

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION**

IN RE:)	
)	
KRISHNA ASSOCIATES, LLC)	CASE NO. 15-50148
)	CHAPTER 11
)	
DEBTOR)	

DISCLOSURE STATEMENT

ARTICLE I

INTRODUCTION

THIS DISCLOSURE STATEMENT (WHEREVER "DISCLOSURE STATEMENT" IS USED HEREIN SHALL MEAN DISCLOSURE STATEMENT) MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN OF REORGANIZATION (THE "PLAN") DESCRIBED HEREIN. NOTHING CONTAINED IN THE DISCLOSURE STATEMENT OR PLAN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY OR BE DEEMED CONCLUSIVE ADVICE ABOUT THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON HOLDERS OF CLAIMS OR INTERESTS. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN LEGAL AND FINANCIAL ADVISORS CONCERNING THE CONSEQUENCES OF REORGANIZATION PURSUANT TO THE PLAN.

ARTICLE II
DEFINITIONS

Unless the context otherwise requires, the following capitalized terms shall have the following meanings when used herein, which meanings shall be equally applicable to both the singular and plural forms of such terms. Any term that is not defined herein but that is used in Title 11, United States Code shall have the meaning assigned to such term in that Code. Unless the context otherwise requires, all such terms shall have the meaning stated with respect to the Debtor.

- 2.1 "Allowed" shall mean the amount of any Allowed Claim or Allowed Interest.
- 2.2 "Allowed Claim" or "Allowed Interest" shall mean Claim against or Interest in the

Debtor, to the extent that (a) a Proof of Claim was timely filed, deemed filed or, with leave of the Bankruptcy Court or without an objection by the Debtor in Possession, filed late, and (B)(i) as to which a party of interest, including the Debtor in Possession, does not timely file an objection or (II) the Claim or Interest is Allowed by a Final Order.

2.3 "Allowed Secured Claim" shall have the meaning defined in Section 506(a) of the Code.

2.4 "Bankruptcy Court" or "Court" shall mean the United States Bankruptcy Court for the Eastern District of Texas, Texarkana Division, or such other court as has jurisdiction of the reorganization case.

2.5 "Bar Date" shall mean the final date for filing Proofs of Claim or Interest herein as set by the Bankruptcy Court.

2.6 "Claim" shall mean a right to payment from the Debtor, either evidenced by a timely filed proof of claim, or application for compensation or reimbursement which is allowed by the Court; or, if a proof of claim is not filed by the Creditor, a right which otherwise appears in the Debtor's Schedules which (i) is not listed as disputed, contingent or unliquidated, or (ii) has not otherwise been resolved in this proceeding or any other proceeding. Nothing herein is intended to restrict in any way the right of any party in interest to object to a claim.

2.7 "Code" shall mean the Bankruptcy Reform Act of 1978, as amended, 11 U.S.C. Section 101 et seq.

2.8 "Confirmation" or "Confirmation of Plan" shall mean the entry by the Bankruptcy Court of an Order confirming the Plan, at or after a hearing pursuant to Section 1129 of the Code, which shall have the effect prescribed in Section 1141 of the Code.

2.9 "Consummation" or "Consummation of the Plan" shall mean the accomplishment of all things contained or provided for in the Plan and the entry of an Order of Consummation finally dismissing this case.

2.10 "Creditor" shall mean any entity having a Claim against the Debtor or Property of the Debtor, as "creditor" is defined in Section 101(9) of the Code.

2.11 "Debtor" shall mean Krishna Associates, LLC

2.12 "Krishna Reorganization Case" shall mean the case for reorganization of Krishna Associates, LLC, commenced by voluntary petition under Chapter 11, on November 30, 2015.

2.13 "Krishna" shall mean Krishna Associates, LLC.

2.14 "Effective Date" shall mean the fifteenth day after docketing of an order confirming the Plan, unless an appeal is taken, and a stay obtained of such effective date, pending such appeal.

2.15 "Estate" shall mean the estate created in the reorganization case pursuant to Section 541 of the Bankruptcy Code.

2.16 "Filed" shall mean filed with the Bankruptcy Court or, in the case of a Proof of Claim or Interest, deemed filed pursuant to Section 1111(a) of the Code.

