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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re: §
§ **Chapter 11**
§ **FOUR DIA, LLC,** §
§ **Case No. 16-33459-bjh-11**
§ **Debtor.** §

DEBTOR’S DISCLOSURE STATEMENT

ARTICLE I: INTRODUCTION

A. General

1. Four Dia, LLC (“Debtor”) provides this Disclosure Statement (“Disclosure Statement”) to all of the Debtor’s¹ known creditors entitled to same pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. (the “Code”). The purpose of this Disclosure Statement is to provide creditors of the Debtor with such information as may be deemed material, important and necessary in order for the creditors to make a reasonably informed decision in exercising the right to vote on the Plan presently on file with the Bankruptcy Court and described below.

¹ Unless otherwise noted, all capitalized terms herein shall have the same meaning as in the Plan.
Debtor’s Disclosure Statement

2. A copy of the Plan (the “Plan”) accompanies this Disclosure Statement as Exhibit “1” and is incorporated herein by reference. The definitions found in Article 1.0 of the Plan are incorporated herein by reference and should be referred to in reading and analyzing the Plan and this Disclosure Statement.

3. **NO REPRESENTATIONS CONCERNING THE DEBTOR, INCLUDING THOSE RELATING TO THE FUTURE BUSINESS OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY OR CREDITOR'S CLAIMS INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.** Any representations or inducements made to secure your acceptance or rejection, which are other than as contained in this Disclosure Statement, should not be relied upon by you in arriving at your decision.

4. The financial information contained herein has not been subject to an audit, certified or otherwise. **FOR THIS REASON AND BECAUSE OF FINANCIAL CONSTRAINTS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACIES, ALTHOUGH DEBTOR HAS MADE AN EFFORT TO PRESENT SUCH INFORMATION FAIRLY AND ACCURATELY.** Additional information can be found in Debtor's Statement of Financial Affairs and its Schedules of Assets and Liabilities and its operating reports on file with the Bankruptcy Court.

5. The Debtor proposes the Plan which accompanies this Disclosure Statement. **THE DEBTOR RECOMMENDS A VOTE “FOR ACCEPTANCE” OF THE PLAN.**

B. Manner of Voting

1. All creditors entitled to vote on the Plan may cast votes for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to

be received no later than 5:00 p.m., prevailing central time, on _____, 2016, at the following address: Russell W. Mills, Hiersche, Hayward, Drakeley & Urbach, P.C., 15303 Dallas Parkway, Suite 700, Addison, Texas 75001.

C. Confirmation of Plan

1. Solicitation of Votes. By the order entered on _____, 2016, the Bankruptcy Court approved this Disclosure Statement in accordance with Section 1125 of the Bankruptcy Code. This Disclosure Statement is provided to each creditor whose claim has been scheduled by the Debtor and each creditor who has filed a proof of claim. This Disclosure Statement is intended to assist creditors in evaluating the Plan and in determining whether to accept the Plan. **UNDER THE BANKRUPTCY CODE, YOUR VOTE FOR ACCEPTANCE OR REJECTION MAY NOT BE SOLICITED UNLESS YOU RECEIVE A COPY OF THIS DISCLOSURE STATEMENT PRIOR TO OR CONCURRENTLY WITH SUCH SOLICITATION.** The solicitation of votes on the Plan is governed by the provisions of Section 1125(b) of the Code, the violation of which may result in sanctions by the Court, including disallowance of the solicited vote and loss of the “safe harbor” provisions of Section 1125(e) of the Code.

2. Persons Entitled to Vote on the Plan. Only the votes of members of classes of claimants which are impaired under the Plan are counted in connection with confirmation of the Plan.

3. Hearing on Confirmation of the Plan. The Bankruptcy Court has set _____, 2016 at _____ a/p.m., for a hearing to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each creditor will receive either with this Disclosure Statement or separately, the Bankruptcy Court’s Notice of Hearing on Confirmation of the Plan. Any objections to confirmation

of the Plan must be filed in writing with the Bankruptcy Court and served upon Russell W. Mills so as to be received by **5:00 p.m.** on _____, **2016**, at the address noted in paragraph B above.

4. Acceptance Necessary to Confirm Plan. At the scheduled hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by the impaired classes. Under Section 1126 of the Code, an impaired class is deemed to have accepted the Plan if at least two-thirds in amount and more than one-half in number of claims of class members who have voted to accept or reject the Plan have voted for acceptance of the Plan.

5. Confirmation of Plan Without Necessary Acceptance. The Plan may be confirmed even if it is not accepted by all of the impaired classes if one of the impaired classes accepts it and the Bankruptcy Court finds the Plan does not discriminate unfairly against and is fair and equitable to the dissenting class. This provision is set forth in Section 1129(b), a relatively complex provision of the Code. This summary is not intended to be a complete statement of the law. The Debtor may choose to rely upon this provision [Section 1129(b)] to seek confirmation of the Plan if it is not accepted by an impaired class or classes of creditors.

ARTICLE II: DESCRIPTION OF THE DEBTOR AND STATUS OF THE CASE

1. Ownership of the Debtor.

The Debtor is a Texas limited liability company formed on October 8, 2014. Chhanio Patidar is the sole manager and member of the Debtor. Sagar Gandhi runs the day to day operations of the hotel and is vice president of the Debtor, while Britnee Torres provides managerial assistance. The Debtor acquired the property on November 26, 2014 for a price of \$5,700,000.

2. The Debtor, Its Market, and Its Prepetition Financial Performance.

The Debtor's sole asset is a 62 (sixty-two) -room hotel located at 5750 Sherwood Way, San Angelo, Texas. It was completed in May, 2014 and consists of a three (3)-story interior corridor

hotel with 62 rentable rooms. There are thirty-eight (38) double rooms, sixteen (16) king rooms and eight (8) other handicapped rooms. Each room includes a stove, refrigerator, and microwave. All guests are provided with a hot continental breakfast.

The Debtor operates under a franchise agreement with Wyndham Hotel Group Franchise. Wyndham Hotel Group is the world's largest hotel company with approximately seven thousand six hundred fifty (7,650) hotels throughout six (6) continents. It has received critical acclaim in guest surveys and is considered a major asset of this hotel.

There are presently thirty-five (35) other hotels in San Angelo with approximately two-thousand (2,000) rooms available. The average daily rate for those hotels for 2016 is \$74.32, the average occupancy rate is 47.0% and the revenue per available room (or RevPAR) is \$34.96. There are nine (9) hotels with the same zip code as the Debtor.

The hotel is located along a commercial corridor along and near Loop 306 in the southwest portion of San Angelo. It has excellent accessibility to Loop 306 and Highway 67 considered primary arteries through the area. The closest development is Sunset Mall, anchored by Bealls and Dillard's and the surrounding area includes retail centers and parcels with restaurants and strip centers. The hotel is the only hotel located in the immediate area and the closest hotels are located one and a half (1.5) miles away.

Debtor has obtained an appraisal of the hotel and improvements from MC Appraisal which concluded that its value as of the Petition Date was two million seven hundred sixty thousand dollars (\$2,760,000). Debtor's only other assets as of the Petition Date was cash of \$47,592.58 and an additional \$2,843 in employee loans and a \$40,000 professional retainer.

3. Debtor's Secured and Other Debt.

A. CapitalSpring SBLC, LLC

On November 24, 2014, the Debtor executed a (a) promissory note in the principal amount of \$4,925,000.00 (the "Note") in favor of CapitalSpring, (b) Deed of Trust and Security Agreement ("Deed of Trust") and (c) Assignment of Leases and Rents ("ALR"). The Deed of Trust and ALR are collectively referred to as the Security Instruments. Some of the terms were modified by a Modification Agreement dated March 16, 2016. The Note is payable at prime 2.25% over 25 years. First Western has not filed a claim in the bankruptcy case but, based on certain documents received from them prior to the filing of the case, the total of unpaid principal and interest as of July 15, 2015, was \$5,006,789.05 with interest accruing at \$762.33 per day. As of September 2, 2016, the accrued principal and interest would be \$5,044,143.22. Debtor's monthly payments of principal and interest owing to CapitalSpring exceeded \$35,000. CapitalSpring accelerated the debt in August, 2016 and posted the property for foreclosure for September, 2016. Chhanio and Induben Patidar guaranteed this debt. Because the Debtor believes that the value of CapitalSpring's collateral is less than the amount of its debt, Debtor asserts that it would not be entitled to recover any postpetition interest, fees or costs. CapitalSpring has obtained an appraisal from US Hotel dated February 26, 2016. US Hotel concluded that the hotel was appraised, as is, at \$4,300,000.

B. Other Secured Debt.

The taxing authority has filed a claim for real property taxes owing on the property. According to the proof of claim, the Debtor owed \$148,395.84 in 2015 taxes, interest and penalties that were due and owing in January, 2016 and will owe an additional \$83,186.62 in taxes owing in January, 2017.

On the Petition Date, Debtor owed the Texas Workforce Commission \$638.77 for unemployment taxes. As explained below, this prepetition claim was inadvertently paid by an ACH from the Debtor's account and Debtor is attempting to recover them. If these are recovered, then the Texas Workforce Commission will hold a secured claim in that amount.

Debtor has no other known secured debt.

C. Hawthorn Suites Franchising, Inc.

Debtor has a franchise agreement with Hawthorn Suites Franchising, Inc. ("Hawthorn Suites"). The Debtor scheduled Hawthorn Suites as having a prepetition claim in the amount of \$14,889.36 but, as explained later, this amount had already been paid by Parimal Patidar. Hawthorn Suites filed a proof of claim asserting that it is owed \$214,933.33 under a certain Development Incentive Note and asserts that this claim is unsecured. Chhanio Patidar purportedly guaranteed this debt. Debtor is unaware of this alleged debt.

D. Other Unsecured Debt.

Upon the adjustment of the CapitalSpring debt to its current value of \$2,760,000, CapitalSpring will hold an unsecured deficiency claim in the amount of approximately \$2,240,000. There is additional unsecured debt but as explained later, some of that prepetition debt has been repaid mistakenly and Debtor is attempting to recover these now. Assuming that all of these amounts are repaid to the Debtor, Parimal Patidar would hold an unsecured subordinated claim in the amount of \$31,295 and a number of other trade creditors would be owed \$14,362.87.

4. Events Leading to Bankruptcy.

The San Angelo real estate market is closely tied to the price of oil. From 2008 to April, 2013, the price of West Texas Crude Oil increased from a low of approximately \$30.00/barrel to a high of \$113.00/barrel. Prices continued to be strong and above \$90/barrel until approximately

October, 2014 when they began dropping dramatically. In January, 2016, the price had fallen to \$28.47. As of the Petition Date, the price was approximately \$40/barrel and, as of December 22, 2016, the price is \$52.95. The price per barrel can be tied directly to Debtor's financial performance as its primary market are those who work in the oilfield and oilfield services industry. The occupancy rate for August, 2016 was 64%, the ADR was \$64 and the RevPAR was \$41. The occupancy rate for the year ended August, 2016 was 50%, the ADR was \$79, and the RevPAR was \$39. As of August, 2016, the occupancy rate for the previous year was down 12%, the ADR was down 33%, and the RevPAR was down 41%. Debtor was not able to service its debt and low revenues led directly to the default on its obligations to CapitalSpring. CapitalSpring accelerated its debt and posted the property for foreclosure for September 6, 2016.

5. The Bankruptcy Filing and the Status of the Bankruptcy Case.

On September 2, 2016, the Debtor filed its petition for relief under Chapter 11 of the United States Bankruptcy Code. Soon thereafter, the Debtor filed (a) an Application pursuant to 11 U.S.C. §§ 327, 328 & 329 and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure for an order authorizing the retention of Hiersche, Hayward, Drakeley & Urbach, P.C.; (b) a Motion For Entry of Interim and Final Orders Authorizing Use Of Cash Collateral Pursuant to 11 U.S.C. § 363; (c) a Motion for Entry of Interim and Final Orders Under 11 U.S.C. § 366(b) Prohibiting Utilities from Altering, Refusing or Discontinuing Service, and Establishing Procedures for Determining Adequate Assurances of Payment and (d) a Motion for Order Authorizing the Debtor to Pay Prepetition Wages. On September 8, 2016, the Court entered its Order wherein it (a) approved the Debtor to pay prepetition employee obligations (and, thus, there are no more Schedule E priority wages owing); and (b) approved the first of three separate interim order orders allowing the Debtor's use of cash collateral. On October 14, 2016, the Court entered its Order wherein it approved the

employment of HHDU.

