

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE.:

HECTOR ANIBAL MARTINEZ HERNANDEZ

DEBTOR

CASE NO.: 15-3458 BKT

CHAPTER 11

AMENDED DISCLOSURE STATEMENT DATED AUGUST 17, 2016

Filed by: **HECTOR ANIBAL MARTINEZ HERNANDEZ**

Date: AUGUST 17, 2016

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I. INTRODUCTION

This is the Disclosure Statement (the “Disclosure Statement”) in the Chapter 11 Bankruptcy Case of Héctor Aníbal Martínez Hernández (“Debtor” or “the Debtor”). This Disclosure Statement contains information about the Debtor, and it describes the Plan of Reorganization (the “Plan”) filed by Debtor on even date. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.

Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed).
- Who can vote on or object to the Plan
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan.
- Why Debtor Héctor Aníbal Martínez Hernández believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation.
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. The Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to finally approve this Disclosure Statement and Confirm the Plan will be fixed by the Court and shall be notified to all creditors and parties in interest. Creditors and parties in interest will be allowed a term to file any objections to the approval of this Disclosure Statement and to the confirmation of the Plan. It is of paramount importance to take notice of the deadlines fixed by the Court to be included in the order granting a preliminary approval of the Disclosure Statement that will be notified to all creditors and parties in interest.*

The time and place of the Hearing to finally approve this Disclosure Statement and Confirm the Plan will be fixed by the Court and the order will be notified to all creditors and parties in interest.

2. *Deadline For Voting to Accept or Reject the Plan.*

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the following mailing address:

*Hommel Antonio Mercado Justiniano, Esq.
Calle Ramirez Silva #8
Ensanche Martínez
Mayagüez, PR 00680-4714*

See Section IV.A below for a discussion of voting eligibility requirements. Your ballot must be received by the date fixed by the Court; otherwise it will not be counted. **Exhibit B: Ballots**

3. *As previously stated, the Court will fix a deadline for objecting to the adequacy of the Disclosure Statement and to the confirmation of the Plan.*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor's attorney at the mailing address previously disclosed by the date fixed by the Court.

4. *The identity of the person to contact for more information is Debtor's attorney whose name, telephone number and contact information is hereby disclosed and whose mailing address has been previously provided:*

Hommel Antonio Mercado Justiniano, Esq.
Tel. (787) 364-3188 & (787) 805-2945
Fax: (787) 805-7350
E-mail: hmjlaw2@gmail.com

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor Hector Aníbal Martínez Hernández has been a business investor (land development and construction) and restaurant owner for more than forty (40) years. He began his commercial investments as owner of the Restaurant El Buen Café, which is now a well-known Parador and Restaurant

The economic problems for the Debtor began when the real estate and construction business market collapsed.

The Debtor is the sole equity security holder and President of the following corporations:

- i. El Buen Café, Inc.: - This commonwealth corporation was registered on April 28, 1987. It is the owner of the Restaurant and Parador El Buen Café located at Road 2 Km 84, Hatillo, Puerto Rico. This Parador is fifteen minutes' walk from the beach, nearby the Arecibo Observatory and the Rio Camuy Cave Park. See Financial Statement and corporate reports attached as **Exhibit D**.
- ii. Hacienda El Buen Café, Inc. – This commonwealth corporation is dedicated to agricultural development and sales. Its Financial Statement dated May 6, 2015 is attached as **Exhibit E**.

B. Insiders of the Debtor

1. Hector Aníbal Martínez Hernández

C. Management of the Debtor Before and During the Bankruptcy Case

1. Debtor has managed all of his affairs as Debtor in possession before the bankruptcy and he continues to do so as of this date.

D. Events Leading to Chapter 11 Bankruptcy

1. Foreclosure complaint filed by Oriental Bank for the commercial loan that encumbers property located at Cocos Ward, Rd 2 km 91.8, Quebradillas, Puerto Rico against the Debtor.
2. Real Estate business market condition.

E. Significant Event During the Bankruptcy Case

1. *Employment of Professionals:*

- a. On May 7, 2015 Debtor filed an Application for the Employment of Homel Antonio Mercado Justiniano as counsel for Debtor (docket 5). Application for Employment was subsequently approved by the Court on June 1, 2015 (docket 19).
- b. On May 27, 2015 the Debtor filed the Application to Employ Accountant Heriberto Reguero, docket 16, which was granted as per docket 26.

