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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re:

20 Bayard Views, LLC,

Debtor.

Case No.: 09-50723 (ESS)

Chapter 11

**DISCLOSURE STATEMENT WITH RESPECT TO
THE JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

I. INTRODUCTION

A. General

20 Bayard Views, LLC (the "**Debtor**") and W Financial Fund, LP ("**WFF**," and together with the Debtor, the "**Plan Proponents**"), submit this disclosure statement (the "**Disclosure Statement**") pursuant to section 1125 of title 11 of the United State Code, 11 U.S.C. §§ 101-1330 (the "**Bankruptcy Code**") in connection with the solicitation of acceptances or rejections of the Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated as of June 16, 2011 (the "**Plan**"), a copy of which is filed and provided herewith. The Plan has been filed with the United States Bankruptcy Court for the Eastern District of New York (the "**Court**"). Capitalized terms used and not defined in this Disclosure Statement have the meaning ascribed to them in the Plan.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN BY EACH HOLDER OF A CLAIM ENTITLED TO VOTE THEREON, BUT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THE DESCRIPTION OF THE PLAN HEREIN IS A SUMMARY ONLY AND HOLDERS OF CLAIMS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE PLAN ITSELF TO UNDERSTAND COMPLETELY ITS PROVISIONS. THIS DISCLOSURE STATEMENT IS QUALIFIED ENTIRELY BY REFERENCE TO THE PLAN. THE TERMS OF THE PLAN CONTROL WHERE ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT.

This Disclosure Statement and the Plan remain subject to modification and amendment. All financial information provided herein constitutes, and all projections and assertions made by

the Plan Proponents herein are based on, the best information available to the Plan Proponents as of the date of the filing of this Disclosure Statement and remain subject to revision. The Plan Proponents will provide any missing information indicated as missing on or before the date of the hearing on the Disclosure Statement, such other date as set forth in the Plan, or as otherwise directed by the Court.

The Plan Proponents have moved this Court for an order, to be entered immediately prior to an order confirming the Plan, approving this Disclosure Statement as containing "adequate information" to enable a hypothetical, reasonable investor typical of the Holders of Claims in the Voting Classes (as hereinafter defined) to make an informed judgment as to whether to accept or reject the Plan.

B. Overview

The Debtor owns certain improved real property located at 20 Bayard Street, Brooklyn, New York (the "**Bayard Real Property**"). The Plan provides for (i) the transfer, assignment and conveyance of the Collateral (as defined in the Plan) to an entity ("NewCo"), or a designee or assignee of NewCo (each a "Transferee"), to be formed by the Debtor's pre-petition secured lender, WFF, prior to the Effective Date, in satisfaction of the Secured Claim of WFF, (ii) payment of the Condo Association Claim by WFF in three equal monthly installments commencing on the Effective Date, (iii) payment of Allowed Administrative Claims and Allowed Professional Fee Claims from the Plan Funding Account funded by WFF in the amount of \$1,500,000, and (iv) payment of Allowed General Unsecured Claims in the Pro Rata amount of \$50,000 from the Plan Funding Account to Holders of Allowed General Unsecured Claims.

C. Voting

Holders of Claims in the Classes that are "impaired" under the Plan will receive ballots for the acceptance or rejection of the Plan. A Class of Claims is generally considered "impaired" under section 1124 of the Bankruptcy Code if, with respect to each Claim of such Class, the Plan alters the legal, equitable or contractual rights to which such Claim entitles the Holder thereof.

Classes 2 (the Secured Claim of WFF), 3 (the General Unsecured Claims), and 4 (the Equity Security Holders) (collectively, the "**Voting Classes**") are "impaired" and therefore are entitled to vote on the Plan.

For a description of the Classes of Claims and Equity Securities and their treatment under the Plan, see section F hereof ("Summary of the Plan's Classification and Treatment of Claims and Interests and Distribution Provisions") and section F.1 hereof ("Classification and Treatment of Claims and Interests").

Your vote on the Plan is important. Pursuant to the Bankruptcy Code, in order for a plan of reorganization to be accepted by classes of claims entitled to vote thereon, holders of claims entitled to vote holding at least two-thirds in dollar amount and more than one-half in number of the total claims allowed for voting purposes in such class, and who actually vote to accept or reject the plan, must vote to accept the plan.

To simplify the voting procedure, the Plan Proponents have sent ballots to all known Holders of Impaired Claims, including Holders of Disputed Claims and Claims to which the Debtor has not yet objected but may be objected to in the future.

The Bankruptcy Code provides that only holders of "allowed claims" and "allowed interests" may vote on a plan. A Claim to which an objection has been filed is a Disputed Claim

and not an Allowed Claim, unless the Court denies such objection (in whole or in part) or temporarily allows the Disputed Claim for the purpose of voting on the Plan.

If you hold a Claim in one of the Voting Classes, after carefully reviewing the Plan and Disclosure Statement, please indicate your vote with respect to the Plan on the ballot provided and return it to the offices of Porzio, Bromberg & Newman, P.C., (mail to) P.O. Box 1997, Morristown, NJ 07962-1997 or (Delivery to) 100 Southgate Parkway, Morristown, NJ 07960, Attention: Maria Dermatis. IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY 4:00 P.M. (EST) ON _____, 2011.

In voting for or against the Plan, please use only the ballot sent to you. IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT:

Porzio, Bromberg & Newman, P.C.
Attorneys for the Debtor and Debtor-in-Possession
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(Delivery to) 100 Southgate Parkway, Morristown, NJ 07960
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D. Confirmation Hearing

Pursuant to section 1129(a) of the Bankruptcy Code, the Plan Proponents will seek confirmation of the Plan.

The Court has scheduled a hearing to consider approval of the Disclosure Statement and confirmation of the Plan on _____, 2011 at 10:00 a.m. before the Honorable Elizabeth S. Stong in Courtroom 3585 of the United States Bankruptcy Court for the Eastern District of New York,

271 Cadman Plaza East, Brooklyn, NY 11201-1800. The hearing may be adjourned from time to time without notice.

E. Recommendation

THE PLAN PROPONENTS BELIEVE THAT THE PLAN IS FAIR AND THAT CONFIRMATION THEREOF IS IN THE BEST INTERESTS OF ALL CREDITORS.

The Plan Proponents believe that if the case were converted to one under chapter 7, the Holder of the Class 2 Secured Claim of WFF would receive a lesser distribution than that which it would receive in the event of confirmation and Holders in Classes 3 through 4 would receive no distribution at all.

CONSEQUENTLY, THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

F. Summary of the Plan's Classification and Treatment of Claims and Interests and Distribution Provisions

1. Classification and Treatment of Claims and Interests

The Plan provides that distributions will be made only to Holders of Allowed Claims. The distribution for each Allowed Claim is calculated through reference to the treatment of the Class to which such Claim belongs. The Allowed Claims which comprise the same Class will be treated the same under the Plan.

