IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re	§ **CASE NO. 10-33986-bjh**
	§
HSAD 3949 LINDELL, LTD.	§ **Chapter 11**
	§
	§ **Judge Brenda T. Rhoades**
Debtor.	§
	§
	§

DISCLOSURE STATEMENT FOR DEBTOR'S PLAN OF REORGANIZATION

(Dated: August 30, 2010)

FRANK J. WRIGHT
C. ASHLEY ELLIS
THOMAS P. BINGMAN, III
WRIGHT GINSBERG BRUSILOW P.C.
600 SIGNATURE PLACE
14755 PRESTON ROAD
DALLAS, TX 75254

ATTORNEYS FOR THE DEBTOR

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INTRODUCTION

This Disclosure Statement ("**Disclosure Statement**") and the accompanying Ballots are being furnished by HSAD 3949 Lindell, Ltd. ("**HSAD," the "Debtor**" or the "**Plan Proponent**") to the holders of Claims against and Interests in the Debtor pursuant to Section 1125 of the United States Bankruptcy Code in connection with the solicitation of ballots for the acceptance of the Plan of Reorganization for HSAD 3949 Lindell, Ltd. Proposed by the Debtor (the "**Plan**") under Chapter 11 ("**Chapter 11**") of Title 11 of the United States Code (the "**Bankruptcy Code**"). Capitalized terms used in this Disclosure Statement and not defined herein shall have their respective meanings set forth in the Plan or, if not defined in the Plan, as defined in the Bankruptcy Code.

On June 1, 2010 (the "**Petition Date**"), the Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Northern District of Texas, Dallas Division (the "**Bankruptcy Court**"). No trustee or examiner has been appointed, and no official committee of creditors or equity interest holders has yet been established.

On August 30, 2010, the Plan Proponent filed the Plan. On _____, 2010, after notice and hearing, the Bankruptcy Court approved this Disclosure Statement and authorized the Plan Proponent to solicit votes with respect to the Plan.

The purpose of this Disclosure Statement is to enable those persons whose Claims against and Interests in the Debtor are Impaired and entitled to vote under the Plan to make an informed decision with respect to the Plan before exercising their rights to vote to accept or reject the Plan. Holders of Claims should read this Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes with respect to the Plan may be made except pursuant to this Disclosure Statement. No statement or information concerning the Debtor (particularly as to the results or financial condition, or with respect to distributions to be made under the Plan) or any of the Debtor's assets, properties or business that is given for the purpose of soliciting acceptances or rejections of the Plan is authorized, other than as set forth in this Disclosure Statement. In the event of any inconsistences between the provisions of the Plan and this Disclosure Statement, the provisions of the Plan shall control. A copy of the Plan is attached hereto as Exhibit "A" to this Disclosure Statement.

On _____, 2010 after notice and a hearing, this Disclosure Statement was approved by the Bankruptcy Court as containing information, of a kind and in sufficient detail, to enable persons whose votes are being solicited to make an informed judgment with respect to acceptance or rejection of the Plan. A copy of the Bankruptcy Court's order approving this Disclosure Statement and establishing procedures for voting on the Plan (the "**Approval Order**") is enclosed with your copy of this Disclosure Statement. The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guarantee of the accuracy or completeness of the information contained herein or an endorsement of any of the information contained in this Disclosure Statement or the Plan.

After carefully reviewing this Disclosure Statement and all exhibits and schedules attached hereto, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot.

BALLOTS SHOULD BE MARKED, SIGNED, DATED AND RETURNED SO THAT THEY ARE ACTUALLY RECEIVED BY NO LATER THAN 4:00 P.M., CENTRAL STANDARD TIME, ON _____ (THE "VOTING DEADLINE") AT THE FOLLOWING ADDRESS, AS SET FORTH ON THE ENCLOSED RETURN ENVELOPE:

HSAD 3949 LINDELL BALLOTS
c/o WRIGHT GINSBERG BRUSILOW P.C.
600 SIGNATURE PLACE
14755 PRESTON ROAD
DALLAS, TEXAS 75254

THE PLAN PROPONENT BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF ALL CLAIMANTS OF THE DEBTOR AND, CONSEQUENTLY, THE PLAN PROPONENT URGES ALL CLAIMANTS TO VOTE TO ACCEPT THE PLAN.

Any Ballots received after the Voting Deadline will not be counted (unless otherwise ordered by the Bankruptcy Court). Ballots that are received after the Voting Deadline may not be used in connection with the Plan Proponent's request for confirmation of the Plan or any modification thereof, except to the extent allowed by the Bankruptcy Court.

This Disclosure Statement has been compiled by the Plan Proponent to accompany the Plan. The factual statements, projections, financial information, and other information contained in this Disclosure Statement have been taken from documents prepared by the Debtor, including the Debtor's Schedules and Statement of Financial Affairs, the Debtor's Monthly Operating Reports, pleadings filed in the Bankruptcy Case, and information obtained in the Bankruptcy Case. Nothing contained in this Disclosure Statement shall have any preclusive effect against the Plan Proponent (whether by waiver, admission, estoppel or otherwise) in any cause or proceeding which may exist or occur in the future. This Disclosure Statement shall not be construed or deemed to constitute an acceptance of fact or an admission by the Plan Proponent with regard to any of the statements made herein, and all rights and remedies of the Plan Proponent are expressly reserved in this regard. This Disclosure Statement contains statements which constitute the Debtor's or other third parties' views of certain facts. All such disclosures should be read as assertions of such parties. To the extent any paragraph does not contain an express reference that it constitutes an assertion of a particular party, it should be read as an assertion of the party indicated by the context and meaning of such paragraph.

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

Certain of the information contained in this Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be inaccurate, and contains projections which may prove to be wrong, or which may be materially different from actual future results. Each Claimant should independently verify and consult its individual attorney and accountant as to the effect of the Plan on such individual Claimant or Interest holder.

The Plan Proponent strongly urges each recipient entitled to vote on the Plan to review carefully the contents of this Disclosure Statement, the Plan, and the other documents that accompany or are referenced in this Disclosure Statement in their entirety before making a decision to accept or reject the Plan.

