

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF PUERTO RICO

IN RE:

CERTENEJAS INCORPORADO

DEBTOR

CASE NO. 12-02806 (ESL)

CHAPTER 11

DISCLOSURE STATEMENT  
OF  
CERTENEJAS INCORPORADO

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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"), Certenejas Incorporado ("Certenejas"), Debtor and Debtor-in-possession in the above captioned case, 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 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 its knowledge of its records, business and affairs, appraisals and valuation reports, and opinions of value. Except as otherwise expressly indicated, the information provided by Debtor in the Disclosure Statement, has not been subject to an audit or independent review.

Although great effort has 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 THEIR PLAN.

## II. SUMMARY OF THE PLAN

The Plan specifies the manner in which the Claims and Interest 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 the various Classes of Claims against the Debtor, as well as of the 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.

**Certenejas Incorporado**  
Disclosure Statement

Description Of Claim	Class Number(s)	Estimated Amount of Allowed Claims	Treatment and Estimated Recovery Under Plan												
Holders of Allowed Administrative Expense Claims	N/A	\$103,751.00	<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 in the regular course of business or as authorized by the Court, on or before the Effective Date.</p>												
Holders of Allowed Priority Tax Claims	N/A	\$321,693.83	<p>Unimpaired.</p> <p>Estimated Recovery: 100%</p> <p>At the sole election of Debtor, each Holder of a Priority Tax Claim against Debtor, secured or unsecured, not exceeding \$75,000.00 and those creditors holding Priority Tax Claims against Debtor exceeding that amount who voluntarily reduce their Claims to \$75,000.00, shall receive in full and final satisfaction of their Claims, Cash in an amount equal to their allowed Claims on the later of the Effective Date and the date the Allowed Priority Tax Claims becomes Allowed Claims. These payments are estimated in approximately \$229,842.01</p> <p>Holders of Allowed Priority Tax Claims exceeding \$75,000.00, shall be paid by Debtor either (i) upon such terms as may be agreed to with such Holders, (ii) on the later of the Effective Date or the date that such Allowed Priority Tax Claims would have been due if the Bankruptcy Case had not been commenced, or (iii) in deferred equal consecutive monthly installments commencing on the 60<sup>th</sup> day after the Effective Date and continuing on the last day of each month thereafter over a 48-month period, equal to the amount of such Allowed Priority Tax Claims, plus the statutory rate of interest prevailing during the month the Plan is confirmed, estimated at 4% per annum, provided that the payments to the holders of these Allowed Priority Tax Claims is effected in a manner not less favorable than the most favored non-priority unsecured claim provided for in the Plan, other than those payments made to a Class of creditors consisting only of every unsecured claim that is less than or reduced to an amount as reasonable necessary for administrative convenience.</p>												
The Claim of Banco Popular de P.R. ("BPPR") secured by substantially all of Debtor's assets	Class 1	\$40,428,430.61	<p>Impaired.</p> <p>Estimated Recovery: 100%</p> <p>Debtor's obligations, to BPPR will be paid in full as follows:</p> <p>On or before the Effective Date, Debtor will surrender, as payment in kind to BPPR or will consent to the foreclosure by BPPR of the following properties, as more fully described in Exhibit A hereto, for the indicated value:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Realty</th> <th style="text-align: center;">*Value</th> </tr> </thead> <tbody> <tr> <td>Road P.R. #687 KM 3.0, Guarico Ward, P.R. (Motel Molino Azul)</td> <td style="text-align: right;">\$6,947,000.00</td> </tr> <tr> <td>Road P.R. 687, KM 0, Vega Baja, P.R. (Motel Molino Rojo)</td> <td style="text-align: right;">5,596,000.00</td> </tr> <tr> <td>Road P.R.#967, Las 3T, KM4.0, Rio Grande, P.R. (Motel Las Palmas)</td> <td style="text-align: right;">8,500,000.00</td> </tr> <tr> <td>Road P.R. #967, Las 3T, KM 0.7, Rio Grande, P.R. (Motel El Rio)</td> <td style="text-align: right;">6,666,000.00</td> </tr> <tr> <td>Road 149 KM 4, Guanabana Ward, Juana Díaz, P.R.(Motel El Eden)</td> <td style="text-align: right;">3,250,000.00</td> </tr> </tbody> </table>	Realty	*Value	Road P.R. #687 KM 3.0, Guarico Ward, P.R. (Motel Molino Azul)	\$6,947,000.00	Road P.R. 687, KM 0, Vega Baja, P.R. (Motel Molino Rojo)	5,596,000.00	Road P.R.#967, Las 3T, KM4.0, Rio Grande, P.R. (Motel Las Palmas)	8,500,000.00	Road P.R. #967, Las 3T, KM 0.7, Rio Grande, P.R. (Motel El Rio)	6,666,000.00	Road 149 KM 4, Guanabana Ward, Juana Díaz, P.R.(Motel El Eden)	3,250,000.00
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Road 149 KM 4, Guanabana Ward, Juana Díaz, P.R.(Motel El Eden)	3,250,000.00														

