

Official Form 25B (12/08)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re

Case No. 15-51650 rbk

Michael Bennie Ahlers

Small Business Case under Chapter 11

Debtor

MICHAEL BENNIE AHLERS'S 1st AMENDED DISCLOSURE STATEMENT, DATED 9/23/2016

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Michael Bennie Ahlers (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the 2nd Amended Plan of Reorganization (the "Plan") filed by Michael Bennie Ahlers on 9/23/2016. 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.**

The proposed distributions under the Plan are discussed at pages 1 - 3 of this Disclosure Statement. General unsecured creditors are classified in Class 2, and will receive a distribution of 3 percent of their allowed claims, to be distributed as follows: The unsecured will receive pro rata distributions up to 3% of their allowed claims following payments to Classes 1-1a, 2, 4 and 5.

A. 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 Michael Bennie Ahlers 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.

B. 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. Time and Place of the Hearing to Confirm the Plan

The hearing at which the Court will determine whether to confirm the Plan will take place on _____, at 09:30 AM, in Courtroom 1, at the Hipolito Garcia Federal Courthouse, 615 E Houston St., San Antonio, TX 78205.

2. *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 Oscar L. Cantu, Jr., Attorney at Law, PLLC, 1515 N. St. Mary's, San Antonio, TX 78215. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by 10/26/2016 or it will not be counted.

3. *Deadline For Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon Michael Ahlers, Debtor, c/o Oscar L. Cantu, Jr. Attorney at Law, PLLC, 1515 N. St. Mary's, San Antonio, TX 78215 by 10/26/2016.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Oscar L. Cantu, Jr., 1515 N. St. Mary's, San Antonio, Texas 78215.

C. **Disclaimer**

The Court has 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 10/14/2016.

II. BACKGROUND

A. **Description and History of the Debtor's Business**

The Debtor is an individual. Since 2008, the Debtor has been in the business of Wealth Management, sales of precious metals, annuities, life insurance and strategies for marketing targeted at businesses engaged in the same or similar ventures. The Debtor is paid in the form of commissions and percentage agreements from clients and collects these commissions on a monthly basis.

B. **Insiders of the Debtor (not applicable)**

C. **Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were and the Managers of the Debtor during the Debtor's chapter 11 case has been: Michael Bennie Ahlers.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be: Michael Bennie Ahlers.

D. **Events Leading to Chapter 11 Filing**

Debtor was compelled to convert a Chapter 13 case to Chapter 11 when his debt ceiling exceeded the statutory amount allowed for a Chapter 13 proceeding.

2 E. **Significant Events During the Bankruptcy Case**

Consolidation and filing of past year tax returns allowed the Debtor to establish and consolidate his IRS debt and conceive a feasible plan of repayment.

F. Projected Recovery of Avoidable Transfers

[Option 1 -- If the Debtor does not intend to pursue avoidance actions]

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

G. 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.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B. Debtor's primary residence is his largest single asset. Value was determined by comparison of Bexar County Tax rolls to same and similar residences in his neighborhood. Value of all personal assets (furniture, electronics etc) was determined by price comparison on line.

The Debtor's most recent financial statements if any issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C.

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

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

A. 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.

B. 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:

1. 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 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	<u>Estimated Amount Owed</u>	Proposed Treatment
TOTAL	\$0.00	

2. 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:

Description (name and type of tax)	Estimated Amount Owed \$0.00	Date of Assessment	Treatment

C. 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:

1. 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
1.	Secured Claim of Wells Fargo Bank, NA (arrears) Allowed under sec 506	No	Yes	[Monthly] Pmt = 1,497.67 Pmts Begin = 30 DPC ¹ Pmts End = 60 months [Balloon pmt]= Interest rate % = n/a Treatment of Lien = Secured [Additional payment = as accrued required to cure defaults]]

