

SEP 28 1998

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OKLAHOMA**

TIMOTHY R. WALBRIDGE, CLERK  
U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF OKLAHOMA

<b>In re:</b>	)	
	)	
<b>KAREN L. BALES</b>	)	<b>Case No. 97-04008-R</b>
	)	<b>(Chapter 7)</b>
<b>Debtor.</b>	)	
	)	
<b>VALLEY NATIONAL BANK,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Adversary No. 97-0387-R</b>
	)	
<b>KAREN L. BALES,</b>	)	
	)	
<b>Defendant.</b>	)	

**AGREED JUDGMENT**

Pursuant to the Joint Motion of Plaintiff Valley National Bank ("Valley") and Defendant Karen L. Bales ("Bales") for the entry of an agreed judgment reflecting the settlement and compromise negotiated by the parties at a settlement conference held in this case before Adjunct Settlement Judge Melinda J. Martin on August 18, 1998:

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:**

1. This adversary proceeding is an action by Valley requesting that the Court determine that the indebtedness of Bales to Valley is non-dischargeable pursuant to 11 U.S.C. § 523(a)(2)(B). Bales has denied that her obligations to Valley are non-dischargeable. By consenting to the entry of this Agreed Judgment, neither Valley nor Bales intend to admit any of the allegations of the other party, but are instead consenting to the entry of this Agreed Judgment in order to avoid the uncertainties of litigation.

DOCKETED 9-28, 1998  
Clerk, U.S. Bankruptcy Court  
Northern District of Oklahoma

Nothing in this Agreed Judgment shall constitute an admission by either party that any of the allegations made in any pleadings, testimony, or other matters in this case by the other party are true and correct.

2. On or about March 25, 1997, Valley obtained a Default Judgment against Bales in an action which Valley had filed against Bales in the District Court in and for Tulsa County, State of Oklahoma, entitled *Valley National Bank v. Karen L. Bales*, Case No. CJ-97-00536 (the "State Court Lawsuit"), for the principal amount of \$575,000.00 plus accrued interest through February 28, 1997, in the amount of \$18,956.60, plus interest accruing thereafter at the rate of \$251.56 per day, plus costs and attorney fees of \$6,608.15.

3. Of the sums owed by Bales to Valley, the principal sum of \$187,000.00 is hereby determined to be non-dischargeable. Interest shall accrue on such non-dischargeable sum at the rate provided by Oklahoma state law for interest on judgments on sums where no agreed interest rate is provided.

4. Said amount shall remain non-dischargeable until December 31, 2007, except as otherwise provided herein.

5. Valley shall not execute, levy, garnish or take other action to enforce its non-dischargeable judgment against Bales so long as (a) Bales' annual income does not exceed the sum of \$40,000.00, and (b) Bales does not acquire other assets in a sum in excess of \$5,000.00 in any one year. In the event Bales' income exceeds \$40,000.00 in any year, or in the event Bales acquires other assets other than through income in an

amount in excess of \$5,000.00 in any one year, Valley may execute, levy, garnish or take other action to enforce its judgment only on the amount of income in excess of \$40,000.00 or on the amount of assets acquired in excess of \$5,000.00.

6. Bales shall provide Valley with the following financial information each year during the term that the judgment against her is non-dischargeable.

- a. Copy of her personal tax return (including a copy of any jointly filed return to which she may be a party), with all attachments, and with all Form 1099s and Form K-1s, whether or not attached to said return.
- b. Bales shall execute and deliver to Valley a personal financial statement in the form attached as Exhibit A.
- c. Bales shall provide copies of all statements of financial assets which she may receive, including, without limitation, bank statements, brokerage statements, savings account statements or the like.
- d. The financial statement to be provided by Bales will include a representation that Bales did not receive cash not deposited in any accounts for which Valley receives statements in excess of the sum of \$5,000.00 in the year covered by the financial statement, and that the debtor did not acquire any assets in excess of the sum of \$5,000.00 in the year covered by the financial statement, except as provided in the financial statement.

