

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

IN RE:

**NORBERTO A. CRUZ MONTYO
SANTA T. HERNÁNDEZ MELÉNDEZ**

DEBTORS

**CASE NO. 16-00867 MCF
SMALL BUSINESS
UNDER CHAPTER 11**

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
BANKRUPTCY CODE DESCRIBING THE REORGANIZATION
CHAPTER 11 PLAN PROPOSED BY DEBTORS**

**PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS
DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR
DECISION TO ACCEPT OR REJECT THIS PLAN OF REORGANIZATION. THE PLAN
PROPOSERS BELIEVE THAT THIS PLAN OF REORGANIZATION IS IN THE BEST
INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE
PROPOSERS URGE THAT THE VOTER ACCEPT THE PLAN.**

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I. INTRODUCTION

Norberto A. Cruz Montoyo and Santa T. Hernández Meléndez (hereinafter referred to as Mr. Cruz and Mrs. Hernández, collectively referred to as “Proponents” or “Debtors”) are the Debtors in a Chapter 11 bankruptcy case. On February 5, 2016, Debtors commenced a bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code (hereinafter “Code”), 11 U.S.C. §101 *et seq.* Chapter 11 of the Bankruptcy Code allows the Debtors, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization (hereinafter “Plan”). The Plan may provide for the Debtors to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. Mr. Cruz and Mrs. Hernández, the parties proposing the Plan, sent to you in the same envelope as this document, the proposed Plan. **THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN WHICH IS ANNEXED HERETO AS *EXHIBIT A*.**

This is a reorganization plan. In other words, the Proponents seek to accomplish payments under the Plan by distributing all the disposable income as it becomes available, to all parties and creditors as described in this Disclosure and in the Plan.

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

(1) WHO CAN VOTE OR OBJECT,

- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (*i.e.*, what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION,**
- (3) THE HISTORY OF THE DEBTORS AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,**
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,**
- (5) THE EFFECT OF CONFIRMATION, AND**
- (6) THE FEASIBILITY OF THE PLAN.**

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

Code Section 1125 requires a Disclosure Statement to contain “adequate information” concerning the Plan. The term “adequate information” is defined in the Bankruptcy Code Section 1125(a) as “information of a kind, and in sufficient detail,” about a debtor and its operations “that would enable such a hypothetical investor of the relevant class to make an informed judgment” about accepting or rejecting the Plan. The Bankruptcy Court (hereinafter “Court”) has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code Section 1124.

This Disclosure Statement is provided to each creditor whose claim has been scheduled by the Debtors or who has filed a proof of claim against the Debtors and to each interest holder of record as of the date of approval of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Confirmation Procedures

Persons Potentially Eligible to Vote on the Plan

In determining acceptance of the Plan, votes will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtors as undisputed, non-contingent and unliquidated, or who, prior to the hearing on confirmation of the Plan, has filed with the Court a proof of claim which has not been disallowed or suspended prior to computation of the votes on the Plan. The Ballot Form that you will receive does not constitute a proof of claim. If you are uncertain whether your claim has been correctly scheduled, you should check the Debtors' Schedules, which are on file at the office of the Clerk of the Bankruptcy Court located at: United States Bankruptcy Court, U.S. Court House, José V. Toledo Federal Building, 300 Recinto Sur Street, San Juan, P.R. 00901. The Clerk of the Bankruptcy Court will not provide this information by telephone.

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTORS AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

1. Time and Place of the Confirmation Hearing

The hearing at which the Court will determine whether to confirm the Disclosure Statement and Plan has not been appointed by the Court.

2. Deadline For Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the ballot that will be sent to you once the Disclosure Statement is approved by the Bankruptcy Court, and return to the undersigned Debtors' legal representation.

The deadline for you to submit your ballot will be established by the Court with the approval of the Disclosure Statement.

3. Deadline For Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Court and served upon the undersigned Debtors' legal representation within the time that will be established by the Court with the approval of the Disclosure Statement.

4. Identity of Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact the undersigned Debtors' legal representation.

C. Disclaimer

The financial data relied upon in formulating the Plan is based on projections. The financial projections have been submitted by Ricardo Feliciano Figueroa.

The Plan Proponents represent that everything stated in the Disclosure Statement is true to the Proponents' best knowledge.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

II. BACKGROUND

A. Description and History of the Debtors' Business

Mr. Cruz and Mrs. Hernández are a married couple that operates a uniform store, which operates under the name of Tienda Noredna. This store is located at a commercial building at Georgety Street #25, Barceloneta, Puerto Rico. In Debtors' business most sales are uniforms, women dresses, home accessories and miscellaneous goods. As a consequence, Debtors income is higher during the back to school season.