¹ DPC = Days Post Confirmation

1a	Secured claim of Wells Fargo Bank, NA allowed under sec 506	No	Yes	Monthly] Pmt = 1,700 Pmts Begin = 8/1/15 Pmts End = post plan [Balloon pmt]= Interest rate % = 5% Treatment of Lien = secured [Additional payment = per deed required to cure of trust defaults]]
2	General Unsecured Claims	No	Yes	Monthly Pmt= 3% Pmts Begin = 30 DPC Pmts End = [Balloon pmt]= Interest rate % from [date] = n/a Estimated percent = of claim paid]
4	All Federal Tax Claims Whether secured or not	No	Yes	Payment by agreement Sections 3.03 i-v of plan
4a	All Property Tax Claims Whether secured or not	No	No	Payment by agreement Sections 3.04 i-vi full value of plan

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
---------	-------------	------------	-----------

3. Class[es] 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[es] 4 through 5, which contain general unsecured claims against the Debtor:

General Unsecured Classes:

General Unsecured Impaired Classes:

General Unsecured Non-dischargeable Classes:

Class #	Description	Impairment	Treatment
2	General Unsecured claims	Yes	Monthly Pmt= 3% Pmts Begin = 30 DPC Pmts End = [Balloon pmt]= Interest rate % from [date] = n/a Estimated percent = of claim paid]
2a	General Unsecured non-dischargeable	Yes, interest reduced per agreement	Monthly Pmt= 880 Pmts Begin = 30 DPC Pmts End = 24 th month [Balloon pmt]= n/a Interest rate % from [date] = 3% Estimated percent = 100% of claim paid] Phase 2 variable payment Monthly Pmt = 2500 Pmts Begin = 25 th month Pmts End = 120 th month [Balloon pmt]= n/a Interest rate % from [date] = 3% Estimated percent = 100% of claim paid]

4. Class[es] 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[es] of equity interest holders: [There may be more than one class of equity interests in, for example, a partnership case, or a case where the prepetition debtor had issued multiple classes of stock.]

Class #	Description	Impairment	Treatment
----------------	--------------------	-------------------	------------------

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the following:

The Debtors monthly commission income and spousal contribution shall be held in the Debtor's DIP account for monthly plan payments.

2. 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
Michael B. Ahlers	Debtor	Yes	President	\$7,150.00

E. Risk Factors

The proposed Plan has the following risks:

Debtor's income is subject to the same market and economic factors that plagued the US economy during the 2008-2014 recession. A downturn in the economy may decrease the available client pool that the Debtor depends upon for income.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit 5.1, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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 advisor 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 was 5/9/2016. 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.

G. 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.

The following are the anticipated tax consequences of the Plan: CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The implementation of the Plan will have significant federal income tax consequences with respect to the Creditors and the Debtor. The following discussion summarizes such federal income tax consequences based upon the Internal Revenue Code of 1986, as amended (the "Tax Code") and the Treasury Regulations promulgated thereunder.

The Plan and its related tax consequences are complex. Treasury Regulations have not yet been

promulgated with respect to many of the substantive provisions of the Tax Code that have been amended by legislation in recent years. The Debtor has not requested a ruling from the Internal Revenue Service, nor has it obtained an opinion of counsel. Accordingly, no assurance can be given as to the interpretation that the Internal Revenue Service will adopt. Further, the federal income tax consequences to any particular creditor and the Debtor may be affected by matters not discussed below. There also may be State or local tax considerations applicable to each creditor. THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. BECAUSE THE TAX CONSEQUENCES OF THE PLAN MAY VARY DEPENDING UPON INDIVIDUAL CIRCUMSTANCES, EACH CREDITOR AND INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN UNDER APPLICABLE FEDERAL, STATE, AND LOCAL TAX LAWS.

A. Federal Income Tax Consequences to Creditors

The federal income tax consequences of the implementation of the Plan to a creditor will depend in part on whether, for federal income tax purposes, the obligation from which a Creditor's claim arose constitutes a "security." The determination as to whether an obligation from which a creditor's claim arose constitutes a "security" for federal income tax purposes is complex. It depends on the facts and circumstances surrounding the origin and nature of the obligation. Generally, corporate debt obligations evidenced by written instruments with original maturities of ten years or more constitutes "securities." Although it appears that some of the creditors' claims do not constitute "securities," the Debtor expresses no views with respect to whether the obligation from which a particular creditor's claim arose constitutes a "security" for federal income tax purposes. Creditors are urged to consult their own tax advisors in this regard.

