UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
LAREDO DIVISION

IN RE: RO & SONS, INC.	§	
	§	**CASE NO. 16-50241**
	§	
Debtor	§	**Small Business Case Under Chapter 11**

RO & SONS, INC.'S DISCLOSURE STATEMENT,
DATED AUGUST 7, 2017

Table of Contents

Table of Contents

I. INTRODUCTION 3
1.01 Description of this Document 4
1.02 Summary of Distributions 4
1.03 Purpose of This Document 4
1.04 Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing 4
1.05 Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan 5
1.06 Deadline for Voting to Accept or Reject the Plan 5
1.07 Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan 5
1.08 Identity of Person to Contact for More Information 5
1.09 Disclaimer 5
II BACKGROUND 5
2.01 Description and History of the Debtor's Business 5
2.02 Insiders of the Debtor 6
2.03 Management of the Debtor Before and During the Bankruptcy 6
2.04 Events Leading to Chapter 11 Filing 6
2.05 Significant Events During the Bankruptcy Case 7
2.06 Projected Recovery of Avoidable Transfers 8
2.07 Claims Objections 8
2.08 Current and Historical Financial Conditions 9
III SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND

EQUITY INTERESTS 9
3.01 What is the Purpose of the Plan of Reorganization? 9
3.02 Unclassified Claims 9
3.03 Administrative Expenses 9
3.04 Priority Tax Claims 10
3.05 Classes of Claims and Equity Interests 12
A. Classes of Secured Claims 12
B Claims Classes of Priority Unsecured 14
C Class of General Unsecured Claims 14
D. Class of Equity Interest Holders 14
IV. MEANS OF IMPLEMENTING THE PLAN 15
4.01 Source of Payments 15
4.02 Post-confirmation Management 15
4.03 Risk Factors 16
4.04 Executory Contracts and Unexpired Leases 16
4.05 Tax Consequences of Plan 17
V. CONFIRMATION REQUIREMENTS AND PROCEDURES 17
5.01 Confirmation Standards 17
5.02 Who May Vote or Object 17
5.03 What Is an Allowed Claim or an Allowed Equity Interest? 18
5.04 The deadline for filing a proof of claim in this case was May 2, 2017. The deadline for a government agency to file a proof of claim in this case was June 19, 2017. 18
5.05 What Is an Impaired Claim or Impaired Equity Interest? 18
5.06 Who is Not Entitled to Vote 18
5.07 Right to Object: Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement. 18
5.08 Who Can Vote in More Than One Class 18
5.09 Votes Necessary to Confirm the Plan 19
5.10 Votes Necessary for a Class to Accept the Plan 19
5.11 Treatment of Nonaccepting Classes 19
5.12 Liquidation Analysis 19
5.13 Feasibility 19
5.14 Ability to Initially Fund Plan 19
5.15 Ability to Make Future Plan Payments And Operate Without Further Reorganization 20
5..16 You Should Consult with Your Accountant or other Financial Advisor If You Have Any

Questions Pertaining to These Projections. 20
VI. EFFECT OF CONFIRMATION OF PLAN 20
6.01 Discharge of Debtor 20
The Plan provides for the complete liquidation of the Debtor. Discharge is a moot issue in that the Debtor will cease to exist on the successful sale of its remaining assets and the payment of all creditors in full. 20
6.02 Modification of Plan 20
6.03 Final Decree 21
VII. OTHER PLAN PROVISIONS 21
7.01 Default Provisions: 21
A. Concerning the IRS 21
B. Provisions Relating to Sale of Property Securing Ad Valorem Taxes or Default on Ad Valorem Tax Payments. 21
C. Default Provisions Related to the Falcon Bank Debt 22
7.02 Payment of United States Trustee Quarterly Fees and Submission of Statements of Disbursements 22
7.03 Vesting of Assets on Confirmation 23
7.04 Satisfaction and Release of Claims against the Debtors 23
7.05 Preservation of Lien Status and Collateral and Additional Events of Default: 23
7.07 Miscellaneous 23
7.08 Please Vote for this Plan. 23
EXHIBITS SCHEDULE 25
Exhibit A – Copy of Proposed Plan of Reorganization 26
Exhibit B – Identity and Value of Material Assets of Debtor 27
Exhibit C – Prepetition Financial Statements 28
Exhibit D – Most Recently Filed Postpetition Operating Report 29
Exhibit E – Liquidation Analysis 30
Exhibit F – Cash on hand on the effective date of the Plan 30
Exhibit G – Projections of Cash Flow and Earnings for Post-Confirmation Period 30

I. INTRODUCTION

1.01 Description of this Document

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of RO & SONS, INC., (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the RO & SONS, INC., Plan of Reorganization (the "Plan") filed by the Debtor on June 8, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

1.02 Summary of Distributions

The proposed distributions under the Plan are discussed at pages 9-13 of this Disclosure Statement. There are two general unsecured creditors classified in Class 6. The unsecured creditors will receive a distribution of 100 % of their allowed claims, to be distributed as follows: payable in equal monthly installments of principal and interest over six years from the Effective Date, at an annual interest rate of 3% . The monthly plan payment for this class total $338.00.

1.03 Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Proponent believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

1.04 Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1.05 Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on August 10, 2017, at 9:00 a.m., in Courtroom assigned to the United States Bankruptcy Court, for the Southern District of Texas, Laredo Division. The Court room is located in the United States Courthouse, at 1300 Victoria, Laredo, Texas, 78040. The U.S. Marshal's will tell you which court room the Bankruptcy Court is sitting in on the day of the hearing.

