<b>8d. Unemployment compensation</b>	8d.	\$0.00	\$0.00
<b>8e. Social Security</b>	8e.	\$0.00	\$0.00
<b>8f. Other government assistance that you regularly receive</b> Include cash assistance and the value (if known) of any non-cash assistance that you receive, such as food stamps (benefits under the Supplemental Nutrition Assistance Program) or housing subsidies. Specify: _____	8f.	\$0.00	\$0.00
<b>8g. Pension or retirement income</b>	8g.	\$0.00	\$0.00
<b>8h. Other monthly income.</b> Specify: _____	8h. +	\$0.00	\$0.00
<b>9. Add all other income.</b> Add lines 8a + 8b + 8c + 8d + 8e + 8f + 8g + 8h.	9.	\$1,735.00	\$0.00
<b>10. Calculate monthly income.</b> Add line 7 + line 9. Add the entries in line 10 for Debtor 1 and Debtor 2 or non-filing spouse	10.	\$1,735.00	\$3,566.00
		+	=
		\$5,301.00	\$5,301.00
<b>11. State all other regular contributions to the expenses that you list in Schedule J.</b> Include contributions from an unmarried partner, members of your household, your dependents, your roommates, and other friends or relatives. Do not include any amounts already included in lines 2-10 or amounts that are not available to pay expenses listed in Schedule J. Specify: <u>Contributions to Household Expenses (from mother, as needed, living in home)</u>	11. +		\$500.00
<b>12. Add the amount in the last column of line 10 to the amount in line 11.</b> The result is the combined monthly income. Write that amount on the <i>Summary of Your Assets and Liabilities and Certain Statistical Information</i> , if it applies	12.		\$5,801.00
			<b>Combined monthly income</b>
<b>13. Do you expect an increase or decrease within the year after you file this form?</b> <input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes. Explain: <span style="border: 1px solid black; padding: 2px;">Note: Debtor's mother lives in the home; her only income is social security</span>			

Debtor 1 Russell Edwin Anderson  
 First Name Middle Name Last Name

Case number (if known) 22-60960

8a. Attached Statement

**Business Income**

FINANCIAL REVIEW OF THE DEBTOR'S BUSINESS (NOTE: ONLY INCLUDE information directly related to the business operation.)

PART A - ESTIMATED AVERAGE FUTURE GROSS MONTHLY INCOME:

1. Gross Monthly Income: \$11,850.00

PART B - ESTIMATED AVERAGE FUTURE MONTHLY EXPENSES:

2. Ordinary and necessary expense	<u>\$500.00</u>	
3. Net Employee Payroll (Other than debtor)	<u>\$2,000.00</u>	
4. Payroll Taxes	<u>\$720.00</u>	
5. Unemployment Taxes	<u>\$75.00</u>	
6. Worker's Compensation	<u>\$70.00</u>	
7. Other Taxes	<u>\$0.00</u>	
8. Inventory Purchases (Including raw materials)	<u>\$2,500.00</u>	
9. Purchase of Feed/Fertilizer/Seed/Spray	<u>\$0.00</u>	
10. Rent (Other than debtor's principal residence)	<u>\$0.00</u>	
11. Utilities	<u>\$750.00</u>	
12. Office Expenses and Supplies	<u>\$350.00</u>	
13. Repairs and Maintenance	<u>\$500.00</u>	
14. Vehicle Expenses	<u>\$1,000.00</u>	
15. Travel and Entertainment	<u>\$0.00</u>	
16. Equipment Rental and Leases	<u>\$550.00</u>	
17. Legal/Accounting/Other Professional Fees	<u>\$750.00</u>	
18. Insurance	<u>\$350.00</u>	
19. Employee Benefits (e.g., pension, medical, etc.)	<u>\$0.00</u>	
20. Payments to be Made Directly by Debtor to Secured Creditors for Pre-Petition Business Debts		
TOTAL PAYMENTS TO SECURED CREDITORS	<u>\$0.00</u>	
21. Other Expenses		
TOTAL OTHER EXPENSES	<u>\$0.00</u>	
22. TOTAL MONTHLY EXPENSES(Add item 2 - 21)		<u>\$10,115.00</u>
PART C - ESTIMATED AVERAGE NET MONTHLY INCOME:		
23. AVERAGE NET MONTHLY INCOME(Subtract item 22 from item 1)		<u>\$1,735.00</u>

Fill in this information to identify your case:

Debtor 1	<u>Russell</u>	<u>Edwin</u>	<u>Anderson</u>
	First Name	Middle Name	Last Name
Debtor 2 (Spouse, if filing)	_____	_____	_____
	First Name	Middle Name	Last Name
United States Bankruptcy Court for the:	<u>Western District of Virginia</u>		
Case number (if known)	<u>22-60960</u>		

Check if this is:

- An amended filing
- A supplement showing postpetition chapter 13 expenses as of the following date:

\_\_\_\_\_  
MM / DD / YYYY

## Official Form 106J

### Schedule J: Your Expenses

12/15

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, attach another sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

#### Part 1: Describe Your Household

1. Is this a joint case?

- No. Go to line 2.
- Yes. Does Debtor 2 live in a separate household?
  - No
  - Yes. Debtor 2 must file Official Form 106J-2, *Expenses for Separate Household of Debtor 2*.

