

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE:

INSTITUCION SANTA ELENA DEL MONTE INC
Debtor

CASE NO.: 17-04793-EAG

CHAPTER 11

DISCLOSURE STATEMENT

I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of **INSTITUCION SANTA ELENA DEL MONTE INC** (the “Debtor”). The Disclosure Statement contains information about the Debtor and describes (the “Plan”). 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 at pages 8-12 of this Disclosure Statement. [General unsecured creditors are classified in **Class 2**, and will receive a distribution of **ten percent (10%)** of their allowed claims, to be distributed as per terms of 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 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 [the 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. 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.*
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 ballot and return the ballot to 11 Betances St, Yauco, PR 00698, or by email to: bufetesg@gmail.com.*
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.*
4. *Identity of Person to Contact for More Information - If you want additional information about the Plan, you should contact: Nydia Gonzalez Ortiz, Esq., 11 Calle Betances, Yauco, PR 00698, Tel. (787)267-2252, Email: bufetesg@gmail.com*

C. Disclaimer

Creditors are advised that the financial information contained in this Disclosure statement has not been the object of an audit and is not certified by independent public accountant, except where expressly stated otherwise. The debtor does not warrant or represent that the information contained herein is without inaccuracy not withstanding its efforts to disclose all matters with careful attention to accuracy and completeness.

Any representation concerning the debtor, and/or any other statement relative to it, different from, or as set forth in this Second Amended Disclosure Statement, is not authorized by the Debtor. Any representations or inducements other than as those contained in this disclosure statement should not be relied upon by a creditor in deciding how to vote on the Plan. The Court has conditionally approve.

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor is a non-profit corporation that was incorporated on July 24, 2009, as an assisted living facility, in the Department of State of the Commonwealth of Puerto Rico and is presently a corporation in good standing. Assisted living facilities are regulated by the Department of Family Services in Puerto Rico. The debtor corporation offer a less-expensive, residential approach to delivering many of the same services available in skilled nursing, either by employing personal care staff of contracting with home health agencies and other outside professionals. The home is licence to house 16 persons and its' current population is 11. It mostly provides care for bedridden persons or who need help with eating, cleanliness, and daily living acitivites, etc. The debtor operates in the town of Guyanilla, Puerto Rico.

B. Management of the Debtor Before and During the Bankruptcy

The debtor corporation is managed by Mrs. Noelia Perez Oliveras, President. The corporation will continue under is management during the bankruptcy.

The debtor is a small business within the definition of 11 U.S.C. 101 (51c). Plan of Reorganization, but which is defined in the Bankruptcy Code (11 U.S.C.), shall have the meaning designated in the Bankruptcy Code.

C. EVENTS LEADING TO CHAPTER 11 FILING

Debtor filed for bankruptcy because of lack of cash flow, which is due to the fact, that the Department of Family Services does not pay monthly as agreed and the Internal Revenue and Department of Treasury audited the business and declared a deficiency. Also, an ex employee sued the business and obtained a judgement. The business is in a highly competitive market and for said reason debtor does not operate at full capacity.

D. DATE THE PETITION WAS FILED

The Bankruptcy petition was filed on **July 5, 2017**, under the provisions of Chapter 11 of the Bankruptcy Code. The debtor is a small business within the definition of 11 U.S.C. § 101. Since the filing of the petition, the debtor has remained as Debtor in Possession in full compliance with his duties under the Code, guidelines of the US Trustee and preservation of the property of the estate.

E. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE

- **Voluntary Petition, Schedules, and Amendments;**

On **July 5, 2017** the debtor filed the voluntary petition along with, the Schedules, with Notice to Individual Consumer debtor, with Statement of Financial Affairs, with Corporate Resolution, with List of Creditors. List of Creditors holding 20 largest unsecured claims. Attorney Statement of Compensation. (dk-1). On **July 6, 2017** the debtor filed the Corporate Resolution (dk-3); Statement Regarding Authority to Sign and File Petition (dk-4); Motion submitting Financial Statement (dk-6). On **July 31, 2017** the debtor filed and amended Statement of Financial Affairs (dk-22); On **August 7, 2017** filed Amended Voluntary Petition (dk-30); On **August 7, 2017** filed Amended Schedule G to include the Family Department Contract (dk-31); On **August 29, 2017** filed Amended Disclosure of Compensation 2016(b) (dk-46).