1.06 Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Carl M. Barto, Debtor's Counsel, 817 Guadalupe, Laredo, Texas 78040. See section 5.08 below for a discussion of voting eligibility requirements. Your ballot must be received by 5:00 p.m. on _____ __, 2017 or it will not be counted.

1.07 Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor's Counsel, the attorney for the Office of the United States Trustee, all creditors, and all parties requesting notice in this case by 5:00 p.m. on _____. ___ 2017.

1.08 Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Carl M. Barto, Debtor's Counsel, 817 Guadalupe, Laredo, Texas 78040. His e-mail, phone and fax are cmblaw@netscorp.net , 956 725-7500, and 956 722-6739.

1.09 Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until 5:00 p.m. on August 3, 2017.

II BACKGROUND

2.01 Description and History of the Debtor's Business

Debtor is a corporation that was originally organized in November of 1994 by the husband and father of its current shareholders. It does business under the d/b/a of Motel 9. It owns two motel properties in Laredo,

Texas. The respective Properties are more particularly described as follows:

2503 E. Saunders.
Lots No. Two (2), Six (6), and Seven (7), Block Number One Thousand Five Hundred Twenty (1520), situated in the Eastern Division of the City of Laredo, Webb County, Texas, according to the McMillan Park Subdivision replat recorded in Volume 2, Page 200, Plat Records of Webb County, Texas.

9017 San Dario.
The surface Estate only in and to Lot One (1), Block One (1), I.H. 35 Industrial Park, situated in the City of Laredo, Webb County, Texas, according to the Plat thereof recorded in Volume 8, Page 85, Plat Records of Webb County, Texas.

The primary objective of the two Rodriguez brothers or the management of the Debtor, is to sell at least one of the properties to pay off all of the company's indebtedness and recover some equity from the business started by their father for the benefit of their mother

2.02 Insiders of the Debtor

The Debtor is a family owned business, owned by a mother and her three children. The owners and their percentage of ownership are: Pablo E. Rodriguez; Eric I. Rodriguez, and their sister Cindy Rodriguez. Each of the Rodriguez sibling own 16.6666% of the stock of the corporation. Their mother Hortencia M. Rodriguez owns 50% of the stock of the corporation.

2.03 Management of the Debtor Before and During the Bankruptcy

Pablo Rodriguez is the president of the Debtor. Eric I. Rodriguez is the vice-president of the Debtor. Before and during the bankruptcy the brothers were each responsible for the management of one of the motel locations, with Pablo being responsible for the San Dario location and Eric having responsibility for the Saunders location.

Pablo remains the Debtor's President and chief executive officer. His brother Eric continues to serve as vice-president. The two brothers confer on decisions effecting the Debtor.

After the effective date of the order confirming the Plan, the officers of the Debtor and the successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will continue to be Pablo Rodriguez and Eric Rodriguez. Eric Rodriguez is a full time employee of the Webb County Sheriff's department. He takes no salary or compensation from the Debtor. Pablo Rodriguez sole source of income is from the Debtor. He was drawing $2,000.00 a month as a salary from the Debtor until September of 2016, when he was not paid at all. He received $500.00 from the Debtor in October of 2016, and has received a salary of $2,000.00 per month since this case was filed.

2.04 Events Leading to Chapter 11 Filing

At the beginning of the last oil and gas industry boom in the Eagle Ford Shale, Debtor had no problem keeping the rooms in its two motels in Laredo, filled with reservations of oil field employees. But as the boom continued, three things happened which cut down on the Debtor's room occupancy rate, thereby greatly reducing its cash flow. These were as follows:

A. The oil field service companies experienced several injuries to employees involved in vehicular accidents while driving between work sites and motel rooms in Laredo. The companies solution to this was to move living quarters to work sites so oil field employees would not have to make long drives before and after their shifts.

B. Between 2010 and 2013 between 600 and 700 additional hotel rooms were built in Laredo. These rooms were mostly in larger hotels/motels that are part of national chains. The national chains were able to offer corporate discounts with which the that Debtor could not compete. More importantly for the Saunders location, roughly 300 of the new rooms are in close proximity to the Laredo airport, an area served by the Saunders location.

C. The Mexican Peso has continued to erode in value for roughly the two years. This, and the continued downturn in the oilfield has caused a decline in jobs and income in the Laredo community. Both motels are negatively impacted by this down turn in the economy. A large portion of the motels' none oil field related customer base consisted of Mexican shoppers. There are now fewer of these shoppers coming to the Laredo area, and of the ones who do come to Laredo, many of them are choosing to stay at the newer, larger, national chain hotels. The motels also used to provide rooms for truck drivers, but as the economy has become tighter, most of these drivers have had to reduce their expenses also, with the result that most drivers now sleep in their trucks rather than rent rooms in motels.

The Falcon International Bank (the "Bank") has two real estate lien notes from the Debtor that are secured and cross collateralized with both of the Debtor's properties. Debtor's cash flow problems caused it to default on the notes. The Bank posted the properties for a deed of trust foreclosure to occur on December 7, 2016. The Debtor, believing there is substantial equity in the two properties, filed for protection under the bankruptcy code.

2.05 Significant Events During the Bankruptcy Case

Debtor entered a cash collateral agreement with the Bank for the payment of monthly interest payments, and tax escrow. During the bankruptcy Debtor attempted to continue to operate both motels to generate the cash flow to make the monthly cash collateral payments. It was the Debtor's intent to try to sell or surrender the Saunders property to reduce its overhead and the balance owed on its debt to Falcon. The Debtor was hoping the relief under the code would give it the time to accomplish this over a period of time that would allow the Debtor to sell or surrender at a value of $800,000.00 or more.