Also, Debtors generate income from the rental of five residential apartments and a commercial space located at Georgety Street #25, Barceloneta, Puerto Rico. These apartments are leased with a governmental subsidy (Plan 8). By the other hand, Debtors also have a commercial property which generates income from a lease. All these seven lease contracts were assumed at Scheduled G of the Voluntary Petition.

B. Principals/Affiliates of Debtors' Business

Debtors business operates as a "doing business as", for that reason both Mr. Norberto A. Cruz Montoyo and Santa T. Hernández Meléndez are both principals of Debtor's business.

C. Management of the Debtors Before and During the Bankruptcy

Debtors have been the only manager of this business before and during the bankruptcy. Debtors do not expect this to change during the validity of the reorganization plan.

D. Events Leading to Chapter 11 Filing

Here is a brief summary of the circumstances that led to the filing of this Chapter 11 case:

- Debtors have confronted a hard economical situation since 2012. At that time, Debtors mortgaged all their properties in order to help their son to establish and operate a dairy farm. For this purpose and with the aim of helping their son, Debtors took large amounts of money in loans and credit cards. The funds to pay all of these debts were supposed to be produced by the dairy farm of their son. However, the dairy farm did not succeed, since it was constantly under the

attack of rustlers and the expenses of the dairy farm were very high.

- With this panorama, Debtors tried to pay creditors from the money produced by Tienda Noredna and from an auto dealer, which is no longer operating. However, this income was not enough to make all payments.
- By the other hand, Tienda Noredna has suffered its own struggling moment, since it is located at Barceloneta's town, and nowadays people prefer to go the malls and outlets nearby. This situation had provoked a decrease in sales.
- Also, the center of Barceloneta's town was remodeled, which diminished the quantity of people that visit town during the restyling. This fact also influenced the decrease of income generated by Tienda Noredna.
- On the other hand, the difficult economic situation forced Debtors to close their auto sale located at Arecibo, which represented less income to pay all debts.
- Debtors had filed two Chapter 13 Bankruptcies and both ended being dismissed. The first case was filed on 2013; case no. 13-09717, which was dismissed because Debtors never reached an agreement with some creditors. The second bankruptcy was filed in 2015; case no. 15-00891, which was dismissed because Debtors were not eligible for a Chapter 13 since, prior to the filing of the petition, the secured debts surpassed the statutory limits established by section 109(e).
- With this scenario, Oriental started an action of collection of money and foreclosure process for the money owed by Debtors. On September 2015, Oriental Bank notified Debtors that an auction process was to be held on February 8, 2016.

E. Significant Events During the Bankruptcy

1. Bankruptcy Proceedings

The following is a chronological list of significant events which have occurred during this case:

- March 18, 2016 - The meeting of creditors was held and closed. Debtors have already filed and complied with all the changes and documents requested in the referred meeting.
- April 27, 2016 – A Status Conference Hearing was held.

The Court has approved the employment of the following professionals:

- Gratacós Law Firm, PSC – Law firm employed to represent Debtors in all the bankruptcy and related proceedings. The employment was approved on March 11, 2016. The current estimated amount owed to this professional is \$8,000.00.
- Ricardo Feliciano Figueroa – Accountant employed to conduct the analysis of Debtors' finance, prepare tax returns, complete monthly operating reports, prepare financial projections, amount other duties related to Debtors' finances. The employment was approved on March 28, 2016. The current estimated amount owed to this professional is an agreed annual rate of \$225.00 for non-recurrent services and \$225.00 for recurrent services, any additional services will be charged at \$30.00 per hour, subject to Court approval.

Currently, there are no adversary proceedings and motions are pending, regarding the bankruptcy case.

2. Other Legal Proceedings

Currently, Debtors are not involved in any non-bankruptcy legal proceedings.

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers

The Debtors do not intend to pursue preference, fraudulent conveyance, or other avoidance action.

4. Claims Objection

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtors reserve 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.

5. Procedures Implemented to Resolve Financial Problems

In an effort to remedy the problems that led to the bankruptcy filing, Debtors have implemented the following procedures:

- Controlled the expenses at the maximum amount possible, according to the necessities of the store.
- Debtors have refocused the buying of new inventory to those items that sell the most, like women clothes and school uniforms.
- Debtors have lease to a church the commercial local that was vacant at the back of their store.
- Debtors have make improvements to the five apartments rented in the Georgetti building.
- Managed all the accounting and finances of the stores through Ricardo Feliciano Figueroa to receive a better and more organized view of the income and expenses of the pharmacy. This has allowed Debtors to make decisions that would further benefit the cash flow.

6. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B. A summary of the Debtors' periodic operating reports recently filed in the Debtors' bankruptcy case is set forth in Exhibit C. This will help the reader to identify the income, expenses and available cash that Debtors have had since the filing of the case.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan

The Plan classifies claims and interests in various classes. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive. See, Exhibit D for a Summary of the proposed payments under the Plan of Reorganization.

B. Unclassified Claims

Certain types of claims are not placed into voting classes. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponents have not placed the following claims in a class:

1. Administrative Expenses and Fees

Administrative expenses are claims for fees, costs or expenses of administering the Debtors' Chapter 11 case which are allowed under Code Section 507(a)(1), including all professional compensation requests pursuant to Sections 330 and 331 of the Code. The Code requires that all administrative expenses including fees payable to the Bankruptcy Court and the Office of the United States Trustee which were incurred during the pendency of the

case must be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtors' unpaid administrative fees and expenses ("Compensation"), an estimate of future professional fees and other administrative claims and fees and their treatment under the Plan:

NAME	AMOUNT ESTIMATED	TREATMENT	TYPE OF CLAIM
Gratacós Law Firm, P.S.C.	\$8,000.00	Paid in full on or before the Effective Date	Professional compensation
Ricardo Feliciano Figueroa	\$5,000.00	Paid in full on or before the Effective Date	Professional compensation
Office of the U.S. Trustee Fees	As invoiced based on Debtors' quarterly disbursements	Paid in full on Effective Date or as the invoices become due	U.S. Trustee

a. Court Approval of Professional Compensation Required:

Pursuant to the Bankruptcy Code, the Court must rule on all professional compensation and expenses listed in this chart before the compensation and expenses will be owed. The professional in question must file and serve a properly noticed fee application for compensation and reimbursement of expenses and the Court must rule on the application. Only the amount of compensation and reimbursement of expenses allowed by the Court will be owed and required to be paid under this Plan as an administrative claim.

Each professional person who asserts a further administrative claim that accrues before the confirmation date shall file with the Bankruptcy Court, and serve on all parties required to receive notice, an application for compensation and reimbursement of expenses no later than sixty (60) days after the Effective Date of the Plan. Failure to file such an application timely shall result in the professional person's claim being forever barred and discharged. Each and every other person asserting an administrative claim shall be entitled to file a motion for allowance of the asserted administrative claim within ninety days of the Effective Date of the Plan, or such administrative claim shall be deemed forever barred and discharged. No motion or application is required to fix the fees payable to the Clerk's Office or Office of the United States Trustee. Such fees are determined by statute.

As indicated above, the Debtors will need to pay approximately \$13,000.00 worth of administrative claims and fees on the Effective Date of the Plan, plus the Offices of The United States Trustee fees, unless a claimant has agreed to be paid later or the Court has not yet ruled on the claim. Debtors plan to pay most of this administrative claims and fees before the Effective Date.

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires that each holder of such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments with a 4% interest rate, over a period ending no later than five years after the date of the order for relief. However, there are no priority tax claims under this Plan.

C. Classified Claims and Equity Interests

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtors' bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the

Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes of creditors containing the holders of the Debtors' secured pre-petition claims and their treatment under this Plan, See, Exhibit E:

Class 1. Municipal Revenue Collection Center (C.R.I.M.)

Claim: 2 for \$24,873.00

This creditor is not an insider.

CRIM secured claim stems from property taxes owed.

Proposed treatment: The total amount claimed will be paid the present value of such claim, with a 4% interest rate, in regular installments paid over a period not exceeding 5 years from the order of relief. The payments will begin on the Effective Date of the Plan.

This class is Not Impaired: claims in this class are entitled to vote on the Plan.

Class 2. Triangle REO PR, Corp.

Claim: 3 for \$989,274.69

This creditor is not an insider.

