

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

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| <p>IN RE:</p> <p>MANUEL MEDIAVILLA, INC.</p> <p>Debtor</p> | <p>CASE NO.: 13-02800 (MCF)</p> <p>CHAPTER 11</p> |
| <p>IN RE:</p> <p>MANUEL MEDIAVILLA MAYDIN G. MELENDEZ</p> <p>Debtors</p> | <p>CASE NO.: 13-02802 (MCF)</p> <p>CHAPTER 11</p> |

DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION

INTRODUCTION

After extensive litigation, the Debtors and PRLP reached an agreement for the treatment of PRLP's claims under Debtors Second Plan of Reorganization. Even though such agreement was signed on December 28, 2015 (The Agreement dated December 28, 2015), the same was not submitted for approval of the Court due to certain inconsistencies between the parties. Therefore, the Debtor moved forward for the approval of Debtors Second Amended Joint Plan of Reorganization filed on January 29, 2016.

Debtors' Second Amended Joint Plan of Reorganization was approved and confirmed on September 23, 2016. See Docket No. 507. On October 7, 2016, PRLP appealed the confirmation of the Second Amended Joint Plan of Reorganization to the Bankruptcy Appellate Panel ("BAP"). On June 16, 2017, the BAP vacated the confirmation order and found that the Agreement dated December 28, 2015, was a valid agreement among the parties under Puerto Rico law, and [...] under federal common law, but not enforceable until approval of the Bankruptcy Court. The BAP further remanded the case to the Bankruptcy Court for further proceedings consistent with the Opinion and Order, and the Judgement. The Debtors decided to abide by the Order of the BAP due to the high litigation costs and need for these Debtors to conclude these proceedings. Therefore, the Debtors are herein submitting the Agreement dated December 2015 for the approval of the Bankruptcy Court under the provisions of Fed. R. Bank. P. 9019, with certain clarifications as detailed below.

The Agreement dated December 2015, attached herein as **Exhibit 1**, provides the treatment to PRLP's claims Nos. 1 and 9, under Secured Class 4 and Unsecured Class 6 of Debtors' Plan of Reorganization, under Debtors' Third Amended Plan of Reorganization. Under the Agreement dated December 28, 2015, the treatment to PRLP under Secured Class 4 will be basically the transfer of Debtor Manuel Mediavilla Inc.'s Property No. 17,694 located in Humacao, Puerto Rico ("Property A") free and clear of liens and in full payment of any and all debt and Debtor Manuel

Mediavilla and Maydin Melendez will retain Property No. 11,471 located in Humacao, Puerto Rico (“Property B”), Property No. 5,531 located in Humacao, Puerto Rico (“Property C”), Property No. 3,311 located in Humaco, Puerto Rico (“Property D”) free and clear of any and all liens, including those from PRLP¹.

Pursuant to The Agreement dated December 28, 2015, under unsecured Class 6, PRLP will retain its claims for voting purposes only to guarantee approval and confirmation of the Third Amended Joint Plan of Reorganization, with no right to payment for its unsecured claims under Class 6, since all PRLP’s claims will be considered fully paid with the transfer of the Property A to PRLP under secured Class 4.

Considering that The Agreement dated December 28, 2015, was signed on December 2015, the Debtors submitted the Motion Submitting Stipulation for the Treatment of PRLP 2011 Holdings, LLC under Debtor’s Third Plan of Reorganization which updated and clarified the Agreement dated December 28, 2017 which is herein incorporated as Exhibit 2. Both documents constitute the “Settlement Agreement”.

Upon the approval of the Settlement Agreement and the other motions therein referenced, there is no obstacle for the confirmation of this Third Amended Joint Plan of Reorganization. In accordance to the terms and conditions of the Settlement Agreement the Debtors are herein amending the Plan in order to incorporate the terms and conditions of the Settlement Agreement.

All voting creditors, aside from PRLP, have previously voted in favor of the Plan. The Third Amended Plan of Reorganization does not adversely affect the rights of any other creditor or party in interest. The same has been drafted according to the terms and conditions of the Settlement Agreement attached hereto as Exhibits 1 and 2 and incorporated herein as if literally transcribed. According to the Settlement Agreement PRLP will submit its accepting vote under classes 4A, 4B, 6A and 6B of the Plan.

Furthermore, time is of the essence of the integrated transaction agreed between the parties. The Honorable Court ruled that the time to file objections is reduced to seven (7) days under the provisions of Fed. B. R. Bankr. P. 9006 and, furthermore, that if no timely objections are filed within that period of time, the confirmation of the Third Amended Plan of Reorganization will be entered without further notice or hearing. If objections are timely filed by the deadline set by the Court, the Court will hold a hearing.

ARTICLE I DEFINITIONS

For the purposes of this Plan of Reorganization, the following terms shall have the respective meanings set forth. A term used but not defined herein, which is also used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever

¹ Property B and D were grouped pursuant to Deed Number 66 executed on August 29, 2002, before Notary Public Luis E. Lopez Correa, filed for recordation at Entry 132 of the Book of Daily Entries 806 of the Registry of the Property of Puerto Rico, Section of Humacao. The Grouped parcel has an area of 816.3021 square meters.

from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words herein, hereof, hereto, hereunder and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of this Plan. The headings in the plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

1. **Administrative Creditor:** shall mean a person entitled to payment of an Administrative Expense Claim.
2. **Administrative Expense Claim:** shall mean any Claim constituting a cost or expense of administration of the Chapter 11 proceeding allowed under 11 U.S.C. Sec. 503(b) and 507(a)(1).
3. **Allowed Claim:** shall mean any Claim, proof of which was properly filed on or before the Bar Date set by the Bankruptcy Court, namely August 19, 2013 for all creditors except a governmental unit and October 21, 2013 for a governmental unit, or if no proof of claim has been so filed, any claim which has been or hereafter is listed by the Debtor in its Schedules (as they may be amended or supplemented from time to time in accordance with the Bankruptcy Rules) and is not listed as disputed, contingent or unliquidated and, in either case, a claim to which no objection to the allowance thereof has been interposed within the applicable period of limitation (if any) fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order. Unless otherwise provided for in this Plan, Allowed Claim shall not include interest, costs, fees, expenses or other charges on the principal amount of such Claim from and after the Petition Date.
4. **Allowed Secured Claim:** shall mean any Allowed Claim which is a Secured Claim and shall include in the amount thereof -- unless otherwise stated in this Plan - all interest accrued on or after the Petition Date, fees, costs, and charges as may be allowed.
5. **Bankruptcy Code or Code:** shall mean the provision of Title 11 of the United States Code, 11 U.S.C. Sections 1101 et seq., as amended from time to time.
6. **Bankruptcy Court or Court:** shall mean the United States Bankruptcy Court for the District of Puerto Rico, having jurisdiction over this Chapter 11 proceeding, or such other court as may be exercising jurisdiction over this Chapter 11 proceeding.
7. **Bankruptcy Rules or Rules:** shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as promulgated under 28 U.S.C. '2075, and any local rules of the Bankruptcy Court.
8. **Bar Date:** shall mean the deadline August 19, 2013 for all creditors except a governmental unit and October 21, 2013 for a governmental unit, after which any proof of claim filed will not have any effect on this Plan and will not entitle its holder to participate with other Claims in distributions under this Plan or to vote on the Plan.
9. **Cash:** shall mean lawful currency of the United States of America (including wire transfers, cashier's checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).
10. **Claim:** shall mean any right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy

is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

11. **Class:** shall mean a category of holders of Claims or Interests as those classes are designated in Article II of this Plan.
12. **Collateral:** shall mean any property or interest in property of the Estate subject to a lien to secure the payment or performance of a Claim, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.
13. **Confirmation Date:** shall mean the date the Confirmation Order in this Chapter 11 proceeding made in accordance with the provisions of 11 U.S.C. Section 1129 becomes a Final Order.
14. **Confirmation Order:** Shall mean the order of the Bankruptcy Court confirming the Plan pursuant to the provisions of the Bankruptcy Code.
15. **Consummation Date:** shall mean the date by which all of the conditions precedent to consummation as set forth in this Plan, shall have been met or waived.
16. **Cramdown:** shall mean the confirmation of the Plan under 11 U.S.C. '1129 (b).
17. **Creditor:** shall mean any Person who has a Claim against the Debtor which arose on or before the Petition Date or a Claim of any kind specified in 11 U.S.C. Sections 502(g), 503(h) or 502(I).
18. **Creditors' Committee:** shall mean the elected committee which represents the Creditors in a proceeding pursuant to 11 U.S.C. Section 705. No creditor=s committee has been appointed in this case.
19. **Critical Vendors:** shall mean those creditors which are critical for Debtor's operations and reorganization process, which were so declared by the Bankruptcy Court. No critical vendors are appointed in this case.
20. **Debtors:** shall mean, Manuel Mediavilla, Inc., Manuel Mediavilla and Maydin G. Meléndez.
21. **Disclosure Statement:** shall mean the Joint Disclosure Statement filed by the Debtor on November 20, 2013, with the Bankruptcy Court in this Chapter 11 Proceeding pursuant to 11 U.S.C. Section 1125, including, without limitation, all exhibits, schedules and supplements thereto, as approved by the Bankruptcy Court and notified to all Creditors and parties in interest, in accordance with the provisions of the Bankruptcy Code and Rules. This current document shall be considered as the Amended Disclosure Statement.
22. **Effective Date:** shall mean 30 days after the date the order confirming the plan becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan to all creditors except PRLP, whose payment will be made in accordance with the Settlement Agreement once the same is approved by the Court.
23. **Estate:** shall mean the Property owned by the Debtor which comprises the Chapter 11 estate of the Debtor in the above-captioned Chapter 11 proceeding pursuant to Section 541 of the Bankruptcy Code.
24. **Final Order:** shall mean an Order of the Bankruptcy Court (or other court of appropriate jurisdiction) which shall not have been reversed, stayed, modified or amended and the time to appeal from or to seek review or rehearing of such order shall have expired, and as to which no appeal or petition for review or rehearing or certiorari proceeding is pending, as a result of which such Order shall have become final in accordance with Rule 8002 of the Rules of Bankruptcy Procedure, as such Rule may be amended from time to time; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

25. **Lien:** shall mean a mortgage, pledge, judgment lien, security interest, charging order, or other charge or encumbrance on Property as is effective under applicable law as of the Petition Date.
26. **Liquidation Analysis:** shall mean the analysis of the assets and liabilities of the Debtor, in order to determine the Liquidation Value of the Debtor's Property.
27. **Liquidation Value:** shall mean the value which any item of the Debtor's property could be expected to bring at Liquidation.
28. **Person:** shall mean any individual, corporation, partnership, association, Joint Stock Company, trust, unincorporated organization, government or any political subdivision thereof, or other entity.
29. **Petition Date:** shall mean April 11, 2013, the date on which the instant Chapter 11 proceeding was commenced by the Debtor's filing of its Voluntary Petition.
30. **Plan:** shall mean this Third Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices and schedules hereto and thereto, either in their present form or as the same may be altered, amended or modified from time to time.
31. **Priority Claim:** shall mean any Allowed Claim, other than an Administrative Expense Claim or Priority Tax Claim, to the extent entitled to priority in payment under 11 U.S.C. Section 507(a).
32. **Priority Creditor:** shall mean any Creditor which is the holder of a Priority Claim.
33. **Priority Tax Claim:** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(8).
34. **Priority Wage Claim:** shall mean any Allowed Claim of any Person who is entitled to a priority in payment under 11 U.S.C. Section 507(a)(3).
35. **Property:** shall mean the property of the Estate which shall be administered by the Debtor.
36. **Pro Rata:** shall mean in the same proportion that a Claim or Interest in a given Class bears to the aggregate amount of all Claims (including disputed Claim until allowed or disallowed) or the aggregate number of all Interests in such Class.
37. **Schedules:** shall mean the schedules of assets and liabilities, the list of holders of interests and the statement of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007; as such schedules, lists and statements have been or may be supplemented or amended from time to time.
38. **Section 1111 (b) Election:** shall mean the election made by a secured creditor in order to have its undersecured claim treated as a fully secured claim under the provisions of Section 1111 (b) of the Bankruptcy Code.
39. **Secured Claim:** shall mean a Claim, the holder of which is vested with a perfected, non-voidable Lien on Property in which the Debtor has an interest, which Lien is valid, perfected, and enforceable under applicable law and not subject to avoidance under the Code or other applicable non-bankruptcy law, and is duly established in this case, to the extent of the value of such holder's interest in the Debtor's interest in such Property, as determined in accordance with 11 U.S.C. Section 506.
40. **Secured Creditor:** shall mean a Creditor who has a Secured Claim.
41. **Settlement Agreement:** shall mean the Agreement dated December 28, 2017 as updated by the Motion Submitting Settlement Agreement for the Treatment of PRLP 2011 Holdings, LLC Under Debtors' Third Plan of Reorganization included herein as Exhibits 1 and 2.
42. **Substantial Consummation:** of this Plan shall mean the commencement of any of the events provided for in 11 U.S.C. Sec. 1101.

43. **Trustee:** shall mean the Debtor-in-Possession.
44. **Voluntary Petition:** shall mean the voluntary petition for relief filed by Debtors on the Petition Date.

**ARTICLE II
SUMMARY OF THE PLAN
CLASSIFICATION AND TREATMENT OF CLAIMS**

A. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The Plan divides the creditors into Seven (7) classes with their respective sub-classes in accordance with the provisions of 11 U.S.C. 1122 and 1123. Creditors and other parties in interest are urged to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtors and any other party involved. The classes of creditors are as follow:

CLASS 1 ALLOWED ADMINISTRATIVE EXPENSES

This class shall consist of Allowed Administrative Expense Claims, as provided under Section 503 of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtors' counsel, accountant and any other professionals retained by the Debtors, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, any unpaid taxes or fees accrued since petition date and court costs accrued since the petition date. The total debt under this class for both Debtors is estimated at least \$32,325.00.