2. *Election:*

- a. This case is not a small business case.

3. *Sales out of the Ordinary Course of Business:*

- a. The Debtor has not made any sale outside the ordinary course of business.

4. *Post – Petition Financing:*

- a. The Debtor has not applied for any post-petition financing nor does he have any encumbrances that will affect the cash collateral.

5. *Adversary Proceedings:*

None

6. *Administrative Reorganization:*

- a. Debtor's main source of income is: income from El Buen Café, Inc. and Hacienda El Buen Café, Inc, and the sale of real properties.

7. *Other Significant Events:*

- a. NONE

F. Projected Recovery of Avoidable Transfers

There are no projected recoveries of avoidable transfers, thus, Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance related actions.

G. Claims Objections

1. The Debtor, at his option or upon Order of The Court, if requested, may file an objection to any claim as to its validity or amount within thirty (30) days before the confirmation date. If an objection is made, payment to such claimant 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 claim belongs. Up to this date the Debtor does not predict that he will file any other objection to a claim other than the ones that have been previously made to this date.

Notice is hereby given that, except to the extent that the claim is already allowed pursuant to a final not appealable order, the Debtor reserves the right to object to claims. Therefore even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedure for resolving disputed claims are set forth in Article VII of the Plan.

H. Current and Historical Financial Conditions

1. For purposes of filing this petition the Debtor submitted all the required schedules. The information provided in the schedules, as amended, and the statement of financial affairs showed Debtor's financial position as of the date of the filing of the petition. The monthly operating reports available in the bankruptcy court file show Debtor's finances and results of operations for the period after the date of the filing of the petition.
2. The monthly operating reports show that the Debtor has made the financial adjustment so that he can start to successfully reorganize his finances and

comply with plan payments. The Debtor has reduced his expenses, and he is working with several job offers.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. What is the Purpose of the Plan of Reorganization

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to a specific treatment under the Code. They are not considered impaired, and holders of such claim do not vote on the Plan. They may, however, object if, in their view, the provided treatment under the Plan does not comply with the correct requirements by the Code.

C. Classes of Claims and Equity Interest under the Plan of Reorganization:

1. CLASS 1: Allowed Administrative Expenses

This class shall consist of Allowed Administrative Expense Priority 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 Debtor's counsel, accountant and any other professional retained by the Debtor, 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 cost accrued since the petition date. Debt under this class is estimated at:

Trustee's Fees -\$0.00

Attorney's Fees - \$6,000.00, for work realized on the instant case

Accountant Fees- \$2,000.00

Treatment:

This class will be paid on the effective date or upon an agreement by the parties, or upon Courts approval. This class is not impaired. (Effective date shall mean thirty (30) days after the order of confirmation becomes a final and firm order, and shall be the date on which the Debtor will commence his cash payments under the reorganization of the Plan.)

THIS CLASS IS NOT IMPAIRED

2. CLASS 2: Centro de Recaudación de Ingresos Municipales (“CRIM”)

Centro de Recaudación de Ingresos Municipales (“CRIM”) filed claim number 1 in the amount of \$23,274.38 for real property taxes of the Estate: secured in the amount of \$16,532.79, and unsecured in the amount of \$6,741.59.

THIS CLASS IS NOT IMPAIRED.

TREATMENT

Secured claim in the amount of \$16,532.79 will be paid in full by the Debtor in 5 yearly payments of \$3,307 each, beginning March 1st, 2017. The creditor will retain its legal liens on the real properties. The unsecured portion of claim 1 (\$6,741.59) shall receive distribution according to Class 7 General Unsecured Creditors.

THIS CLASS IS IMPAIRED

3. CLASS 3: Popular Auto

Popular Auto filed claim number 5 in the amount of \$2,630.15. It has a conditional sales contract dated March 1, 2012 (“the Conditional Sales Contract”) that encumbers a 2010 Ford Explorer.

TREATMENT

Debtor is current in his payments to this creditor, and he will continue to comply with monthly installments and all the terms and conditions of the Conditional Sales Contract. This creditor shall retain its lien on the 2010 Ford Explorer.

THIS CLASS IS NOT IMPAIRED

4. CLASS 4: Banco Popular de Puerto Rico (“BPPR”)

BPPR filed the secured claim number 8 in the amount of \$ 295,253.88. This claim is composed of several commercial loans that encumber Debtor’s property located at Guaniquilla Ward, Sector Pedernales. Cabo Rojo, Puerto Rico.

