

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: :
HOTI ENTERPRISES, LP, and : Lead Case No. 10-24129 (RDD)
HOTI REALTY MANAGEMENT CO., INC. :
: :
Debtors. :
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**FIRST MODIFIED DISCLOSURE STATEMENT FOR
FIRST MODIFIED CHAPTER 11 PLAN OF REORGANIZATION FOR
HOTI ENTERPRISES, L.P. AND HOTI REALTY MANAGEMENT CO., INC.**

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Dated: ~~December~~March 15, ~~2011~~2012

GECMC 2007 C-1 BURNETT STREET, LLC (THE “PLAN PROPONENT”) IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF REORGANIZATION FOR HOTI ENTERPRISES, L.P. AND HOTI REALTY MANAGEMENT CO., INC. (AS AMENDED, MODIFIED, OR SUPPLEMENTED, THE “PLAN”) TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.

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THIS DISCLOSURE STATEMENT CONTAINS OR MAY CONTAIN, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT MAY BE ATTACHED HERETO AND/OR INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE PLAN PROPONENT BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. THE PLAN PROPONENT DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. ANY FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE PLAN PROPONENT IS MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE PLAN PROPONENT MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE PLAN PROPONENT HAS NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS, ALTERNATIVES TO CONFIRMATION, AND CONSUMMATION OF THE PLAN, ALL DESCRIBED IN GREATER DETAIL HEREIN.

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I. INTRODUCTION

The Plan Proponent is GECMC 2007 C-1 Burnett Street, LLC, the holder of perfected, valid, first priority secured claims against Hoti Enterprises, L.P. (“*Hoti Enterprises*”) in an aggregate amount (as of the Petition Date) in excess of \$40.7 million pursuant to a certain mortgage, note, assignment of rents, and related agreements. These secured claims are secured by substantially all of the Hoti Enterprises’s assets. The Plan Proponent prepared this Disclosure Statement in connection with the solicitation of votes for acceptance of the Plan. This Disclosure Statement is intended to provide adequate information of a kind, and in sufficient detail, to enable the Debtors’ creditors to make an informed judgment about the Plan, including whether to vote to accept or reject the Plan. A copy of the Plan is attached hereto as Exhibit A and is incorporated by reference.

To the extent that the information provided in this Disclosure Statement and the Plan (including any attached exhibits) are in conflict, the terms of the Plan (including any attached exhibits) will control. Creditors should refer only to this Disclosure Statement and the Plan to determine whether to vote to accept or reject the Plan.

The Plan Proponent believes that approval of the Plan is in the best interests of the Debtors’ estates and all parties in interest. The Debtors’ assets, including, among other things, the residential apartment complex located in Brooklyn, New York and all rents, leases, personal property, fixtures, chattels, accounts, equipment, inventory, contract rights, general intangibles, income, revenue, and proceeds thereof, are subject to valid, perfected first priority secured claims in favor of GECMC, and the estimated value of such assets is substantially less than the amount of GECMC’s secured claims. Accordingly, the Plan presents the best chance for any recovery for administrative creditors and priority creditors. Any additional delay in the resolution of these Chapter 11 Cases will result in additional administrative expenses and claims to the detriment of the Debtors’ Estates and all parties in interest.

PURSUANT TO THE BANKRUPTCY CODE, ONLY CREDITORS WHO ACTUALLY VOTE ON THE PLAN WILL BE COUNTED FOR PURPOSES OF DETERMINING WHETHER THE REQUIRED NUMBER OF ACCEPTANCES HAS BEEN OBTAINED.

A. Overview of Chapter 11.

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated holders of claims and equity interests, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the commencement of the chapter 11 case. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or equity interest in a debtor and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan provides for the treatment of claims and equity interests in accordance with the terms of the confirmed plan.

Prior to soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the chapter 11 plan. This Disclosure Statement is being submitted by the Plan Proponent in accordance with the requirements of section 1125 of the Bankruptcy Code.

B. Rules of Interpretation and Construction.

Unless otherwise specified, all section or exhibit references in the Disclosure Statement are to the respective section in, or exhibit to, the Disclosure Statement, as the same may be amended, waived, or modified from time to time. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clause contained therein. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the Disclosure Statement. The headings in this Disclosure Statement are for convenience of reference only and shall not limit or otherwise affect the interpretation of the Disclosure Statement. Unless otherwise provided, any reference in this Disclosure Statement to an existing document, exhibit or schedule means such document, exhibit or schedule as it may have been amended, restated, revised, supplemented or otherwise modified. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral. In computing any period of time set forth in the Disclosure Statement, the provisions of Bankruptcy Rule 9006(a) shall apply.

All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

C. Recommendation of the Plan Proponent.

The Plan Proponent believes that the Plan will allow for a prompt resolution to the Debtors' chapter 11 cases and will achieve the best possible result for claimants. The Debtors' assets are encumbered by a valid and perfected first priority security interest in favor of GECMC, and the amount of GECMC's secured claims substantially exceed the estimated value of these assets. The Plan provides for the transfer to GECMC of the assets constituting GECMC's collateral, and the use of cash constituting its collateral to pay claims of administrative and priority creditors who would otherwise receive no distribution in these Chapter 11 Cases. The Plan Proponent believes that acceptance of the Plan is in the best interests of the Debtors, creditors, the Estates, and all parties in interest. Accordingly, GECMC,

as the Plan Proponent and the only creditor entitled to vote on the Plan, intends to vote in favor of acceptance of the Plan.

II. BACKGROUND INFORMATION

A. Overview of the Debtors' Business.

Upon information and belief, the Debtors, Hoti Realty Management Co., Inc. ("**Hoti Management**") and Hoti Enterprises, have substantially similar ownership and management. Hoti Enterprises is owned by Victor Dedvukaj (10%), Gjeloš Dedvukaj (27.25%), Marash Dedvukaj (24.5%), Violeta Dedvukaj (14.5%), Maruka Dedvukaj (22.75%) and Hoti Management, which is Hoti Enterprises' s General Partner (1%). Hoti Management is, in turn, owned 100% by Gjeloš Dedvukaj.

Hoti Enterprises is the owner of certain residential apartment complex known as and located at 2801 Fillmore Avenue, 3001 Avenue R, and 2719 Fillmore Avenue (also known collectively as 1865 Burnett Street) Brooklyn, New York (the "**Property**"). The Property has 144 apartments and 50 garage spaces, and is the primary asset of Hoti Enterprises. Based on an appraisal performed in 2008, the Property is valued at approximately \$14,450,000.

Hoti Management is an affiliate of Hoti Enterprises and was the management company for Hoti Enterprises. Hoti had no business other than its prior work as a management company for Hoti Enterprises, and its bankruptcy filings show that it has no employees, no cash flow, and de minimus assets.

B. The GECMC Mortgage.

Pursuant to an Amended, Restated and Consolidated Mortgage and Security Agreement dated February 15, 2007 (the "**GECMC Mortgage**"), between Hoti Enterprises and Deutsche Bank Mortgage Capital, L.L.C., Hoti Enterprises pledged the Property as collateral to secure, among other things, payments due under an Amended, Restated and Consolidated Promissory Note in the original principal amount of \$31,000,000 (the "**GECMC Note**").

The GECMC Mortgage was duly recorded in the Office of the Register of the City of New York, Kings County on March 1, 2007 at CRFN 2007000112921, and constitutes a valid and enforceable first priority lien on the Property. Additionally, Hoti Enterprises executed and delivered an Assignment of Leases and Rents dated February 15, 2007 (the "**GECMC Assignment of Rents**"), which was duly recorded in the Office of the Register of the City of New York Kings County on March 1, 2007 at CRFN 2007000112922.

The GECMC Mortgage and certain other GECMC Loan Documents were thereafter assigned to U.S. Bank National Association, as successor to Wells Fargo Bank, N.A., as Trustee for the Registered Holders of GE Commercial Mortgage Corporation, Commercial Mortgage Pass-Through Certificates, Series 2007-C1 (the "**Trust**") by assignments dated May 8, 2007. In addition, the GECMC Note was assigned to the Trust pursuant to an Allonge on or around May 8, 2007. The GECMC Mortgage, GECMC Note, and other GECMC Loan Documents were subsequently assigned to GECMC by assignment dated February 6, 2009 and recorded on

February 23, 2009 at CRFN 2009000051864. The Debtors have taken the position that GECMC is **not** the current holder of the GECMC Mortgage, GECMC Note, and other GECMC Loan Documents. **GECMC disputes this allegation and maintains that it is the current holder of the GECMC Mortgage, GECMC Note, and other GECMC Loan Documents. In this regard, the Cash Collateral Order (as defined below) provides, in part, as follows:**

“Upon expiration of the 90 day challenge period in paragraph 7 herein, and if the Debtors, or any other party authorized to act on behalf of the Debtors’ estates, have not exercised their rights under said provision, the Debtors, for themselves and for their estates, acknowledge that [GECMC] holds a perfected valid first priority secured claim in the amount of the Secured Claim, subject to section 506(a) of the Bankruptcy Code, which is not subject to defense, counterclaim or offset.”