Triangle REO PR, Corp. security interest stems from a Mortgage Note acquired from Eurobank, executed by Debtor on October 10, 2008, for the principal amount of \$1,212,000.00 payable to the Eurobank or its order, which in turn is secured by:

(1) Property No. 10,265, which is mortgaged by: (a) Mortgage Note for the principal amount of \$25,000.00 payable to the Bearer, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 232 executed on October 31, 1994 by

Notary Public Frank M, Ramírez; (b) Mortgage Note for the principal amount of \$200,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 172 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; and (c) Mortgage Note for the principal amount of \$25,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 148 executed on October 10, 2008;

(2) **Property No. 14,782**, which is mortgage by: (a) Mortgage Note for the principal amount of \$125,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 53 executed on May 16, 1997 by Notary Public Luis G. Rivera Marín; (b) Mortgage Note for the principal amount of \$146,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 266 executed on December 18, 2000 by Notary Public Luis G. Rivera Marín; (c) Mortgage Note for the principal amount of \$12,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 174 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; (d) Mortgage Note for the principal amount of \$144,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 94 executed on August 24, 2007 by Notary Public Ismael Pérez Nieves; (e) Mortgage Note for the principal amount of \$89,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 48 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves; (f) Mortgage Note for the principal amount of \$45,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 146 executed on October 10, 2008; and

(3) **Property No. 1,146**, which is mortgage by: (a) Mortgage Note for the principal amount of \$100,000.00 payable to Bearer or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 107 executed on July 30, 2003 by Notary public Juan Ramírez Ramírez; (b) Mortgage Note for the principal amount of \$20,000.00 payable to Bearer or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 231 executed on October 31, 1993 by Notary Public Frank M. Ramírez; (c) Mortgage Note for the principal amount of \$20,000.00 payable to Banco Bilbao Vizcaya Puerto Rico or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 54 executed on December 22, 1995 by Notary Public Luz Conchita Toro Rivera; (d) Mortgage Note for the principal amount of \$10,000.00 payable to Scotiabank de Puerto Rico or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 104 executed on October 31, 1997 by Notary Public Luis G. Rivera Marín; (e) Mortgage Note for the principal amount of \$64,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 49 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves; (f) Mortgage Note for the principal amount of \$12,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 173 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; and (g) Mortgage Note for the principal amount of \$33,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 147 executed on October 10, 2008.

The mortgaged properties are:

(1) **Property No. 10,265**, which is a commercial lot located at State Rd. #2, km. 63.7 Arecibo, P.R. 00612. This lot of land was used to operate a dealer that was closed on 2012.

This property has been appraised and its value has been established at \$110,000.00, see, Exhibit F.

(2) **Property No. 14,782**, which is a commercial building located at Georgettey #25 Barceloneta, P.R. 00617. This property is composed of two commercial spaces in the first floor and five residential apartments in the second floor. Debtors operate a store under the name Tienda Noredna in this building. This property has been appraised and its value has been established at \$309,000.00, see, Exhibit G.

(3) **Property No. 1,146**, which is a residential home located at GARrochales Ward, State Rd. 682, Km. 3.8, Barceloneta, P.R. 00617. This is a two story residential house; it comprises a lot of 1,239 square meters. The house is composed of four bedrooms, two bathrooms, a porch, living-dinnig room, and a kitchen. This property has been appraised and its value has been established at \$214,000.00, see, Exhibit H.

Proposed treatment: Debtors proposed to treat Claims 3, 4, 5 and 6 for the total amount of \$1,499,041.27 as one claim. For these Debtors have filed a complaint to Determine the Extent of Secured Creditor Triangle REO PR, Corp.'s Claim pursuant to 11 U.S.C. § 506 AND Bankruptcy Rule 3012, see adversary proceeding . In the Complaint, in summary, Debtors request this Honorable Court that the extent of Triangle REO PR Corp.'s secured claim is only up to the value of its collateral. Debtor will make 24 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 25th month Debtor shall make a payment of \$80,000.00 from the sale of the commercial property located at Arecibo. On the 26th month, Debtors will make 40 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 66th month Debtors shall make a payment of \$100,000.00 that will obtain from a reverse mortgage. The Debtors will continue to make payments of \$1,500.00 from month 67th to month 96th. On the 97th month Debtor shall make a ballon payment of \$538,208.62, see Exhibit I. This amount will be paid from the product of a

refinance loan. Debtor will maintain current the real estate taxes and will provide Triangle REO PR Corp. evidence of the hazard insurance that covers the property. The unsecured portion of the claim, which is \$888,342.93, will receive treatment in Class 6 of the Plan.

This class is Impaired: claims in this class are entitled to vote on the Plan.

Class 3. Triangle REO PR, Corp.

Claim: 4 for \$259,242.58

This creditor is not an insider.