CLASS 2: DORAL:

This class shall consist of the allowed secured claim of Doral Bank in the individuals' case. This claim is only asserted in the individuals' case. The Debtors (individuals) listed Doral as a secured creditor in their Schedules holding a first mortgage over their residence located at Urb. Garden Hills Estate, Guaynabo. Doral Bank thereafter filed secured claim #8 in the amount of \$339,819.78.

CLASS 3: CRIM:

A. Manuel Mediavilla, Inc.:

This class shall consist of CRIM's allowed secured claim. Manuel Mediavilla, Inc. listed CRIM as secured creditor in Schedule D in the unliquidated and disputed amount of \$14,654.72. Thereafter, CRIM filed a secured claim #4 in the amount of \$14,185.65 claiming a secured portion of \$13,539.97. The Court entered an order allowing CRIM's secured claim in the amount of \$13,539.97.

B. Manuel Mediavilla and Maydin Meléndez:

This class shall consist of CRIM's allowed secured claim. The individual Debtors did not

include CRIM as a secured creditor in their Schedules. CRIM filed secured claim #11 in the individuals' case in the amount of \$745.52.

CLASS 4 PRLP:

A. Manuel Mediavilla, Inc.:

This class shall consist of PRLP's allowed Claim No. 1 in the secured amount of \$2,110,000.00 as to Manuel Mediavilla, Inc.

PRLP filed Claim No. 1, as amended, in the Corporate Case in the total amount of \$2,701,810.56 with a secured portion of \$2,110,000.00. Pursuant to the Settlement Agreement entered into between Debtors and PRLP, PRLP's Claim No. 1, as amended, is allowed. PRLP has received adequate protection payments from Debtor that have been applied to principal and, therefore, the amount owed is approximately \$1,815,251.43.

PRLP's Claim No. 1 is secured by the following real estate properties:

- a. Property No. 17,694 located in Humacao, Puerto Rico ("Property A"),
- b. Property No. 11,471 located in Humacao, Puerto Rico ("Property B"), and
- c. Property No. 5,531 located in Humacao, Puerto Rico ("Property C")

B. Manuel Mediavilla and Maydin Meléndez:

This class shall consist of PRLP's allowed Claim No. 9 in the secured amount of \$400,000.00 as to the Individual Debtors.

PRLP filed Claim No. 9, as amended, in the Individuals Case in the total amount of \$2,701,810.56 with a secured portion of \$400,000.00. Pursuant to the Settlement Agreement entered into between Debtors and PRLP, PRLP's Claim No. 9, as amended, is allowed. PRLP has received adequate protection payments from Debtor that have been applied to principal and, therefore, the amount owed as of this date is approximately \$1,815,251.43.

PRLP's Claim No. 9 is secured by Property No. 3,311 located in Humacao, Puerto Rico ("Property D").²

CLASS 5 UNSECURED CLAIMS GOVERNMENTAL UNITS:

This class consists of the general unsecured portion of the allowed claims owed to governmental units by the corporate Debtor. The corporation did not list any general unsecured creditor. Thereafter, proofs of claim have been filed in the corporate case by several governmental units which have an unsecured portion. These are as follows:

² Properties A, B, C are properties of the Corporate Debtor. Property D is property of the Individuals. Property D is the result of properties that were grouped, i.e., property number 3311 and property 11,471. This Property D should be referred to as one property of 806.3021 square meters formed by the grouping of the aforesaid properties.

- a. Department of Treasury filed claim #2 in the total amount of \$5,151.97 with a general unsecured component of \$1,184.65.
- b. Department of Treasury filed claim #3 in the total amount of \$31,071.12 with a general unsecured claim of \$9,026.97.
- c. CRIM filed claim #4 in the total amount of \$14,185.65 with a general unsecured claim of \$645.68 which was disallowed by the Court.

The Individual Debtors do not have any general unsecured claims of governmental entities. These governmental unsecured claims are distinct in nature from the other general unsecured claims. They were also classified separately also because the individuals do not have any governmental unsecured claims.

The Debtors submit that they have the ability to classify separately claims and creditors which are dissimilar in nature. The Bankruptcy Code does not impede such classification and much less does this constitute the alleged gerrymandering claimed by PRLP. Section 1122(a) of the Bankruptcy Code precisely prohibits classification of dissimilar claims or interests in the same class. In re: Save Our Springs Alliance, Inc., 632 F. 3d 168 (5th Cir. 2011) Furthermore, Section 1122 does not prohibit that separate classes be created for similar claims or interests. In this case there is a legitimate business justification in order for Debtor to classify the governmental unsecured claims from the other general unsecured claims. These are corporate debts owed to governmental entities on account of its taxing liability. They are not claims owed to trade creditors or financial institutions.

Furthermore, due to the fact that the individuals are not liable on account of these claims, Debtors submit that their separate classification is proper.

CLASS 6 GENERAL UNSECURED CREDITORS:

A. Manuel Mediavilla, Inc.:

This class shall consist of all other general unsecured creditors of the corporate Debtor. The same includes the unsecured deficiency claim of PRLP that pursuant to allowed Claim No. 1, as amended, is \$591,810.56. Nevertheless, the Settlement Agreement provides that PRLP's unsecured deficiency claim is entitled to vote in the amount of \$566,842.48.

B. Manuel Mediavilla and Maydin Meléndez:

This class shall consist of all other general unsecured creditors of the individual Debtors including those obligations incurred by Mr. Mediavilla and Ms. Meléndez in order to remodel the corporate real estate. This class includes the general unsecured creditors listed in the Schedules, those who filed a proof of claim, as well as the unsecured deficiency claim of PRLP. After reconciling these amounts and claims, the total liability under this class is \$2,396,437.50. This amount includes the deficiency claimed by PRLP that pursuant to Claim No. 9, as amended, is \$2,301,810.56. Nevertheless, the Settlement Agreement provides that PRLP's unsecured deficiency claim is entitled to vote in the amount of \$566,842.48.

CLASS 7 EQUITY SECURITY HOLDERS AND/OR OTHER INTEREST HOLDERS:

This class solely includes all equity security and interest holders which are the owners of the stock of Manuel Mediavilla, Inc.

B. TREATMENT TO CLASSES

CLASS 1 ALLOWED ADMINISTRATIVE EXPENSES

This class shall consist of Allowed Administrative Expense Claims, as provided under Section 503 of the Code, including, but not limited to, fees to the United States Trustee, fees and expenses of the Debtors' counsel, accountant and any other professionals retained by the Debtors, as may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing in accordance with the Bankruptcy Code and Rules, any unpaid taxes or fees accrued since petition date and court costs accrued since the petition date. The total debt under this class for both Debtors is estimated at least \$32,325.00.

This class will be paid on the Effective Date or as per agreement between the parties. **This class is not impaired.**

CLASS 2: DORAL:

This class shall consist of the allowed secured claim of Doral Bank in the individuals' case. This claim is only asserted in the individuals' case. The Debtors (individuals) listed Doral as a secured creditor in their Schedules holding a first mortgage over their residence located at Urb. Garden Hills Estate, Guaynabo. Doral Bank thereafter filed secured claim #8 in the amount of \$339,819.78.

The individual Debtors will continue to pay this class pursuant to the original terms and conditions of the loan. **This class is not impaired.**

CLASS 3: CRIM:

A. Manuel Mediavilla, Inc.:

This class shall consist of CRIM's allowed secured claim. Manuel Mediavilla, Inc. listed CRIM as secured creditor in Schedule D in the unliquidated and disputed amount of \$14,654.72. Thereafter CRIM filed a secured claim #4 in the amount of \$14,185.65 claiming a secured portion of \$13,539.97.

The Debtor will pay in full any amounts owed on account of CRIM's allowed secured claims. Payment of the secured claim over Property A shall be made on or before the transfer of Property A to PRLP from the rent proceeds for the month of October 2017. Payment of any allowed secured claim over Property B and C shall be made in 36 equal monthly installments including interest at the prime rate. **This class is impaired.**

B. Manuel Mediavilla and Maydin Meléndez:

This class shall consist of CRIM's allowed secured claim. The individual Debtors did not include CRIM as a secured creditor in their Schedules. CRIM filed secured claim #11 in the individuals' case in the amount of \$745.52.

The Debtors will pay in full any amounts owed on account of CRIM's allowed secured claims in 36 equal monthly installments including interest at the prime rate. **This class is impaired.**

CLASS 4 PRLP:

A. This class shall consist of PRLP's allowed Claim No. 1 in the secured amount of \$2,110,000.00 as to Manuel Mediavilla, Inc.

PRLP filed Claims No. 1, as amended, in the Corporate Case in the total amount of \$2,701,810.56 with a secured portion of \$2,110,000.00. Pursuant to the Settlement Agreement entered into between Debtors and PRLP, PRLP's Claim No. 1, as amended, is allowed.

PRLP's Claim No. 1 is secured by the following real estate properties:

- A. Property No. 17,694 located in Humacao, Puerto Rico ("Property A"),
- B. Property No. 11,471 located in Humacao, Puerto Rico ("Property B"), and
- C. Property No. 5,531 located in Humacao, Puerto Rico ("Property C")

The allowed Claim No. 1, as amended, is being treated pursuant to the terms and conditions of the Settlement Agreement attached hereto as Exhibits 1 and 2. Debtors note that as of the filing of this Plan, PRLP's Claim No. 1 has been reduced through adequate protection payments received from Debtors and the current total balance of the claim is approximately \$1,815,251.43. The Settlement Agreement provides, in summary, the following:

Subject to the terms and conditions of the Settlement Agreement, Property A shall be transferred in to PRLP, or its designee, free and clear of the liens, claims, interests and encumbrances detailed in the *Motion for Transfer of Property pursuant to Sections 1146(a), 1141, 1123(a)(5) and 363(f) of the Bankruptcy Code and Request to Reduce Objection Period under FRBP 9006(c)* (the "Transfer Motion"), and pursuant to Sections 363, 1123, 1141, and 1146 of the Bankruptcy Code. Property A will be transferred to PRLP, or its designee, for a value of \$1,600,000.00. The transfer of Property A shall constitute full payment of Claim No. 1 and Claim No. 9, including any unsecured portion, subject to the terms and conditions of the Settlement Agreement.

Properties B, C and D shall be retained by the Debtors. Pursuant to the terms of the Settlement Agreement, on the 91st day after the Transfer of Property A, PRLP, or its designee, shall unconditionally deliver to Debtors the mortgage notes encumbering Properties B, C and D as detailed in Exhibit 5 to the Agreement dated December 28, 2015, duly endorsed for cancellation purposes only, pursuant to the terms of the Settlement Agreement, without recourse,

representations or warranties of any kind. At that time the Debtors shall be able to cancel the liens encumbering Properties B, C and D.

As of this date, the Debtors continue making monthly payments under the Confirmed Plan and have reduced the total amounts owed to PRLP for Claims No. 1 and Claim No. 9 to \$1,815,251.43 approx. Agreement at Page 2 of 18, ¶1.

The Debtors, upon the entry of final order approving The Settlement Agreement, will make adequate protection payments to PRLP corresponding to the months of August, September, October, November, 2017 and forward until the Transfer Date, from the insurance proceeds, as follows:

1. \$15,000.00 corresponding to the month of August 2017
2. \$15,000.00 corresponding to the month of September 2017
3. \$6,225.00 corresponding to the month of October 2017, less any other expense incurred and not covered by the insurance claim subject to the approval of PRLP.
4. \$16,622.00 corresponding to the month of November 2017 and until the transfer date.³ The payment to the U.S. Trustee will be deducted only on quarterly basis.

Any and all insurance payments corresponding to claims for the period previous to the transfer date of Property A, will be property of the Debtors. These funds will first be used to pay PRLP any amounts owed related to the adequate assurance payments for August, September, October, November and forward. If the insurance proceeds are insufficient to make the foregoing adequate protection payments, the balance will be paid by the Debtors. Other net amounts from the insurance claim proceeds, if any, will be retained by Debtors.

Pursuant to The Agreement dated December 28, 2015, under unsecured Class 6, PRLP will retain its claims for voting purposes only to guarantee approval and confirmation of the Third Amended Joint Plan of Reorganization, with no right to payment for its unsecured claims under Class 6, since all PRLP's claims will be considered fully paid with the transfer of the Property A to PRLP under secured Class 4. PRLP's claims in Classes 6A and 6B shall be treated pursuant to the terms of the Settlement Agreement and shall be established for voting purposes in the following amounts: (i) as to the Corporate Debtor, \$566,842.48, and (ii) as to the Individual Debtors, \$566,842.48. PRLP, or its designee, will cast a favorable vote as an unsecured claimant under the corresponding classes, upon the filing of the Third Amended Joint Plan of Reorganization.

PRLP accepts that the terms of the Settlement Transaction shall constitute fair and equitable treatment of Claim No. 1 and Claim No. 9, as well as any unsecured portion, subject to the terms and conditions of the Settlement Agreement. Debtors and PRLP agree that for a period of 91 days after the Transfer of Property A, (i) the Debtors shall not file any bankruptcy petition or move to convert the Bankruptcy Cases to Chapter 7; (ii) all of PRLP's, or its designee's, liens over Properties B, C and D will be maintained and preserved, (iii) Debtors shall not execute or file deeds to cancel liens over Properties B, C and D; and (iv) the Corporate Debtor shall not receive a discharge of PRLP's Allowed Claims. The parties further agree that the Individual Debtors shall

³ The parties have previously agreed that the Debtor will discount the amount of \$1,753.00 for regular operating expenses and the amount of \$1,625.00 for the payment of the US Trustee fees on a quarterly basis.

receive a discharge pursuant to Section 1141(d)(5) of the Bankruptcy Code, subject to confirmation of the Plan. All terms and conditions of the Settlement Agreement included as Exhibits 1 and 2 of the Plan are herein incorporated as if literally transcribed. **This class is impaired.**

B. Manuel Mediavilla and Maydin Melendez

This class shall consist of PRLP's allowed Claim No. 9 in the secured amount of \$400,000.00 as to the Individual Debtors.

