

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

**GULF COAST HOSPICE OF
HOUSTON, LTD.,**

DEBTOR

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CASE NO. 17-31653

CHAPTER 11

**DISCLOSURE STATEMENT
PROPOSED BY GULF COAST OF
HOUSTON HOSPICE, LTD.
DEBTOR-IN-POSSESSION
AS OF DECEMBER 13, 2017**

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SUMMARY OF THE PLAN AND DISTRIBUTION TO CREDITORS

The Bankruptcy Code (Bankruptcy Reform Act of 1978, Pub.L.No. 95-598, 92 Stat. 2633 (1978) (codified at 11 U.S.C. §§1101-1174 (Supp. III 1979)) and as may have been amended) dictates the priorities of payment that may be made to creditors under a Chapter 11 plan of reorganization. At the top of the hierarchy are creditors with a security interest and liens on assets of a debtor, the secured creditors. A secured creditor is entitled to be paid the full amount of its claim pursuant to the terms of the plan of reorganization, so long as the collateral has sufficient value to pay the claim. If the collateral is not worth the full amount of the claim, the secured creditor is entitled to be paid part of its claim up to the value of the collateral with the balance being classed as an unsecured claim. If there are no “superpriority” claims, then creditors who provide credit to the Chapter 11 debtors are the next group of creditors who share in the distributions from the plan. In most instances, these Administrative Expenses are paid because the secured creditor permits and consents to certain amounts being made available from their collateral. Only upon these claims being paid in full are other creditors, including unsecured creditors, defined in this plan as Priority Unsecured Claims or General Unsecured Claims, entitled to share in any distributions under a plan.

In this case, Gulf Coast Hospice of Houston, Ltd. (herein, “Debtor”), has secured and unsecured debt. Fort Bend County filed a claim for ad valorem taxes; Fort Bend Independent School District filed a claim for ad valorem property taxes; the Internal Revenue Service filed a claim for income taxes and a claim for WT-FICA taxes; Palmetto GBA office filed a claim for Medicare reimbursement; the Texas Comptroller filed a claim for franchise taxes; the Texas Workforce Commission filed a claim for employment taxes; and 18 creditors filed unsecured claims for goods and services rendered to the business.

The Plan proposes, starting on the Effective Date, for Debtor to continue to operate its business of operating a health care business in the ordinary course of business and to use the income from the operations to pay all claims over a period of five years from the date of the filing of this case. Specifically, the Fort Bend County, the Fort Bend Independent School District, the Internal Revenue Service, the Palmetto GBA, the Texas State Comptroller’s Office, and the Texas Workforce Commission claims will be paid over a period of five years from the date of the filing of this case. The claims held by the general unsecured creditors will also be paid over a period of five years from the date of the filing of this case.

Frequently Asked Questions:

Who in the Debtor? Gulf Coast Hospice of Houston, Ltd., Debtor, is a Texas Limited Partnership located in Houston, Texas.

How long has Debtor Been in Chapter 11? On March 17, 2017, Debtor filed its petition for relief under Chapter 11 of the Unites States Bankruptcy Code.

Has a Trustee been appointed in this Chapter 11 case? No. Since the case was filed under Chapter 11, Debtor has remained in possession of its property.

What is Debtor attempting to do in Chapter 11? Chapter 11 is the principal reorganization Chapter of the Bankruptcy Code. The Plan of Reorganization is the legal document, which sets forth the means by which holders of claims against Debtor will be treated. Debtor is the party who, through its business, will be the source of all funds to pay claims as outlined in its Plan.

Has Debtor proposed a Plan of Reorganization? Yes. Attached to this Disclosure Statement as an exhibit is a copy of the Plan of Reorganization proposed by Debtor.

If the Plan of Reorganization is the document, which governs how a claim will be treated, why am I receiving this Disclosure Statement? In order to confirm a plan of reorganization, the Bankruptcy Code requires that a debtor solicit acceptances of a proposed plan of reorganization. But before a debtor can solicit such acceptances, the Court must approve the information to be sent to the creditors, along with the plan of reorganization, disclosing information to allow you to make an informed judgment about the plan of reorganization. The purpose of this Disclosure Statement is to provide that information required by the Bankruptcy Code.

Has this Disclosure Statement been approved by the Bankruptcy Court? In practice, the Bankruptcy Court requires that a proposed disclosure statement be distributed to all parties in interest who request copies to solicit objections and input in anticipation of the Bankruptcy Court's final review and approval. This Disclosure Statement is considered approved only after the Court is satisfied that it contains information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each class of creditors whose acceptance is being solicited to make an informed judgment whether to vote to accept or reject the Plan and *only* when it is accompanied with an Order Approving Disclosure Statement.

THIS DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN, WHICH IS ATTACHED HERETO, SHOULD BE READ IN ITS ENTIRETY. FOR THE CONVENIENCE OF CREDITORS, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

How do I determine which class I am in? To determine the class of your claim or interest, you determine the nature of the claim against Debtor (i.e., unsecured, secured); then, turn to the Table of Contents, which will direct you to the discussion of the Plan and to the treatment provided to the class in which you are grouped. The pertinent Section of the Disclosure Statement dealing with that class will explain, among other things, who is in that class, what is the size of the class, and what you will receive if the Plan is confirmed, and when you will receive what the Plan has provided for you if the Plan is confirmed. Paragraph VII B lists all classes of claimants and their types of claims.

Why is confirmation of a Plan of Reorganization important? Confirmation of a plan of reorganization is necessary for a debtor in a Chapter 11 case to provide the court-approved treatment to its creditors under the plan. Unless the Plan of Reorganization is confirmed, Debtor is legally prohibited from providing you what it has proposed in its Plan of Reorganization.

Why is it necessary to confirm a Plan of Reorganization? Confirmation of a plan requires, among other things, the vote in favor of a plan of two-thirds in total dollar amount and a majority in number of claims actually voting in at least one voting class. (If the vote is insufficient, the Court can still confirm a plan, but only upon being provided additional proof regarding the ultimate fairness of the plan to the creditors.)

Am I entitled to vote on the Plan? Any creditor of Debtor whose claim is IMPAIRED under this Plan is entitled to vote, if either (i) your claim has been scheduled by Debtor and such claim is not scheduled as disputed, contingent, or unliquidated, or (ii) you have filed a proof of claim on or before the last date set by the Bankruptcy Court for such filings. Any claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the creditor to vote upon motion by you or your counsel. Such motion must be heard and determined by the Bankruptcy Court prior to the date established by the Court to confirm the Plan.

