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

IN RE:)	
)	
HIREN D. AND NILA H. PATEL)	CASE NO. 16-40592
)	CHAPTER 11
)	
DEBTORS)	

DISCLOSURE STATEMENT DATED OCTOBER 31, 2016

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION 3

ARTICLE II – REPRESENTATIONS..... 10

ARTICLE III – FINANCIAL PICTURE OF THE DEBTOR 11

ARTICLE IV – ANALYSIS AND VALUATION OF PROPERTY 12

ARTICLE V – SUMMARY OF THE PLAN..... 12

ARTICLE VI – ASSUMPTION AND REJECTION OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES..... 16

ARTICLE VII – FEASIBILITY OF PLAN 16

ARTICLE VIII –ALTERNATIVES TO DEBTOR’S PLAN 16

ARTICLE IX – RISKS TO CREDITORS UNDER DEBTOR’S PLAN..... 16

ARTICLE X – TAX CONSEQUENCES TO THE DEBTOR..... 16

ARTICLE XI – PENDING LITIGATION 19

ARTICLE XII – SUMMARY OF SIGNIFICANT ORDERS ENTERED
DURING THE CASE..... 19

EXHIBITS:

Plan of Reorganization 1

ARTICLE I

INTRODUCTION

Identity of the Debtor

1.01 Hiren D. Patel and Nila H. Patel, (hereinafter referred to as “Patel” or “Debtor”) filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq. (the “Bankruptcy Code”) on April 1, 2016, in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, (“Court”), initiating the above styled and referenced bankruptcy proceeding. The Debtor is operating its business as a Debtor-in-Possession pursuant to sections 1107 and 1108 of the Code.

Purpose of This Disclosure; Source of Information

1.02 Debtor submits this Disclosure Statement pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor’s Plan. A copy of the Plan is attached hereto as **Exhibit “1”** and incorporated herein by this reference. The Plan sets forth in detail the repayment arrangement between the Debtor and its creditors. The Disclosure describes the operations of the Debtor contemplated under the Plan. Any accounting information contained herein has been provided by the Debtor and has been prepared using the cash method of accounting.

Explanation of the Process of Confirmation

1.04 Even is all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants and Equity Interest Holders may not be less than such parties would receive if the Debtor were liquidated under Chapter 7 of the Code.

1.05 Acceptance of the Plan by the Creditors and Equity Interest Holders is important. In order for the Plan to be accepted by each class of claims, the creditors that hold at least two-thirds (2/3) in the amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holds that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in the amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

1.06 The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

1.07 Confirmation of the plan discharges the debtor from all of its pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtor and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

1.08 Unimpaired Class. Claimants in Classes 1, 4, 5 & 6 are not impaired under the Plan. Such Classes, therefore are deemed to have accepted the Plan.

1.09 Impaired Classes. The Classes 2, 7 and 8 Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2, 7 and 8. Each holder of an Allowed Claim in Classes 2, 7 and 8 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below. One ballot will be sent to each Claimant eligible to vote on the Plan. For all Classes the ballot must be returned to Debtor's Attorney, Bill F. Payne, 12770 Coit Road, Suite 541, Dallas, Texas 75251 by mail, email at bill@wpaynelaw.com or by facsimile at (972) 628-4905. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

1.10 Acceptances. Ballots that are signed and returned but fail to indicate either an acceptance or rejection will not be counted.

Best Interests of Creditors Test

1.11 Section 1129(a)(7) of the **Code** requires that each impaired class of claims or interests accept the **Plan** or receive or retain under the **Plan** on account of such claim or interest, property of a value as of the **Effective Date** of the **Plan**, that is not less than the amount that such holder would so receive or retain if the **Debtor** were liquidated under Chapter 7 of the Bankruptcy **Code**. If Section 1111(b)(2) of the **Code** applies to the claims of such class, each holder of a claim of such class will receive or retain under the **Plan**, on account of such claim, property of a value, as of the **Effective Date** of the **Plan**, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the **Plan** to be confirmed, the **Court** must determine that the **Plan** is in the best interests of the **Debtor's** creditors. Accordingly the proposed plan must provide the **Debtor's** creditors with more than they would receive in Chapter 7 liquidation. Accordingly, since the **Plan** proposes to pay all secured creditors in full, and submitting Debtor's post-confirmation discretionary income and non-exempt assets for payment to unsecured creditors, Debtor believes that the creditors are receiving more than they would receive in Chapter 7 liquidation. Accordingly, the **Plan** satisfies the requirements of Section 1129(a)(7).