The 90 day challenge period provided in paragraph 7 of the Cash Collateral Order expired without the Debtors or any other party authorized to act on behalf of the Debtors’ estates exercising their rights under such provision.

Although Hoti Enterprises, not Hoti Management, is the obligor under the GECMC Loan Documents, and the assignor under the GECMC Assignment of Rents pledging the leases and rents as additional collateral to secure the obligations under the GECMC Note, Hoti Enterprises, in violation of the terms of the GECMC Loan Documents, allowed Hoti Management, an entity that served as the manager of the Property, to enter into leases directly with the tenants at the Property as lessor (the “*Leases*”). There is no dispute, however, that the Leases were entered into on behalf of Hoti Enterprises and constitute collateral securing the obligations under the GECMC Loan Documents. Based on the Debtors’ Schedules, GECMC does not believe that Hoti Management has any significant assets as to which GECMC does not have a lien. To the extent it is determined that any of Hoti Management’s assets do not constitute GECMC’s collateral, either under the GECMC Loan Documents or in connection with the replacement liens granted under the Cash Collateral Order, then such assets shall not be turned over or transferred to GECMC in accordance with Section 6.2 of the Plan or otherwise.

On or around November 1, 2008, the Debtors defaulted on their obligations to the Trust under the GECMC Mortgage, GECMC Note and other GECMC Loan Documents, and the Trust, in accordance with its rights under the GECMC Loan Documents, accelerated and declared to be due and payable all sums due to it by the Debtors under the GECMC Loan Documents. On or about February 27, 2009, GECMC commenced an action in New York State Supreme Court, Kings County, to foreclose the GECMC Mortgage, styled *GECMC 2007-C1 Burnett Street, LLC. v. Hoti Enterprises, L.P., et al.* (N.Y. Supreme Court, Kings County, Index No. 5006/2009) (the “*Foreclosure Action*”). By order dated March 16, 2009 in the Foreclosure Action, Barbara Odwak, Esq. was appointed receiver of the Property (the “*Receiver*”). The Receiver took possession and control of the Property on or about May 12, 2009, and has collected rents and otherwise maintained the Property since that date.

As of June 1, 2011, an amount equal to \$40,733,874.79 was due and owing by Hoti Enterprises to GECMC under the GECMC Loan Documents, exclusive of attorneys' fees. This claim is secured by the Property, together with, among other things, all rents, leases, royalties, issues, profits, bonus money, revenue, income rights and other benefits from the Property from time to time accruing. GECMC's claims are vastly undersecured—based on an appraisal performed in December 2008 by Appraisers and Planners of the Property, the Property is worth approximately \$14,450,000.

III. THE DEBTORS' CHAPTER 11 CASES

A. Bankruptcy Filing and Events During the Chapter 11 Cases.

The Debtors commenced the Chapter 11 Cases on October 12, 2010 (the "*Petition Date*") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. At the time, the Foreclosure Action was in its advanced stages, with the referee having signed his referee's report concluding that the Property should be sold at foreclosure sale in gross and that the amount owed to GECMC through November 11, 2009 was \$38,283,942.22. GECMC was in the process of preparing its motion to confirm the referee's report and for judgment of foreclosure and sale when the Debtors commenced these Chapter 11 Cases.

1. GECMC's Motions and Cash Collateral Stipulation

The Debtors' bankruptcy filing was not followed by many of the usual requests for relief, including any request by the Debtors for the use of cash collateral during the Chapter 11 Cases to allow for the operation of the Property. Accordingly, on October 22, 2010, GECMC filed a motion for entry of an order, among other things, excusing compliance with section 543 of the Bankruptcy Code and allowing the Receiver to remain in possession and control of the Property or, alternatively, converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code (the "*543 Motion*").

Thereafter, the Bankruptcy Court instructed the parties to engage in discussions in an attempt to reach an agreement on the consensual use of cash collateral. On December 22, 2010, the Bankruptcy Court entered a Stipulation and Order regarding the use of GECMC's cash collateral and granting adequate protection to GECMC (the "*Cash Collateral Order*"). The Cash Collateral Order provides for, among other things, the following:

- (i) the Receiver was excused from compliance with section 543 of the Bankruptcy Code and was directed to remain in possession and control of the Property;
- (ii) the Debtors were directed to "play no role and . . . have no involvement in the management of the Property;"
- (iii) the Debtors were directed to turn over to the Receiver all books and records relating to the Property;

- (iv) all Rents were determined to constitute GECMC's cash collateral and the Receiver was authorized to use the Rents in accordance with certain budgets approved by GECMC;
- (v) Victor Dedvukaj, one of the Debtors' principals, was directed to immediately deliver \$100,000 to the Receiver in repayment of tenant security deposits to be used by the Receiver to refund tenant security deposits in accordance with applicable law (and which amounts Mr. Dedvukaj admitted to diverting for other purposes); and
- (vi) as adequate protection, GECMC was granted replacement liens in all pre- and post-petition assets of the Debtors and an allowed superpriority administrative expense claim pursuant to section 507(b) of the Bankruptcy Code.

In addition, on November 5, 2011, GECMC filed a motion for (i) relief from the automatic stay to allow it to proceed with the Foreclosure Action or, in the alternative, (ii) dismissal of the Debtors' Chapter 11 Cases. On January 18, 2011, the Bankruptcy Court entered an order granting relief from the automatic stay to allow GECMC to continue to enforce its rights and remedies in and to prosecute the Foreclosure Action, in part because the value of the Property was well below the amount of GECMC's secured claim.

2. Contempt Order

Notwithstanding the Cash Collateral Order, the Debtors and their principals failed to turn over books and records or tenant security deposits to the Receiver. On December 30, 2010, GECMC served the Debtors with written notice of the defaults, which were not cured by the Debtors within the five-day time period set forth in the Cash Collateral Order. On March 24, 2011, GECMC filed a motion seeking, among other things, to compel compliance with the Cash Collateral Order and to hold the Debtors and Mr. Dedvukaj in contempt of court for their continued failure to comply with the Cash Collateral Order. On April 14, 2011, the Bankruptcy Court entered an order (i) holding the Debtors and Mr. Dedvukaj in contempt of court, (ii) directing such parties to turn over the tenant security deposits to the Receiver by no later than April 22, 2011, and (iii) directing Mr. Dedvukaj to pay GECMC a penalty of \$500 for each day after April 22, 2011 that the tenant security deposits were not turned over to the Receiver (the "**Contempt Order**"). Notwithstanding the Contempt Order, neither the Debtors nor Mr. Dedvukaj has turned over the tenant security deposits to the Receiver.

3. Bar Date

On April 26, 2011, the Bankruptcy Court entered an order granting a motion filed by GECMC and establishing June 1, 2011 as the bar date for the filing of proofs of claim and requests for payment of administrative expenses in these Chapter 11 Cases that accrued prior to April 26, 2011.

4. Motion to Dismiss

On June 21, 2011, Jonathan Foster, as an alleged “third party intervenor,” filed a motion to dismiss the Chapter 11 Cases. GECMC timely filed an objection to this motion asserting that Mr. Foster lacks standing to pursue the relief requested in his motion and that, regardless, Mr. Foster failed to articulate any cause for dismissal under section 1112 of the Bankruptcy Code or other applicable law. At a hearing on October 6, 2011, the Bankruptcy Court denied this motion to dismiss.

5. Petitions for Administrative Review

Certain Tenants filed Petitions for Administrative Review (the “PARs”) relating to the Property with the New York State Division of Housing and Community Renewal, docket numbers YH210036RT/TI210002RK, YK210010RT/WH210028OM, and YK210010RT/WH210028OM. These PARs relate to alleged rent overcharges. GECMC does not currently take a position with respect to the merits of these actions, but believes they are currently stayed by the automatic stay imposed by section 362 of the Bankruptcy Code. The Receiver has advised that such PARs may become the responsibility of the new owner of the Property following the Effective Date.