IT IS OF THE UTMOST IMPORTANCE TO THE PLAN PROPONENT THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN BY COMPLETING AND SIGNING THE BALLOT ENCLOSED HEREWITH AND RETURNING IT TO COUNSEL FOR THE DEBTOR, AT THE ADDRESS SET FORTH IN THE BALLOT INSTRUCTIONS THAT ACCOMPANY THE BALLOT. SHOULD YOU HAVE ANY QUESTIONS REGARDING THE VOTING PROCEDURES, YOUR BALLOT, OR THE BALLOT INSTRUCTIONS, OR IF YOUR BALLOT IS DAMAGED OR LOST, CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

FRANK J. WRIGHT
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14755 PRESTON ROAD
DALLAS, TEXAS 75254
(972) 788-1600
(972) 239-0138 (facsimile)

The Approval Order fixes _____, Central Standard Time, in the Courtroom of the Honorable Barbara J. Houser, United States Bankruptcy Judge, United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Earle Cabell Building, 1100 Commerce Street, Room 1254, Dallas, Texas 75242, as the date, time, and place for the hearing on Confirmation of the Plan, and fixes _____, as the date by which all objections to Confirmation of the Plan must be filed with the Bankruptcy Court and received by counsel for the Plan Proponent. The Plan Proponent will request Confirmation of the Plan at the Confirmation Hearing.

As used herein, the terms "HSAD," the "Company," and the "Debtor" are used interchangeably to mean HSAD 3949 Lindell, Ltd.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

ARTICLE I

HISTORICAL BACKGROUND AND PREPETITION BUSINESS OPERATIONS

The Debtor is a Texas limited partnership with its principal place of business located at 4245 North Central Expressway, Suite 330, Dallas, Texas 75205. The Debtor's general partner is HSAD 3439 Lindell GP, Inc., a Texas Corporation (the "**General Partner**").

The Debtor's primary asset is "3439 Lindell," a four-story, luxury apartment condominium complex located at 3949 Lindell Boulevard in the vibrant Central West End District of St. Louis, Missouri (the "**Property**"). Each apartment on the Property has numerous upgrades and the community provides tenants access to abundant amenities including pools, garage parking, a tanning salon and business and fitness centers. The Property has convenient access to dining, shopping, and nightlife, is within easy walking distance to St. Louis University. It also includes 14,000 feet of commercial retail space located on the first floor.

ARTICLE II

FACTORS PRECIPITATING THE CHAPTER 11 CASE

Construction of the Property was financed through a construction loan with KeyBank National Association (the "Senior Loan") and a mezzanine loan (the "Mezzanine Loan") with an affiliate of Key Bank National Association, Key Real Estate Equity Capital, Inc. (together, "KeyBank"). On June 13, 2007, when the Property was about 35% completed, an arsonist started a fire that completely destroyed all of the improvements constructed to date. As a result of the delay caused by the fire and the ensuing delays due to KeyBank's conduct, the Property was not open in time to capitalize on the back to school leasing opportunity in the fall of 2009 and consequently the Debtor was unable to obtain the agreed extension of the maturity date of the loans secured by the Property.

With the Senior Loan and Mezzanine Loan due to mature in June 2010, the Debtor attempted to obtain extensions of the loans, refinance and/or purchase the loans to no avail. Instead KeyBank sold its loans to GB St. Louis 1, LLC ("GB St. Louis") shortly before the maturity date of the loans. GB St. Louis, an affiliate of Gulfstream Capital Partners, acquired the loans in order to obtain title to the Property and likewise would not agree to restructure the loans. Debtor filed for Chapter 11 bankruptcy on June 1, 2010 on the date of maturity of the loans in order to restructure the loans under a reorganization plan.

ARTICLE III

PURPOSE OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. The commencement of a Chapter 11 case creates an "estate" comprised of all the legal and equitable interests of a debtor. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may remain in possession of its property and continue to operate its business as a "debtor-in-possession" ("**DIP**"). Thus, since the Petition Date, the Debtor has been operating and managing its business operations in the ordinary course of business and under the supervision of the Bankruptcy Court.

Formulation of a plan is the principal purpose of a Chapter 11 case. The plan is the vehicle for satisfying the holders of claims against and equity interests in a debtor. Under the Bankruptcy Code, when soliciting acceptance or rejection of a plan of reorganization, a plan proponent must transmit to the holders of claims or interests a disclosure statement approved by the court as containing "adequate information." On _____, 2010, the Bankruptcy Court found that this Disclosure Statement contained information that is in compliance with the adequate information requirement of the Bankruptcy Code. The Disclosure Statement describes various transactions contemplated under the Plan and is supplied to you for purposes of assisting in your evaluation of, and your decision of how to vote on, the Plan. The Plan is attached hereto as Exhibit "A."

ARTICLE IV

ASSETS OF THE DEBTOR

The following is a summary description of the Debtor's principal assets. The information has been compiled from the Debtor's audited and unaudited records as reflected in the Debtor's Schedules, Statement of Financial Affairs and Monthly Operating Reports.

4.1 **Real Property**: The Debtor owns a four-story luxury apartment complex in St. Louis, Missouri. The Debtor believes the Property has a value in excess of the Allowed Secured Claims of GB St. Louis. The Property was appraised for KeyBank at in excess of $30 million.

The legal description of the Property is:

> A tract of land being a composite of several parcels conveyed to Salad Bowl Cafeteria, Inc., according to Deed Book 618, Page 392 of the City of St. Louis Records and part of an Alley, 15 feet wide, as vacated by Ordinance 59623, situated in City Blocks 3922 and 5035, Township 45 North, Range 7 East, City of St. Louis, Missouri, and being more particularly described as follows:
>
> Beginning at the intersection of the Northern Line of Lindell Boulevard, 100 feet wide, with the Eastern line of a tract of land conveyed to U.S. Beef Real Estate, L.L.C., according to Deed Book 1700, Page 4934 of the City of St. Louis Records,

thence along said Eastern Line, North 04 degrees 32 minutes 25 seconds West, 151.98 feet to the Southern Line of an Alley, 15' wide and vacated by Ordinance 59623; thence Northeastwardly along a line perpendicularly to said Southern Line, North 09 degrees 55 minutes 55 seconds East, 15.00 feet to the Northern Line of said Alley; thence along said Northern Line, North 80 degrees 04 minutes 05 seconds West, 141.20 feet to a point on the Eastern Line of Parcel #2 of those tracts of land conveyed to McPherson Redevelopment Corporation, according to Deed Book 791M, Page 1585 of the City of St. Louis Records; thence along said Eastern Line, North 09 degrees 55 minutes 55 seconds East, 200.50 feet to the Centerline of McPherson Avenue, 80 feet wide and vacated by Ordinance 59563; thence along said Centerline, South 80 degrees 04 minutes 05 seconds East, 251.59 feet to Eastern Line of that part of McPherson Avenue as vacated; thence along said Eastern Line, South 09 degrees 55 minutes 55 seconds West, 40.00 feet to the Southern Line of McPherson Avenue, 80 feet wide; thence along said Southern Line, South 80 degrees 04 minutes 05 seconds East, 234.79 feet to the Western Line of Parcel No. 2 of those tracts of land conveyed to Automobile Club of Missouri by Deed Book 112M, Page 1819 of the City of St. Louis Records; thence along said Western Line, South 09 degrees 45 minutes 30 seconds West, 117.50 feet to the North Line of an Alley, 15' wide and vacated by Ordinance 59623; thence Southwestwardly along a line perpendicularly to said Northern Line, South 01 degrees 42 minutes 53 seconds West, 7.50 feet to the Centerline said Alley; thence along said Centerline, North 88 degrees 17 minutes 07 seconds West, 52.98 feet to a point; thence departing said Centerline Southwestwardly and perpendicularly to said Centerline, South 01 degrees 42 minutes 53 seconds West, 7.50 feet to a point on the Southern Line of said Alley, being the Northwest Corner of Parcel No. 3 of those tracts conveyed to Automobile Club of Missouri, as aforementioned; thence along the Western Line of said Parcel No. 3, South 04 degrees 32 minutes 25 seconds East, 112.65 feet to the North Line of Lindell Boulevard, as aforementioned; thence along said Northern Line, South 85 degrees 27 minutes 35 seconds West, 294.77 feet to the point of beginning, containing 2.86 acres.

