

SO ORDERED.

SIGNED this 22nd day of January, 2026.



Mitchell L. Herren
Mitchell L. Herren
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS**

In re:

Mid-Kansas Real Estate Holdings L.C.,
Debtor.

**Case No. 23-10709
Chapter 11**

Order Overruling Procedural Objection

Mid-Kansas Real Estate Holdings L.C. (“MKREH”) filed a Chapter 11 Subchapter V petition in July 2023 and a plan of reorganization was confirmed in October 2024. For various reasons relating to the implementation of that plan, the case remains pending in this Court. Creditor KS StateBank has filed a “Motion for Declaratory Relief Regarding Interpretation of Confirmed Plan of Reorganization and Motion to Dismiss,”¹ asking the Court to interpret the confirmed plan to determine a reasonable deadline for the sale or refinancing of certain real property addressed by the confirmed plan, and then if such deadline has passed, asking for

¹ Doc. 271.

dismissal of the case. MKREH objects to the motion, in part, by arguing the motion should have been brought as an adversary proceeding.² The parties filed supplemental briefs on this procedural question.³

The Court concludes the relief sought by the creditor need not be sought in an adversary proceeding. The relief sought does not fit squarely within Fed. R. Bankr. P. 7001, and there are many examples in the case law of bankruptcy courts interpreting a confirmation order via motion. The Court overrules MKREH's objection that the relief sought in the motion must be pursued in an adversary proceeding.

I. Background and Procedural History

MKREH filed a Subchapter V Chapter 11 petition on July 19, 2023. On the petition date, MKREH owned nine pieces of real property, and KS StateBank maintained mortgages against eight of the properties.⁴ After the sale of one property and multiple amended proposed plans of reorganization, the Court entered an order modifying and confirming a second amended plan on October 17, 2024.⁵

At issue in the motion underlying this dispute is Article 13 of the second amended plan, which states in pertinent part:

. . . [MKREH] will seek to sell two additional pieces of real estate in connection with the Plan . . . based on the following terms:

² Doc. 277 p. 18-19.

³ Doc. 288, Doc. 289.

⁴ A separate creditor, Private Mortgage Investments, LLC, maintains a mortgage against the ninth property. A motion to dismiss or convert has been filed by Private Mortgage Investments, LLC, *see* Doc. 197, but that motion is not at issue in this Order.

⁵ Doc. 193 (order modifying and confirming), Doc. 173 (second amended plan).

1. [MKREH] will sell 3805 W. 13th St N., Wichita, Kansas 67203 and 946 S. Rock Rd, Wichita, Kansas 67207 (collectively, “Real Property”).

2. [MKREH] will list the Real Property for sale with a broker for a period of 9 months commencing on July 12, 2024 (Doc# 169) (“Marketing Period”).

...

6. After the expiration of the Marketing Period, [MKREH] agrees to auction any of the Real Property for which [MKREH] has not obtained an executed purchase contract.

7. [MKREH] agrees to auction of any of the remaining Real Property to occur no less than 90 days from the expiration of the Marketing Period and agrees that any such auction will be conducted with a reserve to be agreed upon by [MKREH] and [KS StateBank].

...

10. In lieu of selling the Real Property, [MKREH] can, at its sole discretion, refinance the balance of [KS StateBank’s] mortgages against the Real Property consistent with the amount allowed under Kansas law.⁶

It is undisputed MKREH has not sold the real properties at issue or refinanced the notes underlying the mortgages on the real properties.

On February 24, 2025, a dismissal motion was filed by a different secured creditor based on the failure of MKREH to make the plan payments to that creditor under the confirmed plan.⁷ KS StateBank filed a joinder motion to dismiss and an amended joinder to that motion to dismiss.⁸ In its joinder motion to dismiss, KS StateBank argued MKREH had failed to remit payments required to be made to KS StateBank under the confirmed plan. In a pretrial brief, KS StateBank also

⁶ Doc. 173 p. 14-15.

⁷ Doc. 197.

⁸ Doc. 199, Doc. 200.

asserted MKREH had defaulted by failing to sell or refinance the real property addressed by Article 13 of the confirmed plan.⁹

The Court held an evidentiary hearing on KS StateBank's motion to dismiss on August 20, 2025, and denied the motion that date. In an Order entered October 7, 2025, memorializing that denial, regarding payment default the Court concluded "although MKREH did not make payments monthly to [KS StateBank], MKREH has paid [KS StateBank] more than what [KS StateBank] would be entitled to receive under the 2nd Amended Plan. Therefore, the Court finds that MKREH is not in material default under its payment obligations."¹⁰ Regarding Article 13 of the second amended plan and the sale or refinancing of the two properties at issue therein, the Court concluded:

. . . MKREH is not in default for failing to auction the Real Property under Section 7, Article 13 of the 2nd Amended Plan. The Court finds that Section 7 of Article 13 prohibited MKREH from conducting an auction for 90 days after the end of the Marketing Period and that Article 13 did not require MKREH to auction the Real Property off at any specific time after the Marketing Period ended.

