

UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO

IN RE:

CUÉ & LÓPEZ CONSTRUCTION, INC.

Debtor

CASE NO. 13-08297(BKT)

CONSOLIDATED

CHAPTER 11

DISCLOSURE STATEMENT

OF

CUE & LOPEZ CONSTRUCTION, INC.

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I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §101, et seq. (the "Bankruptcy Code"), CUÉ & LÓPEZ CONSTRUCTION, INC., debtor and debtor-in-possession in the above captioned case ("Debtor"), provides this Disclosure Statement (the "Disclosure Statement") to all of its known creditors. The purpose of the Disclosure Statement is to provide such information as Debtor believes may be deemed necessary for its creditors to make an informed decision in exercising their rights to vote on Debtor's Plan of Reorganization (the "Plan"), dated as of the date of the Disclosure Statement. The Plan is being filed with the United States Bankruptcy Court for the District of Puerto Rico ("Bankruptcy Court") simultaneously herewith.

Debtor recommends that you vote to accept the Plan. Each creditor must, however, review the Plan and the Disclosure Statement carefully, including all exhibits in their entirety, and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in the Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Plan; other terms shall have the meaning ascribed to them in the Bankruptcy Code.

The information contained in the Disclosure Statement has been provided by Debtor based upon Debtor's knowledge of its records, business, and affairs. Except as otherwise expressly indicated herein, the information provided by Debtor in the Disclosure Statement has not been subject to an audit or independent review.

Although great efforts have been made to be accurate, Debtor, its counsel and other professional advisors do not warrant the accuracy of the information contained herein.

The Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information deemed adequate to permit Debtor's creditors to make an informed judgment in exercising their right to vote for or against the Plan.

No representations concerning Debtor, including the value of its assets, or the aggregate dollar amount of claims which may be allowed, are authorized other than as set forth in the Disclosure Statement. Any representations, warranties, or agreements made to secure acceptance or rejection of the Plan by Debtor's creditors that differ from those contained in the Disclosure Statement should not be relied upon in voting on the Plan.

Debtor believes that the Plan provides the quickest recovery and will maximize the return to creditors on their Claims. ACCORDINGLY, DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF ITS PLAN.

II. SUMMARY OF THE PLAN

The Plan specifies the manner in which the Claims and the Interest in Debtor are to be treated. Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified for purposes of voting under the Plan, but the Plan does provide for the treatment of such Claims. The table below provides a summary of the treatment of those claims and of the various Classes of Claims against Debtor, as well as of Debtor's shareholders interest in Debtor. To the extent that the terms of the Disclosure Statement vary from those of the Plan, the terms of the Plan will control.

DESCRIPTION OF CLAIM	CLASS	ESTIMATED AMOUNT OF ALLOWED CLAIM	TREATMENT UNDER THE PLAN
Holders of Allowed Administrative Expense Claims	N/A	\$144,603.00 (Estimated)	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Except as otherwise agreed to by Debtor and the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full by Debtor in the regular course of Debtor's business or as authorized by the Court, on or before the Effective Date.</p>
Holders of Allowed Priority Tax Claims Secured and Unsecured	N/A	\$1,219,666.62 (Estimated)	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Holders of Allowed Priority Tax Claims, Secured and Unsecured, in excess of \$10,000.00, shall be paid by Debtor as indicated in Exhibit C-1 hereto.</p> <p>The Holders of Allowed Priority Tax Claims, Secured and Unsecured, of \$10,000.00 or less, totaling \$13,785.84 will be paid in full, by Debtor, on the Effective Date of the Plan.</p>
Holders of Allowed Other Priority Claims	N/A	\$3,289.18 (Estimated)	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>Allowed Priority Tax Claims for \$3,289.18, filed under Section 503(b)(9), shall be paid in full on the Effective Date of the Plan.</p>

DESCRIPTION OF CLAIM	CLASS	ESTIMATED AMOUNT OF ALLOWED CLAIM	TREATMENT UNDER THE PLAN
The Allowed Claim of Scotiabank de P.R. ("Scotiabank")	Class 1	\$2,645,445.29	<p>Impaired.</p> <p>Estimated Recovery: 76%</p> <p>The Allowed Claim of Scotia for \$2,645,445.29 arising from a loan to Debtor, partially secured by first mortgages on the following properties:</p> <p style="padding-left: 40px;">Parcel of Land with a Commercial Building at Road 176, Km 1.1, Building No. 178, San Juan P.R. with an appraised value of \$2,250,000.00 and an estimated disposition value of \$1,575,000.00 (cadaster number 087-061-066-001) and;</p> <p style="padding-left: 40px;">Residential Unit utilized by Debtor as Office and Warehouse, at Atlanta Street, No. 1555, San Gerardo, Cupey, Puerto Rico, with an appraised value of \$450,000.00 and an estimated disposition value of \$315,000.00 (Cadaster No. 087-061-066-19-001).</p> <p>This claim shall be paid on or before the Effective Date by the transfer to Scotiabank of the above properties.</p> <p>Scotiabank's deficiency claim, estimated in \$755,445.29, after the transfer of such properties, will be dealt with under Class 5 as a General Unsecured Claim.</p>
The Allowed Claim of Oriental Financial Group ("OFG")	Class 2	\$110,000.00	<p>Impaired.</p> <p>Estimated Recovery: 74% (Estimated)</p> <p>The Allowed Claim of OFG, as objected, secured by Debtor's Vessel, 2005 Wellcraft Coastal 2900, with an estimated value of \$80,000.00, will be paid by the transfer of the vessel to OFG on the Effective Date of the Plan, with OFG's deficiency claim, estimated in \$30,000.00, to be dealt with under Class 5 as a General Unsecured Claim.</p>
The Allowed Claims of Oriental Bank ("Oriental Bank")	Class 3	\$3,399,187.91	<p>Impaired.</p> <p>Estimated Recovery: 36% (Estimated)</p> <p>Oriental Bank's Claim, as may be finally allowed, partially secured by the following collateral:</p> <p style="padding-left: 40px;">(i) Residential Unit, Penthouse No. 515, at Hills View Plaza Condominium, Frailes Ward, Guaynabo, Puerto Rico with an estimated value of \$445,000.00,</p> <p style="padding-left: 40px;">(ii) Residential Unit (Apartment No. 633), at Vistas de Gurabo, Navarro Ward, Gurabo,</p>