On December 23, 2016, the Court entered its Final Order Regarding the use of cash collateral allowing the Debtor to use cash collateral through the effective date of a confirmed plan of reorganization on certain terms (the "Cash Collateral Order"). Among other things, the Cash Collateral Order requires the monthly payment of \$15,000 to CapitalSpring as "adequate protection" for the use of CapitalSprings' collateral. On December 12, 2016, the Debtor filed an Application to Employ Financial Consultants. The Court has not yet approved that Motion though CapitalSpring has indicated that it will file no opposition to it. The US Trustee has objected to that Motion because it requested a nominal retainer.

6. Debtor's Postpetition Payment Irregularities And Implementation Of Corrections.

Prior to and just after the Petition Date, Debtor was paying its bills both in San Angelo and in Dallas and there was evidently no effective communication between those offices. And prior to and after the Petition Date, the Debtor had been using the services of an accountant who had no bankruptcy experience and who was unable to effectively assist in the bankruptcy case. Debtor determined that it required the services of a financial consultant who could assist it in complying with its bankruptcy reportings. The financial consultant traveled to San Angelo and undertook a review of the Debtor's books and records and identified a number of accounting practices that were incorrect and which had led to some inaccurate reporting both before and after the bankruptcy filing.

She identified these additional, specific issues:

- a. Chhanio Patidar, the Debtor's sole manager and member, is not fluent in English and oftentimes uses the assistance of his son, Parimal Patidar, who has experience in the hotel industry. Prior to and after the Petition Date, the Debtor had a practice of placing normal and routine expenses on Parimal's own personal credit card. The Debtor recorded those expenses as its own and it would pay Parimal's credit card company directly for those charges. On the Petition Date, Parimal had paid \$31,295.46 of the Debtor's expenses on his own personal credit card for which he was entitled to reimbursement from the

Debtor. This included several trade vendors and \$14,253 in franchise fees owing to Hawthorn Suites. However, these expenses were reported on the schedules as if they were owing directly by the Debtor to the identified vendors when, in fact, they were owing by the Debtor to Parimal as reimbursement (as the vendor expenses had previously been paid using Parimal's credit card). Parimal and the Debtor did not recognize that the effect of this arrangement with Debtor's obligation to reimburse Parimal for his credit card charges was to render Parimal himself an unsecured creditor with a claim of \$31,296.46 and he was not shown on the schedules as a creditor. To complicate matters, the Debtor then began paying some prepetition claims because of the lack of an effective communication between the Dallas and San Angelo offices and an apparent simple misunderstanding by certain bookkeeping staff. One of the prepetition claims that the Debtor paid was to pay the money that was owing to Parimal and they paid it directly to Parimal's credit card company. Parimal did not receive any other benefit from that payment. To correct this: a) the schedules are being amended to show that Parimal is the creditor on the affected expenses; b) Debtor has demanded that Parimal refund \$31,295.46 to the Debtor and he has agreed to do so on or before January 9, 2016; and c) the applicable MORs are being amended. To the extent that Parimal returns such amount to the Debtor, he will then receive an allowed claim for the amount of the returned money and his claim will be subordinated in payment to all others.

- b. On the Petition Date, the Debtor had a number of creditors who were set up on ACH to be paid directly out of the Debtor's bank account. Despite instructions to the contrary, these ACH's were not terminated and, following the Petition Date, the Debtor inadvertently paid \$2,888.54 of these prepetition claims to trade vendors, \$9,716.89 in occupancy taxes to the Texas Comptroller, and an additional \$638.77 in unemployment taxes to the Texas Workforce Commission. Debtor's counsel is attempting to have these returned. To the extent that these are returned, these claims will be paid as general unsecured claims.
- c. On the Petition Date, Debtor owed an additional \$11,474.33 in expenses owing to several trade vendors. Following the Petition Date, the Debtor mistakenly paid \$9,482.31 to these creditors. Debtor's counsel is attempting to have these returned. To the extent that these are returned, they will be paid as general unsecured claims.

These postpetition payments to prepetition creditors, while avoidable under section 548, were the result of inadvertent mistake and a lack of communication between management and those responsible for paying the bills. Other than payment on the debt, no one received any additional benefit. Payments to Parimal, while avoidable, were, in effect, payment for

Debtor's own reasonable operating expenses. Debtor has implemented the following controls both to correct these errors and to streamline the Debtor's reporting system in the future: a) Parimal Patidar will no longer incur any debt on behalf of the Debtor and, as such, no longer will be entitled to any reimbursement; b) the Debtor has received detailed and explicit instructions on proper booking of its expenses; c) *all* of the Debtor's employees were given further instruction on not paying prepetition expenses; d) all of the Debtor's bills are to be paid from one central location in San Angelo under the authority of a single person, Sagar Gandhi; e) the past MORs were corrected in the November MOR and amended schedules are being filed; and f) the Plan provides a procedure whereby the Debtor will attempt to recover all prepetition payments that were improperly made and, to the extent that those funds are recovered, then that creditor will be given an unsecured claim in return and be allowed to vote on the Plan. Debtor believes these corrections will adequately address the issues raised.

6. Debtor's Financial Performance Postpetition.

The Debtor's STR report shows that the Debtor's occupancy and revenue numbers have remained relatively stable, given the slower winter months:

- (a.) Occupancy rate: September-64.9%; October-63.4%; November-56.5%.
- (b.) ADR: September-\$64.42; October-\$63.91; November-\$62.77.
- (c.) RevPAR: September-\$41.80; October-\$40.54; November-\$35.47.

These numbers reflect that the Debtor's occupancy and revenues have largely stabilized, though November revenues did decrease somewhat due to slower demand in the winter months. (Revenues were \$83,354 in September, \$86,146 in October and \$73,283 in November, 2016). The amended schedules reflect that the Debtor had a positive cash flow for September, 2016 of \$22,845, a negative

cash flow for October, 2016 of \$23,729 and a positive cash flow for November of \$26,091.

7. Debtor's Ability to Fund Reorganization, Its Financial Forecast and Its Business Plan.

The Debtor has shown that it can fund its current operating costs with the current revenues but it cannot survive while paying its CapitalSpring debt at the current rate of over \$35,000/month. The key to the Debtor's profitability then is to reduce the CapitalSpring debt to the current appraised value of \$2,760,000. It should be noted that, assuming that Debtor's plan is confirmed and the CapitalSpring debt is reduced to \$2,760,000, the normal principal and interest payments will be approximately \$15,300. The above cash flow numbers demonstrate that the Debtor has cash flow numbers, even in the slower fall and winter months, in order to fund a reduced CapitalSpring debt. Debtor has spent considerable time and effort in paring down its expenses and, with its newer and accurate reporting system, will be better able to track its budgeted expenses. Attached hereto as Exhibit "2" are 1- and 5-year projections of revenues and expenses.

8. Funds Available

As of November 30, 2016, Debtor had \$72,800 in cash available. The Debtor's proposal is that the current equity owner will contribute an additional \$10,000 to purchase the equity in the Reorganized Debtor.

9. Summary of Claims.

The Plan categorizes Debtor's claims as follows:

Class 1 – CapitalSpring Secured Claim. The amount of the CapitalSpring Secured Claim is \$2,760,000. No additional interest, fees or other costs will be recoverable under 11 U.S.C. 506. Debtor will restructure this obligation as follows: a) the restructured note will bear interest at prime plus 1%; b) the restructured note will be re-amortized for twenty-five (25) years following the Effective Date; c) the principal, interest and all costs owing under the restructured note will be \$2,760,000 as of the Effective Date. Principal and interest payments will be approximately \$15,300. Capital Spring shall retain its liens. The amount of claims in this class is \$2,760,000.

Class 2 – Tom Green County Secured *Ad Valorem* Tax Claims. Debtor owes \$148,395.84 in 2015 taxes, interest and penalties. This claim will be paid over a period of five (5) years from the date of filing of the petition with interest on such amounts at the rate of 12% per annum until paid in full. The amount of claims in this class is \$148,395.84. Debtor will pay the 2016 taxes when they become due.

Class 3 – Texas Workforce Commission Secured Claim. Debtor owed Texas Workforce Commission \$638.77 on the Petition Date, which was later inadvertently paid. To the extent that it is recovered from the Texas Workforce Commission, Debtor will pay one hundred percent (100%) this amount within ninety (90) days of the Effective Date.

Class 4 – Employee Priority Claims. Debtor had \$11,074.55 in debt owing to employees on the Petition Date. These were all paid pursuant to Order of the Court. There are no claims in this class.

Class 5 – Hawthorn Suites Unsecured Claim. Hawthorn Suites filed an unsecured claim in the amount of \$214,933. While Debtor intends to assume the franchise agreement, Debtor has objected to such claim and proposes no distribution to Class 4. To the extent that the Hawthorn Suites Unsecured Claim is an Allowed Claim, this claim will be paid at five percent (5%) of its total to be paid within two (2) years from the Effective Date.

Class 6 – Texas Comptroller Unsecured Claim. Debtor owed \$9,716.89 to the Texas Comptroller on the Petition Date, which was later inadvertently paid. To the extent that it is recovered from the Texas Comptroller, Debtor will pay seventy-five (75%) of this amount in twelve (12) equal monthly installments beginning within thirty (30) days of the Effective Date.

Class 7 – CapitalSpring Unsecured Claims. Debtor anticipates that the secured debt owing to CapitalSpring in the original approximate amount of \$5,000,000 will be reduced to \$2,760,000 thereby resulting in a deficiency claim of approximately \$2,240,000. These claims are being paid at one percent (1%) of their total to be paid within one (1) year of the Effective Date.

Class 8 – General Unsecured Claims. Depending on the amount of Postpetition Payments that are returned, the Debtor will have between \$1,989 and \$15,919.31 in Class 6 Claims. These claims are being paid ten percent (10%) of their total to be paid within two (2) years of the Effective Date.

Class 9 – Subordinated Patidar Claims. Parimal Patidar received \$31,295.46 in credit card reimbursements for the Debtor's prepetition debt without a court order. Debtor has demanded that those monies be returned and, to the extent that they are, Parimal Patidar will receive one percent (1%) of such returned amount to be paid within three (3) years of the Effective Date.

Class 10 – Current Equity Interests- These are described in Article II, Paragraph 1 above.

Post-petition payables are current. The only known administrative claims are those owing to professionals. HHDU's fees and expenses through November 30, 2016, 2016 are approximately \$20,740. HHDU holds in trust \$40,000 and the Debtor has not been reserving for additional fees. CHM Advisory Services ("CHM"), the financial consultant, has fees and costs of approximately \$1,500 through November. It holds no retainer.

10. Summary of Plan.

The Debtor intends to continue operation of the Hotel and to reorganize its business by:

- (a.) restructuring the note owing to CapitalSpring from the current principal balance of approximately \$5,000,000 payable over 23 years at prime plus 2.25% into a \$2,760,000 note payable over 25 years at prime plus 1% and paying the resulting \$2,240,000 unsecured deficiency claim as a general unsecured creditor with a distribution of 1% at the end of one year;
- (b.) paying the 2015 taxes over five (5) years with 12% interest;
- (c.) assuming the franchise agreement with Hawthorne Suites;
- (d.) paying general unsecured creditors other than the taxing authority a distribution of 10% at the end of two years;
- (e.) paying a nominal distribution to Parimal Patidar;
- (f.) cancelling current equity interests and selling equity interests in the

Reorganized Debtor to Chhanio Patidar for \$10,000 and a release of his claims or to such other higher and better bidder; and

(g.) implementing sweeping changes to the management and bookkeeping functions.