B. Expiration of Exclusivity Period.

Under the Bankruptcy Code, a debtor has the exclusive right to file a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed a petition for voluntary relief (which may be extended by the Court for a period of up to 18 months from the petition date). If a debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the petition date to solicit acceptances to the plan (which may be extended by the Court for a period of up to 20 months from the petition date). During a debtor’s exclusive periods, no other party in interest may file a competing plan of reorganization; however, a court may terminate the debtor’s exclusive periods upon request of a party in interest and “for cause.” The Debtors’ exclusive period for filing a chapter 11 plan expired on February 9, 2011 without any chapter 11 plan having been filed by the Debtors.

Since the Petition Date, no progress has been made by the Debtors towards achieving any resolution of these Chapter 11 Cases. Instead, the Debtors are continuing to accrue administrative expenses and professional fees at the cost of all other parties in interest. Accordingly, the Plan Proponent is filing the Plan to provide a resolution to these Chapter 11 Cases.

IV. SUMMARY OF THE CHAPTER 11 PLAN OF REORGANIZATION FOR THE DEBTORS

A. Treatment of Claims and Interests Under the Plan.

1. Classification and Treatment of Claims.

The following table designates the Classes of Claims against and Interests in the Debtors' Estates, and specifies which of those Classes are (i) Impaired or Unimpaired by the Plan, (ii) entitled to vote to accept the Plan in accordance with section 1126 of the Bankruptcy Code, (iii) deemed to reject the Plan, or (iv) deemed to accept the Plan. A Claim or Interest is classified in a particular Class only to the extent that any such Claim or Interest is an Allowed Claim in that Class and has not been paid, released, settled or otherwise satisfied prior to the Effective Date.

Class	Description	Treatment	Entitled to Vote
---	Administrative Expense Claims	Payment in full	No
---	Compensation and Reimbursement Claims	Payment in full	No
---	Priority Tax Claims	Payment in full	No
---	Receiver Claims	Payment in full	No
1	Other Priority Claims	Unimpaired	No (deemed to accept)
2	GECMC Secured Claims	Impaired	Yes
3	Other Secured Claims	Impaired	No (deemed to reject)
4	General Unsecured Claims	Impaired	No (deemed to reject)
5	Subordinated 510(b) Claims	Impaired	No (deemed to reject)
6	Equity Interests	Impaired	No (deemed to reject)

2. Treatment of Unclassified Claims Under the Plan.

a. Administrative Expense Claims.

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees with the Plan Proponent to a different treatment, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable, (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due, (c) at such time and upon such terms as may be agreed upon by such Holder and the Plan Proponent, or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

As set forth in Section 11.1 of the Plan, a condition to the Effective Date of the Plan is that the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims not exceed \$150,000. **If the aggregate amount of these Allowed Claims exceeds \$150,000, then the Effective Date will not occur unless GECMC waives this condition in accordance with Section 11.2 of the Plan and provides for payment in full of all such Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims.**

b. Compensation and Reimbursement Claims.

All Professionals seeking payment of Compensation and Reimbursement Claims (I) shall, (a) by no later than three (3) Business Days prior to the Plan Confirmation Date, provide the Plan Proponent with, and file with the Bankruptcy Court, a good faith estimate of their unpaid Compensation and Reimbursement Claims through the Plan Confirmation Date, and (b) by no later than three (3) Business Days prior to the anticipated Effective Date, as set forth in an Effective Date Notice, provide the Plan Proponent with, and file with the Bankruptcy Court, a good faith estimate of their unpaid Compensation and Reimbursement Claims for the period from the Plan Confirmation Date through such anticipated Effective Date, (II) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in these Chapter 11 Cases by the date that is thirty (30) days after the Effective Date, provided that the amounts sought any such Professional's final application for unpaid Compensation and Reimbursement Claims or amounts otherwise approved by the Bankruptcy Court shall not exceed the amount of such Professional's good faith estimates provided to the Plan Proponent and filed with the Bankruptcy Court pursuant to clause (I) of Section 2.2 of the Plan, and (III) shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (a) upon the later of (i) the Effective Date, (ii) the date upon which the order relating to any such Allowed Compensation and Reimbursement Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the Holder of such an Allowed Compensation and Reimbursement Claim and the Plan Proponent.

The Allowed Compensation and Reimbursement Claim of Rattet Pasternak shall be Allowed in the aggregate amount of \$45,000 exclusive of the amount of any retainer paid to Rattet Pasternak by any non-Debtor party, with any and all amounts in excess thereof being waived by agreement of the parties.

As set forth in Section 11.1 of the Plan, a condition to the Effective Date of the Plan is that the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims not exceed \$150,000. **If the aggregate amount of these Allowed Claims exceeds \$150,000, then the Effective Date will not occur unless GECMC waives this condition in accordance with Section 11.2 of the Plan and provides for payment in full of all such Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims.**

c. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees with the Plan Proponent to a different treatment or has been paid by any applicable Debtor, the Receiver, or the Plan Proponent prior to the Effective Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive on account of such Claim, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, regular installment payments in Cash over a period ending not later than five (5) years after the Petition Date of a total value, as of the Effective Date, equal to the Allowed amount of such Priority Tax Claim. The Plan Proponent reserves the right to prepay at any time under this option. Any Claims asserted by a governmental unit on account of any penalties shall not be Priority Tax Claims and shall be subordinated to General Unsecured Claims. On the Effective Date, any Liens securing any Allowed Priority Tax Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

As set forth in Section 11.1 of the Plan, a condition to the Effective Date of the Plan is that the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims not exceed \$150,000. **If the aggregate amount of these Allowed Claims exceeds \$150,000, then the Effective Date will not occur unless GECMC waives this condition in accordance with Section 11.2 of the Plan and provides for payment in full of all such Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims.**

d. Receiver Claims.

The Receiver (I) shall, (a) by no later than three (3) Business Days prior to the Plan Confirmation Date, provide the Plan Proponent with, and file with the Bankruptcy Court, a good faith estimate of the Receiver's unpaid Receiver Claims through the Plan Confirmation Date, and

(b) by no later than three (3) Business Days prior to the anticipated Effective Date, as set forth in the Effective Date Notice, provide the Plan Proponent with, and file with the Bankruptcy Court, a good faith estimate of the Receiver's unpaid Receiver Claims for the period from the Plan Confirmation Date through such anticipated Effective Date, (II) shall file her final application for allowance of Receiver Claims in these Chapter 11 Cases by the date that is thirty (30) days after the Effective Date, provided that the amounts sought in such final application for unpaid Receiver Claims or amounts otherwise approved by the Bankruptcy Court shall not exceed the amount of the good faith estimates provided to the Plan Proponent and filed with the Bankruptcy Court pursuant to clause (I) of Section 2.4 of the Plan, and (III) shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (a) upon the later of (i) the Effective Date, and (ii) the date upon which the order relating to any such Allowed Receiver Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the Receiver and the Plan Proponent. **The Receiver has advised that the unpaid Receiver Claims are approximately \$60,000.**

As set forth in Section 11.1 of the Plan, a condition to the Effective Date of the Plan is that the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims not exceed \$150,000. **If the aggregate amount of these Allowed Claims exceeds \$150,000, then the Effective Date will not occur unless GECMC waives this condition in accordance with Section 11.2 of the Plan and provides for payment in full of all such Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims.**

3. Treatment of Classified Claims and Interests Under the Plan.

a. Other Priority Claims (Class 1).

Except to the extent that a Holder of an Allowed Other Priority Claim has agreed with the Plan Proponent to a different treatment of such Claim, each such Holder shall receive, in full satisfaction of such Allowed Other Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii) the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between Plan Proponent and the Holder of the Allowed Other Priority Claim.

As set forth in Section 11.1 of the Plan, a condition to the Effective Date of the Plan is that the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims not exceed \$150,000. **If the aggregate amount of these Allowed Claims exceeds \$150,000, then the Effective Date will not occur unless GECMC waives this condition in accordance with Section 11.2 of the Plan and provides for payment in full of all such Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims.**

Class 1 is Unimpaired and is deemed to accept the Plan.

b. GECMC Secured Claims (Class 2).

GECMC shall be entitled to receive all rights, title, and interest in and to (i) the Property and all other GECMC Collateral (including all Cash held by or on behalf of the Debtors or the Receiver, Rents and Leases), ~~and~~ (ii) all Non-Avoidance Causes of Action that the Debtors or the Estates may have against any Person,¹ and (iii) all Causes of Action that may exist against the Debtors or their Related Persons relating to the Debtors' and their Related Persons' failure to pay Tenant Funds (as defined in the Contempt Order) in accordance with the Contempt Order and the Cash Collateral Order, in full and final satisfaction, settlement, release, and discharge of and in exchange for release of the GECMC Secured Claims against the Debtors, which are deemed Allowed pursuant to the Plan in the amount of \$40,733,874.79, plus any additional fees, expenses, and interest that may be owing to GECMC. Such transfers shall be free and clear of any Liens, Claims, encumbrances, and other interests.