2. Do you have dependents?

Do not list Debtor 1 and Debtor 2.  
Do not state the dependents' names.

- No
- Yes. Fill out this information for each dependent.....

Dependent's relationship to Debtor 1 or Debtor 2	Dependent's age	Does dependent live with you?	
<u>Child</u>	<u>11</u>	<input type="checkbox"/> No.	<input checked="" type="checkbox"/> Yes.
<u>Child</u>	<u>9</u>	<input type="checkbox"/> No.	<input checked="" type="checkbox"/> Yes.
_____	_____	<input type="checkbox"/> No.	<input type="checkbox"/> Yes.
_____	_____	<input type="checkbox"/> No.	<input type="checkbox"/> Yes.
_____	_____	<input type="checkbox"/> No.	<input type="checkbox"/> Yes.

3. Do your expenses include expenses of people other than yourself and your dependents?

- No
- Yes

#### Part 2: Estimate Your Ongoing Monthly Expenses

Estimate your expenses as of your bankruptcy filing date unless you are using this form as a supplement in a Chapter 13 case to report expenses as of a date after the bankruptcy is filed. If this is a supplemental *Schedule J*, check the box at the top of the form and fill in the applicable date.

Include expenses paid for with non-cash government assistance if you know the value of such assistance and have included it on *Schedule I: Your Income* (Official Form 106I.)

	Your expenses
4. The rental or home ownership expenses for your residence. Include first mortgage payments and any rent for the ground or lot.	4. <u>\$220.00</u>
<b>If not included in line 4:</b>	
4a. Real estate taxes	4a. <u>\$175.00</u>
4b. Property, homeowner's, or renter's insurance	4b. <u>\$140.00</u>
4c. Home maintenance, repair, and upkeep expenses	4c. <u>\$150.00</u>
4d. Homeowner's association or condominium dues	4d. <u>\$0.00</u>

Debtor 1 Russell Edwin Anderson  
 First Name Middle Name Last Name

Case number (if known) 22-60960

		Your expenses
5.	<b>Additional mortgage payments for your residence</b> , such as home equity loans	5. <u>\$0.00</u>
6.	<b>Utilities:</b>	
6a.	Electricity, heat, natural gas	6a. <u>\$350.00</u>
6b.	Water, sewer, garbage collection	6b. <u>\$0.00</u>
6c.	Telephone, cell phone, Internet, satellite, and cable services	6c. <u>\$0.00</u>
6d.	Other. Specify: _____	6d. <u>\$0.00</u>
7.	<b>Food and housekeeping supplies</b>	7. <u>\$1,000.00</u>
8.	<b>Childcare and children's education costs</b>	8. <u>\$0.00</u>
9.	<b>Clothing, laundry, and dry cleaning</b>	9. <u>\$250.00</u>
10.	<b>Personal care products and services</b>	10. <u>\$200.00</u>
11.	<b>Medical and dental expenses</b>	11. <u>\$400.00</u>
12.	<b>Transportation.</b> Include gas, maintenance, bus or train fare. Do not include car payments.	12. <u>\$650.00</u>
13.	<b>Entertainment, clubs, recreation, newspapers, magazines, and books</b>	13. <u>\$150.00</u>
14.	<b>Charitable contributions and religious donations</b>	14. <u>\$0.00</u>
15.	<b>Insurance.</b> Do not include insurance deducted from your pay or included in lines 4 or 20.	
15a.	Life insurance	15a. <u>\$30.00</u>
15b.	Health insurance	15b. <u>\$0.00</u>
15c.	Vehicle insurance	15c. <u>\$157.00</u>
15d.	Other insurance. Specify: _____	15d. <u>\$0.00</u>
16.	<b>Taxes.</b> Do not include taxes deducted from your pay or included in lines 4 or 20. Specify: <u>Personal Property</u>	16. <u>\$110.00</u>
17.	<b>Installment or lease payments:</b>	
17a.	Car payments for Vehicle 1	17a. <u>\$0.00</u>
17b.	Car payments for Vehicle 2	17b. <u>\$0.00</u>
17c.	Other. Specify: _____	17c. <u>\$0.00</u>
17d.	Other. Specify: _____	17d. <u>\$0.00</u>
18.	<b>Your payments of alimony, maintenance, and support that you did not report as deducted from your pay on line 5, Schedule I, Your Income (Official Form 106I).</b>	18. <u>\$0.00</u>
19.	<b>Other payments you make to support others who do not live with you.</b> Specify: _____	19. <u>\$0.00</u>
20.	<b>Other real property expenses not included in lines 4 or 5 of this form or on Schedule I: Your Income.</b>	
20a.	Mortgages on other property	20a. <u>\$0.00</u>
20b.	Real estate taxes	20b. <u>\$0.00</u>
20c.	Property, homeowner's, or renter's insurance	20c. <u>\$0.00</u>
20d.	Maintenance, repair, and upkeep expenses	20d. <u>\$0.00</u>
20e.	Homeowner's association or condominium dues	20e. <u>\$0.00</u>

Debtor 1 Russell Edwin Anderson  
First Name Middle Name Last Name

Case number (if known) 22-60960

21. **Other.** Specify: Nonfiling spouse's monthly debt payments

21. + \$750.00

22. **Calculate your monthly expenses.**

22a. Add lines 4 through 21.