11. Future Management.

Provided that Chhanio Patidar is able to purchase the equity interests as described herein, he will be the future manager of the business. As before, Sagar Gandhi will render day to day management over the hotel. Chhanio Patidar is vital to the Debtor's performance under this Plan. Given that he is contributing \$10,000 for equity, the Debtor believes that he is also providing it significant economic value. The Plan consequently contains an injunction against any lawsuits or other collection activity against them personally for any debt addressed herein so long as the Debtor is current on that particular obligation herein.

12. Anticipated Future of the Company.

Debtor anticipates being able to perform its obligations herein and, once its obligations to CapitalSpring and the taxing authorities are restructured, operate at a profitable level going forward.

**ARTICLE III: SELECTED SIGNIFICANT
EXCERPTS FROM THE PLAN OF REORGANIZATION**

The following is a brief summary of the Plan, and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will be binding upon the Buyer and the Debtor's creditors. All creditors are urged to read the Plan carefully. If and when the Plan is confirmed, the Debtor expects the Buyer to be able to fully perform its obligations to all classes of creditors as set forth in the Plan through the operating revenues of the Buyer.

PLAN ARTICLE 2

CLASSIFICATION OF CLAIMS AND CURRENT EQUITY INTERESTS

The following is a designation of the Classes of Claims and Current Equity Interests under this Plan. Administrative Expense Claims and Priority Tax Claims have not been classified and are excluded from the following classes in accordance with section 1123(a)(1) of the Bankruptcy Code. A Claim or Current Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Current Equity Interest qualifies within the description of that Class. A Claim or Current Equity Interest is in a particular Class only to the extent that the Claim or Current Equity Interest is an Allowed Claim or Current Equity Interest in that Class.

Claims and Current Equity Interests:

Class 1 –CapitalSpring Secured Claim

Class 2 – Tom Green County Secured *Ad Valorem* Tax Claims

Class 3 – Texas Workforce Commission Secured Claim

Class 4 - Employee Priority Claim

Class 5 - Hawthorn Suites Unsecured Claim

Class 6 – Texas Comptroller Unsecured Claim

Class 7 – Capital Springs Unsecured Claims

Class 8 – General Unsecured Claims

Class 9 – Subordinated Patidar Claims

Class 10 – Current Equity Interests

PLAN ARTICLE 3

IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND CURRENT EQUITY INTERESTS

Impaired Classes of Claims and Current Equity Interests. Classes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 are impaired under the Plan.

Impairment Controversies. If a controversy asserted in an objection to confirmation or other written pleading arises as to whether any Class of Claims or Current Equity Interest is impaired under the Plan, the Bankruptcy Court shall determine such controversy after notice and a hearing and, if no such pleading is filed, then the identity of any impaired class will be conclusively determined by Section 3.1 of the Plan.

PLAN ARTICLE 4

TREATMENT OF ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

Administrative Expenses. All Administrative Expenses against the Debtor shall be treated as follows:

(1) **Administrative Expenses Bar Date.** The holder of any Administrative Expense other than: (i) a claim for professional fees and expenses for services rendered up to and including the Confirmation Date, (ii) a liability incurred and paid in the ordinary course of business by the Debtor; or (iii) an Allowed Administrative Expense, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Expense within fifteen (15) days after the Confirmation Date. Such notice must identify: (i) the name of the holder of such Claim; (ii) the amount of such Claim; (iii) the basis of such Claim; and (iv) all written documentation supporting such Claim. Failure to file this notice timely and properly shall result in such claim for the Administrative Expense being forever barred and discharged.

(2) **Allowance of Administrative Expenses.** An Administrative Expense with respect to which notice has been properly filed pursuant to Section 4.1(1) of the Plan shall become an Allowed Administrative Expense if no objection is filed within thirty (30) days after the filing and service of notice of such Administrative Expense. If an objection is timely filed, the Administrative Expense shall become an Allowed Administrative Expense only to the extent Allowed by Final Order.

(3) **Payment of Allowed Administrative Expenses.** Each holder of an Allowed Claim for an Administrative Expense other than a professional holding such a claim shall receive, at the Debtor's option: (i) the amount of such holder's Allowed Claim in one Cash payment on the later of the Effective Date or the tenth Business Day after such Claim becomes an Allowed Claim; (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost; or (iii) such other treatment as may be agreed to in writing by the holder of such Administrative Expense and the Debtor.

(4) **Payment of Allowed Administrative Expenses to Professionals.** Each holder of an Allowed Administrative Claim that is a professional shall be paid in full by Debtor on the date upon which an order approving such claim becomes final and non-appealable. Debtor and the Fee Guarantors shall make payment of such fees and expenses in full. Professional fees and expenses incurred after the Confirmation Date shall be the obligation of the Debtor and shall be payable by the Debtor and/or the Fee Guarantors promptly and without the need for application to or approval by the Bankruptcy Court. The Fee Guarantor's guarantee of payment of professional fees and expenses is reaffirmed and shall continue until all of such fees and expenses are paid in full.

Priority Tax Claims. Each holder of a Priority Tax Claim, unless addressed otherwise herein, shall receive, at the Debtor's option: (a) the amount of such holder's Allowed Claim in one Cash payment on the Effective Date; or (b) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

Unmatured Secured Tax Claims. Each holder of an Unmatured Secured Tax Claim shall be paid by the Debtor at the time the Unmatured Secured Tax Claim becomes due and payable and in accordance with the Debtor's ordinary practice.

PLAN ARTICLE 5

TREATMENT OF CLAIMS AND CURRENT EQUITY INTERESTS

Class 1 – Secured CapitalSpring Claim. The amount of the CapitalSpring Secured Claim shall be \$2,760,000. The Current Bank Note will be modified to the Restructured Bank Note as follows: a) the interest accruing under the Restructured Bank Note shall be prime plus 1%; b) the Restructured Bank Note will be amortized over a period of twenty-five (25) years from the Effective Date; c) the total amount owing on the Restructured Bank Note on the Effective Date shall be \$2,760,000. The Secured CapitalSpring Claim shall include no interest or other fees incurred prior to the Effective Date pursuant to section 506 of the Bankruptcy Code. Nothing shall impair the Lien of CapitalSpring in the CapitalSpring Collateral but such Lien shall only exist to the extent of the amount of the Secured CapitalSpring Claim.

Class 2 – Tom Green County Secured *Ad Valorem* Tax Claims. Tom Green County shall receive \$148,395.84 on account of its Tom Green County 2015 *Ad Valorem* Tax Claim. The Tom Green County 2015 *Ad Valorem* Tax Claim shall be paid monthly over a period of sixty (60) months from the Effective Date and shall bear interest at the rate of twelve percent (12%) until paid in full. The Tom Green County 2016 Secured *Ad Valorem* Tax Claim shall be paid as it becomes due.

Class 3 – Texas Workforce Commission Secured Claim. To the extent that it is recovered from the Texas Workforce Commission, Texas Workforce Commission shall receive \$638.77 on account of its Texas Workforce Commission Secured Claim. The Texas Workforce Commission Secured Claim shall be paid within ninety (90) days of the Effective Date.

Class 4 – Priority Employee Claims. Each holder of an Allowed Priority Employee Claim against the Debtor shall be paid in accordance with the Debtor's pre-petition custom and practice, if not already paid pursuant to order of the Bankruptcy Court entered June 17, 2016.

Class 5 – Hawthorn Suites Unsecured Claim. Hawthorn Suites shall receive on account of its Allowed Hawthorn Suites Unsecured Claim a total of five percent (5%) of such claim to be paid within two (2) years from the Effective Date. The Hawthorn Suites Unsecured Claim shall bear no interest or penalties.

Class 6 – Texas Comptroller Unsecured Claim. To the extent that it is recovered from the Texas Comptroller, Texas Comptroller shall receive on account of its Allowed Texas Comptroller Claim a total of seventy-five (75%) of such claim to be paid in twelve (12) equal monthly installments beginning within thirty (30) days of the Effective Date. The Texas Comptroller Unsecured Claim shall bear no interest or penalties

Class 7 – CapitalSpring Unsecured Claims. CapitalSpring shall receive on account of its Allowed CapitalSpring Unsecured Claim a total of one percent (1%) of such claim to be paid within one (1) year from the Effective Date. The CapitalSpring Unsecured Claim shall bear no interest or penalties.

Class 8 – General Unsecured Claims. Each holder of an Allowed General Unsecured Claim will receive on account of its Allowed General Unsecured Claim their pro rata share of ten (10%) percent of their Allowed General Unsecured to be paid within two (2) years from the Effective Date. The General Unsecured Claims shall bear no interest or penalties.

Class 9 – Subordinated Patidar Claims. Parimal Patidar shall receive on account of his Allowed Subordinated Patidar Claim a total of one percent (1%) of such claim to be paid within two (2) years of the Effective Date. The Subordinated Patidar Claim shall bear no interest or penalties.

Class 10 – Current Equity Interests. All Current Equity Interests in the Debtor shall be canceled on the Effective Date.

PLAN ARTICLE 6

ACCEPTANCE OR REJECTION OF PLAN

Classes Entitled to Vote. Each impaired Class of Claims and Current Equity Interests shall be entitled to vote separately to accept or to reject the Plan. Any unimpaired Class of Claims or Current Equity Interests shall not be entitled to vote to accept or to reject the Plan. Classes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 are impaired and holders of such Allowed Claims therefore are entitled to vote on the Plan.

Class Acceptance Requirement. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. A Class of Equity Interests shall have accepted the Plan if it is accepted by at least two-thirds (2/3) of the number of the Allowed Current Equity Interests in such Class that actually have voted on the Plan.

Cramdown. This Section shall constitute the Debtor's request, pursuant to section 1129(b)(1), that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) may not be met.

Cure Payments and Release of Liability. All cure payments that may be required by Bankruptcy Code Section 365(b)(1) under any executory contract or unexpired lease that is assumed, or assumed and assigned, under this Plan shall be made by the Debtor on or as soon as practicable after the Effective Date; provided, however, in the event of a dispute regarding the amount of any cure payments, the cure of any other defaults, the ability of the Debtor to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment, the Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by the Bankruptcy Code Section 365(b)(1), following the entry of a Final Order resolving such dispute. To the extent that a party to an assumed executor contract or

unexpired lease has not filed an appropriate pleading with the Bankruptcy Court on or before the thirtieth (30th) day after the Effective Date disputing the amount of any cure payments offered to it by the Debtor, disputing the cure of any other defaults, disputing the promptness of the cure payments, or disputing the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters.

PLAN ARTICLE 7

MEANS OF IMPLEMENTATION OF THE PLAN

This Plan incorporates a motion to permit the Debtor to incur any debt necessary to perform its obligations under the Plan.

Current Equity Interests are cancelled under the Plan. The holder of the Current Equity Interests has offered \$10,000 for the purchase of the New Equity Interests. A Bidder may submit a competing bid for the New Equity Interests to the Debtor's counsel on or before the close of business at 5:00 p.m. Central Standard Time fifteen (15) calendar days prior to the Confirmation Hearing. Any bid for the New Equity Interests must include an agreement to assume all of the obligations of the holder of the Current Equity Interests and, to the extent such bid includes additional cash consideration, must include a cashier's check payable to the Debtor in such amount. Such amount will be held in trust by the Debtor's counsel and returned if that Bidder does not become the Buyer. In the event that such competing offer is higher and better than the opening bid by the holder of the Current Equity Interests, the holder of the Current Equity Interest may make another bid up until the time of the confirmation hearing. The Court may entertain additional offers from the competing bidder and the holder of the Current Equity Interests at such hearing and determine which bid is the best and highest bid and that bidder will thereafter own the New Equity Interests. The Bidder who submits the highest and best bid at the time of the Confirmation Hearing shall become the Buyer subject to the approval of Hawthorn Suites.