TREATMENT

The Debtor will continue to comply with monthly installments to BPPR as per loan agreements between the parties. Any existing arrears on this loan, if any, will be paid within 30 days of the effective date of the Plan or as per agreement between the parties. This secured creditor will retain its lien on the real property encumbered by this mortgage loan.

THIS CLASS IS NOT IMPAIRED

5. CLASS 5: Oriental Bank (Claim number 11 Mortgage Loan on Debtor’s residence)

Oriental Bank filed the secured claim number 11 in the amount of \$ 129,376.78 for a mortgage loan dated November 7, 2003. This secured claim encumbers Debtor’s residence: Apartment H-102 of Condominio Oceanía, Islote Ward, Arecibo, Puerto Rico, Property Number 53129, registered at Page 81 of Volume 1339 of Arecibo.

TREATMENT

Debtor is current in his payments to this creditor, and he will continue to comply with monthly installments as per Mortgage Deed dated November 7, 2003. Any arrears or expenses

owed to this creditor will be paid within thirty (30) of the effective date of the Pal. This creditor shall retain its lien on the encumbered property.

THIS CLASS IS NOT IMPAIRED.

**6. CLASS 6: TRIANGLE CAYMAN ASSET COMPANY
“TCA”(CLAIM NUMBER 7)**

Creditor Oriental Bank/ Triangle Cayman Asset Company filed claim 7 in the amount of \$1,191,034.25. This commercial encumbers Debtor’s real property located at PR 2 Km. 91.8, Cocos Ward, Quebradillas, Puerto Rico, Property Number 1,818 registered at Page 41 of Volume 35 of Quebradillas (“the Property”).

TREATMENT

The Debtor and creditor TCA reached a Stipulation for the payment of TCA’s Claim. The Stipulation was filed on July 7, 2016 at (Docket No. 107). The Court approved this Stipulation on August 2, 2016 (Docket No. 109).

The Stipulation States:

Triangle Cayman is immediately granted relief from the automatic stay as to the Property. Thus, upon approval of this Stipulation, Triangle Cayman may continue with in rem foreclosure of the Property (the “Foreclosure”). In addition to granting relief from the automatic stay, the Debtor will make a payment of \$130,000.00 in cash a single installment within 72 hours of the approval of this Stipulation by the Court (the “Cash Payment”). Within that same time frame, the Debtor will file an amended plan of reorganization and disclosure statement to incorporate the terms and conditions established herein. Triangle Cayman agrees to accept the proceeds of the Foreclosure and the Cash Payment in full satisfaction of Proof of Claim No. 7, provided the Debtor does not default under this Stipulation. See Claims Register No. 7.

See Sections 9, 10 and 11 of the Stipulation

The Stipulation is included with this Plan and it is made part of the Treatment of this Class. If any discrepancy occurs, the Stipulation contains the exact treatment for CLASS 6.

THIS CLASS IS IMPAIRED

7. CLASS 7: GENERAL UNSECURED CREDITORS

This class shall consist of general unsecured creditors. General Unsecured Creditors include those listed by the Debtor and those who have filed proof of claims. After the review of the proof of claims filed, the allowed liability to unsecured creditors is in the amount of \$1,344,966.97

CREDITOR	TYPE OF DEBT (LISTED OR CLAIM NUMBERED)	AMOUNT OWED
Banco Popular de PR (“BPPR”)	Claim 3	\$15,513.02
Banco Popular de PR	Claim 4	\$976.74
Banco Popular de PR	Claim 6	\$24,583.34
Banco Popular de PR (Debtor is cosigner for El Buen Café, Inc. in this commercial debt)	Claim 9	\$1,297,152.28
CRIM (unsecured portion of Claim 1)	Claim 1	\$6,741.59
TOTAL AMOUNT		\$1,344,966.97

TREATMENT

CLASS 7 claimants, except BPPR’s Claim number 9, shall receive from the Debtor a non negotiable, non interest bearing, promissory note dated as of the Effective Date. Creditors in this class shall receive a total repayment of 100% of their claimed or listed debt plus 3.5% annual interest. These creditors, which are in the amount of \$47,814.69, shall be paid in five equal annual payments of \$11,236.46 (this payment includes principal and interest) each. The first annual payment will be due on September 1, 2017, and subsequently the first day of September of each year.