			<p>Parcel of Land located at Road PR-3, KM 26.5, Jimenez Ward, Rio Grande, P.R. 1,450,000.00</p> <p>Total value of the properties to be surrendered is \$32,409,000.00</p> <p>Debtor will retain the real property known as Motel Flor del Valle, located at Road P.R. #172, KM 7.5, Cidra, P.R. 00739 with a \$4,500,000.00 value.</p> <p>The balance of BPPR's Secured Claim for \$4,500,000.00 will be restructured as follows:</p> <ul style="list-style-type: none"> <li>a. Commencing on the thirtieth (30<sup>th</sup>) day of the month following the Effective Date of the Plan, and continuing on the thirtieth day of the subsequent months until December 2014, Debtor will make monthly payments to BPPR of \$26,966.00, including principal and interest at 5.25% per annum, with a balloon payment to BPPR estimated in \$4,324,282, on December 31, 2014.</li> <li>b. The remaining balance of BPPR's claim estimated in \$3,519,430.61 will be dealt with under Class 2 below, BPPR being entitled to vote, but not receiving any payments under such Class.</li> </ul> <p>* Last appraised values.</p>
<p>Holders of Allowed General Unsecured Claims, including the claim of Angel Vazquez Toro, and the deficiency claim of BPPR</p>	Class 2	\$4,648,024.29	<p>Impaired.</p> <p>Estimated Recovery: 1%</p> <p>Holders of Non-duplicative Allowed General Unsecured Claims, shall be paid an estimated dividend of 1% of their allowed claims, on the Effective Date of the Plan, from a \$50,000.00 carve out to be agreed with BPPR, for the payment of this Class. BPPR; deficiency claim included in this Class will be entitled to vote, but will not receive any dividends.</p>
<p>Interests in Debtor</p>	Class 3	N/A	<p>Unimpaired.</p> <p>Estimated Recovery: N/A</p> <p>The Holders of the Equity Interests in Debtor, Mr. Luis Jaime Meaux and Mrs. Marta I. Muñoz Melendez, will retain their shares unaltered.</p>

For a more detailed description of the treatment of the foregoing classes of Claims and the Interest in Debtor, 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 impaired claims or interests 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 the Disclosure Statement as Exhibits B1 and B2, to be returned to the following address:

Certenejas Incorporado, 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 \_\_\_\_\_, 2012, 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.

The Holder of the Interests in Debtor are unimpaired under the Plan, are deemed to have accepted the Plan and are not entitled to vote. Members of Classes 1 and 2 are impaired under the Plan and entitled to vote. 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 \_\_\_\_\_, at \_\_\_\_\_ M., or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Enrique S. Lamoutte, United States Bankruptcy Judge, in Courtroom 2, 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 whether it is in the best interests of holders of claims and of the interest in Debtor. 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) 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 C 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 CLAIM 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 of the Debtor

Certenejas is a corporation organized and authorized to conduct its business under the laws of Puerto Rico and is engaged in the rental of rooms on a short basis at its motels located at Cidra ("Hotel Flor Del Valle"), Río Grande, Puerto Rico ("Motel Las Palmas and Motel El Río") Vega Baja, Puerto Rico ("Molino Rojo and

Molino Azul”) and Juana Díaz, Puerto Rico (“Motel El Eden”). Certenejas’ principal offices are located at Hotel Flor Del Valle, Road 172, KM 7.5, Cidra, Puerto Rico 00739.

Luis Jaime Meaux Vázquez (“Meaux”) is Certenejas’ president and together with Mrs. Marta I. Muñiz Melendez Debtor’s shareholders of the Debtor, Mr. Meaux operates and manages the six (6) motels.