DESCRIPTION OF CLAIM	CLASS	ESTIMATED AMOUNT OF ALLOWED CLAIM	TREATMENT UNDER THE PLAN
			<p>Puerto Rico with an estimated value of \$220,00.00,</p> <p>(iii) Residential Unit at Urb. Gran Palm II, Sabana Ward, Vega Alta, Puerto Rico, with an estimated value of \$255,000.00,</p> <p>(iv) the remaining retainage for \$311,587.13 corresponding to Casa Maggiore project,</p> <p>shall be paid on or before the Effective Date, by the transfer to Oriental Bank of the above properties, with a combined estimated value of \$890,000.00, and the assignment of the remaining balance of the retainage set forth above, with Oriental Bank's deficiency claim, estimated in \$2,167,600.78, to be dealt with as a Class 5 General Unsecured Claim.</p>
The Allowed Claim of Toyota Credit de P.R. ("Toyota")	Class 4	\$54,817.77	<p>Impaired.</p> <p>Estimated Recovery: 100%</p> <p>Toyota's Secured Claim arising from a vehicle loan to Debtor, secured by a 2011 Lexus GS350, will continue to be paid as contractually agreed to, with monthly payments of \$1,364.91, any arrears to be paid at the termination of the financing agreement.</p>
Holders of Allowed General Unsecured Claims	Class 5	\$11,756,598.39	<p>Impaired.</p> <p>Estimated Recovery: 5%</p> <p>The Holders of Allowed General Unsecured Claims, including the deficiency claims of the secured creditors set forth above, will be paid in full satisfaction of their claims 5% thereof, through sixty (60) consecutive monthly installments of \$9,797.13, commencing on the Effective Date and continuing on the thirtieth (30th) day of the subsequent fifty nine (59) months.</p>
Interests in Debtor	Class 6	N/A	<p>Unimpaired.</p> <p>Estimated Recovery: N/A</p> <p>Debtor's shareholders will retain their shares in Debtor, unaltered.</p>

For a more detailed description of the treatment of the foregoing classes of Claims and Interest, see, "Treatment of Claims and Interest under the Plan".

The Disclosure Statement has been prepared by Debtor to provide creditors with adequate information so that they can make an informed judgment about the Plan.

Each creditor should read the Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to the Disclosure Statement and no person has been authorized to utilize any information concerning Debtor's assets other than the information contained herein for purposes of solicitation.

III. INFORMATION ABOUT THE REORGANIZATION PROCESS

3.1 Purpose of a Disclosure Statement

This Disclosure Statement includes background information about Debtor and identifies the classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of each of those classes if the Plan is confirmed. It also contains information concerning the prospects in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

Upon its approval by the Bankruptcy Court, the Disclosure Statement and the Exhibits thereto will have been found to contain, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail to enable a reasonable, hypothetical investor, typical of a holder of an impaired claim or an interest to make an informed judgment about the Plan. Approval of the Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

3.2 Voting Procedure

All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Forms accompanying this Disclosure Statement as Exhibits A-1, A-2, A-3, A-4, and A-5, to be returned to the following address:

CUE & LOPEZ CONSTRUCTION, INC
c/o Charles A. Cuprill-Hernández, P.S.C., Law Offices
356 Fortaleza Street – Second Floor
San Juan, PR 00901

The Ballots must be received on or before 4:00 P.M. (Eastern Standard Time) on _____, 2014, to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders.

Debtor recommends a vote for "ACCEPTANCE" of the Plan.

3.3 Ballots

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interests which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan, except as provided in Section 1126(g) of the Bankruptcy Code as to any Class which is deemed not to have accepted the Plan because the Plan provides that the claims or interests of such class do not entitle the holders of such claims or interests to receive or retain any property under the Plan on account of such claims or interests.

Class 6 is unimpaired under the Plan, is deemed to have accepted the Plan and is not entitled to vote. Members of Classes 1 through 5 are impaired under the Plan and entitled to vote. The members of impaired Classes will be asked to vote for acceptance or rejection of the Plan. A party who holds claims in more than one

impaired Class should complete a Ballot for each Class with respect to the applicable portion of the claim included in each Class.

3.4 The Confirmation Hearing

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on _____, 2014 at _____ .M. or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Brian K. Tester, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Puerto Rico (the "Bankruptcy Court"), in Courtroom 1, 300 Recinto Sur Street, San Juan, Puerto Rico 00901. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and in the best interests of holders of claims and interests. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by Debtor, summarizing the votes for acceptance or rejection of the Plan by parties entitled to vote.

The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing with respect to the Plan, the Bankruptcy Court will (i) determine whether the requisite votes have been obtained for each Class, (ii) hear and determine objections, if any, to the Plan and to the confirmation of the Plan, that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order approving the Disclosure Statement, a copy of which is attached as Exhibit B hereto.

3.5 Acceptances Necessary to Confirm the Plan

The vote of each holder of an impaired claim is important since at the Confirmation Hearing and as condition to the confirmation of the Plan on a consensual basis, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired Class is deemed to have accepted the Plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of the Class members who actually cast ballots to accept or reject the Plan, accept the Plan. Further, unless there is acceptance of the Plan by all members of an impaired Class, the Bankruptcy Court must also determine that under the Plan, Class members will receive property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

3.6 Confirmation of the Plan without the Necessary Acceptances

If a Class or Classes of impaired Claims do not accept the Plan, Debtor will request confirmation of the Plan under the "cram down" provisions of Section 1129(b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired classes, if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to each non-accepting Class, as long as at least one class of impaired creditors votes to accept the Plan. Section 1129(b) of the Bankruptcy Code requires among other things, that claimants must either receive the full value of their claims and if they receive

less, that no Class with junior liquidation priority may receive anything. THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND NUMBER OF CREDITORS WHO ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN, SHALL BE DEEMED TO CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.

IV. GENERAL INFORMATION

4.1 Description and Historical View of the Debtor

Debtor is primarily engaged in the construction industry and was incorporated on December 1998 under the laws of the Commonwealth of Puerto Rico. Primarily for tax purposes, Debtor was created to absorb the operations of its former affiliate, Cue & Lopez Contractors, Inc. (now consolidated with Debtor).