22a. \$4,732.00

22b. Copy line 22 (monthly expenses for Debtor 2), if any, from Official Form 106J-2

22b. \$0.00

22c. Add line 22a and 22b. The result is your monthly expenses.

22c. \$4,732.00

23. **Calculate your monthly net income.**

23a. Copy line 12 (your combined monthly income) from *Schedule I*.

23a. \$5,801.00

23b. Copy your monthly expenses from line 22c above.

23b. - \$4,732.00

23c. Subtract your monthly expenses from your monthly income.

The result is your *monthly net income*.

23c. \$1,069.00

24. **Do you expect an increase or decrease in your expenses within the year after you file this form?**

For example, do you expect to finish paying for your car loan within the year or do you expect your mortgage payment to increase or decrease because of a modification to the terms of your mortgage?

- No.
- Yes.

None

## Exhibit B

### Liquidation Analysis

Note: The Debtor cooperated with the request of one of its creditors who arranged for an auctioneer, Torrence, Read, & Forehand Auctions (“TRF Auctions”), to complete an appraisal of all personal property of the Debtor. The results of the TRF Appraisal shows higher values for the personal property of the Debtor than he has indicated on his schedules as filed with the Bankruptcy Court. However, for purposes of this liquidation analysis, the Debtor has used the TRF Auction appraised values and accepts the same as determinative of the best interests of creditors test of 11 U.S.C. § 1129(a)(7).





<p><u>Note:</u> The Debtor also has the following real property assets. However, the real property would not be subject to sale in a hypothetical chapter 7 liquidation because: (1) it is owned as tenants by the entireties with his spouse, (2) he and his wife have no joint unsecured debts, and (3) he claimed the property as fully exempt on his schedules filed in this bankruptcy case.</p>		
<b>Real Estate Assets</b>		
8142 Irish Road, Faber, VA, as tenants by the entireties		\$180,000.00
8142 Irish Road, Faber, VA, as tenants by the entireties		\$250,000.00
	<b>Total Real Property Assets</b>	<b>\$430,000.00</b>
	<b>Less Exemptions, VA Code 34-26(4a)</b>	<b>\$ 430,000.00</b>
	Amount available for unsecured creditors from the hypothetical liquidation of the Debtor's Real Estate	<b>0.00</b>

<b>Personal Property Assets As Valued By Torrence Read Forehand 12/11/22</b>		
	<b>Total Value</b>	<b>Debtor's share</b>
Glock 42 Handgun - .380	\$ 325	\$ 325
Glock 27 Handgun .40 S&W	\$ 400	\$ 400
Glock 23 Handgun - .40 S&W	\$ 400	\$ 400
Thompson Centerfire Renegade muzzle loader	\$ 225	\$ 225
Thompson Centerfire Hawkins Woodsman muzzle loader	\$ 225	\$ 225
Qty 6 - Compound bows - 90's editions - Jennings XLRs, etc.	\$ 240	\$ 240
Asst. archery supplies - knocks, fletchings, etc	\$ 35	\$ 35
Asst. hunting garments	\$ 50	\$ 50
Asst firearm Ammo - 500 +/- Rds. (40SW, 380, 22, 5.56, etc)	\$ 250	\$ 250
Pine/Glass front gun cabinet	\$ 60	\$ 60
S&W 15-22 Rifle	\$ 300	\$ 300
S&W MP 15 rifle	\$ 500	\$ 500
qty 4 - home built AR-15 rifles	\$ 1,800	\$ 1,800
Century Arms Centurion UC-9 Rifle	\$ 900	\$ 900
Ruger 10-22 rifle	\$ 350	\$ 350
Chipmunk 22 rifle	\$ 175	\$ 175
Thomspson Centerfire Hot Shot muzzle loader	\$ 80	\$ 80
Hipoint C9 handgun	\$ 100	\$ 100
Smith & Wesson 500 magnum handgun	\$ 1,200	\$ 1,200
Phoenix Arms HP22A pistol	\$ 150	\$ 150
SCCY CPX-2 pistol	\$ 150	\$ 150
Jennings Model 9 handgun	\$ 80	\$ 80
Lorcin Model L9 handgun	\$ 600	\$ 600
Shop spray cabinet	\$ 60	\$ 60
Contents spray cabinet - masks, tools, etc	\$ 50	\$ 50
Powermatic Sanding Station	\$ 500	\$ 500
Jet oscillating spindle sander	\$ 700	\$ 700
Router Table w/delta versafeeder power feed	\$ 375	\$ 375
Katana Router Bits qty 50+/-, new & used	\$ 430	\$ 430
Porter Cable Router qty 2	\$ 170	\$ 170
Bosch Router	\$ 90	\$ 90
Freud router fence	\$ 60	\$ 60
Homak Parts washer	\$ 80	\$ 80
Powermatic model 66 table saw	\$ 1,000	\$ 1,000
Shop tables - Qty 5	\$ 250	\$ 250
Plywood - 22+/- sheet	\$ 715	\$ 715
Grizzly G0636x Band Saw	\$ 1,100	\$ 1,100
Assorted Misc. tools - corner	\$ 100	\$ 100
Delta SF5003 Dust Collector	\$ 175	\$ 175
Dewalt compound miter saw	\$ 180	\$ 180
Dewalt saw Stand	\$ 125	\$ 125
Grizzly dust collector qty 2	\$ 425	\$ 425
Shop Vac - qty 7	\$ 70	\$ 70
Radial Arm Saw	\$ 200	\$ 200
Misc. Supplies	\$ 200	\$ 200
used saw blades	\$ 25	\$ 25
Asst. sandpaper - Klingspor, 3m, etc.	\$ 215	\$ 215
Asst. wood shorts & leftovers - Poplar, etc.	\$ 100	\$ 100
Rack of Cleet stock - plywood pieces	\$ 40	\$ 40
Bosch & Porter Cable double router table	\$ 400	\$ 400