PRLP filed Claim No. 9, as amended, in the Individuals Case in the total amount of \$2,701,810.56 with a secured portion of \$400,000.00. Pursuant to the Settlement Agreement entered into between Debtors and PRLP, PRLP's Claim No. 9, as amended, is allowed. PRLP has received adequate protection payments from Debtor that have been applied to principal and, therefore, the amount owed as of this date is approximately \$1,815,251.43.

PRLP's Claim No. 9 is secured by Property No. 3,311 located in Humacao, Puerto Rico ("Property D").⁴

The allowed Claim No. 9, as amended, is being treated pursuant to the terms and conditions of the Settlement Agreement attached hereto as Exhibits 1 and 2. Property A will be transferred to PRLP, or its designee, for a value of \$1,600,000.00. As stated above, the transfer of Property A shall constitute full payment of Claim No. 1 and Claim No. 9, including any unsecured portion, subject to the terms and conditions of the Settlement Agreement.

Properties B, C and D shall be retained by the Debtors. Pursuant to the terms of the Settlement Agreement, PRLP, shall on the 91st day after the Transfer of Property A, deliver to Debtors the mortgage notes encumbering Properties B, C and D as detailed in Exhibit 5 to the Agreement dated December 28, 2015, duly endorsed for cancellation purposes only, without recourse, representations or warranties of any kind. At that time the Debtors shall be able to cancel the liens encumbering Properties B, C and D. All terms and conditions of the Settlement Agreement as provided in Exhibits 1 and 2 are herein incorporated as if literally transcribed. **This class is impaired.**

CLASS 5 UNSECURED CLAIMS GOVERNMENTAL UNITS

This class consists of the general unsecured portion of the allowed claims owed to governmental units by the corporate Debtor. The corporation did not list any general unsecured creditor. Thereafter, proof of claims have been filed in the corporate case by several governmental units which have an unsecured portion. These are as follows:

- a. Department of Treasury filed claim #2 in the total amount of \$5,151.97 with a general unsecured component of \$1,184.65, later amended to zero (\$0.00).

⁴ Properties A, B, C are properties of the Corporate Debtor. Property D is property of the Individuals. Property D is the result of properties that were grouped, i.e., property number 3311 and property 11,471. This Property D should be referred to as one property of 806.3021 square meters formed by the grouping of the aforesaid properties.

- b. Department of Treasury filed claim #3 in the total amount of \$31,071.12 with a general unsecured claim of \$9,026.97.
- c. CRIM filed claim #4 in the total amount of \$14,185.65 with a general unsecured claim of \$645.68. The same was disallowed.

The Debtors submit that they have the ability to classify separately claims and creditors which are dissimilar in nature. The Bankruptcy Code does not impede such classification and much less does this constitute the alleged gerrymandering claimed by PRLP. Section 1122(a) of the Bankruptcy Code precisely prohibits classification of dissimilar claims or interests in the same class. In re: Save Our Springs Alliance, Inc., 632 F. 3d 168 (5th Cir. 2011) Furthermore, Section 1122 does not prohibit that separate classes be created for similar claims or interests. In this case there is a legitimate business justification in order for Debtor to classify the governmental unsecured claims from the other general unsecured claims. These are corporate debts owed to governmental entities on account of its taxing liability. They are not claims owed to trade creditors or financial institutions.

Furthermore, due to the fact that the individuals are not liable on account of these claims, Debtors submit that their separate classification is proper

The Debtors will pay 5% of all allowed general unsecured claims under this class in 60 months from the effective date. **This class is impaired.**

CLASS 6 GENERAL UNSECURED CREDITORS:

A. Manuel Mediavilla, Inc.:

This class shall consist of all other general unsecured creditors of the corporate Debtor. This class includes the allowed unsecured claim of PRLP. As provided for in Classes 4A and 4B, even when PRLP is agreeing that pursuant to the Settlement Agreement it shall receive the Transfer Payment in full satisfaction of its Allowed Claims, PRLP, or its designee, shall continue to hold an unsecured claim in Class 6A in the amount in the amount of \$566,842.48 for voting purposes.

Pursuant to the Settlement Agreement executed by the Debtor and PRLP, PRLP as Class 6A claimholder shall retain its right to vote under the Plan, but will not receive any distribution under this Class in addition to the benefits arising from the Settlement Agreement **This class is impaired.**

B. Manuel Mediavilla and Maydin Meléndez:

This class shall consist of all general unsecured creditors of the individual Debtors including those obligations incurred by Mr. Mediavilla and Ms. Meléndez in order to update and maintain the collateral of the secured creditor PRLP. This class includes the general unsecured creditors listed in the Schedules, those who filed a proof of claim, as well as the unsecured deficiency claim of PRLP. After reconciling these amounts and claims, and accounting for post-petition adequate protection payments received in both cases by PRLP as a secured creditor, the total liability under this class is \$2,396,437.50.

This class includes the allowed unsecured claim of PRLP in the amount of \$2,301,810.56. As provided for in Classes 4A and 4B, even when PRLP is agreeing that pursuant to the Settlement Agreement it shall receive the Transfer Payment in full satisfaction of its Allowed Claims, PRLP, or its designee, shall continue to hold an unsecured claim in Class 6B in the amount of \$566,842.48 for voting purposes. This amount was agreed upon by the parties in the Settlement Agreement.

Pursuant to the Settlement Agreement executed by the Debtor and PRLP, PRLP as Class 6B claimholder shall retain its right to vote under the Plan and will cast a favorable vote. PRLP will not receive any distribution under this Class in addition to the benefits arising from the Settlement Agreement.

The Debtor will pay 5% of all allowed general unsecured claims, other than PRLP, under this Class in 60 months from the Effective Date. **This class is impaired.**

CLASS 7 EQUITY SECURITY HOLDERS AND/OR OTHER INTEREST HOLDERS

This class solely includes all equity security and interest holders which are the owners of the stock of Manuel Mediavilla, Inc. This class will not receive payments under the plan and is not entitled to vote.

ALL CREDITORS ARE TO REVIEW THE PAYMENT SCHEDULE UNDER THE PLAN INCLUDED AS **EXHIBIT 3**.

ARTICLE III IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS

As provided by 11 U.S.C. §1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the Plan:

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- (2) Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
 - (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
 - (B) reinstates the maturity of such claim or interest as such maturity existed before such default;

- (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
- (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

ARTICLE IV PAYMENT TO PRIORITIES UNDER SECTION 507 (a)(8) OF THE CODE

The Debtors did not include unsecured priority claims in its Schedules. After the petition was filed the following priority claims were filed in the Corporate Case:

- a. Department of Treasury filed claim #2 in the total amount of \$5,151.97 with a priority of \$3,967.32 and a general unsecured component of \$1,184.65, later amended to zero (\$0.00).
- b. Department of Treasury filed claim #3 in the total amount of \$31,071.12 with a priority portion of \$22,044.15 and a general unsecured claim of \$9,026.97.

All unsecured priority governmental claims pursuant to Section 507(a)(8) of the Code, as the same are allowed, approved and ordered to be paid by the Court, will receive in full payment of their Allowed Claim and/or an agreed amount pursuant to Section 507(a)(8) of the Code. Payments will be made in 60 monthly installments from the effective date. Funds to pay will be obtained from the income of the individual Debtors and the proceeds of the sale of any unencumbered assets not necessary for the reorganization, including but not limited to the adjacent lot of land. The unsecured priority governmental creditors will receive the amount listed on Exhibit 1, subject to the outcome of the objection to any of the claims filed. Payment will commence on the Effective Date. See Payment Plan, **Exhibit 3**.

ARTICLE V LEASES AND EXECUTORY CONTRACT

Debtors, as of petition date had several unexpired leases for the tenants to the commercial properties as listed in Schedule G. The Debtors herein assume all of these leases. Furthermore, the leases subject to Property A and detailed in Exhibit 2 to the Agreement dated December 28, 2015 (Exhibit 1 hereto), which is to be transferred to PRLP, or its designee, pursuant to the terms and conditions of the Settlement Agreement and the confirmation of this Plan, shall be assigned to PRLP, or its designee, concurrently with the transfer of Property A as set forth in the Settlement Agreement. The assignment of the leases to PRLP, or its designee, is subject to the terms and conditions of the Settlement Agreement attached hereto as Exhibits 1 and 2.

The Debtors represent that the extension of the Lease Agreement with CRIM has already been signed. Nevertheless, in order for CRIM to change the name of the Landlord, the Parties will continue to be obligated to register the Lease Agreement at the corresponding Registry of Property. Agreement dated December 28, 2015 at Page 4 of 18, ¶5(g)

Assumption of Designated Executory Contracts and Unexpired leases. Pursuant to Sections 1123(b)(2) and 365(a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumption and the assignment of each executory contract or unexpired lease to which the Debtor is a party including but not limited to those for which a motion to assume is pending at the time of the Confirmation Date.

Unless otherwise provided in a pending motion to assume, on or before the Transfer Payment is completed pursuant to the Settlement Agreement with respect to Property A, and with respect to all other properties retained by the Debtors, as of the Effective Date or as promptly as possible thereafter the Debtors shall cure any defaults under such assumed executory contracts or unexpired leases to the extent required by Section 365 of the Bankruptcy Code. In addition, to the extent the Debtors have rights of setoff against any of the parties to these leases and contracts, the Debtors reserve the right to cure any defaults under such leases and contracts by exercising this right of setoff.

ARTICLE VI PROOF OF CLAIMS NOT FILED

The Plan provides that where a proof of claim has not been filed, the Allowed Claim shall be in the amount appearing in the Schedules filed by the Debtors, provided however, that the scheduled amount is not shown as un-liquidated, contingent or disputed, in which case no amount will be allowed unless the Debtors have notified such creditors and such creditor has filed a timely proof of claim. To the extent no debt was listed by a debtor in its Schedules, no amount will be provided for claimants who have not filed a proof of claim.

ARTICLE VII OBJECTIONS TO CLAIMS

The Debtors, at the option of the Debtors or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within 30 days prior or after the Confirmation Hearing. If an objection is made, payment to such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claims belongs.

ARTICLE VIII CONDITIONS PRECEDENT TO CONSUMMATION

Before consummation of the Plan takes place, the Confirmation Order shall have become a final order. In the event the conditions stated in the Plan are not satisfied, this Plan shall be null and void and the rights of all holders of claims and interests, and of the Debtors, shall be restored as of the date immediately preceding the Confirmation Date.

ARTICLE IX NON ACCEPTANCE OF THE PLAN (Cramdown)

If all applicable requirements of 11 U.S.C. § 1129(a), other than subsection (a)(8), are met with respect of to the Plan, the Debtors hereby request that the Court confirm this Plan notwithstanding the requirements of said section, if it does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted this Plan.

ARTICLE X
MEANS OF EXECUTION OF THE PLAN
and
MANAGEMENT OF DEBTOR

On the Effective Date of the Plan, the distribution, administration and management of corporation's affairs, collection of moneys, sale or transfer of properties and distribution to creditors, unless otherwise provided herein, will be under the control and supervision of the current officers, who will assume the same roles they have assumed throughout this reorganization process under the confirmed plan. Mr. Manuel Mediavilla and Ms. Maydin Meléndez will receive the income from the rents of all of the commercial properties, except Property A (which shall be transferred to PRLP, or its designee, as provided in the Settlement Agreement), the allowance of the use of the Lexus 1999 vehicle property of the corporation, plus gas and vehicle expenses. As stated above, Property A is to be transferred to PRLP, or its designee, and the leases subject of such property shall be assigned upon the entry of the order on confirmation of the Plan. With the rental income from Properties B, C, D and the Social Security benefits received by Mr. Mediavilla, the Debtors will pay their living expenses, including the payment of their residential mortgage to Doral under Class 2. Also the Debtors will use any and all proceeds to be received from the insurance claims made on account of the damages suffered after Hurricane Maria to make the adequate protection payments specified above and make payments to any other creditors under the plan. The Mediavillas will cut additional expenses as necessary to fund the plan.

Payment in full of PRLP's Claims No. 1 and 9 will be made in accordance to the terms and conditions of the Settlement Agreement (Exhibit 1 hereto). Other means of funding the plan will be from the proceeds from the sale of a lot of land currently unencumbered (Lot of land with an area of 454.50 square meters located at Lot #22, Urb. El Recreo, Tejas Ward, Humacao). The sale of this lot is expected to occur on or before 60 months from the Effective Date. In the event the lot is sold prior to the 60 month period, the Debtors will accelerate payment to the unsecured and priority creditors.

Please refer to the assumptions and projections that are included in Exhibit 3 of the Plan.

ARTICLE XI
PROVISIONS FOR THE MODIFICATION OF THE PLAN

The Debtors may propose amendments or modifications of the Plan at any time prior to its confirmation, upon notice to creditors and parties in interests. After confirmation of the Plan, the Debtors may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manners as may be necessary to carry out the purposes and effects of the same.

ARTICLE XII CLOSING OF THE CASE

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be closed, the Debtors shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court shall conduct a hearing upon application thereon and after notice to all creditors and parties in interests. Thereafter an order approving the Debtors' report and closing the case, shall be entered.

ARTICLE XIII RELEASE AND DISCHARGE OF CLAIMS

Discharge.