The Debtor shall have the powers and duties specified in this Plan. Such powers shall include, without limitation, the power to object to Claims, to administer Cash and Cash on Hand and to operate the business of the Debtor subject only to any limitations imposed by the Plan. The Debtor may operate without approval from the Bankruptcy Court. The Buyer of the New Equity Interests shall have all of the rights and responsibilities of an owner of a limited liability company under applicable law.

The Debtor shall own all Avoidance Actions and all Litigation Claims and shall have full power to institute, proceed to trial and appeal, settle or dismiss any Avoidance Action or Litigation Claim without approval from the Bankruptcy Court.

Upon the Effective Date, all Current Equity Interests shall be cancelled and null and void.

Confirmation of the Plan shall be deemed to constitute a permanent injunction against maintenance or commencement of any action against Debtor arising out of any events occurring prior to the filing of this case and all holders of Claims against Debtor are permanently enjoined with respect to such Claims: (a) from commencing or continuing any action or proceeding of any kind

with respect to any such Claim against the Debtor and/or the Assets; (b) from enforcing, attaching, collecting, or recovering by any manner or means, any judgment, award, decree, or order against the Assets and/or the Debtor; (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Assets and/or the Debtor; (d) from asserting any right of subrogation or recoupment of any kind against any obligation due the Debtor; and (e) from performing any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan and all Claims and causes of action held by all Entities against the Debtor are released and discharged except the obligations of the Debtor pursuant to the provisions of the Plan; provided, however, that each holder of a Contested Claim may continue to prosecute its proof of Claim in the Bankruptcy Court and all holders of Claims and Equity Interests shall be entitled to enforce their rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan.

Confirmation of the Plan shall also be deemed to constitute an injunction against maintenance or commencement of any action against the Guarantors to collect any debt addressed in this Plan but only to the extent that the Debtor has materially complied with its obligations under the Plan regarding that debt.

The Debtor shall: (i) be solely responsible for pursuing and/or settling all causes of action owned by the Debtor and for distribution of all cash distributions contemplated by the Plan; (ii) have the right and power to enter into any contract or agreements binding the Debtor in connection with the performance of its duties; (iii) have power to borrow funds and/or obtain investors and/or sell or encumber its real estate for valid business purposes including funding any cash obligations pursuant to the Plan, funding expansion of Debtor's business as contemplated by Debtor's business plans submitted in support of confirmation of the Plan; (v) have power to do all acts contemplated by the Plan; and (vi) have sole discretion to settle or compromise any claim, cause of action, chose-in-action or litigation and settle any such claim, cause of action, chose-in-action or litigation, without approval of the Bankruptcy Court.

Subject to the following, the Debtor reserves the right to revoke and withdraw this Plan before the entry of the Confirmation Order. If the Debtor revokes or withdraws this Plan, or if confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or to prejudice in any manner the rights of the Debtor, or person in any further proceedings involving the Debtor or to provide the basis for any claim against Debtor.

The Deemed Collateral Value of the CapitalSpring Collateral shall be \$2,760,000 and, to the extent necessary, this Plan shall be considered a motion to value the CapitalSpring Collateral as such.

ARTICLE IV: FINANCIAL INFORMATION REGARDING DEBTOR

Debtor's Statement of Financial Affairs, detailed schedules of assets and liabilities, and amendments thereto, and the periodic Operating Reports and interim statements required to be filed

by the Bankruptcy Court, have been filed with the Court. Due to the complexity and volume of data contained in said documents, this Disclosure Statement can only summarize such information.

ADDITIONAL FINANCIAL INFORMATION AND CLARIFICATION CAN BE FOUND IN THE ABOVE DESCRIBED DOCUMENTS ON FILE WITH THE U.S. BANKRUPTCY CLERK.

ARTICLE V: CONSIDERATIONS IN VOTING ON THE PLAN

The Debtor has proposed a Plan that it believes treats all creditors fairly and equitably and is in the best interest of the creditors. In order to assist the creditors in evaluating the Plan, the Debtor provides the following summary of items which Debtor believes to be significant considerations for creditors in deciding how to vote on the Plan. References are made to paragraphs in this Disclosure Statement and Plan of Reorganization which discuss and have summarized topics in greater detail.

THE FOLLOWING IS ONLY A BRIEF SUMMARY AND SHOULD NOT BE RELIED UPON EXCLUSIVELY FOR VOTING PURPOSES. YOU ARE URGED TO READ ALL OF THIS DISCLOSURE STATEMENT, THE PLAN OF REORGANIZATION IN FULL AND ALL OTHER RELEVANT ORDERS AND DOCUMENTS ON FILE IN THESE PROCEEDINGS.

1. Possible Tax Consequences. Implementation of the Plan will result in income, gain, or loss for federal income tax purposes to holders of claims against and interests in Debtor. Tax consequences to a particular Creditor or holder of an interest in Debtor may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interest of such holder in Debtor. To the extent that a holder of a Claim receives a distribution under the Plan which is less than the full amount of the Claim, and the remainder of the Claim is being discharged under the Plan, that holder

of a Claim may be entitled to a deduction from taxable income to the extent of the realized loss on the Claim (but only to the extent the loss has not been recognized in prior tax years).

Each holder of an interest in Debtor will recognize taxable income or gain as a result of the implementation of the Plan to the extent that the holder's allocable share of the gain from the transfer of the Property and/or income from cancellation of indebtedness due to the modification and/or discharge of Claims under the Plan.

THE TAX CONSEQUENCES TO EACH CLAIMANT RESULTING FROM ANY REORGANIZATION OF DEBTOR OR LIQUIDATION OF DEBTOR'S ASSETS ARE COMPLEX AND MAY VARY AND WILL DEPEND UPON THE PARTICULAR CIRCUMSTANCES OF EACH CLAIMANT. CONSEQUENTLY, EACH CLAIMANT IS URGED TO CONSULT HIS OWN TAX ADVISOR WITH SPECIFIC REFERENCE TO HIS PARTICULAR CIRCUMSTANCES AND TO THE TAX CONSEQUENCES OF BOTH THE PLAN AND ANY ALTERNATIVE TO THE PLAN AND NO CLAIMANT IS AUTHORIZED TO RELY FOR TAX ADVICE OR INFORMATION ON THIS DISCLOSURE STATEMENT.

ARTICLE VI: LIQUIDATION ANALYSIS

1. Liquidation Analysis

CapitalSpring has alleged that its claim is \$5,006,000, as of July 15, 2016 and Debtor does not dispute that amount. The 2015 *ad valorem* taxes on the property are \$148,395.84 and the 2016 *ad valorem* taxes, not yet due, are \$83,186.62. Debtor has no other known secured debt. Debtor has obtained an appraisal in the amount of \$2,760,000. A broker's commission of 6% on a sale of the property would result in a broker's fee of \$165,600.

CapitalSpring Principal and Interest as of 7/15/16 \$5,006,000

Estimated Additional Fees	\$25,000
Brokerage Fees	\$165,600
Unpaid 2015 <i>Ad Valorem</i> Taxes	\$148,396
Unpaid 2016 <i>Ad Valorem</i> Taxes	<u>\$83,187</u>
Total Fees	\$5,428,183
Estimated Value	<u>\$2,760,000</u>
Difference	(\$2,668,183)

The appraised value shown above is a valuation based on an ongoing enterprise and this analysis shows that even an orderly liquidation of an ongoing business would produce no dividends to unsecured creditors. If a Chapter 7 Trustee were forced to sell the hotel at a heavily discounted price and without an orderly marketing and solicitation process being implemented, there would even be less monies and certainly not enough to pay the CapitalSpring claim.

Debtor's Recommendation:

BASED ON THE CONTENTS OF THIS DISCLOSURE STATEMENT, THE DEBTOR BELIEVES IT IS IN THE BEST INTERESTS OF ALL CREDITORS THAT THE PLAN AS PROPOSED BY THE DEBTOR BE APPROVED BY ITS CREDITORS. DEBTOR BELIEVES THAT REORGANIZATION WOULD PRODUCE MORE DISTRIBUTION TO CREDITORS THAN IF THE DEBTOR WERE LIQUIDATED. ACCORDINGLY, THE DEBTOR RECOMMENDS THAT ITS CREDITORS VOTE TO CONFIRM THE PLAN AS FILED BY THE DEBTOR.

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Dated: 12/29/2016, 2016.

FOUR DIA, LLC

By:


Sagar Gandhi, Vice President

Submitted by:

**HIERSCHE, HAYWARD, DRAKELEY
& URBACH, P.C.**

By: /s/ Russell W. Mills
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Attorneys for Debtor

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

FOUR DIA, LLC,

Debtor.

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Chapter 11

Case No. 16-33459-bjh-11

DEBTOR'S PLAN OF REORGANIZATION

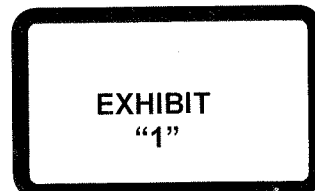
Four Dia, LLC, Debtor herein (the "Debtor"), proposes the following Plan of Reorganization (the "Plan") pursuant to 11 U.S.C. § 1121(c):

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. In addition to such other terms as are defined in other Sections of this Plan, the following terms shall have the meanings set forth below (such meanings to be applicable equally to both the singular and plural, masculine and feminine forms of the terms defined).

1.2 "Administrative Expense" means an administrative expense or any Allowed Claim constituting a cost or expense of administration of the Chapter 11 Case allowed under subsections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, all compensation to professionals or reimbursement of expenses of professionals to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code (including any commissions earned by any broker employed by the Debtor and approved by the Bankruptcy Court) and any Allowed Claim against the Debtor arising after the Petition Date and prior to the Effective Date. This shall include statutory fees owing to the Office of the United States Trustee.



1.3 “Administrative Tax Claim” means a General Unsecured Claim by a governmental unit for taxes (including interest or penalties related to such taxes) for any tax year or period, all or a portion of which occurs or falls within the period from and including the Petition Date through the Effective Date.

1.4 “Administrative Expense Creditor” means any Person entitled to payment on account of an Administrative Expense.

1.5 “Allowed” when used with respect to a Claim or Current Equity Interest, means a Claim (a) to the extent it is not Contested; or (b) a Contested Claim, proof of which was filed timely with the Bankruptcy Court, and (i) as to which no objection was filed by the Objection Deadline, unless such Claim is the subject of a pending action in a forum other than the Bankruptcy Court, in which case such Claim shall not become Allowed until determined by Final Order of such other forum and allowed by Final Order of the Bankruptcy Court; or (ii) as to which an objection was filed by the Objection Deadline, to the extent allowed by a Final Order. “Allowed,” when used with respect to an Administrative Expense of a Professional shall mean an Administrative Expense approved by application to the Bankruptcy Court and entry of an Order approving such Administrative Expense.

1.6 “Assets” means all of the right, title, and interest in and to property of whatsoever type or nature owned by the Debtor as of the Petition Date, together with assets subsequently acquired by the Debtor, and including, but not limited to, property defined in section 541 of the Bankruptcy Code (each identified item of property being herein sometimes referred to as an Asset), the available insurance or insurance policies, or any cause of action pursued, pursuable, or owned by Debtor including all Avoidance Actions and Litigation Claims.

1.7 “Avoidance Action” means a cause of action assertable by the Debtor against all Entities and brought under sections 541, 542, 543, 544, 545, 547, 548, 549, 550, 552, or 553 of the Bankruptcy Code including, without limitation, the right to recover the Postpetition Payments.

1.8 “Ballot” means the form of ballot provided to holders of Claims or Current Equity Interests pursuant to Bankruptcy Rule 3017(d), by which each holder may accept or reject the Plan and select any optional treatment for an Allowed Claim or Allowed Current Equity Interest.

1.9 “Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended and codified at title 11 of the United States Code, as applicable to this Chapter 11 Case.

1.10 “Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of Texas, or such other court having jurisdiction over all or any part of the Chapter 11 Case.

1.11 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to this Chapter 11 Case, including applicable Local Rules of the Bankruptcy Court.