2.17 "Final Order" shall mean the Order of the Bankruptcy Court as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

2.18 "Interest" shall mean a Claim of an owner, or equity security holder of the Debtor.

2.19 "Plan" shall mean the Plan of Reorganization in its present form with such amendments or supplements as may be subsequently filed.

2.20 "Plan Administrator" shall mean Hiren Patel, Managing Member, whose powers, duties, and obligations are as follows:

(A) Perfect and secure Debtor's right, title and interest to the properties comprising the Estate;

(B) Reduce all of said properties to Debtor's possession and hold the same;

(C) Sell and convert the properties to cash and distribute the net proceeds to the beneficiaries of the Estate;

(D) Grant options to purchase and to contract to sell and sell the assets of the Estate or any part or parts thereof for such purchase price and for cash or on such terms they shall deem appropriate;

(E) Mortgage, pledge, or otherwise encumber the assets of the Estate or any part thereof;

(F) Exchange and re-exchange the assets of the Estate or any part or parts thereof for other real or personal property;

(G) Release, convey or assign any right, title or interest in or about the assets of the Estate;

(H) Employ an appraiser or appraisers to determine the value of any assets or group of assets;

(I) Pay and discharge any mortgage or other lien or encumbrance against the assets of the Estate or any part or parts thereof and pay and discharge any other costs, expenses or obligations deemed necessary to preserve the assets of the Estate or any part thereof or to preserve the Estate;

- (J) Improve or repair the assets of the Estate or any part thereof;
- (K) Purchase insurance of all kinds sufficient to protect fully the assets of the Estate or any part or parts thereof and to protect the Plan Administrator from liability;
- (L) Deposit funds and draw checks and make disbursements;
- (M) Employ and have such attorneys, accountants, engineers, agents, realtors, rental agents, and tax specialists, clerical and stenographic assistance as may be deemed necessary and appropriate;
- (N) Employ brokers and salespersons;
- (O) Borrow money on the security of the assets of the Estate or any part or parts thereof;
- (P) Issue certificates of indebtedness secured by the assets of the Estate or any part or parts thereof;
- (Q) Exercise any and all powers granted to the Plan Administrator by common law or any statute, including every power granted to a Trustee by the "Texas Trust Act" (TEX. REV. CIV. STAT. ANN. art. 7425B et seq, Vernon 1960) or any future amendment thereof, which serves to increase the extent of the powers granted to the Plan Administrator hereunder, and to that extent the laws of the State of Texas shall govern or be controlling;
- (R) In general, without in any manner limiting any of the foregoing, deal with the assets of the Estate or any parts thereof in all other ways as would be lawful for any person owning the same to deal therewith, whether similar to or different from the ways above specified, at any time or times hereafter;
- (S) Engage in and carry on any business or undertaking and enter into any partnership with any person, firm, corporation or any trustee under any other trust;
- (T) Join in any plan of reorganization or readjustment of any corporation or take any other action necessary to protect the assets of the Estate;
- (U) Enter into contracts and execute negotiable and nonnegotiable obligations;
- (V) Sue and be sued;
- (W) Settle, compromise or adjust by arbitration or otherwise any disputes or controversies in favor of or against the assets of the Estate;
- (X) Waive or release rights of any kind;
- (Y) Appoint, remove and act through agents, managers, and employees and confer upon

them such power and authority as may be necessary or advisable;

(Z) Consent to the modification or release of any guaranty of any mortgage or lien;

(AA) Continue mortgages upon and after maturity with or without renewal or extension upon such terms as may be advisable, without reference to the value of the security at the time of such continuance;

(BB) Foreclose as an incident to the collection of any debt and bid on property at such foreclosure sale or acquire the property deed from the mortgagor or obligor without foreclosure; and

(CC) Abandon any property, if the Plan Administrator determines that there is no equity in the property, to the holders of secured claims holding such property as collateral for the repayment of indebtedness, or reassign such property to the Debtor.

2.21 "Property" shall mean all property scheduled by the Debtor in its "Statement of All Property of the Debtor," filed in this case, and any other unscheduled property in the Estate.