4.2 Cash/Deposits: As reflected on the Debtor's Monthly Operating Report for the reporting period ending July 2010, Debtor had cash on hand of $666,988, which amount includes insurance proceeds of approximately $400,000, tenant security deposits, and cash generated from operations. The funds comprising the security deposits did not come from the Debtor, and thus did not come from funds loaned by KeyBank.

4.3 Claims and Causes of Action: The Debtor owns the following claims and causes of action:

(a) **Preferential Transfers/Fraudulent Transfers**. Within 90 days of the Petition Date, the Debtor made the payments to various creditors as indicated on the Debtor's SOFA. In addition, the Debtor may have made other payments or transfers more than ninety days before the Petition Date that may be avoidable. Section 546 of the Bankruptcy Code provides a time frame of two years from the entry of Order for Relief (February 4, 2008) within which to bring an action to set aside an avoidable preference or fraudulent transfer.

Since the Plan provides for payment in full of all claims, the Debtor does not intend to pursue any avoidance actions.

(b) **Potential Causes of Action Against KeyBank and GB St. Louis**. The Debtor is asserting claims against both KeyBank, the Debtor's pre-petition lender, and GB St. Louis, the purchaser of KeyBank's debt, for lender liability, breach of contract, breach of fiduciary duty, turnover, tortious interference and equitable subordination. The Debtor claims that, following the fire that occurred in June, 2007, KeyBank unreasonably delayed granting approval for the Debtor to proceed with construction and improperly withheld insurance proceeds in order to coerce the Debtor to agree to various oppressive loan modifications and agreements including, but not limited to, a very disadvantageous interest rate swap agreement. The Debtor claims KeyBank denied approval for the Debtor to enter into a tenant lease that would included all of the available retail space in the Property. The Debtor alleges that the delay in approving construction and the denial of the tenant lease were both actions taken by KeyBank in order to place the Debtor in a position of being in default on it's obligations under the loan agreements so that GB St. Louis, a competitor of the Debtor, could acquire the debt from KeyBank and then foreclose on the Property. The Debtor is still investigating these claims, but at this time the Debtor believes the claims will exceed $4,000,000.00 in addition to the equitable subordination of the Claims of GB St. Louis.

(c) **Rent Receivables**. As of June 25, 2010, the Debtor had $16,232.55 in receivables arising from tenant leases.

(d) **Tax Increment Financing**. The Debtor has a $3,000,000.00 Tax Increment Financing ("TIF") from the City of St. Louis. The rights to the TIF were assigned by Debtor to its general partner. The TIF was approved in 2005 for the Debtor. The City of St. Louis uses TIFs to encourage development which in turns increases property values. The improvements that were made to the Property will increase the property value, and in turn, increase the assessed value of the Property. The portion of property tax that existed before the improvements is called the "base". The difference between the new tax assessment on the Property and the base is called the PILOT (Payment In Lieu Of Taxes). The PILOT is not an additional tax. It is the portion of the regular tax that can be redirected to the project. The project will also generate non-property taxes called EATS (Economic Activity Taxes). These taxes resulting from operations within the redevelopment or project area are sources of revenue for the City, such as sales tax charged on any retail sales or City of St. Louis employment taxes charged to project employees (similar to a state income tax but for the city). The City sets an EATS "base", which are the total taxes collected in the area in the year before the TIF project was activated. Upon acceptance of certified costs and due diligence conducted, the City will issue one or more "TIF Notes" in a principal amount up to $3,000,000.00. The Debtor is working through the cost certification now. Final approval should be awarded in the 3rd or 4th Quarter of 2010. The TIF Notes can be sold or held. The TIF Notes will bear interest at a rate of 7.0% if deemed taxable, and 5.5% if deemed tax-exempt by the developer. The TIF Notes will not be a general obligation of the City, but will instead be secured by 100% of PILOTs and 50% of EATs paid in the redevelopment

area. The Debtor's TIF is estimated to be paid out over approximately 13 years. The Debtor will continue to pay the assessed property taxes each year, as if there were no TIF in place. The full property taxes are due on or before December 31st each year. The PILOT and EAT portion will be returned to the property, plus interest, the following March. The base amount for the Debtor is estimated to be $10,000. Therefore, in mid-2011 the Property will receive back all property taxes paid for 2010 over and above the base amount of $10,000. If, as an example, the Property pays $300,000 in property taxes plus $10,000 in sales taxes and employment taxes, the City of St. Louis will return the $300,000 property tax plus the $10,000, employment taxes minus the base amount of approximately $10,000, for a net return of around $300,000. This will continue year after year until the entire $3,000,000 plus accrued interest is used.

(e) **Other Causes of Action**. The Debtor may have other causes of action, including any and all claims, rights and causes of action that have been or could have been brought by or on behalf of the Debtor arising before, on or after the Petition Date, known or unknown, in contract or in tort, at law or in equity or under any theory of law, including, but not limited to any and all claims, rights and causes of action the Debtor or the Estate may have against any Person arising under chapter 5 of the Bankruptcy Code, or any similar provision of state law or any other law, rule, regulation, decree, order, statute or otherwise including avoidance actions as stated above, any and all claims, causes of action, counterclaims, demands, controversies, against third parties on account of costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, and executions of any nature, type, or description which the Debtor have or may come to have, including, but not limited to, negligence, gross negligence, usury, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, misuse of insider information, concealment, disclosure, secrecy, misuse of collateral, wrongful release of collateral, failure to inspect, environmental due diligence, negligent loan processing and administration, wrongful setoff, violations of statutes and regulations of governmental entities, instrumentalities and agencies (both civil and criminal), racketeering activities, securities and antitrust laws violations, tying arrangements, deceptive trade practices, breach or abuse of fiduciary duty, breach of any alleged special relationship, course of conduct or dealing, obligation of fair dealing, obligation of good faith, whether or not in connection with or related to this Plan, at law or in equity, in contract in tort, or otherwise, known or unknown, suspected or unsuspected.