Debtors cash flow problems have gotten worse during the bankruptcy. Monthly cash flow statements have convinced the Debtor that it cannot operate both motels, nor can it operate either motel as it has previously. These factors have led to the Debtor's current plan for liquidation

Debtor negotiated with Falcon about accepting the surrender of the Saunders property for an agreed value. The Bank obtained an appraisal of the property, and based on this appraisal agreed to accept the property at $650,000.00 minus certain costs associated with the property, such as unpaid motel occupancy taxes and unpaid real property taxes and unpaid personal property taxes associated with the property.

Debtor had proposed that the Bank accept the surrender of the Saunders property at a value of $650,000 (minus any outstanding ad valorem, personal or occupancy taxes associated with the Saunders property) and that the Bank allow the Debtor to pay off the balance of its debt amortized for twenty-five years, at 4.5% interest per year with a balloon on the fifth anniversary of the Effective date of the Plan. Furthermore, Debtor (and the guarantor of Debtor's debt to Falcon) shall provide all required financial information required by the loan documents executed by Debtor including but not limited the loan agreement dated March 30, 2012.

Debtor further agrees to an agreed order to lift the automatic stay on the Saunders Property in order to allow Falcon to proceed with a foreclosure of such property.

To make this a feasible Plan, and enable Debtor to make the payments required in its proposed plan, Debtor recently has terminated all of its employees, save and except Pablo Rodriguez, and his mother Hortencia who will continue to work full time for the San Dario property, and one part time janitorial worker at the San Dario property. The work previously done by paid employees will now be done by family members who are contributing their time to try to salvage equity from the family enterprise. Family members will continue to contribute their time to the Debtor post confirmation until the Debtor's remaining property can be sold under the Plan and the Debtor is completely liquidated.

The Debtor's family members have also agreed to come out of pocket to pay up to a total of an additional $3,000.00 per month should such be necessary to make up any shortfall in operating income necessary to make monthly Plan payments.

While the San Dario motel continues to operate under these conditions, the Debtor will diligently try to sell that property for a sufficient amount to pay the balance of its indebtedness in full, while at the same time paying all of its creditors the payments provided under the Plan.

Contemporaneously with the filing of this Disclosure Statement Debtor has filed an application to employ a real estate broker to market and sell the San Dario property.

There is a masterplan for the city of Laredo that shows significant commercial development planned for the properties adjacent to the San Dario property. Developers and land owners are aware of this projected development, and Debtor believes that this will make the San Dario property more valuable and saleable for a price sufficient to liquidate all debt in this case and realize some equity for the Debtor.

2.06 Projected Recovery of Avoidable Transfers

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

2.07 Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

2.08 Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B, which consists of Webb County Assessment District tax valuations for each of the Debtor's properties.

The Debtor's most recent financial statements issued before bankruptcy, which was filed with the Court as an exhibit to ECF No. 2, is attached hereto as Exhibit C.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.

A revise monthly cash flow for the Debtor, incorporating its cost cutting efforts recently enacted is attached hereto as Exhibit E.

III SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.01 What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

3.02 Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

3.03 Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

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

Type	Estimated Amount	Proposed Treatment
Expenses Arising in the	$0.00	Paid in full on the effective date of the

Ordinary Course of Business After the Petition Date		Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	$40,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	$0.00	Paid in full on the effective date of the Plan
Office of the U.S. Trustee Fees	$650.00	Paid in full on the effective date of the Plan
TOTAL	$40,650.00	

3.04 Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Class	Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
1	**I.R.S. Prepetition FICA Priority Claim**	$3,292.06	**1/6/2017**	Pmt interval = Monthly [Monthly] payment = $74.00 Begin date = Month 1 End date = Month 48 Interest Rate % = 4% Total Payout Amount = $ 3,3569.00
2	Laredo Community College Ad Valorem Taxes	$495.54	2008	This debt will be paid in full on the Effective Date
3	State of Texas Comptroller Hotel Motel Occupancy Tax	7,738.00	12/4/305	Pmt interval = Monthly [Monthly] payment = **$1704.00** Begin date =30 days after Ef End date = 48 Months l Interest Rate % = 4.75% Total Payout Amount = $ 8,512.002,030.00
4	City of Laredo Hotel Motel Occupancy Tax On Saunders Property	$11,375	05/2016 to 10/2016	This debt is going to be paid by reducing the amount of credit the Bank will give the Debtor on the gross surrender price of $650,000 for the Saunders property. The amount will be paid in full by the Bank on surrender of the property to the Bank
4	City of Laredo Hotel Motel Occupancy Tax On San Dario Property	$6,347.00	04/2016 to 10/2016	Payment Interval = Monthly Monthly Payment = **$161.00** Begin Date: = Month 1 Ending Date = Month 48 Interest Rate = 10% Total Payout Amount = $7,727.00
4	City of Laredo Attorneys Fees and Cost for Collection Lawsuit for Hotel Motel Occupancy Tax	$2,025.50	Unknown	Payment Interval = Monthly Monthly Payment = **$51.00** Begin Date: = Month 1 Ending Date = Month 48 Interest Rate = 10% Total Payout Amount = $2,466.00
5	I.R.S. Corporate 1190 Income Tax	$1,911.00	6/05/2017	Pmt interval = Monthly [Monthly] payment = **$42.00** Begin date = Month 1 End date = Month 48 Interest Rate % = 3% Total Payout Amount = $ 2,030.00

5	I.R.S. Prepetition FICA and Corporate Taxes	$77,001.00	12/10/2012 through 6/08/2015	Payment Interval = Monthly Monthly Payment = $1,739.00 Begin Date: = Month 1 Ending Date = Month 48 Interest Rate =4% Total Payout Amount = $83,453.00