Except as otherwise expressly provided in Section 1141 of the Code or the Plan, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan are in full and final satisfaction, settlement, release and discharge as against the corporation of any that arose before the Effective Date, and any debt of the corporation of a kind specified in Section 502(g), 502(h), or 502(i) of the Code, and all Claims against the corporation or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, whether or not (i) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 501 of the Code, (ii) such Claim is Allowed under Section 502 of the Code, or (iii) the holder of such Claim has accepted the Plan. With respect to the discharge of PRLP's claim, the corporate Debtor will receive such discharge 91 days after the Transfer Payment has been made to PRLP in accordance with the Settlement Agreement.

With respect to the individual Debtors, unless, after notice and hearing the court orders otherwise, for cause or for any reason under 11 USC 1141(d)(5)(B), confirmation of this Plan does not discharge any debt provided for in the plan until the Court grants a discharge on the completion of all payments under the Plan. Thereafter, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan are in full and final satisfaction, settlement, release and discharge as against the individuals of any debt of the individuals that arose before the Effective Date, and any debt of the individuals of a kind specified in Section 502(g), 502(h), or 502(i) of the Code, and all Claims against the individuals or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, whether or not (i) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 501 of the Code, (ii) such Claim is Allowed under Section 502 of the Code, or (iii) the holder of such Claim has accepted the Plan. No non-dischargeable debts will be discharged under the plan, specifically those under 11 USC 523.

Injunction Relating to the Plan.

As of the Effective Date, all Persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against any of the Debtors and/or their Estates, on account of, or respecting any Claims, debts, rights, Causes of Action or liabilities discharged pursuant to the

Plan, except to the extent expressly permitted under the Plan or under any specific order entered by the Bankruptcy Court.

Setoffs.

Except as otherwise provided in this Plan, nothing contained in this Plan shall constitute a waiver or release by any of the Estates of any rights of setoff they may have against any Person.

**ARTICLE XIV
OTHER PROVISIONS**

Confirmation of the Plan and the Confirmation Order will vest title of all property of the Estate in Debtors or PRLP, or its designee, as specifically detailed herein and the Settlement Agreement, and will constitute final settlement of payment to all creditors.

All injunctions or stays provided for in the bankruptcy case at bar under Sections 105 or 362 of the Bankruptcy Code (11 U.S.C.), or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

All claims against Debtors of whatever nature, including any claim arising from the rejection of any executory contract, or any other action, shall be bound by the provisions of this Plan.

Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the Court and served upon counsel for the Debtors, not later than September 28, 2017, shall be deemed to have accepted its classification and to be bound by the proposed Plan.

All actions taken by the Debtors with respect to any person shall not be construed to release, waive, discharge, compromise or in any other way satisfy any claim, except those subject to any agreement between the parties.

Upon completion of the requirements of the Plan and the order of confirmation, the Debtors and /or the claimant shall execute all corresponding documents and cooperate fully to reflect, release and / or reaffirm all the obligations herein provided.

The Plan shall become effective upon the Effective Date of the Plan, which is 30 days after the confirmation order becomes a final order and shall be the date on which there shall be made all initial cash payments under the plan to all creditors except PRLP, whose payment will be made in accordance with the Settlement Agreement once the same is approved by the Court.

All transfers of property under the terms and conditions of the Plan shall be free and clear of any and all registered liens over the properties and as requested in the Transfer Motion and Settlement Agreement between Debtors and PRLP, or its designee. Pursuant to the provisions of 11 U.S.C. § 1146, the transfer of any property (real property or personal property, and cancellation of liens) that is to be made under the instant bankruptcy proceeding, including but not limited to properties that will be sold or surrendered, segregated, aggregated or encumbered to implement

the Plan of Reorganization, may not be taxed under any law imposing a stamp-tax or any other tax, pursuant to the provisions of 11 U.S.C. §1146.

To the extent that any term of the Disclosure Statement varies from the terms of the Plan, the terms of the Plan shall govern.

**ARTICLE XV
RETENTION OF JURISDICTION**

The Bankruptcy Court shall retain jurisdiction over this case as is conferred upon it by law, rule or statute, or by the Plan, to enable the Debtors to substantially consummate any and all proceedings, including compliance with the terms and conditions of the Settlement Agreement between the Debtors and PRLP, or its designee, included as Exhibits 1 and 2, which may be brought before or after the entry of the Confirmation Order to carry out or implement the provisions of the Plan and any related matter.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of November 2017.

s/Manuel Mediavilla
Manuel Mediavilla, Inc.
Debtor's President

s/Manuel Mediavilla
Manuel Mediavilla

s/Maydin G. Melendez
Maydin G. Meléndez

NOTICE TO ALL CREDITORS AND PARTIES IN INTEREST

If within seven (7) days after service as evidenced by this certification, and an addition three (3) days if you were served by mail pursuant to F.R.B.P. 9006(f), any party against whom this paper has been served, or any other party to the action who objects to the relief sought herein, must serve and file an objection or the appropriate response to this paper with the Clerk's office of the U.S. Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, this document will be deemed unopposed and may be granted without further notice or hearing unless: (I) the requested relief is forbidden by law, (II) the requested relief is against public policy, (III) in the opinion of the Court the interests of justice requires otherwise.

I HEREBY CERTIFY that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties

appearing in said system including the US Trustee and by United States Postal Service to all creditors and parties in interest as per the Master Address List.

C. CONDE & ASSOC.

S/Luisa S. Valle Castro

Luisa S. Valle Castro, Esq.

USDC No. 215611

254 San José Street, 5th Floor

Old San Juan, Puerto Rico 00901

Telephone: 787-729-2900

Facsimile: 787-729-2203

E-Mail: ls.valle@condelaw.com

Exh. J

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “Agreement”) is made this 28th day of December, 2015 by and among Manuel Mediavilla, Inc. (the “Corporate Debtor”), a Puerto Rico corporation, Manuel Mediavilla, his wife Maydin Meléndez, and the conjugal partnership (*Sociedad Legal de Gananciales*) constituted by them (collectively, the “Individual Debtors”) (the Corporate Debtor and the Individual Debtors are collectively referred to hereinafter as the “Debtors”) and PRLP 2011 HOLDINGS, LLC, a Limited Liability Company created under the laws of the Commonwealth of Puerto Rico (“PRLP”).

RECITALS:

WHEREAS, on April 13, 2013 (the “Petition Date”), Debtors filed their respective voluntary petitions for relief under the provisions of 11 U.S.C. Chapter 11, and as of that date have been managing its affairs and operating its business as debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108 (the “Bankruptcy Cases”) in the U.S. Bankruptcy Court, District of Puerto Rico (the “Court” or the “Bankruptcy Court”).

WHEREAS, Debtors and Banco Popular de Puerto Rico (“BPPR”) entered into a Loan Agreement and various agreements complementary thereto, for financing in the approximate sum of \$2,700,000 in 2006 (the “Loan”). PRLP purchased BPPR’s rights (including, but not limited to, security and guarantees for the Loan) in 2011.

WHEREAS, PRLP filed foreclosure proceedings in September 19, 2012, and obtained an order for attachment of property and receivership in 2013 (prior to the Petition Date) in the case captioned *PRLP 2011 Holdings, LLC v. Manuel Mediavilla, Inc., et al.*, Civil No. HSCI 2012-001150 (206), Puerto Rico Court of First Instance, Humacao Section (the “State Court Case”).

WHEREAS, during the Bankruptcy Cases the parties have conducted extensive litigation, including, but not limited to, a contested confirmation hearing upon the Debtors’ Joint Amended Plan of Reorganization (the “Plan”). On June 16, 2015, the Bankruptcy Court entered an Opinion and Order adjudicating certain controversies related to the confirmation of the Plan and allowing the Debtors to further amend their Plan. The Bankruptcy Court has pending motions for reconsideration of the Opinion and Order and further adjudication of Plan issues prior to the entry of any confirmation order.

WHEREAS, after various conversations for the possibility of reaching an agreement as to all pending controversies, including in the Bankruptcy Cases and the State Court Case, the parties have agreed to enter into this Agreement, in total and full satisfaction of any and all claims between the parties, in accordance with the terms and conditions set forth below (the “Settlement Transaction”).

AGREEMENT

IN CONSIDERATION of the mutual agreements herein contained and the benefits to be derived by the parties therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Allowance of Claim. PRLP filed the following proofs of claim: (i) Claim No. 1, as amended, in Case No. 13-02800 ("Claim No. 1"), and (ii) Claim No. 9, as amended, in Case No. 13-02802 ("Claim No. 9"). The aforementioned claims shall be deemed allowed in full (as per the Opinion & Order entered on June 16, 2015, Bankruptcy Cases Docket Numbers 400 and 417), and shall be referred to herein as the "Allowed Claims."

2. Real Estate Collateral: The Loan is guaranteed and collateralized by, among other things, mortgages over the following real estate properties owned by Debtors and described in more detail in **Exhibit 1** hereto:

- a. Property No. 17,694 located in Humacao, Puerto Rico ("Property A"),
- b. Property No. 11,471 located in Humacao, Puerto Rico ("Property B"),
- c. Property No. 5,531 located in Humacao, Puerto Rico ("Property C"),
and
- d. Property No. 3,311 located in Humacao, Puerto Rico ("Property D").¹

3. Adequate Protection Payments. Debtors agree to pay PRLP, or its designee, monthly installments in the amount of twenty thousand dollars (\$20,000.00) (the "Adequate Protection Payment") on the 10th day of each month starting the calendar month of this Agreement until the Transfer Payment (as defined below) is completed. On the date of the completion of the Transfer Payment (as defined below) the adequate protection payments will cease subject to the provisions of Section 5(g) below.

4. Transfer Payment, Assignment of Leases and Cancellation of Liens. Upon the entry of (i) the order and writ regarding the Transfer Motion as defined in paragraph No. 8 below, (ii) the order approving the Stipulation, and (iii) the order on confirmation of the amended plan incorporating this Agreement, Property A shall be transferred to PRLP, or its designee, pursuant to Sections 363, 1141, and 1146 of the Bankruptcy Code (the "Code"), free and clear of liens, claims, interests and encumbrances as requested by PRLP or its designee, including, but not limited to, any real estate property taxes owed as of the date of the transfer. Debtors shall further assign to PRLP, or its designee, all leases related to Property A described in more detail in **Exhibit 2** hereto. The transfer of Property A and the assignment of the leases shall be referred to the "Transfer Payment." Property A will be transferred to PRLP, or its designee, for a value of \$1,600,000.00. The Transfer Payment shall constitute full payment of Claim No. 1 and Claim No. 9, including any unsecured portion, subject to the terms and conditions of this Agreement.

¹ Property B and Property D were grouped pursuant to Deed Number 66 executed on August 29, 2002 before Notary Public Luis E. López Correa, filed for recordation at Entry 132 of the Book of Daily Entries 806 of the Registry of the Property of Puerto Rico, Section of Humacao. The grouped parcel has an area of 816.3021 square meters and is described in more detail in **Exhibit 1** hereto.

The Debtors further agree to, concurrently with the Transfer Payment, execute any and all documents (public or private) that may be necessary to constitute a perpetual right-of-way easement (“servidumbre de paso perpetua”) in favor of Property A over the portion of land that corresponds to the access road for the parking lot located behind Property A, as depicted in **Exhibit 3** hereto, which forms part of the grouped property (meaning the result of the grouping of Property B and Property D). This perpetual right-of-way easement shall be recorded in the corresponding section of the Registry of the Property of Puerto Rico.

Ninety-one (91) days after the completion of the Transfer Payment PRLP, or its designee, shall deliver to the Debtors the mortgage notes encumbering Properties B, C and D, identified in **Exhibit 5** hereto, duly endorsed for cancellation purposes only, without recourse, representations or warranties of any kind. The execution, delivery and filing of any document or instrument required for the cancellation and release of the liens encumbering Properties B, C and D shall be performed by the Debtors at their own cost and expense, if not exempted by Section 1146 of the Code, as agreed herein.

The Transfer Payment and cancellations of liens, claims, interests and encumbrances over Property A shall be completed by way of an order and writ issued by the Bankruptcy Court under the provisions of Section 363, 1141 and 1146 of the Code and in furtherance of the Plan. The order and writ shall be issued by the Bankruptcy Court immediately upon approval of the Stipulation (as defined below), the Transfer Motion (as defined below) and confirmation of the Second Amended Joint Plan (as defined below), pursuant to which the Transfer Payment shall be completed.

5. In addition to the Transfer Payment the following terms and conditions must be satisfied pursuant to the terms of this Agreement in order for PRLP or its designee to be able to accept the Transfer Payment as full satisfaction of the amounts owed by the Debtors to PRLP, or its designee. The parties agree that the obligations of Debtors to PRLP, or its designee, will not be deemed to be fully satisfied until all of the conditions of this Agreement, including, but not limited, to the ones listed below are fully satisfied:

- (a) The Debtors agree that upon the execution of this Agreement, they will request the corresponding plans and permits to segregate from Property B (or the result of the grouping of Property B and D) the portion of land that corresponds to the access road for the parking lot located behind Property A, as depicted in **Exhibit 3** hereto. It will be the responsibility of the Debtors to obtain the corresponding permits for such segregation. Any delay in the governmental units in issuing the final permits shall not delay the delivery of the mortgage notes encumbering Properties B, C and D pursuant to the terms of this Agreement.
- (b) The Debtors further agree that upon the execution of this Agreement, the Debtors will request the corresponding plans and permits to segregate from Property A the portion of land that corresponds to the access ramp and stairs corresponding to the building located in Property B (or the result of the grouping of Property B and Property D) as depicted in **Exhibit 3** hereto. It will be the responsibility of the Debtors to file any document that may be needed and required by PRLP to obtain the corresponding permits for such segregation.