Cramdown

1.12 The **Court** may confirm the **Plan** even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set for in Section 1129(b) of the **Code**. Accordingly, **Debtor**, as the plan proponent, requests the **Court** to determine that the **Plan** does not

discriminate unfairly, and is fair and equitable with respect to any objecting creditor. A discussion of the specific requirements for Cramdown of a Plan are set forth starting below.

Definition of Impairment

1.13 As set forth in Section 1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under a plan of reorganization unless, with respect to each claim or equity interest of such class, the plan:

- (a) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or
- (b) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default:
 - (i) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code;
 - (ii) reinstates the maturity of such claim or interest as it existed before such default;
 - (iii) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and
 - (iv) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Classification and Treatment of Claims and Interests

1.14 The Plan classifies Claims separately in accordance with the Bankruptcy Code and provides different treatment for different classes of Claims.

1.15 Only holders of Allowed Claims are entitled to receive distributions under the Plan. Allowed Claims are Claims that are not in dispute, are not contingent, are liquidated in amount, and are not subject to objection or estimation. Initial distributions or other transfers of Cash or other consideration specified in the Plan otherwise available to the holders of Allowed Claims will be made on the Effective Date, or (b) the date on which such Claim becomes an Allowed Claim), as otherwise provided in the Plan, or as may be ordered by the Bankruptcy Court.

1.16 In accordance with the Plan, unless otherwise provided in the Plan or Confirmation Order, the treatment of any Claim under the Plan will be in full satisfaction, settlement, release, and discharge of and in exchange for each and every Claim.

Requirements for Confirmation of the Plan

1.17 At the confirmation hearing the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in Section 1129 of the Bankruptcy Code, these requirements are as follows:

The plan complies with the applicable provisions of the Bankruptcy Code.

The proponents of the plan comply with the applicable provisions of the Bankruptcy Code.

The Plan has been proposed in good faith and not by any means forbidden by law.

Any payment made or promised by the Debtor, by the plan proponents, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.

(A) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the plan; and (B) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation for such insider.

Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the Debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

With respect to each impaired class of claims or interests:

(i) each holder of a claim or interest of such class has (A) accepted the plan or (B) will receive or retain under the plan on account of such claim or interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code on such date; or (ii) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

With respect to each class or claims or interests:

- (i) such class has accepted the plan; or
- (ii) such class is not impaired under the Plan.

Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(i) with respect to a claim of a kind specified in section 507(a)(1) or 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(ii) with respect to a class of claims of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5) or 507 (a)(6) of the Bankruptcy code, each holder of a claim of such class will receive: (i) if such class has accepted the Plan, deferred cash payments of a value as of the Effective Date of the Plan, equal to the allowed amount of such claim; or (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(iii) with respect to a claim of a kind specified in section 507(a)(7) of the Bankruptcy Code, the holder of a claim will receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.

If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

Confirmation of the Plan is not likely to be followed by liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the plan, unless such liquidation or reorganization is proposed in the Plan.

All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of Section 1114, at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtor has complied with or will have complied with all the requires of Chapter 11 and that the Plan is proposed in good faith.

At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Equity Interests would receive greater distributions under the Plan than they would receive in a liquidation under Chapter 7.

The Debtor believes that the feasibility requirement for confirmation of the Plan is satisfied by the fact that the future operating revenues will be sufficient to satisfy the obligations under the Plan in addition to supporting sustainable growth of the enterprise. These facts and others demonstrating the confirmability of the Plan will be shown at the

Confirmation Hearing.

Cramdown

1.18 The Bankruptcy Court may confirm a Plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not “discriminate unfairly” and the plan is “fair and equitable” with respect to each impaired class of claims or interests that has not accepted the plan.