3.05 Classes of Claims and Equity Interests

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

A. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class #	Description	Insider? (Yes or No)	Impairment	Treatment
6	*Secured claim of:* Falcon International Bank Collateral description = Both of Debtor's Motel Properties Allowed Secured Amount = $1,224,471.28 Priority of lien = 1st Principal owed = $ 1,172,566.76 Pre-pet. arrearage = $51,904.52 Total claim = $1,224,471.28	NO	Impaired	The Two secured claims of the Bank will treated together. The Debtor will surrender the Saunders Motel property to the Bank for a gross surrender value of $650,000.00. The Bank will credit this amount minus taxes attributable to the Saunders property, to the total amount of the Debtors two loans to the Bank. The balance owed on the two notes will be approximately $847,343.47 (this figure is subject to change until actual foreclosure of Saunders Motel property and adjustments to credit are properly applied), which will be amortized for 25 years, at 4.5% per annum, with a balloon for the unpaid balance due on the fifth anniversary of the Effective Date. The monthly P&I payment on the

				larger Falcon Bank note will be approximately $3,356.23. The monthly P&I payment on the smaller Falcon Bank note will be approximately $1,399.73. This will result in a monthly P&I payment of approximately $4,755.96 On the total indebtedness owed to the Bank on both notes The Debtor will also continue to pay the Bank Escrow for taxes on the San Dario Property. These monthly payments are approximately: = $1,939.50 For a total monthly payment to the Bank of approximately: =$6,695.46 Pmts Begin = Month 1 Pmts End = Month 60 Balloon pmt = On or before the 60th month following the Effective Date Interest rate = 4.5 % Treatment of Lien = Fully secured
6	*Secured claim of:* Falcon International Bank Collateral description = Both of Debtor's Motel Properties Allowed Secured Amount = $247,358.84 Priority of lien = 1st Principal owed = $247,358.84 Pre-pet. arrearage = $0.00 Total claim = $247,358.84	NO	Impaired	See above. The payment of the balance of the P&I on the Bank's indebtedness and the escrow will ~~be bifurcated each month, with the $4,683.00 due and payable on the 2nd Wednesday of each month., and the payment of the escrow amounts due two weeks thereafter.~~on the 15th day of each month beginning on September 15, 2017. Debtor will continue to keep the Dan Dario property insured with the Bank named as a loss beneficiary and a party entitled to notice if the policy lapses or is cancelled. Debtor will provide the Bank with proof of insurance within five days of demand for same.

B Claims Classes of Priority Unsecured

The Debtor has no priority unsecured claims as defined in §§ 507(a)(1), (4), (5), (6), and (7) of the Code.

C Class of General Unsecured Claims

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

The following chart identifies the Plan's proposed treatment of Class 2, the general unsecured claims against the Debtor:

Cass #	Description	Impairment	Treatment
7	General Unsecured Class Scott B. Retzloff & Associates Claim for Services in the Amount of $3,200	Impaired	Monthly Pmt = $51.00 Pmts Begin = Month 1 Pmts End = Month 72 Interest rate % from The Effective Date = 3% Estimated percent of claim paid = 100%
7	Javier Eli Perez, CPA $18,879.80	Impaired	Monthly Pmt = $287.00 Pmts Begin = Month 1 Pmts End = Month 72 Interest rate % from The Effective Date = 3% Estimated percent of claim paid = 100%
7	I.R.S. General Unsecured Claim $1,690.00	Impaired	Monthly Pmt = $30.00 Pmts Begin = Month 1 Pmts End Month 72 Interest rate % from The Effective Date = 3% Estimated percent of claim paid = 100%

D. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class 8	Equity interest holders	Impaired	Treatment
	Hortensia M. Rodriguez Owns 50% of the shares of Debtor	All of the equity shareholders are impaired	The equity shareholders will participate in the equity derived from the sale of the San Dario property, only if and after all other creditors are paid in full.
	Cindy Barrera Owns 16.666% of the Debtor		
	Pablo Rodriguez Owns 16.666% of the Debtor		
	Eric I. Rodriguez Owns 16.666% of the Debtor		

IV. MEANS OF IMPLEMENTING THE PLAN

4.01 *Source of Payments*

Payments and distributions under the Plan will be funded by the cash flow from the Debtor's operation of the san Dario location.

4.02 *Post-confirmation Management*

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

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Pablo Rodriguez	16.666% owner	Yes	President, manages and helps operate the San Dario Property	$2,000.00

Hortensia Rodriguez	50.0% owner	Yes	Not an officer but will assist in the management of the San Dario property	Assists without pay
Eric I. Rodriguez	16.666 % owner	Yes	Vice -President and offers support with books and records, and financial reports for the corporation	Assists without pay

4.03 Risk Factors

The proposed Plan has the following risks:

The proposed Plan is constructed around the premise that there are new commercial ventures that are going to be built in close proximity to the Debtor's San Dario property in the near future. The construction of these properties will add value to the Debtor's San Dario location and make it easier to sell the property for an amount sufficient to pay all of the Debtor's creditors in full.

Debtor has no control over when or if these new commercial properties will be constructed, or how long it will take to find a suitable purchaser of the property.

Debtor will attempt to keep making the Plan payments using the cash flow from the San Dario property and as a last resort contributions from the family members with ownership interest in the corporation. The cash flow is dependent on the number of rooms that are rented in the San Dario property, and this is in large measure dependent on the economy in the Webb County area. There has been a recent increase in activity in the Eagle Ford Shale, but to date this had not had an appreciable effect on the rentals of the San Dario property.