How do I determine whether I am in an Impaired Class? The Plan in the Article identifying Claims Impaired and Not Impaired by the Plan and the Disclosure Statement in Section III E identifies the classes of creditors whose claims are impaired. In the event you have a question regarding whether you are in an impaired class, you should assume your claim is impaired and vote. If your claim is impaired, your vote will be considered by the Court.

When is the deadline by which I need to return my ballot? The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by Debtor no later than the date indicated in the Order Approving Disclosure Statement. Ballots should be mailed to the following address:

Webb & Associates
3401 Louisiana Street, Suite 120
Houston, Texas 77002

How do I determine when and how much I will be paid? In Paragraph VII D, Debtor has provided written summaries of what each class of creditors will receive under the Plan. Various Exhibits provide more detailed financial information regarding the principal and interest being paid.

PLEASE REMEMBER THE DESCRIPTION OF THE PLAN IN THE SUMMARY IS A BRIEF SUMMARY ONLY AND CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THE PAGES OF THE DISCLOSURE STATEMENT REFERENCED IN THE WRITTEN SUMMARY AND THE PLAN ATTACHED AS AN EXHIBIT TO THIS DISCLOSURE STATEMENT.

Why does Debtor support the Plan of Reorganization? If converted to a Chapter 7 liquidation, only the secured creditors would receive anything. The rest of the creditors holding either priority and/or general unsecured claims would likely receive nothing.

Debtor urges you to study the Plan of Reorganization and the Disclosure Statement. We recommend that all classes VOTE in FAVOR of the Plan.

I. INTRODUCTION

Gulf Coast Hospice of Houston, Ltd. (hereinafter “Debtor”), Debtor and Debtor-in-Possession in this Chapter 11 case, submits this Disclosure Statement pursuant to Bankruptcy Code Section 1125 for use in the solicitation of votes on the Plan.

This Disclosure Statement sets forth certain relevant information regarding Debtor’s pre-petition financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 case, and the anticipated procedures for functioning as the post-confirmation Debtor. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives, certain effects of confirmation, certain risk factors, and the manner in which distributions will be made. Additionally, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims must follow for their votes to be counted.

A. Filing of Debtor’s Chapter 11 Case

Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code (Bankruptcy Reform Act of 1978, Pub.L.No. 95-598, 92 Stat. 2633 (1978) (codified at 11 U.S.C. §§1101-1174 (Supp. III 1979)) on March 17, 2017 (the “Petition Date”), in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). Since the petition for relief was filed, Debtor continued to operate its health care business in Houston, Texas. Debtor has managed its assets as Debtor-in-Possession pursuant to Bankruptcy Code Sections 1107 and 1108.

B. Purpose of Disclosure Statement

This Disclosure Statement is submitted in accordance with Bankruptcy Code Section 1125 for the purpose of soliciting acceptances of the Plan from holders of certain Classes of Claims. The only Claimants whose acceptances of the Plan are sought are those whose Claims are “impaired” (as that term is defined in Bankruptcy Code Section 1124) by the Plan and who are receiving distributions under the Plan. Holders of Claims that are not receiving or retaining any property under the Plan are deemed to have rejected the Plan.

Debtor has prepared this Disclosure Statement pursuant to Bankruptcy Code Section 1125, which requires that a copy of a plan, or a summary thereof, be submitted to all holders of Claims against Debtor, along with a written disclosure statement containing adequate information about Debtor of a kind, and in sufficient detail, as far as is reasonably practicable, that would enable a hypothetical, reasonable investor typical of Claimants to make an informed judgment in exercising their right to vote on a plan. A copy of the Plan is included with the materials sent along with this Disclosure Statement.

This Disclosure Statement ultimately must be approved by the Bankruptcy Court, which

approval is indicated *only* if this Disclosure Statement is accompanied by an Order Approving Disclosure Statement. Such approval is required by the Bankruptcy Code, and does not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereunder. Such approval, which would be indicated *only* if this Disclosure Statement is accompanied by an Order Approving Disclosure Statement, does indicate, however, that the Bankruptcy Court has determined that the Disclosure Statement meets the legal requirements of Bankruptcy Code Section 1125 and contains adequate information to permit the Claimants whose acceptance of the Plan is solicited, to make an informed judgment regarding acceptance or rejection of the Plan.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF CREDITORS OF DEBTOR IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON, OR WHETHER TO OBJECT TO, THE PLAN. DEBTOR'S REORGANIZATION PURSUANT TO THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES, AND THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE PLAN, AS CONTEMPLATED, WILL BE EFFECTUATED. DEBTOR BELIEVES THAT THE PLAN AND THE TREATMENT OF CLAIMS THEREUNDER ARE IN THE BEST INTERESTS OF CLAIMANTS, AND URGES THAT YOU VOTE TO ACCEPT THE PLAN. THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

C. Hearing on Confirmation of the Plan of Reorganization

The Bankruptcy Court sets the hearing (the "Confirmation Hearing") in its Order Approving Disclosure Statement to determine whether the Plan has been accepted by the requisite number of Claimants and whether the other requirements for confirmation of the Plan have been satisfied. Only after the Court has approved the Disclosure Statement as having adequate information will holders of Claims against Debtor have a right to vote on the Plan. Ballots must be delivered by the date indicated in the Order Approving Disclosure Statement to Webb & Associates, 3401 Louisiana Street, Suite 120, Houston, Texas 77002. If the Plan is rejected by one or more impaired Classes of Claims, the Bankruptcy Court may still confirm the Plan, or a modification thereof under Bankruptcy Code Section 1129(b) (commonly referred to as a "cramdown") if it determines, among other things, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Claims impaired under the Plan. The procedures and requirements for voting on the Plan are described in more detail below.

D. Sources of Information

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing Debtor, its business operations, properties and management and the Plan have been prepared from information furnished by Debtor.

Certain of the materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are digests of other documents. While Debtor has made every effort to retain the meaning of such other documents or portions that have been summarized, it urges that any reliance on the contents of such other documents should depend on a thorough review of the documents themselves. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of such document shall govern and apply.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change in the facts set forth herein since the date of this Disclosure Statement.

