

**IN THE UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:) **Chapter 11**
)
SMALL LOANS, INC., et al.¹) **Case No.: 11-12254 (WRS)**
)
)
Debtor.)
)

DEBTORS' MOTION TO EXTEND THE EXCLUSIVITY PERIOD

The above captioned Debtors and Debtors in Possession (the "Debtors"), pursuant to 11 U.S.C. § 1121(d), move this Court (the "Motion") to enter an order extending the exclusivity period which is available to Debtor to have their plan of reorganization submitted by 60 days and for solicitation of votes by 90 days pursuant to 11 U.S.C. § 1129(b). In support of this Motion, Debtors state as follows:

Introduction and Jurisdiction

1. On December 16, 2011, (the "Petition Date"), the Debtors filed for relief under chapter 11 of the Bankruptcy Code. The Debtors intend to continue to operate their businesses and manage their properties as debtors in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1134(b). This matter is a core proceeding under 28 U.S.C. § 157(b).

¹ The related Debtors along with the last four digits of each Debtors' federal tax identification number and respective case numbers are Small Loans, Inc. (3224) Case No. 11-12254, The Money Tree Inc. (1386) Case No. 11-12255, The Money Tree of Georgia Inc. (9228) Case No. 11-12258, The Money Tree of Florida Inc. (5315) Case No. 11-12257, and The Money Tree of Louisiana, Inc. (2592) Case No. 11-12256. Case information and the Debtors' respective addresses can be found at the dedicated website for these cases: <http://www.kccllc.net/SmallLoansInc>.

Background Information

3. On April 16, 2012 (within the 120-day exclusivity period for which 11 U.S.C. § 1121(b) provides), the Debtors filed a Plan of Reorganization (the "Plan").

4. The Debtors believe that an extension of 60 days from the deadline for exclusivity on June 13, 2012 (the time between the Petition Date and June 13, 2012 is referred to herein as the "Exclusivity Period") is sufficient time for the Debtors to confirm the Plan.

5. Until this Motion, Debtors have not requested any extension of the deadlines in 11 U.S.C. § 1121.

Relief Requested

6. Bankruptcy Code § 1121(b) states that "[e]xcept as otherwise provided in this section, only the Debtors may file a plan until after 120 days after the date of the order for relief under this chapter."

7. Bankruptcy Code § 1121(c) states:

Any party in interest . . . may file a plan if and only if—

. . .

(2) the debtor has not filed a plan before 120 days after the date of the order for relief under this chapter; or

(3) the debtor has not filed a plan that has been accepted, before 180 days after the date of the order for relief under this chapter, by each class of claims or interests that is impaired under the plan.

8. In the Debtors' bankruptcy case, April 16, 2012 was 120 days after the Petition Date and the Debtors timely filed the Plan on that date. Because the Debtors timely filed a Plan within the original exclusivity period of § 1121(b), under § 1121(c)(3),

no other party in interest may file a plan before June 13, 2012, which is 180 days after the Petition Date.

9. Bankruptcy Code § 1121(d) provides that "[o]n request of a party in interest . . . the court may for cause reduce or increase the 120 day period or the 180 day period referred to in this section." Thus Bankruptcy Code § 1121(d) allows the Debtors to request, and this Court to order, that the Exclusivity Period be extended, for cause.

10. The Debtors originally filed the Plan and accompanying Disclosure Statement with a single investor in mind; however, the Debtors now believe that, while the Plan itself structurally provides the greatest return possible to creditors, it would be more advantageous to seek an alternative investor.

11. Furthermore, the Debtors are seeking appointment of a chief restructuring officer (the "CRO") who will, among other things, greatly assist the Debtors in finding a replacement investor while at the same time maximizing efficiencies in the Debtors' operations, restoring confidence in the Debtors' management, and negotiating with the creditors' committee in these cases to create consensus with respect to the Plan.

12. Cause exists to grant this Motion and to extend the Exclusivity Period because the Debtors have a Plan on file that will generate a substantial return to creditors but need additional time to find the replacement investor. The Debtors anticipate that they will be able to do so in a timely fashion now that they have decided to retain a CRO. Further, the Debtors submit that it would be equitable to allow the CRO an opportunity to succeed in turning around the Debtors and finding an investor to consummate the transactions proposed in the Plan. Cause also exists because Debtors have not previously sought an extension of the Exclusivity Period.

13. Finally, the Debtors agree that the Exclusivity Period should terminate if before June 13, 2012, the Debtors have not either (i) amended their Disclosure Statement to identify a replacement investor willing and able to consummate the transactions contemplated in the Plan, or (ii) if no replacement investor has been found, filed an amended plan.

WHEREFORE, PREMISES CONSIDERED, Debtors request this Court enter an Order extending the Exclusivity Period through and including August 14, 2012 so long as the Debtors prior to June 13, 2012, have either (i) amended their Disclosure Statement to identify a replacement investor willing and able to consummate the transactions contemplated in the Plan, or (ii) if no replacement investor has been found, filed an amended plan.

Dated this the 25th day of April, 2012.

/s/ Max A. Moseley
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