2. Summary of Distributions to be made Pursuant to the Plan and Other Significant Provisions Thereof

The following table sets forth a brief summary of the classification and treatment of Claims and Interests and the consideration distributable to the Holders of such Claims and Interests under the Plan. The information set forth in the table is for convenience of reference only. Each Holder of a Claim or Interest should refer to section IV.C. hereof ("Classification and Treatment of Claims and Interests") and Article III of the Plan ("Classification and Treatment of

Claims") for a full understanding of the classification and treatment of Claims and Interests provided under the Plan. The estimates set forth in the table may differ from actual distributions by reason of, among other things, variations in the amounts of Allowed Claims, and the existence of Disputed Claims. Unless otherwise noted, these estimates are as of June 16, 2011.

| CLASS | TYPE OF CLAIM OR STOCK INTEREST | ESTIMATED ALLOWABLE AMOUNT | TREATMENT UNDER THE PLAN | ESTIMATED PERCENTAGE DISTRIBUTION |
|-------|---------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| N/A | Administrative Expense Claims | \$0 (other than Professional Fee Claims and the Condo Association Claim) | <p><u>Administrative Claims (Other Than Professional Fee Claims and the Condo Association Claim) [Est. \$0]</u></p> <p>Except as otherwise provided for in the Plan, and subject to the requirements of the Plan, on (i) the Effective Date or (ii) the Distribution Date immediately following the date on which an Administrative Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Administrative Claim (other than Professional Fee Claims) shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim (a) payment of Cash from the Plan Funding Account in an amount equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim, or (b) such other less favorable treatment as to which the Debtor, Reorganized Debtor and such Holder shall have agreed to in writing; <u>provided however</u>, that the Holder of the Condo Association Claim shall receive, in full settlement, satisfaction, release and</p> | N/A ¹ |

¹ Allowable amounts within the Administrative Expense Claim Class will be paid from the Plan Funding Account.

| CLASS | TYPE OF CLAIM OR STOCK INTEREST | ESTIMATED ALLOWABLE AMOUNT | TREATMENT UNDER THE PLAN | ESTIMATED PERCENTAGE DISTRIBUTION |
|-------|---------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| | | \$2,400,000.00 | <p>discharge of and in exchange for such Allowed Administrative Claim, Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim payable by WWF in three equal monthly installments commencing on the Effective Date; <u>further provided, however,</u> that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.</p> <p><u>Professional Fee Claims [Est. \$2,400,000.00]</u></p> <p>The Reorganized Debtor shall pay Professionals from the Plan Funding Account all of their respective accrued and Allowed fees and reimbursement of expenses arising prior to the Effective Date. To the extent that the amount in the Plan Funding Account is insufficient to pay Allowed Professional Fee Claims in full, the Professionals have agreed to waive the balance of their claims as against WWF, NewCo, Transferee and the Collateral.</p> <p>For all pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fees and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application</p> | 56% |

| CLASS | TYPE OF CLAIM OR STOCK INTEREST | ESTIMATED ALLOWABLE AMOUNT | TREATMENT UNDER THE PLAN | ESTIMATED PERCENTAGE DISTRIBUTION |
|---------|---------------------------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| | | \$64,000.00 | <p>and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Plan. The Reorganized Debtor may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court</p> <p><u>Condo Association Claim [Est. \$64,000.00]</u></p> <p>The Holder of the Condo Association Claim shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim, Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim payable by WFF in three equal monthly installments commencing on the Effective Date.</p> | 100% |
| Class 1 | Priority Claims | \$0 | The Reorganized Debtor shall pay the Allowed amount of each Class 1 Priority Claim from the Plan Funding Account to each Entity holding a Class 1 Priority Claim on: (x) the Effective Date; or (y) the Distribution Date immediately following the date on which such Claim becomes Allowed. The Reorganized Debtor shall pay each | N/A |

| CLASS | TYPE OF CLAIM OR STOCK INTEREST | ESTIMATED ALLOWABLE AMOUNT | TREATMENT UNDER THE PLAN | ESTIMATED PERCENTAGE DISTRIBUTION |
|---------|-------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| | | | Entity holding a Class 1 Priority Claim in Cash in full in respect of such Allowed Claim without interest accruing from the Petition Date; <u>provided, however</u> , that such Entity may be treated on such less favorable terms as may be agreed to in writing by such Entity. | |
| Class 2 | Secured Claim of WFF (Impaired) | \$23,200,000 | The WFF Secured Claim shall be treated as an Allowed Secured Claim. On the Effective Date, in accordance with the provisions of Article V.F of the Plan, (i) all of the Debtor's right, title and interest in and to the Collateral shall be transferred, assigned and conveyed to Transferee, pursuant to sections 363(b) and 363(m) of the Bankruptcy Code in accordance with the terms and conditions of the Plan, free and clear of any and all other liens, claims, security interests, encumbrances, rights or interests of any kind except permitted title exceptions ("Permitted Encumbrances") as set forth in Exhibit A of the Plan; (ii) to the extent not previously delivered, the Debtor shall deliver to WFF the documents and other property set forth in Article V.F of the Plan; and (iii) transfer and deliver to Transferee the Cash Collateral Reserve and all Cash Collateral. | 100% |
| Class 3 | General Unsecured Claims (Impaired) | \$4,200,000.00 (including Related Party Claims); \$1,106,000.00 | On the Effective Date, each Holder of an Allowed Class 3 General Unsecured Claim shall receive a Cash distribution in an amount equal to such Holder's Pro Rata share of | 4.5% |

| CLASS | TYPE OF CLAIM OR STOCK INTEREST | ESTIMATED ALLOWABLE AMOUNT | TREATMENT UNDER THE PLAN | ESTIMATED PERCENTAGE DISTRIBUTION |
|---------|------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| | | (excluding Related Party Claims) | \$50,000 from the Plan Funding Account; provided, however, the Holders of the Related Party Claims will not receive distributions. | |
| Class 4 | Equity Security Holders (Impaired) | N/A | Holders of Equity Securities in the Debtor shall retain such interest in the Reorganized Debtor. Holders of Equity Securities in the Debtor shall receive no Distributions under the Plan on account of such Equity Securities. | 0% |

The following is a condition precedent to the consummation of the Plan and the occurrence of the Effective Date:

The Confirmation Order shall have been entered and shall have become a Final Order.

ONLY HOLDERS OF ALLOWED CLAIMS WILL RECEIVE DISTRIBUTIONS UNDER THE PLAN. SUCH DISTRIBUTIONS ARE IN FULL SETTLEMENT OF ALL RIGHTS OF THE HOLDERS OF SUCH ALLOWED CLAIMS, AND SUCH HOLDERS WILL NOT BE ENTITLED TO PURSUE ANY SUCH RIGHTS AS AGAINST THE DEBTOR.

II. BACKGROUND OF THE DEBTOR AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 PETITION

A. Procedural History

1. On December 4, 2009, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is operating its business as a debtor-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108. No trustee, examiner, or official committee of unsecured creditors has been appointed to date.

B. Overview of Debtor's Business

(i) **Creation of Bayard Condominium Complex**

2. BV LLC was formed in 2005 for the purpose of acquiring and developing certain real property located at 20 Bayard Street, Brooklyn, New York. In 2007, the construction of a luxurious 62-unit residential complex was completed on the Property (the "**Bayard Condominium Complex**"). The development of the Bayard Condominium Complex was financed by Fremont General, which was later acquired by iStar Loans, LLC ("**iStar**").

(ii) **Strong Early Sales**

3. During the first quarter of 2008, BV LLC began closing on sales of some of the units and residents started moving in.

4. While BV LLC enjoyed brisk initial sales of its condominium units, sale momentum slowed in the second half of 2008 due to the widespread residential real estate decline. By the third quarter of 2008, BV LLC had sold 24 of the 62 condominium units. Following the Lehman Brothers bankruptcy filing in mid-September 2008, and due to the severely depressed real estate market, BV LLC decided it would be best to pursue rentals of the existing unsold condominium units. BV LLC's lender at the time, iStar, although it had been paid down approximately \$17 million of the \$34 million funded, wanted to be replaced because iStar would not agree to remain a lender on rental units.

(iii) **Entry of WFF**

5. In October of 2008, WFF replaced iStar by virtue of the Agreement of Consolidation, Extension and Modification of Mortgage dated October 14, 2008 (the "**WFF Mortgage**") which consolidated: (i) the mortgage and note in favor of WFF dated October 14, 2008 in the amount of \$100,000.00; and (ii) the remaining balance on a pre-existing mortgage and note in favor of iStar for \$17,300,000.00.

6. In connection with the WFF Mortgage, the Debtor executed in favor of WFF the Consolidated, Amended and Restated Note dated October 14, 2008 in the principal amount of \$17,400,000.00 (the "**WFF Note**", together with the WFF Mortgage, the "**WFF Loan**").