ARTICLE V

LIABILITIES OF DEBTOR

5.1 Administrative Claims. Administrative Claims are any claim that is defined in § 503(b) of the Code as being an "administrative expense" and granted priority under § 507(a)(1) of the Code, including:

(1) a Claim for any cost or expense of administration in connection with the Case, including, without limitation, any actual, necessary cost or expense of preserving the Debtor's estate and of operating the business of the Debtor incurred on or before the Effective Date;

(2) the full amount of all Claims for compensation for legal, accounting and other services or reimbursement of costs under §§ 330, 331 or 503 of the Bankruptcy Code;

(3) all fees and charges assessed against the Debtor's estate under Chapter 123 of Title 28 of the United States Code; and

(4) a Claim for post-petition taxes and related items, including any interest and penalties on such post-petition taxes.

(a) **Professionals**. The Debtor employed the following law firms and other professionals in connection with these proceedings: Wright Ginsberg Brusilow P.C. ("WGB") as bankruptcy counsel. WGB is holding a retainer in the amount of $200,000.00. On July 31, 2010, WGB filed a motion seeking authority to withdraw $81,850.71 for services performed in the amount of $71,532.50 and expenses in the amount of $2,318.21 incurred from the Petition Date through June 30, 2010 to which there has been no timely filed objection. Under the Plan, all professionals employed pursuant to §§ 327 and 330 shall be required to file with the Bankruptcy Court a final fee application within sixty (60) days after the Effective Date. Nothing in the Plan or this Disclosure Statement is intended to restrict the ability of any party in interest or the US Trustee to object to these final fee applications.

(b) **Other Asserted Administrative Claims.** A review of the docket on August 17, 2010 reveals that no requests for administrative expense payments have been filed in this case.

5.2 Creditors Holding Secured Claims. The Schedules of HSAD reflect the following secured claims:

(a) **Secured Claim of KeyBank National Association**.[1] GB St. Louis asserts that the amount due on the Senior Loan as of the Petition Date was not less than $24,000,000.

[1] The Debtor has been advised that both the Senior Loan and the Mezzanine Loan have been sold, transferred or assigned to GB St. Louis 1, LLC ("**GB St. Louis**") shortly before the Petition Date. GB St. Louis is an affiliate of Gulfstream Capital Partners, a Dallas based real estate investment management firm in the business of buying distressed real estate properties. Pursuant to these ancillary documents, GB St. Louis asserts a security interest and lien upon the Property, accounts receivable, rents, and the General Partner's interest in the Debtor. The claims and liens of GB St. Louis are disputed by the Debtor and are the subject of an adversary proceeding.

(b) **Secured Claim of Key Real Estate Equity Capital, Inc.**[2] GB St. Louis asserts that the amount due on the Mezzanine Loan as of the Petition Date was not less than $6,000,000. The Mezzanine loan is secured by a lien on the General Partner's Partnership Interest in the Debtor.

5.3 Priority Claims. HSAD scheduled Unsecured Priority Claims in the amount of $45,691.00 consisting of tenant claims to the deposits held by the Debtor as well as a claim in an as yet undetermined amount by St. Louis County Collections for property taxes. A review of the claims register on August 17, 2010, reveals that one proof of claim has been filed as a priority claim in the amount of $3648.00 by Loyet Landscape Maintenance; however, it does not appear to have a legitimate basis for priority treatment.

5.4 Unsecured Claims. The Schedules reflect that as of the Petition Date HSAD owed $43,771.23 in unsecured claims. A review of the claims register on August, 17, 2010 reveals that an additional $10,239.79 in unsecured claims have been filed or asserted against HSAD.

5.5 Pending Litigation Against the Debtor. The Statement of Financial Affairs reveals that the Debtor is aware of no pending lawsuits, administrative proceedings, executions, garnishments and attachments in which HSAD was involved as of the Petition Date.

ARTICLE VI

THE CHAPTER 11 CASE

6.1 Commencement of Case. This case was commenced by the filing of a voluntary petition under Chapter 11 on June 1, 2010. Upon commencement, HSAD filed several motions incident to the management of the Bankruptcy Case which have been granted by the Court, including, but not necessarily limited to authority to retain certain professionals to assist with the administration of this case.

6.2 Designation as a Single Asset Real Estate Case. The Debtor's petition reflects that this case is a single asset real estate case as that term is used and defined in § 101(51B) of the Bankruptcy Code. Incident to that designation, the Debtor was required under the Code, within ninety (90) days of the Petition Date, to either file a plan of reorganization or commence monthly interest payments to its secured lender. The Debtor timely filed the Plan.

6.3 Cash Collateral. The Debtor has obtained the use of cash collateral of GB St. Louis through a series of cash collateral orders that have allowed the Debtor to continue to operate the Property.

[2] See Note 1 above regarding the holder of this claim.

6.4 Turnover of Insurance Monies. The Debtor filed an action against KeyBank for the turnover of insurance proceeds being held by KeyBank. KeyBank agreed to turnover the monies and the Debtor now is holding approximately $398,000 in a segregated account, which funds can be used for tenant improvements to the retail space of the Property.

ARTICLE VII

A. Summary of the Plan

The Plan Proponent believes that the Plan provides the only vehicle by which Holders of Allowed Unsecured Claims can maximize the recovery on their Allowed Claims. A copy of the Plan is attached as Exhibit "A." The Plan Proponent urges you to review carefully and then vote to accept the Plan.

The Debtor owns an apartment complex in St. Louis, Missouri known as the 3949 Lindell Apartments ("Property"). The Property is practically brand new but has had its setbacks including a fire in 2007 that resulted in roughly $9 million in damage to the Property. The Debtor also asserts claims against both KeyBank National Association, the Debtor's pre-petition lender, and GB St. Louis, the purchaser of the KeyBank debt, for lender liability, breach of contract, tortious interference and equitable subordination. The Plan contemplates the reorganization of the Property and the Debtor as follows:

1. The continued management and operation of the Property by Debtor's management team which has increased occupancy to almost 90% even with the bankruptcy filing.

2. The commencement and continuation of litigation against Debtor's former lenders and the purchaser of their debt for damages and equitable subordination until a final resolution.

3. The payment in full of all Allowed Secured Claims in accordance with the terms of the Plan and applicable state law from the operations of the Property. The Plan will pay in full any Allowed Secured Claims of GB St. Louis.