2.22 "Secured Claims" shall mean all claims against the Debtor or the Estate for which the holders hold, own or possess a lien, security interest, or other encumbrance on property of the Estate as security for repayment thereof, and which lien, security interest, or other encumbrance has been properly perfected as required by law, to the extent of the value of said property. That portion of such claim exceeding the value of the property held therefore shall be an unsecured claim as defined below.

2.23 "Termination" shall mean that date of final distribution of liquidation proceeds to creditors and/or completion of surrender of assets.

2.24 "Unsecured Claims" shall mean all claims against the Debtor or the Estate for which the holders possess no lien, security interest, or other encumbrance on the property of the Estate to secure the repayment thereof. The claim of any creditor may be secured in part and unsecured in part pursuant to Section 506 of the Code.

ARTICLE III DISCLOSURE STATEMENT SUMMARY

The following is a brief summary of certain information contained in this Disclosure Statement. This summary is incomplete and selective and is qualified in its entirety by more detailed information contained herein.

3.1 Debtor. The Debtor is Krishna Associates, LLC, Case number 15-50148. (the

"Debtor")

3.2 The Debtor's Business. Krishna Associates, LLC is a company that operated an 81 room, 25 suite hotel under the name of Country Inn & Suites in Texarkana, Texas. The hotel was sold on January 31, 2017 for \$2,900,000.00.

3.3 Plan of Reorganization. The Plan calls for the liquidation of the limited assets remaining including carve out funds and Chapter 5 actions.

3.4 Acceptance of the Plan. Simultaneous with the filing of this Disclosure Statement the Debtor has filed its Plan of Reorganization with the Bankruptcy Court. Until the Disclosure Statement is approved, the Debtor may not solicit acceptances of this Plan. The Debtor is providing the following summary of the proposed Plan of Reorganization to assure that the Creditors affected by the Plan understand its provisions. This summary should not be considered a solicitation for acceptance of that Plan. Additionally, Creditors should not rely on this summary to decide whether or not to vote in favor of or against the Plan, but are expressly referred to the Plan itself since it contains many provisions which will not be summarized herein.

In order for the Plan to be accepted by the Creditors, a majority in number and a two-thirds majority in amount of claims filed and allowed (for voting purposes), actually voting, of each affected class of Creditors must vote to accept the Plan.

ARTICLE IV PURPOSE

4.1 Introduction. This Disclosure Statement has been prepared by the Debtor as the proponent of the Plan of Reorganization filed with the Bankruptcy Court pursuant to the provisions of 11 U.S.C. Section 1121 et seq. This Disclosure Statement is intended for all known Creditors of and Interest Holders in the Debtor for the purpose of disclosing information the Bankruptcy Court has determined to be material, important, and necessary for Creditors and Interest Holders to arrive at an informed decision in exercising his right to accept or reject the Plan.

4.2 Brief Explanation of Chapter 11. Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, debtors are authorized to reorganize and/or liquidate their business for their own benefit and that of their creditors and other interest holders. In general, attempts at collection of pre-petition claims from the debtors and any attempts to

foreclose upon property of the debtors by any secured creditor are stayed during the pendency of the case, and the debtors operate their business as debtors in possession.

Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. The plan is the vehicle for satisfying the holders of claims against the debtors. Unless a trustee is appointed, the debtors have the exclusive right to file a plan during the first 120 days of the Chapter 11 case. Section 1121(d) of the Bankruptcy Code permits the Bankruptcy Court to extend or reduce the 120-day period.

4.3 Requirements of a Disclosure Statement. As required by the United States Bankruptcy Code, this Disclosure Statement has been presented to the Bankruptcy Court. The Court must approve the Disclosure Statement. This approval is a finding that the Disclosure Statement contains "adequate information" and approval does not constitute a judgment by the Bankruptcy Court about the desirability of the Plan or the value of any consideration offered pursuant to the Plan. Interested parties are referred to 11 U.S.C. Section 1125, which reads, in pertinent part:

(b) An acceptance or rejection of a plan may not be solicited after the commencement of the case under this title from a holder of a claim or interest with respect to such claim or interest unless, at the time of or before such solicitation, there is transmitted to such holder, the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information. The court may approve a disclosure statement without a valuation of the debtor or an appraisal of the debtor's assets.