1.12 “Bidder” means a bidder who properly and timely submits a bid for the New Equity Interests in accordance with Section 7.2 herein.

1.13 “Business Day” means any day other than Saturday, Sunday, a legal holiday, or a day on which national banking institutions in New York, New York are authorized or obligated by law or executive order to close.

1.14 “Buyer” means the buyer of the New Equity Interests who submits the highest and best bid in accordance with Section 7.2 herein.

1.15 “C. Patidar” means Chhanio Patidar.

1.16 “CapitalSpring” means CapitalSpring SBLC, LLC and its agents, affiliates and representatives and any predecessors or successors in interest.

1.17 “CapitalSpring Collateral” means any Asset in which a lien is held by CapitalSpring pursuant to the Loan Documents.

1.18 “CapitalSpring Secured Claim” means the Allowed Claim held by CapitalSpring that is secured by the appraised value of the CapitalSpring Collateral in an amount not to exceed \$2,760,000 and not to bear interest or other fees pursuant to 11 U.S.C. 506.

1.19 “Capital Spring Unsecured Claim” means the unsecured portion of the claims of CapitalSpring in an amount of no less than \$2,240,000.

1.20 “Case” means this Chapter 11 Bankruptcy Case in the Bankruptcy Court.

1.21 “Cash” means legal tender of the United States of America.

1.22 “Chapter 11 Case” means the above captioned and numbered reorganization proceeding of the Debtor under Chapter 11 of the Bankruptcy Code.

1.23 “Claim” means: (a) a right to payment from the Debtor, whether or not such right is reduced to judgment, liquidated, un-liquidated, fixed, contingent, matured, un-matured (including potential and un-matured tort and contract claims), disputed, undisputed, legal, equitable, secured or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, un-matured (including potential and un-matured tort and contract claims), disputed, undisputed, secured or unsecured.

1.24 “Claimant” means the holder of a Claim.

1.25 “Claims Bar Date” means the date on which all Creditors, other than Creditors with Administrative Expense Claims as described in Article 4.1 of the Plan, must have filed a Proof of Claim with the Bankruptcy Court, as follows: for Creditors other than governmental units, January 3, 2017; for Creditors who are governmental units, one hundred eighty (180) days from the Petition Date.

1.26 “Class” means a category or group of holders of Claims or Current Equity Interests as designated in Article 2.0 of the Plan.

1.27 “Collateral” means any Asset subject to a valid and enforceable Lien to secure payment of a Claim.

1.28 “Confirmation” means the entry by the Bankruptcy Court of a Confirmation Order confirming this Plan.

1.29 “Confirmation Date” means the date of entry of the Confirmation Order.

1.30 “Confirmation Hearing” means the hearing conducted by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3020(b) to consider confirmation of the Plan, as the same may be continued from time to time.

1.31 “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.32 “Contested,” when used with respect to a Claim, means a Claim against the Debtor (a) that is listed in the Debtor's Schedules as disputed, contingent, or un-liquidated; (b) that is listed in the Debtor's Schedules as undisputed, liquidated, and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; or (c) as to which an objection has been or may be timely filed and has not been denied by Final Order. To the extent an objection relates to the allowance of only a part of a Claim, such Claim shall be a Contested Claim only to the extent of the objection.

1.33 “Convenience Claims” means Allowed Claims of \$250.00 or less Allowed Claims in which the Claimant agrees to reduce its claim to \$250.00.

1.34 “Creditor” means a “creditor,” as defined in section 101(10) of the Bankruptcy Code.

1.35 “Current Bank Note” means the Promissory Note with CapitalSpring in the principal amount of \$4,925,000.00 dated November 24, 2014.

1.36 “Current Equity Interests” means the equity interests in the Debtor owned by the Current Equity Owner on the Petition Date.

1.37 “Current Equity Interest Owner” means C. Patidar.

1.38 “Debtor” means Four Dia, LLC, Federal ID No. 47-2061894.

1.39 “Deemed Collateral Value” means, unless otherwise determined as provided for herein, a value equal to the amount, as of the Petition Date, of the Allowed Claim it secures that shall be the value of the Collateral solely for purposes of this bankruptcy case.

1.40 “Disallowed,” when used with respect to all or any part of a Claim or Current Equity Interest, means that portion of a Claim or Current Equity Interest to which an Objection or Motion to Disallow has been sustained by a Final Order.

1.41 “Disclosure Statement” means the written statement, as amended, supplemented, or modified from time to time, describing the Plan that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code and Bankruptcy Rule 3018.

1.42 “Effective Date” means the first Business Day after the Confirmation Date on which all conditions to the effectiveness of the Plan, as specified in Paragraph 12.1, have been satisfied or waived.

1.43 “Employee Priority Claims” means any claim held by an employee of the Debtor which is entitled to priority under section 507 of the Bankruptcy Code.

1.44 “Entity” means any corporation, general partnership, limited partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government, or any political subdivision thereof or other entity, and any Person.

1.45 “Exhibits” All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

1.46 “Fee Guarantor” means C. Patidar who guaranteed the debt for legal fees and costs owing to Hiersche, Hayward, Drakeley & Urbach, P.C.

1.47 “Final Order” means an order or judgment of the Bankruptcy Court or any other court or adjudicative body as to which order or judgment the time to appeal or seek rehearing or petition for *certiorari* shall have expired or which order or judgment no longer shall be subject to appeal, rehearing, or *certiorari* proceeding and with respect to which no appeal, motion for rehearing, or *certiorari* proceeding or stay then shall be pending.

1.48 “Franchise Agreement” means the agreement between Hawthorn Suites and the Debtor dated November 25, 2014 and any and all other agreements between Hawthorn Suites and the Debtor.

1.49 “Gandhi” means Sagar Gandhi.

1.50 “General Unsecured Claims” means all Allowed Claims but not including CapitalSpring Secured Claim, Priority Claims, CapitalSpring Unsecured Claim, Administrative Claims, Hawthorn Suites Unsecured Claims, Subordinated Patidar Claims, Texas Comptroller Unsecured Claim, Texas Workforce Commission Secured Claim and Current Equity Interests. To the extent that they are paid back, it includes all Postpetition Payment Claims.

1.51 “Guarantors” means Chhanio Patidar and Induben Patidar.

1.52 “Guaranty Agreements” means any guarantees executed by the Guarantors, including without limitation, any guaranty agreements with CapitalSpring.

1.53 “Guaranty Litigation” means any litigation brought against the Guarantors to collect any debt addressed by the Plan and/or any order confirming the Plan including, without

limitation, litigation brought by CapitalSpring against the Guarantors, or any of them, under the Guaranty Agreements for the collection of a deficiency.

1.54 “Hawthorn Suites” means Hawthorn Suites Franchising, Inc., and its agents, affiliates, and representatives and any predecessors or successors in interest.

1.55 “Hawthorn Suites Unsecured Claim” means the claim held by Hawthorn Suites for the payment pursuant to the Development Incentive Note as identified in Proof of Claim No. 3 not to exceed \$214,933.33.

1.56 “Hotel” means the hotel located at the Real Property and operated by the Debtor.

1.57 “I. Patidar” means Induben Patidar.

1.58 Interpretation. Unless otherwise specified, all section, article and exhibit references in this Plan are to the respective section in, article of, or exhibit to, the Plan as the same may be amended, waived, or modified from time to time. The headings in the Plan are for convenience and reference only and shall not limit or otherwise affect the provisions hereof.

1.59 “IRS” means the Internal Revenue Service.

1.60 “Lien” means any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any asset or property of the Debtor contemplated by section 101(37) of the Bankruptcy Code.

1.61 “Litigation Claims” means all claims and causes of action of any kind owned by Debtor on the Effective Date other than Avoidance Actions regardless of whether any suits or other proceedings have been instituted on such claims and causes of action and regardless of whether same have been identified herein or in the Schedules, Statement of Affairs or Disclosure Statement.

1.62 “Loan Documents” means the Current Bank Note, the Deed of Trust and Security Agreement dated November 24, 2014, the Assignment of Leases and Rents, dated November 24, 2014, and any other document related to any amount owing from the Debtor to CapitalSpring.

1.63 “New Equity Interest Owner” means the buyer who purchases the New Equity Interests in accordance with Article 7.

1.64 “New Equity Interests” means the equity interests in the Reorganized Debtor offered to the Buyer pursuant to Article 7.

1.65 “Objection” means an objection to the allowance of a Claim or Current Equity Interest interposed by any party entitled to do so within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court.

1.66 “Objection Deadline” means the date by which Objections to Claims must be filed, to be fixed in the manner prescribed under Section 9 of the Plan.

1.67 Other Terms. The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

1.68 “Person” means any individual.

1.69 “Petition Date” means September 2, 2016.

1.70 “Plan” means this Chapter 11 Plan of Reorganization, either in its present form or as it may be altered, amended, or modified from time to time.

1.71 “Plan Documents” means the exhibits to the Plan that will be filed in the Bankruptcy Court at least ten (10) calendar days prior to the date fixed by order of the Bankruptcy Court for the commencement of the Confirmation Hearing, if any.

1.72 “Postpetition Payment” means any payment that the Debtor made to any creditor after the Petition Date for charges that were incurred prior to the Petition Date and that is avoidable under section 549 of the Bankruptcy Code.

1.73 “Postpetition Payment Claim” means any claim arising from the return to the Debtor of a Postpetition Payment but such claim shall be only in the amount of monies returned to the Debtor.

1.74 “Priority Claim” means an Allowed Claim other than a Claim for an Administrative Expense to the extent that it is entitled to priority in payment under section 507(a) of the Bankruptcy Code including, without limitation, Priority Employee Claims and Priority Tax Claims.

1.75 “Priority Employee Claim” means Allowed Priority Claims that are held by an employee of the Debtor to the extent that it is entitled to priority in payment under section 507(a)(3) of the Bankruptcy Code.

1.76 “Priority Tax Claim” means an Allowed Claim of a governmental unit of the kind specified in subsection 507(a)(8) of the Bankruptcy Code but not including Priority IRS Tax Claims and Comptroller Claims.

1.77 “Real Property” means the real property located at 5750 Sherwood Way, San Angelo, Texas 76901 to include the Hotel.

1.78 “Reorganized Debtor” means the Debtor following the Effective Date.

1.80 “Restructured Bank Note” means the Current Bank Note, as it is modified by the terms of this Plan.

1.81 “Schedules” means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code and

Bankruptcy Rule 1007, as such schedules or statements have been or may be amended subsequently.

1.82 “Secured Claim” shall mean: (a) an Allowed Claim secured by a Lien on an Asset, which Lien is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, and that is duly Allowed, but only to the extent that such Claim does not exceed the value of Assets that the Bankruptcy Court finds are valid security for such Claim; and (b) an Un-matured Secured Tax Claim.

1.83 “Subordinated Patidar Claims” means the Allowed Claim of Parimal Patidar arising upon the return of any Postpetition Payment.

1.84 “Texas Comptroller Unsecured Claim” means the Allowed Claim of the Texas Comptroller for occupancy taxes for the Hotel for July and August, 2016 in the approximate amount of \$9,716.89 which was errantly paid by the Debtor on or about September 29, 2016, but only to the extent that such payment is returned in full to the Debtor.

1.85 “Texas Workforce Commission Secured Claim” means the Allowed Claim of the Texas Workforce Commission for unemployment taxes for the Hotel for July and August, 2016 in the approximate amount of \$638.77 which was mistakenly paid by the Debtor on or about October 24, 2016, but only to the extent that such payment is returned in full to the Debtor.

1.86 “Tom Green County Secured Ad Valorem 2015 Tax Claim” means the Secured Claim of Tom Green County, Texas for the payment of *ad valorem* taxes for the Real Property for 2015, payable in January, 2016, not to exceed \$148,395.84, as reflected in Claim #1.

1.87 “Tom Green County Secured Ad Valorem 2016 Tax Claim” means the Secured Claim of Tom Green County, Texas for the payment of *ad valorem* taxes for the Real Property for 2016, payable in January, 2017, not to exceed \$83,186.62, as reflected in Claim #1.