4. The payment in full of all Allowed Unsecured Claims in accordance with the terms of the Plan from the operations of the Property, contributions of the partners, and/or recoveries on Causes of Action after payment of Allowed Secured, Priority and Administrative Claims.

5. The retention by Equity Security Holders of their Interests in the Debtor in return for their contributions of funds necessary to pay Allowed Administrative Claims and Allowed General Unsecured Claims.

B. Acceptance and Confirmation of the Plan

1. **Requirements for Confirmation.** At the Confirmation Hearing, the Court will determine whether the provisions of section 1129 of the Code have been satisfied. Section 1129 of the Bankruptcy Code, as applicable here, provides as follows:

The Plan must comply with the applicable provisions of the Code, including section 1123 which specifies the mandatory contents of a plan and section 1122 which requires that Claims and Interests be placed in Classes with "substantially similar" Claims and Interests (section 1129(a)(1)).

The Plan Proponent of the Plan must comply with the applicable provisions of the Code (section 1129(a)(2)).

The Plan must have been proposed in good faith and not by any means forbidden by law (section 1129(a)(3)).

Any payment made or to be made by the Debtor, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Case, or in connection with the Plan and incident to the Case, must be disclosed to the Court and approved or be subject to the approval of the Court as reasonable (section 1129(a)(4)).

The Debtor must disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the reorganized debtor, of an affiliate of the Debtor participating in the Plan with the Debtor, or of a successor to the Debtor under the Plan. The appointment to, or continuance in, such office of such individual must be consistent with the interests of the Debtor's creditors, equity holders, and with public policy. The Plan Proponent must also disclose the identity of any insider that will be employed or retained by the reorganized debtor and the nature of any compensation for such insider (section 1129(a)(5)). The Reorganized Debtor will continue to be managed by Chris Smith, Tom Day, John Airhart and James Hepfner.

The Plan must meet the "best interest of creditors" test which requires that each holder of a Claim or Interest of a Class of Claims or Interests that is impaired under the Plan either accept the Plan or receive or retain under the Plan on account of such Claim or Interest property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Code. If the holders of a Class of Secured Claims make an election under section 1111(b) of the Code, each holder of a Claim in such electing Class must receive or retain under the Plan on account of its Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of its interest in the Debtor's interest in the property that secures its Claim (section 1129(a)(7)). To calculate what non-accepting holders would receive if the Debtor was liquidated under Chapter 7, the Court must determine the dollar amount that would be generated upon disposition of the Debtor's assets and reduce such amount by the costs of liquidation. Such costs would include the fees of a Trustee (as well as those of counsel and other professionals) and all expenses of sale.

Each Class of Claims or Interests must either accept the Plan or not be impaired under the Plan (section 1129(a)(8)). Alternatively, as discussed herein, the Plan may be confirmed over the dissent of a Class of Claims or Interests if the "cramdown" requirements of section 1129(b) of the Code are met.

Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan must provide that holders of Administrative Claims and Priority Claims (other than tax claims) will be paid in full in cash on the Effective Date of the Plan, and that holders of priority tax Claims will receive on account of such Claims deferred cash payments, over a period not exceeding five (5) years after the Petition Date, of a value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim (section 1129(a)(9)).

At least one impaired Class must accept the Plan, determined without including the acceptance of the Plan by any insider holding a Claim of such Class (section 1129(a)(10)).

The Plan must be "feasible". In other words, it can not be likely that confirmation of the Plan will be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation is proposed in the Plan (section 1129(a)(11)).

All fees required to be paid under the Code have been paid or the Plan provides for such payment on its Effective Date (section 1129(a)(12)).

The Plan provides for the continuation after the Effective Date of the payment of all retiree benefits at the level established prior to Confirmation, pursuant to the provisions of §1114 of the Code (section 1129(a)(13)).

2. **The Plan Meets All of the Requirements for Confirmation.** The Plan Proponent believes that the Plan satisfies all of the statutory requirements of Chapter 11 of the Code and therefore should be confirmed. More specifically:

(i) The Plan complies with all of the applicable provisions of the Code;

(ii) The Plan Proponent has complied with the Code and has proposed the Plan in good faith;

(iii) All disclosure requirements concerning payments made or to be made for services rendered in connection with the Chapter 11 case or the Plan have been, or will be met prior to or at the Confirmation Hearing; and

(iv) Administrative Claims, Priority Claims, and fees required to be paid under the Code are appropriately treated under the Plan.

C. Financial Projections in Support of the Plan

As of August 16, 2010, the Property was 88.32% occupied (174 units) and 96.45% leased (190 units). Scheduled move-ins will put the occupancy rate at 92% to 93% before the end of August. The Debtor expects to maintain this occupancy rate for the foreseeable future.

Just prior to the filing of the Case, in late March or early April, the Debtor began a leasing incentive program called a "coupon" program in which new residents and residents renewing their leases were offered varying dollar amounts of coupons that they could exchange anytime during their lease term and receive a corresponding discount from amounts they owed. It was a very successful program which took the Property's leased occupancy rate from approximately 62%-66% at the end of March to the current occupancy and leased rates percentage. Debtor issued a total of $92,500 in coupons. Thus far $44,000 have been redeemed and $48,500 are still outstanding. Having reached stabilized leasing percentage, Debtor has recently discontinued the coupon program.

Overall apartment market conditions in St. Louis are strengthening. Debtor is now concentrating on reducing the recurring discounts we have been offering to bring our lease rates closer to the scheduled rents. In addition, some floor plans no longer have any incentives and on other floor plan we have reduced the previous one month free on a 12 month lease to three weeks free. Debtor continues to tweak the concessions and discounts weekly in order to maximize rental income. Current Scheduled Rent is an average $1,422 per unit or $1.59 per square foot. Debtor's current actual rental rates are averaging $1,145 or $1.28 per square foot. The spread between the Scheduled Rent of $1,422 and the actual rent of $1,145 is $277. Debtor's goal is to cut that in half over the next 12 months as we continue to lease newly vacated units and to renew current leases.

The Debtor projects that over the next seven years it will be able to maintain or exceed the current occupancy levels and improve rates resulting in monthly cash flow of in excess of $100,000 which will be sufficient to service the payments on any Allowed Secured Claims of GB St. Louis. Monies received from the TIF Notes will be utilized to pay the property taxes of the Property and/or service the debt obligations to GB St. Louis. The Debtor will file its financial projections for the Property at least ten days prior to the Disclosure Statement hearing.

ARTICLE VIII

LIQUIDATION ANALYSIS

The Plan Proponent believes that the Plan affords creditors the potential for the greatest realization from the Debtor's primary asset, the Property, and, therefore, is in the best interests of creditors. The Plan Proponent has considered alternatives to the Plan, such as alternative Chapter 11 plans and a sale of the Property in the context of a liquidation in a Chapter 7 case. The Plan Proponent does not believe that any alternative Chapter 11 plan or a liquidation in the context of Chapter 7 would afford the holders of Claims a return as great as may be achieved by the terms proposed in the Plan.