Debtor began operations in 2006 with projects located in the municipalities of Arroyo, Bayamon, Dorado, Guayama, Guaynabo, Patillas, San Juan, and Trujillo Alto.

Debtor has created some of the most regarded structures of recent times in Puerto Rico, such as Plaza del Quinto Centenario, Old San Juan, Puerto Rico; the Inmaculada Towers, Santurce, Puerto Rico; Candina Reef, Condado, San Juan, Puerto Rico; and Hillsvie Plaza, Guaynabo, Puerto Rico. This last project was named "Project of the Year" by the Mortgage Bankers Association of Puerto Rico. Debtor has developed walk-up apartments, high-rise buildings, town houses, dwellings, office buildings, public housing, medical facilities, and buildings for governmental agencies.

Debtor is a member of the National Association of Home Builders, organization which recently bestowed on Debtor the "Contractor of the Year" award.

4.2 Events Preceding Debtor's Chapter 11 Filing

During 2006, the local government having overspent its budget and being short of funds closed down for several weeks, creating fear and uncertainty in the commercial and private community. A decrease in construction contracts has been experienced since then, due to the economic conditions of Puerto Rico. The sharp downturn in public infrastructure projects, as a result of the government's ongoing fiscal crisis, coupled with a recessionary economy, and sky-high prices for construction materials, has hampered what just a few years ago was one of the most thriving and dynamic industries in Puerto Rico.

Moreover, the significant increase in the cost of construction materials, such as copper, steel, aluminum, and wood, has also contributed to the construction industry's decline. Furthermore, local circumstances have played a detrimental role in this economic sector's condition, such as the costly, slow, and difficult permits process. It takes from five to eight years to obtain an approval for the construction of a project. This is translated to added expenses on the part of the developers and contractors, resulting in additional and higher costs to the consumer.

Such factors have affected Debtor's contract revenues and its liquidity and cash flow necessary to comply with Debtor's current and long term obligations, in arrears as of the filing of Debtor's Chapter 11 petition.

Consequently, for the purpose of reorganizing its business and financial affairs, obtain the benefits of the automatic stay provisions of Section 362(a) of the Bankruptcy Code and a breathing spell from the actions which were causing Debtor and its managerial team to defensively operate, on October 4, 2013, Debtor and its affiliate, Cué & López Contractor, Inc., filed voluntary petitions for relief pursuant to 11 U.S.C. Chapter 11 with the Bankruptcy Court.

4.3 Debtor's Post-Petition Endeavors

As a result of the filing by Debtor of its Chapter 11 petition, Debtor received the benefits of 11 U.S.C. § 362(a), which stays all collection actions and judicial proceedings against Debtor, thus preventing the foreclosure of its assets, providing Debtor the opportunity to file a plan of reorganization (the "Plan") and a Disclosure Statement, without the pressures that drove Debtor into Chapter 11, as envisioned by the Bankruptcy Code.

The United States Trustee convened the first meeting of creditors pursuant to Section 341 of the Bankruptcy Code in Debtor's case on November 8, 2013. The Section 341 meeting was closed.

During the course of its case, Debtor has undertaken the following efforts, for the benefit of its Estate and its creditors:

On October 31, 2013, Cue & Lopez Construction, Inc. and Cué & López Contractors, Inc. (Debtor's former affiliate) filed motions requesting their substantive consolidation, which were granted on February 18, 2014 (Docket No. 82). Both corporations were also merged at the Department of State of Puerto Rico, effective April 1, 2014.

Debtor sought and obtained the Bankruptcy Court's approval to retain Charles A. Cuprill, PSC Law Offices, as its bankruptcy counsel and of Luis R. Carrasquillo, CPA ("Carrasquillo"), as its financial advisor on all matters pertaining to Debtor's reorganization.

Debtor also sought and obtained the Bankruptcy Court's approval to employ Auristela Coira Cintron, d/b/a Auri Coira Realty as Debtor's realtor, in an effort to sell its real estate, not necessary for Debtor's effective reorganization.

V. CLAIMS AGAINST DEBTOR AND ITS ASSETS

5.1 Claims Against Debtor

Claims against Debtor that are Allowed Claims, as defined in the Plan, will be entitled to Distribution pursuant thereto, as indicated in pages 6 to 8 hereof.

The Plan provides that only the holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, liquidated in amount and not subject to objection or estimation are entitled to receive distribution thereunder. Until a claim becomes an Allowed Claim, distribution will not be made to the holder of such claim.

5.2 Objections to Claims

The amounts set forth as due to holders of unclassified and classified claims are estimates, based upon Debtor's Schedules or Debtor's belief as to the amounts due thereto. Debtor is including as Exhibit C hereto a Summary of Claims and Plan Payments.

Objections to Claims must be filed and served on their holders by the Claims Objection Bar Date, which as set forth in the Plan is thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of Debtor's Plan. If an objection has not been filed to a Claim by the Claims Objection Bar Date, the Claim will be treated as an Allowed Claim.

Objections to Claims filed in Debtor's Chapter 11 case are to be prosecuted by Debtor, including any application to estimate or disallow Claims for voting purposes.

Debtor has filed objections to the following claims, giving notice to the particular creditors that they had thirty (30) days to respond thereto:

POC #	Claimant	Total Amount Claimed	Amount to be Allowed	Reason for Objection	Action by the Court
1	Toyota Credit de Puerto Rico	\$ 63,079.09 Secured	\$54,817.77 Secured	Based on a review of the documents submitted, Debtor concluded that Claimant included a higher amount than the actual amount owed thereto.	Moot after Amendment filed by Toyota Credit de Puerto Rico
3	American Agencies Co., Inc.	\$388,700.00 Unsecured	\$135,111.65 Unsecured	Based on a review of the documents attached to the proof of claim and the schedules of the work performed, as of the filing date, Debtor concluded that Claimant included the total amount approved for the project, including billings for work not yet performed.	Granted
7	Puerto Rico Water and Sewer Authority	\$9,488.45 Unsecured	\$5,917.45 Unsecured	Based on a review of the documents submitted as Exhibit I to Debtor's Objection, claimant was paid \$3,571.00.	Pending Decision
10	Sun Security Professional Services, Inc.	\$13,441.77 Priority	\$13,441.77 Unsecured	Claim related to security services provided to Debtor in the ordinary course of business, which do not comply with 11 U.S.C. § 507(a) to be considered a Priority Claim.	Granted
11	New Professional Painters, Inc.	\$18,929.37 Unsecured	\$0.00	Based on a review of the documents submitted as Exhibit I to Debtor's objection, Debtor concluded that the claimant had been paid in full.	Granted
13	Oriental Bank	\$170,357.32 Secured	\$110,000.00 Secured	Based on a review of Debtor's books and records, Debtor determined that the balance due to claimant is \$110,000.00. Claimant failed to provide any documents supporting the amount claimed.	Pending Decision
14	Terrassa Concrete Industries	\$75,462.31 Unsecured	\$1,022.83 Unsecured	Based on a review of the documents submitted, Debtor determined that claimant had been paid \$74,439.48 by the Bonding Company, during the pendency of the case.	Granted

19	E.T. Construction, Corp.	\$105,836.00 Priority	\$105,836.00 Unsecured	Debtor reviewed Proof of Claim No. 19 and determined that it is related to design services (subcontractor services) provided to Debtor, as to various public school projects in the ordinary course of business, which do not comply with the requirements of 11 U.S.C. § 507(a) to be considered a Priority Claim.	Granted
21	Blue Blood Security, Inc.	\$15,600.60 Unsecured	\$2,546.15 Unsecured	Based on a review of the documents included as Exhibit I to Debtor's objection, Debtor concluded that claimant included two invoices (Invoice Nos. 707 and 720) with higher amounts than those approved by Debtor in the ordinary course of business. Moreover, claimant did not consider a back charge for \$12,593.20, resulting from stolen equipment and property from Parque 228 project, while claimant's personnel was providing security services to Debtor.	Granted
32	Arq. Antonio Martin Cervera	\$10,000.00 Priority	\$00.00 Priority	<p>Debtor conducted a review of Proof of Claim Number No. 32, and determined that the claim is related to design services (subcontractor services) provided to Debtor by ET Construction Corp., claimant's employer, and for whom claimant provided services as to various public school projects in the ordinary course of business. The claim did not comply with the requirements of 11 U.S.C. § 507(a) to be considered a Priority Claim.</p> <p>ET Construction Corp. filed Proof of Claim No. 19 for \$105,836, excluding the aforementioned \$10,000.00, which was also objected to by Debtor.</p> <p>After a careful review of Debtor's books and records, it was determined that ET Construction Corp. has a valid proof of claim for \$115,836., including the \$10,000.00</p>	Granted

				claimed by claimants, as a general unsecured claim.	
51	PR Asset Portfolio 2013-1 International, LLC	\$2,347,246.64 Unsecured	\$2,326,069.38 Unsecured	Debtor reviewed POC No. 51, recalculated the accrued interest as shown in Exhibit I to its objection and determined that the correct amount due is \$2,326,069.38.	Pending Decision
52	Oriental Bank	\$5,262,465.56 Secured	\$1,713,666.85 Secured	An examination of the documents attached to Proof of Claim No. 52 and of the support filed as to Proof of Claim No. 65 by Oriental Bank, reflected that claimant included \$3,399,969.31 related to loan number 680178-1 in both claims, duplicating the amount.	Granted
58	Puerto Rico Department of Labor	\$2,331.72 Priority \$916.51 Unsecured	\$0.00 Priority \$0.00 Unsecured	Based on a review of the documents submitted, as Exhibit I to Debtor's objection, it was determined that POC No. 58 has been paid in full.	Granted
59	Puerto Rico Department of Labor	\$454.39 Priority \$141.38 Unsecured	\$0.00 Priority \$0.00 Unsecured	Based on a review of the documents submitted as Exhibit I to Debtor's objection, it was determined that POC No. 59 had been paid in full.	Granted
61	Scotiabank de Puerto Rico	\$2,645,445.29 Secured	\$0.00 Secured	On January 10, 2014, claimant filed Proof of Claim No. 36 for \$2,645,445.29, as a secured claim and on February 18, 2014, filed Proof of Claim 61 for the same amount and concept, therefore, duplicating its original proof of claim.	Granted
65	Oriental Bank	\$3,845,929.95 Secured	\$3,506,473.15 Secured	An examination of the documents attached to POC No. 65 revealed that claimant was including excessive attorney's fees for \$329,456.80, without any breakdown.	Granted
66	Scotiabank de Puerto Rico	\$211,909.00	\$0.00	On February 6, 2014, claimant filed Proof of Claim No. 53 for \$211,909.00 and on February 18, 2014, filed Proof of Claim No. 66 for the same amount, thus	Pending Decision

				duplicating its claim, and as such, Debtor objected Proof of Claim No. 66 as duplicative of Proof of Claim 53.	
68	Junta de Directores Cond Torres Escorial	\$39,703.00 Unsecured	\$0.00 Unsecured	Debtor determined that the Proof of Claim was time barred as the two (2) year statute of limitation established by law, pursuant to DACO's Section 10 of Regulation 2268, had expired.	Pending Decision
69	Consejo de Titulares del Condominio Peña Mar Ocean Club	\$2,100,000 Unsecured	\$0.00 Unsecured	On February 20, 2014, claimant filed its Proof of Claim after the bar date set by the Court for filing proofs of claim.	Granted
71	Yuma Professional Security, Inc.	\$11,497.43 Unsecured	\$00.00 Unsecured	On November 4, 2013, Claimant filed Proof of Claim No. 16 for \$11,497.43, and on March 11, 2014, Proof of Claim No. 71 for the same amount and concept, therefore, duplicating the Proof of Claim No. 16.	Pending Decision
73	Angel Astacio Alfonso/AA Pools Contractors	\$10,460.00 Unsecured	\$0.00 Unsecured	On March 21, 2014, Claimant filed belated Proof of Claim No. 73 for \$10,460.00, after the bar date set by the Court for filing proofs of claims. Moreover, POC No. 73 is a duplicate of Proof of Claim No. 29.	Granted
76	Consejo de Titulares Hillsvie Plaza	\$1,829.18 Secured	\$00.00 Secured	Claimant filed belated Proof of Claim No. 76 for \$1,829.18, as a secured claim, after the bar date set by the Court for filing proofs of claim.	Granted
77	Internal Revenue Service	\$5,160.03 Priority	\$0.00 Priority	Claimant filed belated Proof of Claim No. 77 ("POC No. 77"), as a priority tax claim, after the bar date set by the Court for filing proofs of claim. Moreover, POC No. 77 is related to Employer's Quarterly Federal Tax Returns (FICA) for the quarter ending on December 31, 2014, which was not due, and does not include a principal amount.	Pending Decision