Class 2 is Impaired and is entitled to vote to accept or reject the Plan.

c. Other Secured Claims (Class 3).

Each Holder of an Other Secured Claim will not receive any Distribution or receive or retain any interest in the Debtors, the Estates, or other property or interests of the Debtors on account of such Other Secured Claim. This class consists of Secured Claims junior in priority to the GECMC Secured Claims. GECMC is not aware of any Other Secured Claims that are senior or equal in priority to the GECMC Secured Claims.

Class 3 is Impaired and is deemed to reject the Plan.

d. General Unsecured Claims (Class 4).

Each Holder of a General Unsecured Claim will not receive any Distribution or receive or retain any interest in the Debtors, the Estates, or other property or interests of the Debtors on account of such General Unsecured Claim.

Class 4 is Impaired and is deemed to reject the Plan.

¹ The GECMC Mortgage grants a security interest in favor of GECMC in all of Hoti Enterprises' rights, title, and interest in and to, among other things, "claims" and "general intangibles." In addition, under the Cash Collateral Order, GECMC was granted replacement liens on all assets of the Debtors. Therefore, the Non-Avoidance Causes of Action constitute GECMC Collateral pursuant to the GECMC Mortgage and the Cash Collateral Order.

e. Subordinated 510(b) Claims (Class 5).

Each Holder of Subordinated 510(b) Claim will not receive any Distribution or receive or retain any interest in the Debtors, the Estates, or other property or interests of the Debtors on account of such Subordinated 510(b) Claim.

Class 5 is Impaired and is deemed to reject the Plan.

f. Equity Interests (Class 6).

Each Holder of an Equity Interest in any Debtor will not receive any Distribution or receive or retain any interest in the Debtors, the Estates, or other property or interests of the Debtors on account of such Equity Interests. Each such Equity Interest will be cancelled as of the Effective Date.

Class 6 is Impaired and is deemed to reject the Plan.

B. Voting Procedures and Requirements.

Only Impaired Classes of Claims are entitled to vote to accept or reject the Plan. Please refer to Section 3 of the Plan and Article IV herein for estimated recoveries for each Impaired Class. If the Claim or Claims you hold are not in one of those Classes, you are not entitled to vote on the Plan.

~~ANY QUESTIONS CONCERNING ANY CONTENTS OF THE SOLICITATION PACKAGE SHOULD BE DIRECTED TO COUNSEL FOR THE PLAN PROPONENT, DLA PIPER LLP (US), 1251 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10020 (ATTN: GEORGE B. SOUTH III, ESQ. AND DANIEL G. EGAN, ESQ.) AT (212) 335-4500.~~

1. Vote Required for Acceptance by a Class.

A Class of Claims entitled to vote to accept or reject the Plan shall be deemed to accept the Plan if the Holders of Claims in such voting Class that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Claims that vote in such Class vote to accept the Plan. A Class of Interests is deemed to accept the Plan if the Plan has been accepted by Holders of at least 2/3 of the amount of the Allowed Interests held by Holders of such Interests who vote in such Class. Class 1 is Unimpaired under the Plan and is, therefore, conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Impaired Classes of Claims Entitled to Vote.

Pursuant to section 1126 of the Bankruptcy Code, each Impaired Class of Claims or Interests that will receive a Distribution pursuant to the Plan may vote separately to accept or reject the Plan. Each Holder of an Allowed Claim in such an Impaired Class shall receive a

ballot and may cast a vote to accept or reject the Plan. Classes 3, 4, 5, and 6 are not entitled to receive or retain any property under the Plan and are, therefore, conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Class 2 is Impaired and is the only Class of Claims or Interests entitled to vote on the Plan.

3. Claims and Interests Not Entitled to Vote.

The following Holders of Claims are not entitled to vote on the Plan if, as of the Voting Record Date, the Claim (a) has been disallowed, (b) is the subject of a pending objection, or (c) was listed on the Debtors' Schedules as unliquidated, contingent or disputed and a Proof of Claim was not filed or was filed for an unliquidated, contingent or disputed claim, unless on or before the Voting Record Date the Bankruptcy Court enters a Final Order directing otherwise. However, if a Claim is disallowed in part, the Holder shall be entitled to vote the Allowed portion of the Claim. Classes 1, 3, 4, 5, and 6 are not entitled to vote on the Plan.

C. Means for Implementation of the Plan.

1. Limited Substantive Consolidation.

The Plan provides for the limited substantive consolidation of the Debtors' Estates, but solely for the purposes of the Plan, including voting on the Plan by the Holders of Claims and making any Distributions to Holders of Claims. The Plan Proponent proposes limited substantive consolidation to avoid any inefficiency of proposing and voting in respect of entity-specific Claims and Interests for which there would be no impact on distributions. On the Effective Date, (i) all assets and liabilities of the Debtors will, solely for voting and Distribution purposes, be treated as if they were merged, (ii) each Claim against the Debtors will be deemed a single Claim against and a single obligation of the Debtors, (iii) any Claims filed or to be filed in the Chapter 11 Cases will be deemed single Claims against all of the Debtors, (iv) all guarantees of any Debtor of the payment, performance, or collection of obligations of any other Debtor shall be eliminated and canceled, and (v) any obligation of the Debtors as to Claims will be deemed to be one obligation of all of the Debtors. Holders of Allowed Claims entitled to Distributions under the Plan shall be entitled to their share of assets available for Distribution to such Claim without regard to which Debtor was originally liable for such Claim. Except as may be otherwise set forth in the Plan, such limited substantive consolidation shall not (other than for purposes related to the Plan) (a) affect the legal and corporate structures of the Debtors, subject to the rights and obligations of the Debtors to effect any Plan Transactions contemplated by the Plan, or (b) cause any Debtor to be liable for any Claim or Interest under the Plan for which it is otherwise not liable, and the liability of any Debtor for any such Claim or Interest shall not be affected by such limited substantive consolidation. Based on the Debtors' Schedules, GECMC does not believe that Hoti Management has any significant assets as to which GECMC does not have a lien. To the extent it is determined that any of Hoti Management's assets do not constitute GECMC's collateral, either under the GECMC Loan Documents or in connection with the replacement liens granted under the Cash Collateral Order, then such assets shall not be turned over or transferred to GECMC pursuant to Section 6.2 of the Plan or otherwise.

2. Turnover and Transfer of Property and Other GECMC Collateral by Debtors and the Receiver to GECMC.

On or prior to the Effective Date, all of the Debtors', the Receiver's, and each of their Related Persons' respective rights, title, and interest in and to the Property, all books, records, files, and other documents relating to the Property, and all other GECMC Collateral (including all Cash held by or on behalf of the Debtors or the Receiver, Rents, and Leases) shall be turned over and transferred to GECMC, and the Debtors, the Receiver, and each of their Related Persons are directed to take any and all actions necessary or requested by GECMC to effectuate such transfers. GECMC is hereby appointed attorney in fact for the Debtors to the extent necessary to effectuate any transfers to be made to GECMC under the Plan. The Debtors, the Receiver, and their respective Related Persons shall cooperate with all reasonable requests by GECMC related to facilitating or accomplishing such transfers. All such transfers to GECMC shall be free and clear of any Liens, Claims, encumbrances, and other interests. Following the full and final completion of such transfers required by the Receiver, the Receiver shall be relieved and discharged of her duties as Receiver.

3. Tenant Security Deposits.

On or prior to the Effective Date, the Debtors, the Receiver, and their respective Related Persons shall turn over and transfer to GECMC all Tenant Security Deposits, which shall be held by GECMC or its successors and assigns and used or applied in accordance with the terms of the Leases. Such Tenant Security Deposits will be transferred into a segregated account held by GECMC for the benefit of the applicable Tenants.

4. Effectuating Plan Transactions.

On the Effective Date or as soon thereafter as is reasonably practicable, the Plan Proponent may take, and the Debtors and the Receiver shall take at the request or with the consent of GECMC, any and all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan (the "***Plan Transactions***"), including, but not limited to, (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law (including all agreements or documents necessary to effectuate the transfers described in Sections 6.2 and 6.3 of the Plan), (ii) the execution and delivery of any appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt, duty or obligation on terms consistent with the Plan (including all agreements or documents necessary to effectuate the transfers described in Sections 6.2 and 6.3 of the Plan), (iii) the filing of appropriate certificates of incorporation or other similar documents with the appropriate governmental authorities pursuant to applicable law, and (iv) all other actions that are necessary or appropriate to effectuate the provisions of the Plan.