. . . Additionally, the Court finds that, under Section 10 of Article 13, MKREH had the option to obtain financing to pay [KS StateBank's] mortgages against the Real Property in lieu of selling them. . . .

. . . Therefore, the Court finds that MKREH has not breached its obligations under Article 13 of the 2nd Amended Plan.¹¹

⁹ Doc. 245.

¹⁰ Doc. 267 p. 7.

¹¹ *Id.* p. 7-8. The Court's Order was drafted by counsel for MKREH and was approved by both counsel for MKREH and counsel for KS State Bank. The Order contains a provision indicating "to the extent there is a contradiction between the findings of fact and conclusions of law in this Order and the findings of fact and conclusions of law the Court set forth on the record at the August-20 hearing, the findings of fact and conclusions of law made on the record at the August-20 hearing supersede anything in this Order." *Id.* p. 9.

Neither real property at issue has been sold by Debtor to date. In addition, no refinancing of the notes on the two properties has occurred.

On October 24, 2025, KS StateBank filed its “Motion for Declaratory Relief Regarding Interpretation of Confirmed Plan of Reorganization and Motion to Dismiss,”¹² asking the Court to interpret the confirmed plan to determine a reasonable deadline for the sale or refinancing of the two items of real property at issue, and then if such deadline has passed, asking for dismissal of the case. Debtor objected to the motion,¹³ and at the initial hearing on the matter, the Court set the substantive matter for evidentiary hearing and requested briefs on the procedural issue of whether the requested relief must be sought in an adversary proceeding or could be sought by filing a motion in the bankruptcy case.

II. Analysis

A. Jurisdiction

Matters concerning the administration of a Chapter 11 estate are core matters under 28 U.S.C. § 157(b)(2)(A), over which this Court may exercise subject matter jurisdiction.¹⁴ Venue is proper in this District.¹⁵

¹² Doc. 271.

¹³ Doc. 277.

¹⁴ 28 U.S.C. §§ 1334(b), 157(a), (b)(1) and (b)(2)(G), and Amended Order of Reference, D. Kan. S.O. 13-1.

¹⁵ 28 U.S.C. § 1409(a).

B. KS StateBank's Request is Properly Made via Motion

KS StateBank's motion asks the Court to (1) conclude a reasonable deadline to act should be implied in the confirmed plan, (2) determine that reasonable deadline has passed, and (3) if the deadline has not passed, establish what the deadline should be. Only if the Court finds a reasonable deadline has passed, then KS StateBank asks for dismissal.¹⁶ There is no dispute MKREH has actual notice of the relief requested in the motion—it received mail notice of the motion and has objected to the requested relief.¹⁷

Under Fed. R. Bankr. P. 7001, certain types of proceedings are directed to be filed as adversary proceedings and therefore governed by the Rules applicable to

¹⁶ KS State Bank's motion states:

18. The Court should declare a reasonable deadline has already passed for the sale or refinancing of the Real Property. Alternatively, should the Court find a reasonable deadline has not already passed, the Court should declare what constitutes a reasonable deadline for the sale or refinancing of the Real Property under the Plan as such declaratory relief will promote efficient administration and avoid future litigation by clarifying the Debtor's obligations under the Plan.

19. Should this Court determine that Debtor has already had a reasonable time to either sell or refinance the Real Property, then the Bank respectfully requests the Court dismiss this case for cause based on Debtor's material default under the Plan. To clarify, if the Court determines that Debtor has not yet already had a reasonable time to either sell or refinance the Real Property, then the Bank is not seeking dismissal.

Doc. 271 p. 3-4.

¹⁷ As a result, the Court has no concerns about the due process rights of MKREH. *See United Student Aid Funds v. Espinosa*, 559 U.S. 260, 272 (2010) (finding failure to seek relief via adversary proceeding may deprive a party of "a right granted by a procedural rule" but the deprivation does not amount to a violation to the "constitutional right to due process" when the party received actual notice of the plan and relief sought therein).

adversary proceedings.¹⁸ Two of the enumerated types of proceedings are found in subsection (g) of Rule 7001 (“a proceeding to obtain an injunction or other equitable relief--except when the relief is provided in a Chapter 9, 11, 12, or 13 plan”)¹⁹ and in subsection (i) of Rule 7001 (“a proceeding to obtain a declaratory judgment related to any proceeding described in (a)-(h),”²⁰ which are very generally described as proceedings to recover money or property, to determine the validity, priority, or extent of a lien, to obtain authority to sell an estate’s and co-owner’s interest in a property, to revoke a discharge or certain objections to a discharge, to revoke an order confirming a plan, to determine whether a debt is dischargeable, and certain proceedings to subordinate an allowed claim or interest).