7. Concurrent with the execution of the WFF Mortgage on October 14, 2008, the Debtor entered into an assignment of leases and rents to further secure the WFF Loan.

8. By early 2009, BV LLC was able to enter into lease agreements for 35 of its 38 condominium units.

9. In February 2009, BV LLC was able to sell condominium unit 3C for \$456,000.00.

(v) WFF Loan Maturity And Extension

10. The original maturity date of the WFF Loan was October 13, 2009.

11. On or about October 13, 2009, the Debtor and WFF executed a loan extension agreement which extended the maturity date of the WFF Loan to January 13, 2010 (the "**Extension Agreement**").

12. On December 4, 2009 (the "Petition Date"), the Debtor filed a petition for relief under chapter 11 of the Bankruptcy Code.

13. As of the Petition Date, WFF's principal amount outstanding was \$16,975,072.00.

III. SIGNIFICANT EVENTS DURING THE CASE

A. Retention of Debtor's Counsel

At the onset of the Chapter 11 Case, the Debtor moved to retain Porzio, Bromberg & Newman, P.C. as its general bankruptcy counsel under a general retainer.

B. Retention of Conflicts Counsel

At the onset of the Chapter 11 Case, the Debtor moved to retain Moritt Hock & Hamroff LLP as its local counsel to provide legal services relating specifically to the Eastern District of New York Bankruptcy practice. Subsequently, the Debtor amended its application to designate Moritt Hock & Hamroff LLP as its conflicts counsel. On January 26, 2010, the Court entered an Order authorizing retention of Moritt Hock & Hamroff LLP as conflicts counsel for the Debtor Nunc Pro Tunc as of December 4, 2009.

C. Cash Collateral

On December 18, 2009, the Court ordered on the record that the Debtor may use cash collateral to pay its regular monthly expenses, including the monthly charges due JBM Estates LLC and Bayard Views Condominium Association and to make a payment to WFF.

Pursuant to an Order entered on January 14, 2010, the Bankruptcy Court approved and authorized the Debtor's use of cash collateral to pay its regular monthly expenses, including the monthly charges due JBM Estates LLC and Bayard Views Condominium Association and to make a payment to WFF.

Pursuant to an Order entered on March 2, 2010, the Bankruptcy Court approved and authorized the Debtor's use of cash collateral to pay its regular monthly expenses, including the monthly charges due JBM Estates LLC and Bayard Views Condominium Association and any fees due to the United States Trustee's Office and to make a payment to WFF.

Pursuant to an Order entered on April 21, 2010, the Bankruptcy Court approved and authorized the Debtor's use of cash collateral to pay its regular monthly expenses through May 31, 2010. These expenses include the monthly charges due JBM Estates LLC and Bayard Views

Condominium Association and any fees due to the United States Trustee's Office and to make a payment to WFF.

On November 23, 2011, the Bankruptcy Court entered the Stipulated and Agreed Order Authorizing Use of Cash Collateral and Establishing the Value of the Collateral. Pursuant to that order, the Bankruptcy Court approved and authorized the Debtor's use of cash collateral to pay its monthly expenses through June 1, 2011.

D. Bar Date

On March 3, 2010, the Court entered an Order establishing the last day to file Proofs of Claim to April 1, 2010 for those Claims against the Debtor that arose on or prior to the filing of the Debtor's Chapter 11 Case on December 4, 2009.

E. Challenge to Claim Filed by WFF

On or about April 19, 2010, the Debtor filed a motion: (1) objecting to and requesting reduction of the proof of claim filed by WFF as it calculated its Pendency Interest based upon a default interest rate of 24%. Through the motion, the Debtor sought to have WFF's Pendency Interest calculated at the non-default contract rate of 12%. By order dated August 16, 2010, the Court overruled the Debtor's objection to the WFF claim and allowed WFF's claim for pendency interest at 24%. The Debtor filed an appeal which is pending in the District Court for the Eastern District of New York, but will be dismissed upon confirmation of the Plan.

F. Court Denies Confirmation of Debtor's Third Amended Plan of Reorganization

On March 26, 2010, the Debtor filed the Plan of Reorganization of for 20 Bayard Views, LLC together with the Disclosure Statement with Respect to the Plan. The Disclosure Statement was approved by a Consent Order entered on May 19, 2010. After filing several modifications

and amendments to the plan, on January 18, 2011, the Debtor filed the Fourth and Final Modification to the Third Amended Plan of Reorganization (the "Third Amended Plan").

The Debtor's Third Amended Plan provided for the reorganization of the Debtor's affairs, the satisfaction of all administrative claims, the satisfaction of all allowed secured claims, and cash distributions to all holders of general unsecured claims. There were seven classes of claims and interests treated under the Third Amended Plan.

The Third Amended Plan's treatment of the WFF Claim invoked the cram down provisions of section 1129(b)(2)(A) of the Bankruptcy Code. That is, WFF would (i) retain its liens on the Collateral, and (ii) receive deferred cash payments equal to the present value of its secured claim. The Third Amended Plan provided that WFF would receive deferred cash payments over the course of five years with monthly interest payments of 4.75% on principal, plus any excess net cash flow received by the Debtor; along with significant principal paydowns during each of the five years. The monthly interest payment was calculated pursuant to the formula approach adopted by the Supreme Court in *Till v. SCS Credit Corp.*, 541 U.S. 465 (2004) and its progeny, with a base interest rate of prime (3.25%) and a 1.5% risk adjustment premium. WFF filed an objection to the Plan, raising numerous arguments.

The Court commenced hearings on the confirmation of the Debtor's Third Amended Plan on October 6, 2010, and held a series of hearings over eleven days. On March 7, 2011, the Bankruptcy Court entered an Order Denying Confirmation of the Debtor's Third Amended Plan of Reorganization (the "Denial Order"), and a Memorandum Decision of Confirmation of Third Amended Plan of Reorganization (the "Memorandum Decision"). The Court denied confirmation of the Debtor's Third Amended Plan for failure to treat WFF fairly and equitably by providing it with the present value of its claim as required by Bankruptcy Code Section

1129(b)(2)(A)(i)(II). The Court ruled that the interest rate for the WFF Claim was insufficient and "the Debtor has not established by a preponderance of the evidence that the Plan proposes an appropriate risk adjustment to the cramdown interest rate to be paid to WFF." (Memorandum Decision, p. 46.)

On March 21, 2011, the Debtor filed a Notice of Appeal, under 28 U.S.C. § 158(a) and Federal Rule of Bankruptcy Procedure 8001, and a motion for leave to appeal, pursuant to 28 U.S.C. § 158(a)(3) and Federal Rules of Bankruptcy Procedure 8001 and 8003, the March 7, 2011 Order of the United States Bankruptcy Court for the Eastern District of New York (Hon. Elizabeth S. Stong) Denying Confirmation of the Debtor's Third Amended Plan of Reorganization (the "Motion for Leave to Appeal," collectively with the Notice of Appeal, the "Appeal"), together with a Memorandum of Law in Support of the Motion for Leave to Appeal. By its Motion for Leave to Appeal, the Debtor requests that the district court (i) grant leave to appeal the Order, (ii) upon granting leave to appeal, rule that the Bankruptcy Court committed an error of law, and (iii) reverse the Bankruptcy Court's decision denying confirmation of the Third Amended Plan and enter or direct the entry of an order confirming the Debtor's Chapter 11 Third Amended Plan. The Motion for Leave to Appeal and the Appeal will be withdrawn upon confirmation of the Plan.

G. Settlement With WFF

The Debtor and WFF have reached a settlement of their disputed issues as are set forth in the Plan. The settlement was reached through multiple negotiation sessions conducted before the Bankruptcy Court and the respective state courts in the Guarantor Actions. Confirmation of the Plan will constitute approval of their settlement which, in short, provided for the funding of the Plan Funding Account, releases and the transfer of the Collateral.