78	Maderas Decorativas, Inc.	\$69,193.00 Priority	\$52,579.78 Unsecured	Based on a review of the documents submitted as Exhibit I to the objection, Claimant was paid \$16,613.02 by Debtor's Bonding Company; and thus, Proof of Claim No. 78 can only allowed for \$52,579.78.	Pending Decision
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The above claims are shown as objected in Exhibit C hereto, and those to be paid are accounted for as such in said Exhibit.

VI. DESCRIPTION OF THE PLAN

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

6.1 Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified in the Plan. A description of the unclassified claims and the claims in each class, as well as the estimated principal amounts thereof as of the Effective Date and their treatment, are set forth in the Plan and summarized in pages 6 to 8 hereof.

Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case.

6.2 Administrative Expense Claims

Except as otherwise agreed to by Debtor and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in cash in the

regular course of business or as authorized by the Court on or before the Effective Date.

If Debtor disputes any portion of an Administrative Expense Claim, Debtor shall pay such Claim within thirty (30) days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim. Debtor will reserve the necessary funds to meet these payments.

6.3 Professional Fee Claims

The professionals retained by Debtor in Debtor's Chapter 11 case have and will incur fees and expenses from the date of their retention through the Effective Date of the Plan. It is impossible to predict the amount of additional professional administrative expense fees that will be incurred through the Effective Date of the Plan. Pursuant to orders of the Bankruptcy Court, certain professionals have been paid interim fees and expenses. As of the filing of this Disclosure Statement, Debtor has paid \$123,566.00 in fees and expenses to Debtor's professionals. Debtor estimates that additional Allowed Professionals Fee Claims will aggregate from \$150,000.00 to \$200,000.00 for unpaid services rendered and expenses incurred up to the Confirmation of the Plan. All amounts paid to professionals through the Confirmation Date, including interim fees and expenses already paid are subject to final Bankruptcy Court approval. Debtor reserves the right to contest the allowance of any professional fees.

6.4 Priority Tax Claims

Priority Tax Claims, are Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims consist principally of Municipal Taxes, FICA, Medicare, Puerto Rico Corporate Income Taxes, Payroll Taxes, and Unemployment Insurance.

The estimated potential Priority Tax Claims are listed in Exhibit D hereto in the amount of \$1,312,311.

The Holders of Allowed Priority Tax Claims, secured and unsecured in excess of \$10,000.00, shall be paid by Debtor as indicated in Exhibit C-1 hereto.

The Holders of Allowed Priority Tax Claims, Secured and Unsecured, of \$10,000.00 or less, totaling \$13,785.84 will be paid in full, by Debtor on the Effective Date of the Plan.

6.5 Classes of Claims and Equity Interests

As of the Petition Date, Debtor had secured debts with Scotiabank of Puerto Rico ("Scotiabank"), Oriental Financial Group ("OFG"), Oriental Bank ("Oriental"), Toyota Credit of Puerto Rico ("Toyota"), and other pending claims as indicated above, priority unsecured, and non-priority unsecured debts, as more particularly described below and in pages 6-8 hereof. The Plan classifies the various claims against Debtor. A description of all classes of Claims and the Equity Interests, the estimated principal amount of each Class as of the Effective Date, and its treatment are set forth below. The Classes of Claims and the Interests in Debtor set forth in the Plan are as follows:

Class 1 – Consists of the Allowed Claim of Scotia for \$2,645,445.29 arising from a loan to Debtor, partially secured by first mortgages on the following properties:

Parcel of Land with a Commercial Building at Road 176, Km 1.1, Building No. 178, San Juan P.R. with an appraised value of \$2,250,000.00 and an estimated disposition value of \$1,575,000.00 (cadaster number 087-061-066-001) and;

Residential Unit utilized by Debtor as Office and Warehouse, at Atlanta Street, No. 1555, San Gerardo, Cupey, Puerto Rico, with an appraised value of \$450,000.00 and an estimated disposition value of \$315,000.00 (Cadaster No. 087-061-066-19-001).

Class 2 – Consists of OFG’s Allowed Claim partially secured by Debtor’s Vessel, 2005 Wellcraft Coastal 2900, with an estimated value of \$80,000.00.

Class 3 – Consists of Oriental Bank’s Allowed Claim partially secured by the following collaterals:

(i) Residential Unit, Penthouse No. 515, at Hills View Plaza Condominium, Frailes Ward, Guaynabo, Puerto Rico with an estimated value of \$445,000.00;

(ii) Residential Unit (Apartment No. 633), at Vistas de Gurabo, Navarro Ward, Gurabo, Puerto Rico with an estimated value of \$220,000.00;

(iii) Residential Unit at Urb. Gran Palm II, Sabana Ward, Vega Alta, Puerto Rico, with an estimated value of \$255,000.00,

(iv) and the remaining retainage for \$311,587.13 corresponding to Casa Maggiore project.

Class 4 – Consists of Toyota’s Secured Claim arising from a vehicle loan to Debtor, secured by a 2011 Lexus GS350.

Class 5 – Consists of the Holders of Allowed General Unsecured Claims.

Class 6 - Consists of Debtor’s shareholders.

6.6 Treatment of Claims.

Class 1 – Scotiabank’s Allowed Claims

(a) Impairment and Voting - Class 1 is impaired under the Plan and is entitled to vote to accept or reject the Plan.