1.19 “Fair and equitable” has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

With respect to a class of **secured claims**, the plan provides:

- (a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the Debtor or transferred to another entity, to the extent of the allowed amount of such claims; and (ii) that each holder of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property;
- (b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or
- (c) the realization by such holders of the “indubitable equivalent” of such claims.

With respect to a class of **unsecured claims**, the plan provides:

- (a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
- (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the Debtor is an individual, the Debtor may retain property included in the estate under section 1115 subject to the requirements that a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor

(as defined in section 1325(b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

With respect to a class of **interests**, the plan provides:

- (a) that each holder of an interest of such class receive or retain on account of such interest property of a value as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, and fixed redemption price to which such holder is entitled or the value of such interest; or that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

1.20 In the event that one or more classes of impaired Claims reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired class of Claims. **SO LONG AS THE CLASSES OF UNSECURED CREDITORS VOTE FOR THE PLAN THEN THE PLAN WILL NOT VIOLATE THE ABSOLUTE PRIORITY RULE.** The absolute priority rule requires that prior to the Debtor retaining or receiving any property, the senior classes of claims must be paid in full or vote to accept the Plan.

The Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired class of Claims.

ARTICLE II

REPRESENTATIONS

2.01 This Disclosure is provided pursuant to Section 1125 of the **Code** to all of the **Debtor's** known **Creditors** and other parties in interest in connection with the solicitation of acceptance of its **Plan** of reorganization, as amended or modified. The purpose of this Disclosure is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of **Claims**, to make an informed judgment in exercising its rights either to accept or reject the **Plan**.

2.02 The information contained in this Disclosure has been derived from information submitted by the **Debtor**, unless specifically stated to be from other sources.

2.03 No representations concerning the **Debtor** are authorized by the **Debtor** other than those set forth in this Disclosure. The **Debtor** recommends that any representation or inducement made to secure your acceptance or rejection of the **Plan** which is not contained in this Disclosure should not be relied upon by you in reaching your decision on how to vote on the **Plan**. Any representation or inducement made to you not contained herein should be reported to the attorneys for **Debtor** who shall deliver such information to the **Court** for such actions as may be appropriate.

2.04 ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE “SECURITIES” HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE OR UPON GHT MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRATY MAY BE A CRIMINAL OFFENSE.

2.05 THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR QUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

2.06 THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTOR’S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

2.07 DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMAION CONTAINED HEREIN IS CORECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN.

III.

FINANCIAL PICTURE OF THE DEBTOR

Financial History and Background of the Debtor

3.01. Hiren Patel started his medical practice in 2004 and since then has established himself in private practice and also held many director level positions. He migrated to the Dallas area in 2015 working in hospital medicine and as a medical director, overseeing several physicians and patient care. Hiren and Nila Patel started investing in real estate in 2007. Since then they have successfully built two hotels and completed two more projects, a Convention Center and a Water Park, with public private partnerships for economic growth and job creations. Nila Patel has actively helped in hotel management and sales.

Hiren Patel is a medical doctor, working for EMcare in Dallas, Texas and Collum &

Carney Clinic, in Texarkana, Texas, as well as a managing member of the following entities: (1) Krishna Associates, LLC, a company operating a hotel under the name of Country Inn & Suites in Texarkana, Texas; (2) Texarkana Hotels, LLC, a company operating a hotel under the name Holiday Inn and the Arkansas Convention Center in Texarkana, AR. (3) Holiday Springs Water Park, a company operating a water park in Texarkana, AR and (4) Diya Hotels, LLC, a company with undeveloped real property in Hot Springs, AR.

Nila Patel is a homemaker. She is also experienced in hotel marketing.

Events Leading to Filing of Bankruptcy.

Hiren Patel is the major member/owner of Krishna Associates, LLC, which owns and operates a Country Inn and Suites Hotel located at 1918 University Ave. in Texarkana, Texas, and Texarkana Hotels, LLC, which owns and operates a Holiday Inn Hotel and the Arkansas Convention Center located at 5200 Convention Plaza in Texarkana, AR. (collectively the "Hotels"). Due to the downfall of local economic conditions, the opening of more hotels in the area, the Hotels were unable to keep payments current on their notes with their major creditor, MidSouth Bank (the "Bank") and the Bank started foreclosure actions against Krishna Associates, LLC and Texarkana Hotels, LLC, (collectively the "Companies") which filed Chapter 11 Bankruptcies on November 3, 2015 and March 31, 2016, respectively.