IV. PLAN DESCRIPTION

A. Introduction

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE PLAN. THIS DISCLOSURE STATEMENT ONLY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE READING OF THE PLAN. STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS OR DISTRIBUTIONS ARE ESTIMATES BY THE PLAN PROPONENTS BASED ON CURRENT INFORMATION AND ARE NOT A REPRESENTATION THAT THESE AMOUNTS WILL ULTIMATELY BE CORRECT. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ANNEXED AS EXHIBIT "A" HERETO.

B. Treatment of Administrative Expense Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims have not been classified in the Plan and are to be treated as discussed below.

1. Administrative Claims (Other Than Professional Fee Claims)

Except as otherwise provided for herein, and subject to the requirements of the Plan, on (i) the Effective Date or (ii) the Distribution Date immediately following the date on which an Administrative Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Administrative Claim (other than Professional Fee Claims) shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim (a) payment of Cash from the Plan Funding Account in an amount equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim, or (b) such other less favorable treatment

as to which the Debtor, Reorganized Debtor and such Holder shall have agreed to in writing; provided however, that the Holder of the Condo Association Claim shall receive, in full settlement, satisfaction, release and discharge of and in exchange for such Allowed Administrative Claim, Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim payable by WFF in three equal monthly installments commencing on the Effective Date; further provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto; further provided, however, that WFF shall have no Administrative Claim or right to any of the funds in the Plan Funding Account.

Notwithstanding any provision in the Plan regarding payment of Administrative Claims to the contrary, and without waiver of any argument available that such Claim is already time-barred by prior orders of the Bankruptcy Court and except for liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case including but not limited to Post-Petition Trade Debt, all Administrative Claims required to be Filed and not Filed by the Administrative Claim Bar Date shall be deemed disallowed and discharged. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

2. Professional Fee Claims

The Reorganized Debtor shall pay Professionals from the Plan Funding Account all of their respective accrued and Allowed fees and reimbursement of expenses arising prior to the Effective Date. To the extent that the amount in the Plan Funding Account is insufficient to pay

Allowed Professional Fee Claims in full, the Professionals have agreed to waive the balance of their claims as against the Collateral, WFF, NewCo and Transferee.

For all pre-Effective Date Professional Fee Claims, except Bankruptcy Clerk's Office fees and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Plan. Each Holder of an Allowed Professional Fee Claim shall receive a cash distribution in an amount equal to such Holder's Pro Rata share of the Plan Funding Account after (x) funds have been set aside for Allowed Administrative Claims (excluding Professional Fee Claims and the Condo Association Claim); and (y) \$50,000 has been set aside for Holders of General Unsecured Claims. In calculating the Pro Rata distributions for each Professional, any pre-petition retainer held by a respective Professional shall not reduce their Pro Rata share and such Professional shall be permitted to apply its retainer to any unpaid amount of its Allowed Professional Fee Claim. By way of example, if the total Allowed Professional Fee Claims are \$2.5 million and there is \$1.4 million in the Plan Funding Account for Professionals, then each Professional shall receive 56% of its Allowed Professional Fee Claim and a Professional holding a pre-petition retainer will be permitted to apply its retainer to the 44% of its unpaid Allowed Professional Fee Claim.

The Reorganized Debtor may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Professionals requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Bankruptcy Rules, an application for final

allowance of compensation and reimbursement of expenses not later than thirty (30) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtor, the Estate, Reorganized Debtor, or their successors, their assigns or their property. Any objection to Professional Fee Claims shall be filed on or before the objection deadline specified in the application for final compensation or order of the Bankruptcy Court.

C. Classification and Treatment of Claims and Equity Securities

Classified Claims against, and Equity Securities in, the Debtor are described below. A Claim or Equity Securities will be deemed classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Securities qualifies within the description of such different Class.

DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS UNDER THE PLAN ARE IN FULL SETTLEMENT OF ALL RIGHTS OF THE HOLDERS OF SUCH ALLOWED CLAIMS AND SUCH HOLDERS WILL NOT BE ENTITLED TO PURSUE ANY SUCH RIGHTS AS AGAINST THE DEBTOR AS DEFINED IN THE PLAN.

The Plan provides for the division of Claims into the following Classes:

1. Class 1 – Priority Claims

- a. Classification: Class 1 consists of the Priority Claims against the Debtor.

b. Treatment: The Reorganized Debtor shall pay the Allowed amount of each Class 1 Priority Claim from the Plan Funding Account to each Entity holding a Class 1 Priority Claim on: (x) the Effective Date; or (y) the Distribution Date immediately following the date on which such Claim becomes Allowed. The Debtor is not aware of any Priority Claims (other than the Professional Fee Claims and Condo Association Claim addressed in Article II of the Plan). The Reorganized Debtor shall pay each Entity holding a Class 1 Priority Claim in Cash in full in respect of such Allowed Claim without interest accruing from the Petition Date; provided, however, that such Entity may be treated on such less favorable terms as may be agreed to in writing by such Entity.

c. Voting: Class 1 is an Unimpaired Class and Holders of Class 1 Claims are not entitled to vote on the Plan.

2. Class 2 –WFF Secured Claim

a. Classification: Class 2 consists of the WFF Secured Claim against the Debtor.

b. Treatment: The WFF Secured Claim shall be treated as an Allowed Secured Claim. On the Effective Date, in accordance with the provisions of Article V.F hereof, (i) all of the Debtor's right, title and interest in and to the Collateral shall be transferred, assigned and conveyed to NewCo, or a designee or assignee of NewCo, pursuant to sections 363(b) and 363(m) of the Bankruptcy Code in accordance with the terms and conditions of the Plan, free and clear of any and all other liens, claims, security interests, encumbrances, rights or interests of any kind except permitted title exceptions ("Permitted Encumbrances") as set forth in Exhibit A of the Plan; (ii) to the extent not previously delivered, the Debtor shall deliver to WFF the documents and other

property set forth in Article V.G of the Plan; and (iii) transfer and deliver to NewCo, or a designee or assignee of NewCo, the Cash Collateral Reserve and all Cash Collateral.

c. Voting: Class 2 is an Impaired Class and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

3. Class 3 – General Unsecured Claims

a. Classification: Class 3 consists of the Claims of Holders of General Unsecured Claims.

b. Treatment: On the Effective Date, each Holder of an Allowed Class 3 General Unsecured Claim shall receive a Cash distribution in an amount equal to such Holder's Pro Rata share of \$50,000 from the Plan Funding Account; provided, however, the Holders of the Related Party Claims will not receive distributions.

c. Voting: Class 3 is an Impaired Class and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – Equity Security Holders

a. Classification: Class 4 consists of the Holders of Equity Securities in the Debtor.

b. Treatment: Holders of Equity Securities in the Debtor shall retain such interest in the Reorganized Debtor. Holders of Equity Securities in the Debtor shall receive no Distributions under the Plan on account of such Equity Securities.

c. Voting: Class 4 is an Impaired Class and Holders of Class 4 Equity Securities are entitled to vote to accept or reject the Plan.

D. Summary of Other Significant Plan Provisions

1. Vesting of Assets

Except as otherwise expressly provided in the Plan and the Confirmation Order, on the Effective Date, the Debtor's Assets, other than the Collateral, shall be transferred to and vest in the Reorganized Debtor free of any Claims, Liens and Interests, to be managed and used by the Reorganized Debtor to carry out the Plan and effectuate the Distributions provided for in the Plan.

2. Funding of Plan Distributions

Distributions to be made pursuant to the Plan will be made available from the Plan Funding Account which will be funded by WFF in the amount of \$1,500,000.00, and from WFF with respect to payment of the Condo Association Claim.