No statements concerning Debtor, the value of its properties, or the value of any benefit offered to the holder of a Claim in connection with the Plan should be relied on other than as set forth in this Disclosure Statement. In arriving at a decision, parties should not rely on any representation or inducement made to secure their acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional representations or inducements should be immediately reported to counsel for Debtor, Webb & Associates, 3401 Louisiana Street, Suite 120, Houston, Texas 77002 (Telephone: 713-752-0011).

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization Chapter of the Bankruptcy Code. Under Chapter 11, debtors-in-possession attempt to reorganize its business and financial affairs for the benefit of Debtor, the creditors and other interested parties.

The commencement of a Chapter 11 case creates an estate comprising all of Debtor's legal and equitable interests in property as of the date the petition is filed. Unless the Bankruptcy Court orders the appointment of a trustee, Bankruptcy Code Sections 1101, 1107 and 1108 provide that a Chapter 11 debtor may continue its business operation and control the assets of its estate as "debtor-in-possession," as Debtor has done in this case since the Petition Date.

The filing of a Chapter 11 petition also triggers the automatic stay under Bankruptcy Code Section 362. The automatic stay halts essentially all attempts to collect pre-petition claims from Debtor or to otherwise interfere with Debtor's business activity or its estate.

Formulation of a plan of reorganization is the principal purpose of a Chapter 11 case. A

plan of reorganization sets forth the means for satisfying the claims of creditors against Debtor. Unless a trustee is appointed, only Debtor may file a plan during the first 120 days of a Chapter 11 case (the “Exclusive Period”), or any extension of said Exclusive Period approved by the Court. After the Exclusive Period has expired, a creditor or any other interested party may file a plan, unless Debtor files a plan within the Exclusive Period. If Debtor files a plan within the Exclusive Period, Debtor is given 60 additional days (the “Solicitation Period”) to solicit acceptances of the plan. Bankruptcy Code Section 1121(d) permits the Bankruptcy Court to extend or reduce the Exclusive Period and the Solicitation Period upon a showing of adequate “cause.”

B. Plan of Reorganization

After the plan has been filed, the holders of claims against Debtor are permitted to vote on whether to accept or reject the plan. Chapter 11 does not require that each holder of a claim against Debtor vote in favor of a plan in order for the plan to be confirmed. At a minimum, however, a plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting from at least one class of claims impaired under the plan.

Classes of claims that are not “impaired” under a plan of reorganization are conclusively presumed to have accepted the plan, and therefore are not entitled to vote. A class is “impaired” if the plan modifies the legal, equitable, or contractual rights attaching to the claims of that class. Modification for purposes of impairment does not include curing defaults and reinstating maturity or payment in full in cash. Classes of claims that receive or retain no property under a plan of reorganization are conclusively presumed to have rejected the plan, and therefore are not entitled to vote.

Even if all classes of claims accept a plan of reorganization or liquidation, the Bankruptcy Court may nonetheless still deny confirmation. Bankruptcy Code Section 1129 sets forth the requirements for confirmation and, among other things, requires that a plan be in the “best interests” of impaired and dissenting creditors and that the plan be feasible. The “best interests” test generally requires that the value of the consideration to be distributed to impaired and dissenting creditors under a plan may not be less than those parties would receive if Debtor were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code.

The Bankruptcy Court may confirm a plan of reorganization or liquidation even though fewer than all of the classes of impaired claims accept it. The Court may do so under the “cramdown” provisions of Bankruptcy Code Section 1129(b). In order for a plan to be confirmed under the cramdown provisions, despite the rejection of a class of impaired claims, the proponent of the plan must show, among other things, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims that has not accepted the plan.

The Bankruptcy Court must further find that the economic terms of the particular plan meet the specific requirements of Bankruptcy Code Section 1129(b) with respect to the subject, objecting class. If the proponent of the plan proposes to seek confirmation of the plan under the provisions of Bankruptcy Code Section 1129(b), the proponent must also meet all applicable requirements of Bankruptcy Code Section 1129(a) (except Section 1129(a)(8)). Those requirements include

the requirements that (i) the plan comply with applicable Bankruptcy Code provisions and other applicable law, (ii) that the plan be proposed in good faith, and (iii) that at least one impaired class of creditors has voted to accept the plan.

III. VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Ballots and Voting Deadline

A ballot for voting to accept or reject the plan is enclosed with a disclosure statement only *after* the disclosure statement has been approved by the Court, and has been mailed to Claimants (or their authorized representative) entitled to vote. After carefully reviewing this Disclosure Statement, including all exhibits, each Claimant (or its authorized representative) entitled to vote should indicate its vote on the ballot that has been or will be provided. All Claimants (or their authorized representative) entitled to vote must (i) carefully review the ballot and instructions thereon, (ii) execute the ballot, and (iii) return it to the address indicated on the ballot by the deadline (the “Voting Deadline”) for the ballot to be considered.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than the date indicated on the Order Approving Disclosure Statement, at the following address:

Webb & Associates
3401 Louisiana Street, Suite 120
Houston, Texas 77002

BALLOTS MUST BE RECEIVED AT THE ABOVE ADDRESS NO LATER THAN THE DATE INDICATED ON THE ORDER APPROVING DISCLOSURE STATEMENT. ANY BALLOTS RECEIVED AFTER THAT DEADLINE WILL NOT BE COUNTED.

B. Claimants Entitled to Vote

Any Claimant of Debtor whose Claim is impaired under the Plan is entitled to vote if either (i) Debtor has scheduled the Claimant’s Claim (and such Claim is not scheduled as disputed, contingent, or unliquidated) or (ii) the Claimant has filed a proof of claim on or before the deadline set by the Bankruptcy Court for such filings. Any holder of a Claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court (on motion by a party whose Claim is subject to an objection), temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court before the first date set by the Bankruptcy Court for the Confirmation Hearing of the Plan. In addition, a Claimant’s vote may be disregarded if the Bankruptcy Court determines that the Claimant’s acceptance or rejection was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code.

C. Bar Date for Filing Proofs of Claim

The Bankruptcy Court has established August 9, 2017 as the bar date for filing proof of claims in this case and October 16, 2017 for governmental units, which is indicated on the Notice of Chapter 11 Bankruptcy Case.