- **Employment of Professionals:**

The debtor filed its' application for employment of attorney Nydia González Ortiz, Esq., and the firm of Santiago & Gonzalez Law, LLC, as attorney for Debtor on July 24, 2017. (dk-15). On August 8, 2017 the debtor filed an Amended Application to employ attorney Nydia Gonzalez Ortiz. The Court approved the application of employment of attorney Nydia Gonzalez Ortiz, Esq. on November 20, 2017. On August 25, 2017 the debtor filed it's application of CPA, Angel J. Torres Mercado and the Court approved the application on November 21, 2017. The debtor does not anticipate the filing of any other employment of professionals.

- **Duties of the Debtor in Possession:**

The debtor has complied with all of the duties as Debtor in Possession, including but not limited to the appearance at the meeting of creditors, the filing of all Monthly Operating Reports and payments of fees to the U.S. Trustee. With the submission of the instant document, the Debtor is now fulfilling another one of the responsibilities as Debtor in Possession.

- **Critical Vendors:**

The debtor has not denominated any vendor as a critical vendor in this case and has not filed any motions to request the court to allow it to pay any vendor in lieu of services.

F. OTHER MATTERS

- **Litigation:**

1. The debtor is a party to a concluded law suit for Labor Complaint, Salary Collection that has been stayed by the bankruptcy filing; “Neicchae Morales Santiago v Institucion Santa Elena del Monte, Inc.” it was filed on 2013, against debtor, in the Ponce Superior Court, civil number: JPE2013-0679.

- **Fee Applications:**

As of this writing, none have been filed. The attorney will file fee applications before the confirmation of the plan and/or no later than 14 days after confirmation.

- **Executory Contracts:** At the time of the filing the debtor has:

1. *Contract Agreement and Purchase Option with Elizabeth Quiñones Rodriguez*, signed on October 24, 2012, for property located in the urbanizacion santa elena development, Second Extension, in the Jaguas and Pueblo neighborhoods, in the municipality of Guayanilla, Puerto Rico. The debtor pays \$3,000 each month; outstanding 10 months (\$30,000.00).
2. Contract with Departamento de la Familia, Programa de servicioss adultos, for services in an establishment of substitute assisted living care, capacity facility 16 persons allowed by contract.

- **Insurance Policies:**

The debtor has and is current with all the insurance policies required by law. (General Liability , commercial general liability for the health care facilities, homes for the aged, for profit insurance. Is insured with Universal Insurance Company.

General Liability - \$300,000.00
Included Products - completed operations
Personal Injury & Advertising Injury - \$300,000.00
Damage to any one premises rented to you \$100,000.00
Medical Expenses - \$5,000

- **Accounts Receivable:** Pending payment of \$6,540.00

G. PROJECTED RECOVERY OF AVOIDABLE TRANSFERS

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

H. CLAIMS OBJECTIONS

None have been filed. Any objection to a claim must be filed (45) days prior to the hearing on confirmation with a thirty (30) days objection period. If no response is filed within the (30) days, the motion will be considered and decided without the actual hearing. Except to the extent that a claim is already allowed pursuant to a final non-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 procedures for resolving disputed claims are set for in Article V. of the Plan.

I. CURRENT AND HISTORICAL FINANCIAL CONDITIONS

The identity and fair market value of the estate's assets are listed in the **Schedule A/B- Assets - Real Property (dk-1)**, the real property value has remained unchanged as of this date. The debtor's personal assets are listed in **the Schedule B- Personal Property**, with the proper values. The basis for the valuation of debtor's personal assets used to determine the value of the assets are historic cost rather than fair value. With historic cost, the amount originally paid for the asset is the basis for valuation. Whereas, fair value is the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. Hence, when fair value is the basis for valuation, it is possible that assets are valued above cost, whereas this is not possible with historic cost as the basis.

The Debtor’s most recent financial statement issued before bankruptcy, each of which was filed with the Court, are set forth in *Exhibit I*.

The Monthly Operating Reports are available on the Bankruptcy court's file, which reflect the debtor's post petition finances and/or can view *Exhibit II- Summary of Monthly Operating Reports, from July 2017 to January 2018*. The debtor request that the creditors review the documents and financial statements in order to make a conscious decision when voting for or against the proposed plan of reorganization.

II. ASSETS AND LIABILITIES

ASSETS AS OF PETITION DATE

Debtor's assets are listed in the Schedule - A/B: Assets -Real and Personal Property filed with the Court as amended reflects the real and personal property values. The Real Property value is listed at \$0.00 and the personal property assets at Schedule B, (dk-1), is the amount of \$9,410.00. The total property value is the amount of \$9,410.00.

- **REAL PROPERTY**

Debtor no has real estate property in Puerto Rico, as stated in Schedule A/B.