* * *

(d) Whether a disclosure statement required under subsection (b) contains adequate information is not governed by any otherwise applicable non-bankruptcy law, rule, or regulation but an agency or official whose duty is to administer or enforce such a law, rule, or regulation may be heard on the issue of whether a disclosure statement contains adequate information. Such an agency or official may not appeal from, or otherwise seek review of, an order approving a disclosure statement.

* * *

(e) A person who solicits acceptance or rejection of a plan, in good faith and in compliance with the applicable provisions of this title, or that participates, in good faith and in compliance with the applicable provisions of this title, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate

participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such solicitation or participation, for violation of any applicable law, acceptance or rejection of a plan or the offer, issuance, sale, or purchase of securities.

4.4 Confirmation of the Plan. There are two methods by which a plan can be confirmed: (1) the "acceptance" method, in which all impaired classes of claims and interest have voted in the requisite amounts to accept the plan and (2) the "nonacceptance" or "cramdown" method in which at least one class of impaired claims or interests have voted in the requisite amounts to accept the plan and certain other requirements are met with respect to all other impaired classes of claims and interests.

A claim that will not be repaid in full or as to which the legal rights are altered, or an interest that is adversely affected, is "impaired." Impairment of claims or interest is defined under 11 U.S.C. Section 1124 as follows:

Except as provided in section 1123 (a)(4) of this title, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such class, the plan-

1. leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest;

2. notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default-

- (A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365 (b)(2) of this title;

- (B) reinstates the maturity of such claim or interest as such maturity existed before such default;

- (C) compensates the holder of such claim or interest for any damages incurred as a result of any reliance by such holder on such contractual provision or such applicable law; and

- (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest;

A holder of a claim or interest that is impaired by a plan is entitled to vote to accept or reject that plan if such claim or interest has been allowed or is deemed allowed for voting purposes under Rule 3018 of the Bankruptcy Rules. In order for a class of claims to vote to accept a plan, votes representing at least two thirds in amount and more than one half in number of claims actually voting in that class must be cast for acceptance of the plan.

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm a plan notwithstanding its rejection by one or more impaired classes if certain requirements are met. First, with respect to each impaired class of claims or interests that has not accepted a plan, the Bankruptcy Court must determine that each such class will receive or retain property of value not less than the amount such holders would receive if the debtors were liquidated under Chapter 7. Second, the Bankruptcy Court must find that the plan is fair and equitable with respect to each impaired class that does not accept the plan. With respect to a class of secured creditors, the fair and equitable test requires that a secured creditor (i) retain its lien(s) and receive cash payments equal to the allowed amount of its claims, (ii) receive the proceeds from the sale of its collateral, or (iii) realize the indubitable equivalent of its claim. With respect to a class of unsecured claims, the fair and equitable test requires that, if the creditors in such class do not receive property with a value equal to the allowed amount of his claims, no junior class can receive anything pursuant to the plan.

ARTICLE V HISTORY AND ORGANIZATION OF THE DEBTOR

5.1 History of the Debtor and factors causing Chapter 11 filing: The Debtor, Krishna Associates, LLC, was formed in 2007 to develop raw land with a state of the art franchised hotel, located in Texarkana Texas.

The Country Inn & Suites hotel, located at 1918 University Avenue, Texarkana, TX 75501, opened its doors for business on December 6, 2010. THE HOTEL WAS SOLD PURSUANT TO THIS COURT'S ORDER (DOC #133) ON JANUARY 31, 2017.

5.2 Factors leading to Chapter 11 Filing: Texarkana is situated between Dallas and Little Rock with a population of 37,225 people. Texarkana remains a stop and go highway community for travelers, rather than a tourist destination. The Interstate-30 and University Ave. exit was under construction in 2010 when the hotel opened its doors for business, impacting bookings.

After three years of increasing revenue, as expected from a newly built hotel, the economy of Texarkana was negatively impacted by the reorganization of Red River Army Depot (RRAD) and the closure of the Alcoa plant. RRAD's reorganization resulted in more than 4000 lost jobs and Alcoa closed, displacing all employees. At the same time, numerous hotels opened, leading to an increase in excess hotel rooms in the depressed market.