The success or failure of the Plan comes down to whether or not the rental income and family resources can keep making the Plan payments long enough for the Debtor to find a suitable purchaser of the property. The financing terms offered by the Bank and implemented in the Plan gives the Debtor five years to do this, which should be adequate time.

4.04 Executory Contracts and Unexpired Leases

Debtor has one executory contract for an ice machine which it will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contract and unexpired lease. The contract is not in default. If you object to the assumption of your unexpired lease or

executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

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

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

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is _____. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

4.05 Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys, and/or advisors as to the effect of having their debt discharged, or receiving a payment from the Debtor under the Plan after confirmation.

There are tax consequences under the Plan for the Debtor. To the extent that the sales price of a property exceeds the Debtor's basis in the property the Debtor will have to pay a capital gains tax on the property.

V. CONFIRMATION REQUIREMENTS AND PROCEDURES

5.01 Confirmation Standards

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

5.02 Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1, 3, 4, 5, and 6 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that class 2 is unimpaired and that the holder of that claim therefore, does not have the right to vote to accept or reject the Plan.

5.03 ***What Is an Allowed Claim or an Allowed Equity Interest?***

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

5.04 The deadline for filing a proof of claim in this case was May 2, 2017. The deadline for a government agency to file a proof of claim in this case was June 19, 2017.

5.05 *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

5.06 *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

5.07 Right to Object: Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

5.08 ***Who Can Vote in More Than One Class***

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim,

or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

5.09 Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section 5.11.

5.10 *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

5.11 *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

5.12 Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **Exhibit E**.

5.13 Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

5.14 *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

5.15 Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit G which is attached hereto.** The projections are based on the Debtor's May 2017 income from the San Dario property, which the Debtor's management considers to be at the low end of what the Debtor can expect to average each month.

Attached hereto as Exhibit G is a new projected cash flow based on the Debtor's revised method of operating the San Dario property. Debtor has drastically cut its labor cost and will now operate the San Dario location with only two full time and one part time employee. Any additional work required to keep the Motel at San Dario operating will be provided by family members volunteering their time.

The cash revised flow shows that after the payment of all operating expenses, save and except Plan payments, there remains $11,359.83 to fund payments under the Plan.

Total Plan payments, after month 1 of the Plan are $11,359.83.

Debtor additionally has the commitment of each of the Rodriguez brothers, and their sister that together they will add an additional $3,000 per month to the Plan if it is necessary to fund the Plan, if the income from the San Dario property is not sufficient to make all of the Plan payments.

Between the anticipated cash flow of the San Dario property and the available family contributions the Plan Proponent's financial projections show that the Debtor will have a sufficient aggregate annual average cash flow to pay all of its operating expenses and make all Plan payments until the San Dario property is sold on or before the fifth anniversary of the Effective Date of the Plan.

5..16 You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

VI. EFFECT OF CONFIRMATION OF PLAN

6.01 Discharge of Debtor

The Plan provides for the complete liquidation of the Debtor. Discharge is a moot issue in that the Debtor will cease to exist on the successful sale of its remaining assets and the payment of all creditors in full.

6.02 Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

6.03 Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VII. OTHER PLAN PROVISIONS

7.01 Default Provisions:

A. Concerning the IRS

A failure by the Debtor to make a payment to the IRS pursuant to the terms of the plan shall be an event of default; as to the IRS, there is an event of default if payment is not received by the 15th of each month; if there is a default as to the IRS, IRS must send written demand for payment to the Debtor and said payment must be received by the IRS within fifteen (15) days of the date of the demand letter; the Debtor can receive up to five (5) notice of default from the IRS, the fifth (5th) default cannot be cured and the IRS may accelerate its allowed claim(s), past and future, and declare the outstanding amount of such claim(s) to be immediately due and owing and pursue any and all available state and federal rights and remedies. These default provisions pertain to the entire claim(s) of the IRS, secured, unsecured priority and unsecured general.

The IRS is bound by provisions of the confirmed plan and is barred under 11 U.S.C. § 1141 from taking any collection action against the Debtor for pre-petition claims during the duration of the plan (provided there is no default as to the IRS). The period of limitations of collection remains suspended under 26 U.S.C. § 6503(h) for tax periods being paid under the plan and terminates on the earlier of (1) all required payments to the IRS having been made; or (2) 30 days after the date of the demand letter (described above) for which the Debtor failed to cure the default.

B. Provisions Relating to Sale of Property Securing Ad Valorem Taxes or Default on Ad Valorem Tax Payments.

In the event a Reorganized Debtor sells, conveys or transfers any property which is the subject of an ad valorem tax claim as to each such property sold, the Debtor shall remit such sales proceeds first to the ad valorem taxing entities to be applied to ad valorem tax debt.

The Reorganized Debtors will pay all post-petition tax liabilities (tax year 2014 and subsequent tax years) owing to the ad valorem tax entities in the ordinary course of business as

such tax debt comes due without need of the ad valorem tax entities filing an administrative claim and request for payment.

Should the Reorganized Debtor fail to make any payments as required in this Plan, the ad valorem tax entities shall provide written notice of that default and send written notice by certified mail to Debtor's counsel advising of that default, and providing the Reorganized Debtor with a period of ten (10) days to cure the default. In the event that the default is not cured within ten (10) days, the ad valorem tax entities may, without further order of this Court, pursue all of its rights and remedies available to it under the Texas Property Tax Code to collect the full amount of all taxes, penalties and interest owed. Additionally, the failure to timely pay post-petition and/or post-confirmation taxes while the Reorganized Debtor is still paying any pre-petition debt, shall be considered an event of default. The ad valorem tax entities shall provide Debtor's counsel with written notice of that default and a ten (10) day opportunity to cure said default. In the event that the Reorganized Debtor fails to timely cure the post-petition and/or post-confirmation default, the ad valorem tax entities may proceed without further order of this court to collect the taxes, penalties and interest owed. The Reorganized Debtor shall be entitled to no more than two (2) Notices of Default. In the event of a third (3rd) default, an ad valorem tax entity may pursue all rights and remedies available to it under the Texas Property Tax Code in state district court without further order of this court.