Triangle REO PR, Corp. security interest steams from a Mortgage Note acquired from Eurobank, executed by Debtor on December 11, 2008, for the principal amount of \$394,000.00 payable to the Eurobank or its order, which in turn is secured by:

(1) **Property 14,782**, which is mortgaged by: (a) Mortgage Note for the principal amount of \$125,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 53 executed on May 16, 1997 by Notary Public Luis G. Rivera Marín; (b) Mortgage Note for the principal amount of \$146,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 266 executed on December 18, 2000 by Notary Public Luis G. Rivera Marín; (c) Mortgage Note for the principal amount of \$12,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 174 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; (d) Mortgage Note for the principal amount of \$144,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 94 executed on August 24, 2007 by Notary Public Ismael Pérez Nieves; and (e) Mortgage Note for the principal amount of \$89,000.00 payable to Eurobank or its order,

which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 48 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves.

The mortgage property is:

(1) **Property No. 14,782**, which is a commercial building located at Georgetty #25 Barceloneta, P.R. 00617. This property is composed of two commercial spaces in the first floor and five residential apartments in the second floor. Debtors operate a store under the name Tienda Noredna in this building. This property has been appraised and its value has been established at \$309,000.00, see, Exhibit G.

Proposed treatment: Debtors proposed to treat Claims 3, 4, 5 and 6 for the total amount of \$1,499,041.27 as one claim. For these Debtors have filed a complaint to Determine the Extent of Secured Creditor Triangle REO PR, Corp.'s Claim pursuant to 11 U.S.C. § 506 AND Bankruptcy Rule 3012, see adversary proceeding . In the Complaint, in summary, Debtors request this Honorable Court that the extent of Triangle REO PR Corp.'s secured claim is only up to the value of its collateral. Debtor will make 24 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 25th month Debtor shall make a payment of \$80,000.00 from the sale of the commercial property located at Arecibo. On the 26th month, Debtors will make 40 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 66th month Debtors shall make a payment of \$100,000.00 that will obtain from a reverse mortgage. The Debtors will continue to make payments of \$1,500.00 from month 67th to month 96th. On the 97th month Debtor shall make a balloon payment of \$538,208.62, see Exhibit I. This amount will be paid from the product of a refinance loan. Debtor will maintain current the real estate taxes and will provide Triangle REO PR Corp. evidence of the hazard insurance that covers the property. The

unsecured portion of the claim, which is \$888,342.93, will receive treatment in Class 6 of the Plan.

This class is Impaired: claims in this class are entitled to vote on the Plan.

Class 4. Triangle REO PR, Corp.

Claim: 5 for \$222,214.45

This creditor is not an insider.

Triangle REO PR, Corp.'s security interest steams from a Mortgage Note acquired from Eurobank, executed by Debtor on December 23, 2009, for the principal amount of \$173,662.00 payable to the Eurobank or its order, which in turn is secured by:

(1) **Property No. 10,265**, which is mortgaged by: (a) Mortgage Note for the principal amount of \$25,000.00 payable to the Bearer, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 232 executed on October 31, 1994 by Notary Public Frank M, Ramírez; (b) Mortgage Note for the principal amount of \$200,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 172 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; and (c) Mortgage Note for the principal amount of \$25,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 148 executed on October 10, 2008;

(2) **Property No. 14,782**, which is mortgage by: (a) Mortgage Note for the principal amount of \$125,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 53 executed on May 16, 1997 by Notary Public Luis G. Rivera Marín; (b) Mortgage Note for the principal amount of \$146,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 266 executed on December 18, 2000 by

Notary Public Luis G. Rivera Marín; (c) Mortgage Note for the principal amount of \$12,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 174 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; (d) Mortgage Note for the principal amount of \$144,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 94 executed on August 24, 2007 by Notary Public Ismael Pérez Nieves; (e) Mortgage Note for the principal amount of \$89,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 48 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves; (f) Mortgage Note for the principal amount of \$45,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 146 executed on October 10, 2008; and

(3) **Property No. 1,146**, which is mortgage by: (a) Mortgage Note for the principal amount of \$100,000.00 payable to Bearer or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 107 executed on July 30, 2003 by Notary public Juan Ramírez Ramírez; (b) Mortgage Note for the principal amount of \$20,000.00 payable to Bearer or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 231 executed on October 31, 1993 by Notary Public Frank M. Ramírez; (c) Mortgage Note for the principal amount of \$20,000.00 payable to Banco Bilbao Vizcaya Puerto Rico or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 54 executed on December 22, 1995 by Notary Public Luz Conchita Toro Rivera; (d) Mortgage Note for the principal amount of \$10,000.00 payable to Scotiabank de Puerto Rico or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 104 executed on October 31, 1997 by

Notary Public Luis G. Rivera Marín; (e) Mortgage Note for the principal amount of \$64,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 49 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves; (f) Mortgage Note for the principal amount of \$12,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 173 executed on December 13, 2005 by Notary Public Ismael Pérez Nieves; and (g) Mortgage Note for the principal amount of \$33,500.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 147 executed on October 10, 2008.