As Debtor's personal filing is due to investments in the Companies, the Debtor implemented a variety of changes in the years prior to filing chapter 11, attempting to turn around business operations and cash flow. Debtor has worked with local wedding venues and meeting spaces to get more leisure and group business. Debtor started marketing and sales campaign for Waterpark ticket sales with school and church groups, started negotiating lower rates in highly competitive market to gain further market share. Debtor has tried to market Hotels to online travel agents, and online reservation channels and local chamber networking with limited success.

Debtor attempted to refinance with other lender with no success due to poor property valuations due to lack of cash flow. The Bank filed foreclosure law suits against the Hotels in Texas and Arkansas, and filed a personal law suit against the Debtor who is a guarantor.

As a result of the postings, Debtor's Chapter 11 was filed.

Future Income and Expenses Under the Plan

3.02 The Debtor's Cash Flow Budget setting forth projections of funds available to make his plan payments is set forth on **Exhibit "A"** to the Plan attached hereto. The Debtor's Claims Summary and Plan Payment Schedule are attached as **Exhibit "B"** to the Plan attached hereto. The Debtor will fund the Plan from the Debtor's continued salary and continued income from the Reorganized Hotels. Along with the distribution of liquidated non-exempt assets, the Debtor will keep current his post-petition payables.

IV.

ANALYSIS AND VALUATION OF PROPERTY

Real Property

4.01. The Debtor owns the real property at 917 Dove Creek Trail, Southlake, TX 76092. The total value of the property is \$450,000.00 and the debt on the property is approximately \$373,000.00. This is Debtor's homestead and it is exempt to them.

At the time of filing bankruptcy, Debtor also owned a home at 2803 Landon Lane, Texarkana Texas, valued at approximately \$200,000.00 with a debt of approximately \$170,000.00. After filing a motion to sell the home and receiving an Order from this Court allowing the sale, the home was sold and Debtor received net proceeds of \$41,722.00, which was deposited in his Debtor-In-Possession account.

Personal Property

4.02. The Debtor owns the non-exempt personal property described as follows:

PROPERTY	VALUE
Cash	\$12,000.00
Bank Accounts as of 6/30/16	\$114,823.00
100% interest in 8 shares of Brim Healthcare of Texas	\$130,200.00 (Capital balance)
11 shares of Collum & Carney Clinic	\$75,000.00
19% interest in Diya Hotels, LLC	\$152,000.00
81% Krishna Associates, LLC	Unknown, in Bankruptcy (estimated at \$0)
95% Texarkana Hotels, LLC	Unknown, in Bankruptcy (estimated at \$0)
A/R from family members	\$75,000.00
2015 IRS Tax Refund (to be retained on deposit to fund the Plan)	\$80,000.00 (estimate)

The Debtor does not have a current appraisal on the personal property. The Debtor values the personal property based on its age and condition.

Liquidation Value of Assets.

See Exhibit "A".

V.

SUMMARY OF THE PLAN

5.01 Class 1 consists of any Allowed Administrative Claims.

5.02 Class 2 consists of any Allowed Secured Property Tax Claims

5.03 Class 3 consists of any Allowed Priority Tax Claims.

5.04 Class 4 consists of the Allowed Secured Claim of Plaza Home Mortgage, Inc.,

which has been transferred to Rushmore Loan Management Services, LLC.