- **PERSONAL PROPERTY**

Personal property for the debtor is detailed in the Schedule A/B- Personal Property filed with the Court, in the amount of \$9,410.00. The personal property values are as stated below:

Real Property Description	Current Market Value	Secured claim or lien	% expected recovered under liquidation and current real estate market
Cash	\$350.00	None	as per depreciation value of books
Deposits and prepayments	\$525.00	None	as per depreciation value of books
Accounts receivable	\$6,540.00	None	as per depreciation value of books
Inventory	\$520.00	None	as per depreciation value of books
Office furniture, fixtures, and equipment ; and collectibles	1,475.00	None	as per depreciation value of books

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 chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	0	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	0	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees estimated by the attorney.	\$10,000.00	Paid in full on the 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
Clerk's Office Fees	0	Paid in full on the effective date of the Plan
Other administrative expenses	0	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	0	Paid in full on the effective date of the Plan
TOTAL	\$10,000.00	

2. **Priority Tax Claims**

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 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 chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description	Estimated Amount Owed	Treatment
STATE INSURANCE FUND - Workers compensation policy, 2016-2017, See claim #4-1 filed on 08/22/2017.	\$3,656.16	Payment Interval = (40) payments Monthly Payment = \$91.44 Begin date =effective date End date = Interest Rate =Statutory Total Payout Amount = \$3,656.16 + int.
PUERTO RICO DEPARTMENT OF LABOR , See claim #1-1 filed on 07/27/2017.	\$1,789.91	Payment Interval = 25 months Monthly Payment = \$71.60 Begin date = 60 days from Confirmation of the plan End date = Interest Rate = Statutory Total Payout Amount = \$1,789.91 + int.
PUERTO RICO DEPARTMENT OF LABOR , See claim #2-1 filed on 07/27/2017.	\$337.78	Payment Interval = 15 payments on or before (5) years from filing Monthly Payment = \$ 22.52 Begin date =effective date End date = Interest Rate = Statutory Total Payout Amount = \$337.78 + int.
DEPARTMENT OF TREASURY - Taxes (5-1) IT(300) 2012, 2015, filed claim #5-1 on 11/13/2017.	\$14,380.14	Payment Interval = 60 payments or or before (5) years from filing ars from filing date Monthly Payment = \$ 239.67 Begin date =effective date End date = Interest Rate =Statutory Total Payout Amount = \$ 14,380.14 + int.

C. **Classes of Claims and Equity Interests**

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

the Plan:

3. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
1	Priority unsecured claim PUERTO RICO DEPARTMENT OF LABOR , for taxes, filed claim #1-1, on 07/27/2017 in the amount of <u>\$66.07.</u>	This class is unimpaired	The debtor will pay the full amount of this priority claim in one payment, from the effective date of the plan, with a final payment to cover outstanding interests, no later than five (5) years from the filing date.
1	Priority unsecured claim PUERTO RICO DEPARTMENT OF LABOR , for taxes, filed claim #2-1 on 07/27/2017 in the amount of <u>\$16.05.</u>	This class is unimpaired	The debtor will pay the full amount of this priority claim in one payment, from the effective date of the plan with a final payment to cover outstanding interest, no later than five (5) years from the filing date.
1	Priority unsecured claim DEPARTMENT OF TREASURY , for TAXES filed claim #5-1, in the amount of <u>\$7,832.04.</u>	This class is unimpaired	The debtor will pay the full amount of this priority claim under the plan in thirty six (36) monthly installments payments of \$217.55, with a final payment to cover outstanding interests, no later than five (5) years from filing date.

4. *Class[es] of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class[es] through , which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
2	PUERTO RICO DEPARTMENT OF LABOR , filed claim #1-1 in the amount of \$1,855.98 .	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$185.60) One payment of \$185.60
2	PUERTO RICO DEPARTMENT OF LABOR , filed claim #2-1, Amount of claim: \$353.83	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$35.38) One payment of \$35.38
2	US DEPARTMENT OF LABOR , filed claim #3-1 in the amount of \$43,097.79	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$4,309.78) Payment: \$143.66 x 30 months.
2	DEPARTMENT OF TREASURY , for taxes, filed claim #5-1 in the amount of \$3,362.70 .	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim : (\$336.27) Payment: \$48.04 x 7 months.
2	JESSICA CORREA RODRIGUEZ , christmas bonus 2015-2016 in the amount of \$233.81 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$23.38) One payment of \$23.38
2	MARIANET DIAZ CORREA , christmas bonus 2015-2016 in the amount of \$225.98 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$22.60) One payment of \$22.60
2	MICHELLE GARCIA RODRIGUEZ , christmas bonus 2015-2016 in the amount of \$234.03 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$23.40) One payment of \$23.40