The mortgaged properties are:

(1) **Property No. 10,265**, which is a commercial lot located at State Rd. #2, km. 63.7 Arecibo, P.R. 00612. This lot of land was used to operate a dealer that was closed on 2012. This property has been appraised and its value has been established at \$110,000.00, see, Exhibit F.

(2) **Property No. 14,782**, which is a commercial building located at Georgetty #25 Barceloneta, P.R. 00617. This property is composed of two commercial spaces in the first floor and five residential apartments in the second floor. Debtors operate a store under the name Tienda Noredna in this building. This property has been appraised and its value has been established at \$309,000.00, see, Exhibit G.

(3) **Property No. 1,146**, which is a residential home located at GARrochaes Ward, State Rd. 682, Km. 3.8, Barceloneta, P.R. 00617. This is a two story residential house; it comprises a lot of 1,239 square meters. The house is composed of four bedrooms, two bathrooms, a porch, living-dinnig room, and a kitchen. This property has been appraised and its value has been established at \$214,000.00, see, Exhibit H.

Proposed treatment: Debtors proposed to treat Claims 3, 4, 5 and 6 for the total amount of \$1,499,041.27 as one claim. For these Debtors have filed a complaint to Determine the Extent of Secured Creditor Triangle REO PR, Corp.'s Claim pursuant to 11 U.S.C. § 506 AND Bankruptcy Rule 3012, see adversary proceeding . In the Complaint, in summary, Debtors request this Honorable Court that the extent of Triangle REO PR Corp.'s secured claim is only up to the value of its collateral. Debtor will make 24 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 25th month Debtor shall make a payment of \$80,000.00 from the sale of the commercial property located at Arecibo. On the 26th month, Debtors will make 40 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 66th month Debtors shall make a payment of \$100,000.00 that will obtain from a reverse mortgage. The Debtors will continue to make payments of \$1,500.00 from month 67th to month 96th. On the 97th month Debtor shall make a ballon payment of \$538,208.62, see Exhibit I. This amount will be paid from the product of a refinance loan. Debtor will maintain current the real estate taxes and will provide Triangle REO PR Corp. evidence of the hazard insurance that covers the property. The unsecured portion of the claim, which is \$888,342.93, will receive treatment in Class 6 of the Plan.

This class is Impaired: claims in this class are entitled to vote on the Plan.

Class 5. Triangle REO PR, Corp.

Claim: 6 for \$51,111.21

This creditor is not an insider.

Triangle REO PR, Corp.'s security interest steams from a Mortgage Note acquired from Eurobank, executed by Debtor on December 8, 2006, for the principal amount of \$75,000.00 payable to the Eurobank or its order, which in turn is secured by:

(1) **Property No. 14,782**, which is mortgage by: (a) Mortgage Note for the principal amount of \$125,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 53 executed on May 16, 1997 by Notary Public Luis G. Rivera Marín; (b) Mortgage Note for the principal amount of \$146,000.00 payable to Scotiabank or its order, properly endorsed in favor of Eurobank, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 266 executed on December 18, 2000 by Notary Public Luis G. Rivera Marín; and (c) Mortgage Note for the principal amount of \$89,000.00 payable to Eurobank or its order, which in turn is secured by a mortgage in the aforementioned property resulting from Deed Number 48 executed on April 4, 2005 by Notary Public Ismael Pérez Nieves; aforementioned property resulting from Deed Number 146 executed on October 10, 2008.

The mortgaged properties are:

(1) **Property No. 14,782**, which is a commercial building located at Georgetty #25 Barceloneta, P.R. 00617. This property is composed of two commercial spaces in the first floor and five residential apartments in the second floor. Debtors operate a store under the name Tienda Noredna in this building. This property has been appraised and its value has been established at \$309,000.00, see, Exhibit G.

