

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Robert and Lois Honek,
Debtor.

BKY No: 03-60804
Chapter 12 Case

NOTICE OF HEARING AND EXPEDITED MOTION
TO MODIFY CHAPTER 12 PLAN

TO: All Interested Parties and the other entities specified
in Local Rule 1204(a).

1. Robert and Lois Honek, moves the court for the relief requested below and gives notice of hearing.

2. The court will hold a hearing on this motion **on July 27, 2004, at 11:30 o'clock A.M.** or as soon thereafter as counsel can be heard in Courtroom #2, U.S. Post Office Building, 118 South Mill Street, Fergus Falls, Minnesota.

3. Any response to this motion must be filed and delivered not later than 11:30 o'clock A.M. on July 26, 2004, which is 24 hours before the time set for the hearing, or filed and served by mail not later than July 23, 2004, which is three days before the time set for the hearing. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This court has jurisdiction over this motion pursuant to 28 U.S.C. Sections 157 and 1334, Bankruptcy Rule 5005 and Local Rule 201. This proceeding is a core proceeding. The Petition commencing this chapter 12 case was

filed on June 30, 2003. The case is now pending in this court.

5. This motion arises under 11 U.S.C. Section 1229 and Federal Bankruptcy Rule 9013 and 9014. This motion is filed under Local Rules 1201-1215. The Debtor is in the business of producing agricultural crops. The Order confirming their Chapter 12 Plan in this matter was dated April 16, 2004.

6. When the Debtors proposed their second amended chapter 12 plan the intent was that M&M Company would be paid with the proceeds from the 2003 beet crop. M&M was granted a security interest in the crop along with a mortgage. As the Court may or may not realize the payment for the 2003 beet crop comes in two parts. The first portion comes in the spring of 2004 and the second part on or before November 15, 2004. The Debtors have paid M&M a substantial portion of the operating loan from the first half of the 2003 beet payment. M&M is not objecting to being paid the remainder with the second half of the 2003 beet payment. It should further be noted that the payment to M&M is being made outside of the plan.

The payment to the unsecured creditors does not change with the modification to the Debtor's plan. The only thing that has been modified under Class IX is the ending date of the payment which was always understood between the Debtors and M&M.

7. The Debtors, through this modification to their chapter 12 plan are not increasing or reducing the amounts of

any payments on principle claims of any particular class. Furthermore, the Debtors are not extending the duration of the plan. The Debtors are not altering the amount of distribution to a particular creditor whose claim has been provided for in the plan. All the Debtors are doing is extending the timeline for the payment to M&M. This is being done with the approval of M&M.

8. 11 U.S.C. § 1229 (b) (2) provides impertinent part that "the plan is modified becomes the plan unless, after notice and a hearing, such modification is disapproved". There is no reason why the modifications described above should not be approved by the court and any particular creditor since the modification has not adverse affect on any interest party or creditor.

9. This motion contains sufficient reference to law and facts to constitute the memorandum as required by the Local Rules. Included with this motion is the Debtor's proposed Third amended chapter 12 plan of reorganization dated July 12, 2004.

WHEREFORE, the debtors, Robert and Lois Honek, move the court for an Order confirming their Third Amended Chapter 12 Plan of Reorganization dated July 12, 2004 along with such other relief as may be just and equitable.

Dated: July 16, 2004

/e/ Kevin T. Duffy
Kevin T. Duffy
Attorney for Debtor
P.O. Box 715
Thief River Falls, MN 56701
(218) 681-8524
Attorney ID 134-600

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Robert and Lois Honek,

Debtor.

BKY No: 03-60807

Chapter 12 Case

NOTICE OF HEARING AND EXPEDITED MOTION
TO MODIFY CHAPTER 12 PLAN

TO: All Interested Parties and the other entities specified
in Local Rule 1204(a).

1. Robert and Lois Honek, moves the court for the relief requested below and gives notice of hearing.

2. The court will hold a hearing on this motion **on July 27, 2004, at 11:30 o'clock A.M.** or as soon thereafter as counsel can be heard in Courtroom #2, U.S. Post Office Building, 118 South Mill Street, Fergus Falls, Minnesota.