Since 2014, multiple new hotels have opened their doors flooding the inventory by adding approximately 2000 rooms in the area. They are as follows:

Hilton garden – 155 Rooms

Wyndham garden -145 Rooms

Holiday inn 127 Rooms

Residence inn 120 Rooms

Comfort suites 84 Rooms

Hampton inn 89 Rooms

With a total inventory increase of almost 700 rooms, the Texarkana market was saturated, resulting in lower demand. Within a 10 mile radius of town, franchise companies have issued licenses in both Texas and Arkansas.

All of these factors led to the hotel market dropping further with plunges in occupancy and revenue.

5.3 Changes prior to Chapter 11 filing and factors leading to the filing: The Debtor implemented a variety of changes in the years prior to filing chapter 11, attempting to turn around operations and cash flows.

The Debtor attempted to refinance with other lenders with no success due to poor property valuations and diminished cash flows. The Lender posted the properties for foreclosure and filed personal law suits against the guarantors. As a result of the postings and litigation, the chapter 11 was filed.

5.4 Operations of Debtor during Bankruptcy Period. Since the Filing, Debtor continued to operate the hotel UNTIL ITS SALE TO NEW BOSTON INVESTMENTS, LLC ON JANUARY 31, 2017 PURSUANT TO THIS COURTS ORDER FOR \$2,900,000.00.

All post-petition taxes, reports and payments are current along with post-petition account payables and franchise fees.

5.5 Post-petition proceedings before the Court. Since the filing of bankruptcy, the following matters have been before the Court: 1) motions for use of cash collateral and for adequate protection of the major creditor, which have agreed orders in place, 2) motion to extend time to file schedules, which was granted, 3) applications to employ attorney and accountant, which have been granted, 4) an interim application to pay accountant, which has been granted, 5) a second interim application to pay accountant and 6) a Motion for Relief from Stay filed by MidSouth Bank, and 7) Motion to Approve Sale (Doc. #121). No other matters have been before the Court.

The Debtor is current on all administrative requirements, including quarterly payments to the U.S. Department of Justice.

The Plan, as proposed, will pay allowed administrative, priority and unsecured claims from the proceeds of the liquidation of remaining assets, including carve out funds. Any potential recovery of Chapter 5 Claims will be used to pay allowed unsecured claims on a pro rata basis. Interests of current equity holders will be terminated. Debtor believes that the alternative of liquidating under Chapter 7 of the bankruptcy Code would result in dramatically reduced returns. (See liquidation analysis attached hereto as **Exhibit "A"**)

ARTICLE VI PLAN OF REORGANIZATION

6.1 Development of the Plan. The Plan is a liquidation plan. The Plan will pay creditors according to priority.

6.2 The plan provides for the liquidation of the limited assets remaining after the sale of the hotel, including carve out funds and Chapter 5 actions.

6.3 Chapter 5 Actions: Debtor has identified all transfers and potential preferences under Sections 4.1, 13.1 and 13.2 of the Statement of Financial Affairs and amendments thereto. Creditors should note the disclosure of payments or transfers to insiders.

6.4 Classification and Treatment of Creditors. The following summary is provided to give Creditors of the Debtor an estimate of the claims that may be allowed by the Bankruptcy Court. These estimates are tentative and should not be relied upon as accurate. Accordingly, these estimates should not be relied upon in voting for or against the Plan, although they do provide

Creditors with a limited understanding of anticipated liabilities in the classes indicated.

Class 1 consists of any Allowed Administrative Claims.

Class 2 consists of any Allowed Unsecured Claims

Class 3 consists of the Shareholders' Interest.

Class 1 Claims. The Class 1 Claims will be paid once Allowed in full by the Debtor on the Effective Date or as otherwise agreed to by the Claimants in this Class. These claims are priority claims pursuant to Section 507(a) of the Bankruptcy Code. These claims include claims for Debtor's attorney's fees (estimated at \$104,408.27), Debtor's Accountant's fees (estimated at \$5,000.00), U.S. Trustee fees and Country Inn by Carlson (\$8,671.21). U.S. Trustee fees must be paid until the case is closed. The Class one Claims will be paid as follows:

Claim	Amount	Treatment
Debtor's Attorney's fees	\$104,408.27	Paid from funds on hand and carve out after Court Approval and application of retainer in the amount of \$20,000
Debtor's Accountant fees	\$5,000.00	Paid from funds on hand and carve out after Court Approval
UST fees	\$1,500.00	Paid from funds on hand and carve out
Country Inn by Carlson	\$8,671.21	Paid from funds on hand and carve out

Class 2 Claims. The Class 2 Claims will be paid as Allowed as follows:

The Class 2 Allowed Claims of Unsecured Creditors shall be paid a pro-rata share of funds remaining after payment of senior classes. (**See Exhibit "A"**).