(b) Distribution- Scotiabank’s Allowed Claim for \$2,645,445.29 arising from a loan to Debtor, partially secured by first mortgages on the following properties:

Parcel of Land with a Commercial Building at Road 176, Km 1.1, Building No. 178, San Juan P.R. with an appraised value of \$2,250,000.00 and an estimated disposition value of \$1,575,000.00 (cadaster number 087-061-066-001) and;

Residential Unit utilized by Debtor as Office and Warehouse, at Atlanta Street, No. 1555, San Gerardo, Cupey, Puerto Rico, with an appraised value of \$450,000.00 and an estimated disposition value of \$315,000.00 (Cadaster No. 087-061-066-19-001).

This claim shall be paid on or before the Effective Date by the transfer to Scotiabank of the above properties.

Scotiabank's deficiency claim, estimated in \$755,445.29, after the transfer of such properties, will be dealt with under Class 5 as a General Unsecured Claim.

Class 2 – OFG's Claim

(a) Impairment and Voting - Class 2 is impaired under the Plan and is entitled to vote to accept or reject the Plan.

(b) Distribution - The Allowed Claim of OFG, as objected, secured by Debtor's Vessel, 2005 Wellcraft Coastal 2900, with an estimated value of \$80,000, will be paid by the transfer of the vessel to OFG on the Effective Date of the Plan, with OFG's deficiency claim, estimated in \$30,000.00, to be dealt with under Class 5 as a General Unsecured Claim.

Class 3 – Oriental Bank's Claim

(a) Impairment and Voting - Class 3 is impaired under the Plan and is entitled to vote to accept or reject the Plan.

(b) Distribution- Oriental Bank's Claim, as may be finally allowed, partially secured by the following collateral:

(i) Residential Unit, Penthouse No. 515, at Hills View Plaza Condominium, Frailes Ward, Guaynabo, Puerto Rico with an estimated value of \$445,000.00;

(ii) Residential Unit (Apartment No. 633), at Vistas de Gurabo, Navarro Ward, Gurabo, Puerto Rico with an estimated value of \$220,000.00;

(iii) "Residential Unit at Urb. Gran Palm II, Sabana Ward, Vega Alta, Puerto Rico, with an estimated value of \$255,000.00;

the remaining retainage for \$311,587.13 corresponding to "Casa Maggiore" project,

shall be paid on or before the Effective Date, by the transfer to Oriental Bank of the above properties, with a combined estimated value of \$890,000.00, and the assignment of the remaining balance of the retainage set forth above, with Oriental Bank's deficiency claim, estimated in \$2,167,600.78, to be dealt with as a Class 5 General Unsecured Claim.

Oriental's deficiency claim, estimated in \$2,167,600.78, will be dealt with under Class 5 as a General Unsecured Claim.

Class 4 - Secured Claim of Toyota

- (a) Impairment and Voting - Class 4 is impaired under the Plan and is entitled to vote to accept or reject the Plan.
- (b) Distribution - Toyota's Secured Claim arising from a vehicle loan to Debtor, secured by a 2011 Lexus GS350, will continue to be paid as contractually agreed to, with monthly payments of \$1,364.91, any arrears to be paid at the

termination of the financing agreement.

Class 5 – Holders of Allowed General Unsecured Claims

- (a) Impairment and Voting - Class 5 is impaired under the Plan. The Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.
- (b) Distribution - The Holders of Allowed General Unsecured Claims, including the deficiency claims of the secured creditors set forth above, will be paid in full satisfaction of their claims 5% thereof, through sixty (60) consecutive monthly installments of \$9,797.13, commencing on the Effective Date and continuing on the thirtieth (30th) day of the subsequent fifty nine (59) months.

Class 6 – Interests Holders in Debtor

- (a) Impairment and Voting - Class 6 is unimpaired under the Plan. Interest Holders in Debtor are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.
- (b) Distribution – Debtor's shareholders will retain their shares in Debtor, unaltered.

6.7 Means for Implementation of the Plan

Claims will be paid with available funds arising from Debtor's operations, available cash balance as of the Effective Date, the collection of Debtor's accounts receivable, and of certain retainage accounts in various projects, and the surrender of real properties, as set forth above. Debtor's Cash Flows Projections included herewith as Exhibit E show Debtor's results of operations during the three-year period ending on June 30, 2017, which considers the implementation of the Plan.

6.8 Debtor's Post Confirmation Management

Disclosure Statement

After confirmation of the Plan, Debtor will continue with its current management, consisting of its President, Eng. Frank F. Cue Garcia, and other shareholders in fundamental positions for Debtor's operations. Management's compensation after the confirmation date, will be as follows:

	Position	Management Monthly Salary	
		Current & Post Confirmation	Pre-Petition
Frank F. Cué García	President	\$11,400.00	\$12,652.00
Jesús O. López Bernal	Vice-President & Secretary	7,389.00	7,714.00
Frank Cué Fernández	Vice-President	6,305.00	6,305.00
Mario R. López Bernal	Vice-President	6,354.00	6,354.00
Mario R. López Reinante	Vice-President	1,500.00	4,251.00
Total		\$32,948.00	\$37,276.00

It must be underscored that Debtor's management's salaries have been reduced by almost 12%, compared to the salaries paid prior to the filing of Debtor's Chapter 11 petition, in an effort to assist Debtor in its effective reorganization. Moreover, Debtor eliminated six (6) managerial and/or administrative positions after the filing of its Chapter 11 petition, which has reduced monthly salaries by \$17,425.00, producing annual savings of \$209,100.00.

6.9 Executory Contracts and Unexpired Leases

All unexpired executory contract listed in Debtor's Schedule G shall be deemed assumed on the Effective Date and the entry of the confirmation order by the Bankruptcy Court shall constitute approval of such assumption pursuant to Sections 365 (a) and 1123 (b)(2) of the Bankruptcy Code.

VII. LIQUIDATION AND FINANCIAL ANALYSIS

7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation

In the event Debtor's Chapter 11 case is converted to Chapter 7 of the Bankruptcy Code, a Chapter 7 trustee will be appointed for Debtor's Estate to

liquidate the Estate's assets pursuant to the provisions of the Bankruptcy Code, after attending to the immediate issues of securing the same. The Chapter 7 Trustee most likely will abandon Debtor's assets due to their minimum equity and the expenses of their administration. Therefore, Creditors other than Secured Creditors will not receive any dividends in or out of the bankruptcy proceedings.