3. Any response to this motion must be filed and delivered not later than 11:30 o'clock A.M. on July 26, 2004, which is 24 hours before the time set for the hearing, or filed and served by mail not later than July 23, 2004, which is three days before the time set for the hearing. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This court has jurisdiction over this motion pursuant to 28 U.S.C. Sections 157 and 1334, Bankruptcy Rule 5005 and Local Rule 201. This proceeding is a core proceeding. The Petition commencing this chapter 12 case was

filed on June 30, 2003. The case is now pending in this court.

5. This motion arises under 11 U.S.C. Section 1229 and Federal Bankruptcy Rule 9013 and 9014. This motion is filed under Local Rules 1201-1215. The Debtor is in the business of producing agricultural crops. The Order confirming their Chapter 12 Plan in this matter was dated April 16, 2004.

6. The Rural American Bank has filed a motion to enforce the Debtors Second Amended Chapter 12 Plan of Reorganization which calls for a payment to M&M Company on or before December 31, 2003. In the alternative to enforcing the Second Amended Plan, the bank has requested that the Debtor's Chapter 12 Case be dismissed. The Debtors, as part of this motion are filing a Third Amended Chapter 12 Plan of Reorganization to deal with the M&M claim which is being paid outside of the plan. The modification to the Chapter 12 proceeding is minor in that the only change is the time to finish paying off M&M has been extended to on or before November 15, 2004. Given the fact that M&M is not going to object to this slight modification the Debtors feel that good cause has been shown to hear this motion on Third Amended Plan at the same time as the motion by the Rural American Bank to enforce the Second Amended Plan. The issues which would be argued in each case are basically the same and should be done at one time by the Court. For all of these reasons, the debtors believe that their motion to have an expedited hearing on the confirmation of the Third Amended

Plan should be granted.

When the Debtors proposed their second amended chapter 12 plan, the intent was that M&M Company would be paid with the proceeds from the 2003 beet crop. M&M was granted a security interest in the crop along with a mortgage. As the Court may or may not realize the payment for the 2003 beet crop comes in two parts. The first portion comes in the spring of 2004 and the second part on or before November 15, 2004. The Debtors have paid M&M a substantial portion of the operating loan from the first half of the 2003 beet payment. M&M is not objecting to being paid the remainder with the second half of the 2003 beet payment. It should further be noted that the payment to M&M is being made outside of the plan.

The payment to the unsecured creditors does not change with the modification to the Debtor's plan. The only thing that has been modified under Class IX is the ending date of the payment which was always understood between the Debtors and M&M.

7. The Debtors, through this modification to their chapter 12 plan are not increasing or reducing the amounts of any payments on principle claims of any particular class. Furthermore, the Debtors are not extending the duration of the plan. The Debtors are not altering the amount of distribution to a particular creditor whose claim has been provided for in the plan. All the Debtors are doing is extending the timeline for the payment to M&M. This is being

done with the approval of M&M.

8. 11 U.S.C. § 1229 (b) (2) provides impertinent part that "the plan is modified becomes the plan unless, after notice and a hearing, such modification is disapproved". There is no reason why the modifications described above should not be approved by the court and any particular creditor since the modification has not adverse affect on any interest party or creditor.

9. This motion contains sufficient reference to law and facts to constitute the memorandum as required by the Local Rules. Included with this motion is the Debtor's proposed Third amended chapter 12 plan of reorganization dated July 12, 2004.

WHEREFORE, the debtors, Robert and Lois Honek, move the court for an Order confirming their Third Amended Chapter 12 Plan of Reorganization dated July 12, 2004 along with such other relief as may be just and equitable.

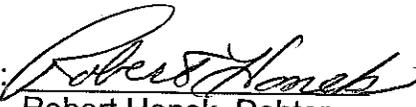
Dated: July 16, 2004

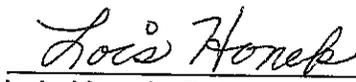
/e/ Kevin T. Duffy
Kevin T. Duffy
Attorney for Debtor
P.O. Box 715
Thief River Falls, MN 56701
(218) 681-8524
Attorney ID 134-600

Verification

We, Robert and Lois Honek, the moving parties and Debtors named in the foregoing Notice of Hearing And Motion, declare under penalty of perjury that the foregoing is true and correct according to the best of our knowledge, information and belief.

Executed on: 7-16-04

Signed: 
Robert Honek, Debtor

Signed: 
Lois Honek, Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Robert and Lois Honek,
Debtors.