Delta shaper w/power feed	\$	450	\$	450
Invicta FI-15 spindle mortiser	\$	300	\$	300
Shop Fox Planer/Moulder	\$	600	\$	600
Metal saw Horses qty 4 sets	\$	100	\$	100
Delta Oscillating edge sander	\$	450	\$	450
Werner 8' A frame ladder	\$	40	\$	40
Delta DJ-30 Jointer	\$	900	\$	900
Delta p-20 scroll saw	\$	80	\$	80
Lathe Duplicator	\$	140	\$	140
Leigh Dovetail Jig	\$	50	\$	50
Porter cable dovetail jig	\$	60	\$	60
Mis. Parts & supplies	\$	80	\$	80
Powermatic DDS 225 Dual Drum Sander	\$	900	\$	900
Record Power C3136x15C wood lathe	\$	400	\$	400
Asst. C clamps - 50+/-	\$	150	\$	150
Pipe clamps qty 7	\$	70	\$	70
spring clamps qty 10	\$	40	\$	40
Bosch Router	\$	110	\$	110
Asst screws & hardware	\$	180	\$	180
Dewalt DW682 K Biscuit jointer	\$	90	\$	90
Porter Cable FN250B nail Gun qty 3	\$	60	\$	60
Metabo nail gun	\$	25	\$	25
Dewalt drills - qty 5	\$	50	\$	50
Festool sander qty 2	\$	80	\$	80
asst tools	\$	100	\$	100
Kreg pocket Hole jig qty 2	\$	80	\$	80
Asst. scrap wood - pieces, plywood, etc	\$	50	\$	50
Freud EB100 Edge Bander	\$	75	\$	75
Skil3410 skil saw table saw	\$	85	\$	85
Bosch 16111 Plunge router	\$	75	\$	75
Freud router	\$	70	\$	70
Porter Cable belt sander	\$	40	\$	40
Dewalt jig saw	\$	40	\$	40
Misc. Disc sandpaper	\$	150	\$	150
Dell Vostro 15 laptop & Printer	\$	60	\$	60
Arcan engine lift	\$	130	\$	130
Large table vise	\$	85	\$	85
1/2 in plywood	\$	450	\$	450
Hobart airforce 40l plasma cutter	\$	350	\$	350
Grizzly g0704 Mill	\$	800	\$	800
20 ton shop hydraulic press frame	\$	100	\$	100
bit sharpener	\$	60	\$	60
Delta Bench Grinder	\$	60	\$	60
Misc. stock - verneer, particle board, etc.	\$	500	\$	500
shop cart	\$	25	\$	25
floor jack	\$	25	\$	25
Craftsman shop tool boxes - 2 piece lrg	\$	250	\$	250
Craftsman shop tool boxes - 2 piece lrg	\$	250	\$	250
Craftsman shop tool bex - 2 piece sm	\$	100	\$	100
Homak shop box	\$	100	\$	100
Craftsman shop tool box lrg	\$	130	\$	130
Lincoln 100 weld pak	\$	90	\$	90
Asst tools - multiple shop boxes	\$	2,600	\$	2,600
Dewalt DWS280 saw	\$	400	\$	400
4' step ladder	\$	35	\$	35