5.05 Class 5 consists of the Allowed Secured Claim of BMW Bank of North America.

5.06 Class 6 consists of the Allowed Secured Claim of Guaranty Bank & Trust, N.A.

5.07 Class 7 of the Allowed Unsecured Claims under \$20,000.00.

5.08 Class 8 consists of the Allowed Unsecured Claims over \$20,000.00.

5.01 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 \$30,000.00), Debtor's Accountant's fees (estimated at \$10,000.00) and U.S. Trustee fees. 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	\$50,000.00	Paid from funds on hand after Court Approval and application of retainer in the amount of \$20,000 with balance paid as agreed by Counsel
Debtor's Accountant Fees	\$10,000.00	Paid from Funds on hand after Court Approval.
UST fees	\$650.00 (estimate)	Paid on Receipt

5.02 Class 2 Claims. The Class 2 Claims are secured claims of Tarrant County and Carroll ISD in the amount of \$2,902.41 and \$5,928.92, respectively, estimated for ad valorem taxes for 2016. The Class 2 Allowed Claims that relate to collateral or property being retained by the Debtor as part of the Plan shall be paid in full once Allowed within sixty (60) days of the Effective Date with interest on such amounts at the rate of 12% per annum until paid in full. The Class 2 Claims shall accrue interest from the Petition Date at the rate of 1% per month from the Petition Date through the Effective Date of the Plan and 12% per annum following the Effective Date until paid in full. This creditor shall retain its senior liens to secure its claims until paid in full under this Plan. In the event that the Debtor disputes such claims, the payments will be applied to the undisputed amount of the claims as ultimately allowed. While resolution of any such objection is pending, payment pursuant to the Plan shall be applied to the undisputed portion of the claim as ultimately allowed. In the event of a default under the plan, counsel for holder of a claim in this class shall provide written notice of the default to the Debtor at 917 Dove Creek, Southlake, TX 76042, with a copy to counsel for the Debtor at 12770 Coit Road, Suite 541, Dallas, TX 75251. Such default shall be cured within 15 business days of the date of transmission of such notice of default. In the event the default is not cured, the claimant shall be entitled to pursue all amounts owed pursuant to state law outside of the Bankruptcy Court. The Claimant shall only be required to provide two notices of default. Upon a third event of

default, the claimant shall be entitled to collect all amounts owed pursuant to state law outside of the Bankruptcy Court without further notice. Failure to pay post-petition taxes prior to delinquency shall constitute an event of default.

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

5.03 Class 3 Claims. The Class 3 Priority Claims will be paid as allowed as follows: These claims, if any, will be paid in equal monthly payments over twelve (12) months from the Effective Date with interest on such amounts at the rate of 4.5% per annum from the Effective Date until paid in full. These claims are priority claims. A failure by the Reorganized Debtor to make a payment to the priority tax creditors pursuant to the terms of the Plan shall be an Event of Default. If the Reorganized Debtor fails to cure an Event of Default as to such payments within ten (10) days after receipt of written notice of default from the priority tax creditors, then the priority tax creditors may (a) enforce the entire amount of is claim; (b) exercise any and all rights and remedies the priority tax creditors may have under applicable state law; and/or (c) seek such relief as may be appropriate in the Court. In the event of a default under the plan, counsel for holder of a claim in this class shall provide written notice of the default to the Debtor at 917 Dove Creek, Southlake, TX 76042, with a copy to counsel for the Debtor at 12770 Coit Road, Suite 541, Dallas, TX 75251.

There are no Class 3 Priority Claims.

5.04 Class 4 Claim. The Class 4 Claim will be paid as Allowed as follows:

The Class 4 Claim is the Allowed Secured Claim of Plaza Home Mortgage, Inc., which has been transferred to Rushmore Loan Management Services, LLC., and is for Debtor's homestead. The Class 4 Allowed Secured Claim will be paid as per the current note. Debtor is current on this claim.

The unmodified terms of Plaza Home Mortgage, Inc. ("Claimant") pre-petition loan documents are not modified by the Plan or confirmation Order Unless Specifically stated in the Plan. Claimant shall retain all of its liens and security interests as originally provided in its loan documents until paid off. The Plan terms will control over contradictory note terms and to the extent a term is not modified in the note it will remain in effect.

The Class 4 Claim is Unimpaired and the holder of the Class 4 Claim is not entitled to vote to accept or reject the Plan.

5.05 Class 5 Claims. The Class 5 Claim is the Secured Claim of BMW Bank of North America. The Class 5 Allowed Secured Claim will be paid as per the current note. Debtor is current on this Claim.

The Class 5 Claim is Unimpaired and the holder of the Class 5 Claim is not entitled to vote to accept or reject the Plan.