BKY No: 03-60804
Chapter 12 Case

ORDER CONFIRMING THIRD AMENDED CHAPTER 12 PLAN

Fergus Falls, Minnesota
July 27, 2004

The Debtors has filed a Third Amended Plan of Reorganization dated July 12, 2004 which the court has determined has satisfied the requirements of confirmation set forth in 11 U.S.C. § 1225.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. That the Motion by Debtors to have their confirmation hearing heard on an expedited basis be and hereby is granted; said Debtors having shown good cause for the hearing of the motion on less than the normal 20 days notice as required by the Local Rules.

2. The Third Amended Chapter 12 Plan of Reorganization plan filed by the Debtors dated July 12, 2004 is confirmed.

3. The court hereby retains jurisdiction and makes such other or further order as may be necessary to appropriate to effectuate the plan and this order.

4. Except as otherwise ordered by the court, non-exempt property of the estate shall remain property of the estate until the court orders dismissal or conversion of the case or discharge of the debtor.

5. The clerk shall mail copies of this order to all creditors and other parties of interest.

THIS ORDER dated and entered this ____ day of July, 2004.

Dennis D. O'Brien
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

Robert and Lois Honek,
Debtors.

Bankruptcy No.03-60804

Chapter 12 Case

THIRD AMENDED CHAPTER 12 PLAN OF REORGANIZATION

Dated: July 12, 2004

I.

RETENTION OF JURISDICTION

The United States Bankruptcy Court, District of Minnesota, shall retain jurisdiction of this case until completion date of this Plan or any modification thereof. The completion date of the Plan (unless modified) shall be November 1, 2006.

II.

APPOINTMENT OF DISBURSING AGENT

The Chapter 12 Trustee shall be the disbursing agent and shall disburse all of the cash payments provided for herein during the term of this Plan unless expressly provided to the contrary.

III.

PROVISIONS FOR REJECTION OR ACCEPTANCE OF EXECUTORY CONTRACTS

Subject to 11 U.S.C. Section 365, the Debtors assume or reject the following Executory Contracts/Leases:

A. ACCEPTANCE: DCP Contracts through FSA along with the following Landlord Leases: Alice Kresel, Caroline Zipoy, Gordon Fillipi, Jean Honek, Paul Barrett, Robert Kresel, Ron Novak, Scott Fillipi, Sylvia Skavelm and Vanyo Brothers.

The debtors will assume all four (4) DCP contracts through West Polk County FSA Office.

B. REJECTION: There are no executory contracts which the Debtor is rejecting at this time.

IV.

ADMINISTRATIVE EXPENSES

With respect to claims of a kind specified in 11 U.S.C. Section 507(a)(1), "administrative expenses", if previously allowed by the Court, shall be paid no later than the "effective date of the plan" which is defined to mean twenty (20) days after plan confirmation. If there are future administrative expenses, they shall be paid no later than December 31 of the year in which they are approved by the Court. Administrative expenses will accrue interest at the rate of eight (8) percent per annum beginning on the 180th day after court approval of the administrative expenses. In addition to the 5.25 percent fee to the Trustee, the following are the estimated amounts of administrative expense claims to be paid hereunder: **None.**

V.

CLASSIFICATION OF CLAIMS AND INTERESTS

Class I: Lend Lease (unimpaired) (n/k/a Rabo Agrifinance, Inc.)

Principal Amount Due:	\$ 135,500.00
Amount of Secured Claim:	\$ 272,000.00
Rate of Interest:	7.65%
Term of Payment:	13 years
Annual Payment:	\$ 16,800.00
Payment Due Date:	December 31, 2003, and annually on this same date until the principle and interest are paid full.

Lend Lease is unimpaired and it will be paid according to the Stipulation Concerning Motion to Alter or Amend and for Relief Under Rule 9024 concerning Order Confirming Chapter 12 Plan, which Stipulation was approved by the Court's Order Approving Stipulation to Alter or Amend and for Relief Under Rule 9024 Concerning Order Confirming Chapter 12 Plan entered on January 6, 2004.