C. Default Provisions Related to the Falcon Bank Debt

Should the Reorganized Debtor fail to make any payments as required in this Plan to Falcon Bank, the Bank shall provide written notice of that default and send written notice to Debtor and Debtor's counsel advising of that default, and providing the Reorganized Debtor with a period of fifteen (15) days to cure the default. In the event that the default is not cured within fifteen (15) days, the Bank, without further order of this Court, may pursue all of its rights and remedies available to it under state law. The Reorganized Debtor shall be entitled to no more than two (2) Notices of Default. In the event of a third (3rd) default, the Bank may pursue all rights and remedies available to it under state law without further order of this court.

7.02 Payment of United States Trustee Quarterly Fees and Submission of Statements of Disbursements

The Debtor shall timely pay on the Effective Date all pre-confirmation quarterly fees owed to the United States Trustee. The Debtor also shall timely pay post-confirmation quarterly fees assesses pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a final decree closing these chapter 11 cases, or enters an order either converting these cases to cases under chapter 7 or dismissing the cases. After confirmation, the Debtor shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements for each quarter, or portion thereof, that these chapter 11 cases remain open in a format prescribed by the United States Trustee.

7.03 Vesting of Assets on Confirmation

Title to Assets: Except as otherwise provided by the Plan, on the Confirmation Date, title to all assets and properties dealt with by the Plan shall vest in the Reorganized Debtor in accordance with Section 1141 of the Bankruptcy Code, free and clear of all Claims.

7.04 Satisfaction and Release of Claims against the Debtors

The distributions of consideration provided for in the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims, including any Claim or interest after the date of filing of the Chapter 11 petition.

7.05 Preservation of Lien Status and Collateral and Additional Events of Default:

To the extent that creditors are secured by perfected liens on collateral they will retain their lien status until or unless the collateral is sold and the net proceeds of sale are paid to the secured party. The reorganized Debtor will maintain insurance on all collateral in amounts and types necessary for the businesses of the Debtor. Creditors may inspect the collateral or receive proof of insurance on written request to the Reorganized Debtor, all of which requests must be responded to by the Reorganized Debtor within seven days of receipt. Debtor will further preserve the collateral by paying on or before their due date all ad valorem taxes on Collateral. Failure to comply with any of these provisions will be an event of default under the Plan.

7.07 Miscellaneous

Section Headings. The section headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

7.08 Please Vote for this Plan.

The Company asks that the Creditors vote in favor of this plan because it will allow the Company to pay all of its creditors in full and still stay in business.

REMEMBER THAT THE DEADLINE FOR BALLOTS IS _____ ___, 2017.

Mail your ballot to:

Carl M. Barto
817 Guadalupe
Laredo, Texas 78040
(956) 725-7500.

Or send same by facsimile or e-mail to:

956-722-6739 Facsimile
cmblaw@netscorp.net

RO & SONS, INC., d/b/a Motel 9

/S/ Pablo Rodriguez
Pablo Rodriguez, President
Plan Proponent

/S/ Carl M. Barto
Carl M. Barto, Attorney for Plan Proponent

EXHIBITS SCHEDULE

A. Proposed Plan

B. Identity and Value of Material Assets of Debtor

C. Prepetition Financial Statement

D. Most Recently Filed Post Petition Operating Report

E. Liquidation Analysis

F. Cash on Hand on the Effective Date of the Plan

G. Projections of Cash Flow and Earnings Post Confirmation

Exhibit A - Copy of Proposed Plan of Reorganization

B25A (Official Form 25A)(12/11)

United States Bankruptcy Court
Southern District of Texas
Laredo Division

In re: RO & SONS, INC. d/b/a MOTEL 9	§	
Debtor	§	Case No.16-50241
	§	Small Business Case Chapter 11

RO & SONS, INC.'S PLAN OF REORGANIZATION
DATED AUGUST 8, 2017

Contents

ARTICLE I SUMMARY 3

ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS 3

2.1 Class 1 The IRS Prepetition FICA Priority secured claim for $5,242.58 3

2.2 Class 2. The Secured claim of Laredo Community College for ad valorem taxes in the amount of $495.54 3

2.3 Class 3. The Secured claim of the State Comptroller of Currency for Hotel Motel Occupancy taxes in the amount of $7,738.00 3

2.4 Class 4. The Secured claim of the City of Laredo for Hotel Motel Occupancy taxes in the amount of $11,375.00 4

Class 4. The Secured claim of the City of Laredo for Hotel Motel Occupancy taxes in the amount of $6,347.50 4

Class 4. The Secured claim of the City of Laredo for costs and fees in asserting claims for Hotel Motel Occupancy taxes in the amount of $2,025.50 4