Exchanges by creditors, whose claims arise from obligations that do not constitute "securities," or whose claims are for wages or services, will be fully taxable exchanges for federal income tax purposes. Such creditors who receive solely cash in discharge of their claims, will recognize gain or loss, as the case may be, equal to the difference between (i) the amount realized by the creditor in respect of its claim (other than any claim for accrued interest) and (ii) the creditor's tax basis in its claim (other than any claim for accrued interest). For federal income tax purposes, the "amount realized" by a creditor who receives solely cash in discharge of its claim will be the amount of cash received by such creditor.

Where gain or loss is recognized by a creditor, the character of such gain or loss as a long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the creditor, whether the obligation from which a claim arose has been held for more than six months, and whether and to what extent the creditor has previously claimed a bad debt deduction. The capital gains deduction for individuals and the alternate tax for corporate net capital gain has been repealed and capital gain is currently taxed to individuals and corporations at their respective maximum tax rates. However, the definitions of long-term and short-term capital gain or loss have not been repealed.

To the extent any amount received (whether cash or other property) by a creditor is received in discharge of interest accrued on its claim during its holding period, such amount will be taxable to the creditor as interest income (if not previously included in the creditor's gross income). Conversely, a creditor will recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent any interest accrued on its claim was previously included in the creditor's gross income and is not paid in full.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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.

A. 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, 1a, 2, 2a and 4 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 classes 3 and 5 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. 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.

The deadline for filing a proof of claim in this case was 5/9/2016.

2. 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.

3. 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 interest in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan.

4. 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.

B. 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 [B.2].

1. 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.

2. 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.

C. 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.

D. 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.

1. 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.

2. 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.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual cash flow, after paying operating expenses and post-confirmation taxes, of \$182,845.99. The final Plan payment is expected to be paid on 12/1/2026.

The Debtor's income has increased two fold since its lowest returns in 2011-2013. From a low point of \$74,000 in 2013, the resurging economy has increased both the number of clients and commission sales executed by Debtor. The trend seems to be stable and without significant anticipated setbacks.

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

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. Confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments under the Plan, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

B. 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.

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. 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.

VI. OTHER PLAN PROVISIONS

Tax Agreement with IRS

The Debtor's Agreement with the IRS is part of his Class 4 claims. It is threefold:

- " Internal Revenue Service's Priority Claim: \$21,753.17
- " Internal Revenue Service Secured Claim: \$27,220.00
- " Internal Revenue Service's Unsecured General Claim: \$229,818.88

Treatment: Pursuant to an agreement reached by the Debtor and the Internal Revenue Service, the Secured Claim of \$27,220.00 which includes tax and penalty. The claim is further reduced to \$21,215.20 tax only. The debtor will pay the claim in 120 monthly installment payments with 3% APR. The monthly payments will begin thirty days from the confirmation date. Nevertheless, should the debtor be unsuccessful in repaying the IRS secured, priority and or general unsecured claim in full, or otherwise

default under the terms of the Plan, pursuant to this Agreement, the penalties will be added back to the IRS's secured, priority and or general unsecured claim and the Internal Revenue Service 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.

Treatment: Pursuant to an agreement reached by the Debtor and the Internal Revenue Service, the Priority Claim of \$21,753.17 which includes tax and interest. The debtor will pay the claim of \$21,753.17 in 120 monthly installment payments with 3%,APR. The monthly payments will begin thirty days from the confirmation date. Nevertheless, should the debtor be unsuccessful in repaying the IRS priority claim in full, pursuant to this Agreement, or otherwise default under the terms of the Plan pursuant to the terms of the plan the penalties will be added back to the IRS's priority claim and the Internal Revenue Service 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.

The total monthly payment of \$414.91 for the secured and priority claim will begin thirty days from the confirmation date.

Treatment: Pursuant to an agreement reached by the Debtor and the Internal Revenue Service, the Unsecured General Claim of \$\$229,818.88 which includes tax, interest and penalty. The claim will be reduced to \$101,728.00 tax only. The debtor will pay the claim in 120 monthly installment payments of \$847.73.. The monthly payment will begin thirty days from the confirmation date.