Class II: Rural American Bank (impaired)

Principal Amount Due: \$473,631.00
Security: **Machinery & equipment**
2nd lien on Beet Stock
Value of Collateral: \$553,450.00
Amount of Secured Claim: \$473,450.00
Rate of Interest: 7 %
Term of Payment: 15 years
Annual Payment: \$52,052.00
Payment Due Date: December 31, 2003, and annually on
this same Date thereafter until
paid in full.

Class III: Rural American Bank (impaired)

Principal Amount Due: ~~\$ 3,000.00~~ 6,594.37
Security: **'95 Chevy Pickup**
Value of Collateral: ~~\$ 4,000.00~~ 6,594.37
Amount of Secured Claim: ~~\$ 3,000.00~~ 6,594.37
Rate of Interest: 9%
Term of Payment: 1 year
Annual Payment: ~~\$3,000.00~~ 3,768.06
Payment Due Date: payments on
December 31, 2003 and
December 31, 2004.

Class IV: Ag Services of America (impaired)

Principal Amount Due: \$ 135,095.00
Security: **crops, FSA, Gov't pmts.**
Value of Collateral: \$ 95,693.00
Rate of Interest: 0%
Term of Payment: 1 year
Annual Payment: \$135,095.00
Payment Due Date: payment in full on
December 31, 2003.

Class V: American Crystal (impaired)

Principal Amount Due: \$3,033.00
Security: **Beet Stock.**
Value of Collateral: \$265,200.00
Amount of Secured Claim: \$3,033.00
Rate of Interest: 0%
Term of Payment: 1 year
Annual Payment: \$3,033.00
Payment Due Date: on or before
December 31, 2003.

Class VI: John Deere (impaired)

Principal Amount Due: ~~\$ 6,000.00~~ 7,265.18
Security: **Crop header**
Value of Collateral: ~~\$ 7,000.00~~ 7,270.00
Amount of Secured Claim: ~~\$ 6,000.00~~ 7,265.18

Rate of Interest:	9%	7%
Term of Payment:	2 year	
Annual Payment:	\$3,400.00	4,130.00
Payment Due Date:	December 31, 2003 &	December 31, 2004.

Class VII: FSA -CCC (unimpaired)

Principal Amount Due:	\$ 72,792.00
Security: Wheat	
Value of Collateral:	\$ 72,792.00
Rate of Interest:	6%
Term of Payment:	16 months
Annual Payment:	\$72,792.00
Payment Due Date:	December 31, 2003.

Class VIII: Unsecured Creditors (impaired)

Principal Amount of unsecured debt:	\$ 57,316.00
Allowed Claim:	\$ 2,800.00
Rate of Interest:	0 %
Term of Payment:	3 years
Annual Payment:	\$ 933.00
Payment Due Dates:	December 31, 2003 December 31, 2004 December 31, 2005

Class IX: M & M (unimpaired)

Principal Amount of secured debt:	\$ 100,000.00
Allowed Claim:	\$ 100,000.00
Value of Collateral	\$ 272,000.00
Rate of Interest:	7 %
Term of Payment:	1 year
Annual Payment:	\$ 103,500.00
Payment Due Dates:	<u>The \$100,000.00 plus interest shall be paid on or before December 31, 2003.</u> <u>November 15, 2004.</u>

With respect to Class IX debt of M&M, this loan is current and will be paid outside of the plan by the debtors.

With respect to the Class VI debt, John Deere, the debtors shall pay any miscellaneous fees which might due and owing under the contract once it is paid off.

Rural American Bank officials shall contact their State and Local FSA Office regarding their guaranteed loan listed under Class II above. If it happens that the FSA officials indicate that the Bank needs to be granted a mortgage on the debtors farm real estate in order to preserve the Banks' guaranteed loan, the debtors shall execute the necessary papers to be prepared by the Bank to provide Rural American Bank with a mortgage on their farm real estate less their home site.

Attached hereto and incorporated herein as part of this Plan

as Exhibit "A" is a liquidation analysis. The payment schedule for the unsecured claims is listed in Exhibit "B" which is attached hereto and incorporated herein as part of this Plan by reference.

This is the schedule of payments to the secured and unsecured creditors over the term of the Plan.

VII.

GENERAL PROVISIONS

1. All payments referred to in Section 5 shall be applied first to accrued interest where appropriate and then to the principal balance due and owing.