An alternative to the confirmation of the Plan would be conversion of these Cases to liquidation proceedings under Chapter 7 of the Bankruptcy Code. Under Chapter 7, a trustee would be appointed to administer the Estate, to resolve pending controversies against the Debtor and claims of the Estate against other parties, and to make distribution to Creditors. If the Case was converted to a case under Chapter 7, significant additional Administrative Expenses would be incurred. Any distributions to holders of Claims would be substantially delayed and, in all likelihood, reduced as compared to the anticipated results of Confirmation of the Plan. A Chapter 7 trustee would be entitled to compensation in accordance with the scale set forth in § 326 of the Bankruptcy Code. A Chapter 7 trustee might also seek to retain new professionals, including attorneys and accountants, in order to resolve any disputed Claims and possibly to pursue claims of the Estate against other parties.

There is also a strong probability that such Chapter 7 trustee would not possess any particular knowledge of the real estate industry. The trustee and any such new professionals retained by the trustee would need to expend time familiarizing themselves with the Property, would likely ultimately engage a broker just as the Plan proposes, and would thus merely result in duplication of effort, increased expense, and delay in payment to Creditors. Under the Bankruptcy Rules, a new bar date for the filing of proofs of claim would have to be set, and additional Claims against the Estate that will soon be time-barred (because they were not filed before the applicable bar dates set in the Case) could be asserted.

Section 1129(a)(7)(A) of the Bankruptcy Code requires that each holder of an impaired claim or equity interests either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Holders of impaired Claims and Equity Interests would receive less in a chapter 7 liquidation than under the Plan.

The Debtor's Liquidation Analysis, shown below, provides a summary of the liquidation values of the Debtor's assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates. The following Liquidation Analysis was prepared by the Debtor:

LIQUIDATION ANALYSIS

Assets of the Debtor	Estimated Liquidation Value
Real Property (including personalty)	**$21,000,000***
TIF Notes	**$1,000,000****
Total	**$22,000,000**

*Liquidation value is based on an estimation of net proceeds after payment of all costs of sale including brokerage commissions, trustee fees, etc.

**This Liquidation value assumes a sale of the yet to be issued TIF Notes. The TIF Notes should have a face amount of roughly $3 million but the likelihood of their issuance will be lessened in the event of a liquidation.

Assumptions: Underlying the liquidation analysis are a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor and its management. The liquidation analysis is also based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected might not be realized if the Debtor were, in fact, to undergo such a liquidation. The chapter 7 liquidation period is assumed to be a period of six (6) months, allowing for, among other things, the (i) discontinuation of the Debtor's operations, (ii) sale of assets, and (iii) collection of receivables.

THE PLAN PROPONENT BELIEVES THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED HEREIN BECAUSE IT SHOULD PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN A CHAPTER 7 LIQUIDATION TO THE HOLDERS OF UNSECURED CLAIMS WHO WOULD LIKELY RECEIVE LESS IN A CHAPTER 7 LIQUIDATION. IN ADDITION, OTHER ALTERNATIVES WOULD INVOLVE DELAY, UNCERTAINTY, AND SUBSTANTIAL ADMINISTRATIVE COSTS.

ARTICLE IX

VOTING PROCEDURES

ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DETERMINED, PURSUANT TO THE BANKRUPTCY CODE, BASED UPON THE ALLOWED CLAIMS AND ALLOWED INTERESTS THAT ACTUALLY VOTE ON THE PLAN. THEREFORE, IT IS IMPORTANT THAT CLAIMANTS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN.

A. Classes Entitled to Vote on the Plan

All members of Impaired Classes who hold Allowed Claims are entitled to vote to accept or reject the Plan. Section 1124 of the Bankruptcy Code generally provides that a class of claims or interests is considered to be Impaired under a plan unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interest. For purposes of the Plan solicitation Classes 1-6 are impaired and therefore entitled to vote on the Plan. Interest holders are deemed to have rejected the Plan and are therefore not entitled to vote on the Plan.

B. Persons Entitled to Vote on the Plan

Only holders of Allowed Claims and holders of Disputed Claims which have been temporarily allowed for voting purposes are entitled to vote on the Plan. For purposes of the Plan, an Allowed Claim is (i) a Claim against or Interest in the Debtor, proof of which, if filed on or before

the Bar Date, which is not a Contested Claim or Contested Interest, (ii) if no proof of claim or interest was so filed, a Claim against or Interest in the Debtor that has been or hereafter is listed by the Debtor in the Schedules as liquidated in amount and not disputed or contingent, or (iii) a Claim or Interest allowed hereunder or by Final Order. An Allowed Claim or Allowed Interest does not include any Claim or Interest or portion thereof which is a Disallowed Claim or Disallowed Interest which has been subsequently withdrawn, disallowed, released or waived by the holder thereof, by this Plan, or pursuant to Final Order. Unless otherwise specifically provided in this Plan, an Allowed Claim or Allowed Interest shall not include any amount for punitive damages or penalties. Therefore, although the holders of Disputed Claims will receive ballots, these votes will not be counted unless such Claims become Allowed Claims as provided under the Plan or are temporarily allowed for voting purposes by the Court.

THE CLAIMS IN CLASSES 1 THROUGH 6 ARE IMPAIRED UNDER THE PLAN AND ARE ENTITLED TO VOTE WITH RESPECT TO ACCEPTANCE OR REJECTION OF THE PLAN. SINCE HOLDERS OF INTERESTS IN CLASS 7 ARE RETAINING THEIR INTERESTS UNDER THE PLAN, THEY ARE DEEMED TO HAVE ACCEPTED THE PLAN AND ARE NOT ENTITLED TO VOTE.

C. Vote Required for Class Acceptance

During the Confirmation Hearing, the Bankruptcy Court will determine whether the Classes voting on the Plan have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims actually voting in such Classes. A Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (i) hold at least two-thirds of the total amount of the Allowed Claims of the holders in such Class who actually vote and (ii) constitute more than one-half in number of holders of the Allowed Claims in such Class who actually vote on the Plan.

As a condition to Confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Interests accept the Plan, subject to the "cramdown" exception of § 1129(b) described herein. To effectuate the § 1129(b) exception, at least one impaired Class of Claims must accept the Plan.

D. Voting Instructions

1. Ballots and Voting. Holders of Allowed Claims entitled to vote on the Plan have been sent a Ballot, together with instructions for voting, with this Disclosure Statement. Claimants should read the Ballot carefully and follow the instructions contained therein. In voting for or against the Plan, please use only the Ballot(s) that accompanies this Disclosure Statement.