BPPR’s claim number 9 will be paid by the borrower El Buen Café, Inc. according to terms and conditions of the commercial loan agreement between the parties.

THIS CLASS IS IMPAIRED

8. PAYMENT TO PRIORITIES UNDER SECTION 507(a)(8) OF THE BANKRUPTCY CODE

All allowed unsecured priority claims pursuant to 11 U.S.C. 507 (a) (8) of the Code as the same are allowed, approved, and ordered to be paid by the Court, shall be paid in full within 30 days of the Effective Date of the Plan . Each claim is to be evidenced by a promissory note for this amount.

Payments are as follows:

Internal Revenue Service Claim 2 \$24,294.49

Department of Treasury Claim 10 \$3,830.51

Means of Execution of the Plan and Future Management of Debtor

9. Source of Payments and Management of Debtor

Payments and distributions under the Plan will be funded by the following:

The source of payments proposed under the Plan shall come from Debtor's income from businesses and sale of real properties.

On the effective date of the Plan, the distribution, administration, management of Debtor's affairs, collection of money, sale of property and distribution to creditors, unless otherwise provided herein, will be under the control of the Debtor Héctor Aníbal Martínez Hernández

D. Risk Factors

The proposed Plan has the following risks:

- 1.The funding of the Plan is contingent to the continued Debtor's income from his businesses and sale of properties.

E. Executory Contracts and Unexpired Leases

The Plan, lists all the executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time. *Consult your advisor or attorney for more specific information about particular contracts and/or leases.*

If you object to the rejection of your unexpired lease or executory contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

The Deadline for filing a Proof of Claim based on a claim arising from the Rejection of a Lease or Contract will be fixed by the U.S. Bankruptcy Court. Any claim based on the rejection of a contract or lease will be barred if the Proof of Claim is not timely filed, unless the Court orders it otherwise.

This case has few executory contracts that Debtor will assume or reject. Specifically Debtor will assume the contracts needed to keep the operation of his medical office those contracts are: PREPA (electric utility), AAA (water utility), Public Liability Insurance, waste disposal, and telephone services. As of this moment there are no other executory contracts to assume or reject.

F. Tax Consequences of the Plan

Creditors and Equity Interest Holders concerned with how the Plan may affect their Tax Liability should consult with their own Accountants, Attorneys and/or Advisors. The following are the anticipated tax consequences of the Plan:

1. Tax consequences to the Debtor of the Plan

Notwithstanding the confirmation of the Plan, the Debtor will be liable for the payment of personal property taxes, income taxes, capital gain taxes, and other taxes that might become due after the confirmation of the Plan. Debtor might be entitled to off-set part of the income tax liability against the net operating loss (“NOL”) accrued by Debtor. The NOL will be preserved without material reduction, otherwise taxable income.

2. *General tax consequences on Creditors of any discharge, and the general tax consequences of receipt of Plan consideration after confirmation*

The tax consequences of the confirmation of the Plan to Unsecured Creditors will depend mainly on whether the creditor's present claim constitutes a security for federal income tax purposes and the type of consideration received by the creditor in exchange for its claim. Generally, claims arising out of the extension of trade credit have been held to not be tax securities.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §1129(a) or (b) of the US Bankruptcy Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes that are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim for non-governmental claimants in this case was due on September 10, 2015 and for governmental claimants was due on November 4, 2015.

2. *What is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote?*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- Holders of claims and equity interests that have been disallowed by an order of the Court;
- Holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been explicitly allowed to vote;
- Holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- Holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- Administrative expenses.

Even if you are not entitled to Vote on the Plan, you have a right to object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

4. *Who can Vote in More than One Class?*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a Cram Down on non-accepting classes, as discussed later in Section [B.2.].

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a Cram Down Plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of §1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable towards each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a Cram Down confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

Copy of the Ballot for voting is attach here to as Exhibit B

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in Chapter 7 liquidation. A Liquidation Analysis is attached to this Disclosure Statement as **Exhibit C**.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes that will allow the quarterly payments proposed. The final Plan payment is expected to be paid five (5) years from confirmation date.

You should consult with your Accountant or other Financial Advisor if you have any questions pertaining to these Projections.