5. Effectuating Documents and Further Transactions.

Each of the Debtors, the Receiver, the Plan Proponent, and their respective Related Persons (at the request or with the consent of the Plan Proponent) are authorized to execute, deliver, file, or record such contracts, instruments, releases, consents, certificates, resolutions, programs, and other agreements and/or documents and take such acts and actions as may be reasonable, necessary, or appropriate to effectuate, implement, consummate, and/or further evidence the terms and conditions of the Plan and any transactions described in or contemplated by the Plan. The Debtors, Receiver, or Plan Proponent, as applicable, and all Holders of Claims or Interests receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents requested by the Plan Proponent and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

6. Authority to Act.

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the stockholders, security holders, officers, directors, partners, managers, members, or other owners of one or more of the Debtors shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as applicable) pursuant to the applicable law of the states or jurisdictions in which the Debtors are formed, without any further vote, consent, approval, authorization, or other action by such stockholders, security holders, officers, directors, partners, managers, members, or other owners of one or more of the Debtors or notice to, order of, or hearing before, the Bankruptcy Court.

7. Transfer of Assets; Successor Liability.

The Plan Transactions may be deemed to result in substantially all of the respective assets, properties, and rights of the Debtors vesting in GECMC. To the fullest extent permitted by applicable law, neither GECMC, nor its successors or assigns, nor its properties shall, as a result of confirmation of the Plan or consummation of any Plan Transactions contemplated by the Plan, (a) be or be deemed to be a successor to the Debtors or their Estates; (b) have or be deemed to have, *de facto* or otherwise, merged or consolidated with or into the Debtors or their Estates; or (c) be or be deemed to be a continuation or substantial continuation of the Debtors, their Estates, or any enterprise of the Debtors. Moreover, to the fullest extent permitted by applicable law, and without limiting the effect of the scope of the foregoing, except as is expressly set forth in the Plan, as a result of confirmation of the Plan and any Plan Transactions, neither GECMC, nor its successors or assigns, nor its properties shall have any successor or vicarious liabilities of any kind or character, including without limitation, any theory of antitrust, environmental, successor or transferee liability, labor law, *de facto* merger or substantial continuity, whether known or unknown, now existing or hereafter arising, asserted or unasserted, fixed or contingent, or liquidated or unliquidated with respect to the Debtors, their Estates, any enterprise of the Debtors, or any obligations of the Debtors or their Estates arising prior to the Effective Date, including, without limitation, liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of any assets transferred to GECMC pursuant to the Plan.

8. Source of Funds for Distributions

The source of funds used to provide payment of Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims in accordance with Section 2 of the Plan will be either cash on hand of the Receiver that is turned over and transferred to GECMC in accordance with the Plan or other funds of GECMC.

D. Distributions Under the Plan.

1. Date of Distributions.

Except as otherwise provided in the Plan (including with respect to the transfers and other transactions described in Sections 6.2 and 6.3 of the Plan, which shall be made within the timeframes set forth in those Sections), any Distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is reasonably practicable. In the event that any payment 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 the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

2. The Plan Proponent as Disbursing Agent.

Any Distributions to be made after the Effective Date hereunder shall be made by the Plan Proponent or its named successor or assign. The Plan Proponent shall not be required to give any bond or surety or other security in connection with the making of any such Distributions.

3. Powers of Plan Proponent as Disbursing Agent.

The Plan Proponent may (i) effect all actions and execute all agreements, instruments, and other documents necessary to carry out the provisions of the Plan, (ii) make any Distributions contemplated hereby, and (iii) perform such other acts as it deems necessary to make such Distributions pursuant to the Plan.

4. Delivery of Distributions.

If any Distribution to a Holder of an Allowed Claim is returned as undeliverable, the Plan Proponent shall use reasonable efforts to determine the correct current address of such Holder, but no Distribution to such Holder shall be made unless and until the Disbursing Agent has determined to the best of its ability the current address of such Holder, at which time a Distribution shall be made to such Holder without interest; provided that such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one (1) year from the Effective Date. After such date, all unclaimed property or interest in property shall revert to GECMC, and the Claim of any other holder to such property or interest in property shall be discharged and forever barred.

5. Manner of Payment.

At the option of the Plan Proponent, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.

6. Setoffs.

The Plan Proponent, on behalf of the Debtors, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable bankruptcy or nonbankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, may, but shall not be required to, set off against any Allowed Claim or Interest and the Distributions to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any Distribution is to be made on account of such Allowed Claim or Interest), any claims of any nature whatsoever that the Debtors may have against the Holder of such Allowed Claim or Interest, provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest hereunder shall constitute a waiver or release by the Debtors or Plan Proponent of any such claim the Debtors may have against the Holder of such Claim or Interest.

7. Distributions After Effective Date.

For Disputed Claims that have not been Allowed as of the Effective Date, any Distributions made after the Effective Date to Holders of such Disputed Claims (which later become Allowed Claims after the Effective Date) shall be deemed to have been made on the Effective Date.

8. Allocation of Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under the Plan includes both principal and accrued but unpaid interest, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

9. Distributions Free and Clear.

Except as may be otherwise provided in the Plan, any Distributions under the Plan shall be free and clear of any Liens, Claims, encumbrances, and other interests.

E. Procedures for Disputed Claims.

1. Allowance of Claims and Interests.

Except as expressly provided in the Plan, or in any order entered in the Chapter 11 Cases prior to the Effective Date, including the Plan Confirmation Order, no Claim or Interest shall be deemed Allowed unless and until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Plan Confirmation Order, in the Chapter 11 Cases allowing such Claim or Interest.

2. Objections to Claims.

The Plan Proponent shall be entitled to file objections to all Claims and Interests that are otherwise not deemed Allowed Claims or Interests under the Plan or otherwise. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court.

3. Estimation of Claims.

Before or after the Effective Date, the Plan Proponent may (but is not required to) at any time request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Contingent Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Plan Proponent may pursue supplementary proceedings to object to the allowance of such Claim.

4. Distributions Relating to Disputed Claims.

At such time as a Disputed Claim becomes an Allowed Claim, the Plan Proponent shall distribute to the Holder of such Claim, such Holder's *pro rata* portion of the property distributable with respect to the Class in which such Claim belongs. To the extent that all or a portion of a Disputed Claim is disallowed, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim that is disallowed and any property withheld pending the resolution of such Claim shall be reallocated *pro rata* to the Holders of Allowed Claims in the same Class.

5. Distributions after Allowance.

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Plan Proponent shall provide to the Holder of such Claim the Distribution to which such Holder is entitled hereunder.

6. Rights to Settle Claims.

On and after the Effective Date, the Plan Proponent shall have the authority to settle or otherwise resolve any objections to Claims and to compromise, settle, or otherwise resolve any Disputed Claims without further review or approval of the Bankruptcy Court.

7. Disallowed Claims.

All Claims held by Persons or Entities against whom or which any Debtor has commenced a proceeding asserting a cause of action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 548, 549 or 724(a) of the Bankruptcy Code shall be deemed disallowed Claims pursuant to section 502(d) of the Bankruptcy Code and Holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims deemed disallowed pursuant to the Plan shall continue to be disallowed for all purposes until the Avoidance Action against such party has been settled or resolved by Final Order and any sums due from such party have been paid.

F. Executory Contracts and Unexpired Leases.

1. General Treatment Under the Plan.

~~As~~Subject to the payment of any required cure amount, all unexpired Leases, as well as any other executory contract or unexpired lease identified by the Plan Proponent in a filing with the Bankruptcy Court prior to the Effective Date, to which any of the Debtors is a party are hereby assumed by the Debtors and assigned to GECMC as of the Effective Date except for an executory contract or unexpired lease that (i) previously has been rejected pursuant to Final Order of the Bankruptcy Court, (ii) is specifically designated as an executory contract or unexpired lease to be rejected in the Plan, or (iii) is the subject of a separate rejection motion filed under section 365 of the Bankruptcy Code prior to the Effective Date. All other executory contracts and unexpired leases are expressly rejected pursuant to the Plan.

Assumption of any executory contract or unexpired lease pursuant to the Plan or otherwise shall result in the full, final, and complete release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults or provisions restricting the change in control of ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption. Any Claim listed in the Schedules and any Proofs of Claim filed with respect to any executory contract or unexpired lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

2. Rejection Damages Claims.

In the event that the rejection of an executory contract or unexpired lease pursuant to the Plan results in a Rejection Damages Claim in favor of a counterparty to such executory contract or unexpired lease, such Rejection Damages Claim shall be treated as a General Unsecured Claim pursuant to the terms of the Plan.