3. Transfer of the Collateral

On the Effective Date, the Debtor shall irrevocably transfer, assign and convey, by bargain and sale deed without covenants (the "Deed"), in the form annexed as Exhibit B to the Plan, to Transferee, all of its right, title and interest in and to the Units and the Parking Spaces free and clear of any and all liens, claims, security interests, encumbrances, rights or interests of any kind or nature whatsoever, including any liability for any local, federal or state stamp or similar tax, including, without limitation, any Exempt Taxes, other than any Permitted Encumbrances. At the option of WFF, the Units and Parking Spaces shall be irrevocably transferred, assigned and conveyed to Transferee subject to the indebtedness evidenced by the Pre-Petition Credit Agreement and related loan documents in connection with the Pre-Petition WFF Loan. In connection with the transfer, assignment and conveyance of the Units and Parking Spaces to Transferee, the Debtor shall designate Transferee as "Sponsor-Designee"

pursuant to Paragraph 19 of the Declaration of Condominium of 20 Bayard Views, LLC.

On the Effective Date, the Debtor shall assign to Transferee all of its right, title and interest in and to the licenses for the Storage Cages free and clear of any and all liens, claims, security interests, encumbrances, rights or interests of any kind or nature whatsoever. On the Effective Date, the Debtor also shall transfer by wire transfer to Transferee the Cash Collateral Reserve and any Cash Collateral free and clear of any and all liens, claims, security interests, encumbrances, rights or interests of any kind or nature whatsoever.

The transfer, assignment and conveyance of the Collateral (including the Units, Parking Spaces, Storage Spaces, Cash Collateral Reserve and any Cash Collateral) to Transferee shall be approved by the Bankruptcy Court as an absolute and irrevocable sale of the Collateral which the Debtor has made to Transferee for fair consideration and reasonably equivalent value.

On the Effective Date, the Debtor, each of its members and their respective constituent general partners and limited partners, if any, and all agents, employees and affiliates of the Debtor shall have relinquished and surrendered full management and control of the Collateral to Transferee. From and after the Effective Date, Transferee shall be vested with ownership, management and control of the Collateral; and the Debtor or the Reorganized Debtor, as the case may be, each of its members, general and limited partners, if any, and all agents, employees and affiliates of the Debtor or the Reorganized Debtor, as the case may be, shall have no further right, title and/or interest in and to the Collateral.

5. Distributions

a. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, or as may be ordered by the Bankruptcy Court, Distributions on account of those Claims that are Allowed as of the Effective Date and are

entitled to receive Distributions under the Plan, shall be made by the Reorganized Debtor on the Effective Date and on such subsequent Distribution Dates as set forth in the Plan. Distributions on account of Claims that become Allowed after the Effective Date shall be made on the next subsequent Distribution Date, in each case without interest. Notwithstanding anything herein to the contrary, funds contained in the Plan Funding Account may not be commingled or used for the payment of any Allowed Claim other than (i) Allowed Administrative Claims (other than the Condo Association Claim); (ii) Allowed Priority Claims; and (ii) Allowed Professional Fee Claims. After payment of the Allowed Administrative Claims, Allowed Priority Claims and Allowed Professional Fee Claims in accordance with the Plan, all of the remaining funds in the Plan Funding Account shall be and revested in the Reorganized Debtor free and clear of all Claims.

At the close of business on the Distribution Record Date, the claims register for all Claims shall be closed, and there shall be no further changes in the record holders of such Claims. Except as provided herein, the Debtor, Reorganized Debtor, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims register as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Entities on the date of such Distributions.

b. Distributions; Causes of Action

If, as a result of the pursuit of any Causes of Action, a Claim would arise from a recovery pursuant to section 550 of the Bankruptcy Code after Distributions under the Plan have commenced, the Reorganized Debtor shall be permitted to reduce the recovery by an amount that

reflects the value of the treatment that would have been accorded to the Claim under the Plan, thereby effectively treating the Claim through the reduction.

c. Manner of Payment

Any payment of Cash made under the Plan may be made either by check drawn on a domestic bank, by wire transfer, or by automated clearing house transfer from a domestic bank, at the option of the Reorganized Debtor.

The Reorganized Debtor in making Distributions under the Plan, shall comply with applicable tax withholding and reporting requirements imposed by any governmental unit, and all Distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtor, may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the Reorganized Debtor with the necessary information to comply with any reporting and withholding requirements of any governmental unit. Any funds so withheld will then be paid by the Reorganized Debtor to the appropriate authority. If the Holder of an Allowed Claim fails to provide to the Reorganized Debtor the information necessary to comply with any reporting and withholding requirements of any governmental unit within thirty (30) days from the date of first notification by the Reorganized Debtor to the Holder of such Allowed Claim about the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article VII.E of the Plan.

d. Transmittal of Distributions to Parties Entitled Thereto

All Distributions by check shall be deemed made at the time such check is duly deposited in the United States mail, postage prepaid. All Distributions by wire transfer shall be deemed

made as of the date the Federal Reserve or other wire transfer is made. Except as otherwise agreed with the Holder of an Allowed Claim in respect thereof or as provided in the Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail, upon compliance by the Holder with the provisions of the Plan, to (a) the latest mailing address Filed for the Holder of an Allowed Claim entitled to a Distribution, (b) the latest mailing address Filed for a Holder of a Filed power of attorney designated by the Holder of such Claim to receive Distributions, (c) the latest mailing address Filed for the Holder's transferee as identified in a Filed notice served on Debtor pursuant to Bankruptcy Rule 3001(e), or (d) if no such mailing address has been Filed, the mailing address reflected on the Schedules or in the Debtor's books and records.

e. Disputed Claims and Unclaimed Property

Notwithstanding all references in the Plan to Claims that are Allowed, in undertaking the Pro Rata calculations concerning Allowed Claims under the Plan, including the determination of the amount of Distributions due to the Holders of Allowed Claims, each Disputed Claim shall be treated as if it were an Allowed Claim, as appropriate, except that if the Bankruptcy Court estimates the portion of a Disputed Claim to be Allowed or otherwise determines the amount which would constitute a sufficient reserve for a Disputed Claim (which estimations and determinations may be requested by the Reorganized Debtor), such amount as determined by the Bankruptcy Court shall be used as to such Claim.

The Distributions due in respect of Disputed Claims based on the calculations required by the Plan shall be reserved for the Holders of the Disputed Claims and deposited into the account or trust. The amount so deposited on behalf of a Creditor holding a particular Disputed Claim is referred to herein as the "Reserve Amount."

After an objection to a Disputed Claim is withdrawn or determined by Final Order, the Distributions due on account of any resulting Allowed Claim shall be paid by the Reorganized Debtor from the Reserve Amounts for such Creditor held in the account or trust together with the interest, if any, actually accrued on the Reserve Amounts (up to a maximum of the interest actually accrued on the amount of the resulting Allowed Claim). Such payment shall be made on the next Subsequent Distribution Date. No interest shall be due to a Disputed Claim holder based on the delay attendant to determining the allowance of such Claim except as set forth in this subsection.

Should the Distribution on account of any Allowed Claim of such Creditor exceed the Reserve Amount, the shortfall may be paid from available sums, if any, for the next Distribution, provided that, in no event shall the Creditor have recourse to any payments already made to others or to sums reserved by the Reorganized Debtor in connection with the account or trust or for ongoing fees and costs of administering Debtor's Estate or effectuating the Plan.

After an objection to such a Disputed Claim is sustained in whole or in part by a Final Order, any Reserve Amounts for such Claim held in the respective account or trust in excess of the Distributions due on account of any resulting Allowed Claim may be removed by the Reorganized Debtor from the respective Reserve Fund and treated as available funds for ongoing costs and fees and Distributions.