2. All disposable income (as defined in 11 U.S.C. Section 1225(b)(2)) of the Debtor received during the term of the Plan shall be applied to the execution of the plan with any excess amounts over the unsecured payments going to the unsecured creditor class. The Debtor shall directly disburse the payments to Duffy Law Office as well as the secured creditors who are unimpaired, namely: American Crystal, John Deere, Lend Lease, Rural American Bank (pick up loan). All other payments shall be disbursed by the Trustee and are subject to the 5.25% fee.

3. All defaults with respect to any creditor are waived.

4. All property of the estate shall vest in the Debtor as of the date of Plan Confirmation.

5. The Debtor shall have the standing authority to (1) hire custom machinery work and labor for planting, cultivation, or harvest; and (2) enter into government price support loan programs, pledging crop inventory as collateral, subject to Court

approval and notice to the creditors.

6. If it happens that this Chapter 12 Plan is dismissed, voluntarily or involuntarily, the Rural American Bank shall not be required to go through State Mediation with respect to the debtors farm loans listed above. The Rural American Bank shall have the right to immediately pursue any and all of its State Court remedies regarding its loan listed in this Chapter 12 case.

7. That the debtors shall provide Rural American Bank with notification and a copy of a satisfaction of the mortgage once M & M's mortgage has been paid in full; said mortgage being secured on the debtors farm land.

VIII.

PLAN'S EXECUTION

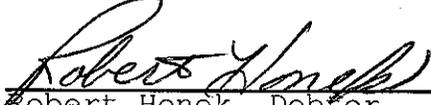
Except as otherwise provided herein, Debtor shall retain all property of the estate. Debtor shall adhere to the above-described payment schedules and such payments shall be made from the profits from continued operations. Except as limited or avoided under Sections 506 and 522(f), the above-named creditors will hold their liens, where applicable until such time as they are paid in accordance with this Plan at which time they will release the same. An amount equal to 5.25% of all payments disbursed by the Chapter 12 Trustee, or such lesser amount as may be provided from time to time, shall be paid to the Chapter 12 Trustee.

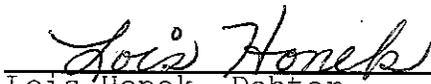
Dated this 16 day of July, 2004.

Respectfully submitted,

DUFFY LAW OFFICE


By: Kevin T. Duffy
Attorney for Debtors
P.O. Box 715
Thief River Falls, MN 56701
(218) 681-8524
Attorney ID #134-600


Robert Honek, Debtor


Lois Honek, Debtor

UNSWORN CERTIFICATE OF SERVICE

RE: Robert Honek and Lois Honek
Bky No.: 03-60804

I, Tonya R. Klemetson, declare under penalty of perjury that on July 16, 2004, I mailed copies of the foregoing Notice of Hearing and Motion to Modify Chapter 12 Plan, Proposed Order and Third Amended Chapter 12 Plan of Reorganization by first class mail postage prepaid to each entity named below at the address stated below for each entity:

Mr. Michael J. Farrell
Trustee
P.O. Box 519
Barnesville, MN 56514

Raymond German
Attorney at Law
PO Box 528
East Grand Forks, MN 56721

Executed on: July 16, 2004.

Signed: 
Tonya R. Klemetson
DUFFY LAW OFFICE
P.O. Box 715
Thief River Falls, MN 56701
218-681-8524

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Robert and Lois Honek,
Debtors.

BKY No: 03-60804
Chapter 12 Case

ORDER CONFIRMING THIRD AMENDED CHAPTER 12 PLAN

Fergus Falls, Minnesota
July 27, 2004

The Debtors has filed a Third Amended Plan of Reorganization dated July 12, 2004 which the court has determined has satisfied the requirements of confirmation set forth in 11 U.S.C. § 1225.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Third Amended Chapter 12 Plan of Reorganization plan filed by the Debtors dated July 12, 2004 is confirmed.
2. The court hereby retains jurisdiction and makes such other or further order as may be necessary to appropriate to effectuate the plan and this order.
3. Except as otherwise ordered by the court, non-exempt property of the estate shall remain property of the estate until the court orders dismissal or conversion of the case or discharge of the debtor.
4. The clerk shall mail copies of this order to all creditors and other parties of interest.

THIS ORDER dated and entered this ____ day of July, 2004.

Dennis D. O'Brien
United States Bankruptcy Judge