G. Conditions Precedent to Confirmation.

A condition precedent to the confirmation of the Plan is that the Bankruptcy Court shall have entered a Plan Confirmation Order with respect to the Plan in form and substance satisfactory in all respects to the Plan Proponent in its sole discretion.

H. Conditions Precedent to Effective Date.

1. Conditions Precedent.

The occurrence of the Effective Date of the Plan is subject to the following conditions precedent:

(a) the Plan Confirmation Order in form and substance satisfactory in all respects to the Plan Proponent in its sole discretion shall have been entered by the Bankruptcy Court and shall be a Final Order;

(b) all actions, documents, and agreements necessary to implement the Plan, including, without limitation, all actions, documents, and agreements necessary to implement any Plan Transactions, shall have been effected or executed in form and substance satisfactory in all respects to the Plan Proponent in its sole discretion;

(c) the GECMC Transfer Effective Date shall have occurred prior to or contemporaneously with the Effective Date;

(d) the aggregate amount of all Allowed Administrative Expense Claims, Allowed Compensation and Reimbursement Claims, Allowed Priority Tax Claims, Allowed Receiver Claims, and Allowed Other Priority Claims shall not exceed \$150,000;

(e) absence of any pending or threatened government action or any law that has the effect of or actually does prevent consummation of any of the Plan Transactions;

(f) there shall have been no modification or stay of the Plan Confirmation Order or entry of other court order prohibiting transactions contemplated by the Plan from being consummated; and

(g) there shall have been no material adverse change to the condition of the Property or any of the other GECMC Collateral, as determined by the Plan Proponent in its sole discretion.

2. Waiver of Conditions.

Unless otherwise specifically provided in the Plan, the conditions set forth in Section 11.1 of the Plan may be waived in whole or in part by the Plan Proponent without notice to any other parties in interest or the Bankruptcy Court and without a hearing.

3. Effect of Failure of Conditions.

If the conditions precedent specified in Section 11.1 of the Plan have not been satisfied or waived by the Plan Proponent within sixty (60) days after the Plan Confirmation Date, which period may be extended by the Plan Proponent in its sole discretion, then (i) the Plan Confirmation Order shall be vacated, (ii) no Distributions under the Plan shall be made, (iii) the Debtors and all Holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Plan Confirmation Date as though the Plan Confirmation Date never occurred, and (iv) all of the Debtors' obligations with respect to the Claims and the Interests shall remain unchanged and nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any other Entity in any further proceedings involving the Debtors or otherwise.

I. Effect of Confirmation.

1. Binding Effect.

On the Effective Date, and effective as of the Effective Date, the Plan shall be binding upon the Debtors and all present and former Holders of Claims against and Interests in any Debtor, and their respective Related Persons, regardless of whether any such Holder of a Claim or Interest has voted or failed to vote to accept or reject the Plan.

2. Discharge of Claims and Termination of Interests.

To the fullest extent provided under section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, as of the Effective Date, of all Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the Holder of such a Claim or Interest has accepted the Plan. The Plan Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

3. Compromise and Settlement of Claims, Interests, and Controversies.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Plan Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable.

4. Injunction.

Except as otherwise expressly provided in the Plan, the Plan Confirmation Order or a separate order of the Bankruptcy Court, all entities who have held, hold or may hold Claims against or Interests in any or all of the Debtors, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors on account of any such Claim or Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Interest, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Interest, and (e) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims and causes of action which are retained pursuant to the Plan. Such injunction shall extend to any successors of the Debtors and their respective properties and interests in property, as well as to the GECMC Collateral and other assets of the Debtors transferred to GECMC pursuant to the Plan.

5. Term of Injunctions or Stays.

Unless otherwise provided in the Plan, all injunctions or stays pursuant to sections 105 or 362 of the Bankruptcy Code arising under or entered during the Chapter 11 Cases, or otherwise, and in existence on the Plan Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay and to the extent consistent with the terms and provisions of the Plan.

6. Injunction Against Interference with Plan.

Upon the Bankruptcy Court's entry of the Plan Confirmation Order, all Holders of Claims and Interests, the Debtors, and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any

actions to interfere with the Plan Proponent's and its affiliates', employees', advisors', officers' and directors', and agents' implementation or consummation of the Plan.

7. Debtor Releases.

ON THE EFFECTIVE DATE, THE DEBTORS AND THEIR RELATED PERSONS SHALL RELEASE AND BE PERMANENTLY ENJOINED FROM ANY PROSECUTION OR ATTEMPTED PROSECUTION OF ANY AND ALL CLAIMS AND CAUSES OF ACTION, INCLUDING THE AVOIDANCE ACTIONS AND CAUSES OF ACTION, WHICH THEY HAVE OR MAY HAVE AGAINST ANY OF THE THIRD PARTY RELEASEES, AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES AND REPRESENTATIVES AND THEIR RESPECTIVE PROPERTY IN CONNECTION WITH (I) THE GECMC LOAN DOCUMENTS OR ACTIONS TAKEN BY GECMC IN CONNECTION THEREWITH, OR (II) THE CHAPTER 11 CASES.

ON THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN THE PLAN CONFIRMATION ORDER, THE THIRD PARTY RELEASEES, AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES AND REPRESENTATIVES AND THEIR RESPECTIVE PROPERTY SHALL BE RELEASED FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, AVOIDANCE ACTIONS AND LIABILITIES WHICH THE DEBTORS OR THEIR RELATED PERSONS MAY BE ENTITLED TO ASSERT, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR THEREAFTER ARISING, BASED IN WHOLE OR IN PART UPON ANY, ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE, INCLUDING, BUT NOT LIMITED TO, THE NEGOTIATION, SOLICITATION, CONFIRMATION AND CONSUMMATION OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING SHALL RELEASE ANY PERSON FROM ANY CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, OR LIABILITIES BASED UPON ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE CHAPTER 11 CASES, THE SOLICITATION OF ACCEPTANCES OF THE PLAN, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, THE ADMINISTRATION OF THE PLAN, OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN ARISING OUT OF SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

~~**8. Releases by Holders of Claims and Interests.**~~

~~**EACH HOLDER OF A CLAIM RELATED TO THE DEBTORS (WHETHER OR NOT ALLOWED) AGAINST, OR EQUITY INTEREST IN, THE DEBTORS, AND EACH PERSON OR ENTITY PARTICIPATING IN EXCHANGES AND DISTRIBUTIONS UNDER OR PURSUANT TO THE PLAN, FOR ITSELF AND ITS**~~

~~RESPECTIVE SUCCESSORS, ASSIGNS, TRANSFEREES, CURRENT AND FORMER OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, IN EACH CASE IN THEIR CAPACITY AS SUCH, SHALL BE DEEMED TO HAVE RELEASED ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST THE THIRD PARTY RELEASEES AND ALL OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, ADVISORS, PROFESSIONALS OR AGENTS ARISING PRIOR TO THE EFFECTIVE DATE.~~

~~ON THE EFFECTIVE DATE, IN CONSIDERATION FOR THE OBLIGATIONS OF THE DEBTORS UNDER THE PLAN AND THE DISTRIBUTIONS TO BE DELIVERED IN CONNECTION WITH THE PLAN, ALL HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTORS SHALL BE PERMANENTLY ENJOINED FROM BRINGING ANY ACTION AGAINST ANY THIRD PARTY RELEASEES, AND ALL OF THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, OTHER PROFESSIONALS, EMPLOYEES, PARTNERS, MEMBERS, SUBSIDIARIES, MANAGERS, AFFILIATES AND REPRESENTATIVES SERVING IN SUCH CAPACITY AS OF THE CONFIRMATION DATE, AND THEIR RESPECTIVE PROPERTY, IN RESPECT OF ANY CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, DEMANDS, SUITS, PROCEEDINGS, AND LIABILITIES RELATED IN ANY WAY TO THE DEBTORS, THE PLAN PROPONENT, THE CHAPTER 11 CASES, THE PLAN OR THE DISCLOSURE STATEMENT; PROVIDED, HOWEVER, NOTHING~~

THIS RELEASE AND THE EXCULPATION SET FORTH IN SECTION 12.8 OF THE PLAN SHALL BE CONSTRUED TO RELEASE OR EXCULPATE ANY PERSON OR ENTITY FROM FRAUD, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, CRIMINAL CONDUCT, UNAUTHORIZED USE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES OR FOR PERSONAL ULTRA VIRES ACTS, ARE INTEGRAL PARTS OF THE PLAN. THE PLAN PROPONENT IS AGREEING TO PAY AN AGGREGATE AMOUNT UP TO \$150,000 TO HOLDERS OF ALLOWED ADMINISTRATIVE AND PRIORITY CLAIMS PURSUANT TO THE PLAN FOR THE BENEFIT OF THE DEBTORS' ESTATES, BUT IS ONLY WILLING TO DO SO IF IT RECEIVES ASSURANCE THAT IT WILL NOT BE SUBJECT TO POTENTIAL LITIGATION THAT THE DEBTORS AND THEIR PRINCIPALS HAVE DEMONSTRATED THEY ARE INCLINED TO PURSUE.