5.06 Class 6 Claims. The Class 6 Claim is the Secured Claim of Guaranty Bank & Trust, N.A. The Class 6 Allowed Secured Claim will be paid as per the current note. Debtor

is current on this Claim.

The Class 6 Claim is Unimpaired and the holder of the Class 6 Claim is not entitled to vote to accept or reject the Plan.

5.07 Class 7 Claims. The Class 7 Claims under \$20,000.00 will be paid 50% of the Claim in 90 days of the Effective Date, however they are impaired. (See claims of MidSouth Bank Cred Cards in the amount of \$7,766.75 and of Wells Fargo Bank (8549) in the amount of \$18,620.16 on **Exhibit “C”** attached hereto.

5.08 Class 8 Claims. The Class 7 Claims will be paid as Allowed as follows:

The Class 8 Allowed Claims of Unsecured Creditors shall be paid 5% of Allowed Claims over 60 months. (See **Exhibit “C”**).

The Class 8 Claims are Impaired and the holders of the Class 8 Claims are entitled to vote to Accept or reject the Plan.

VI.

ASSUMPTION AND REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Debtor shall assume, pursuant to bankruptcy Code Section 1123(b)(2), by separate Motions and order unexpired leases of non-residential real property and executory contracts prior to the Confirmation Date or as part of Confirmation of a Plan in this case. Debtor, Hiren Patel, executed a guarantee of that certain Holiday Inn & Hotel New Development License Agreement dated August 6, 2010 and amended on November 3, 2011 and said guarantee is included under this section for assumption.

VII.

FEASIBILITY OF PLAN

7.01 Debtor asserts that this plan is feasible based on **Exhibits A and B** to the Plan attached hereto.

Procedure for Filing Proofs of Claims and Proofs of Interests

7.02 All proofs of claims and proofs of interests must be filed by those Claimants and Equity Interest Holders who have not filed such instruments on or before the Bar Date fixed by the Court.

7.03. If Claimants have already filed a proof of claim with the Court or are listed in the Debtor's Schedules as holding non-contingent, liquidated or undisputed claims, a proof of claim need not be filed. The Schedules and amendments thereto are on file with the court and or open for inspection during regular Court hours. If the equity security interest of an Equity Interest holder is properly reflected in the Debtor, a proof of interest need not be filed.

VIII.

ALTERNATIVES TO DEBTOR'S PLAN

8.01 If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Since the Debtor's assets are heavily mortgaged, Debtor projects that there would be little or no distribution to creditors in Chapter 7.

IX.

RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

9.01 Claimants should be aware that there are a number of substantial risks involved in consummation of the plan. The Plan contemplates that the Debtor's business will generate revenue sufficient to pay the obligations accruing from its operations. The Debtor does not "guarantee" that the expenses will equal those in the projections; however, the Debtor believes that the projections are reasonable.

X.

TAX CONSEQUENCES TO THE DEBTOR

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE USED OR RELIED UPON, BY HOLDERS OF CLAIMS OR INTERESTS OR ANY OTHER PERSONS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF CLAIMS OR ANY OTHER PERSONS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF THE U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

A. Introduction

The following discussion summarizes certain material U.S. federal income tax consequences of the Plan to the debtor and holders of Claims and Interests. The summary is provided for general informational purposes only and is based on the United States Internal Revenue Code of 1986, as amended (the "Tax Code"), the treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof (except as otherwise noted below with regard to the American Recovery and Reinvestment act of 2009), and all of which are subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below. The United States federal income tax consequences of the Plan are complex

and in important respects uncertain. No ruling has been requested from the Internal Revenue Service (the “Service”); no opinion has been requested from Debtor’s counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The following discussion does not address all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code. For example, the discussion does not address issues of concern to broker-dealers or other dealers in securities, or foreign (non-U.S.) persons, nor does it address any aspects of state, local or foreign (non-U.S.) taxation, or the taxation of holders of Interests in a Debtor. In addition, a substantial amount of time may elapse between the Confirmation Date and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the federal income tax consequences of the Plan and the transactions contemplated hereunder.