misc supplies - grease, etc.	\$	100	\$	100
3 stands of shop lights	\$	60	\$	60
Asst drop cords & pneumatic hose	\$	110	\$	110
qty 6 sets+/- jack stands	\$	120	\$	120
qty 7 misc hardware assortments	\$	65	\$	65
Kobalt 80 gal air compressor	\$	350	\$	350
qty 4 cable come along	\$	40	\$	40
Delta Drill press	\$	300	\$	300
Schumacher battery charger	\$	25	\$	25
Asst. quick change attachments & bits	\$	200	\$	200
Lrg asst. bits, hole saws, etc.	\$	160	\$	160
Dewalt DW758 grinder	\$	40	\$	40
Toyang TME202-3 drill press	\$	150	\$	150
ValueCraft 4 x 6 belt/disc sander	\$	40	\$	40
shop cart/cabinets qty 3	\$	60	\$	60
Lathe bits	\$	200	\$	200
Grizzly G0561 metal cutting band saw	\$	550	\$	550
Delta Line boring machine	\$	200	\$	200
Stabila Jamber set	\$	80	\$	80
3 ft step stool werner	\$	20	\$	20
3 ft alum step stool	\$	20	\$	20
Milwaukee m18 drill set	\$	60	\$	60
Kreg Pocket hole machine	\$	80	\$	80
Bosch model TS1000 folding table saw stand	\$	60	\$	60
dewalt DC020 light	\$	5	\$	5
Dewalt DW680K planer	\$	60	\$	60
Dewalt DC988KA drill	\$	50	\$	50
Porter Cable 362VS belt sander	\$	70	\$	70
Dewalt Circular saw	\$	55	\$	55
dewalt DW 793	\$	100	\$	100
Milwaukee sawzall	\$	70	\$	70
Dewalt radio	\$	40	\$	40
Qty 3 nail guns	\$	60	\$	60
stanley bostitch nail gun qty 2	\$	90	\$	90
Bosch jig saw	\$	30	\$	30
Bostitch pancake compressor	\$	65	\$	65
Asst hardware	\$	40	\$	40
Black & Decker leaf blower	\$	50	\$	50
qty 1 sawhorses	\$	20	\$	20
Makita angle drill	\$	80	\$	80
Milwaukee Hole shooter magnum drill	\$	60	\$	60
Craftsman tool box	\$	50	\$	50
2012 Freedom 16' trailer	\$	3,250	\$	3,250
Troybilt Mustang 50 zero turn mower	\$	1,100	\$	1,100
02 Chevy Silverado 2500 HD 4WD- rust, scratches, tears in seats	\$	5,000	\$	5,000
Ariens Apex52 zero turn	\$	4,000	\$	4,000
Caterpillar 977 Dozer & 977L - 1 needs engine - 1 for parts	\$	3,000	\$	3,000
misc. scrap metal - frame, boom, auger, etc	\$	20	\$	20
87 eager beaver flat bed equipment trailer	\$	2,500	\$	2,500
12 ' equipment trailer	\$	1,200	\$	1,200
86 GMC Sierra Grande 15 - no motor	\$	250	\$	250
86 K5 Blazer - doesn't run	\$	250	\$	250
Ford 4400 Tractor	\$	750	\$	750
83 GMC High Sierra1500 - runs, sitting 1 yr, needs repairs	\$	900	\$	900
Asst scrap metal	\$	500	\$	500

Barrels - asst plastic & metal	\$ 50	\$ 50
Yard Machines 20 ton log splitter	\$ 900	\$ 900
04 GMC Sierra SLE - Electircal & body issues	\$ 5,250	\$ 5,250
Homemade 5' trailer	\$ 250	\$ 250
65 GMC 4000 scrap	\$ 250	\$ 250
86 Chevy 1 ton truck	\$ 500	\$ 500
sand blast cabinet	\$ 100	\$ 100
Asst. unfinished lumber - home sawn, fenceboard type, outside, old	\$ 300	\$ 300
Champion lrg air tank- from compressor	\$ 30	\$ 30
40' shipping container - Qty 6	\$ 10,200	\$ 10,200
20' shipping container - qty 2	\$ 3,000	\$ 3,000
Woodmizer LT-15 sawmill	\$ 4,000	\$ 4,000
Misc. Lumber - 6 pallets - outside, poor	\$ 300	\$ 300
Contents storage container - firewood, chain come alongs	\$ 100	\$ 100
Contents storage container - wood slabs	\$ 100	\$ 100
Contents storage container - shelves wood	\$ 500	\$ 500
Asst scrap wood	\$ 50	\$ 50
Asst motors	\$ 25	\$ 25
Contents storage container - hardware, brackets, etc	\$ 150	\$ 150
large fans - qty 3	\$ 30	\$ 30
Carriage Boards - custom job	\$ 100	\$ 100
gmc 7000 cattle truck - scrap	\$ 250	\$ 250
Chevy Viking horse bed truck - scrap	\$ 250	\$ 250
Chevy 60 truck	\$ 250	\$ 250
Chevy 50 truck - scrap	\$ 250	\$ 250
Shooting range targets - asst	\$ 100	\$ 100
Stihl ht 101 pole saw	\$ 120	\$ 120
BG86 leaf blower	\$ 70	\$ 70
Stihl chain saws - qty 3	\$ 255	\$ 255
Stihl mm55 tiller	\$ 50	\$ 50
misc. sthil weedeater broken, car parts, etc	\$ 325	\$ 325
2015 honda foreman 4 wheeler	\$ 3,500	\$ 1,750
Kawasaki 50 cc childs 4 wheeler - doesn't run	\$ 50	\$ 50
Koolster 100cc childs 4 wheeler	\$ 100	\$ 100
Folding tents & chairs	\$ 125	\$ 125
Wheels - 2 complete sets - GMC trucks	\$ 200	\$ 200
engines for parts - qty 4	\$ 250	\$ 250
Dually wheels - 4 sets	\$ 200	\$ 200
Asst Coolers - 1 rtic	\$ 70	\$ 70
Telephone poles - outside, used	\$ 150	\$ 150
truck cabs - asst - qty 5	\$ 100	\$ 100
truck beds - asst - qty 4	\$ 100	\$ 100
80's GMC truck - parts	\$ 250	\$ 250
81 GMC Custom delux Truck	\$ 250	\$ 250
Asst old part - differentials, chasis,	\$ 40	\$ 40
Scrap farm implements	\$ 50	\$ 50
Asst. handtools	\$ 40	\$ 40
generators- scrap - qty 6	\$ 60	\$ 60
Yard seed spreader	\$ 10	\$ 10
Craftsman yard trailer	\$ 50	\$ 50
compressor tank	\$ 30	\$ 30
Truck toolbox	\$ 35	\$ 35
2011 Chevy Impala LT 216k miles, flex fuel, 3 accidents	\$ 4,000	\$ 4,000
91 GMC Suburban 2500 SLE - Diesel, high mileage	\$ 3,000	\$ 3,000
JD 2440 tractor - needs brakes & clutch	\$ 2,600	\$ 2,600