8. ~~9.~~ Exculpation.

None of the Third Party Releasees, nor any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents or any of their successors and assigns shall have or incur any liability to any holder of a Claim or Interest, or other party in interest, or any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents or any of their successors and assigns, for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, including without limitation, the negotiation and solicitation of the Plan, except for willful misconduct or gross negligence,

and, in all respects, the Third Party Releasees and each of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

This exculpation and the release set forth in section 12.7 of the Plan are integral parts of the Plan. The Plan Proponent is agreeing to pay an aggregate amount up to \$150,000 to Holders of Allowed Administrative and Priority Claims pursuant to the Plan for the benefit of the Debtors' Estates, but is only willing to do so if it receives assurance that it will not be subject to potential litigation that the Debtors and their principals have demonstrated they are inclined to pursue.

9. ~~10.~~ Release of Liens.

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged.

10. ~~11.~~ Solicitation.

As of and subject to the occurrence of the Plan Confirmation Date, the Plan Proponent shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation.

11. ~~12.~~ Transfer Tax Exemption.

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer, or exchange of notes or equity securities, (b) the creation of any mortgage, deed of trust, lien, pledge, or security interest, (c) the making or assignment or surrender of any lease or sublease, (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, and any merger agreements, restructuring agreements, disposition, liquidation or dissolution, any deeds, bills of sale, transfers of tangible property, or assignments executed in connection with any disposition of assets contemplated by the Plan, including, without limitation, the transfer of the GECMC Collateral to GECMC, transfers otherwise provided for in Sections 6.2 and 6.3 of the Plan and any transfer comprising part of the Plan Transactions, shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax. A copy of the Plan and this Disclosure Statement will be served on the applicable taxing authorities.

12. ~~13.~~ Cancellation of Agreement, Notes and Interests.

On the Effective Date, except to the extent otherwise expressly provided in the Plan, all notes, stock, interests, instruments, certificates, and other documents evidencing any notes and

Interests in any of the Debtors shall be deemed automatically extinguished, cancelled and of no further force or effect, and the Debtors shall not have any continuing obligations thereunder. On the Effective Date, except to the extent otherwise expressly provided in the Plan, any indenture or other agreement relating to any of the foregoing shall be deemed automatically extinguished, cancelled and of no further force or effect, and the Debtors shall not have any continuing obligations thereunder.

J. Retention of Jurisdiction.

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) to hear and determine motions and/or applications for the assumption or rejection of executory contracts or unexpired leases and the allowance, classification, priority, compromise, estimation, or payment of Claims resulting therefrom;

(b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Plan Confirmation Date;

(c) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan;

(d) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

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

(f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Plan Confirmation Order, or any other order of the Bankruptcy Court;

(g) to hear and determine any application to modify the Plan in accordance with applicable provisions of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Plan Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) to hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Plan Confirmation Date;

(i) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Plan Confirmation Order, any

transactions or payments contemplated hereby or under any agreement, instrument, or other document governing or relating to any of the foregoing;

(j) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

(k) to hear any disputes arising out of arising out of, and to enforce any order approving alternative dispute resolution procedures to resolve personal injury, employment litigation, and similar claims pursuant to section 105(a) of the Bankruptcy Code;

(l) to determine such other matters and for such other purposes as may be provided in the Plan Confirmation Order;

(m) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code);

(n) to hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code; and

(o) to enter a final decree closing the Chapter 11 Cases.

K. Miscellaneous Provisions of the Plan.

1. Payment of Statutory Fees.

On the Effective Date, and thereafter as may be required, the Plan Proponent shall pay all fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

2. Substantial Consummation.

On the Effective Date, the Plan shall be deemed to be substantially consummated within the meaning set forth in section 1101 and pursuant to section 1127(b) of the Bankruptcy Code.

3. Modifications to Plan.

The Plan may be amended, modified, or supplemented by the Plan Proponent in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code. In addition, after the Plan Confirmation Date, the Plan Proponent may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Plan Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

4. Other Amendments.

The Plan Proponent may make appropriate technical adjustments and modifications to the Plan prior to the Effective Date without further order or approval of the Bankruptcy Court.

5. Effectuating Documents and Further Transactions.

Each of the officers of the Debtors is authorized, in accordance with his or her authority under the resolutions of the applicable board of directors or members, to, and shall upon the request of the Plan Proponent, execute, deliver, file, or record such contracts, instruments, certificates, deeds, bills of sale, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

6. Revocation or Withdrawal of the Plan.

The Plan Proponent reserves the right to revoke or withdraw the Plan prior to the Effective Date in its sole discretion. If the Plan Proponent takes such action, the Plan shall be deemed null and void.

7. Severability.

If, prior to the entry of the Plan Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Plan Proponent, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Plan Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

8. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of the Plan and the transactions consummated or to be consummated in connection therewith.

9. Time.

Bankruptcy Rule 9006 shall apply to all computations of time periods prescribed or allowed by the Plan unless otherwise set forth in the Plan or provided by the Bankruptcy Court.

10. Entire Agreement.

On the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

11. Section 1125(e) Good Faith Compliance.

The Plan Proponent, and each of its Related Persons, shall be deemed to have acted in good faith under section 1125(e) of the Bankruptcy Code.

12. Effective Notice.

All notices to or requests of the Plan Proponent by parties in interest in connection with the Plan shall be in writing and delivered either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) overnight delivery, all charges prepaid, and shall be deemed to have been given when received by:

GECMC 2007 C-1 Burnett Street, LLC
c/o LNR Partners, LLC
1601 Washington Avenue, Suite 700
Miami Beach, Florida 33139
Attn: Leah Solomon
Telephone: (305) 695-5749
Facsimile: (305) 695-5601

- and -

DLA Piper LLP US
1251 Avenue of the Americas
New York, New York 10020
Attn: George B. South III, Esq.
~~Vincent J.~~Daniel G. Roldan Egan, Esq.
Telephone: (212) 335-4500
Facsimile: (212) 335-4501

V. RISKS AND CONSIDERATIONS

A. Bankruptcy Considerations.

Although the Plan Proponent believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth in Section 11.1 of the Plan, and there can be no assurance that such conditions will be satisfied or waived. In the event the conditions precedent described in Section 11.1 of the Plan have not been satisfied or waived (to the extent possible) by the Plan Proponent (as provided for in the Plan) within sixty (60) days after the Plan Confirmation Date, which period may be extended by the Plan Proponent in its sole discretion, then the Plan Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Debtors and all Holders of Claims and Interests will be restored to the *status quo ante* as of the day immediately preceding the Plan Confirmation Date as though the Plan Confirmation Date had never occurred.

The Plan provides for no Distribution to certain Classes as specified in Sections 3 and 4 of the Plan. The Bankruptcy Code conclusively deems these Classes to have rejected the Plan. Pursuant to section 1129(a)(10) of the Bankruptcy Code, notwithstanding the fact that these Classes are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if at least one Impaired Class votes to accept the Plan (with such acceptance being determined without including the vote of any “insider” in such class). Class 2 is the only Impaired Class entitled to vote on the Plan, and GECMC (the Plan Proponent) is the only creditor in Class 2 and intends to vote in favor of the Plan. Therefore, the Plan will satisfy the requirements of section 1129(a)(10) of the Bankruptcy Code. As to each Impaired Class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to these Classes. The Plan Proponent believes that the Plan satisfies these requirements.

B. No Duty to Update Disclosures.

The Plan Proponent has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Plan Proponent is required to do pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

C. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Debtors, the Plan Proponent, and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised, that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims that are entitled to vote to accept or reject the Plan.

D. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Debtors or Holders of Claims and Interests.

E. Tax and Other Related Considerations.

The content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VI. PLAN CONFIRMATION AND CONSUMMATION

A. Plan Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Plan. On, or as promptly as practicable after the filing of the Plan and this Disclosure Statement, the Plan Proponent will request pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Plan Confirmation Hearing. Notice of the Plan Confirmation Hearing will be provided to all known creditors, equity holders or their representatives. The Plan Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Plan Confirmation Hearing or any subsequent adjourned Plan Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon: (i) DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 (Attn: George B. South III, Esq. and ~~Vincent J.~~ Daniel G. Roldan Egan, Esq.), attorneys for the Plan Proponent; (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004; (iii) Dwyer & Associates, LLC, 11 Broadway, Suite 615, New York, New York 10004 (Attn: Tanya Dwyer, Esq.), attorneys for the Debtors; and (iv) such other parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING WHETHER TO CONFIRM THE PLAN.**

B. Plan Confirmation Requirements Under the Bankruptcy Code.

At the Plan Confirmation Hearing, the Bankruptcy Court will consider the terms of the Plan and determine whether the Plan terms satisfy the requirements set out in section 1129 of the Bankruptcy Code.

