

**United States Bankruptcy Court
San Juan District of Puerto Rico**

In Re: La Habichuela, Inc.
Debtor

Case No. 15-09171EAG-11
Chapter 11

LA HABICHUELA, INC.
AMENDED DISCLOSURE STATEMENT, DATED 07/28/2017

EXHIBITS

- | | |
|-----------|--|
| Exhibit A | Amended Plan of Reorganization dated 7/28/2017
Schedule of Plan Payments |
| Exhibit B | Amended Liquidation Analysis as of April 30, 2017 |
| Exhibit C | Projected Financial Statement Amended
For the Five-Year Period Ending September 30, 2022
Schedule of Plan Payments |
| Exhibit D | Financial Statements Years 2014, 2015 & 2016 |
| Exhibit E | Summary of Monthly Operating Reports
Between November 19, 2015 through June 30, 2017 |
| Exhibit F | Income Tax Returns 2014, 2015 & 2016 |

INTRODUCTION

This is the disclosure statement in the chapter 11 case of La Habichuela, Inc. (the "Debtor"). This Disclosure Statement contains Information about the debtor and describes the Chapter 11 Plan dated 07/28/2017. The "Plan" filed by La Habichuela, Inc., on 07/28/2017. 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.*

The proposed distributions under the Plan are discussed in the attachments of this Disclosure Statement. General unsecured creditors are classified in Class 2, 3, 4, and will receive a distribution of 15 % of their allowed claims, to be distributed as follows. 60 payments of pro rata uniform amounts commencing on the effective date of the Plan.

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 the Plan
- What factors the Bankruptcy Court will consider when deciding whether to confirm the Plan.
- Why the **Debtor or Proponent** 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. And
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This 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.

- I.** Time and Place of Hearing is yet to be determined by the Bankruptcy Court. First the Court has to evaluate the Disclosure Statement complies with the requirement of adequate **information pursuant 1125 (a)**.

The hearing at which the Court will determine whether to finally approve this Disclosure Statement is to be announced and subsequently a hearing to confirm the Plan will take place on a date and time that the Court has yet to schedule, in a Courtroom. at the Jose V. Toledo U.S. Courthouse, 300 Recinto Sur St., Suite 134, San Juan, PR 00901.

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 Francisco R. Moya Huff, Esq., Ave. Aguas Buenas, Blq. 10-17, Santa Rosa, Bayamon, PR 00969. See Section IV-A below for a discussion of voting eligibility requirements.

Your ballot must be received by 20 days before confirmation hearing or it will not be counted.

3. Deadline for Objecting to the Adequacy of Disclosure and 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 La Habichuela, Inc. and Attorney Francisco R. Moya Huff by 20 days prior to the hearing scheduled for Confirmation.

4. Identity of Persons to Contact for More Information: Francisco R. Moya Huff, Esq.

If you want additional information about the Plan, you should contact Francisco R. Moya Huff, Esq., Ave. Aguas Buenas, Blq. 10-17, Santa Rosa, Bayamon, PR 00969

C. Disclaimer

The Court has not approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan, to make an informed judgement about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation. The fact that the Court has not approved yet this Disclosure Statement does not constitute an endorsement of the Plan by the Court. Subsequently once approved, the procedure will conclude at the hearing of Confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until 20 days of the date scheduled for its approved and confirmation and subsequently for the Confirmation of the Chapter 11.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a corporation that had and was administering five fast food restaurant selling Criollo Style Food. Operations commenced since 1997. The Debtor has been in the business of Puertorrican Style, Criollo Food previously in 4 different Malls; currently operations have been reduced to three distinct restaurants in two Malls. The Debtor had two restaurants in Plaza Carolina, another one in Plaza Del Carmen Mall in Caguas, another one in Plaza Del Norte Shopping Mall and the fifth one in Plaza Rio Hondo of Bayamon. The businesses located at Plaza Del Norte Shopping Center and the other one located at Plaza Del Carmen Mall in Caguas were closed during the year 2016. The other three restaurants continue and are currently the source of the income that the Debtor in Possession generates and will be using to pay for the Chapter 11 Plan once it is approved by the Court. Due to the two now closed restaurants the income of the Debtor and cash flow was insufficient for all of the five restaurants. Due to the lack of adequate income with the five restaurants the Debtor failed to adequately pay at the time the retained tax on sales. The closing of the two restaurants outside of bankruptcy would have led a very large claim regarding the economic value of the remainder of the nonresidential lease agreement. As of November 18, 2015 the Treasury Department of the Commonwealth of Puerto Rico closed one of the two restaurants located at Plaza Carolina Mall due to the arrears of the sales tax payments. In order to reopen the restaurant the petition for relief was filed on November 19, 2015. The restaurant was reopened by the Debtor in Possession and has continued to operate the businesses until the present.