2	MUNICIPIO DE GUAYANILLA , for tax debt, municipal patent, in the amount of \$1,041.16 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$104.12) One payment of: \$104.12
2	NEISHA MORALES SANTIAGO , for labor complaint law suit has judgment, in the amount of \$64,385.62 , not filed claim	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim: (\$6,439.00) Payment: \$258 x 25 months
2	NIRZA SIERRA IRIZARRY , for christmas bonus 2015-2016 in the amount of \$232.51, not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim (\$23.25) One payment of: \$23.25
2	NOELIA PEREZ OLIVERAS , for christmas bonus 2015-2016 in the amount of \$300.00 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim (\$30.00) One payment of: \$30.00
2	NORADA FELICIANO DELGADO for christmas bonus 2015-2016 in the amount of \$233.60 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim (\$23.36) One payment of \$23.36
2	SECURITY SYSTEMS INC dba SAFEGUARD OF PUERTO RICO for trade debt in the amount of \$1,767.66 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim (\$176.77) Payment: \$44.20 x 4 months
2	YAMARIS MORALES ROMAN for christmas bonus in the amount of \$233.00 , not filed claim.	Impaired	This class will receive a dividend of ten percent (10%) of the allowed claim (\$23.30) One payment of \$23.30

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the income from the debtor's continuation and operation of the business.

2. *Post-confirmation Management*

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

Name	Affiliations	Insider (yes or no)?	Position	% of interest
NOELIA PEREZ OLIVERAS	PRESIDENT SOLE OWNER	YES	Administrator	100%

E. Risk Factors

The proposed Plan has the following risks:

The risk to creditors in this Chapter 11, is based on the following; The debtor has successfully continued operations of the assisted living facilities, keeping current payment of taxes, insurance, payroll and not incurring in additional debts, except the day to day business expenses of the operation.

If debtor continues to effectively operate the business the unsecured creditors will receive a ten percent (10%) distribution on their claims. In the worse case scenario in a conversion to a Chapter 7, the creditors will not receive any distribution from the liquidation of the debtor's assets. The percent distribution in a Chapter 7 is zero. This plan is beneficial to creditors since it has a **ten percent (10%)** distribution to the unsecured creditors.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit 5.1, lists all 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. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

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: (1) Tax consequences to the Debtor of the Plan; (2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation.]

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.

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 **class 2 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 1 are 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 11/02/2017 and the government was 01/07/2018 .

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 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 "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 III.***

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 F.

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 has provided projected financial information.

The Plan Proponent's Income Statement Projected for the months of August 2017 to January 31, 2018 show that the Debtor will have a Net Surplus of \$5,460.00. See Exhibit IV. The final Plan payment is expected to be paid no later than 5 years for the unsecured and the continuation of the secured creditors as per terms set forth herein.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR [If the Debtor is not entitled to discharge pursuant to 11 U.S.C. § 1141(d)(3) change this heading to "**NO DISCHARGE OF DEBTOR.**"]

[Option 1 - If Debtor is an individual and § 1141(d)(3) is not applicable]

Discharge. 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, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the

Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

[Option 2 -- If the Debtor is a partnership and § 1141(d)(3) of the Code is not applicable]

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 § 1141(d)(1)(A) of the Code. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

[Option 3 -- If the Debtor is a corporation and § 1141(d)(3) is not applicable]

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 § 1141(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 § 1141(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 § 1141(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.

[Option 4 - If § 1141(d)(3) is applicable]

No Discharge. In accordance with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

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 revoting on the Plan.

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

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

Confirmation of the Plan and the Order of confirmation will vest title of all property of the Estate in Debtor and will constitute final settlement of payment to all creditors.

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

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

Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the court and served upon counsel for the debtor, not later than seven (7) days before the date set for the confirmation of the plan, shall be deemed to have accepted its classification and to be bound by the Plan.

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

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

The Plan shall become effective upon the Effective Date of the Plan, which is sixty (60) days after the order confirming the plan, becomes a Final order. To the extent that any term of this Disclosure statement varies from the terms of the Plan, the terms of the Plan shall govern.

WHEREFORE, the debtor's submit the disclosure statement for the consideration of the creditors.

In Yauco, Puerto Rico this 14th day of March 2018.

/s/ Noelia Perez Oliveras

INSTITUCION SANTA ELENA DEL MONTE INC
DEBTOR

/s/ Nydia González Ortiz

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