1.88 “Tom Green County Secured Ad Valorem Tax Claims” means the Tom Green County Secured *Ad Valorem* 2015 Tax Claim and the Tom Green County Secured *Ad Valorem* 2016 Tax Claim.

1.89 “Torres” shall mean Britnee Torres.

1.90 “Unclaimed Property” means any Cash, distribution, or any other property of the Debtor unclaimed for a period of sixty (60) days after the Effective Date as set forth in Section 8.4 of the Plan.

1.91 “Unmatured Secured Tax Claim” means any Claim for pre-petition *ad valorem* and business personal property taxes that has not yet matured including, without limitation, the Tom Green County Secured *Ad Valorem* 2016 Tax Claim.

ARTICLE 2

CLASSIFICATION OF CLAIMS AND CURRENT EQUITY INTERESTS

2.1 The following is a designation of the Classes of Claims and Current Equity Interests under this Plan. Administrative Expense Claims and Priority Tax Claims have not been classified and are excluded from the following classes in accordance with section 1123(a)(1) of the Bankruptcy Code. A Claim or Current Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Current Equity Interest qualifies within the description of that Class. A Claim or Current Equity Interest is in a particular Class only to the extent that the Claim or Current Equity Interest is an Allowed Claim or Current Equity Interest in that Class.

2.2 Claims and Current Equity Interests:

Class 1 – CapitalSpring Secured Claim

Class 2 – Tom Green County Secured *Ad Valorem* Tax Claims

Class 3 – Texas Workforce Commission Secured Claim

Class 4 - Employee Priority Claim

Class 5 - Hawthorn Suites Unsecured Claim

Class 6 – Texas Comptroller Unsecured Claim

Class 7 – Capital Springs Unsecured Claims

Class 8 – General Unsecured Claims

Class 9 – Subordinated Patidar Claims

Class 10 – Current Equity Interests

ARTICLE 3

IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND CURRENT EQUITY INTERESTS

3.1 Impaired Classes of Claims and Current Equity Interests. Classes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 are impaired under the Plan.

3.2 Impairment Controversies. If a controversy asserted in an objection to confirmation or other written pleading arises as to whether any Class of Claims or Current Equity Interest is impaired under the Plan, the Bankruptcy Court shall determine such controversy after notice and a hearing and, if no such pleading is filed, then the identity of any impaired class will be conclusively determined by Section 3.1 of the Plan.

ARTICLE 4

TREATMENT OF ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

4.1 Administrative Expenses. All Administrative Expenses against the Debtor shall be treated as follows:

(1) Administrative Expenses Bar Date. The holder of any Administrative Expense other than: (i) a claim for professional fees and expenses for services rendered up to and including the Confirmation Date, (ii) a liability incurred and paid in the ordinary course of business by the Debtor; or (iii) an Allowed Administrative Expense, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Expense within fifteen (15) days after the Confirmation Date. Such notice must identify: (i) the name of the holder of such Claim; (ii) the amount of such Claim; (iii) the basis of such Claim; and (iv) all written documentation supporting such Claim. Failure to file this notice timely and properly shall result in such claim for the Administrative Expense being forever barred and discharged.

(2) Allowance of Administrative Expenses. An Administrative Expense with respect to which notice has been properly filed pursuant to Section 4.1(1) of the Plan shall become an Allowed Administrative Expense if no objection is filed within thirty (30) days after the filing and service of notice of such Administrative Expense. If an objection is timely filed, the Administrative Expense shall become an Allowed Administrative Expense only to the extent Allowed by Final Order.

(3) Payment of Allowed Administrative Expenses. Each holder of an Allowed Claim for an Administrative Expense other than a professional holding such a claim shall receive, at the Debtor's option: (i) the amount of such holder's Allowed Claim in one Cash payment on the later of the Effective Date or the tenth Business Day after such Claim becomes an Allowed Claim; (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost; or (iii) such other treatment as may be agreed to in writing by the holder of such Administrative Expense and the Debtor.

(4) Payment of Allowed Administrative Expenses to Professionals. Each holder of an Allowed Administrative Claim that is a professional shall be paid in full by Debtor on the date upon which an order approving such claim becomes final and non-appealable. Debtor and the Fee Guarantors shall make payment of such fees and expenses in full. Professional fees and expenses incurred after the Confirmation Date shall be the obligation of the Debtor and shall be payable by the Debtor and/or the Fee Guarantors promptly and without the need for application to or approval by the Bankruptcy Court. The Fee Guarantor's guarantee of payment of professional fees and expenses is reaffirmed and shall continue until all of such fees and expenses are paid in full.

4.2 Priority Tax Claims. Each holder of a Priority Tax Claim, unless addressed otherwise herein, shall receive, at the Debtor's option: (a) the amount of such holder's Allowed Claim in one Cash payment on the Effective Date; or (b) such other treatment as may be agreed to in writing by the holder of the Priority Tax Claim and the Debtor.

4.3 Unmatured Secured Tax Claims. Each holder of an Unmatured Secured Tax Claim shall be paid by the Debtor at the time the Unmatured Secured Tax Claim becomes due and payable and in accordance with the Debtor's ordinary practice.

ARTICLE 5

TREATMENT OF CLAIMS AND CURRENT EQUITY INTERESTS

5.1 Class 1 – Secured CapitalSpring Claim. The amount of the CapitalSpring Secured Claim shall be \$2,760,000. The Current Bank Note will be modified to the Restructured Bank Note as follows: a) the interest accruing under the Restructured Bank Note shall be prime plus 1%; b) the Restructured Bank Note will be amortized over a period of twenty-five (25) years from the Effective Date; c) the total amount owing on the Restructured Bank Note on the Effective Date shall be \$2,760,000. The Secured CapitalSpring Claim shall include no interest or other fees incurred prior to the Effective Date pursuant to section 506 of the Bankruptcy Code. Nothing shall impair the Lien of CapitalSpring in the CapitalSpring Collateral but such Lien shall only exist to the extent of the amount of the Secured CapitalSpring Claim.

5.2 Class 2 – Tom Green County Secured *Ad Valorem* Tax Claims. Tom Green County shall receive \$148,395.84 on account of its Tom Green County 2015 *Ad Valorem* Tax Claim. The Tom Green County 2015 *Ad Valorem* Tax Claim shall be paid monthly over a period of sixty (60) months from the Effective Date and shall bear interest at the rate of twelve percent (12%) until paid in full. The Tom Green County 2016 Secured *Ad Valorem* Tax Claim shall be paid as it becomes due.

5.3 Class 3 – Texas Workforce Commission Secured Claim. To the extent that it is recovered from the Texas Workforce Commission, Texas Workforce Commission shall receive \$638.77 on account of its Texas Workforce Commission Secured Claim. The Texas Workforce Commission Secured Claim shall be paid within ninety (90) days of the Effective Date.

5.4 Class 4 – Priority Employee Claims. Each holder of an Allowed Priority Employee Claim against the Debtor shall be paid in accordance with the Debtor's pre-petition custom and practice, if not already paid pursuant to order of the Bankruptcy Court entered June 17, 2016.

5.5. Class 5 – Hawthorn Suites Unsecured Claim. Hawthorn Suites shall receive on account of its Allowed Hawthorn Suites Unsecured Claim a total of five percent (5%) of such claim to be paid within two (2) years from the Effective Date. The Hawthorn Suites Unsecured Claim shall bear no interest or penalties.

5.6 Class 6 – Texas Comptroller Unsecured Claim. To the extent that it is recovered from the Texas Comptroller, Texas Comptroller shall receive on account of its Allowed Texas Comptroller Claim a total of seventy-five (75%) of such claim to be paid in twelve (12) equal monthly installments beginning within thirty (30) days of the Effective Date. The Texas Comptroller Unsecured Claim shall bear no interest or penalties

5.7 Class 7 – CapitalSpring Unsecured Claims. CapitalSpring shall receive on account of its Allowed CapitalSpring Unsecured Claim a total of one percent (1%) of such claim to be paid within one (1) year from the Effective Date. The CapitalSpring Unsecured Claim shall bear no interest or penalties.

5.8 Class 8 – General Unsecured Claims. Each holder of an Allowed General Unsecured Claim will receive on account of its Allowed General Unsecured Claim their pro rata share of ten (10%) percent of their Allowed General Unsecured to be paid within two (2) years from the Effective Date. The General Unsecured Claims shall bear no interest or penalties.

5.9 Class 9 – Subordinated Patidar Claims. Parimal Patidar shall receive on account of his Allowed Subordinated Patidar Claim a total of one percent (1%) of such claim to be paid within two (2) years of the Effective Date. The Subordinated Patidar Claim shall bear no interest or penalties.

5.10 Class 10 – Current Equity Interests. All Current Equity Interests in the Debtor shall be canceled on the Effective Date.

ARTICLE 6

ACCEPTANCE OR REJECTION OF PLAN

6.1 Classes Entitled to Vote. Each impaired Class of Claims and Current Equity Interests shall be entitled to vote separately to accept or to reject the Plan. Any unimpaired Class of Claims or Current Equity Interests shall not be entitled to vote to accept or to reject the Plan. Classes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 are impaired and holders of such Allowed Claims therefore are entitled to vote on the Plan.

6.2 Class Acceptance Requirement. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. A Class of Equity Interests shall have accepted the Plan if it is accepted by at least two-thirds (2/3) of the number of the Allowed Current Equity Interests in such Class that actually have voted on the Plan.

6.3 Cramdown. This Section shall constitute the Debtor's request, pursuant to section 1129(b)(1), that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) may not be met.

6.4 Cure Payments and Release of Liability. All cure payments that may be required by Bankruptcy Code Section 365(b)(1) under any executory contract or unexpired lease that is assumed, or assumed and assigned, under this Plan shall be made by the Debtor on or as soon as practicable after the Effective Date; provided, however, in the event of a dispute regarding the amount of any cure payments, the cure of any other defaults, the ability of the Debtor to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment, the Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by the Bankruptcy Code Section 365(b)(1), following the entry of a Final Order resolving such dispute. To the extent that a party to an assumed executor contract or unexpired lease has not filed an appropriate pleading

with the Bankruptcy Court on or before the thirtieth (30th) day after the Effective Date disputing the amount of any cure payments offered to it by the Debtor, disputing the cure of any other defaults, disputing the promptness of the cure payments, or disputing the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters.

ARTICLE 7

MEANS OF IMPLEMENTATION OF THE PLAN

7.1 This Plan incorporates a motion to permit the Debtor to incur any debt necessary to perform its obligations under the Plan.

7.2 Current Equity Interests are cancelled under the Plan. The holder of the Current Equity Interests has offered \$10,000 for the purchase of the New Equity Interests. A Bidder may submit a competing bid for the New Equity Interests to the Debtor's counsel on or before the close of business at 5:00 p.m. Central Standard Time fifteen (15) calendar days prior to the Confirmation Hearing. Any bid for the New Equity Interests must include an agreement to assume all of the obligations of the holder of the Current Equity Interests and, to the extent such bid includes additional cash consideration, must include a cashier's check payable to the Debtor in such amount. Such amount will be held in trust by the Debtor's counsel and returned if that Bidder does not become the Buyer. In the event that such competing offer is higher and better than the opening bid by the holders of the Current Equity Interests, the holder of the Current Equity Interest may make another bid up until the time of the confirmation hearing. The Court may entertain additional offers from the competing bidder and the holder of the Current Equity Interests at such hearing and determine which bid is the best and highest bid and that bidder will thereafter own the New Equity Interests. The Bidder who submits the highest and best bid at the time of the Confirmation Hearing shall become the Buyer subject to the approval of Hawthorn Suites.

7.3 The Debtor shall have the powers and duties specified in this Plan. Such powers shall include, without limitation, the power to object to Claims, to administer Cash and Cash on Hand and to operate the business of the Debtor subject only to any limitations imposed by the Plan. The Debtor may operate without approval from the Bankruptcy Court. The Buyer of the New Equity Interests shall have all of the rights and responsibilities of an owner of a limited liability company under applicable law.