#### 4.2 Historical Overview and Events Preceding Debtor’s Chapter 11 Filing

Certenejas and its former affiliates, Rojoazul Hotel, Inc. (“Rojoazul”), Jonathan Corporation, Inc. (“Jonathan”), Silvernugget Development Corporation (“Silvernugget”) together with Meaux (collectively referred to as “Debtor’s Former Affiliates”), operated as a group of privately held corporations and businesses engaged in the short term rental of rooms. Due to the shortfall in revenues caused by the economic depression experienced in Puerto Rico, which also significantly affected Debtor’s operations, Debtor defaulted on its obligations with Westernbank Puerto Rico (“Westernbank”) during 2008.

As a result, on January 16, 2009, Westernbank commenced an action for collection of monies and foreclosure of mortgages against Debtor and its then affiliates in the Puerto Rico Court of First Instance, San Juan Section, Case No. KCD09-0151 (905) (the “Court of First Instance”) under a Consent Judgment, granted to Westernbank by Debtor, Rojoazul, Jonathan, Silvernugget, Luis J. Meaux Vazquez, his former wife Marta I. Muñiz Meléndez, and the conjugal partnership constituted by them at that time (“Meaux-Muñiz”).

On March 24, 2009 the Court of First Instance entered Judgment approving the terms of the Consent Judgment, authorizing Westernbank to foreclose on its collateral.

Thus, on October 2, 2009, Debtor and its former affiliates and Meaux-Muñiz filed voluntary petitions under Chapter 11, as follows: (i) Certenejas Incorporado, Case No. 09-08468 (BKT); (ii) Rojoazul Hotel, Inc., Case No. 09-08471 (BKT); Jonathan Corporation, Case No. 09-08472 (BKT); (iv) Silvernugget Case, No. 09-80473 (BKT); and (v) Meaux-Muñiz, Case No. 09-08474(BKT).

On November 4, 2009, Certenejas and the other corporations filed motions for the substantive consolidation of their Chapter 11 cases with Debtor as the surviving entity. After notice to creditors and parties in interest and several motions for extensions of time by Westernbank to respond to Debtor's motion for substantive consolidation, on January 7, 2010, after the expiration of the extensions without any opposition by Westernbank or any other creditor or party in interest, on March 15, 2010, the Bankruptcy Court granted the motions for substantive consolidation, with Certenejas as the surviving corporate entity. On April 30, 2010 Debtor and its former affiliates filed with the Department of State of Puerto Rico a Certificate of Merger, with Debtor as the surviving corporate entity, thus concluding the existence of the other corporations as separate legal entities.

On June 8, 2010 Debtor and Meaux-Muñiz filed a Joint Plan of Reorganization, which, as amended, was confirmed by the Bankruptcy Court on November 1, 2010.

The Final Decree and Order declaring the Plan to have been substantially consummated was entered on April 14, 2011.

Debtor's and Meaux-Muñiz' confirmed Plan was mostly predicated on the additional revenues expected to be generated, as projected from eleven (11) new rooms constructed during 2010 and 2011 at Motel Flor del Valle, which were expected to increase Debtor's revenues significantly. Additionally, based on

advertising programs implemented, Debtor estimated at that time, that its revenues from motel rooms and other activities would at least remain similar to those experienced during 2009 and the beginning of 2010. Based on such projections, the confirmed Plan provided for the payment of the Allowed Claims as indicated therein.

Notwithstanding said projections, Debtor's actual revenues generated from the new rooms have been minimum. Furthermore, due to the continued economic crisis in Puerto Rico, all other revenues from existing motel rooms and other activities decreased by almost 30%, especially after July 2011, , as compared to the revenues generated during 2010.

After the entry of the final decree and as a result of the continued deterioration of the local economy and its effects on Debtor's operations, as set forth above, Debtor failed to comply with the terms and conditions of its confirmed Plan. As such, BPPR, as Westernbank's successor in interest, renewed the request for the execution of the Consent Judgment with the Court of Instance on January 12, 2012. The Order and Writ for the execution of the Consent Judgment was entered by the Court of First Instance on March 16, 2012.

Therefore, 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 threats and actions which were causing Debtor and its managerial team to defensively operate, on April 11, 2012, Debtor filed its voluntary petition for relief pursuant to 11 U.S.C. Chapter 11 in the present case.