Proposed treatment: Debtors proposed to treat Claims 3, 4, 5 and 6 for the total amount of \$1,499,041.27 as one claim. For these Debtors have filed a complaint to Determine the Extent of Secured Creditor Triangle REO PR, Corp.'s Claim pursuant to 11 U.S.C. § 506 AND Bankruptcy Rule 3012, see adversary proceeding . In the Complaint, in summary, Debtors request this Honorable Court that the extent of Triangle REO PR Corp.'s secured claim is only up to the value of its collateral. Debtor will make 24 monthly installments

of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 25th month Debtor shall make a payment of \$80,000.00 from the sale of the commercial property located at Arecibo. On the 26th month, Debtors will make 40 monthly installments of \$1,500.00 with an interest rate of 4.75% amortized for a period of 96 months. On the 66th month Debtors shall make a payment of \$100,000.00 that will obtain from a reverse mortgage. The Debtors will continue to make payments of \$1,500.00 from month 67th to month 96th. On the 97th month Debtor shall make a balloon payment of \$538,208.62, see Exhibit I. This amount will be paid from the product of a refinance loan. Debtor will maintain current the real estate taxes and will provide Triangle REO PR Corp. evidence of the hazard insurance that covers the property. The unsecured portion of the claim, which is \$888,342.93, will receive treatment in Class 6 of the Plan.

This class is Impaired: claims in this class are entitled to vote on the Plan.

2. Class of General Unsecured Claims

General unsecured claims are uncollateralized claims not entitled to priority under Code Section 507(a). The following is this Plan's treatment of the class containing all of Debtors' general unsecured claims:

Class 6. General unsecured claims and creditors

These creditors are not insiders of the Debtors.

General unsecured claims are uncollateralized claims not entitled to priority under Code Section 507(a).

General unsecured claims are estimated between the creditors that filed their proofs of claim and the ones that were scheduled by Debtors and did not filed a proof of claim in the amount of \$1,124,746.21. See the list of the unsecured creditors considered for the Plan, enclosed as Exhibit J.

Proposed treatment: This class' allowed unsecured claims will be paid in the following matter: Debtors will award a total sum of \$33,742.39, which represents a 3% distribution for this class. This class's allowed unsecured claims will be paid in 60 equal monthly installments of \$562.37, each payment will be distributed in a pro rate amount to all creditors and claimants included in this class. See, Exhibit J. If a default in the monthly payments to these creditors were to occur, they would be entitled to collect the past due payments.

This class is Impaired: claims in this class are entitled to vote on the Plan.

D. Means of Effectuating the Plan

1. Funding for the Plan

The Plan will be funded with cash available proceeds from the revenue that the store and the rental of the apartments and commercial lots generate, after paying operating expenses and taxes.

2. Post-confirmation Management

The Post-Confirmation Manager of the Estate will continue to be the Debtors.

3. Disbursing Agent

Debtors shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall be compensated as set forth in the Plan.

E. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

The Plan provides that all Executory Contracts and Unexpired Leases, except for those specifically assumed by the Debtors in writing or previously assumed by Court Order, shall be deemed rejected. All proofs of claim with respect to claims arising from said rejection must be filed with the Bankruptcy Court within the earlier of (i) the date set forth for filing

claims in any order of the Bankruptcy Court approving such rejection or (ii) thirty (30) days after the Confirmation Date. Any such claims, proofs of which are not filed timely, will be barred forever from assertion.

2. Changes in Rates Subject to Regulatory Commission Approval

These Debtors are not subject to governmental regulatory commission approval of its rates.

3. Retention of Jurisdiction

The Court will retain jurisdiction as provided in Section III- C of the Plan.

4. Procedures for Resolving Contested Claims

The Debtors shall have 60 days subsequent to confirmation to object to the allowance of claims. The Proponents have reviewed the claims that have been filed.

5. Effective Date

The Plan will become effective on the Effective Date thirty (30) days after the order of confirmation becomes final.

6. Modification

The Plan Proponents may alter, amend or modify the Plan at any time prior to the Confirmation Date and thereafter as provided in Section 1127(b) of the Bankruptcy Code.

F. Tax Consequences of Plan

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues this Plan may present to the Debtors. The Proponents CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax

Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action. A tax consequence of the Plan could be an increase in the sales tax or an imposition of a services tax. Debtors cannot predict these complications but has projected the budget to have an available cash flow that could be used to pay these new taxes, if these were to be imposed or amended in the future and during the validity of the Plan.

G. Risk Factors

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Plan Proponents believe that the Plan is viable and will meet all requirements of confirmation:

- Revenue diminution
- Imposition of new taxes

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The proponents CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, that creditors or interest

holders have accepted the Plan, that the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and that the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

1. Who May Object to Confirmation of the Plan

Any party in interest may object to the confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject the Plan.