7.4 The Debtor shall own all Avoidance Actions and all Litigation Claims and shall have full power to institute, proceed to trial and appeal, settle or dismiss any Avoidance Action or Litigation Claim without approval from the Bankruptcy Court.

7.5 Upon the Effective Date, all Current Equity Interests shall be cancelled and null and void.

7.6 Confirmation of the Plan shall be deemed to constitute a permanent injunction against maintenance or commencement of any action against Debtor arising out of any events occurring prior to the filing of this case and all holders of Claims against Debtor are permanently enjoined with respect to such Claims: (a) from commencing or continuing any action or

proceeding of any kind with respect to any such Claim against the Debtor and/or the Assets; (b) from enforcing, attaching, collecting, or recovering by any manner or means, any judgment, award, decree, or order against the Assets and/or the Debtor; (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Assets and/or the Debtor; (d) from asserting any right of subrogation or recoupment of any kind against any obligation due the Debtor; and (e) from performing any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan and all Claims and causes of action held by all Entities against the Debtor are released and discharged except the obligations of the Debtor pursuant to the provisions of the Plan; provided, however, that each holder of a Contested Claim may continue to prosecute its proof of Claim in the Bankruptcy Court and all holders of Claims and Equity Interests shall be entitled to enforce their rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan.

7.7 Confirmation of the Plan shall also be deemed to constitute an injunction against maintenance or commencement of any action against the Guarantors to collect any debt addressed in this Plan but only to the extent that the Debtor has materially complied with its obligations under the Plan regarding that debt.

7.8 The Debtor shall: (i) be solely responsible for pursuing and/or settling all causes of action owned by the Debtor and for distribution of all cash distributions contemplated by the Plan; (ii) have the right and power to enter into any contract or agreements binding the Debtor in connection with the performance of its duties; (iii) have power to borrow funds and/or obtain investors and/or sell or encumber its real estate for valid business purposes including funding any cash obligations pursuant to the Plan, funding expansion of Debtor's business as contemplated by Debtor's business plans submitted in support of confirmation of the Plan; (v) have power to do all acts contemplated by the Plan; and (vi) have sole discretion to settle or compromise any claim, cause of action, chose-in-action or litigation and settle any such claim, cause of action, chose-in-action or litigation, without approval of the Bankruptcy Court.

7.9 Subject to the following, the Debtor reserves the right to revoke and withdraw this Plan before the entry of the Confirmation Order. If the Debtor revokes or withdraws this Plan, or if confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or to prejudice in any manner the rights of the Debtor, or person in any further proceedings involving the Debtor or to provide the basis for any claim against Debtor.

7.10 The Deemed Collateral Value of the CapitalSpring Collateral shall be \$2,760,000 and, to the extent necessary, this Plan shall be considered a motion to value the CapitalSpring Collateral as such.

ARTICLE 8

PROVISIONS GOVERNING DISTRIBUTION

8.1 All payments or distributions to be made by the Debtor pursuant to the Plan shall be made to the holders of Allowed Claims. Any payments or distributions to be made by the Debtor pursuant to the Plan shall be made on the Effective Date except as otherwise provided for in the Plan, or as may be ordered by the Bankruptcy Court. Any payment or distribution by the

Debtor pursuant to this Plan, to the extent delivered by the United States Mail, shall be deemed made when deposited by the Debtor into the United States Mail.

8.2 Distributions to be made to any holder of an Allowed Claim under the Plan shall be made by the Debtor.

8.3 Payments of Cash to be made by the Debtor pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank.

8.4 Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the proofs of Claim or proofs of interest filed by such holders (or at the last known addresses of such holders if no proof of Claim or proof of interest is filed; or if the Debtor has been notified of a change of address, at the address set forth in such notice). All Unclaimed Property shall revert to the estate for distribution of an additional *pro rata* Share to holders of General Unsecured Claims, and the Claim of any holder with respect to such property shall be discharged and forever barred.

8.5 Checks issued by the Debtor in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of delivery thereof. Requests for re-issuance of any check shall be made directly to the Debtor by the holder of the Allowed Claim to whom such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first anniversary of the Effective Date or ninety (90) days after the date of delivery of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

8.6 Except as provided otherwise herein, no interest shall be paid on any Claim after the Petition Date. Except as provided otherwise herein, interest will be paid through the Petition Date only in accordance with the applicable loan documents.

8.7 The Debtor expressly reserves the right, in its sole discretion, to prepay in Cash any obligation created pursuant to the Plan, and no interest shall accrue with respect to such obligation from and after the date of such prepayment. There shall be no penalty associated with the Debtor's prepayment of any obligation in the Plan. The Debtor also expressly reserves the right to negotiate post-confirmation with the holder of any Allowed Claim who may desire to change the treatment elected with respect to such Allowed Claim and to agree to any change of treatment of such Allowed Claim, provided such treatment does not result in a violation of the absolute priority rule or otherwise materially affect any treatment of any class of creditors under this Plan.

8.8 Any monies utilized to pay obligations hereunder shall become general funds of the Debtor.

ARTICLE 9

PROCEDURES FOR RESOLVING AND TREATING CONTESTED AND CONTINGENT CLAIMS

9.1 Unless a different date is set by order of the Bankruptcy Court, all objections to Claims shall be served and filed no later than one hundred eighty (180) days after the Confirmation Date or one hundred twenty (120) days after a particular proof of claim is filed, whichever is later. All proofs of claim filed after the Claims Bar Date shall be of no force and effect, shall be deemed disallowed, and will not require objection.

9.2 (a) Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to any Contested Claim unless and until such Contested Claim becomes an Allowed Claim.

(b) In determining the amount of distributions to be made under the Plan to holders of Allowed Claims, the appropriate distributions required by the Plan shall be made according to estimates and subject to the provisions of the Plan.

(c) As soon as practicable after a Contested Claim becomes fixed, the holder of an Allowed Claim shall receive a distribution in an amount equal to the aggregate of all the distributions that such holder would have received had such Contested Claim been an Allowed Claim on the Effective Date. No interest shall be paid on account of a Contested Claim that later becomes an Allowed Claim.

9.3 Distributions to each holder of a Contested Claim, to the extent that such Claim becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the Class of Claims to which such Claim belongs, and such holders shall receive all distributions to which such holders would have been entitled had such Claim been an Allowed Claim on the Effective Date.

ARTICLE 10

EXECUTORY CONTRACTS AND LEASES

10.1 The Debtor shall assume all unexpired executory contracts and leases including, without limitation, the Franchise Agreement. Confirmation of this Plan shall constitute an order that there are no existing monetary or non-monetary defaults under any of those unexpired executory contracts or leases. To the extent that any counterparty to any unexpired executory contract or lease asserts that any monetary or non-monetary default exists, such objection must be made prior to the Confirmation Hearing or such right is waived.

ARTICLE 11

MAINTENANCE OF CAUSES OF ACTION

11.1 The Debtor shall retain all causes of action belonging to the estate pursuant to section 541 of the Bankruptcy Code. All Avoidance Actions and Litigation Claims shall be the property of the Debtor.

ARTICLE 12

CONDITIONS PRECEDENT TO EFFECTIVENESS OF PLAN

12.1 The Effective Date of the Plan shall not occur unless and until the following conditions shall have been satisfied: (a) the Confirmation Order shall have been entered; and (b) no stay of the Confirmation Order shall be in effect on the Effective Date.

ARTICLE 13

DISCHARGE

13.1 To the extent permitted by section 1141 of the Bankruptcy Code, all consideration and Assets distributed under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor or any of its assets or properties; and except as otherwise provided herein, upon the Effective Date, the Debtor and its successors-in-interest shall be deemed discharged and released pursuant to section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims treated in the Plan, as well as all other Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted this Plan; or (d) the Claim has been Allowed, disallowed, or estimated pursuant to section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and its successors-in-interest other than those obligations specifically set forth pursuant to this Plan.

ARTICLE 14

SUBSTANTIAL CONSUMMATION

14.1 This Plan of Reorganization shall be consummated substantially upon the commencement of the first distributions of Cash to the holders of Allowed Claims under this Plan.

ARTICLE 15

RETENTION OF JURISDICTION

15.1 Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to the Chapter 11 Cases and the Plan, for the purposes of sections 105(a) and 1142 of the Bankruptcy Code, and, subject to the provisions of the following subparagraph (b), for, among other things, the following purposes:

(a) To hear and to determine any and all objections to or applications concerning the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense (except fees and expenses of professionals as described in subparagraph [b] below), Claim, or Current Equity Interest;

(b) To hear and determine any and all applications for payment of fees and expenses to be paid from the Debtor's estate to attorneys or other Professionals pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed to Professionals from the Debtor's estate under the Bankruptcy Code, and any and all objections thereto, provided, however, that no jurisdiction is retained to hear or allow fees and expenses of Professionals arising after the Effective Date, including, without limitations, any Professionals who are retained to pursue Avoidance Actions or Litigation Claims;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of unexpired leases and executory contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect of the assumption or rejection of any executory contract or lease or any claimed termination thereof, including any rights affected by confirmation of this Plan;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including any remands from any appeals with respect to causes of action arising before or during the pendency of the Chapter 11 Case;

(e) To hear and to determine all controversies, disputes, and suits that may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan provided that jurisdiction shall not be retained for the purpose of supervision or review of the Debtor's economic performance, business operations or financial status and transactions after the Effective Date;

(f) To liquidate any disputed, contingent, or unliquidated claims;

(g) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(h) To enter and to implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To enable the Debtor to bring any and all proceedings that may be brought to set aside liens or encumbrances and to recover any transfers, assets, properties or damages to which the Debtor may be entitled under applicable provisions of the Bankruptcy Code or any other federal, state or local laws, including causes of action, controversies, disputes and conflicts between the Debtor or Buyer and any other party, including but not limited to, any causes of action or objections to Claims, Avoidance Actions or equitable subordination.

(j) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(k) To enter and to implement such orders as may be necessary or appropriate to execute, interpret, implement, consummate, or to enforce the terms and conditions of the Plan and the transactions contemplated thereunder;

(l) To hear and to determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan; and

(m) To enter a final decree closing the Chapter 11 Case.

15.2 If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this Chapter 11 Case, this Section of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE 16

MODIFICATIONS TO THE PLAN

16.1 Modifications of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before the Effective Date, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification.

16.2 The Debtor, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Current Equity Interests, may correct any nonmaterial defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Debtor may undertake such nonmaterial modification pursuant to this Section insofar as it does not adversely change the treatment of the Claim of any Creditor or the interest of any Current Equity Interest holder who has not accepted in writing the modification.

ARTICLE 17

MISCELLANEOUS PROVISIONS

17.1 Severability. Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Current Equity Interest or transaction, the Debtor may modify the Plan in accordance with Section 16.1 or 16.2 of the Plan, as applicable, so that such provision shall not be applicable to the holder of any Claim or Current Equity Interest.

17.2 Setoffs. The Debtor may, but shall not be required to, set off against any Claim and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

17.3 Compliance with All Applicable Laws. If notified by any governmental authority that they are in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its businesses, the Debtor shall comply with such law, rule, regulation, or order; provided that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Debtor.

17.4 Binding Effect. The Plan shall be binding upon, and shall inure to the benefit of, the Debtor, the Buyer, the holders of the Claims, the holders of Current Equity Interests, and all Entities receiving notice of the Plan and their respective successors and assigns.

17.5 Governing Law. Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, or a specific choice of law provision is provided, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, without regard to conflicts of law.

17.6 Payment of Statutory Fees. The Debtor shall be responsible for the timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) until the clerk of the court closes the case. The Debtor shall file with the Bankruptcy Court, and serve on the United States Trustee, a quarterly financial report for each quarter (or portion thereof) that the case remains open in a format prescribed by the United States Trustee and provided to the Debtor by the United States Trustee.