Nevertheless, should the debtor be unsuccessful in repaying the IRS secured, priority and or general unsecured claim in full, or otherwise default under the terms of the Plan, pursuant to this Agreement, the penalties and interest will be added back to the IRS's secured, priority and or general unsecured claim and the Internal Revenue Service 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.

Payments must be mailed to:

Internal Revenue Service
ATTN: Keri Templeton
300 East 8th Street, Stop 5026AUS
Austin, Texas 78701

Agreement with the Internal Revenue Service: The federal tax liens survive the plan confirmation, a bankruptcy discharge, and dismissal of the case. The liens continue to be enforceable against the Reorganized Debtor's property to the extent, priority, and validity such liens were entitled to as of the Petition Date and under federal law.

Additionally:

(i) The debt owed by the Debtor to the Internal Revenue Service is a nondischargeable debt, except as otherwise provided for in the Bankruptcy Code, and that if the Debtor should default, the Internal Revenue Service is not subject to the provisions of the Bankruptcy Code so that the Internal Revenue Service can take whatever actions are necessary to collect said debt in the event of default;.

(ii) A failure by the Reorganized Debtor to make a payment to the Internal Revenue Service pursuant to the terms of the Plan shall be an event of default, and as to the Internal Revenue Service, there is an event of default if payment is not received by the fifteenth (15th) day of each month. If there is a default, the Internal Revenue Service must send written demand for payment, and said payment must be received by the Internal Revenue Service within fifteen (15) days of the date of the demand letter. The Debtor can receive up to three (3) notices of default from the Internal Revenue Service; however, on the third (3rd) notice of default from the Internal Revenue Service, the third (3rd) notice of default cannot be cured, and the Internal Revenue Service 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 Internal Revenue Service, secured, unsecured priority, unsecured general and administrative priority.

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

(iv) During the terms of the Plan (120 months), the Debtor is required to stay current on all ongoing tax reporting/tax payments with the Internal Revenue Service. If the debtor defaults to the Internal Revenue Service (in the timely filing of any future tax return and/or the payment of any corresponding income tax liability; monthly plan payment) from the entry of an Order Confirming the Plan, the Internal Revenue Service may assert the balance of any taxes owing by the Debtor included as part of this settlement which remains unpaid (i.e. - the settlement will be void and the entire balance of any remaining tax liability (after crediting all payments made) may go out for collections. Once the Debtor completes the repayment terms to the Internal Revenue Service contained herein, the unsecured general penalties and interest will be waived. Should the Debtor default in the payments provided in the Plan, and not timely cure such plan default or default on its post-petition reporting/payments, the Internal Revenue Service is entitled to pursue the collection of all taxes, penalties and interest, less a credit for all payments received. If there is a default, the Internal Revenue Service will send a written demand for any future tax return/or payment. If the Debtor or Reorganized Debtor does not cure this default within fifteen (15) days of the date of the demand letter, the Internal Revenue Service will pursue collection activities immediately without further order of this Court. There will be no automatic stay with regard to federal post-petition tax debt, and IRS shall be free to collect the same after such notice as is required under Title 26, United States Code.

(v) Internal Revenue Service remedies upon default: Upon any final and non-curable default by the Reorganized Debtor, the Internal Revenue Service may accelerate its allowed pre- and post-petition claims (and any future administrative claims), and declare the outstanding amounts of such claims to be immediately due and owing. The Internal Revenue Service may pursue any and all available state and federal rights and remedies as provided by law without further order of this Court.

The Debtor's Form 1040 for tax year 2015 and all subsequent years must be filed and paid timely.

CLASS ONE AGREEMENT:

Notwithstanding anything contained in this Plan to the contrary, the voluntary lien granted to Wells Fargo by the Debtor on the real property, identified as 6823 Waxachie Way, San Antonio, Texas 78256 (the "Property"), shall survive entry of the confirmation Order and any subsequent discharge entered by the Bankruptcy Court.