2. Who May Vote to Accept/Reject the Plan

A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest holder has a claim that is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class.

a) What Is an Allowed Claim/Interest

As noted above, a creditor or interest holder must first have an allowed claim or interest to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a claim or interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or interest for voting purposes.

THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS JUNE 9, 2016 AND AUGUST 8, 2016 FOR GOVERNMENTAL UNITS.

A creditor or interest holder may have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtors' schedules and such claim is not scheduled as disputed, contingent, or un-liquidated, and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.

b) What Is an Impaired Claim/Interest

As noted above, an allowed claim or interest only has the right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of their claim plus interest.

In this case, the Proponents believe that classes **II, III, IV, V and VI** are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.. Parties who dispute the Proponents' characterization of their claim or interest as being impaired or unimpaired may file an objection to the Plan contending that the Proponents have incorrectly characterized the class.

3. Who Is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not receive or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code Section 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. **EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN**

Class I is unimpaired since it will receive the full satisfaction of its claim.

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 is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

5. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class 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 “cramdown” on non-accepting classes, as discussed later in Section (IV.A.8.).

6. Votes Necessary for a Class to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half ($\frac{1}{2}$) in number and at least two-thirds $\frac{2}{3}$ in dollar amount of the allowed claims that actually voted, voted in favor of the Plan. A class of interests is considered to have accepted the Plan when at least two-thirds ($\frac{2}{3}$) in amount of the allowed interest-holders of such class which actually voted, voted to accept the Plan.

7. Treatment of Non-accepting Classes

As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Code. The process by which non-accepting classes are forced to be bound by the terms of the Plan is commonly referred to as “cram-down”. The Code allows the Plan to be “crammed down” on non-accepting classes of claims or interests if it meets all consensual requirements except the voting requirements of Section 1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C. §1129(b) and applicable case law.

8. Request for Confirmation Despite Non-acceptance by Impaired Class(es)

The party proposing this Plan asks the Court to confirm this Plan by cram-down on impaired classes if any of these classes do not vote to accept the Plan.

B. Liquidation Analysis

Another confirmation requirement is the “Best Interest Test”, which requires a liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtors’ assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims. Finally, interest holders receive the balance that remains after all creditors are paid, if any.

In order for the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Plan Proponents maintain that this requirement is met here. Enclosed as Exhibit K is a demonstration of a liquidation scenario, that all creditors and interest holders will receive at least as much under the Plan as such creditor or interest holder would receive under a Chapter 7 liquidation.

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

Also, we have to consider whether the Proponents will have enough cash over the life of the Plan to make the required Plan payments.

The Proponents believe that this aspect of the feasibility requirement is met because Debtors' projected income is enough to fund the proposed Plan. Debtors will have enough for making the payments of the Plan. The feasibility of the Plan is demonstrated with a financial projection that also includes the scenario of the Plan payments; please find the forecast of payments of the Plan enclosed as Exhibit L.

Accordingly, the Plan Proponents believe, on the basis of the foregoing, that the Plan is feasible.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge

The Plan provides that upon confirmation of the Plan, the Debtors shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. §1141. However, any liability imposed by the Plan will not be discharged. If Confirmation of the Plan does not occur or if, after Confirmation occurs, the Debtors elect to terminate the Plan, the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims against the Debtors or its estate or any other persons, or to prejudice in any manner the rights of the Debtors or its estate or any person in any further proceeding involving the Debtors or its estate. The provisions of the Plan shall be binding upon Debtors, all Creditors and all Equity

Interest Holders, regardless of whether such Claims or Equity Interest holders are impaired or whether such parties accept the Plan, upon Confirmation thereof.

B. Revesting of Property in the Debtors

Except as provided in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtors.

C. Modification of Plan

The Proponents may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan if Proponents modify the plan before confirmation.

The Proponents may also seek to modify the Plan at any time after confirmation so long as (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modification after notice and a hearing. Proponents further reserves the right to modify the treatment of any Allowed Claims at any time after the Effective Date of the Plan upon the consent of the Creditor whose Allowed Claim treatment is being modified, so long as no other Creditors are materially adversely affected.

D. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under Section 1112(b), after the Plan is confirmed, if there is a default in performance of the Plan or if cause exists under Section 1112(b). If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7 estate, and the automatic stay will be reimposed upon the revested property only to the extent that relief from stay was not previously granted by the Court during this case.

Quarterly fees pursuant to 28 U.S.C. § 1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree.

In Caguas, Puerto Rico, this December 2, 2016.

Debtor

//s// Norberto Antonio Cruz Montoyo

Norberto Antonio Cruz Montoyo

Attorney for Debtors

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