At the election of the Reorganized Debtor, any property, which is unclaimed for ninety (90) days after Distribution thereof by mail to the last known mailing address of the party entitled thereto, shall revert in the Reorganized Debtor, as available funds for ongoing costs and fees. Notwithstanding the foregoing, if any mail sent to a Creditor at the last known mailing address by the Reorganized Debtor, is returned without a forwarding address and the Creditor

does not Claim its Distribution within ninety (90) days after it is mailed to the Creditor, the Reorganized Debtor shall strike the Creditor's Claim from the Creditor list, issue no more checks to such Creditor and, for the purposes of future Distributions, treat the Creditor's Claim as if it were disallowed.

f. Setoffs

The Reorganized Debtor, may, but shall not be required to, setoff against any Claim, and the payments and/or Distribution of other property to be made under the Plan in respect of such claim, any Claims of any nature whatsoever Debtor may have against the Holder of a Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver by Debtor or Reorganized Debtor of any such claim the held against such Holder.

g. Saturday, Sunday or Legal Holiday

If any payment, Distribution, or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

h. Fractional Cents

Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a Distribution of Cash in whole cents (rounded-down to the nearest whole cent when and as necessary).

i. Corporate Action

Upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided under the Plan involving the corporate structure of the Debtor shall be deemed to be authorized

and approved without any requirement of further action by Debtor, Debtor's shareholders, Debtor's board of directors, and/or the Reorganized Debtor.

j. De Minimis Payments and Distributions

Notwithstanding any other provision of the Plan, de minimis payments of less than \$50 need not be made by the Reorganized Debtor on account of any Allowed Claim; provided that such de minimis payments that would otherwise be made on the Initial Distribution Date or a subsequent Distribution Date shall carry over until the next date of a Distribution until the cumulative amount of Distributions to which the Holder of such Allowed Claim is more than \$50, at which time the cumulative amount of such Distributions shall be paid to such Holder. De minimis payments that will not be distributed as of the final Distribution Date shall be treated as undeliverable Distributions as provided in Article VII.E of the Plan.

6. Objections to Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and except as set forth in the Plan, the Debtor, Reorganized Debtor, and their respective professionals and shall have the exclusive right to make and File objections to any Claims.

The Debtor and Reorganized Debtor shall have until sixty (60) days following the Effective Date to File objections to the applicable filed or scheduled proofs of Claim filed prior to the Effective Date; provided, however, that the Debtor or Reorganized Debtor, may apply to the Bankruptcy Court for an extension of such deadline for cause.

Pursuant to an Order entered by the Bankruptcy Court setting the Bar Date, any person or entity holding a claim scheduled as disputed, unliquidated or contingent were required to file a proof of claim before the Bar Date. The following persons/entities were scheduled as holding disputed claims and did not file proofs of claim by the Bar Date: BAC Group Ltd.; Guma Corp.;

Luxury Designs, Inc.; Parking Depot; and Supreme Wood Floors (collectively, the “Non-Filing Parties”). In accordance with the terms of the order establishing the Bar Date, the Non-Filing Parties are barred, estopped and enjoined from asserting any Claim against the Debtor and Reorganized Debtor and the property of the Debtor and Reorganized Debtor is discharged from any and all indebtedness, liens or liability with respect to any claims of the Non-Filing Parties.

Except as set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that Debtor had immediately prior to the commencement of this Chapter 11 Case or the Effective Date, against or with respect to any Claim. Except as set forth in the Plan, upon Confirmation, the Reorganized Debtor shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, rights of setoff and other legal or equitable defenses that Debtor had immediately prior to the Effective Date or prior to the commencement of this Chapter 11 Case as if this Chapter 11 Case had not been commenced.

7. Payments and Distributions on Disputed Claims

On the Distribution Dates, the Reorganized Debtor shall transfer and maintain for each respective Reserve Account such amounts of Cash the Reorganized Debtor shall determine to be necessary to retain on that Distribution Date on account of the Disputed Claims for which the respective Account is established. In determining the amount of Cash to contribute to each respective Account, Reorganized Debtor shall be entitled to rely upon the estimation, if any, of any Disputed Claims pursuant to the Plan to determine the amount of Cash so reserved, without objection by the Holder of the Disputed Claim. As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid first from the respective Account

corresponding to such Disputed Claim and second from the remaining funds, if any, in the possession of the Reorganized Debtor, until such time that the Holder of such Allowed Claim receives all payments and Distributions to which such Holder is entitled under the Plan. Notwithstanding any provision in the Plan to the contrary, no partial payments and no partial Distributions will be made with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. Unless otherwise agreed by the Reorganized Debtor, a Creditor who holds both (an) Allowed Claim(s) and (a) Disputed Claim(s) will not receive a Distribution, nor accrue interest thereon, until such dispute is resolved by settlement or Final Order.

8. Retention and Enforcement of Claims

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code and to the fullest extent possible under applicable law, the Reorganized Debtor, shall retain and may enforce, and shall have the sole right to enforce, any claims, demands, rights and Causes of Action that the Debtor or Estate may hold against any Entity, as appropriate. The Reorganized Debtor, and its successors and assigns, may pursue such retained claims, demands, rights or Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor holding such claims, demands, rights or Causes of Action. Further, the Reorganized Debtor retain their rights to file and pursue, and shall have the sole right to file and pursue any adversary proceedings against any account debtor related to debit balances or deposits owed to the Debtor.

By accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

12. Management of the Reorganized Debtor

Except as expressly provided in the Plan and the formation documents and operating agreement of the Reorganized Debtor, (as amended from time to time), the operation, management and control of the Reorganized Debtor shall be the general responsibility of its Restructuring Officer.

13. Assumption or Rejection of Executory Contracts.

a. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, the Debtor shall be deemed to have assumed each pre-petition executory contract and unexpired lease to which it is a party and assigned such executory contract and unexpired lease to the Reorganized Debtor unless such executory contract or unexpired lease (a) was previously assumed or rejected upon motion by a Final Order, (b) previously expired or terminated pursuant to its own terms; or (c) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by the Debtor on or before the Confirmation Date. In accordance with this, the Debtor shall be deemed to have assumed each of its leases for Units, Parking Spaces and/or Storage Cages, and as of the Effective Date, assigned each such lease to Transferee. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365(a) of the Bankruptcy Code approving the assumption and/or assignment of prepetition executory contracts and unexpired leases described above, as of the Effective Date.

b. Assignment of Executory Contracts and Unexpired Leases

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty condition renewal or extension or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

c. Cure Rights for Executory Contracts and Unexpired Leases Assumed Under Plan

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure. The Debtor believes there are no Cure amounts for any of its executory contracts and unexpired leases to be assumed, other than the Debtor's executory contract with the Bayard Views Condominium Association which has a Cure amount of \$64,000.00. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry

of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that the Debtor or Reorganized Debtor, as applicable, shall be authorized to reject any executory contract or unexpired lease to the extent the Debtor or Reorganized Debtor, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such executory contract or unexpired lease unfavorable to the Debtor or Reorganized Debtor. Except with respect to the Cure amount owed to the Bayard Views Condominium Association, the Debtor or Reorganized Debtor, as the case may be, shall be responsible to pay all Cure obligations from the Plan Funding Account.

d. Rejection of Executory Contracts and Unexpired Leases

The contracts and leases set forth on Schedule 1 to the Plan shall be deemed rejected as of the Effective Date. The month-to-month lease of Unit PHB between the Debtor and Mendy Chudaitov shall be deemed rejected as of the Effective Date, and the Debtor shall take all steps necessary to ensure that the tenant of Unit PHB shall have vacated Unit PHB prior to the Effective Date. Any service contracts with the Debtor, whether or not listed on Schedule 1, shall be deemed rejected as of the Effective Date. The Debtor, with the prior written consent of WFF, reserves the right, at any time prior to the Effective Date, except as otherwise specifically provided in the Plan, to seek to reject any executory contract or unexpired lease to which the Debtor is a party and to file a motion requesting authorization for the rejection of any such executory contract or unexpired lease.