B. Insiders of the Debtor

The Debtor in Possession has two insiders Francisco Cabello and Harry Mercado. For each of the two insiders, the compensation paid by the Debtor in Possession to the persons who had administer the restaurants during the two years prior to the commencement of the Debtor's bankruptcy case, as well as compensation paid during pendency of this chapter 11 case. Debtors' individual administrators are Francisco Cabello with bi-weekly compensations of \$2,350.00 and Harry Mercado with bi-weekly compensations of \$1,073.00 The Corporation also pays a vehicle for each Director.

C. Management of the Debtor Before and During Bankruptcy

During the two years prior to the date on which bankruptcy petition was filed November 19, 2015, the officer, directors, managers or other persons in control of Debtor, collectively known as Managers are:

Mr. Francisco Cabello and Dr. Harry Mercado.

After the effective date of the order confirming the Plan, the directors of the Debtor, successor of the Debtor under the Plan collectively the Post Confirmation Managers, are and will continue to be: Francisco Cabello and Harry Mercado. The responsibilities and compensation of these Post Confirmation Managers are described in section D2 of this Disclosure Statement.

A. Events Leading to Chapter 11 Filing

The Store located in Plaza del Norte Shopping Mall, suffered major losses due to the relocation of an anchor tenant in the Mall. Thus, a major reduction of pedestrian traffic going to the Mall caused a significant reduction in sales. Operational losses were absorbed by the other restaurants. Consequently, retained Taxes were not completely paid, but the tax returns were timely filed. The Treasury Department made affirmative action requiring the filing of the case in order to make an adjusted payment plan.

B. Significant Events During the Bankruptcy case:

- Describe any asset sales outside the ordinary course of business, debtor in possession financing, or cash collateral orders. - Not Applicable.
- Identify the professionals approved by the court. Attorney Francisco R. Moya Huff, Gabriel Moreno Santiago CPA and CPA Fernando del Moral.
- The POC #8 & #10 filed by DDR where objected and subsequently settled.
- POC #11 & #12 of the Treasury Department where objected subsequently amended by the creditor and POC #11 Deemed accepted as amended and filed.
- POC #12-4 has been objected partially because the claims made on the months of April, May and June 2014 had been paid. The Certification of Payment from the Treasury Department was included in the Motion OBJ file docket 232 on July 26, 2017.
- Caguas Mall filed a motion requesting that the debtor deliver the local located at Caguas Mall. A contested matter in ensued, because the DIP had possession of the local due to a judgment enter in favor of the DIP in the local Court. The local was delivered to leaser pursuant to that judgement and without any payment of the same. The leaser returns the deposit to Debtor in possession.
- Describe any steps taken to improve operations and profitability of the Debtor.
 - The Store of Plaza del Norte Mall was closed as of 01/31/16.
 - The Store of Caguas Mall was closed effective 07/31/16

C. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance or other avoidance actions.

D. Claims Objections

All objections to the POC's #6, 7, 8, 9 & 10 of DDR and POC's #11 & 12 of the Treasury Dept. have been resolved. Caveat POC 12-4 has made a claim related to month of April, May, and June 2014. These three months have been objected, proof of payment has been provided. 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 procedures for resolving disputed claims are set forth in Article V of the Plan.

E. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B.

The Debtor's most recent financial statements issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C.

The most recent post-petition operating report of June 2017 has been filed . A summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

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 interests 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 specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. as such, the Plan Proponent has *not* placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under§ 507(a) (2) of the Code. Administrative expenses also include the value of

any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan.

Type - Expenses arising in the ordinary Course of Business after the Petition Date.

Estimated Amount Owed- \$0.00

Proposed Treatment- Paid in full on the effective date of the Plan or according to terms of obligation if later.

Type - The Value of Goods Received in the Ordinary Course of Business within the 20 days before the Petition date

Estimated Amount Owed- \$0

Proposed Treatment- Paid in full on the effective date of the Plan, or according to terms of obligation if later.

Type- Professional Fees, as approved by the Court.

Estimated Amount Owed- \$13,000.00

Proposed Treatment - Paid in full on effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan

Type- Clerk's Office Fees.

Estimated Amount Owed- unknown so estimated to be \$800.00

Proposed Treatment- Paid in full on the effective date of the Plan.

Type- Other administrative expenses

Estimated Amount Owed- \$31,701.87

Proposed Treatment- Paid in full on the effective date of the Plan, or according to separate written agreement. To be paid in 3 identical disbursements of \$10,567.27 per month commencing on the effective date of the Plan.

Type- Office of the U.S. Trustees

Estimated Amount Owed- \$4,875.00

Proposed Treatment- Paid in full on effective date of the Plan

Total \$50,376.81

2 *Priority Tax Claims*

Priority tax claims are unsecured income, employment and other described by § 507 (a) (8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following lists the Debtor's estimated § 507 (a) (8); priority tax claims and their proposed treatments under the Plan.

Description - POC 11-3 Income Tax for the year 2012 & 2013

See the projects Schedule in the Exhibit Attached.

Treatment:

Payment Interval – Prorated monthly disbursement for 60 months.

Monthly Payment - \$2,156.02

Begin Date - Effective date of the Plan

End Date - 60 months later

Interest Rate % - 10%

Total Payment amount - \$105,023.95

Description - POC 12-4 I.V.U.

See Schedule of Payments in the Exhibit Attached.

Treatment:

Payment Interval – Prorated monthly disbursement for 60 months.

Monthly Payment - \$7,724.18

Begin Date - Effective date of the Plan

End Date - 60 months later

Interest Rate % - 10%

Total Payment amount - \$326,283.16

Total \$430,307.11

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment at they will receive under the following Plan:

1. Classes of Secured Claims

Allowed Secured Claims secured by property of the Debtor's bankruptcy estate to extent allowed as secured claims under § 506 of the Code.

Class # 1

Description

Secured claims	Reliable Financial Services, Inc.
Insider=	No
Impairment=	unimpaired
Collateral description =	Porsche Cayenne
Allowed Secured Amount =	<u>\$70,000.00</u>
Priority of lien =	
Principal Owned =	<u>\$59,185.00</u>
Pre-pet. Arrearage=	\$0

Treatment

Monthly payment-	\$1,244.00
Payments Begin=	7/14
Payments End=	10/19
Balloon payment =	\$19,949.00
Interest rate %=	4.63%
Treatment of Lien=	Monthly Payments until balloon become due

Total Claim \$59,185.00

Classes of General Unsecured Claims

Class # 2 - Banco Popular de Puerto Rico, with Guarantors who are currently curing arrears and making current payments

Description	Loan Guaranty by the Equity Security Holders which was used to build the Restaurant that was located at Plaza del Norte and which was closed on January 2016.
Unsecured claimant name =	Banco Popular de Puerto Rico
Insider=	No
Impairment=	impaired
Collateral description =	Guarantors

Principal Owned =	<u>\$295,806.00</u>
Pre-pet. Arrearage=	\$35,026.56
Treatment	
Monthly payment-	\$739.00
Payments Begin=	Effective Date of the Plan
Payments End=	60 Months
<u>Total Claim</u>	<u>\$295,806.00</u>