If you have Claims in more than one Class, you will receive multiple Ballots. **IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM OR INTEREST AND SHOULD COMPLETE AND RETURN EACH BALLOT. IF YOU ARE A MEMBER OF A CLASS ENTITLED TO VOTE ON THE PLAN AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF YOUR BALLOT**

IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU SHOULD CONTACT COUNSEL FOR THE DEBTOR:

FRANK J. WRIGHT
C. ASHLEY ELLIS
WRIGHTGINSBERG BRUSILOW P.C
600 SIGNATURE PLACE
14755 PRESTON ROAD
DALLAS, TEXAS 75254

BALLOTS OF CLAIMANTS THAT ARE SIGNED AND RETURNED, BUT NOT EXPRESSLY VOTED EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN, SHALL BE COUNTED AS BALLOTS FOR THE ACCEPTANCE OF THE PLAN IF PERMITTED BY THE BANKRUPTCY COURT.

2. **Returning Ballots and Voting Deadline.** You should complete and sign each Ballot that you receive and return it in the pre-addressed envelope enclosed with each Ballot to the counsel for the Debtor in the self-addressed envelope provided, by the Voting Deadline.

THE VOTING DEADLINE IS 4:00 P.M., CENTRAL STANDARD TIME, ON _____, 2010. IN ORDER TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED BY COUNSEL FOR THE DEBTOR ON OR BEFORE 4:00 P.M., CENTRAL STANDARD TIME, ON THE VOTING DEADLINE AT THE ADDRESS SET FORTH IN THE BALLOT INSTRUCTIONS WHICH ACCOMPANY THE ENCLOSED BALLOT. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE ACCEPTED OR USED IN CONNECTION WITH THE PLAN PROPONENTS' REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

3. **Incomplete or Irregular Ballots.** Ballots which fail to designate the Class to which they apply shall be counted in the appropriate Class as determined by the Plan Proponents , subject only to contrary determinations by the Bankruptcy Court.

BALLOTS OF CLAIMANTS THAT ARE SIGNED AND RETURNED, BUT DO NOT INDICATE A VOTE EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE COUNTED AS BALLOTS FOR THE ACCEPTANCE OF THE PLAN IF PERMITTED BY THE BANKRUPTCY COURT.

4. **Changing Votes.** Bankruptcy Rule 3018(a) permits a Claimant, for cause, to move the Bankruptcy Court to permit such claimant to change or withdraw its acceptance or rejection of a plan of reorganization.

E. Contested and Unliquidated Claims

Contested Claims are not entitled to vote to accept or reject the Plan. If you are the holder of a Contested Claim, you may ask the Bankruptcy Court pursuant to Bankruptcy Rule 3018 to have your Claim temporarily Allowed for the purpose of voting.

F. Possible Reclassification of Creditors and Interest Holders

The Plan Proponents are required pursuant to § 1122 of the Bankruptcy Code to place Claims and Interests into Classes that contain substantially similar Claims or Interests. While the Plan Proponents believe they have classified all Claims and Interests in compliance with § 1122, it is possible that a Claimant or Interest holder may challenge the classification of its Claim or Interest. If the Plan Proponents are required to reclassify any Claims or Interests of any Claimants or Interest holders under the Plan, the Plan Proponents, to the extent permitted by the Bankruptcy Court, intend to continue to use the acceptances received from such Claimants or Interest holders pursuant to the solicitation of acceptances using this Disclosure Statement for the purpose of obtaining the approval of the Class or Classes of which such Claimants or Interest holders are ultimately deemed to be a member. Any reclassification of Claimants or Interest holders could materially affect the Class in which such Claimants or Interest holders were initially a member, and the Class into which such Claimants or Interest holders are reclassified under the Plan, by changing the composition of such Class and the required vote thereof for approval of the Plan.

ARTICLE X

CRAMDOWN OR MODIFICATION OF THE PLAN

A. "Cramdown:" Request for Relief under Section 1129(b)

In the event any Impaired Class of Claims shall fail to accept the Plan in accordance with § 1129(a) of the Bankruptcy Code, the Plan Proponents shall request the Bankruptcy Court to confirm the Plan in accordance with the provisions of § 1129(b) of the Bankruptcy Code.

The Court may confirm a plan, even if it is not accepted by all impaired Classes, if a plan has been accepted by at least one impaired Class of Claims and the plan meets the "cramdown" provisions set forth in § 1129(b) of the Code. The "cramdown" provisions require that the Court find that a plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting impaired Class. In the event that all impaired Classes do not vote to accept the Plan, the Plan Proponents will request that the Bankruptcy Court nonetheless confirm the Plan pursuant to the provisions of § 1129(b) of the Code.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Interests only if (a) the holder of an Interest will receive or retain under the Plan property of a value as of the Plan's Effective Date equal to the greatest of any fixed liquidation preference or redemption price or the value of such Interest or (b) the holder of any Interest that is junior to such Interest will not receive or retain any property under the Plan.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Unsecured Claims only if (a) each impaired unsecured Creditor receives or retains under the Plan property of a value as of the Effective Date of such Plan equal to the amount of its Allowed Claim, or (b) the holder of any Claim or Interest that is junior to the Claims of the dissenting Class will not receive or retain any property under the Plan.

The Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting Secured Claims, only if, under the Plan, (a) the holder of each Secured Claim in such Class retains such holder's lien and receives deferred cash payments totaling at least the Allowed amount of such Secured Claim and having a value, as of the Effective Date of the Plan, equal to or in excess of the value of such holder's interest in the estate's interest in the collateral for the Secured Claim, (b) the collateral for such Secured Claim is sold, the lien securing such Claims attached to the proceeds, and such liens on proceeds are afforded the treatment described under clause (a) or (c) of this sentence, or (c) the holders of such Secured Claims realize the "indubitable equivalent" of their claims.

If all of the provisions of section 1129 are met, the Court may enter an order confirming the Plan.

B. The Plan Meets the "Best Interest of Creditors" Test

The "best interest of creditors" test requires that the Court find that the Plan provides to each non-accepting holder of a Claim or Interest treated under the Plan a recovery which has a present value at least equal to the present value of the distribution that such person would receive from the Debtor if the Debtor were liquidated under Chapter 7 of the Code. An analysis of the likely recoveries and affect on Creditors in the event of liquidation under Chapter 7 of the Code is contained hereinabove.

C. The Plan is Feasible

The Code requires that, as a condition to Confirmation of a plan, the Court find that Confirmation is not likely to be followed by a liquidation or a need for further financial reorganization except as proposed in that plan. The Plan provides for payment in full of all creditors from he operations of the Property, the TIF Notes, and contributions by the partners. Creditors are not asked to pin their hopes for payment on an infusion of capital from some unidentified source or any other visionary scheme of the Debtor; in short, the Plan is feasible.