#### 4.3 Debtor's Post-Petition Endeavors

Since the filing of the Chapter 11 petition, Debtor has undertaken the following efforts geared to completing its reorganization for the benefit of its estate and its creditors.

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

Pursuant to the Stipulation for the Use of Cash Collateral and Adequate Protection jointly filed with BPPR, Debtor sought and obtained the Bankruptcy Court's approval for the use of BPPR's Cash Collateral and has continued its operations as a debtor in-possession, pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

### 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.

The Plan provides that only the holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, not unliquidated 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 only, based upon Debtor's Schedules and/or its belief as to amounts due to Holders of the various Claims. Debtor is including as Exhibit D hereto a Summary of Claims and Plan payments.

All objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Bar Date. If an objection has not been filed to a proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim.

Any objections to Claims against Debtor 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 days to respond thereto:

POC No.	Claimant	Total Amount Claimed	Reason for Objection	Status
1	Ecolab Manufacturing, Inc.	\$1,257.30	On April 24, 2012 Ecolab Manufacturing, Inc. ("Ecolab") filed Proof of Claim ("POC") No. 1 for \$1,257.30. Debtor paid this amount.	Objection to POC No. 1 was granted by the Court.

## 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. The Plan is being filed with the Bankruptcy Court simultaneously herewith. 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, secured and unsecured, 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 of each as of the Effective Date and their treatment, are set forth in the Plan and summarized in pages 6 and 7 above. 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 the regular course of business or as authorized by the Court, on or before the Effective Date.

#### 6.3 Professional Fee Claims

The professionals retained in Debtor's Chapter 11 cases have and will incur fees and expenses from the date of their appointment through the Effective Date of the Plan. It is impossible to predict the amount of 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 \$56,979.00 in fees and expenses to professionals of which \$30,000.00 was paid as a retainer to Charles A. Cuprill Law Offices ("Cuprill") and \$15,000.00 as a retainer to Luis R. Carrasquillo, CPA ("Carrasquillo"). Debtor has also paid Carrasquillo \$11,979.68 in fees and expenses, pursuant to its application for compensation, net

of his \$15,000.00 retainer, as authorized by the Court. Debtor estimates that additional Allowed Professionals Fee Claims will aggregate around \$84,000.00 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, secured and unsecured, consist of sales and use tax, room tax, personal property tax, real property taxes, employees' withholding taxes, real estate and other miscellaneous taxes accrued prior to the Petition Date.

The estimated potential Priority Tax Claims are listed in Exhibit E hereto.

At the sole election of Debtor, each Holder of a Priority Tax Claim against Debtor, secured or unsecured, not exceeding \$75,000.00 and those creditors holding Priority Tax Claims against Debtor exceeding that amount who voluntarily reduce their Claims to \$75,000.00, shall receive in full and final satisfaction of their Claims, Cash in an amount equal to their allowed Claims on the later of the Effective Date and the date the Allowed Priority Tax Claims become Allowed Claims. These payments are estimated in approximately \$321,693.83.

Holders of Allowed Priority Tax Claims exceeding \$75,000.00, shall be paid by Debtor either (i) upon such terms as may be agreed to with such Holders, (ii) on the later of the Effective Date or the date that such Allowed Priority Tax Claims would have been due if the Bankruptcy Cases had not been commenced, or (iii) in deferred equal consecutive monthly installments commencing on the 60th day after

the Effective Date and continuing on the last day of each month thereafter over a 48-month period, equal to the amount of such Allowed Priority Tax Claims, plus the statutory rate of interest prevailing during the month the Plan is confirmed, estimated at 4% per annum, provided that the payments to the holders of these Allowed Priority Tax Claims is effected in a manner not less favorable than the most favored non-priority unsecured claim provided for in the Plan, other than those payments made to a Class of creditors consisting only of every unsecured claim that is less than or reduced to an amount as reasonable necessary for administrative convenience. If all Priority Tax Claims exceeding \$75,000.00 are reduced to \$75,000.00, as indicated above, there will be no additional payments to Priority Tax Claims under the proposed extended plan indicated in this paragraph.