2.5 Class 5. The Secured claim of the I.R.S. in the amount of $77,000.62 4

2.6 Class 6. The The secured claims of Falcon International Bank 4

2.7 Class 7. All unsecured claims allowed under § 502 of the Code 4

2.8 Class 8. Equity interests of the Debtor. 4

ARTICLE III TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIM 4

3.1 Unclassified Claims 5

3.2 Administrative Expense Claims. 5

3.3 Priority Tax Claims. 5

3.4 United States Trustee Fees. 5

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN 6

4.01 Claims and interests shall be treated as follows under this Plan: 6
A. Secured claims 7
B Claims Classes ofPriority Unsecured 8
C Class of General Unsecured Claims 8
D. Class of Equity Interest Holders 9
ARTICLE V ALLOWANCE AND DISALLOWANCE OF CLAIMS 10
5.1 Disputed Claim. 10
5.2 Delay of Distribution on a Disputed Claim 10
5.3 Settlement of Disputed Claims 10
ARTICLE VI PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES ..... IO
6.01 Assumed Executory Contracts and Unexpired Leases 10
ARTICLE VII MEANS FOR IMPLEMENTATION OF THE PLAN 11
ARTICLE VIII GENERAL PROVISIONS 11
8.1 Definitions and Rules of Construction 11
8.2 Effective Date of Plan 12
8.3 Severability. 12
8.4 Binding Effect. 12
8.5 Captions. 12
ARTICLE IX DISCHARGE 12
ARTICLE X OTHER PROVISIONS 13
10.1 Default Provisions: 13
A. Concerning the IRS 13
B. Provisions Relating to Sale of Property Securing Ad Valorem Taxes or Default on Ad Valorem Tax Payments 13
C. Default Provisions Related to the Falcon Bank Debt 14
10.2 Vesting of Assets on Confirmation 14
10.3 Satisfaction and Release of Claims against the Debtors 14
10.4 Preservation of Lien Status and Collateral and Additional Events of Default: 14

ARTICLE I SUMMARY

1.1 This Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of RO & SONS, INC., (the "Debtor") from the Debtor's monthly cash flow generated from the operation of the Motel at 9017 San Dario Ave, Laredo, Texas, and from the net proceeds from the eventual sale of the property. Should the cash flow from any month result in a shortfall, family members have agreed to contribute up to a total of $3,000.00 per month to make the Plan work.

1.2 This Plan provides for six classes of classes of secured claims; one class of unsecured claims; and one class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately 100 cents on the dollar. This Plan also provides for the payment of administrative and priority claims. All of these claims save and except for the Debtor's counsel's attorney's fees and cost will be paid on the Effective date. Counsel's fees will be paid pursuant to the agreement state in paragraph 3.02 herein.

1.3 All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one.** (If **you do not have an attorney, you may wish to consult one.)**

ARTICLE II CLASSIFICATION OF CLAIMS AND INTERESTS

There are no allowed claims entitled to priority under§ 507 of the Code (except administrative expense claims under§ 507(a)(2). and priority tax claims under§ 507(a)(8)).

2.1 Class 1 The IRS Prepetition FICA Priority secured claim for $3,292.06

2.2 Class 2. The Secured claim of Laredo Community College for ad valorem taxes in the amount of $495.54

2.3 Class 3. The Secured claim of the State Comptroller of Currency for Hotel Motel Occupancy taxes in the amount of $7,738.00.

B25A (Official Form 25A) (12/11) - Cont.

2.4 Class 4. The Secured claim of the City of Laredo for Hotel Motel Occupancy taxes in the amount of $11,375.00.

Class 4. The Secured claim of the City of Laredo for Hotel Motel Occupancy taxes in the amount of $6,347.50.

Class 4. The Secured claim of the City of Laredo for costs and fees in asserting claims for Hotel Motel Occupancy taxes in the amount of $2,025.50.

Class 4 Secured claim of Webb County for Hotel Motel Occupancy Taxes in the amount of $2,563.75

Class 4 Secured claim of Webb County for Hotel Motel Occupancy Taxes in the amount of $1,694.98.

2.5 Class 5. The Secured claim of the **I.R.S.** in the amount of $77,000.62

2.6 Class 6. The following claims, to the extent allowed as a secured claim under § 506 of the Code.

The secured claim of Falcon International Bank in the amount of $1,224,471.28.

The secured claim of Falcon International Bank in the amount of $247,358.84.

2.7 Class 7. All unsecured claims allowed under § 502 of the Code.

The claim of Scott B. Retzloff and Associates for fees in the amount of $3,200.00

The claim for Javier Eli Perez for fees in the amount of $18,876.80

The IRS General Unsecured Claim for $1,690.00.

2.8 Class 8. Equity interests of the Debtor. The claims of Hortensia Rodriguez for 50% of net equity in the Debtor, and the claims of her children Pablo Rodriguez, Eric I. Rodriguez, and Cindy Barrera for a respective 16.666% interest in the net equity of the Debtor.

ARTICLE III TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIM

B25A (Official Form 25A) (12/11) - Cont.

3.1 Unclassified Claims. Under section §1123(a){1), administrative expense claims, and priority tax claims are not in classes.

3.2 Administrative Expense Claims. Each holder of an administrative expense claim allowed under§ 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

Debtor's largest administrative expense claim is debt to its bankruptcy counsel. Counsel's attorney's fees and cost are estimated to be $50,000.00 (minus a $10,000 retainer) or approximately $40,000.00. The fees have not yet been applied for or awarded. Debtor has asked counsel for a payment plan, to pay the fees over 48 months beginning on the Effective Date, or until the San Dario property is sold. Counsel is only willing to do this if $5,000.00 of the cash on hand on the effective date is applied to his fees, the plan provides for the fees to be paid at a rate of $1,000.00 per month, and further grants counsel a lien on the San Dario property to secure the balance of his fees so that those fees are paid before the Debtor or any equity shareholder of the Debtor receives or realizes on the net proceeds from the sale. The plan would also that it will be an event of default if the Debtor fails to make a monthly payment to its counsel and the default will justify the revocation of the Debtor's plan.