C. Plan Consummation.

Upon confirmation of the Plan by the Bankruptcy Court, the Plan will be deemed consummated on the Effective Date. Distributions to Holders of Claims receiving a Distribution pursuant to the terms of the Plan will follow consummation of the Plan.

D. Best Interests of Creditors Test.

The Bankruptcy Code requires that, with respect to an impaired class of claims or interests, each holder of an impaired claim or interest in such class either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the effective date.

The costs of a chapter 7 liquidation would necessarily include fees payable to a trustee in bankruptcy, as well as fees likely to be payable to attorneys, advisors, and other professionals that such a chapter 7 trustee may engage to carry out its duties under the Bankruptcy Code. Other costs of liquidating the Debtors' Estates would include the expenses incurred during the bankruptcy cases and allowed by the Bankruptcy Court in the chapter 7 case, such as reimbursable compensation for the Debtors' professionals.

The foregoing types of claims, costs, expenses, and fees that may arise in a chapter 7 liquidation case would be paid in full before payments would be made towards pre-chapter 11 priority and unsecured claims. The Plan Proponent believes that in a chapter 7 liquidation case, no prepetition claims or interests, including claims of priority creditors, would receive any distribution of property from the Estates, and the Estates would likely not be able to pay most, if any, administrative expenses. Accordingly, the Plan Proponent believes that the Plan, which provides for payment in full to administrative and priority claimants, is in the best interest of creditors.

E. Liquidation Analysis.

As noted above, the Plan Proponent believes that under the proposed terms of the Plan, all Holders of Impaired Claims and Interests will receive property with a value not less than the value such Holders would receive in a chapter 7 liquidation of the Debtors' assets. The Plan Proponent's belief is based primarily on consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to Holders of Impaired Claims and Interests, including (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, (b) the erosion in value of assets in a chapter 7 case in the context of the rapid liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (c) the substantial increases in claims, and (e) the substantial delay in Distributions to the Holders of Impaired Claims and Interests that would likely ensue in a chapter 7 liquidation.

In addition, all of the Debtors' assets, including the Property, are encumbered by a valid, perfected, first priority security interest in favor of GECCMC. The amount of GECCMC's secured claim is in excess of \$40,733,874.79 (as of the Petition Date), and the most recent appraisal of

the Property valued it at \$14,450,000. Therefore, in any sale or liquidation of the Property in a case under chapter 7 of the Bankruptcy Code, there would be no proceeds available to provide for payments to administrative and priority creditors. Pursuant to the Plan, the Plan Proponent will use available cash collateral turned over to it by the Debtors and the Receiver to pay in full administrative and priority claims.

F. Feasibility.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a plan proponent must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. Pursuant to the Plan, the Debtors and Receiver are turning over and transferring to GECMC the Property and other assets constituting GECMC's collateral, leaving the Debtors with no additional assets to liquidate or to continue to operate with. Therefore, the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

G. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in below, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Claims in Class 1 are not Impaired under the Plan and, as a result, the Holders of such Claims are deemed to have accepted the Plan. Any Class of Claims that is not occupied as of the commencement of the Plan Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018, shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been

solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

H. Section 1129(b).

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm a plan even if a class of impaired claims or interests votes to reject the plan if the plan does not unfairly discriminate and is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan.

1. No Unfair Discrimination.

The “no unfair discrimination” test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

2. Fair and Equitable.

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (“*Dissenting Class*”), *i.e.*, a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

a. Class of Secured Claims:

Each holder of an impaired secured claim either (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan of at least the allowed amount of such claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof) or (iii) receives the “indubitable equivalent” of its allowed secured claim.

b. Class of Unsecured Creditors:

Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the Dissenting Class will not receive any property under the plan.

c. Class of Interests:

Either (i) each interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan.

The Plan Proponent believes the Plan does not “discriminate unfairly” and will satisfy the “fair and equitable” requirement notwithstanding that certain Classes of Claims are deemed to reject the Plan because no Class that is junior to such Class will receive or retain any property on account of the Claims and Interests in such Class and the Plan not provide for unfair treatment with respect to Classes of Claims or Interests that are of equal priority.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Plan Proponent believes the Plan is in the best interests of creditors and should accordingly be accepted and confirmed. If the Plan as proposed, however, is not confirmed, the following alternatives may be available: (i) a liquidation of the Debtors’ assets pursuant to chapter 7 of the Bankruptcy Code; (ii) an alternative plan of reorganization may be proposed and confirmed; or (iii) the Debtors’ Chapter 11 Cases may be dismissed.

A. Chapter 7 Liquidation.

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Chapter 11 Cases may be converted to liquidation cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed, pursuant to applicable provisions of chapter 7 of the Bankruptcy Code, to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation would have on the recoveries of Holders of Claims is set forth in Article VI hereof. The Plan Proponent believes that such a liquidation would result in smaller distributions being made to the Debtors’ creditors than those provided for in the Plan (with administrative and priority creditors likely receiving no distribution) because (a) the value of the Debtors’ assets that would be liquidated is substantially less than the value of the senior secured claim in favor of GECMC, and (b) additional administrative expenses attendant to the appointment of a trustee and the trustee’s employment of attorneys and other professionals. In a chapter 7 liquidation, the Plan Proponent believes that there would be no Distribution to Holders of Allowed Claims other than to GECMC in partial satisfaction of its claims.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Debtors or any party in interest may propose a different plan. Such a plan might involve either an alternative reorganization structure or an orderly liquidation of the Debtors’ assets in a chapter 11 bankruptcy proceeding. The Plan Proponent believes that the terms of the Plan result in the realization of the most value for Holders of Claims and Interests against the Debtors’ Estates. If the Debtors’ assets were to be liquidated in the Chapter 11 Cases, the proceeds of such liquidation would be applied towards the senior secured claims of GECMC, leaving no prospect of recovery for other Holders of Allowed Claims. Due to the size of GECMC’s unsecured deficiency claims, the Debtors will not be able to confirm any chapter 11 plan in these cases without the consent of GECMC.

C. Dismissal of the Debtors' Chapter 11 Cases.

Dismissal of all of the Debtors' Chapter 11 Cases would have the effect of restoring (or attempting to restore) all parties to the *status quo ante*. Upon dismissal of all of the Debtors' Chapter 11 Cases, the Debtors would lose the protection of the Bankruptcy Code, and GECCMC would proceed with the state court Foreclosure Action to foreclose upon the assets that are subject to its Liens that constitute all or substantially all of the Debtors' assets. Dismissal will also permit unpaid unsecured creditors to obtain and enforce judgments against the Debtors. The Plan Proponent believes that these actions would eliminate any chance of recovery for administrative and priority creditors. Therefore, the Plan Proponent believes that dismissal of the Debtors' Chapter 11 Cases is not a preferable alternative to the Plan.

VIII. CERTAIN FEDERAL TAX CONSEQUENCES

This Disclosure Statement does not discuss any federal income tax consequences of the Plan to Creditors. Accordingly, Creditors should consult their own tax advisors regarding their ability to recognize a loss for tax purposes and any other tax consequences to them of the Plan.

DUE TO A LACK OF DEFINITIVE JUDICIAL OR ADMINISTRATIVE AUTHORITY AND INTERPRETATION, SUBSTANTIAL UNCERTAINTIES EXIST WITH RESPECT TO VARIOUS TAX CONSEQUENCES OF THE PLAN. FOR THE FOREGOING REASONS, CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE AND LOCAL) OF THE PLAN.

IX. RECOMMENDATION AND CONCLUSION

The Plan Proponent believes the Plan is in the best interests of the Estates and urges the Holders of Impaired Claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their ballots to the Plan Proponent.

Dated: ~~December~~March 15, ~~2011~~2012
Miami Beach, FL

Respectfully submitted,

GECCMC 2007 C-1 Burnett Street, LLC, a
Delaware limited liability company

By: LNR Partners, LLC, a Florida limited
liability company, successor by
statutory conversion to LNR Partners,
Inc., a Florida corporation, its
manager

By: /s/ Job Warshaw

Name: Job Warshaw

Title: Co-President

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