D. Definition of Impairment

Under Bankruptcy Code Section 1124, a class of Claims is impaired under a plan of reorganization unless, with respect to each Claim of such class, the plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such Claim;
2. notwithstanding any contractual provision or applicable law that entitles the holder of a Claim to receive accelerated payment of its Claim after the occurrence of a default;
3. cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Bankruptcy Code Section 365(b)(2);
4. reinstates the maturity of such Claim as it existed before the default;
5. compensates the holder of such Claim for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and
6. does not otherwise alter the legal, equitable, or contractual rights to which such Claim entitles the holder of such Claim.

E. Classes Impaired Under the Plan of Reorganization

All Classes are impaired under the Plan. Therefore, all holders of those Claims in Classes 1, 2, 3, 4, and 5 are subject to the limitations set forth above and are eligible to vote to accept or reject the Plan.

F. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the plan; that is, acceptance takes place only if creditors holding claims at least two-thirds in amount of the total amount of claims and more than one-half in number of the creditors actually voting cast their ballots in favor of acceptance.

G. Information on Voting and Ballots

1. Transmission of Ballots to Creditors

Except as otherwise provided in the **(I) Order Approving Disclosure Statement Proposed by Debtor; (II) Establishing Time For Filing Acceptances or Rejections of Plan; and (III) Establishing Objection Deadlines**, entered on by the Court, ballots are ordinarily forwarded to all Claimants. Under Bankruptcy Code Section 1126(g), Claimants who do not either receive or retain any property under the plan are deemed to have rejected the plan. In the event a Claimant does not vote, the Bankruptcy Court may deem such Claimant to have accepted the plan.

2. Ballot Tabulation Procedures

For purposes of voting on the plan, the amount and classification of a Claim and the procedures that will be used to tabulate acceptances and rejections of the plan shall be exclusively as follows:

- (a) If no proof of claim has been timely filed, the voted amount of a Claim shall be equal to the amount listed for the particular Claim in the Schedules of Assets and Liabilities, as and if amended, to the extent such Claim is not listed as contingent, unliquidated, or disputed, and the Claim shall be placed in the appropriate Class, based on Debtor's records, and consistent with the Schedules of Assets and Liabilities and the Claims registry of the Clerk of the Bankruptcy Court (the "Clerk");
- (b) If a proof of claim has been timely filed, and has not been objected to before the expiration of the Voting Deadline, the voted amount of that Claim shall be as specified in the proof of claim filed with the Clerk;
- (c) A Claim that is the subject of an objection filed before the Voting Deadline shall be disallowed for voting purposes, except to the extent that the Court orders otherwise.

H. Confirmation of Plan of Reorganization

1. Solicitation of Acceptances

Debtor is soliciting your vote. Debtor will bear the cost of any solicitation. No other additional compensation shall be received by any party for any solicitation other than as disclosed to the Bankruptcy Court.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING DEBTOR OR THE PLAN ARE AUTHORIZED BY DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE OTHER THAN THOSE CONTAINED

IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION ON HOW TO VOTE, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE. THIS IS A SOLICITATION SOLELY BY DEBTOR, AND IS NOT A SOLICITATION BY ANY ATTORNEY OR ACCOUNTANT FOR DEBTOR. THE REPRESENTATIONS, IF ANY, MADE HEREIN ARE THOSE OF DEBTOR AND NOT OF SUCH ATTORNEYS OR ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be solicited unless the claimant has received a copy of a disclosure statement approved by the Bankruptcy Court prior to, or concurrently with, such solicitation. This solicitation of votes on the plan is governed by Bankruptcy Code Section 1125(b). Violation of Bankruptcy Code Section 1125(b) may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

2. Requirements for Confirmation of the Plan of Reorganization

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code Section 1129 have been satisfied, in which event the Bankruptcy Court shall enter an Order confirming the plan. For the plan to be confirmed, Bankruptcy Code Section 1129 requires that:

- (a) The plan complies with the applicable provisions of this title.
 - (b) The proponent of the plan complies with the applicable provisions of this title.
 - (c) The plan has been proposed in good faith and not by any means forbidden by law.
 - (d) Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.
- A. The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and
- (i) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and

equity security holders and with public policy; and

- B. the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.
- (f) Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
- (g) With respect to each impaired class of claims or interests —
 - A. each holder of a claim or interest of such class —
 - (i) has accepted the plan; or
 - (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under Chapter 7 of this title on such date; or
 - B. if Section 1111 (b)(2) of this title applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.
- (h) With respect to each class of claims or interests —
 - A. such class has accepted the plan; or
 - B. such class is not impaired under the plan.
- (i) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that—
 - A. with respect to a claim of a kind specified in Section 507 (a)(2) or 507 (a)(3) of this title, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;
 - B. with respect to a class of claims of a kind specified in Section 507 (a)(1), 507 (a)(4), 507 (a)(5), 507 (a)(6), or 507 (a)(7) of this title,

each holder of a claim of such class will receive—

- (i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
 - (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim;
- C. with respect to a claim of a kind specified in Section 507 (a)(8) of this title, the holder of such claim will receive on account of such claim regular installment payments in cash—
- (i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;
 - (ii) over a period ending not later than 5 years after the date of the order for relief under Section 301, 302, or 303; and
 - (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under Section 1122 (b)); and
- D. with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under Section 507 (a)(8), but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in subparagraph (c).
- (j) If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.
 - (k) 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 under the plan, unless such liquidation or reorganization is proposed in the plan.
 - (l) All fees payable under Section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.
 - (m) The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in Section 1114 of this title, at the level established pursuant to Subsection (e)(1)(B) or (g) of Section 1114 of this title, at any time prior to confirmation of the plan, for the duration of the

period the debtor has obligated itself to provide such benefits.

- (n) If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.
- (o) In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan—
 - A. the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or
 - B. the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in Section 1325 (b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.
- (p) All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation, as might be applicable, and that the Plan is proposed in good faith. Debtor believes it has complied, or will have complied, with all the applicable requirements of the Bankruptcy Code governing confirmation of its Plan.

3. Acceptances Necessary to Confirm the Plan of Reorganization

Voting on a plan by each holder of a Claim (or its authorized representative) is important. Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim vote in favor of a plan in order for the Court to confirm a plan. Generally, to be confirmed under the acceptance provisions of Bankruptcy Code Section 1126(a), a plan must be accepted by each Class of Claims that is impaired under a plan by parties holding at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class actually voting in connection with a plan. Even if all Classes of Claims accept a plan, the Bankruptcy Court may refuse to confirm a plan after which the debtor is either compelled to present another plan or convert the case to one under Chapter 7 of the Bankruptcy Code.