- (c) The Debtors shall execute the necessary documents (public and/or private) related to the aforementioned segregations and aggregate the portion of land segregated from Property B (or the result of the grouping of Property B and Property D) to Property A and the portion of land segregated from Property A to Property B (or the result of the grouping of Property B and Property D). Upon the execution of such documents, the same will be filed by Debtor or PRLP, or its designee, for recordation at the corresponding section of the Registry of the Property. The timing of the issuance of permits or the filing and registration of the aforementioned segregations or aggregations shall not delay the delivery of the mortgage notes encumbering Properties B, C and D pursuant to the terms of this Agreement.
- (d) Simultaneous with the signature of the documents for the segregations and aggregations described in Section 5(c), PRLP, or its designee, agrees to constitute: (i) a perpetual right-of-way easement (“servidumbre de paso perpetua”) in favor of Property B (or the result of the grouping of Property B and Property D) over the portion of land of Property A wherein the access road to the parking lot is located as more particularly described in **Exhibit 4** hereto; and (ii) a non-exclusive easement in favor of Property B (or the result of the grouping of Property B and Property D) for the use of fifteen (15) parking spaces located in Property A (directly behind Property B) as described in more detail in **Exhibit 4** and a perpetual right-of-way easement (“servidumbre de paso perpetua”) in favor of Property B through the back entrance located in Property A through the area specifically depicted in **Exhibit 4**. These perpetual rights of way shall be recorded in the corresponding Registry of Property simultaneously with the segregations and aggregations described above.
- (e) PRLP, or its designee, will bear all of the fees, costs and expenses, if not exempted under Section 1146 of the Code, related to the aforementioned segregations and aggregations and shall choose the Notary if any. Debtors shall bear all fees, costs and expenses, if not exempted under Section 1146 of the Code, related to the release of the liens encumbering Properties B, C and D and shall choose the Notary if any.
- (f) The Debtors agree to appear in all documents necessary to record the right-of-way easement in favor of Property A referenced above. If for any reason the Debtors do not appear in the corresponding deed within five (5) business days of being notified by PRLP, or its designee, the Bankruptcy Court will have the authority to appoint a person, including but not limited to a U.S. Marshal or Special Master, to appear on behalf of Debtors in said documents. The Transfer Payment shall be performed without need to obtain additional consent of the Debtors, aside from the consent provided under the terms and conditions of this Agreement.
- (g) The Debtors represent that they procured the extension of the lease agreement with CRIM, which otherwise will expire on March 31, 2016. The Debtors agree to assist PRLP, or its designee, in the negotiations with CRIM for the renewal and/or extension of this lease agreement and execute whichever documents may be required to complete said renewal and/or extension. Upon completion of the Transfer

Payment, PRLP or its designee will, if necessary, conduct negotiations with CRIM and the other lessees.

(h) The Debtors agree that any and all liabilities or claims related to Property A regarding matters before the completion of the Transfer Payment shall remain the responsibility of the Debtors and therefore, Debtors hereby release and agree to indemnify PRLP, or its designee, of any liability related thereto. All tenants of Properties A shall receive notice of the Stipulation, the Transfer Motion, the Second Amended Joint Plan and the Order of the Court approving the transaction and related documents. The parties further agree that any rent payments which are received after completion of the Transfer Payment shall be retained by PRLP, or its designee, except for the CRIM payment for rent due on December 2015, which payment shall be delivered to Debtors exclusively for the purpose of satisfying CRIM claims still unpaid as of the date of this Agreement and secured by Property A. Debtors shall provide PRLP or its designee evidence of the payment to CRIM.

6. Unsecured Claims. In the Bankruptcy Cases, even when PRLP is agreeing to the Settlement Transaction pursuant to which it shall receive payment pursuant to the terms of this Agreement, it shall further hold unsecured claims net of the Transfer Payment in the following amounts: (i) as to the Corporate Debtor, \$566,842.48, and (ii) as to the Individual Debtors, \$566,842.48, for voting purposes only. PRLP, or its designee, shall receive no distribution for its unsecured claims but shall be entitled to vote for the amended plan. PRLP, or its designee, will cast a favorable vote as an unsecured claimant under each of the corresponding classes, on the date that Debtors file their Second Amended Joint Plan with the Court consistent with this Agreement.

7. Objection Period. Debtors and PRLP, or its designee, shall file a stipulation describing this Agreement and jointly requesting the Court's approval thereof (the "Stipulation"). The Stipulation shall request a shortened objection period of seven (7) days.

8. Transfer Motion. Simultaneously with the filing of the Stipulation, Debtors shall file a motion for the transfer to PRLP, or its designee, of Property A pursuant to Sections 363 and 1146 of the Bankruptcy Code, free and clear of liens, claims, interests and encumbrance and the assignment of leases described in the motion and Exhibit 2 hereto (the "Transfer Motion"). The Transfer Motion shall request a shortened objection period of seven (7) days, shall be consistent with the terms of this Agreement, and shall be reviewed and approved by PRLP before filing.

9. Reorganization Plan. Debtors' Joint Chapter 11 Plan of Reorganization shall be further amended to incorporate the terms of this Agreement (the "Second Amended Joint Plan"). The Second Amended Joint Plan, the Transfer Motion and the Stipulation will be filed simultaneously. The objection periods required by Bankruptcy Rules, including but not limited that of 3020(b)(1) and 3019(a), shall be reduced to seven (7) days. Subject to the review and approval of the Second Amended Joint Plan before it is filed in order to confirm that the same is consistent with this Agreement, PRLP accepts that the terms of this Settlement Transaction shall constitute fair and equitable treatment of Claim No. 1 and Claim

No. 9, as well as any unsecured portion. The jurisdiction of the Bankruptcy Court shall be retained in order to enforce the provisions of this Agreement.

10. Debtors and PRLP further agree that for a period of ninety-one (91) days after the completion of the Transfer Payment, (i) the Debtors shall not file any bankruptcy petition or move to convert the Bankruptcy Cases to Chapter 7; (ii) all of PRLP's, or its designee's, liens over Properties B, C and D will be maintained and preserved, (iii) Debtors shall not execute or file deeds to cancel liens over Properties B, C and D; and (iv) the Corporate Debtor shall not receive a discharge of PRLP's Allowed Claims. The parties further agree that the Individual Debtors shall receive a discharge pursuant to Section 1141(d)(5) of the Bankruptcy Code, subject to confirmation of the Plan.

11. Failure to Comply with the Confirmed Plan and the Stipulation. In the event that the Debtors fail to comply with any of the terms of the Stipulation, this Agreement or the confirmed Plan, the claims of PRLP or its designee will be restored to their original pre-petition state and PRLP or its designee shall be entitled to collect the full amount of its Allowed Claims against the Debtors and foreclose on its collateral. If the failure is incurred by PRLP, then the Debtors' rights and claims or its designee will be restored to their original pre-petition state.

12. Corporate Status. The Corporate Debtor and PRLP are entities which are duly organized and validly existing under the laws of the Commonwealth of Puerto Rico and the persons executing this Agreement on behalf of the parties (including the Individual Debtors) are fully authorized to execute, deliver and perform the terms of this Agreement on behalf of the respective Debtors and PRLP.

13. Bankruptcy Court Authorization. The execution of this Agreement by the Debtor and its performance of its obligations hereunder, are subject to the approval the Bankruptcy Court. This Agreement is conditioned on the Court approving the Stipulation, the Transfer Motion and the Second Amended Joint Plan.

14. Fraud. No parties to this transaction, i.e., Debtors, PRLP, any shareholder or officer of the Corporate Debtor, or the Individual Debtors, intends in consummating the transactions contemplated hereunder, to hinder, delay or defraud either present or future creditors of any entity.

15. Representations and Warranties. The Parties represent and warrant that: (a) the execution and delivery of this Agreement, the performance of the obligations hereunder and the consummation of the transactions contemplated hereby, have been duly approved by all necessary corporate action and no regulatory or other approvals from any Governmental Authority except as expressly disclosed herein, is necessary to consummate the transactions contemplated herein, or if so required have been duly obtained by the Parties, and (b) the claims held by PRLP, or its designee, are legally and beneficially owned by PRLP, or its designee, along with the liens and security interests securing the same as set forth in the amended claims.

16. Payment of Expenses. Except as otherwise provided for in this Agreement, the Debtors and PRLP shall individually pay for all of their respective reasonable costs and expenses incurred by them in connection with the negotiation and preparation of this Agreement, as well as in connection with the discussions and negotiations related to this Agreement, including, without limitation, the reasonable attorneys' fees and expenses of their respective counsel.

17. General Release. In consideration of, among other things, the accommodations provided for herein, and upon receipt and completion of the Transfer Payment the Debtors hereby forever waive, release and discharge any and all claims (including without limitation, cross-claims, counterclaims, rights of setoff and recoupment), defenses, causes of action, demands, suits, costs, expenses and damages that they now have or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether now existing or hereafter arising, whether arising at law or in equity, including but not limited to those which were asserted or could have been asserted in the Bankruptcy Cases and the State Court Case, against PRLP, its subsidiaries and affiliates, successors, assigns, officers, directors, employees, agents, attorneys and other representatives, based in whole or in part on facts, whether or not known, existing or occurring on or prior to the date of this Agreement, and in any way directly or indirectly arising out of or in any way connected to the Allowed Claims. PRLP agrees that Debtors will receive a discharge pursuant to the Bankruptcy Code and the terms of this Agreement, and all claims and liens will be further released pursuant to the terms of this Agreement. Nothing contained in this Section shall affect the rights and remedies afforded to the Debtors under Section 11 above.

18. Termination of State Court Case. On the date that is 91 days after the completion of the Transfer Payment, the Debtors and PRLP, or its designee, shall immediately file in the State Court Case a joint request for dismissal with prejudice of such action, including all counterclaims filed by Debtors, without the impositions of costs or attorneys' fees to any party. The automatic stay (if any) of the Bankruptcy Cases shall be modified to permit the dismissal with prejudice of the State Court Case.

19. Settlement Negotiations. The parties acknowledge that they have negotiated at length and in good faith to reach the arrangements set forth in this Agreement. The parties acknowledge that they are represented by legal counsel of their choice, are fully aware of the terms contained in this Agreement and have voluntarily and without coercion or duress of any kind entered into this Agreement and the documents executed in connection with this Agreement.

20. Miscellaneous. It is further agreed as follows:

20.1 Time. Time is of the essence of each provision of this Agreement. The parties agree to request the Bankruptcy Court to approve the Stipulation, the Transfer Motion, the Settlement Agreement, and confirmation of the Second Amended Joint Plan, upon notice to creditors and parties in interest reduced to seven (7) days under the provisions of Fed. B. R. Bankr. P. 9006.

20.2 Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement will be in writing and will be deemed to have been given when delivered personally to the party designated to receive such notice, or on the date following the day sent by a nationally recognized overnight courier or on the third (3rd) business day after the same is sent by certified mail, postage and charges prepaid, directed to the following addresses or to such other or additional addresses as any party might designate by written notice to the other party:

To Debtor or the Individual Guarantors:

C. Conde & Assoc.
254 San José Street
5th Floor
San Juan, Puerto Rico 00901-1522
Telephone: (787) 729-2900
Facsimile: (787) 729-2203
Email: condecarmen@condelaw.com

To PRLP:

O'Neill & Borges LLC
Attorneys for PRLP 2011 Holdings, LLC
250 Muñoz Rivera Avenue, Suite 800
San Juan, Puerto Rico 00918-1803
Telephone: (787) 764-8181
Facsimile: (787) 753-8944
Email: ubaldo.fernandez@oneillborges.com

21. Entire Agreement. This Agreement constitutes the entire and final agreement between the parties and there are no agreements, understandings, warranties or representations between the parties except as set forth herein. This Agreement supersedes, in all respects, all other prior written or oral agreements between the parties relating to the subject matter of this Agreement and there are no agreements, understandings, warranties or representations between PRLP, or its designee, and the Debtors except as set forth in this Agreement, and those (if any) signed by each of the parties after the date of this Agreement.

22. Default. The parties to this agreement, including PRLP and the Debtors shall be deemed in default under the terms of this Agreement if any representation, warranty or other written statement made by PRLP, the Debtors or by an authorized representative of Debtors to PRLP with regards to the initiation, negotiation, discussion, and/or obtainment of this Agreement proves to have been false or misleading in any material respect when made, or if any of the parties breach any covenant or obligation contained in this Agreement or Debtors fail to comply with or fail to perform any of the terms, conditions or covenants or its obligations set forth in this Agreement. Upon the occurrence of a default under this Agreement, all of the Debtors' obligations to PRLP under the Allowed Claims (including but not limited to loan documents and collateral documents) shall revert to their original, pre-

petition state, and the Debtors' indebtedness shall become immediately due and payable without further notice.

23. Binding Effect. This Agreement, upon approval by the Bankruptcy Court with a final order, will inure to the benefit of and bind the respective successors and permitted assigns of the parties.

24. Negation of Partnership. Nothing contained in this Agreement will be deemed to create a partnership or joint venture between the Debtors and PRLP, or its designee, or between PRLP, or its designee, and any other party, or to cause PRLP, or its designee, to be liable or responsible in any way for the actions, liabilities, debts or obligations of the Debtors. No person not a party to this Agreement, shall have any "third-party beneficiary" or other right hereunder.

25. Severability. If any clause or provision of this Agreement is determined to be illegal, invalid or unenforceable under any present or future law by the final judgment of a court of competent jurisdiction, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that if any such provision is held to be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible and be legal, valid and enforceable.

26. Headings. Paragraphs or other headings contained in this Agreement are intended for ease in reference and are not intended to affect the meaning or interpretation of this Agreement.

27. Counterpart Execution. This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document. This document will not be binding on or constitute evidence of a contract between the parties until such time as a counterpart of this document has been executed by each party and a copy thereof delivered to the other party to this Agreement.