V. EFFECT OF CONFIRMATION OF THE PLAN

A. Discharge of Claims

Except as otherwise provided for in this Plan or in the Order of Confirmation, the rights granted by the Plan and the payments and distributions to be made there under shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and claims of any kind, nature or description whatsoever against the Debtor. Unless after notice and

hearing the court orders otherwise for cause, confirmation of the plan does not discharge any debt provided for, in the plan until the Court grants a discharge on completion of all payments under the plan. At any time after the confirmation of the plan, and after notice and a hearing, the Court may grant a discharge to the debtor who has not completed payments under the plan if certain statutory conditions are met. Upon entry of the discharge order, all existing claims shall be deemed to be exchanged, satisfied, discharged and released in full; and all holders of claims shall be precluded from asserting and other future claim based upon act or omission, transaction or other activity of any kind or nature that occurred prior to the Consummation Date, whether or not such holder filed a proof of claim.

B. Modification of Plan

The Debtor may propose amendments or modification of this plan at any time prior to the confirmation pursuant to 11 USC 1127. After confirmation of the Plan, the Debtor may, with the approval of the Court as long as they do not adversely affect the interest of the creditors, remedy any defect or omission, in such manner as may be necessary to carry out the purposes and effects of the same.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

NONE.

In Mayagüez, Puerto Rico this 17th day of August of 2016.

/S/ HECTOR ANIBAL MARTINEZ HERNANDEZ

CERTIFICATE OF ELECTRONIC FILING AND SERVICE

I hereby certify that on this same date I electronically filed the foregoing motion with the Clerk of the Court using the CM/ECF System, which sends notification of such filing to the United States Trustee: *Mrs. Monsita Lecaroz Arribas, Esq.*, at ustpreion21.hr.ecf@usdoj.gov; and to all attorneys for all creditors and parties in interest that have filed a Notice of Appearance as listed.

I further certify that I have served this notice by depositing true and correct copy thereof in the United State Mail to all non-user creditors and parties in interest as per attached Master Address List.

In Mayagüez, Puerto Rico, this 17th day of August, 2016.

/s/ Homel Antonio Merado Justiniano
ATTORNEY FOR DEBTOR
USDC -PR- 229705
ENSANCHE MARTINEZ
8 DR. A. RAMIREZ SILVA ST.
MAYAGÜEZ, PR 00680-4714
TEL.: (787) 364-3188 & (787) 805-2945
FAX: (787) 805-7350
EMAIL: hmjlaw2@gmail.com

HéCTOR ANÍBAL MARTÍNEZ HERNÁNDEZ
381 CARRETERA NO. 2 KM 8.4 PO BOX 195387
CARRIZALES WARD SAN JUAN, PR 00919-5807
HATILLO, PR 00659-2814

HOMEL MERCADO JUSTINIANO DEPARTMENT OF TREASURY
CALLE A. RAMIREZ SILVA #8 PO BOX 9024140 OFF. 424.B
ENSANCHE MARTINEZ BANKRUPTCY SECTION
MAYAGUEZ, PR 00680 SAN JUAN, PR 00902-4140

BANCO POPULAR DE PUERTO RICO HUD (SECTION 8 FEDERAL HOUSING)
PO BOX 362708 235 FEDERICO COSTA SUITE 200
SAN JUAN, PR 00936-2708 SAN JUAN, PR 00918

BANCO POPULAR DE PUERTO RICO HUD (SECTION 8 FEDERAL HOUSING)
PO BOX 71375 235 FEDERICO COSTA SUITE 200
SAN JUAN, PR 00936-7077 SAN JUAN, PR 00918

BANCO POPULAR DE PUERTO RICO IRS
PO BOX 71375 PO BOX 7317
SAN JUAN, PR 00936-7077 PHILADELPHIA, PA 19101-7317

BANCO POPULAR DE PUERTO RICO NAME UNKNOWN
PO BOX 71375 URB. CORALES #3 C-1 ST.
SAN JUAN, PR 00936-7077 HATILLO, PR 00659

BANCO POPULAR DE PUERTO RICO ORIENTAL BANK
PO BOX 71375 997 SAN ROBERTO ST.
SAN JUAN, PR 00936-7077 SAN JUAN, PR 00926

BUFETE MONTANEZ Y ALICEA ORIENTAL BANK
CONDominio EL CENTRO I 997 SAN ROBERTO ST.
AVE. MONUZ RIVERA 500 OFI. 211-214 SAN JUAN, PR 00926
SAN JUAN, PR 00918

CRIM POPULAR AUTO
PO BOX 195387 PO BOX 366818
SAN JUAN, PR 00919-5807 SAN JUAN, PR 00936-6818