2008 Pontiac G6- 100k miles	\$	3,300	\$	3,300
Trampoline	\$	75	\$	38
Hot tub - needs pumps, top collapsed	\$	25	\$	13
cast iron firepit	\$	40	\$	20
small 4 wheeler trailer	\$	250	\$	125
folding chairs qty 4	\$	40	\$	20
King Grill - rusty inside	\$	5	\$	3
Masterbilt propane smoker	\$	30	\$	15
chest freezer	\$	200	\$	100
Asst hand tools	\$	15	\$	8
Centurion 25 gun safe	\$	400	\$	200
Desk & File Cabinet	\$	25	\$	13
book shelves - qty 2	\$	10	\$	5
sofa - qty 2, sectional, well used	\$	50	\$	25
China cabinet	\$	80	\$	40
kitchen table	\$	40	\$	20
Dining room table	\$	150	\$	75
curio cabinets in dining room - qty 2	\$	80	\$	40
China cabinet in DR	\$	65	\$	33
Flatscreen TV	\$	70	\$	35
5 piece bedroom suite	\$	250	\$	125
Gun Cabinet - demo	\$	140	\$	70
cedar chest	\$	80	\$	40
Antique curio cabinet	\$	50	\$	25
Coin Displays	\$	20	\$	10
4 piece Br suite - childrens, cargo style	\$	75	\$	38
Bed - single	\$	30	\$	15
dresser - custom, large	\$	125	\$	63
Gun Cabinet	\$	75	\$	38
Desk	\$	40	\$	20
Samsung washer & dryer	\$	400	\$	200
<b>Total Personal Property Assets</b>	<b>\$</b>	<b>105,605</b>	<b>\$</b>	<b>102,388</b>

**Fill in this information to identify the case:**

Debtor Name \_\_\_\_\_

United States Bankruptcy Court for the: \_\_\_\_\_ District of \_\_\_\_\_  
(State)

Case number: \_\_\_\_\_

Check if this is an amended filing

Official Form 425A

**Plan of Reorganization for Small Business Under Chapter 11**

02/20

**[Name of Proponent]**'s **Plan of Reorganization, Dated [Insert Date]**

[If this plan is for a small business debtor under Subchapter V, 11 U.S.C. § 1190 requires that it include "(A) a brief history of the business operations of the debtor; (B) a liquidation analysis; and (C) projections with respect to the ability of the debtor to make payments under the proposed plan of reorganization." The Background section below may be used for that purpose. Otherwise, the Background section can be deleted from the form, and the Plan can start with "Article 1: Summary"]

**Background for Cases Filed Under Subchapter V**

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

The Debtor is a [corporation, partnership, etc.]. Since [insert year operations commenced], the Debtor has been in the business of \_\_\_\_\_. [Describe the Debtor's business].

**B. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to the Plan as Exhibit \_\_\_\_.

**C. Ability to make future plan payments and operate without further reorganization**

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments and operate the debtor's business.

The Plan Proponent has provided projected financial information as Exhibit \_\_\_\_.

The Plan Proponent's financial projections show that the Debtor will have projected disposable income (as defined by § 1191(d) of the Bankruptcy Code) for the period described in § 1191(c)(2) of \$ \_\_\_\_\_.