If the rejection of an executory contract or unexpired lease pursuant to the Plan results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtor or Reorganized Debtor or the properties of any of them unless a Proof of Claim is filed with the

claims agent and served upon counsel to the Reorganized Debtor within thirty (30) days after entry of the Confirmation Order. The foregoing applies only to Claims arising from the rejection of an executory contract or unexpired lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a Proof of Claim filed by earlier applicable Bar Date or shall be barred and unenforceable.

14. Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery of an instrument from the Debtor to a Reorganized Debtor or any other Entity pursuant to the Plan, including, without limitation, the transfer of the Collateral to Transferee, and the granting or recording of any Lien or mortgage on any property under the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, recording tax, or other similar tax or governmental assessment and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without payment of any such tax or governmental assessment.

15. Retention of Jurisdiction

Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, this Chapter 11 Case having been closed, or Final Decree having been entered, the Bankruptcy Court shall have jurisdiction of matters arising out of, and related to this Chapter 11 Case and the Plan under, and for the purposes of, sections 105(a), 1127, 1142 and 1144 of the Bankruptcy Code and for, among other things, the following purposes:

a. allow, disallow, determine, liquidate, classify, estimate or establish the priority or status of any Claim, including the resolution of any request for payment of any Administrative Claim or Priority Tax Claim and the resolution of any and all objections to the allowance or priority of Claims;

b. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

c. resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

d. ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan, including ruling on any motion or objection Filed pursuant to the Plan;

e. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any or all of the Debtor or their affiliates, directors, employees, agents or Professionals that may be pending on the Effective Date;

f. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or the Disclosure Statement;

g. resolve any cases, controversies, suits or disputes that may arise in connection with achieving the Effective Date, interpretation or enforcement of the Plan, or any

Entity's obligations incurred in connection with the Plan, including, among other things, any avoidance actions or subordination actions under sections 510, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code;

h. issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with achieving the Effective Date or enforcement of the Plan, except as otherwise provided herein;

i. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article X of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

j. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

k. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;

l. enter an order and/or Final Decree concluding this Chapter 11 Case;

m. to consider any modification of the Plan under section 1127 of the Bankruptcy Code and/or modification of the Plan before "substantial consummation" as defined in section 1101(2) of the Bankruptcy Code;

n. to protect the property of the Estate from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to such property based upon the terms and provisions of the Plan, or to determine a Debtor's exclusive ownership of claims and Causes of Action retained or otherwise dealt with under the Plan;

o. to hear and determine matters pertaining to abandonment of property of the Estate;

p. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

q. to interpret, enforce and address any and all issues relating to any Orders, including without limitation all sale orders entered in this Chapter 11 Case pursuant to section 363 of the Bankruptcy Code, previously entered in this Chapter 11 Case to the extent such Orders are not superseded or inconsistent with the Plan;

r. to recover all Assets of Debtor and property of the Estate wherever located;

s. to hear and determine matters concerning state, local, and federal taxes in accordance with sections 345, 505, and 1146 of the Bankruptcy Code.

t. to hear and act on any other matter not inconsistent with the Bankruptcy Code;

u. to consider and act on the compromise and settlement of any litigation, Claim against or cause of action on behalf of the Estate; and

v. to interpret and enforce the injunctions contained in the Confirmation Order and Plan.

16. Tax Considerations

To ensure compliance with requirements imposed by the United States Internal Revenue Service, any tax advice contained in this Disclosure Statement (including any attachments) is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding

tax-related penalties under the Tax Code. Tax advice contained in this Disclosure Statement (including any attachments) is not written to support the marketing or promotion (within the meaning of Circular 230) by the Debtor of the transactions or matters addressed by the Disclosure Statement. Each taxpayer should seek advice based on the taxpayer's particular circumstances and from an independent tax advisor.

All Distributions under the Plan are subject to any applicable withholding obligations (including employment tax withholding). Under federal income tax law, interest and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then-applicable rate. Backup withholding generally applies if the holder: (i) fails to furnish its social security number or other taxpayer identification number ("TIN"); (ii) furnishes an incorrect TIN; (iii) fails to properly report interest or dividends; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is such Holder's correct number and that such Holder is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, applicable Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among others, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. **Holders are urged to consult their tax advisors regarding these regulations and whether the transactions**

contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holder's federal income tax returns.

The foregoing summary has been provided for informational purposes only. All Holders of Claims are urged to consult their tax advisors concerning the federal, state, local, and foreign tax consequences implicated by the Plan.

V. CONFIRMATION OF THE PLAN

Before confirming the Plan, the Court must determine that the Plan Proponents have complied with the requirements of the Bankruptcy Code regarding the Plan, including the following: (a) the Plan and its contents comply with the technical requirements of chapter 11 of the Bankruptcy Code; (b) Holders of Claims and Interests are grouped into classes in a permissible fashion; (c) confirmation of the Plan is in the "best interests" of all Holders of Claims and Interests; (d) the Plan is feasible; and (e) the Plan has been proposed in good faith. THE PLAN PROPONENTS STRONGLY BELIEVE THAT ALL SUCH REQUIREMENTS HAVE BEEN SATISFIED AND WILL SEEK RULINGS TO THAT EFFECT FROM THE COURT AT THE CONFIRMATION HEARING.

Even if Holders vote to accept the Plan, the Court has an independent duty to determine the matters described above, particularly that the Plan is feasible and that it meets the "best interests" test. If Classes 2 through 4 accept the Plan, the Plan Proponents believe that the Plan should be confirmed, and it will seek confirmation, despite any objection of dissenting Holders of Claims.

A. Classification of Claims and Interests

The Bankruptcy Code requires that a plan place each creditor's claim and each interest holder's interest in a class with "substantially similar" claims or interests.

The Plan establishes four classes of Holders. Under the Plan, the WFF Secured Claim is in Class 2, the General Unsecured Claims are in Class 3, and Equity Security Holders are in Class 4. The Debtor believes that the Plan's classification of Claims and Interests into the foregoing Classes complies with the requirements of the Bankruptcy Code and applicable case law.

B. Best Interests of Creditors

Notwithstanding acceptance of the Plan, the Court must find, whether or not anyone objects to confirmation, whether the Plan is in the best interests of Holders. Bankruptcy courts have generally defined "best interests" as the Bankruptcy Code's requirement that under any plan of reorganization each member of an impaired class of creditors must receive or retain 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 such creditor would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code. **THE PLAN PROPONENTS BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.**

To determine whether the Plan meets the "best interests" test, the value of the Debtor's property must be reduced by the anticipated costs of completing a liquidation under chapter 7 of the Bankruptcy Code (including costs incurred by a chapter 7 trustee in liquidating Claims which would otherwise have been settled under the Plan, a chapter 7 trustee's fees, the fees and expenses of professionals retained by a chapter 7 trustee, costs incurred by the estate in administering the chapter 7 case and lost value as a result of liquidating a going concern). In valuing the potential distributions in a chapter 7 liquidation context, the delay caused by conversion to and administration of a chapter 7 case also must be considered. Once the net

present value of a chapter 7 distribution to an impaired Class is calculated, it must then be compared to the aggregate distribution provided for that Class under the Plan.

Additionally, absent confirmation, the following are factors which support the Plan Proponents' liquidation analysis: the Debtor would lose its current efficient management structure and instead would be liquidated by an unknown chapter 7 trustee which would result in uncertainty, as well as additional costs and fees; the current leases of the Units will prevent quick sales to end users; investors, including bulk investors, will require steep discounts to realize returns; presently tight credit markets will depress values; and Class 3 Related Party Claims would be entitled to share in distributions to General Unsecured Creditors. Moreover, in a chapter 7 case, WFF would likely foreclose its mortgage lien on the Bayard Real Property. Finally, as mentioned above, a chapter 7 trustee's fees, the fees and expenses of his/her professionals and the costs incurred by the estate in administering the chapter 7 case would all further reduce distributions.