A Liquidation Analysis with respect to Debtor's assets as of April 30, 2014 is attached as EXHIBIT F hereto (the "Liquidation Analysis").

The Liquidation Analysis reveals that in the event of a liquidation of Debtor's assets, there would be a substantial loss to Debtor's Estate, taking into account the Chapter 7 costs of administration and the expected value of the Estate's assets in a liquidation scenario. It also reflects what in Chapter 11 the respective creditors are expected to receive under the Plan versus what is projected they would receive in Chapter 7, underscoring the benefits of the confirmation of the Plan and its effectiveness. Pursuant to said analysis, under a Chapter 7 scenario, the General Unsecured Creditors will not receive any dividends.

Confirmation of the Plan will ensure that holders of Administrative Expense Claims, Allowed Priority Claims, Secured Creditors, and Allowed General Unsecured Claims, will receive prompt dividends on their claims.

The Liquidation Analysis contains estimates and assumptions that, although developed and considered reasonable by Debtor, are inherently subject to significant economic uncertainties and contingencies beyond its control.

7.2 Feasibility of the Plan

A) Financial Projections

Debtor, with the assistance of its Court appointed financial consultant, has prepared financial projections (the "Projections") based on the confirmation and

implementation of the Plan. The Projections are based upon estimates and assumptions that, although developed and considered reasonable by Debtor are inherently subject to significant economic uncertainties and contingencies beyond Debtor's control, as well as to certain assumptions with regard to the value of assets that are subject to change. Accordingly, there can be no assurance that the projected performance reflected in the Projections will be realized.

The Projections are attached as Exhibit E to this Disclosure Statement. As Exhibit G hereto, Debtor is including a summary of its monthly operating reports for the period from October 2013 to April 2014. Exhibit H hereto presents the last Operating Report filed with the Bankruptcy Court, as of April 30, 2014.

As of the Petition Date, Debtor owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, which Debtor and its affiliate filed with the Bankruptcy Court on October 4, 2013. As aforesaid, Debtor has prepared and filed with the Bankruptcy Court monthly operating reports summarizing its post-petition financial performance. These monthly operating reports and Debtor's Schedules, Statement of Financial Affairs and Schedules of Executory Contracts are available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

a) Real Property

As of the Petition Date, Debtor was the owner in fee simple of the following real property:

- (i) Parcel of Land with a Commercial Building at Road 176, Km 1.1, Building No. 178, Cupey, San Juan P.R. 00926, with an appraised value of \$2,250,000.00 and an estimated disposition value of \$1,575,000.00 (cadaster number 087-061-066-001),

(ii) Residential Unit, Penthouse No. 515, at Hills View Plaza Condominium, Frailes Ward, Guaynabo, Puerto Rico 00971, with an estimated value of \$445,000.00 (cadaster number 114-064-536-08-080),

(iii) Residential Unit utilized by Debtor as Office and Warehouse, at Atlanta Street, No. 1555, San Gerardo, Cupey, Puerto Rico 00926 with an appraised value of \$450,000 and an estimated disposition value of \$315,000.00 (Cadaster No. 087-061-066-19-001);

(iv) Residential Unit (Apartment No. 633), at Vistas de Gurabo, Navarro Ward, Gurabo, Puerto Rico 00778, with an estimated value of \$220,000.00 (cadaster number 226-000-007-44-000), and

(v) Residential Unit at Urb. Gran Palm II, Sabana Ward, Vega Alta, Puerto Rico, with an estimated value of \$255,000.00 (cadaster number 018-067-281-92-000).

The estimated fair value of Debtor's realty, as of the filing of Debtor's Chapter 11 petition, amounted to \$3,620,000.00. Such value was based on appraisal reports performed years ago, and as such, they may vary. They values were updated in Debtor's Liquidation Analysis with recent information.

b) Personal Property

As of the Petition Date, Debtor's Schedules listed Debtor's personal property consisting of cash, bank accounts, construction equipment, deposits, and accounts receivable, with an aggregate value of \$9,714,151.84. Detail of Debtor's personal property can be found in Debtor's Consolidated Schedule B, available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

c) Accounts Receivable and Liquidated Debts

As of the filing of Debtor’s Chapter 11 petition, Debtor’s listed in its Schedule B, accounts receivable with an estimated balance of \$6,581,745, consisting of trade receivables, amounts due from employees, affiliates and stockholders. However, a careful review of said receivables was made by Debtor during which \$924,449 was identified as uncollectible, and as such disclosed in Debtor’s Schedule B filed with the Bankruptcy Court. An updated recoverability analysis of Debtor’s accounts receivable was made in the Liquidation Analysis.

d) Liquidation Analysis

In order to analyze realistic liquidation scenarios and considering the updated value of Debtor’s assets in the Liquidation Analysis, included as Exhibit F hereto, Debtor has utilized the value of its assets as of April 30, 2014. Exhibit I hereto, presents Debtor’s Audited Financial Statements as of September 30, 2013.

7.3 Pending Litigation and Other Liabilities

At the time of the filing of the Chapter 11 petition, the following cases were pending and were stayed by the provisions of Section 362(a) of the Bankruptcy Code:

Case/ Name	Nature	Forum	Status
Oriental Bank vs. Cue & Lopez Contractors, Inc., Cue & Lopez Construction, Inc. ET ALS Civil No. KCD2013-0668(906)	Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Stayed
Scotiabank vs. Cue & Lopez Contractors, Inc., Cue & Lopez Construction, Inc., Frank Cue Garcia; Mario Lopez Bernal; United States of America Civil No. 2013-1012(901)	Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Stayed
Caribbean Data System, Inc. vs. Cue & Lopez Construction, Inc.	Collection of Money	Court of First Instance of Puerto Rico Rio Grande Section	Stayed