28. Governing Law. This Agreement will be interpreted and construed under the internal laws of the Commonwealth of Puerto Rico and the Bankruptcy Code.

29. Survival. All representations and warranties of the parties contained in this Agreement and the documents to be executed herewith will survive the conversion or dismissal of the Bankruptcy Cases and any other case under the U.S. Bankruptcy Code filed by or against any of the Debtors.

30. Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

31. Confidentiality. No member of the Debtors or PRLP shall issue any press release or otherwise make public statements with respect to the transactions contemplated by the Agreement without the approval of each other. Each of the parties will hold, and will cause its

respective affiliates and, as applicable, their directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, unless, and to the extent, compelled to disclose by the Bankruptcy Court for the approval of the transfer of the Property, the Settlement and the Second Amended Joint Plan, judicial or administrative process or by other requirement of law or the applicable requirements of any regulatory agency, the economic substance of the transactions contemplated hereby (collectively, "Confidential Information"), and except as otherwise permitted above, no member, executive, or constituent of the Debtors or PRLP shall release or disclose such Confidential Information to any other person or entity, except their respective auditors, attorneys, financial advisors, other consultants and advisors, provided that the disclosing person instructs such third parties of the confidential nature of the Confidential Information and the receiving third parties agree in writing to maintain such confidentiality.

EXECUTED on the dates hereafter specified, effective as of the date first above written.

BORROWERS:

Manuel Mediavilla, Inc.

By MM

Name:

Title:

Date Executed: December 28, 2015

Manuel Mediavilla

By MM

Manuel Mediavilla

Maydín Meléndez

By Maydín B. Meléndez
Maydín Meléndez

Date Executed: December 28, 2015

MM 6

PRLP 2011 Holdings, LLC

By 

Name: Anthony Santoro

Title: Authorized Representative

Date Executed: December 30, 2015

EXHIBIT 1

DESCRIPTION OF PROPERTY A

Property A appears recorded at page 45 of volume 399 of Humacao, property number 17,694, Registry of the Property of Puerto Rico, Section of Humacao (the "Registry") is described as follows:

URBANA: Predio de terreno radicado en el Bario Tejas del término municipal de Humacao, Puerto Rico, compuesto de 6,397.1703 metros cuadrados, equivalentes a 1.6276 cuerdas y que colinda: por el NORTE, con la Avenida Font Martelo (antes Calle Font Martelo); por el SUR, con la Calle C de la Urbanización El Recreo; por el ESTE, con terrenos de Manuel Mediavilla Negrón, Sucesión Francisco Maldonado, U.S. Post Office Departament-General Service Administration y del Municipio de Humacao (Hoy Asociación de Condóminos del Centro Comercial de Humacao, Inc.); y por el OESTE, con la Calle Isidro Ortiz (antes Calle D de la Urbanización El Recreo) y con terrenos de Julio Carrasquillo, Ramón Arroyo, Carmen Fernández, viuda de Martínez, Modesto González, Libardo Peña, Elías Cruz, Autoridad de Acueducto y Alcantarillados y Felipe Silva. Enclava casa.

DESCRIPTION OF PROPERTY B

Property B appears recorded at page 116 of volume 290 of Humacao, property number 11,471, Registry of the Property of Puerto Rico, Section of Humacao (the "Registry") is described as follows:

URBANA: Solar radicado en la Calle Font Martelo del término municipal de Humacao, Puerto Rico, con una cabida superficial de 481.6421 metros cuadrados, en lindes por el **NORTE**, en distancia de 18.480 metros, con la Calle Font Martelo; por el **SUR** y **OESTE**, en distancia de 22.670 metros y en 23.496 metros, respectivamente, con la finca principal de la cual se segrega; y por el **ESTE**, en distancia de 23.871 metros, con terrenos de la Sucesión Francisco Maldonado. Enclava casa con valor de \$55,000.00.

DESCRIPTION OF PROPERTY C

Property C appears recorded at page 99 of volume 184 of Humacao, property number 5,531, Registry of the Property of Puerto Rico, Section of Humacao (the "Registry") is described as follows:

RUSTICA: Parcela radicada en el Barrio Tejas de Humacao, Puerto Rico, con una cabida superficial de 1,689.28 metros cuadrados, y en lindes por el **SUR** y **OESTE**, en distancia de 26.90 metros y en 51.51 metros respectivamente, con la parcela B segregada de la finca principal; por el **NORTE**, en distancia de 35.40 metros, con la Carretera Número 915 y por el **ESTE**, en distancia de 57.86 metros, con Daniel García.

Enclava casa.

Es el remanente de esta finca luego de la segregación de 2,241.01 metros cuadrados.

DESCRIPTION OF PROPERTY D

Property D appears recorded at page 221 of volume 414 of Humacao, property number 3,311, Registry of the Property of Puerto Rico, Section of Humacao (the "Registry") is described as follows:

URBANA: Solar radicado en el Barrio Tejas del término municipal de Humacao, Puerto Rico, junto a esta población, con una cabida superficial de 334.66 metros cuadrados, que mide por su frente a la Calle número 1 de la Urbanización en que enclava, antes finca principal de que fueron segregados, 24.04 metros, siendo esta colindancia la de lado **ESTE**, por su fondo mide 27.77 metros y colinda en toda su extensión por este punto que el **OESTE**, con la finca antes de Adolfo Busso, hoy de Serafín Mojica; por el **NORTE**, mide 13.00 metros y colinda con la Carretera Insular que de Humacao conduce a Las Piedras; por el **SUR**, mide 13.00 metros y colinda con solar segregado de la finca principal perteneciente después a

Mariana Castro.

Enclava casa de 2 plantas, la planta baja dedicada a establecimiento comercial, la planta alta a vivienda.

**DESCRIPTION OF GROUPED PARCEL FORMED BY
PROPERTY B AND PROPERTY D**

Property B and Property D were grouped pursuant to Deed Number 66 executed on August 29, 2002 before Notary Public Luis E. López Correa, filed for recordation at Entry 132 of the Book of Daily Entries 806 of the Registry of the Property of Puerto Rico, Section of Humacao, and is described as follows:

URBANA: Predio de terreno radicado en el Barrio Tejas del término municipal de Humacao, Puerto Rico, con una cabida de 816.3021 metros cuadrados, en linderos: por el NORTE, con la Calle Font Martelo; por el SUR y OESTE, con terrenos de Manuel Mediavilla, Inc.; y por el ESTE, con la Calle número 1 (19 de la Urbanización El Recreo). Enclava edificación dedicado al Comercio, con valor la agrupación de \$500,000.00.

EXHIBIT 2

PROPERTY A LEASES SUBJECT TO ASSIGNMENT
TO PRLP OR ITS DESIGNEE

- a. Lease Agreement with Facilidades Médicas Asociadas del Este Corp. for the premises located at Font Martelo Avenue, Humacao, PR.
- b. Lease Agreement with Tabernáculo de Restauración Ciudad de Refugio, Inc. for the premises located at Font Martelo Avenue, Humacao, PR.
- c. Lease Agreement with Eastern Consulting Group, Inc. for the premises located at Font Martelo Avenue, Humacao, PR.
- d. Lease Agreement with CRIM for the premises located at Font Martelo Avenue, Humacao, PR.
- e. Lease Agreement with GTP Towers III, LLC for the premises located at Font Martelo Avc., Humacao, PR.

EXHIBIT 5

MORTGAGE NOTES

1. Mortgage Note dated October 6, 1999, in favor of Banco Popular de Puerto Rico, or to its order, in the amount of \$225,000.00, secured by a mortgage constituted pursuant to Deed Number 250 executed before Notary Public Carlos L. Dávila Coca on the same date, recorded at page 100 of volume 184 of Humacao, property number 5,531, Registry of the Property of Humacao.
2. Mortgage Note dated August 16, 2006, in favor of Banco Popular de Puerto Rico, or to its order, in the amount of \$240,000.00, secured by a mortgage constituted pursuant to Deed Number 49 executed before Notary Public Gustavo J. Umpierre Ponton on the same date, filed at Entry 471 of the Book of Daily Entries 880 of the Registry of the Property of Humacao
3. Mortgage Note dated December 26, 1991, in favor bearer, or to its order, in the amount of \$200,000.00, secured by a mortgage constituted pursuant to Deed Number 211 executed before Notary Public Julio César Rivera on the same date, recorded at page 222 of volume 414 of Humacao, property number 3,311, Registry of the Property of Humacao.
4. Mortgage Note dated July 19, 1995, in favor bearer, or to its order, in the amount of \$150,000.00, secured by a mortgage constituted pursuant to Deed Number 73 executed before Notary Public Julio César Rivera on the same date, recorded at page 222 overleaf of volume 414 of Humacao, property number 3,311, Registry of the Property of Humacao.
5. Mortgage Note dated November 21, 1996, in favor Roig Commercial Bank, or to its order, in the amount of \$150,000.00, secured by a mortgage constituted pursuant to Deed Number 217 executed before Notary Public José W. Cartagena on the same date, recorded at page 117 of volume 290 of Humacao, property 11,471, Registry of the Property of Humacao.

Exh. 2

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

| | |
|--|--|
| IN RE: MANUEL MEDIAVILLA, INC. Debtor | CASE NO.: 13-02800 (MCF) CHAPTER 11 |
| IN RE: MANUEL MEDIAVILLA MAYDIN G. MELENDEZ Debtors | CASE NO.: 13-02802 (MCF) CHAPTER 11 |

MOTION SUBMITTING STIPULATION FOR THE TREATMENT OF PRLP 2011 HOLDINGS, LLC UNDER DEBTORS' THIRD PLAN OF REORGANIZATION

1. On April 13, 2013, the Debtors filed their respective Chapter 11 Bankruptcy Petitions and have operated as Debtors in Possession since that date.
2. After extensive litigation, the Debtors and PRLP reached an agreement for the treatment of PRLP's claims under Debtors Second Plan of Reorganization. Even though such agreement was signed on December 28, 2015 (The Agreement dated December 28, 2015), the same was not submitted for approval of the Court due to certain inconsistencies between the parties. Therefore, the Debtor moved forward for the approval of Debtors Second Amended Joint Plan of Reorganization filed on January 29, 2016.
3. Debtors' Second Amended Joint Plan of Reorganization was approved and confirmed on September 23, 2016. See Docket No. 507.
4. On October 7, 2016, PRLP appealed the confirmation of the Second Amended Joint Plan of Reorganization to the Bankruptcy Appellate Panel ("BAP").

5. On June 16, 2017, the BAP vacated the confirmation order and found that the Agreement dated December 28, 2015, was a valid agreement among the parties under Puerto Rico law, and [...] under federal common law, but not enforceable until approval of the Bankruptcy Court. The BAP further remanded the case to the Bankruptcy Court for further proceedings consistent with the Opinion and Order, and the Judgement. The Debtors decided to abide by the Order of the BAP due to the high litigation costs and need for these Debtors to conclude these proceedings. Therefore, the Debtors are herein submitting the Agreement dated December 2015 for the approval of the Bankruptcy Court under the provisions of Fed. R. Bank. P. 9019, with certain clarifications as detailed below.

6. The Agreement dated December 2015, attached herein as **Exhibit 1**, provides the treatment to PRLP's claims Nos. 1 and 9, under Secured Class 4 and Unsecured Class 6 of Debtors' Plan of Reorganization, which will be identified as Debtors' Third Amended Plan of Reorganization.

7. Under the Agreement dated December 28, 2015, the treatment to PRLP under Secured Class 4 will be basically the transfer of Debtor Manuel Mediavilla Inc.'s Property No. 17,694 located in Humacao, Puerto Rico ("Property A") free and clear of liens and in full payment of any and all debt and Debtor Manuel Mediavilla and Maydin Melendez will retain Property No. 11,471 located in Humacao, Puerto Rico ("Property B"), Property No. 5,531 located in Humacao, Puerto Rico ("Property C"), Property No. 3,311 located in Humaco, Puerto Rico ("Property D") free and clear of any and all liens, including those from PRLP¹. The Debtors herein include **Exhibit 2** with the detail of the Debtors' properties, subject to the Agreement dated December 28, 2015.

¹ Property B and D were grouped pursuant to Deed Number 66 executed on August 29, 2002, before Notary Public Luis E. Lopez Correa, filed for recordation at Entry 132 of the Book of Daily Entries 806 of the Registry of the Property of Puerto Rico, Section of Humacao. The Grouped parcel has an area of 816.3021 square meters.

8. Pursuant to The Agreement dated December 28, 2015, under unsecured Class 6, PRLP will retain its claims for voting purposes only to guarantee approval and confirmation of the Third Amended Joint Plan of Reorganization, with no right to payment for its unsecured claims under Class 6, since all PRLP's claims will be considered fully paid with the transfer of the Property A to PRLP under secured Class 4.