The Class 2 Claims are Impaired and the holders of the Class 2 Claims are entitled to vote to accept or reject the Plan.

Class 3 Claims. The Class 3 Claims will be treated as follows:

The only existing equity holders are Hiren Patel - 95% and Dineshchandra Patel –5%, whose interests shall be terminated on the effective date of the Plan.

6.5 Executory Contract/Lease rejections and assumptions: No Executory Contracts or Leases exist. Carlson has been terminated by order of this court (Doc # 150).

VII PLAN ADMINISTRATOR

7.1 The Plan Administrator shall be Hiren Patel, Managing Member of Debtor. He shall have those powers, duties and obligations set out in paragraph 2.20 of this Disclosure Statement. Hiren Patel shall act as fiduciary for the benefit of Creditors until termination and the closing of the Reorganization Case. Operating reports shall be provided to the United States Trustee if required after confirmation.

ARTICLE VIII BINDING EFFECT UPON CREDITORS; DISCHARGE

8.1 Upon confirmation of the Plan all Creditors, including their heirs, successors and assigns, shall be forever bound by its terms. All such Creditors will be legally obligated to execute and deliver any and all documents that may be required in order to effectuate the Plan. ALL DEBT, WHETHER LIQUIDATED, CONTINGENT OR DISPUTED, AND WHETHER SCHEDULED BY THE DEBTORS, EXCEPT AS PROVIDED IN SECTION 1141 OF THE BANKRUPTCY CODE AND EXCEPT AS SAME EITHER IS NOT IMPAIRED UNDER THE PLAN OR IS PAYABLE AS PROVIDED IN THE PLAN, SHALL ON CONFIRMATION OF THE PLAN BE DISCHARGED AND THEREBY RELEASED AND NO LONGER RECOVERABLE AND ALL JUDGMENT LIENS SHALL BE RELEASED.

ARTICLE IX GENERAL CONSIDERATIONS IN ACCEPTING A CHAPTER 11 PLAN

9.1 Operation of Chapter 11. A confirmation of a Plan of Reorganization is the ultimate goal of a Chapter 11 proceeding. Consequently, your decision whether to accept the Plan must be made in the context required by the law for Chapter 11 bankruptcy proceedings.

In a Chapter 11 proceeding, the Debtor is the only possible proponent of a plan during the initial one hundred twenty (120) days of the proceeding unless certain special conditions are met. After that one hundred twenty (120) day period (unless the Bankruptcy Court extends it), any party in interest may propose a plan.

Chapter 11 of the Bankruptcy Code permits the adjustment of secured debt, unsecured debt and equity interests. A Chapter 11 plan may provide less than full satisfaction of senior indebtedness and payment to junior indebtedness or may provide for return to equity owners absent full satisfaction of indebtedness so long as no impaired class votes against the plan.

If an impaired class votes against the plan, this does not necessarily make implementation of the plan impossible so long as the plan is fair and equitable and that class is afforded "adequate protection". Adequate protection may be very broadly defined as providing to a creditor (or interest holder) the full value of their claim. Such value is determined by the Court and balanced against the treatment afforded the creditor. If the latter is equal or greater, the plan may be confirmed over the dissent of that class.

In the event a class is unimpaired, it is automatically deemed to accept the plan. A class is unimpaired, in essence, if (1) its rights after confirmation are equal to what existed (or would have existed absent defaults) before the commencement of the Chapter 11 and any existing defaults are cured or provided for and the class is reimbursed actual damages, or (2) the class is paid its full claim as though matured.