#### 6.5 Classes of Claims and Equity Interest

As of the Petition Date, Debtor had secured debt with BPPR and other non-priority unsecured debt, as more particularly described below and in pages 6 to 7 hereof. The Plan classifies the various claims against Debtor. A description of all classes of Claims and the Equity Interest, 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 Interest in Debtor set forth in the Plan are as follows:

Class 1 - consists of the Allowed Secured Claim of BPPR for \$40,428,430.61.

Class 2- consists of the Holders of Non-duplicative Allowed General Unsecured Claims, including the claim of Angel Vázquez Toro and the deficiency claim of BPPR.

Class 3 - consists of the Holders of the Equity Interests in Debtor.

6.6 Treatment of Claims

Class 1 Secured Claim of BPPR

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

(b) Treatment - Debtor’s obligations to BPPR will be paid in full, as follows:

On or before the Effective Date, Debtor will surrender, as payment in kind to BPPR or will consent to the foreclosure by BPPR of the following properties, as more fully described in Exhibit A to Debtor’s Disclosure Statement, for the indicated value:

Realty	Value
Road P.R. #687 KM 3.0, Guarico Ward, P.R. (Motel Molino Azul)	\$6,947,000.00
Road P.R. 687, KM 0, Vega Baja, P.R. (Motel Molino Rojo)	5,596,000.00
Road P.R.#967, Las 3T, KM4.0, Rio Grande, P.R. (Motel Las Palmas)	8,500,000.00
Road P.R. #967, Las 3T, KM 0.7, Rio Grande, P.R. (Motel El Rio)	6,666,000.00
Road 149 KM 4, Guanabana Ward, Juana Díaz, P.R. (Motel El Eden)	3,250,000.00
Parcel of Land located at Road PR-3, KM 26.5, Jimenez Ward, Rio Grande, P.R.	1,450,000.00

Total value of the properties to be surrendered is \$32,409,000.00.

Debtor will retain the real property known as Motel Flor del Valle, located at Road P.R. #172, KM 7.5, Cidra, P.R. 00739 with a value of \$4,500,000.00.

The balance of BPPR's Secured Claim for \$4,500,000.00 will be restructured as follows:

- a. Commencing on the thirtieth (30<sup>th</sup>) day of the month following the Effective Date of the Plan, and continuing on the thirtieth (30<sup>th</sup>) day of the subsequent months until December 2014, Debtor will make monthly payments to BPPR of \$26,966.00, including principal and interests at 5.25% per annum, with a balloon payment estimated in \$4,324,282, on December 31, 2014.
- b. The remaining balance of BPPR's claim estimated in \$3,519,430.61 will be dealt with under Class 2 below, BPPR being entitled to vote, but not receiving any payments under such Class.

Class 2 –Allowed General Unsecured Claims, including the claim of Angel Vazquez Toro and the deficiency claim of BPPR.

- (a) Impairment and Voting- Class 2 is impaired under the Plan. Holders of Allowed General Unsecured Claims against Debtor shall be entitled to vote to accept or reject the Plan.
- (b) Treatment- Holders of Non-duplicative Allowed General Unsecured Claims, including the claim of Angel Vazquez Toro and the deficiency claim of BPPR, shall be paid an estimated dividend of 1% of their allowed claims, as of the Effective Date of the Plan, from a \$50,000.00 carve out to be agreed with BPPR for the payment of this Class. BPPR's deficiency claim included in this Class will be entitled to vote, but will not receive any dividends.

Class 3 – Equity Interests

(a) Impairment and Voting- Class 3 is unimpaired under the Plan. The Holders of the Equity Interests in Debtor are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

(b) Treatment- Holders of the Equity Interests in Debtor, Mr. Luis Jaime Meaux and Mrs. Marta I. Muñoz Melendez, will retain their shares unaltered.

#### 6.7 Means for Implementation of the Plan

Except as otherwise provided in the Plan, all Administrative Expense Claims, Priority Tax Claims (Secured and Unsecured) of \$75,000 or less, and General Unsecured Claims will be paid on the Effective Date of the Plan with the available funds originating from Debtor's operations and from the \$50,000.00 carve out to be agreed to with BPPR. BPPR will be paid as indicated above.

#### 6.8 Certenejas' Post Confirmation Management

After confirmation of the Plan, Debtor will continue with its current management, consisting of its president, chairman of the board, director shareholder, Luis Jaime Meaux. His compensation package will consist of a yearly salary of \$120,000.00, the reimbursement of vehicle expenses, and the payment of a family health care plan. A reduction from his current salary of \$187,200.00 per year, will be effected for compliance with the debt service of BPPR's claim as restructured.