4. Cramdown

In the event that any impaired Class of Claims does not accept a plan, the Bankruptcy Court

may still confirm a plan at the request of Debtor if, as to each impaired Class that has not accepted a plan, the plan “does not discriminate unfairly” and is “fair and equitable.” A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its Claims. “Fair and equitable” has different meanings for holders of secured and unsecured Claims.

With respect to a secured Claim, “fair and equitable” means either (i) the impaired secured Creditor retains its liens to the extent of its Allowed Claim and receives deferred cash payments at least equal to the allowed amount of its Claim with a present value as of the effective date of the plan at least equal to the value of such creditor’s interest in the property securing its liens, (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof; or (iii) the impaired secured creditor realizes the “indubitable equivalent” of its Claim under the plan.

With respect to an unsecured Claim, “fair and equitable” means either (i) each impaired creditor receives or retains property of a value equal to the amount of its Allowed Claim or (ii) the holders of Claims that are junior to the Claims of the dissenting Class will not receive any property under the plan.

In the event at least one Class of impaired Claims rejects or is deemed to have rejected the plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims.

Debtor believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired Class of Claims and is confirmable. The Plan specifically constitutes Debtor’s request, pursuant to Bankruptcy Code 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 and its intent to pursue a cramdown if necessary to confirm the Plan.

IV. BACKGROUND OF DEBTOR

A. Nature of Debtor’s Business Operations

Gulf Coast Hospice of Houston, Ltd., is a healthcare business, located in Houston, Texas where it has operated since its formation since 2007.

B. Legal Structure and Ownership

Debtor is a Texas limited partnership owned and operated by Alethea Nelson, President and Executive Director, and Trey Allan Nelson, Vice President with ownership interest of 99% and 1%, respectively.

C. Assets and Liabilities

In the Schedules of Assets and Liabilities in this case, Debtor listed assets as having a fair market value of approximately \$102,150.00 as of the Petition Date. Debtor also listed liabilities of \$0.00 in secured claims; \$424,428.11 in priority unsecured claims; and \$173,109.93 in general unsecured claims. However, the Proof of Claims filed subsequent to the commencement of the case reflect secured claims in the total amount of \$50,426.68; priority unsecured claims in the amount of \$467,384.68; and general unsecured claims in the amount of \$162,348.60.

Debtor's liabilities essentially consist of the sales and use taxes, income taxes, and general unsecured trade.

A comprehensive, detailed list of all liabilities against Debtor is provided in Exhibit E.

D. Selected Operating and Financial Data

1. Financial Data. Attached as Exhibit A is the income and expense reports for 2015 and 2016.
2. Projected Income and Budget. Attached as Exhibit B is the Projected Income and Budget for the business operations for 2017 and 2018.
3. Liquidation Analysis. Attached as Exhibit C is Debtor's estimate of what its assets would generate in a hypothetical Chapter 7 liquidation.
4. Summary of All Classes and Their Treatment. Attached as Exhibit D is a summary of all classes and their treatment.
5. List of Claim Holders. Attached as Exhibit E is an edited list of all claim holders and Debtor's best estimates on the amount of each claim.
6. Representations. The referenced financial information represents the best estimates of Debtor as to the items set forth therein and are believed by him to be based on assumptions that are reasonable.

THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY AUDITED FOR PURPOSES OF INCLUSION HEREIN. THE RECORDS KEPT BY DEBTOR RELY FOR THEIR ACCURACY UPON BOOKKEEPING PERFORMED INTERNALLY. DEBTOR HAS NOT CONSULTED WITH APPRAISERS AND ACCOUNTANTS REGARDING THE PREPARATION OF THE FINANCIAL INFORMATION. THEREFORE, DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

E. Litigation

1. Pre-Filing Proceedings

On or about March 1, 2017, prior to the commencement of this case, Debtor was sued in a county civil court proceeding styled as Cause No. 1086401; Winnie Stowell Hospital District *dba* Highland Park Care Center, Plaintiff vs. Gulf Coast Hospice of Houston, Ltd., Defendant, in the County Civil Court at Law No. Two of Harris County, Texas involving Breach of Contract.

2. Post-Petition Proceedings

There are no post-petition proceedings pending in this case.

3. Preferences and other Avoidance Litigation

Debtor knows of no avoidance actions or other causes of action that may exist in this case.

V. EVENTS LEADING TO THE FILING OF THE PETITION FOR RELIEF

Reasons for Filing Chapter 11

Debtor operates as a hospice care agency in the Houston area and was forced to file for Chapter 11 Bankruptcy protection due to a reduction in business over the past several months and a lawsuit styled as Cause No. 1086401; Winnie Stowell Hospital District, *dba* Highland Park Care Center vs. Gulf Coast Hospice of Houston, Ltd.; In the County Civil Court at Law No. 2, Harris County, Texas.

VI. POST-PETITION OPERATIONS AND SIGNIFICANT EVENTS

A. Post-Petition Operations

As of the Petition Date, Debtor has operated a health care business in the ordinary course of business and anticipates having increased revenues in the near future.

B. Significant Orders Entered During the Case

1. Initial Activity

See Section (IV)(E)(2) above.

2. The Official Unsecured Creditors' Committee

As of the date this Disclosure Statement was being prepared, no Official Unsecured Creditors

Committee has been appointed in this Chapter 11 case.

3. Adequate Protection Issues

As of the date the Plan of Reorganization and Disclosure Statement were filed, no motions for relief from stay had been filed.

4. Employee Actions

Debtor has seven employees, but does not have or anticipate any employee actions.

5. Application to Retain Professionals

Debtor has elected to retain the undersigned counsel as its attorney and has elected to retain accountancy services from Ron E. Harrison, CPA. Otherwise, no other professionals are anticipated to be retained in this case.

VII. DESCRIPTION OF THE PLAN OF REORGANIZATION

A. Introduction

Debtor is proposing to pay in full all Claims in Classes 1 through 3 from the income generated by the operation of its business.

A summary of the principle provisions of the Plan and the treatment of Classes of Allowed Claims is set out below. The summary is entirely qualified by the Plan. This Disclosure Statement is only a summary of the terms of the Plan; it is the Plan and not the Disclosure Statement that governs the rights and obligations of the parties.