Notwithstanding any injunction provisions set forth in the Plan and/or the Bankruptcy Code, in the event Debtor defaults under the terms of this Plan and under the terms of the Note and Deed of Trust securing the claim of Wells Fargo on the Property, Wells Fargo, as modified by the Confirmation Order, shall have all rights and remedies set forth in the Note and Deed of Trust or under the laws of the State of Texas. Unless expressly provided herein to the contrary, Wells Fargo shall not attempt to enforce any of its rights under this Plan, the Note and Deed of Trust unless the reorganized debtor fails to cure any default within thirty (30) days of receipt of written notice of such default to reorganized debtor and his attorney. No more than two (2) default notices shall be required to be sent by Wells Fargo after this Plan is confirmed.

CLASS TWO(a) AGREEMENT:

The Debtor has made the following agreement with the Class 2a Creditor Eduardo Espinosa, Court appointed Receiver for Retirement Values, LLC, judgment holder (non-dischargeable) for the \$257,767.09

balance to be paid in full, with 3% interest in the above stipulated phases. (Months 1-24 at \$880 and 25-120 at \$2500)

- . The plan will provide forbearance on the Receiver's collection efforts, not a modification of the underlying judgment. Debtor's failure to make any single payment on time will result in a default, and the Creditor's remedies will include (but not be limited to) pursuing state law collection remedies against personal assets or any business assets. If a payment is missed or late, the Receiver may give notice of the default as a courtesy, but no such notice is required.
- . Debtor's default in paying any other creditor (like the IRS) will constitute a default in Debtor's obligations to the Receiver.
- . The judgment debt will be discharged under the plan if, and only if, Debtors makes all the payments required under the plan on time. This enforcement is justified as the judgment carries a higher post-judgment interest rate than the 3% paid under the plan to satisfy the judgment.
- . The Creditor, in turn, will accept payment of \$880.00 per months for months 1-24, and \$2,500 for months 25-120 (payment for Month 1 to be made on the Effective Date of the Plan and then on 1st day of each month thereafter). The agreement is conditioned on the following disclosures by Debtor to this Creditor:

- i. Unredacted monthly bank statements for all checking, savings and any other depository accounts used by Debtor (or his businesses), whether personally or for business. All such statements shall be e-mailed to the Receiver and his counsel by the 15th of the following month.
- ii. Quarterly source and use statements, accompanied by a signed statement from Debtor that the statements are true and correct to the best of his knowledge. Such statements shall be e-mailed to the Receiver and his counsel by the 21st of the month following the end of each quarter – April 21 (for January - March); July 21 (for April – June); October 21 (for July – September); and January 21 (for October – December).
- iii. Failure to provide this information on time will result in a default of the plan, the remedy for which will include (but will not be limited to) the Receiver's ability to pursue any ordinary collection efforts notwithstanding the plan. As with the payment default, the Receiver may give notice of any default, as a courtesy to Debtor but no such notice shall be required.

VII. SUMMARY OF SIGNIFICANT ORDERS ENTERED DURING THE CASE

None

CONCLUSION

The materials provided in this disclosure statement are intended to assist you in voting for the Plan of Reorganization in an informed manner. If the Plan is confirmed, you will be bound by its terms. You are urged to review this material and make such further inquiries as you may deem appropriate and then cast an informed vote on the Plan. The Debtor believes that a reorganization of the Debtor pursuant to the Debtor's Plan will provide an opportunity for creditors to receive more than would be received by liquidation of assets under Chapter 7 of the Code. Accordingly, the Debtor urges you to vote in favor of the Plan if this Disclosure Statement is approved.

Respectfully Submitted this 23rd day of September, 2016.

/s/ by Michael Bennie Ahlers
Michael Bennie Ahlers

Approved as to form:

Oscar L. Cantu, Jr.
Attorney at Law, PLLC
1515 N. St. Mary's
San Antonio, TX 78215

/s/ by Oscar Cantu_____
Oscar L. Cantu, Jr.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Disclosure Statement has been sent to the following by ECF Notice of this 23rd day of September, 2016.

United States Trustee
615 E. Houston St. Ste 533
San Antonio, TX 78205

And all creditors on the attached matrix.

/S/ by Oscar Cantu_____
Oscar Luis Cantu, Jr.