#### 6.9 Executory Contracts and Unexpired Leases

Any executory contract or unexpired lease (other than insurance policies) which (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed and assigned or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not the subject of a motion to assume or reject which is pending on the Confirmation Date, shall be

deemed rejected on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

If the rejection of such an executory contract or unexpired lease results in a claim for damages by the other party or parties to such contract or lease, any claim for such damages, if not evidenced already by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estates, or their properties or agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for Debtor on or before forty-five (45) days following the Confirmation Date. Debtor retains the right to object to any rejection damages claims filed in accordance with this Section.

## 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, Debtor would have to cease its commercial activities, and the Trustee will liquidate Debtor's assets pursuant to the provisions of the Bankruptcy Code, Debtor's employees will be dismissed and after attending to the immediate issues of securing Debtor's assets, the Chapter 7 Trustee will move to sell Debtor's assets, without the active participation of Debtor's employees and officers.

Debtor's compiled financial statements as of December 31, 2010 and Debtor's interim unaudited financial statements as of December 31, 2011, are attached hereto, respectively as Exhibits F and G. Debtor's Liquidation Analysis as of July 31, 2012, is attached as Exhibit H hereto.

Certain assumptions and estimates have been made with respect to, among other things, the claims against Debtor and the nature and extent of its assets. The assumptions were utilized to prepare the Liquidation Analysis and are part thereof.

The Liquidation Analysis has been prepared showing the liquidation of the Estate and reveals that in the event of a liquidation of Debtor's assets there would be a substantial loss to its Estate, taking into account the Chapter 7 costs of administration the expected value of the Estate's assets in a liquidation scenario, as well as that Debtor's assets are substantially encumbered by BPPR's mortgages and other liens..

Based on this analysis, under Chapter 11, BPPR will receive an estimated dividend of 47% , out of the proceeds of the liquidation of Debtor's assets after the payment of CRIM's and IRS' secured claims, leaving no funds for the payment of Chapter 7 and 11 Administrative Claims, Allowed Priority Tax Claims, and Allowed General Unsecured Claims.

The Plan provides for the full payment of Chapter 11 Administrative Expenses Claims as well as of Priority Secured and Unsecured Tax Claims. Furthermore, a dividend of approximately 1%, will be paid to the Holders of General Unsecured Claims, out of the carve-out agreed to with BPPR. Therefore, it is Debtor's opinion that the Plan complies with the Best Interest Test by providing a 1% dividend to Unsecured Claims versus no dividends in Chapter 7.

Confirmation of the Plan will not only assure that Holders of Allowed Priority Tax Claims, Allowed Secured Claims, and Allowed General Unsecured Claims, will receive a prompt and more significant dividend on their claims, but also that they will avoid the risks, costs and uncertainties related to a liquidation process, the lack



of familiarity by a Trustee with Debtor's affairs and operations and the removal of the persons who can best maximize Debtor's assets.

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 their control.

## 7.2 Feasibility of the Plan

### A. Financial Projections

Debtor, with the assistance of its financial advisor, Carrasquillo, have 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, and inherently subject to significant economic uncertainties and contingencies beyond its 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, but Debtor considers them to be reasonable and realistic.

The Projections have been prepared reflecting what creditors will be paid pursuant to the Plan, considering the continuance of Debtor's operations under the direction of Meaux. They are attached as Exhibit I to this Disclosure Statement. As Exhibit J hereto, Debtor is also including a summary of monthly operating reports filed with the Court since the filing date to July 2012.

### B. Funds and Assets Sufficient for Payments Under the Plan

As of the Petition Date, Debtor owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs. Debtor's monthly operating reports, its Schedules and Statement of Financial Affairs are

available for public inspection at the office of the Clerk of the Bankruptcy Court, during regular business hours. As Exhibit K hereto, Debtor is including copy of its monthly operating report filed with the Bankruptcy Court for the month ended July 31, 2012.

a) Real Property

According to Debtor's Schedules, Debtor is the owner in fee simple of the commercial properties listed above dedicated to the short term rental of rooms as motel facilities. Debtor has listed such real property in its Schedules. They had an estimated value of \$39,609,000.00 as of July 31, 2012.

b) Personal Property

Debtor's consolidated Schedules list Debtor as having personal property of an approximate value of \$1,123,818.59, consisting of cash, checking, and other financial accounts, motels licenses, security deposits, automobiles, motel equipment, furnishings, vehicles, and inventory. All of these assets serve as collateral for BPPR's secured claim in this case.