3.3 Priority Tax Claims. The I.R.S. priority tax claim in the amount of $5,242.58 will be paid as provided in the Code §1129{a)(8)(C)(ii). The claim will be paid over 48 months beginning on the Effective Date with an interest rate of 3% per annum.

The Laredo Community College has a priority claim for ad valorem taxes that accrued in 2008. These are for $495.54 and will be paid on the Effective date.

The Debtor is treating these priority claims as separate classes because of the difference in amounts. The LCC claim is small enough that were it not a secured claim it could be paid as a convenience class. The factors that support the payment of a convenience class support a lump sum payment of this claim. A monthly payment of a few dollars would result in an inordinate amount of work and cost to service this claim over 48 months.

3.4 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.1 Claims and interests shall be treated as follows under this Plan:

Class	Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
1	**I.R.S. Prepetition FICA Priority Claim**	**$3,292.068**	**1/6/2017**	Pmt interval =Monthly [Monthly] payment **= $74.00** Begin date = Month 1 End date = Month 48 Interest Rate % =4% Total Payout Amount = $3,569.00
2	Laredo Community College Ad Valorem Taxes	$495.54	2008	This debt will be paid in full on the Effective Date
3	State of Texas Comptroller Hotel Motel Occupancy Tax	7,738.00	12/4/305	Pmt interval =Monthly [Monthly] payment = **$177.00** Begin date =30 days after End date =48 Month Interest Rate % =4.75% Total Payout Amount = $8,512.002,030.0
4	City of Laredo Hotel Motel Occupancy Tax on Saunders Property	$11,375	05/2016 to 10/2016	This debt is going to be paid by reducing the amount of credit the Bank will give the Debtor on the gross surrender price of$650,000 for the Saunders property. The amount will be paid in full by the Bank on surrender of the property to the Bank
4	City of Laredo Hotel Motel Occupancy Tax On San Dario Property	$6,347.00	04/2016 to 10/2016	Payment Interval =Monthly Monthly Payment = **$161.00** Begin Date: =Month 1 Ending Date =Month48 Interest Rate = 10% Total Payout Amount= $7,727.00
4	City of Laredo Attorneys Fees and Cost for Collection Lawsuit for Hotel Motel Occupancy Tax	$2,025.50	Unknown	Payment Interval =Monthly Monthly Payment = **$51.00** Begin Date: =Month 1 Ending Date = Month 48 Interest Rate = 10% Total Payout Amount= $2,466.00

B25A (Official Form 25A) (12/11) - Cont.

4	Webb County Hotel Motel Occupancy Taxes for Saunders location	2,563.75	Unknown	This debt is going to be paid by reducing the amount of credit the Bank will give the Debtor on the gross surrender price of $650,000 for the Saunders property. The amount will be paid in full by the Bank on surrender of the property to the Bank
4	Webb County Hotel Motel Occupancy Taxes San Dario Location	1694.98	Unknown	Payment Interval =Monthly Monthly Payment =**$46.00** Begin Date: = Month I Ending Date = Month 48 Interest Rate = 10% Total Payout Amount= $2,063
5	I.R.S. Corporate 1190 Income Tax	$1,911.00	6/5/2017	Pmt interval =Monthly [Monthly] payment =**$42.00** Begin date = Month 1 End date = Month 48 Interest Rate % =3% Total Payout Amount = $2,030.00
5	I.R.S. Prepetition FICA and Corporate Taxes	$77,001.00	12/10/2012 through 6/08/2015	Payment Interval =Monthly Monthly Payment =**$1,739.00** Begin Date: =Month 1 Ending Date =Month48 Interest Rate =4% Total Payout Amount= $83,453.00

A. Secured claims

Class#	Description	Insider? (Yes or No)	Impairment	Treatment
6	*Secured claim of* Falcon International Bank Collateral description = Both of Debtor's Motel Properties Allowed Secured Amount= $1,224,471.28 Priority of lien = Ist Principal owed = $1,172,566.76 Pre-pet. arrearage = $51,904.52 Total claim= $1,224,471.28	N0	Impaired	The Two secured claims of the Bank will treated together. The Debtor will surrender the Saunders Motel property to the Bank for a gross surrender value of $650,000.00. The Bank will credit this amount minus taxes attributable o the Saunders property, to the total amount of the Debtors two loans to he Bank. The balance owed on the two notes will be approximately $847,343.47 (this figure is subject to change until actual foreclosure of

B25A (Official Form 25A) (12/11) - Cont.

				Saunders Motel Property and adjustments to credit are properly applied)which will be amortized for 25 years, at 4.5% per

				annum, with a balloon for the unpaid balance due on the fifth anniversary of the Effective Date. This will result in a monthly P&I payment of approximately **$4,755.96.** The Debtor will also continue to pay the Bank Escrow for taxes on the San Dario Property in the amount of **$1,939.50.** !The Debtor will keep the San Dario property insured with the Bank named as a loss payee and party entitled to notice of lapse or cancellation, and will provide the Bank with proof of such insurance on request. Pmts Begin = Month 1 Pmts End = Month 60 Balloon pmt = On or before the 60th month following the Effective Date Interest rate =4.5% Treatment of Lien = Fully secured
6	*Secured claim of.* Falcon International Bank Collateral description = Both of Debtor's Motel Properties Allowed Secured Amount = $247,358.84 Priority of lien = 1st Principal owed = $247,358.84 Pre-pet. arrearage= $0.00 Total claim = $247,358.84	NO	Impaired	See above. The monthly payments of the P&I and the escrow amount will be on the 15h of each month.

B Claims Classes of Priority Unsecured

The Debtor has no priority unsecured claims as defined in§§ 507(a)(l), (4), (5), (6), and (7) of the Code.

C Class of General Unsecured Claims

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