In light of the foregoing, the Plan Proponents believe if confirmation fails to occur, the Holders in Classes 2 through 4 would receive a lesser distribution than that which they would receive in the event of Confirmation. A liquidation analysis is attached hereto as Exhibit B. The attached liquidation analysis is based on management assumptions with the assistance of the Debtor's professionals.

THE DEBTOR BELIEVES THAT EACH MEMBER OF AN IMPAIRED CLASS WILL RECEIVE DISTRIBUTIONS WITH A PRESENT VALUE EQUAL TO OR GREATER THAN THE PRESENT VALUE OF THE DISTRIBUTIONS SUCH MEMBER WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION OF THE DEBTOR.

C. Feasibility

Section 1129(a) (11) of the Bankruptcy Code requires a judicial determination that confirmation of a plan will not likely be followed by liquidation or the need for further financial reorganization of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan and the plan contemplates the liquidation of the debtor's assets.

The Plan Proponents anticipate that, on and after the Effective Date, distributions to be made pursuant to the Plan will be made available from the Plan Funding Account and from WFF with respect to payment of the Condo Association Claim.

D. Acceptance

As a condition to confirmation of a plan, the Bankruptcy Code, with certain exceptions, requires that the impaired classes accept the plan. In general, a class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturities or by payment in full in cash.

The Bankruptcy Code defines acceptance of a plan by a class of claims entitled to vote thereon as acceptance by holders of two-thirds in dollar amount and a majority in number of allowed claims of that class, but each calculation includes only those who actually vote to accept or to reject the plan. Votes on the Plan are being solicited only from Holders of Claims in the impaired Classes entitled to vote (*i.e.*, Classes 2 through 4).

E. Cram Down

The Bankruptcy Code contains provisions for confirmation of a plan even if all impaired classes do not accept the Plan, as long as at least one impaired class of claims has accepted the Plan.

F. Alternatives to the Plan

The Plan Proponents believe that the Plan provides Holders of Allowed Claims with the greatest possible value that can be realized on their respective Claims. The alternatives to confirmation of the Plan include (i) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (ii) dismissal of the Chapter 11 Case. As discussed below, the Plan Proponents believe that the Plan provides a greater recovery to Holders of Allowed Claims than either of the stated alternatives.

1. Liquidation

The Debtor could liquidate under the provisions of chapter 7 of the Bankruptcy Code. For the reasons described herein, the Plan Proponents believe that the distributions to the Holders of Claims under the Plan will be greater than distributions that might be received under chapter 7 of the Bankruptcy Code. *See* Exhibit B (Liquidation Analysis).

2. Dismissal

Dismissal of the Chapter 11 Case would have the effect of restoring (or attempting to restore) all parties to the status quo ante. Upon dismissal, the protection of the Bankruptcy Code would evaporate, thereby permitting WFF to immediately pursue a foreclosure action against its collateral, likely resulting in costly, protracted litigation and no recovery for Holders of Claims or Interests other than WFF. The Debtor believes that dismissal of the Chapter 11 Case is not a practical or favorable alternative.

G. Effect of Confirmation

1. Injunction

Except as otherwise provided in the Plan or the Confirmation Order, all Entities that have held, currently hold or may hold Claims or other debts or liabilities against the Debtor or other

right of an Equity Security Holder in any or all of the Debtor that are discharged pursuant to the terms of the Plan are permanently enjoined, on and after the Effective Date, from taking any of the following actions on account of any such Claims, debts, liabilities or rights: (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim debt, liability, or right other than to enforce any right to a Distribution pursuant to the Plan; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award decree or order against the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt, liability, or right; (iii) creating, perfecting or enforcing any Lien or encumbrance against the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt liability, or right; (iv) asserting any right of setoff subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor, the Reorganized Debtor or any of their Assets on account of any such Claim debt, liability, or right; and (v) commencing or continuing any action in any manner, in anyplace that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Such injunction shall extend to any successor of the Debtor, the Reorganized Debtor and any of their Assets. Any entity injured by a willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages from the willful violator.

2. Limitation on Liability

Except as expressly set forth in the Plan, on and after the Effective Date, neither of the Plan Proponents, nor their successors or assigns, including the Reorganized Debtor or Transferee, nor any of their respective past and present officers, directors, employees, members, agents, representatives, shareholders, attorneys, accountants, financial advisors, investment

bankers, lenders, consultants, experts, and Professionals and agents for the foregoing shall have or incur any liability for, and are expressly exculpated and released from, any claim (as defined in section 101(5) of the Bankruptcy Code) of any past or present actions taken or omitted to be taken under or in connection with, related to, effecting, or arising out of the following: (i) the Debtor's and/or Reorganized Debtor operations after the Petition Date; (ii) this Chapter 11 Case; (iii) the post-petition administration of the Debtor's Cash, Assets, and real and personal property; (iv) the pursuit of Confirmation; (v) the formulation, preparation, dissemination, implementation, administration, confirmation, or achieving the Effective Date of the Plan and the Disclosure Statement; (vi) the sale and liquidation of the Assets (including the prosecution of Causes of Action), or the property to be distributed under the Plan; (vii) any other act taken or omitted to be taken in connection with the Debtor's business after the Petition Date; or (viii) any contract, instrument, release, or other agreement entered into or created in connection with the foregoing; except only for actions or omissions to act to the extent determined by a court of competent jurisdiction (in a Final Order) to be by reason of such party's gross negligence, willful misconduct or fraud.

2. Release of WFF

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor and the Reorganized Debtor, including without limitation, any successor to the Debtor or the Reorganized Debtor, shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance Actions), and liabilities whatsoever in connection with or related to the Debtor, the conduct of the Debtor's business, the Chapter 11 Case, the Pre-Petition Credit Agreement, the Pre-Petition WFF Loan, the Guarantor Actions, or the Plan, whether liquidated

or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the conduct of the Debtor's business, the Reorganized Debtor, the Chapter 11 Cases, the Pre-Petition Credit Agreement, the Pre-Petition WFF Loan, the Guarantor Actions, or the Plan, and that may be asserted by or on behalf of the Debtor or the Reorganized Debtor against WFF or any of the present or former shareholders, directors, officers, employees, representatives, agents and professional advisors of WFF.

3. Release of Debtor Released Parties

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, WFF, NewCo, Transferee and the Debtor Released Parties shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance Actions), and liabilities whatsoever in connection with or related to the Debtor, the conduct of the Debtor's business, the Chapter 11 Case, the Pre-Petition Credit Agreement, the Pre-Petition WFF Loan, the Guarantor Actions, or the Plan, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the conduct of the Debtor's business, the Reorganized Debtor, the Chapter 11 Case, the Pre-Petition Credit Agreement, the Pre-Petition WFF Loan, the Guarantor Actions, or the Plan,

and that may be asserted by or on behalf of WFF, NewCo, Transferee or the Debtor Released Parties against the Debtor Released Parties.

VI. RECOMMENDATION

THE PLAN PROPONENTS BELIEVE THAT THE PLAN PROVIDES THE GREATEST RECOVERY TO HOLDERS OF ALLOWED CLAIMS AND IS IN THE BEST INTERESTS OF CREDITORS. THEREFORE, THE PLAN PROPONENTS RECOMMEND THAT EACH HOLDER OF AN ALLOWED CLAIM VOTE TO ACCEPT THE PLAN.

Dated: Morristown, New Jersey
June 20, 2011

20 Bayard Views, LLC

By: /s/ Martin Ehrenfeld
Name: Martin Ehrenfeld
Title: Restructuring Officer

Dated: New York, New York
June 20, 2011

W Financial Fund, LP

By: /s/ David Heiden
Name: David Heiden
Title: Managing Member

Joint Plan Of Reorganization Under Chapter 11 of the Bankruptcy Code

**(To be Attached to the
Approved Disclosure Statement)**