9. Considering that The Agreement dated December 28, 2015, was signed on December 2015, the following information is included to update and clarify the agreement as follows and will be identified hereinafter as "The Settlement Agreement":

a. As of this date, the Debtors continue making monthly payments under the Confirmed Plan and have reduced the total amounts owed to PRLP² for Claims No. 1 and Claim No. 9 to \$1,815,251.43 approx. Agreement dated December 28, 2015 at Page 2 of 18, ¶1.

b. The Debtor, upon the entry of final order approving The Settlement Agreement, will make adequate protection payments to PRLP corresponding to the months of August, September, October, November, 2017 and forward until the transfer date, from the insurance proceeds, as follows:

- i. \$15,000.00 corresponding to the month of August 2017
- ii. \$15,000.00 corresponding to the month of September 2017
- iii. \$6,225.00 corresponding to the month of October 2017, less any other expense incurred and not covered by the insurance claim subject to the approval of PRLP.

iv. \$16,622.00 corresponding to the month of November 2017 and until the transfer date.³ The payment to the U.S. Trustee will be deducted only on quarterly basis.

c. Any and all insurance payments corresponding to claims for the period previous to the transfer date of Property A, will be property of the Debtors. These funds will first be used to pay PRLP any amounts owed related to the adequate assurance payments for August, September, October, November and forward. If the insurance proceeds are insufficient to make the foregoing adequate protection payments, the balance will be paid by the Debtors. Other net amounts from the insurance claim proceeds, if any, will be retained by Debtors.

d. The Honorable Court has already reduced the period to submit any objections to the submissions related to this transaction to seven (7) days.

e. All references to the Second Amended Joint Plan, shall be renamed as to the Third Amended Joint Plan.

f. Simultaneously with the signature of the transfer deed for Property A, all other deeds referred to in the Agreement dated December 28, 2015 at Page 4 of 18, ¶5(d) will be signed including the deeds for two perpetual rights of way in favor of Property B and D, for the access through the front and back of Property A to the 15 parking spaces in Property A, to be used by Property B and D. If by the transfer date, the corresponding permits have not been issued, such other related deeds shall be signed as soon as the permits are obtained.

³ The parties have previously agreed that the Debtor will discount the amount of \$1,753.00 for regular operating expenses and the amount of \$1,625.00 for the payment of the US Trustee fees on a quarterly basis.

g. The Debtors represent that the extension of the Lease Agreement with CRIM has already been signed. Nevertheless, in order for CRIM to change the name of the Landlord, the Parties will continue to be obligated to register the Lease Agreement at the corresponding Registry of Property. Agreement at Page 4 of 18, ¶5(g)

h. The Debtors will pay CRIM's claim for property taxes relating to Property A from the proceeds of the rent for the month of October 2017. See ¶9(b)(iii) above and The Agreement dated December 28, 2015 at Page 5 of 18, ¶5(h).

10. The Transfer of Property A shall take place immediately after the approval, entry and finality of: the Order approving this stipulation, the approval of the Transfer Motion, the issuance of the Order and Writ of Transfer Motion and the order confirming the Third Amended Plan of Reorganization. ("The Transfer Date")

11. On the 91st day after the Transfer of Property A, PRLP will unconditionally release all Mortgage Notes over the properties to be retained by the Debtors Manuel Mediavilla, Inc., Manuel Mediavilla and Maydin Melendez. i.e., Property No. 11,471 located in Humacao, Puerto Rico ("Property B"), Property No. 5,531 located in Humacao, Puerto Rico ("Property C"), Property No. 3,311 located in Humaco, Puerto Rico ("Property D") as per the Agreement at Page 3 of 18, ¶2 and Exhibit 5 to The Agreement dated December 28, 2015.

12. The Debtor is herein submitting as Exhibit 3 a Proposed Order.

NOTICE TO ALL CREDITORS AND PARTIES IN INTEREST

If within seven (7) days after service as evidenced by this certification, and an addition three (3) days if you were served by mail pursuant to F.R.B.P. 9006(f), any party against whom this paper has been served, or any other party to the action who objects to the relief sought herein, must serve and file an objection or the appropriate response to this paper with the Clerk's office of the U.S. Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, this document will be deemed unopposed and may be granted without further notice or hearing unless: (I) the requested relief is forbidden by law, (II) the

requested relief is against public policy, (III) in the opinion of the Court the interests of justice requires otherwise.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico this 14th day of November 2017.

I HEREBY CERTIFY that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties appearing in said system including the US Trustee and by United States Postal Service to all creditors and parties in interest as per the Master Address List.

C. CONDE & ASSOC.

Counsel for the Debtors

254 San José Street, 5th Floor
Old San Juan, Puerto Rico 00901
Telephone: 787-729-2900
Facsimile: 787-729-2203
E-Mail: ls.valle@condelaw.com

S/Carmen D. Conde Torres

Carmen D. Conde Torres, Esq.
USDC No. 207312

S/Luisa S. Valle Castro

Luisa S. Valle Castro, Esq.
USDC No. 215611

Ex. 3

**MANUEL MEDIAVILLA, INC.
DIP 13-02800 MCF**

AND

**MANUEL MEDIAVILLA & MAYDIN G MELENDEZ
DIP 13-02802 MCF**

**UPDATED JOINT SCHEDULE OF PAYMENTS UNDER THE THIRD
AMENDED JOINT PLAN OF REORGANIZATION**

(REVISED AS OF SEPTEMBER 13, 2017)

MSJUEL MIDWAY/LLA INC. CASE NO.13-02800 MCF
 MSJUEL MIDWAY/LLA & MARIBO G MELLENDEZ CASE NO.13-02800 MCF
 CHAPTER 11
 DEBT SCHEDULE OF PAYMENTS UNDER THE JOINT PLAN OF REORGANIZATION

Exhibit 1-A

| Creditor | Debtor Case | Scheduled Amount | Claim Class | Plan Class | Status Comment | Claim Number | Subject to Count | Comment | Allowed Amount | Allowed Plan | Monthly Payment | Year | | | | | | | | | | | |
|-------------------------------------|-------------|------------------|-------------|------------|----------------|--------------|------------------|------------|------------------|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|--|--|--|--|
| | | | | | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | | | | | |
| Administrative Claims | | | | | | | | | | | | | | | | | | | | | | | |
| President and US Trustee Fees | Both | Estimated | Adm. | | | 1 | \$27,000 | | \$27,000 | \$27,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | |
| Casey D. Conde Trustee Attorney | Both | Estimated | Adm. | | | 1 | 3,700 | | 3,700 | 3,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| NYJillmore Vazquez - CPA | Both | Estimated | Adm. | | | 1 | 1,635 | | 1,635 | 1,635 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| NY Trustee | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | | | | | | 33,375 | | 33,375 | 33,375 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Secured Claims | | | | | | | | | | | | | | | | | | | | | | | |
| Bank of America | | | Secured | | | 2 | 239,820 | | 239,820 | 239,820 | 1,892 | 28,128 | 28,128 | 28,128 | 28,128 | 28,128 | 28,128 | | | | | | |
| Chase Property Taxes | | | Secured | | | 4 | 13,540 | | 13,540 | 13,540 | 796 | 4,763 | 4,763 | 4,763 | 4,763 | 4,763 | 4,763 | | | | | | |
| Chase Property Taxes | | | Secured | | | 11 | 746 | | 746 | 746 | 22 | 261 | 261 | 261 | 261 | 261 | 261 | | | | | | |
| Chase Property Taxes | | | Secured | | | 1 | 2,110,000 | | 1,815,350 | 1,815,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| First Bank Holding, LLC | | | Secured | | | 1 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| First Bank Holding, LLC | | | Secured | | | 1 | 400,000 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| First Bank Holding, LLC | | | Secured | | | 9 | 400,000 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Total | | | | | | | 2,984,105 | | 2,665,106 | 354,105 | 2,344 | 28,128 | 28,128 | 28,128 | 28,128 | 28,128 | 28,128 | | | | | | |
| Unsecured Claims | | | | | | | | | | | | | | | | | | | | | | | |
| Unsecured Claims Governmental Units | | | Unsecured | | | 5 | 646 | Disallowed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Unsecured Property Taxes | | | Unsecured | | | 5 | 9,027 | | 9,027 | 493 | 8 | 90 | 90 | 90 | 90 | 90 | 90 | | | | | | |
| Unsecured Property Taxes | | | Unsecured | | | 5 | 1,279 | | 1,279 | 64 | 1 | 13 | 13 | 13 | 13 | 13 | 13 | | | | | | |
| Unsecured Property Taxes | | | Unsecured | | | 5 | 10,952 | | 10,306 | 515 | 9 | 103 | 103 | 103 | 103 | 103 | 103 | | | | | | |
| Total | | | | | | | 12,952 | | 10,306 | 515 | 9 | 103 | 103 | 103 | 103 | 103 | 103 | | | | | | |
| General Unsecured Claims | | | | | | | | | | | | | | | | | | | | | | | |
| American Education Services | | | Unsecured | | | 6 | 2,594 | | 2,594 | 130 | 2 | 26 | 26 | 26 | 26 | 26 | 26 | | | | | | |
| American Education Services | | | Unsecured | | | 7 | 13,893 | | 13,893 | 695 | 12 | 139 | 139 | 139 | 139 | 139 | 139 | | | | | | |
| American Education Services | | | Unsecured | | | 7 | 27,718 | | 27,718 | 1,386 | 23 | 277 | 277 | 277 | 277 | 277 | 277 | | | | | | |
| American Education Services | | | Unsecured | | | 8 | 14,700 | | 14,700 | 715 | 12 | 147 | 147 | 147 | 147 | 147 | 147 | | | | | | |
| American Education Services | | | Unsecured | | | 8 | 1,907 | | 1,907 | 101 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | | | | | | |
| American Education Services | | | Unsecured | | | 5 | 2,027 | | 2,027 | 895 | 14 | 169 | 169 | 169 | 169 | 169 | 169 | | | | | | |
| American Education Services | | | Unsecured | | | 5 | 16,096 | | 16,096 | 800 | 45 | 9 | 9 | 9 | 9 | 9 | 9 | | | | | | |
| American Education Services | | | Unsecured | | | 6 | 900 | | 900 | 45 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | | | | | | |
| American Education Services | | | Unsecured | | | 6 | 2,301,310 | Stipulated | 2,301,310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| American Education Services | | | Unsecured | | | 6-A | 591,810 | Stipulated | 591,810 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| American Education Services | | | Unsecured | | | 6-B | 14,000 | | 14,000 | 700 | 12 | 140 | 140 | 140 | 140 | 140 | 140 | | | | | | |
| American Education Services | | | Unsecured | | | 6 | 1,899 | | 1,899 | 95 | 2 | 19 | 19 | 19 | 19 | 19 | 19 | | | | | | |
| American Education Services | | | Unsecured | | | 6 | 2,984,841 | | 2,984,841 | 4,731 | 79 | 946 | 946 | 946 | 946 | 946 | 946 | | | | | | |

MAUREL MEDWAYLLA INC. CASE NO. 13-02800 MCF
 MAUREL MEDWAYLLA & MANON G MELINDEZ CASE NO. 13-02800 MCF
 CHAPTER 11
 SCHEDULE OF PAYMENTS UNDER THE JOINT PLAN OF REORGANIZATION

Exhibit 1-A

| Creditor | Debtor Case | Scheduled Amount | Claim Class | Plan Class | Status | Claim Number | Claim Amount Subject to Court Allowance | Comment | Allowed Amount | Allowed Pct | Monthly Payment | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-------------|---------------------------|-------------|------------|--------|--------------|---|---------|----------------|-------------|-----------------|--------|--------|--------|--------|--------|
| Equity Security and/or Other Interest Holders | 13-02802 | 510,000 | | | | | 510,000 | | 510,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Manuel Medarville Sr | 13-02802 | | | | | | | | | | | | | | | |
| Priority Tax Claims | | | | | | | | | | | | | | | | |
| Perseco Naco Treasury Department - (Trust) | 13-02800 | Non Scheduled 507 (a) (B) | | | | 2 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Perseco Naco Treasury Department - (Trust) | 13-02800 | Non Scheduled 507 (a) (B) | | | | 3 | 22,064 | | 22,064 | 0 | 950 | 11,399 | 0 | 0 | 0 | 0 |
| Perseco Naco Treasury Department - (Trust) | 13-02802 | Non Scheduled 507 (a) (B) | | | | | 18,837 | | 18,837 | 0 | 832 | 9,741 | 0 | 0 | 0 | 0 |
| | | | | | | | 40,881 | | 40,881 | 0 | 1,782 | 21,140 | 0 | 0 | 0 | 0 |
| Total | | | | | | | 40,881 | | 40,881 | 0 | 1,782 | 21,140 | 0 | 0 | 0 | 0 |
| Grand Total | | | | | | | 6,448,510 | | 3,154,324 | 432,938 | 4,199 | 50,317 | 50,317 | 29,177 | 24,173 | 24,173 |

Note 1- POC # 5 refers to other case as specified in claim Register; POC # 6 was filed by MS showing no claim against debtors.
 Note 2- POC # 1 in case 13-02800 and 3 in case 13-2802 for 52,701,810.06 was reduced to \$ 2,112,000.00 after post petition payments up to August 31, 2017 amounting to \$285,539.63. The collateral value of \$2,510,000 in corporate case and \$400,000 in personal case exceeds the adjusted claim amount therefore there is no unsecured portion in Class 6. The allowed amount was settled with Creditor POC upon stipulation.

EXHIBIT

**MANUEL MEDIAVILLA, INC.
DIP 13-02800 MCF**

AND

**MANUEL MEDIAVILLA & MAYDIN G MELENDEZ
DIP 13-02802 MCF**

**UPDATED REORGANIZATION PLAN CASH FLOW FORECAST
YEARS 1 TO 5 OF PLAN**

(REVISED AS OF SEPTEMBER 13, 2017)

This Schedule is an integral part of Debtor's Disclosure Statement and Plan of Reorganization.