If there is not a dissenting class, the test for approval by a court of a Chapter 11 plan (i.e., confirmation) is whether the plan is in the best interests of creditors and interest holders and is feasible. In simple terms, a plan is considered by the court to be in the best interest of creditors and interest holders if the plan will provide a better recovery to the creditors than they would obtain if the debtor were liquidated and the proceeds of liquidation were distributed in accordance with bankruptcy proceeding priorities. In other words, if the plan provides creditors with money or other property of a value exceeding the probable dividend in a Chapter 7 (liquidation bankruptcy), then the plan is in the best interests of creditors. The Court, in considering this factor, is not required to consider any other alternative to the plan than liquidation.

In considering feasibility, the court is only required to determine whether the obligations of the plan can be performed. This entails determining (1) the availability of cash for payments

required at confirmation; (2) the ability of the debtor to generate future cash flow sufficient to make payments called for under the plan and to continue in business; and (3) the absence of any other factor which might make it impossible for the debtor to accomplish that which it promises to accomplish in the plan.

9.2 Alternatives to the Plan. Although this Disclosure Statement is intended to provide information to assist in the formation of a judgment as to whether to vote for or against the Plan, and although creditors are not being offered through that vote an opportunity to express an opinion concerning alternatives to the Plan, a brief discussion of alternatives to the Plan may be useful. These alternatives include continuation of the Chapter 11, conversion to Chapter 7, or dismissal of this proceeding. The Debtor, of course, believes the proposed Plan to be in the best interests of Creditors and the Debtor. Thus Debtor does not favor any alternative to the proposed Plan.

ARTICLE X
CONCLUSION

This Disclosure Statement has attempted to set forth information to assist the Debtor's Creditors in evaluating the Plan of Reorganization. If the Plan is accepted, all Creditors of Debtor will be bound by its terms.

The Debtor urges each Creditor to read the Plan carefully and to use this Disclosure Statement and such other information as may be available to the Creditor in order to make an informed decision on the Plan.

Respectfully submitted,

Bill F. Payne

/s/ Bill F. Payne

BILL F. PAYNE, SBN 15649500
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Dallas, TX 75251
Telephone 972-628-4901
Email: bill@wpaynelaw.com

EXHIBIT "A"

SUMMARY OF ESTIMATED LIQUIDATION VALUES

ASSUMPTIONS

(1) Purpose - The Purpose of this Exhibit is to provide the creditors of Texarkana Hotels, LLC ("Debtor") with enough information to allow them to determine if the Debtor's Plan of Reorganization is a viable alternative to liquidating the assets and distributing the proceeds to its creditors by way of conversion and liquidation through Chapter 7.

(2) Equity in Real Estate - Debtor has liquidated all real estate by court order.

Total equity in Real Estate \$.00

(3) Personal Property - The following list identifies non-exempt personal property:

<u>Personal Property</u>	<u>Fair Market Value</u>
DIP Account	1,000.00
Carve out from sale for administrative expenses	105,000.00
Potential Chapter 5 Actions	155,000.00
Gross Estimated Proceeds	261,000.00

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing instrument was served on the parties listed on the attached mailing matrix either through the Court's electronic notification system as permitted by Appendix 5005 to the Local Rules of the U.S. Bankruptcy Court for the Eastern District of Texas, or by first class United States Mail, postage prepaid this the 16th day of June, 2017.