As described in Paragraph II B and III H 4 above, Bankruptcy law provides that a plan be confirmed under the “cramdown” provisions of the Bankruptcy Code over the objection of certain classes of creditors. In practice, if a particular class votes against a plan that proposes to pay the members of that class less than their claims in full, that class ordinarily can invoke the absolute priority rule, which requires the proponent of a plan to pay the objecting class in full before any class subordinate to that class can participate in any distributions from the plan. In this case, Debtor is proposing to pay all claims in full thus does not anticipate any party invoking the absolute priority rule.

B. Designation of Claims

THE AMOUNTS OF CLAIMS IN THE VARIOUS CLASSES AND THE NUMBER OF HOLDERS OF SUCH CLAIMS CANNOT NOW BE EXACTLY DETERMINED. WHILE DEBTOR HAS REFLECTED IN THE SCHEDULES, AS THEY MAY BE AMENDED PRIOR TO VOTING ON THE PLAN, THE DEBT AND CLAIMANTS KNOWN TO IT OR

REFLECTED ON THEIR BOOKS, INFORMATION CONCERNING ALL CLAIMS ASSERTED COULD NOT BE COMPILED IN TIME FOR INCLUSION HEREIN. THEREFORE, THE AMOUNT OF CLAIMS IN THE VARIOUS CLASSES AND THE NUMBER OF HOLDERS OF SUCH CLAIMS SET FORTH HEREIN ARE ESTIMATES. HOWEVER, DEBTOR BELIEVES THE ESTIMATES TO BE REASONABLY ACCURATE.

The following is a designation of the Classes of Claims for all creditors under the Plan. In accordance with Bankruptcy Code Section 1123(a)(1), Administrative Expenses, and Fee Claims have not been classified and are excluded from the following Classes. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class, and is classified in another Class or Classes to the extent that any remainder of the Claim qualifies within the description of such other Class or Classes. A Claim is classified in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released or otherwise satisfied before the Effective Date; a Claim which is not an Allowed Claim is not in any Class. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim that is not an Allowed Claim.

Class 1 – Secured Claims Held by Taxing Authorities

Class 2 – Allowed Secured Claim of Fora Financial

Class 3 – Allowed Priority Unsecured Claims

Class 4 – Allowed General Unsecured Claims

C. Estimated Size of Allowed Claims in Classes

Class	Size	Impaired	Amount
1	2	No	\$ 1,680.99
2	1	No	48,745.69
3	5	No	467,384.68
4	19	No	162,348.60

D. Treatment of Claims

1. Treatment of Unclassified Claims

(a) Administrative Expenses

Administrative Expenses are Claims for any cost or expense of the Chapter 11 case allowable

under Bankruptcy Code Sections 503(b) and 507(a)(1). Those expenses include all actual and necessary costs and expenses related to the preservation of Debtor's estate, all claims to cure payments arising from the assumption of executory contracts and unexpired leases under Bankruptcy Code Section 365, and all United States Trustee quarterly fees. Under the Plan, all Administrative Expenses shall be treated as follows:

The holder of any Administrative Expense other than (i) a Fee Claim, (ii) a liability incurred and paid in the ordinary course of business by Debtor, or (iii) an Allowed Administrative Expense, must file with the Bankruptcy Court and serve on Debtor and the Office of the United States Trustee and their respective counsel, notice of such Administrative Expense within thirty days after the Effective Date.

(b) Fee Claims

Each Person asserting a Fee Claim for services rendered or expenses incurred before the Effective Date shall file with the Bankruptcy Court, and served on the U. S. Trustee, Debtor and its counsel, a Fee Application within 45 days after the Effective Date.

(c) Allowance of Administrative Expenses

An Administrative Expense with respect to which notice has been properly filed and served pursuant to the Plan shall become an Allowed Administrative Expense if no objection is filed within thirty days after the filing and service of notice of such Administrative Expense, subject to an independent judgment by the Court that the Administrative Expense should be allowed, even if no objection is filed. If an objection is timely filed, the Administrative Expense shall become an Allowed Administrative Expense only to the extent allowed by Final Order. An Administrative Expense that is a Fee Claim, and with respect to which a Fee Application has been timely filed pursuant to Article 4 of the Plan, shall become an Allowed Administrative Expense only to the extent allowed by Final Order.

Each holder of an Allowed Claim for an Administrative Expense shall receive from Debtor the amount of such holder's Allowed Claim in cash on the Effective Date or as may be agreed by holder of the Administrative Expense.

Professional fees for attorneys are estimated will be \$40,000.00.

(d) Post Petition Priority Tax Claims

Debtor does not anticipate having any Post Petition Priority Tax Claims after the Effective Date; to the extent there is such a claim it will be treated as follows:

Each holder of an Allowed Priority Tax Claim shall receive (i) the amount of such holder's Allowed Claim in one cash payment on the Effective Date; (ii) such other treatment to which the holder of such Allowed Priority Tax Claim and Debtor may agree in writing; or (iii) in accordance with Bankruptcy Code Section 1129(a)(9)(C).

2. Classification and Treatment of Claims

(a) General

The claims set forth for each Class are based on information known to Debtor as of the filing date of this Disclosure Statement.

The Plan provides that Debtor will, in the ordinary course of business, direct its efforts continue to liquidate all of its assets to fund the Plan.

(b) Class 1 – Secured Claims Held by Taxing Authorities

Class 1 is comprised of the secured lien claims held by the Fort Bend Independent School District for Ad Valorem Property Taxes on Debtor's business in the amount of \$1,094.45 and the Fort Bend County for Ad Valorem Taxes on Debtor's business in the amount of \$586.54. Such claims will be paid in full and in cash as follows:

Beginning on the Effective Date, the Debtor will make payments of \$24.34 per month over a period of five years from the date of the filing of this case with interest of 12% per annum to the Fort Bend Independent School District and \$13.04 per month over a period of five years from the date of the filing of this case with interest of 12% per annum to the Fort Bend County.

The holders of the Class 1 claim are not impaired and thus are eligible to vote on the Plan.

(c) Class 2 – Allowed Secured Claim of Fora Financial

Class 2 is comprised of the secured claim held by Fora Financial in the amount of \$48,745.69. Such claim will be paid in full and in cash as follows:

Beginning on the Effective Date, the Debtor will make payments of \$812.45 per month over a period of five years from the date of the filing of this case with interest of 0.001% per annum to Fora Financial.

The holders of the Class 2 claim are not impaired and thus are eligible to vote on the Plan.