MANUEL MEDIAVILLA INC. CASE NO.13-02800 MCF
 MANUEL MEDIAVILLA & MAYDIN G MELENDEZ CASE NO.13-02802 MCF
 CHAPTER 11
 JOINT REORGANIZATION PLAN CASH FLOW FORECAST
 YEARS 1 TO 5 OF PLAN

Exhibit 1

| | Monthly | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---|---------------|----------------|----------------|-----------------|-----------------|-----------------|
| Inflows from Operations: | | | | | | |
| Rentals on personal property | 9,700 | 116,400 | 116,400 | 116,400 | 116,400 | 116,400 |
| Rentals on corporate property | 3,100 | 37,200 | 37,200 | 37,200 | 37,200 | 37,200 |
| Social Security Benefits | 2,166 | 25,992 | 25,992 | 25,992 | 25,992 | 25,992 |
| Total cash inflows | 14,966 | 179,592 | 179,592 | 179,592 | 179,592 | 179,592 |
| Operating cash outflows: | | | | | | |
| Household and personal expenses: | | | | | | |
| Rental Properties maintenance | 1,100 | 13,200 | 13,596 | 14,004 | 14,424 | 14,857 |
| Property tax- Rental property | 250 | 2,610 | 2,688 | 2,769 | 2,852 | 2,938 |
| Utilities-rental properties | 250 | 3,000 | 3,090 | 3,183 | 3,278 | 3,377 |
| Vehicles expenses-rental properties | 650 | 7,800 | 8,034 | 8,275 | 8,523 | 8,779 |
| Household expenses/Food/clothing | 2,300 | 27,600 | 28,428 | 29,281 | 30,159 | 31,064 |
| Household repairs & maintenance | 350 | 4,200 | 4,326 | 4,456 | 4,589 | 4,727 |
| Medical & Dental care | 1,500 | 18,000 | 18,540 | 19,096 | 19,669 | 20,259 |
| Personnal Income & Self Employment taxes | 300 | 3,600 | 3,708 | 3,819 | 3,934 | 4,052 |
| Insurance | 300 | 3,600 | 3,708 | 3,819 | 3,934 | 4,052 |
| Utilities | 1,200 | 14,400 | 14,832 | 15,277 | 15,735 | 16,207 |
| Contingencies- personal affairs | 350 | 4,200 | 4,326 | 4,456 | 4,589 | 4,727 |
| Corporate expenses: | | | | | | |
| Bank Charges | 20 | 240 | 240 | 240 | 240 | 240 |
| Insurance | 200 | 2,400 | 2,472 | 2,546 | 2,623 | 2,701 |
| Workmen Compensation | 60 | 720 | 742 | 764 | 787 | 810 |
| Repairs & maintenance | 100 | 1,200 | 1,236 | 1,273 | 1,311 | 1,351 |
| Property tax | 200 | 2,400 | 2,472 | 2,546 | 2,623 | 2,701 |
| Corporate taxes | 200 | 2,400 | 2,400 | 8,172 | 2,472 | 2,546 |
| Professional fees | 300 | 3,600 | 3,708 | 3,819 | 3,934 | 4,052 |
| Licence & Permits | 125 | 1,600 | 1,648 | 1,697 | 1,748 | 1,801 |
| Utilities | 125 | 1,500 | 1,545 | 1,591 | 1,639 | 1,688 |
| Vehicle | 400 | 4,800 | 4,944 | 5,092 | 5,245 | 5,402 |
| Contingencies -Corporate affairs | 350 | 4,200 | 4,326 | 4,456 | 4,589 | 4,727 |
| Total cash outflows | 10,630 | 127,270 | 131,009 | 140,632 | 138,899 | 143,058 |
| Net cash flows from Operations | 4,336 | 52,322 | 48,583 | 38,960 | 40,693 | 36,534 |
| Cash at beginning | | 4,500 | 6,505 | 4,771 | 14,554 | 31,074 |
| Cash available for plan | | 56,822 | 55,088 | 43,731 | 55,247 | 67,608 |
| Plan Payments: | | | | | | |
| Class 1 Administrative | | 0 | 0 | 0 | 0 | 0 |
| Class 2 Secured Claim- Doral Bank | | 23,124 | 23,124 | 23,124 | 23,124 | 23,124 |
| Class 3 Secured Claim- CRIM | | 5,004 | 5,004 | 5,004 | 0 | 0 |
| Class 4 Secured Claim- PRLP 2011 Holding LLC | | 0 | 0 | 0 | 0 | 0 |
| Class 5 Unsecured Claims Gubernamental Units | | 103 | 103 | 103 | 103 | 103 |
| Class 6 General Unsecured Claims | | 946 | 946 | 946 | 946 | 946 |
| Class 7 Equity Security and /or Other Interest holders | | 0 | 0 | 0 | 0 | 0 |
| Priority Tax Claims | | 21,140 | 21,140 | 0 | 0 | 0 |
| Total Plan Payments | | 50,317 | 50,317 | 29,177 | 24,173 | 24,173 |
| Cash Available after operation and Plan Payments | | \$6,505 | \$4,771 | \$14,554 | \$31,074 | \$43,434 |

This schedule is an integral part of Debtor's Disclosure Statement and Plan of Reorganization.

**MANUEL MEDIAVILLA, INC.
DIP 13-02800 MCF
AND
MANUEL MEDIAVILLA & MAYDIN G MELENDEZ
DIP 13-02802 MCF**

**JOINT REORGANIZATION PLAN CASH FLOW FORECAST
YEARS 1 TO 5 OF PLAN**

***ASSUMPTIONS AND BASIS FOR DEVELOPING THE REORGANIZATION
PLAN CASH FLOW FORECAST***

GENERAL

The reorganization plan has been proposed considering Debtor present rental income structure. At confirmation date, Debtors will generate combined rentals at an average of approximately \$12,800 per month which is consistent with present rent roll. A five (5) year plan is considered necessary and reasonable for Debtor to comply with paying all creditors based on matters set forth in the disclosure statement.

The accompanying combined schedule of operating cash inflows and outflows present, to the best of Debtors knowledge and believe, the expected results of activities during forecasted periods assuming the plan is confirmed under chapter 11 of the U.S. Bankruptcy Code. Accordingly, these projections reflect Debtor's judgment as of this date, of the expected conditions and their expected course of action and results as is the plan is approved.

Debtor understands that forecasted rent roll, as detailed in this Plan, fairly presents the economic yield of future revenue and effectively serve as a basis to develop the forecast.

The plan payment information was determined based on the scheduled payments plan information pursuant the claims class classification as set forth in the payments under the Plan. Substantially all rental income earned by debtors are committed to the plan payments as detailed in the accompanying schedule.

Revenues during reorganization period:

RENTAL: Rental revenue was forecasted based on forecasted rent roll for each case as disclosed . Rentals on Personal Property amounts to \$9,700 per month and \$3,100 on the corporate case. Annualized rentals amount to \$116,400 and \$37,200 on personal and corporate cases respectively. Present lease terms, in most of the cases will mature during 2017. It's assumed that any lease that matures before the end of the reorganization period will be renewed substantially under the same terms and conditions.

SOCIAL SECURITY BENEFITS: Forecasted at \$2,166 per month based on present benefit. No increase is expected.

EXPENSES DURING REORGANIZATION PERIOD:

The basis for expenses was established considering the actual experience and history of Debtors as sustained by evaluating the monthly operating reports filed on case during the last twelve (12) months adjusted for the effect of the property surrendered upon the Settlement Agreement reached with Secured Creditor PRLP. A 3% annual increase was provided to account for inflationary trends and increase in consumer price index. A reasonable provision for patents and property taxes has been provided based on statutory rates and present structure of debtor. Also, a reasonable provision for personal income and self-employment taxes has been provided. Income taxes have been provided on the corporate case considering available net operating losses carry forwards during reorganization period.

Manuel Mediavilla, Inc.
 13-02800 MCF
 Manuel Mediavilla & Maydin Melendez
 13-02802 MCF
 Post Confirmation Combined Debtor's Rent roll on Real Properties

| Property address | Owner | Local/Leesee | Local | Area P/C | Term | Monthly Rent | Comment |
|----------------------------|----------|----------------------------------|-----------|---------------|------|------------------|---------------------|
| Finca 5531 | MM, Inc. | Departamento de la Familia | | 11,845 | 2017 | 3,100.10 | Note 1 |
| | | Almacen sotano Dep de la Familia | | 8,000 | | | Vacant |
| Humacao, PR (Bo. Tejas) | MM & MM | Pharmacare, Inc. | 124 | 3,800 | 2017 | 4,000.00 | |
| | | Warehouse area 2nd. Floor | 124 Annex | 400 | | 0.00 | Ceded to Pharmacare |
| | | Medical Facilities | 126 | 2,800 | 2017 | 3,000.00 | |
| | | Tabernaculo de Restauracion | 124-A | 3,500 | 2017 | 2,700.00 | |
| | | | | <u>30,345</u> | | <u>12,800.10</u> | |

Note 1. Renewal of this lease is in process. Expected renewal monthly rent is \$ 5,200

Label Matrix for local noticing
0104-3
Case 13-02802-MCF11
District of Puerto Rico
Old San Juan
Tue Nov 14 11:50:17 AST 2017

CRIM
PO BOX 195387
SAN JUAN, PR 00919-5387

DORAL BANK/FANNIE MAE
MARTINEZ & TORRES LAW OFFICES PSC
PO BOX 192938
SAN JUAN, PR 00919-3409

ORIENTAL BANK
PO BOX 364745
SAN JUAN, PR 00936-4745

PR ACQUISITIONS LLC
PR ACQUISITIONS LLC
PO BOX 194499
SAN JUAN, PR 00919-4499

PRLP 2011 HOLDINGS LLC
AMERICAN INTERNATIONAL PLAZA
250 MUNOZ RIVERA AVE SUITE 800
SAN JUAN, PR 00918-1813

TREASURY DEPARTMENT OF THE COMMONWEALTH OF P
DEPARTMENT OF JUSTICE
FEDERAL LITIGATION DIVISION
PO BOX 9020192
SAN JUAN, PR 00902-0192

US TRUSTEE
US TRUSTEE
EDIFICIO OCHOA
500 TANCA STREET SUITE 301
SAN JUAN, PR 00901-1922

US Bankruptcy Court District of P.R.
Jose V Toledo Fed Bldg & US Courthouse
300 Recinto Sur Street, Room 109
San Juan, PR 00901-1964

AMERICAN EDUCATION SERVICES
PO BOX 2461
HARRISBURG PA 17105-2461

American Education Services
PO Box 8183
Harrisburg, PA 17105-8183

BANCO POPULAR DE PUERTO RICO
MORTGAGE SERVICING DEPARTMENT (762)
PO BOX 362708
SAN JUAN PR 00936-2708

BANCO POPULAR PR
POPULAR CENTER
SAN JUAN PR 00918

BANCO SANTANDER PR
PO BOX 362589
SAN JUAN PR 00936-2589

Banco Popular de Puerto Rico
Martnez & Torres Law Offices, P.S.C.
P.O. Box 192938 San Juan, PR 00919-2938

CAMPO EMILIO ARIZA
PO BOX 665
CAGUAS PR 00726-0665

DORAL BANK
PO BOX 71529
SAN JUAN PR 00936-8629

Department Stores National Bank/Macys
Bankruptcy Processing
Po Box 8053
Mason, OH 45040-8053

Doral Bank As Servicing agent of Fannie Mae
Martinez & Torres law offices , P.S.C
P.O Box 192938 San juan, Puerto Rico
00919-2938
787-767-8244 FAX 00919-3409

FACILIDADES MEDICAS ASOCIADAS DEL ESTE C
PO BOX 9185
HUMACAO PR 00792-9185

Internal Revenue Services
City View Plaza II
48 Carr 165, Suite 2000
Guaynabo, PR 00968-8000

MACYS
PO BOX 183083
COLOMBUS OH 43218-3083

MANUEL MEDIAVILLA INC
31 CALLE 2
GARDEN HILLS ESTATES
GUAYNABO PR 00966-2907

MANUEL MEDIAVILLA MARQUEZ
PO BOX 579
HUMACAO PR 00792-0579

ORIENTAL BANK
BOX 364745,
SAN JUAN, PUERTO RICO 00936-4745

ORIENTAL BANK
PO BOX 71113
SAN JUAN PR 00936-8013

PERFORMANCE RECOVERY ACT
PO BOX 9054
PLEASANTON CA 94566-9054

PHARMACARE INC
STREET 2 22 PASEO ALTO
SAN JUAN PR 00926

PHEAA
PO BOX 8147
HARRISBURG PA 17105-8147

PR ACQUISITIONS LLC
PO BOX 194499
SAN JUAN PR 00919-4499

PRLP 2011 HOLDINGS LLC
PO Box 367389
San Juan, PR 00936-7389

PRLP HOLDINGS 2011
PO BOX 70214
SAN JUAN PR 00936-8214

RODOLFO GUERRERO
1425 ENCANTO SR
WESLACO TX 78596-2769

SALLIE MAE SERVICING
PO BOX 9532
WILKES BARRE PA 18773-9532

Sallie Mae
c/o Sallie Mae Inc.
220 Lasley Ave.
Wilkes-Barre, PA 18706-1496

TABERNACULO DE RESTAURACION CIUDAD DE RE
CONDOMINIO TIERRA DEL SOL
CARR 906
HUMACAO PR 00791

CARMEN D CONDE TORRES
254 SAN JOSE STREET
5TH FLOOR
SAN JUAN, PR 00901-1523

LUISA S VALLE CASTRO
C CONDE & ASSOCIATES
254 CALLE SAN JOSE 5TH FLOOR
SAN JUAN, PR 00901-1523

MAYDIN G MELENDEZ
31 CALLE 2
GARDEN HILLS ESTATES
GUAYNABO, PR 00966-2907

MONSITA LECAROS ARRIBAS
OFFICE OF THE US TRUSTEE (UST)
OCHOA BUILDING
500 TANCA STREET SUITE 301
SAN JUAN, PR 00901

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(d)CRIM
PO BOX 195387
SAN JUAN PR 00919-5387

(d)MANUEL MEDIAVILLA
31 CALLE 2
GARDEN HILLS ESTATES
GUAYNABO, PR 00966-2907

| | |
|---------------------|----|
| End of Label Matrix | |
| Mailable recipients | 39 |
| Bypassed recipients | 2 |
| Total | 41 |