The relief requested by KS StateBank does not fit within the enumerated sections of Rule 7001.²¹ Rule 7001(g) refers to actions “to obtain an injunction or equitable relief.” The motion of KS State Bank does not seek injunctive relief. It

¹⁸ “The Federal Rules of Bankruptcy Procedure distinguish between adversary proceedings and contested matters. In general, a party who brings an action designated as an adversary proceeding under Rule 7001 must file a complaint with the bankruptcy court, and serve the adverse party with a summons and a copy of the complaint. In contrast, in a contested matter, relief shall be requested by motion.” *In re Staker*, 525 F. App’x 811, 813 (10th Cir. 2013) (internal quotations and citations omitted). The contested matter process is designed to “provide[] due process in a streamlined and efficient manner.” *In re C.W. Mining Co.*, 431 B.R. 307 (B.A.P. 10th Cir. 2009) (internal quotation omitted). *See also In re Gledhill*, 76 F.3d 1070, 1077 (10th Cir. 1996) (“The Federal Rules of Bankruptcy Procedure distinguish between adversary proceedings and contested matters. In general, a party who brings an action designated as an adversary proceeding under Rule 7001 must file a complaint with the bankruptcy court, and serve the adverse party with a summons and a copy of the complaint. In contrast, in a contested matter, relief shall be requested by motion.” (internal quotations omitted)).

¹⁹ Fed. R. Bankr. P. 7001(g).

²⁰ Fed. R. Bankr. P. 7001(i).

²¹ To determine whether relief must be by motion or by adversary proceeding, a court should first assess “[t]he plain language of” Rule 7001. *In re Gledhill*, 76 F.3d at 1078.

instead seeks interpretation of the confirmed plan, a binding contract between the parties.²² Likewise, interpretation of a contract is not a “proceeding to obtain declaratory relief related to any proceeding” described in other sections of Rule 7001, and so the motion does not fit within Rule 7001(i). While the motion may seek a declaration of rights under the confirmed plan, the interpretation of plan provisions is not “related to any proceeding described in (a)-(h)” of Rule 7001.

In addition, there are many examples of bankruptcy courts interpreting confirmed plans via motion a motion and not by adversary proceeding.²³ A court must often construe the language of the terms and provisions within a confirmed plan.²⁴ To answer the substantive question at issue here will require interpretation of the confirmed plan; an interpretation of a confirmation order issued by this Court, and thus properly before this Court by motion.²⁵

²² 11 U.S.C. § 1141(a) (a confirmed plan of reorganization binds the debtor and all creditors affected by its terms); *see also In re Lacy*, 304 B.R. 439, 444 (D. Colo. 2004) (“The plan is essentially a new and binding contract, sanctioned by the Court, between a debtor and his preconfirmation creditors.”); *In re W. Integrated Networks, LLC*, 322 B.R. 156, 160 (Bankr. D. Colo. 2005) (“A chapter 11 plan is a contract between a debtor and the creditors of the bankruptcy estate. As such, it must be interpreted according to the general rules for contractual interpretation.”).

²³ *See, e.g., In re K.D. Co., Inc.*, 254 B.R. 480, 490-91 (B.A.P. 10th Cir. 2000) (reviewing the bankruptcy court’s decision on disgorgement provisions within a confirmed plan and the bankruptcy court’s admission of “extrinsic evidence, as allowed under applicable state contract law, to resolve the ambiguities therein related to who was subject to disgorgement”).

²⁴ *See, e.g., In re Roman Cath. Church of Archdiocese of Santa Fe*, No. 18-13027-T11, 2024 WL 3091482, at *4 (Bankr. D.N.M. June 21, 2024) (interpreting confirmed plan using state law contract principles); *In re Oteo Cnty. Hosp. Ass’n, Inc.*, 560 B.R. 551, 559 (Bankr. D.N.M. 2016) (applying “general rules of contract interpretation” to construe injunction language within confirmed plan).

²⁵ *See, e.g., In re Applewood Chair Co.*, 203 F.3d 914, 918 (5th Cir. 2000) (concluding that seeking interpretation of a sale order was properly brought by motion and adversary

MKREH argues the relief sought is not merely an interpretation of the confirmed plan but is instead a request to change the terms of the confirmed plan. Regardless of how MKREH characterizes the requested relief, the remedy sought is not independent of the plan. Whether KS StateBank is asking for interpretation or modification of that confirmed plan does not change the Court's analysis above.

III. Conclusion

The Court overrules the objection of MKREH that the relief requested by KS StateBank must be sought in an adversary proceeding. The Court makes no rulings on the substance or merits of the motion at issue. The motion remains set for evidentiary hearing on February 17, 2026, at 9:00 a.m.

It is so Ordered.

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proceeding was not required by Rule 7001's provision for declaratory relief); *see also In re Cont'l Airlines, Inc.*, 236 B.R. 318, 327 (Bankr. D. Del. 1999), aff'd sub nom. *In re Cont'l Airlines*, No. 90-932, 2000 WL 1425751 (D. Del. Sept. 12, 2000), aff'd sub nom. *In re Cont'l Airlines, Inc.*, 279 F.3d 226 (3d Cir. 2002) (concluding adversary proceeding not required when seeking to enforce a confirmation order's discharge injunction).