17.7 Post-Confirmation Professional Fees. Post-Confirmation fees and expenses of professionals shall not be subject to approval by the Court.

17.8 Timing of Distributions. Any payment or distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

17.9 Filing of Additional Documents. The Debtor may file, as Plan Documents, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Nothing herein requires or supposes that implementation of the Plan requires any Plan Documents to be executed or filed.

17.10 Certifications. The failure to make any certification required to be made pursuant to the Plan on a timely basis shall result in the Debtor withholding, without interest, any distribution to which the Person required to make such certification would otherwise be entitled. Such withheld distribution shall be made only upon such Person's compliance with the certification requirements of the Plan.

17.11 Payment of Fees. The Debtor shall be responsible for the timely payment of all fees incurred pursuant to 28 U.S.C. § 1030(a)(6). After confirmation, the Debtor shall file with the Court and serve on the United States Trustee a monthly financial report for each month (or portion thereof) the case remains open. Such report shall be in the form prescribed by the United States Trustee. Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Current Equity Interest or transaction, the Debtor may modify the Plan in accordance with Section 16.1 or 16.2 of the Plan, as applicable, so that such provision shall not be applicable to the holder of any Claim or Current Equity Interest.

Dated: November 29, 2016.

FOUR DIA, LLC

By: 

Sagar Ghandi, Vice President

Submitted by:

HIERSCHKE, HAYWARD,
DRAKELEY & URBACH, P.C.

By: /s/ Russell W. Mills
Russell W. Mills (SBN 00784609)

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Addison, Texas 75001
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Four Dia, LLC
Case # 16-33459-BJH-11
Forecasted Cash Flow Statement
Year 1 - Post Confirmation

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Cash Receipts													
Room Revenue	70,733.50	93,089.89	77,846.85	82,176.00	84,910.20	82,226.00	84,960.20	84,960.20	77,896.85	77,846.85	75,340.50	70,783.50	962,771
Receipt of A/R		1,441.50	1,895.71	1,585.65	1,674.00	1,729.80	1,674.00	1,729.80	1,729.80	1,585.65	1,585.65	1,534.50	18,166
Other Receipts													
Total Receipts	70,733.50	94,531.39	79,742.56	83,761.65	86,584.20	83,955.80	86,634.20	86,690.00	79,626.65	79,432.50	76,926.15	72,318.00	980,937
Operating Expenses													
Breakfast and Happy Hour	(2,887)	(3,799)	(3,177)	(3,354)	(3,466)	(3,356)	(3,468)	(3,468)	(3,179)	(3,177)	(3,075)	(2,889)	(39,295)
Bank Fees	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(600)
Credit Card Fees	(1,444)	(1,900)	(1,589)	(1,677)	(1,733)	(1,678)	(1,734)	(1,734)	(1,590)	(1,589)	(1,538)	(1,445)	(19,648)
Commissions	(2,165)	(2,850)	(2,383)	(2,516)	(2,599)	(2,517)	(2,601)	(2,601)	(2,384)	(2,383)	(2,306)	(2,167)	(29,471)
Equipment Rental	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(221)	(2,652)
Franchise Fees	(5,413)	(7,124)	(5,957)	(6,289)	(6,498)	(6,293)	(6,502)	(6,502)	(5,961)	(5,957)	(5,766)	(5,417)	(73,678)
Guest Supplies	(1,442)	(1,896)	(1,586)	(1,674)	(1,730)	(1,674)	(1,730)	(1,730)	(1,586)	(1,586)	(1,535)	(1,442)	(19,608)
Hotel Supplies	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(6,600)
Insurance Expense	(1,985)	(1,985)	(1,985)	(1,985)	(1,985)	(1,985)	(1,985)	(1,985)	(1,985)	0	(4,650)	(1,985)	(24,500)
Laundry/Cleaning Expenses	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(7,200)
Miscellaneous	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(3,000)
Meals and Entertainment	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(600)
Office Supplies	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(3,000)
Payroll Expense	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(18,778)	(225,336)
Payroll Processing Fees	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(2,400)
Payroll Taxes	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(1,878)	(22,534)
Pest Control	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(2,400)
Permitting & Licensing	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(600)
Professional Fees	(800)	(800)	(3,000)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(11,800)
Pre-Petition Liabilities Recovered (Paid)													0
Pre-Petition Unreimbursed Debtor Expenses													0
Elevator Maintenance	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(331)	(3,972)
Repairs and Maintenance	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(9,600)
Marketing	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(995)	(11,940)
New Mortgage Payment	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(15,341)	(184,092)
Postage	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(720)
Property Tax	(83,187)	0	0	0	0	0	0	0	0	0	0	0	(83,187)
Franchise Tax													0
Hotel Occupancy Taxes	(3,921)	(4,065)	(5,346)	(4,472)	(4,721)	(4,878)	(4,721)	(4,878)	(4,878)	(4,472)	(4,472)	(4,327)	(55,149)
Total Non-Payroll Related Taxes	(87,107)	(4,065)	(5,346)	(4,472)	(4,721)	(4,878)	(4,721)	(4,878)	(4,878)	(4,472)	(4,472)	(4,327)	(138,336)
Telephone/Cable/Internet	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(2,550)	(30,600)
Trash Removal	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(380)	(4,560)
Security Expense	0	0	0	0	0	0	0	0	0	0	(360)	0	(360)
Travel Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)	(46,800)
Yard Maintenance	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(6,600)
Total Operating Expenses	(151,227)	(72,402)	(73,007)	(70,750)	(71,515)	(71,164)	(71,523)	(71,680)	(70,347)	(67,947)	(72,484)	(68,455)	(932,501)
Cash Flow From Operations	(80,493)	22,129	6,736	13,012	15,069	12,792	15,111	15,010	9,280	11,485	4,442	3,863	48,436
Restructuring Expenses													
Restructuring Plan Payments	(6,105)	(4,356)	(4,995)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(26,756)	(77,061)
US Trustee Fees													
Total Restructuring Expenses	(6,105)	(4,356)	(4,995)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(4,356)	(26,756)	(77,061)
Paid in Capital - Owners	10,000												10,000
Net Operating Cash Flow	(76,598)	17,773	1,741	8,656	10,713	8,435	10,755	10,654	4,924	7,129	86	(22,893)	(18,625)
Beginning Bank Balance	79,960	3,362	21,135	22,876	31,532	42,245	50,681	61,436	72,089	77,013	84,142	84,228	79,960
Operating Cash Flow	(76,598)	17,773	1,741	8,656	10,713	8,435	10,755	10,654	4,924	7,129	86	(22,893)	(18,625)
Cleared Prior Period Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Outstanding Deposits (Checks)													
Ending Book Balance	3,362	21,135	22,876	31,532	42,245	50,681	61,436	72,089	77,013	84,142	84,228	61,335	61,335

Note: The Ending Cash Balance at the end of Month 1 is anticipated to be increased by \$31,295.00 for repayment of pre-petition unreimbursed expenses to be deposited on or before 1/31/17.

Four Dia, LLC
Case # 16-33459-BJH-11
Forecasted Cash Flow Statement
5 Years - Post Confirmation

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cash Receipts					
Room Revenue	962,771	1,024,469	1,055,449	1,068,801	1,082,153
Receipt of A/R	18,166	1,442			
Other Receipts		2,843			
Total Receipts	980,937	1,028,753	1,055,449	1,068,801	1,082,153
Operating Expenses					
Breakfast and Happy Hour	(39,295)	(40,979)	(42,218)	(42,752)	(43,286)
Bank Fees	(600)	(600)	(600)	(600)	(600)
Credit Card Fees	(19,648)	(20,489)	(21,109)	(21,376)	(21,643)
Commissions	(29,471)	(30,734)	(31,663)	(32,064)	(32,465)
Equipment Rental	(2,652)	(2,652)	(2,652)	(2,652)	(2,652)
Franchise Fees	(73,678)	(76,835)	(79,159)	(80,160)	(81,161)
Guest Supplies	(19,608)	(20,489)	(21,109)	(21,376)	(21,643)
Hotel Supplies	(6,600)	(7,000)	(7,000)	(7,500)	(7,500)
Insurance Expense	(24,500)	(24,500)	(24,500)	(24,500)	(24,500)
Laundry/Cleaning Expenses	(7,200)	(7,500)	(8,500)	(8,500)	(8,500)
Miscellaneous	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Meals and Entertainment	(600)	(600)	(600)	(600)	(1,000)
Office Supplies	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Payroll Expense	(225,336)	(232,096)	(239,059)	(246,230)	(253,617)
Payroll Processing Fees	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)
Payroll Taxes	(22,534)	(23,210)	(23,906)	(24,623)	(25,362)
Pest Control	(2,400)	(3,000)	(3,500)	(3,500)	(3,500)
Permitting & Licensing	(600)	(600)	(600)	(600)	(600)
Professional Fees	(11,800)	(11,800)	(11,800)	(11,800)	(11,800)
Pre-Petition Liabilities Recovered (Paid)	0				
Pre-Petition Unreimbursed Debtor Expens	0				
Elevator Maintenance	(3,972)	(4,000)	(5,000)	(5,000)	(5,000)
Repairs and Maintenance	(9,600)	(9,600)	(11,000)	(12,000)	(12,000)
Marketing	(11,940)	(12,500)	(12,500)	(12,500)	(12,500)
New Mortgage Payment	(184,092)	(184,092)	(184,092)	(184,092)	(184,092)
Postage	(720)	(720)	(720)	(720)	(720)
Property Tax	(83,187)	(69,000)	(69,000)	(69,000)	(69,000)
Franchise Tax	0	(184)	(416)	(516)	(616)
Hotel Occupancy Taxes	(55,149)	(57,780)	(59,527)	(60,280)	(61,033)
Total Non-Payroll Related Taxes	(138,336)	(126,964)	(128,943)	(129,796)	(130,650)
Telephone/Cable/Internet	(30,600)	(27,540)	(27,540)	(27,540)	(27,540)
Trash Removal	(4,560)	(4,560)	(4,560)	(4,560)	(4,560)
Security Expense	(360)	(360)	(360)	(360)	(360)
Travel Expenses	0	(1,000)	(1,000)	(1,000)	(1,000)
Utilities	(46,800)	(46,800)	(46,800)	(46,800)	(46,800)
Yard Maintenance	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)
Total Operating Expenses	(932,501)	(936,219)	(955,489)	(968,202)	(980,050)
Cash Flow From Operations	48,436	92,534	99,960	100,599	102,102
Restructuring Expenses					
Restructuring Plan Payments	(77,061)	(44,985)	(39,612)	(39,612)	(39,612)
US Trustee Fees					
Total Restructuring Expenses	(77,061)	(44,985)	(39,612)	(39,612)	(39,612)
Paid in Capital - Owners	10,000				
Net Operating Cash Flow	(18,625)	47,549	60,348	60,987	62,490
Beginning Bank Balance	79,960	61,335	108,884	169,232	230,220
Operating Cash Flow	(18,625)	47,549	60,348	60,987	62,490
Cleared Prior Period Payments					
Outstanding Deposits (Checks)					
Ending Book Balance	61,335	108,884	169,232	230,220	292,710

Four Dia, LLC
Case # 16-33459-BJH-11
Plan Payment Schedule
5 Years - Post Confirmation

<u>Creditor Class</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Class 2 - Tom Green Secured County Ad Valorem Tax Claims	(39,612)	(39,612)	(39,612)	(39,612)	(39,612)
Class 3 - Texas Workforce Commission Secured Claim	(639)				
Class 5 - Hawthorn Suites Unsecured Claim	(5,373)	(5,373)	-	-	-
Class 6 - Texas Comptroller Unsecured Claim	(7,288)				
Class 7 - CapitalSpring Unsecured Claim (estimated)	(22,400)				
Class 8 - General Unsecured Claims	(1,436)				
Class 9 - Subordinated Patidar Claims	(313)				
Total Restructuring Plan Payments	(77,061)	(44,985)	(39,612)	(39,612)	(39,612)