The final Plan payment is expected to be paid on \_\_\_\_\_.

[Summarize the numerical projections, and highlight any assumptions that are not in accord with past experience. Explain why such assumptions should now be made.]

**You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.**

**Article 1: Summary**

This Plan of Reorganization (the *Plan*) under chapter 11 of the Bankruptcy Code (the *Code*) proposes to pay creditors of [insert the name of the Debtor] (the *Debtor*) from [Specify sources of payment, such as an infusion of capital, loan proceeds, sale of assets, cash flow from operations, or future income].

This Plan provides for:  classes of priority claims;  
 classes of secured claims;  
 classes of non-priority unsecured claims; and  
 classes of equity security holders.

Non-priority unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately  cents on the dollar. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles 3 through 6 of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

**Article 2: Classification of Claims and Interests**

2.01 **Class 1** ..... All allowed claims entitled to priority under § 507(a) of the Code (except administrative expense claims under § 507(a)(2), ["gap" period claims in an involuntary case under § 507(a)(3),] and priority tax claims under § 507(a)(8)).

[Add classes of priority claims, if applicable]

2.02 **Class 2** ..... The claim of , to the extent allowed as a secured claim under § 506 of the Code.

[Add other classes of secured creditors, if any. *Note:* Section 1129(a)(9)(D) of the Code provides that a secured tax claim which would otherwise meet the description of a priority tax claim under § 507(a)(8) of the Code is to be paid in the same manner and over the same period as prescribed in § 507(a)(8).]

2.03 **Class 3** ..... All non-priority unsecured claims allowed under § 502 of the Code.

[Add other classes of unsecured claims, if any.]

2.04 **Class 4** ..... Equity interests of the Debtor. [If the Debtor is an individual, change this heading to *The interests of the individual Debtor in property of the estate.*]

**Article 3: Treatment of Administrative Expense Claims, Priority Tax Claims, and Quarterly and Court Fees**

3.01 **Unclassified claims** Under section § 1123(a)(1), administrative expense claims, ["gap" period claims in an involuntary case allowed under § 502(f) of the Code,] and priority tax claims are not in classes.

3.02 **Administrative expense claims** Each holder of an administrative expense claim allowed under § 503 of the Code, [and a "gap" claim in an involuntary case allowed under § 502(f) of the Code,] will be paid in full on the effective date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

Or

Each holder of an administrative expense claim allowed under § 503 of the Code, [and a "gap" claim in an involuntary case allowed under § 502(f) of the Code,] will be paid [specify terms of treatment, including the form, amount, and timing of distribution, consistent with section 1191(e) of the



Code].

[Note: the second provision is appropriate only in a subchapter V plan that is confirmed non-consensually under section 1191(b).]

- 3.03 **Priority tax claims** Each holder of a priority tax claim will be paid [Specify terms of treatment consistent with § 1129(a)(9)(C) of the Code].
- 3.04 **Statutory fees** All fees required to be paid under 28 U.S.C. § 1930 that are owed on or before the effective date of this Plan have been paid or will be paid on the effective date.
- 3.05 **Prospective quarterly fees** All quarterly fees required to be paid under 28 U.S.C. § 1930(a)(6) or (a)(7) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code.

**Article 4: Treatment of Claims and Interests Under the Plan**

4.01 **Claims and interests shall be treated as follows under this Plan:**

Class	Impairment	Treatment
Class 1 - <b>Priority claims</b> excluding those in Article 3	<input type="checkbox"/> Impaired <input type="checkbox"/> Unimpaired	[Insert treatment of priority claims in this Class, including the form, amount and timing of distribution, if any. For example: "Class 1 is unimpaired by this Plan, and each holder of a Class 1 Priority Claim will be paid in full, in cash, upon the later of the effective date of this Plan, or the date on which such claim is allowed by a final non-appealable order. Except: [ ];"] [Add classes of priority claims if applicable]
Class 2 - <b>Secured claim of</b> [Insert name of secured creditor.]	<input type="checkbox"/> Impaired <input type="checkbox"/> Unimpaired	[Insert treatment of secured claim in this Class, including the form, amount and timing of distribution, if any.] [Add classes of secured claims if applicable]
Class 3 - <b>Non-priority unsecured creditors</b>	<input type="checkbox"/> Impaired <input type="checkbox"/> Unimpaired	[Insert treatment of unsecured creditors in this Class, including the form, amount and timing of distribution, if any.] [Add administrative convenience class if applicable]
Class 4 - <b>Equity security holders of the Debtor</b>	<input type="checkbox"/> Impaired <input type="checkbox"/> Unimpaired	[Insert treatment of equity security holders in this Class, including the form, amount and timing of distribution, if any.]

**Article 5: Allowance and Disallowance of Claims**

- 5.01 **Disputed claim** A *disputed claim* is a claim that has not been allowed or disallowed [by a final non-appealable order], 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, or unliquidated.
- 5.02 **Delay of distribution on a disputed claim** No distribution will be made on account of a disputed claim unless such claim is allowed [by a final non-appealable order].
- 5.03 **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 Rule 9019 of the Federal Rules of Bankruptcy Procedure.