Civil No. 2013-0581(503)			
Electromec Corporation vs. Cue & Lopez Construction, Inc.; Fidelity and Deposit Company of Maryland and Zurich American Insurance Company; Autoridad de Edificios Publicos	Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Settled
Civil No. KAC2011-0474(803)			
CRIMAVI, Inc. vs. Frank Cue Lopez; Cue & Lopez Construction, Inc. y Compañías Aseguradoras ABC	Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Stayed
Civil No. KCD2011-2266(806)			
Juan Rios Colon vs. Cue & Lopez Construction, Inc.	Tort Action	Court of First Instance of Puerto Rico Bayamon Section	Stayed
Civil No. DDP2012-0459(505)			
Maite Ortiz Morales vs. Las Vistas de Gurabo, Inc. h/n/c Ramon L. Rosario, Cue & Lopez Construction, Inc.	Construction Defects	Departamento de Asuntos del Consumidor (DACO)	Stayed
Claim No. CA0003475			
Sarimar Andreau Perez vs. Cue & Lopez Construction, Inc. y Constructora de Nombre Desconocido	Construction Defects	Court of First Instance of Puerto Rico San Juan Section	Stayed
Civil No. KAC09-1223(807)			
YUMA Professional Security, Inc., Victor Manuel Sierra Garcia vs. Frank Cue, Mario Lopez, Cue & Lopez Construction, Inc. y Aseguradoras A, Y, Z	Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Stayed
Civil No. KCM2013-2310(505)			
Jose R. Ortiz vs. Cue & Lopez Construction, Inc.	Discrimination	Department of Labor and Human Resources PR OSHA - Caguas	Stayed
Case No. 02-7502-13-02			
Otis Elevator Company (Puerto Rico) vs. Cue & Lopez Contractors, Inc.	Breach of Contract	Court of First Instance of Puerto Rico Bayamon Section	Stayed
Civil No. DAC2013-0958(503)			

CMC Construction Group, Corp. vs. Cue & Lopez Contractors, Inc.; Compañía Desarrolladora, etc...	Breach of Contract and Collection of Money	Court of First Instance of Puerto Rico San Juan Section	Stayed
Civil No. KAC2010-0252(603)			
Francisco Lloret Rodriguez vs. El Cerro, S.E., Cue & Lopez Contractors, Inc.	Construction Defects	Departamento de Asuntos del Consumidor (DACO)- Bayamon Section	Stayed
Claim No. BA0004813			
Carmen O. Arabia Rojas vs. Cue Lopez Contractors, Inc., Junta Dir. Cond. Cordoba Park	Construction Defects	Departamento de Asuntos del Consumidor (DACO)- San Juan Section	Stayed
Claim No. SJ0009068			
Wilson Valentin Hernandez vs. Los Prados Urbanos S.E. En C. Por A.S.E. Cue Lopez Contractors, Inc.	Construction Defects	Departamento de Asuntos del Consumidor (DACO)- Caguas Section	Stayed
Claim No. CA0001272			
Junta Directores Cond. Torres de Escorial vs. Interstate General Properties	Construction Defects	Departamento de Asuntos del Consumidor (DACO)- San Juan Section	Stayed
Claim No. SJ0001343			
Marisol Diaz Torres vs. Cue & Lopez Contractors, Inc.	Construction Defects	Departamento de Asuntos del Consumidor (DACO)- San Juan Section	Stayed
Claim No. 100036962			

VIII. BAR DATE AND DETERMINATION OF CLAIMS

8.1 Bar Date

On October 8, 2013, in the “Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines” issued in Debtor’s case, the Bankruptcy Court fixed February 6, 2014, as the bar date for the filing of proofs of claims and interests (except for Governmental Units), and April 2, 2014, for such filings by Governmental Units.

8.2 Determination of Claims

The Plan specifies procedures for objecting to claims. Debtor may object to Claims within thirty (30) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. No payments will be made under the Plan on account of Disputed Claims until their allowance by the Bankruptcy Court. The Plan provides that Distributions on Disputed Claims will be held in reserve until the Disputed Claims are allowed (at which time the reserves will be distributed and the Claims will be treated according to the terms of the Plan), or disallowed (at which time the reserves will be distributed on account of Allowed Claims pursuant to the terms of the Plan).

Any Claims which (a) are not listed as an Allowed Claim on Debtor's Schedules, as amended; (b) are not evidenced by a valid, timely filed Proof of Claim; or (c) are not listed in the Plan or exhibits to the Plan as Allowed Claims, shall not receive any distribution of cash or property under the Plan until the same become Allowed Claims, and shall be disallowed and discharged if they are not Allowed by Order of the Bankruptcy Court.

IX. ALTERNATIVES TO THE PLAN

If the Plan is not confirmed and consummated, the alternatives include (a) Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of Debtor's Chapter 11 Case, or (c) the proposal of an alternative plan.

A. Liquidation Under Chapter 7

If a plan cannot be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code, and a trustee would be elected or appointed to liquidate Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code.

As set forth in the Liquidation Analysis attached as Exhibit F hereto, Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would result in no distribution to creditors other than Secured and Certain Priority Claims Creditors, inter alia, due to the decreased value of Debtor's assets, delay in distribution on account of such conversion, and the encumbrances on Debtor's realty by secured creditors.

Thus, Debtor believes that the interest of creditors and the goals of Chapter 11 are better served by the confirmation of the Plan.

B. Dismissal of the Case and/or Foreclosure by OFG, Scotiabank, Oriental Bank and Toyota

Dismissal of the Case would likely create substantial problems for all parties involved, including a run to the courthouse, and the foreclosure by OFG, Scotiabank, Oriental Bank and Toyota of their loans on Debtor's realty and assets, which would result, in an abandonment of the orderly and structured equitable payments provided by the Plan. Therefore, dismissal of the Case is not a viable alternative for creditors.

C. Alternative Plan of Reorganization

If the Plan is not confirmed, at present, Debtor does not foresee a different plan. Debtor believes that the Plan described herein will provide the greatest and most expeditious return to creditors.

X. TAX EFFECTS

Based on Debtor's net operating carry loss forwards, Debtor expects that the implementation of the Plan will not have any tax effects.

XI. CONCLUSION

Debtor submits that the Plan is fair and reasonable and in the best interest of the Estate and Creditors and offers the best possible recovery for Creditors under the circumstances. Debtor therefore, urges creditors to vote in favor of the Plan.

San Juan, Puerto Rico this 20th day of June, 2014.

Cué & López Construction, Inc.

By: _____


Eng. Frank F. Cué García
President