In the Liquidation Analysis presented as Exhibit H, hereto, Debtor has considered the estimated value of these assets as of July 31, 2012.

7.3 Pending Litigation and Other Liabilities

On the Petition Date, Debtor was a defendant in BPPR's execution of judgment action for collection of moneys and foreclosure of BPPR's mortgages on Debtor's realty, in the case styled Westernbank Puerto Rico v. Jonathan Corporation, Inc. et als, Civil Number KCD2009-0151(905), before the Court of First Instance. This case was stayed upon the filing of Debtor's Chapter 11 petition and has been settled under the stipulation between Debtor and BPPR, as set forth above.

#### 7.4 Leases and Contracts

As of the Petition Date, Debtor was a party to various executory contracts, as set forth in Schedule G to its Schedules, and in Exhibit L hereto.

### VIII. CHAPTER 11 PROCEEDINGS

#### 8.1 First Meeting of Creditors

The United States Trustee convened first meeting of creditors pursuant to Section 341 of the Bankruptcy Code on May 21, 2012. The Section 341 meeting was closed.

#### 8.2 Official Committees

No committees of unsecured creditors have been appointed by the U.S. Trustee in this case.

#### 8.3 Bar Date

On April 17, 2012, in the "Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines" in Debtor's case, the Bankruptcy Court fixed August 20, 2012, as the bar date for the filing of proofs of claims and interests (except for Governmental Units), and October 15, 2012, for such filings by Governmental Units.

#### 8.4 Determination of Claims

The Plan specifies procedures for estimating disputed claims and objecting thereto. Debtor and any other entity authorized under the Bankruptcy Code 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, with 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 Allowed Claims on Debtor's Schedules; (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 an Allowed Claim, shall not receive any distribution of cash or property under the Plan until they become Allowed Claims, and shall be disallowed and discharged if the Claims 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 the Cases, and the possible foreclosure by the Mortgage Holders, or (c) the proposal of an alternative plan.

##### A. Liquidation Under Chapter 7

If no plan can be confirmed, the Case may be converted to Chapter 7 of the Bankruptcy Code, and as indicated above, 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 H hereto, Debtor believes that conversion of the Case to Chapter 7 of the Bankruptcy Code would result in diminished distributions to all creditors due to increased costs of administration, the probable execution of the mortgages on Debtor's realty and the loss of any equity, additional decreased values of Debtor's assets, delay in distribution on account of such conversion, the unemployment of approximately

130 contracted employees, and the termination of Debtor's income resulting from its ongoing operations, since the licenses to operate the motels are in the name of Debtor's Shareholder, Luis Jaime Meaux, and are not available without his direct management and control of Debtor's operations.

Thus, Debtor believes that creditors other than BPPR would receive no distribution in Chapter 7.

**B. Dismissal of the Cases and/or Foreclosure by BPPR**

Dismissal of the Case would likely create substantial problems for all parties involved including, a run to the courthouse by BPPR, which most likely would result, in the disregard of the orderly and structured equitable payments provided by the Plan under the provisions of the Bankruptcy Code. Therefore, dismissal of the Case is not a viable alternative for creditors.

**C. Alternative Plan of Reorganization**

If the Plan is not confirmed, Debtor could attempt to formulate a different plan. Debtor believes, however, that the Plan described herein will provide the greatest and most expeditious return to creditors.

**X. TAX EFFECTS**

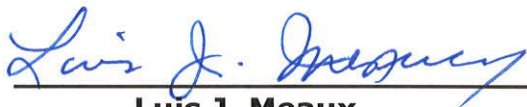
Based on Debtor's net operating carry loss forwards and other provisions of the Internal Revenue Code of Puerto Rico of 2011, Debtor expects that the implementation of the Plan will not have any tax effects.

## XI. CONCLUSION

Debtor believe that the Plan is fair and reasonable and in the best interest of the Estate and Creditors and offers the best possible recoveries for Creditors. Debtor therefore urges creditors to vote in favor of the Plan.

Dated: September 28, 2012.

### CERTENEJAS, INC.

By:   
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**Luis J. Meaux**  
**President**