On February 13, 2009, the House of Representatives and the Senate passed H.R.1, the American Recovery and Reinvestment Act of 2009 (the Recovery Act), a stimulus bill that includes tax breaks for businesses and individuals. The President signed the Recovery Act on February 7, 2009. The following discussion does not address any aspects of the Recovery Act, some of which may be relevant to a particular holder of a Claim or an Interest.

THE DISCUSSION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH ITS TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. Certain definitions

Except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein or in the Plan shall have the respective meanings assigned to them in this Article.

“COD” shall mean cancellation of indebtedness income.

“NOL” shall mean net operating loss.

C. Certain Material Federal Income Tax Consequences to the Debtor

Cancellation of a Debtor’s debt is generally taxable income to the debtor. COD is the amount by which the indebtedness of a Debtor discharged exceeds any consideration given in exchange therefore. Cancellation of a debt may not necessarily be COD, however. To the extent that the Debtor is insolvent, or if the Debtor is in bankruptcy, as is the case here, the Tax Code permits the Debtor to exclude the COD from its gross income. The statutory exclusion for COD in a title 11 case generally excludes COD from gross income if the discharge is granted by a court to a Debtor under its jurisdiction in a title 11 case, as is sought herein.

The price for the bankruptcy COD exclusion (as well as the insolvency exclusion) is reduction of the Debtor's tax attributes to the extent of the COD income, generally in the following order: NOL's for the year of the discharge and NOL carryovers from prior years; general business tax credit carryovers; minimum tax credit available as of the beginning of the year following the year of discharge; net capital loss for the year of discharge and capital loss carryovers from prior years; basis of the Debtor's assets; passive activity loss and credit carryovers from the year of discharge; and foreign tax credit carryovers to or from the year of discharge. The reduction of attributes does not occur until after the end of the Debtor's tax year in which the COD occurred, so they are available to the Debtor in determining the amount of its income, loss and tax liability for the year of discharge.

As a result of the implementation of the Plan, the Debtors will have COD and potential attribute reduction. Because any reduction in tax attributes does not effectively occur until the first day of the taxable year following the taxable year in which the COD is incurred, the resulting COD, on its own, should not impair the ability of the Debtor to use their tax attributes (to the extent otherwise available) to reduce their tax liability, if any, otherwise resulting from the implementation of the Plan.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership shift", the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. Although the Plan allows for an ownership change it is doubtful that one will occur and as such any owner of the Debtor should consult his own tax adviser concerning the effect of the Plan.

The United States federal income tax consequences of payment of Allowed Claims pursuant to the Plan will depend on, among other things, the consideration received, or deemed to have been received, by the holder of the allowed Claim, whether such holder reports income on the accrual or cash method, whether such holder receives distributions under the Plan in more than one taxable year, whether such holder's Claim is allowed or disputed at the Effective Date, whether such holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the amount of such holder's basis in its Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitations under the Tax Code. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The amount realized by a holder generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date and/or any subsequent distribution date, less the amount (if any) allocable to Claims for interest. All holders of Allowed Claims are urged to consult their tax advisors. A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation, if pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the

meaning of Section 453B of the Tax Code.

D. Importance of Obtaining Professional Tax Assistance

The foregoing discussion is intended only as a summary of certain U.S. federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for general information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances.

XI. **PENDING LITIGATION**

11.01 As of the date of filing of this Disclosure, the following matters are pending: [Docket No. 1] - MidSouth Bank, N.A. v. Hiren D. Patel and Nila H. Patel, adversary proceeding no. 16-04082.

XII. **SUMMARY OF SIGNIFICANT ORDER ENTERED DURING THE CASE**

12.01 As of the date of the filing of this Disclosure, the following significant orders have been entered in this Case: Order on Application to Employ Counsel, Order on Application to Employ Accountant, Order on Motion to Sell Texarkana Property, Order on Motion for Examination and Order on Motion to Extend Time to file Complaint Objecting to Discharge.

Respectfully submitted,

/s/ Bill F. Payne

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COUNSEL FOR DEBTORS

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Plan of Reorganization has been sent by electronic transmission and/or first class mail to the following parties and to all parties filing an electronic notice on October 31, 2016.

Hiren & Nila Patel
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/s/ Bill F. Payne
Bill F. Payne