7. The initial financial report described in paragraph 6 above covering the year 1997 shall be provided by Bales to Valley on or before September 15, 1998. Thereafter,

such financial reporting shall be provided by Bales to Valley on or before May 15 (or the next business day thereafter if May 15 falls on a weekend or holiday) of each calendar year. In the event that Bales files for an extension of the date to file her income tax returns in any year, Bales may notify Valley of such extension, and in such event Bales shall not be required to provide her income tax return and attachments until thirty days after such income tax and attachments are filed with the Internal Revenue Service. However, Bales shall be required to provide the other financial reporting requirements on or about May 15 of such calendar year.

8. Valley's forbearance obligations in paragraph 5 above and the expiration of the non-dischargeable judgment in paragraph 4 above are conditioned upon Valley's receipt of the financial reporting requirements described in paragraph 6 above. If Bales fails to provide all the financial reporting requirements described in paragraph 6 above by the date due (as extended), then Valley may give written notice of such failure to Bales. If Bales does not cure such failure within twenty days after Valley gives written notice thereof, then Valley's forbearance obligations under paragraph 5 above and the expiration of the non-dischargeable obligation in paragraph 4 above shall both terminate. Thereafter, the non-dischargeable judgment described in paragraph 3 above shall remain in full force and effect for so long as the same remain unsatisfied and for so long as Valley complies with its obligations under the Oklahoma state law in order keep the judgment valid and enforceable.

9. All communications between the parties, including Bales' financial reporting

obligations and Valley's Notice of Default shall be given to the other party at the following addresses:

If to Bales:  
Karen L. Bales  
101 W. 81st Street  
Tulsa, OK 74132

If to Valley:  
Valley National Bank  
8080 S. Yale  
Tulsa, OK 74136  
Attention: Tim Tolin

10. Any notice or financial reporting required under this Agreed Judgment which is deposited in the United States mail, first class, proper postage prepaid shall be deemed received by the other party three days after posting, so long as the same is sent to the above address, or such other address as either party may have given to the other party by writing directed to the last previous address. In the event either party moves but fails to give the other party a change of address, then the other party shall be entitled to rely on the address contained in this Agreed Judgment or the last previous address given according to the terms of this Agreed Judgment as the notice address for the moving party.

11. Valley shall hold in confidence and shall not disseminate all financial reporting given by Bales to Valley under this Agreed Judgment, except as may be necessary for Valley for enforcement purposes.

12. After December 31, 2007, Valley shall file of record a Release of its

Judgment against Bales in the State Court Lawsuit, unless the termination of the non-dischargeable portion of such judgment has been voided as a result of Bales' breach as provided in this Agreed Judgment.

13. Notwithstanding its promise to forbear from execution contained in paragraph 5 above, Valley shall be entitled to take such steps as it deems necessary to record its judgment against Bales as a valid judgment lien against her property in any county which Valley deems necessary. However, such judgment lien shall be subject to the forbearance obligations of Valley contained in paragraph 5 of this Agreed Judgment.

14. Valley shall be required to comply with provisions of Oklahoma state law necessary to keep its judgment against Bales in the State Court Lawsuit valid, and such actions by Valley shall not be a breach of its obligation to forbear contained in this Agreed Judgment.

15. Pursuant to F.R. Bankr. P. 2002(a)(3), this Court directs that notice of this settlement and compromise not be sent to any parties. Good cause exists for the waiver of notice because Bales has received a discharge of all other claims in her underlying bankruptcy case and no objections to or requests for exceptions from said discharge have been made, other than the claims of Valley in this Adversary Proceeding, and Bales' underlying bankruptcy case was a no-assert case with no distribution to any creditors. Accordingly, this settlement and compromise will not affect the rights of any other party.

DONE AS OF September 28, 1998.



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DANA L. RASURE  
Chief United States Bankruptcy Judge