**Article 6: Provisions for Executory Contracts and Unexpired Leases**

**6.01 Assumed executory contracts and unexpired leases**

(a) The Debtor assumes, and if applicable assigns, the following executory contracts and unexpired leases as of the effective date:

[List assumed, or if applicable assigned, executory contracts and unexpired leases.]

(b) Except for executory contracts and unexpired leases that have been assumed, and if applicable assigned, before the effective date or under section 6.01(a) of this Plan, or that are the subject of a pending motion to assume, and if applicable assign, the Debtor will be conclusively deemed to have rejected all executory contracts and unexpired leases as of the effective date.

A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than  days after the date of the order confirming this Plan.

**Article 7: Means for Implementation of the Plan**

[Insert here provisions regarding how the plan will be implemented as required under § 1123(a)(5) of the Code. For example, provisions may include those that set out how the plan will be funded, including any claims reserve to be established in connection with the plan, as well as who will be serving as directors, officers or voting trustees of the reorganized Debtor.]

**Article 8: General Provisions****8.01 Definitions and rules of construction**

The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

[Insert additional definitions if necessary].

**8.02 Effective date**

The effective date of this Plan is the first business day following the date that is 14 days after the entry of the confirmation order. If, however, 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 the stay expires or is otherwise terminated.

**8.03 Severability**

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

**8.04 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.

**8.05 Captions**

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

**[8.06 Controlling effect**

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

**[8.07 Corporate governance**

[If the Debtor is a corporation include provisions required by § 1123(a)(6) of the Code.]

**[8.08 Retention of Jurisdiction**

Language addressing the extent and the scope of the bankruptcy court's jurisdiction after the effective date of the plan.]

**Article 9: Discharge**

[Include the appropriate provision in the Plan]

**[No Discharge -- Section 1141(d)(3) IS applicable.]**

In accordance with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

**[Discharge -- Section 1141(d)(3) IS NOT applicable; use one of the alternatives below]**

*[The following 3 alternatives apply to cases in which a discharge is applicable and the Debtor DID NOT elect to proceed under Subchapter V of Chapter 11.]*

**[Discharge if the Debtor is an individual and did not proceed under Subchapter V]**

Confirmation of this Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments under this Plan, or as otherwise provided in § 1141(d)(5) of the Code. The Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

**[Discharge if the Debtor is a partnership and did not proceed under Subchapter V]**

On the effective date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code. The Debtor will not be discharged from any debt imposed by this Plan.

**[Discharge if the Debtor is a corporation and did not proceed under Subchapter V]**

On the effective date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt:

- (i) imposed by this Plan; or
- (ii) to the extent provided in § 1141(d)(6).

*[The following 3 alternatives apply to cases in which the Debtor DID elect to proceed under Subchapter V of Chapter 11.]*

**[Discharge if the Debtor is an individual under Subchapter V]**

If the Debtor's Plan is confirmed under § 1191(a), on the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code. The Debtor will not be discharged from any debt:

- (i) imposed by this Plan; or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

If the Debtor's Plan is confirmed under § 1191(b), confirmation of the Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments due within the first 3 years of this Plan, or as otherwise provided in § 1192 of the Code. The Debtor will not be discharged from any debt:

- (i) on which the last payment is due after the first 3 years of the plan, or as otherwise provided in § 1192;
- or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

**[Discharge if the Debtor is a partnership under Subchapter V]**

If the Debtor's Plan is confirmed under § 1191(a), on the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code. The Debtor will not be discharged from any debt imposed by this Plan.

If the Debtor's Plan is confirmed under § 1191(b), confirmation of the Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments due within the first 3 years of this Plan, or as otherwise provided in § 1192 of the Code. The Debtor will not be discharged from any debt:

- (i) on which the last payment is due after the first 3 years of the plan, or as otherwise provided in § 1192;
- or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

**[Discharge if the Debtor is a corporation under Subchapter V]**

If the Debtor's Plan is confirmed under § 1191(a), on the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt:

- (i) imposed by this Plan; or
- (ii) to the extent provided in § 1141(d)(6).

If the Debtor's Plan is confirmed under § 1191(b), confirmation of this Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments due within the first 3 years of this Plan, or as otherwise provided in § 1192 of the Code. The Debtor will not be discharged from any debt:

- (i) on which the last payment is due after the first 3 years of the plan, or as otherwise provided in § 1192;
- or
- (ii) excepted from discharge under § 523(a) of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

**Article 10: Other Provisions**

[Insert other provisions, as applicable.]

Respectfully submitted,

Debtor Name \_\_\_\_\_

Case number \_\_\_\_\_

**x**

\_\_\_\_\_  
[Signature of the Plan Proponent]

\_\_\_\_\_  
[Printed Name]

**x**

\_\_\_\_\_  
[Signature of the Attorney for the Plan Proponent]

\_\_\_\_\_  
[Printed Name]