/s/ Bill F. Payne
Bill F. Payne

Label Matrix for local noticing 0540-5 Case 15-50148 Eastern District of Texas Texarkana Fri Jun 16 08:01:45 CDT 2017	Ark-Tex Regional Development Company 4808 Elizabeth St. Texarkana, TX 75503-2910	Ark-Tex Regional Development Company 4808 Elizabeth Street Texarkana, TX 75503-2910
Attorney General of Texas Box 12548, Capital Station Austin, Texas 78711-2548	Andrew F. Baka Special Assistant US Atty US Small Business Administration 4300 Amon Carter Blvd. Ste. 114 Ft. Worth, TX 76155-2652	Booking.com Corporate Offices 800 Connecticut Ave. Norwalk, CT 06854-1631
Bowie CAD c/o Lee Gordon P.O. Box 1269 Round Rock, Texas 78680-1269	Bowie Central Appraisal District c/o Lee Gordon P.O. Box 1269 Round Rock, TX 78680-1269	Bowie County Tax A/R 710 James Bowie Drive New Boston, Texas 75570-2328
Donna Burnett Young, Hoy and Burnett 201 College Dr. Texarkana, TX 75503-3702	Comlink Networks P.O. Box 4781 Texarkana, TX 75505	Comlink Networks P O Box 5781 Texarkana, TX 75505-5781
Country Inn & Suites by Carlson 701 Carlson Parkway MS 8277 Minnetonka, MN 55305-5237	Country Inns & Suites 80 South 8th Street, Suite 500 Minneapolis, MN 55402-5383	Don Edward & Company P O Box 5540 Woodridge, IL 60517-0540
(p)MICHAEL REED OR LEE GORDON PO BOX 1269 ROUND ROCK TX 78680-1269	Internal Revenue Service P. O. Box 7346 Philadelphia, Pennsylvania 19101-7346	Krishna Associates, LLC 2910 Harrisburg Lane Texarkana, TX 75503-4501
Abigail M. McGibbon Gray Plant Mooty 80 S. Eighth St., Ste. 500 Minneapolis, MN 55402-3796	Mid South Bank P. O. Box 31021 Tampa, FL 33631-3021	Mid South Bank, N.A. P. O. Box 3745 Lafayette, LA 70502-3745
MidSouth Bank c/o Scott A. Ritcheson Ritcheson, Lauffer & Vincent, P.C. 821 ESE Loop 323, Ste. 530 Tyler, TX 75701-9779	MidSouth Bank, N.A. c/o Scott A. Ritcheson Ritcheson, Lauffer & Vincent, P.C. 821 ESE Loop 323, Ste. 530 Tyler, Texas 75701-9779	North East Texas Economic Development Di P. O. Box 5307 Texarkana, Texas 75505-5307
Timothy W. O'Neal Office of the U.S. Trustee 110 N. College Ave., Ste. 300 Tyler, TX 75702-7231	Bill F. Payne 12770 Coit Road, Suite 541 Dallas, TX 75251-1366	Scott Alan Ritcheson Ritcheson, Lauffer & Vincent, P.C 821 ESE Loop 323, Suite 530 Tyler, TX 75701-9779
Robert S. McGinnis, Jr. 4102 Summerhill Road Texarkana, Texas 75503-2732	Christopher M Sylvia Midsouth Bank 880 San Antonio Ave. Many, LA 71449-3141	Tax Accessor/Collector PO Box 6527 Texarkana, TX 75505-6527

(p)TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
REVENUE ACCOUNTING DIV - BANKRUPTCY SECTION
PO BOX 13528
AUSTIN TX 78711-3528

Texas Workforce Commission
TWC Bldg - Tax Dept.
Austin, Texas 78778-0001

U.S. Attorney General
Department of Justice
Main Justice Building
10th & Constitution Ave., NW
Washington, DC 20530-0001

US Small Business Administration
c/o Andrew Baka
4300 Amon Carter Blvd. , Ste 114
Ft. Worth, Texas 76155-2652

US Small Business Administration
c/o Steve Park
2120 Riverfront DR
Little Rock, AR 72202-1794

US Trustee
Office of the U.S. Trustee
110 N. College Ave.
Suite 300
Tyler, TX 75702-7231

USA TODAY
Kathleen Hennessey-Gannett Co., Inc.
Law Dept. 7950 Jones Branch Rd.
McLean, VA 22107-0002

United States Small Business Administration
4300 Amon Carter Blvd., Suite 114
Fort Worth, TX 76155-2652

Wells Fargo
P O Box 6995
Portland, OR 97228-6995

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Lee Gordon
McCreary Veselka Bragg & Allen, PC
PO Box 1269
Round Rock, TX 78665

Texas Comptroller of Public Accounts
PO Box 13528
Austin, Texas 77811-3528

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

(d)Booking.com Corporate Offices
800 Connecticut Avenue
Norwalk, CT 06854-1631

(d)Country Inn and Suites by Carlson
701 Carlson Pkwy. MS 8277
Minnetonka, MN 55305-5237

End of Label Matrix
Mailable recipients 38
Bypassed recipients 2
Total 40