(d) Class 3 – Allowed Priority Unsecured Claim

Class 3 is comprised of the allowed priority unsecured claim held by the U.S. Department of Health and Human Services in the amount of \$400,708.53; the Internal Revenue Services for Income Taxes in the amount of \$58,966.78; the Internal Revenue Services for WT-FICA Taxes in the amount of \$3,865.52; the Texas Comptroller of Public Accounts for Franchise Tax Ch. 171 in the amount of \$2,245.00; and the Texas Workforce Commission for Employment Taxes in the amount of \$1,598.85. Such claim will be paid in full and in cash as follows:

Beginning on the Effective Date, the Debtor will continue to repay its debt obligation as currently being paid to the U.S. Department of Health and Human Services via deductions from present and future remittances; \$982.79 per month over a period of five years from the date of the filing of this case with interest of 0.001% per annum to the Internal Revenue Services for Income Taxes; \$64.43 per month over a period of five years from the date of the filing of this case with interest of 0.001% per annum to the Internal Revenue Services for WT-FICA Taxes; \$37.42 per month over a period of five years from the date of the filing of this case with interest of 0.001% per annum to the Texas Comptroller of Public Accounts for Franchise Tax Ch. 171; and \$26.65 per month over a period of five years from the date of the filing of this case with interest of 0.001% per annum to the Texas Workforce Commission for Employment Taxes.

The holders of the Class 3 claim are not impaired and thus are eligible to vote on the Plan.

(e) Class 4 – Allowed General Unsecured Claim

Class 4 is comprised of the general unsecured claims held by nineteen (19) creditors in the amount of approximately \$162,348.60 for trade debt. Debtor proposes to pay said claims as follows:

Beginning on the Effective Date, the claims totaling approximately \$162,348.60 will be paid on a pro rata basis over a period of five years from the date of the filing of this case in regular monthly payments of \$2,705.81 with interest at 0.001% per annum.

The holders of the Class 4 claim are not impaired and thus are eligible to vote on the Plan.

E. Means of Implementation of the Plan of Reorganization

Beginning on the Effective Date, Debtor shall continue to operate its business and allocate the income to fund the Plan.

1. Powers and Duties of the Reorganized, Post-Confirmation Debtor

Subject to the provisions of the Plan, the reorganized, post-confirmation Debtor will take possession of the Assets and will conserve and protect all Assets and all other property which may be acquired by Debtor and continue to operate in the manner outlined above. The reorganized, post-confirmation Debtor will have the sole right, power and discretion to manage the affairs of Debtor, to enter into contracts or agreements binding Debtor and to execute instruments necessary in connection with the performance of its duties. The reorganized, post-confirmation Debtor will be the successor to the pre-petition Debtor's Estates pursuant to Code Section 1123(b)(3) and will have the power to prosecute any claims of Debtor's Estate that Debtor in good faith believes to be valid. Additionally, the reorganized, post-confirmation Debtor will have power to do all acts contemplated by the Plan and other acts that may be necessary or appropriate for its operation of its business in the ordinary course of business.

2. Distributable Cash

At the time this Disclosure is being prepared, Debtor has no income other than from the operations of its business.

3. Retention of Professionals

The reorganized, post-confirmation Debtor may retain Professionals to effectively administer the estate on terms approved by the Bankruptcy Court.

F. Provisions Governing Distribution

Any payments or distributions to be made by Debtor pursuant to the Plan shall be made according the terms provided for in the Plan, or as may be ordered by the Bankruptcy Court.

Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the proofs of Claim 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 Debtor has been notified of a change of address, at the address set forth in such notice. All claims for undeliverable distributions shall be made on or before the second anniversary of the Initial Distribution Date. After such date, all Unclaimed Property shall revert to the estate for distribution of an additional Pro Rata Share to all classes on a pro rata basis, and the Claim of any other holder with respect to such Unclaimed Property shall be discharged and forever barred.

No interest shall be paid on any Claim unless, and only to the extent that, the Plan specifically provides otherwise.

G. Contested and Contingent Claims

Debtor has no contested Claims.

H. Executory Contracts and Leases

The Bankruptcy Code gives Debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Rejection or assumption may be effected either pursuant to a Plan of Reorganization or by order of the Bankruptcy Court entered upon motion of Debtor after notice and a hearing. If an executory contract or unexpired lease is rejected, the other party to the agreement may file a claim for damages incurred by reason of the rejection within such time as the Bankruptcy Court may allow. In the case of rejection of employment agreements and leases of real property, the damages are limited under the Bankruptcy Code. In the case of assumption of an executory contract or unexpired lease, the Bankruptcy Code requires that Debtor promptly cure or provide adequate assurances that they promptly will cure any existing defaults (other than certain types of defaults based upon bankruptcy or Debtor's financial condition) and provide adequate assurances of future performance under such executory contracts or unexpired leases. Debtor has one executory contract, the lease agreement on its

rental property.

I. Maintenance of Causes of Action

Debtor knows of no avoidance actions or other causes of action that may exist.

J. Discharge

All claims, upon the sale of the underlying collateral shall be discharged in accordance with Section 1141. All unsecured claims shall be discharged, if applicable, in accordance with Section 1141.

K. Retention of Jurisdiction

The Plan provides for the retention of jurisdiction by the Bankruptcy Court over the Chapter 11 cases for the purpose of determining all disputes relating to Claims and other issues presented by or arising under the Plan and to determine all other matters pending on the date of confirmation.

L. Amendments of the Plan of Reorganization

Debtor may amend or modify the Plan before or after confirmation in accordance with the provisions of Section 1127 of the Bankruptcy Code.

M. Termination of Committees

No creditors' committees were appointed in this case.

N. Management and Operation of Debtor

Debtor is owned by Alethea Nelson and Trey Allan Nelson who will continue to operate and manage the business.

O. Insiders

The insiders of the business are Alethea Nelson and Trey Allan Nelson.

VIII. FEASIBILITY & RISKS

A. Feasibility of Confirmation

Several factors can be considered to determine whether the Plan is feasible, including:

1. Will the Plan reorganize Debtor's financial structure in such a way that the reorganized Debtor will be able to generate necessary cash flow?