Class of Unsecured Claims

Class #3 Non Residential Commercial Lease Contracts

Description=	Unsecured Claims on POC's 8 & 10
Impairment=	impaired
Treatment=	Prorated monthly disbursement of 15% of claim for 60 months from the effective date of the plan.
Total amount of claims:	<u>\$201,296.45</u>

Class #4 General Unsecured Creditors

Description=	General Unsecured Commercial Creditors & Unsecured Tax deficiencies of the Puerto Rico Treasury Department.
Impairment=	Yes
Treatment=	For prorated monthly disbursement of 15% of claim for 60 months from the effective date of the plan.
Total amount of claims:	<u>\$428,169.46</u>

5. Class[es] of Equity Interest Holders

Equity interest holders are parties who hold an ownership in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders.

Class #5

Description=	Equity interest Holders, Mr. Francisco Cabello and Dr. Harry Mercado.
Impairment=	impaired

Treatment= Continue as Equity Interest holders and will continue as Directors and to work as administrators of the Debtors.

D. Means of implementing the Plan

1. Source of Payments

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

The funding will come from the savings since filing the petition for relief and continuation of operations the three restaurants.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name: Francisco Cabello
Affiliations= Stockholder
Insider= Yes
Position= Director/Administrator
Compensation= \$2,350 bi-weekly

Name: Harry Mercado
Affiliations= Stockholder
Insider= Yes
Position= Director/Administrator
Compensation= \$1,073 bi-weekly

E. Risk Factors

The proposed plan has the following risks:

The Claims made by Treasury Dept. of PR. POC's 11 & 12, made claims that were not sustained by the Tax Forms that were filed. They have been objected in the Bankruptcy Case and were being evaluated in the Treasury Dept. Administrative proceeding. The POC's 11 & 12 were amended. The DIP has only one partial objection to POC 12-4 at docket 232, the DIP objected the claim of 3 months, 04/05 & 06 2014 because these amount are paid in full.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit A, lists all executory contracts and unexpired leases that the Debtor assumes under the Plan and or has rejected already. 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. Exhibit 1, Page 5, Class 3 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract was 05/05/2016. 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 otherwise.

DDR del Sol LLC, SE filed POC #8 in 05/05/16. The POC was objected and settled, Docket # 227.

DDR del Norte LLC SE filed POC #10 was objected and settled, See, Docket # 227.

G. Tax Consequences of 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: [List the following general consequences as a minimum.

The DIP should not suffer adverse tax consequences because the DIP has been suffering tax losses for a couple of years and still has tax credits for the foreseeable future.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the 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. In this case the general unsecured creditors would not receive any disbursement because the liquidation value of the case if converted to a chapter 7 case would be 0.00 %.

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 2, 3 & 4 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that class's 1 is unimpaired and that holders of claims in each of these classes, therefore, do not have the right 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 in this case was 05/05/2016

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 "allowed" for voting purposes.
- Holders of claims or equity interests in unimpaired classes;
- 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 interest's .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 is 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 "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 Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting 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" toward each impaired class that has not voted to accept the Plan.

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

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 a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit B. The liquidation value of the estate is of \$0.00% for the general unsecured creditors. The plan is offering the general unsecured creditor a 15% payment on the amount admitted in the schedules or the amounts filed in the proof of claims.

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. Tables showing the amount of cash on hand on the effective date of the Plan and the sources of that cash are attached to this disclosure statement as Exhibit D & E.

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

The DIP has included projections. 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 has provided projected financial information. Those projections are listed in Exhibit E.

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, of the final Plan payment is expected to be paid on 09/2022.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections. •

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge.

On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. "The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing."

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

As July 28, 2017 in San Juan, Puerto Rico

s/ Francisco Cabello
Signature of the Plan Proponent

s/ Francisco R. Moya Huff
Signature of the Attorney for the Plan Proponent