2. Will the reorganized Debtor be solvent? Will it be able to meet its fixed and contingent payment obligations provided for under the Plan as well as obligations incurred in the ordinary course of business, both from a cash flow and an accounting standpoint? Will its solvency be based only on the use of quasi-organization accounting rather than inherent asset values?
3. Does the reorganized business activity have a reasonable likelihood to operate profitably in the future? Will its cash flow be sufficient?
4. Is Debtor sufficiently qualified to handle the operational, financial and other problems likely to be encountered?

Debtor in this case would disclose the following:

1. Debtor will not be generating any income other than from the operation of its business.
2. Debtor does anticipate realizing sufficient income to pay all claims pursuant to the terms of the Plan.
3. It is anticipated that the cash flow from the operation of its business will be sufficient to meet all the fixed and contingent obligations for Debtor under the Plan as well as those incurred in the ordinary course of business.
4. The owners of Debtor are sufficiently qualified to handle the operational, financial and other problems likely to be encountered.

B. Risks Associated with the Plan of Reorganization

There is a risk, though not anticipated, that Debtor will not be able to generate sufficient cash flow to satisfy the terms of the Plan. Notwithstanding that, Debtor has an excellent reputation in the business community and expects to be able to operate its business profitably to pay the claims pursuant to the terms of the Plan.

IX. ALTERNATIVES TO PLAN OF REORGANIZATION AND LIQUIDATION ANALYSIS

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (i) the Bankruptcy Court could dismiss Debtor's Chapter 11 case, (ii) Debtor's Chapter 11 case could be converted to one under a Chapter 7 liquidation, or (iii) the Bankruptcy Court could consider an alternative Plan of Reorganization proposed by some other party.

A. Dismissal

If Debtor's case were to be dismissed, it would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Claims that were pending before the petition for relief was filed would likely be asserted again, draining the limited assets of Debtor. Debtor anticipates that a dismissal would compel it to re-file a second petition for relief under Chapter 7, liquidate its assets on an expedited basis, after which there likely would be no distributions to any unsecured creditors, priority or otherwise.

B. Chapter 7 Liquidation

The starting point in determining the amount which members of each impaired class of unsecured Claims would receive in a Chapter 7 case is to estimate the dollar amount that would be generated from the liquidation of Debtor's assets (the "Liquidation Proceeds"). The Liquidation Proceeds of Debtor would consist of the proceeds from the sale of all of the assets of Debtor. The Liquidation Proceeds would then be reduced by the costs of the liquidation. Debtor's costs of liquidation under Chapter 7 would likely include the fees of trustees, as well as those of counsel and other professionals who would be retained by the trustee; selling expenses; any unpaid expenses incurred by Debtor during its reorganization case under Chapter 11 (such as fees for attorneys, financial advisors, and accountants); and claims arising by reason of the trustee's rejection of contractual obligations incurred by Debtor during the pendency of the Chapter 11 case. These claims, and such other claims which are likely to arise during the liquidation process under Chapter 7 will result in a diminution of the Liquidation Proceeds available to pay unsecured creditors. The present value of the distributions from the Liquidation Proceeds (after subtracting the amounts described above) are then compared with the present value offered to each of the classes of unsecured Claims of each such class.

There are a number of factors which lead to the conclusion that in a Chapter 7 liquidation all impaired Classes of creditors would receive even smaller values than those suggested by the Liquidation Analysis.

First and foremost, the Liquidation Proceeds would be substantially reduced in paying the costs of liquidation, and the priority and the administrative claims referred to above.

After considering the effect that a Chapter 7 liquidation would have on the value of Debtor's assets, including the costs of a Chapter 7 liquidation, the adverse effect of a forced sale on the prices which could be realized for the assets, the adverse impact on its business operations and the delay in the distributions of liquidation proceeds, **DEBTOR BELIEVES THAT EVERY IMPAIRED CLASS OF CLAIMS WILL RECEIVE DISTRIBUTIONS UNDER THE PLAN WHICH HAVE A SUBSTANTIALLY GREATER PRESENT VALUE THAN THAT WHICH SUCH CLASSES WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION.**

C. Alternative Plan

No alternative Plans have been proposed by any other party in interest at this time. If an

alternative Plan were proposed, it would more than likely propose a liquidation of Debtor and the distribution of cash to Creditors. In comparison to Debtor's Plan, an alternative Plan would not likely provide any greater return to Creditors and any return could even be less due to the additional time and expense necessary to obtain approval of any alternative Plan.

X. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN OF REORGANIZATION

A. Introduction

The following discussion summarizes certain United States federal income tax consequences of the implementation of the Plan to Debtor and Claimants.

The following summary is based on the Internal Revenue Code of 1986, Treasury regulations thereunder, judicial decisions and published rulings and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof. Changes in these rules, or new interpretations of these rules, may have retroactive effect and could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan, while not necessarily complex, is subject to uncertainties. Debtor has not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, and it does not purport to address the federal income tax consequences of the Plan to its Claim holders.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO THE HOLDER OF A CLAIM, ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO THEM OF THE PLAN.

B. Tax Consequences to Debtor

Debtor is liable for all income taxes that have been assessed. Generally, under the terms of the Plan, all current post-petition obligations are to be paid in full by the reorganized Debtor, hence it anticipates no tax consequences related to discharge of any debt.

C. Tax Consequences to Creditors in General

The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, on: (i) whether its Claim constitutes a debt or security for federal income tax purposes, (ii) whether the Claimant receives consideration in more than one tax

year, (iii) whether the Claimant is a resident of the United States, (iv) whether all of the consideration by the Claimant is deemed received by that Claimant as part of an integrated transaction, (v) whether the Claimant reports income using the accrual or cash method of accounting, and (vi) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim.

XI. SECURITIES CONSIDERATIONS

Debtor has issued no securities to the public or otherwise and thus there are no security considerations under this Plan.

XII. CONCLUSION

This Disclosure Statement has attempted to provide information regarding Debtor's Chapter 11 estate and the potential benefits that might accrue to holders of Claims against Debtor under the Plan as proposed. The Plan is the result of extensive efforts by Debtor and its advisors to provide the holders of Allowed Claims with a meaningful dividend. Debtor believes that the Plan is feasible and will provide each holder of a Claim against Debtor with an opportunity to receive greater benefits than those that would be received by conversion of this Chapter 11 cases to ones under Chapter 7.

Debtor, therefore, urges creditors to vote in favor of the Plan.

Dated: December 13, 2017

Gulf Coast Hospice of Houston, Ltd.

/s/ Alethea Nelson

By: Alethea Nelson, President

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