D. The Plan Meets the Cramdown Standard With Respect to Any Impaired Class of Claims Rejecting the Plan

The Plan satisfies the provisions for cramdown under §1129(b)(2) of the Code. Secured Creditors are retaining their liens and receiving the value of their interest in the Debtor's property totaling the allowed amount of their Secured Claims. Interest Holders are not receiving or retaining any property under the Plan on account of their Interests unless and until all senior Creditors are paid

in full. In the event an impaired Class rejects the Plan, the Plan shall be deemed a motion for cramdown of such Class under §1129(b)(2) of the Code.

E. Modification or Revocation of the Plan; Severability

Subject to the restrictions on modifications set forth in § 1127 of the Bankruptcy Code and any applicable notice requirements, the Plan Proponents reserve the right to alter, amend or modify the Plan before its substantial consummation. The Plan Proponents also reserve the right to withdraw the Plan prior to the Confirmation Date. If the Plan Proponents withdraw the Plan, or if Confirmation does not occur, then the Plan shall be null and void in all respects, and nothing contained in the Plan will: (1) constitute a waiver or release of any Claims or rights against, or any Interest in, the Debtor; or (2) prejudice in any manner the rights of the Debtor.

If, prior to Confirmation, 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 Proponents, has 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 will 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.

ARTICLE XI

RISK FACTORS

A. Factors Relating to Chapter 11 and the Plan

The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by the analysis and evaluation of the Plan and this Disclosure Statement made by each Claimant as a whole in consultation with such Claimant's own advisors. The risks to the Plan are the same risks facing most apartment complexes - the economy, the market, lease rates and occupancy. But the Debtor's occupancy has improved during the bankruptcy and there is no reason to assume that trend will not continue.

B. Insufficient Acceptances

The Plan may not be confirmed without sufficient accepting votes. Each impaired Class of Claims and Interests receiving a distribution under the Plan is given the opportunity to vote to accept or reject the Plan. The Plan will be accepted by a Class of impaired Claims if the Plan is accepted by Claimants in such Class actually voting on the Plan who hold *at least* two-thirds (2/3) in amount and *more than* one-half (½) in number of the total Allowed Claims of that Class which actually vote. The Plan will be accepted by a Class of impaired Interests if it is accepted by holders of Interests in such Class actually voting on the Plan who hold *at least* two-thirds (2/3) in amount of the total Allowed Interests of the Class which actually vote. However, an Interest Holder is deemed to have

rejected the Plan and is therefore not entitled to vote on the Plan. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes.

If any impaired Class of Claims under the Plan fails to provide acceptance levels sufficient to meet the minimum Class vote requirements but at least one impaired Class of Claims accepts the Plan, then, subject to the provisions of the Plan, the Debtor intends to request confirmation of the Plan under Section 1129(b) of the Bankruptcy Code.

ARTICLE XII

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain possible federal income tax consequences of the Plan to the Debtor, and to the holders of Claims and Interests. It is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, and administrative and judicial interpretations thereof which are now in effect, but which could change, even retroactively, at any time. This discussion does not address all aspects of federal, state and local tax laws that could impact the various classes of Claimants, the holders of Interests or the Debtor.

NO RULING HAS BEEN SOUGHT OR OBTAINED FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED BY THE PLAN PROPONENTS WITH RESPECT THERETO. NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. CERTAIN TYPES OF CLAIMANTS AND INTEREST HOLDERS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. FURTHER, STATE, LOCAL, OR FOREIGN TAX CONSIDERATIONS MAY APPLY TO A HOLDER OF A CLAIM OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. BECAUSE THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES, EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN MUST CONSULT, AND RELY UPON, HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST. THIS INFORMATION MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH THE OFFERING FOR SALE OF SECURITIES.

12.1 Tax Consequences to the Debtor. Under the IRC, a taxpayer generally must include in gross income the amount of any discharge of indebtedness income realized during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this general rule, however, in the case of a taxpayer that is under the jurisdiction of a bankruptcy court in a case brought under the Bankruptcy Code where the discharge of indebtedness is granted by the court or is pursuant to a Plan approved by the court, provided that the amount of discharged indebtedness that would otherwise be required to be included in income is applied to reduce certain tax attributes of the taxpayer.

Section 108(e)(2) of the IRC provides that a taxpayer shall not realize income from the discharge of indebtedness to the extent that satisfaction of the liability would have given rise to a deduction. As a result of §§ 108(a)(1)(A) and 108(e)(2) of the IRC, the Debtor does not anticipate that it will recognize any taxable income from the discharge of indebtedness through the Chapter 11 Cases. Reductions in tax attributes (net operating loss carryover) will occur to the extent of cancellation of indebtedness income not recognized due to the above.

Under § 1141 of the Bankruptcy Code, confirmation of the Plan will not, in and of itself, discharge the Debtor from any debts. Implementation of the Plan, including the liquidation and ultimate dissolution of the Debtor may result in discharge of indebtedness to the Debtor as a matter of tax law to the extent of any unsatisfied portion of such Claims. Any such discharge of indebtedness should not be included in gross income of the Debtor, however, because of the exceptions to such inclusion discussed above.

12.2 Tax Consequences to Creditors. A Creditor who receives cash or other consideration in satisfaction of any Claim may recognize ordinary income. The impact of such ordinary income, as well as the tax year for which the income shall be recognized, shall depend upon the individual circumstances of each Claimant, including the nature and manner of organization of the Claimant, the applicable tax bracket for the Claimant, and the taxable year of the Claimant. Each Creditor is urged to consult with its tax advisor regarding the tax implications of any payments or distributions under the Plan.

In general, the principal federal income tax consequences of the Plan to holders of Claims will be (a) recognition of loss or a bad debt deduction to the extent that the total payments received under the Plan with respect to the Claim are less than the adjusted basis of the holder in such Claim, or (b) recognition of taxable income by the holder of the Claim to the extent of the excess of the amount of any payments made under the Plan in respect of the Claim over the holder's adjusted basis therein.

Common examples of holders of Claims who may recognize taxable income upon receipt of payments under the Plan include (a) former employees with Claims for services rendered while serving as employees of the Debtor, (b) trade creditors whose Claims represent an item not previously reported in income (including Claims for lost income upon rejection of leases or other contracts with the Debtor), (c) holders of Claims who had previously claimed a bad debt deduction with respect to their Claims in excess of their ultimate economic loss, and (d) holders of Claims that include amounts of pre-petition interest that had not previously been reported in income. Common examples of Claims who may recognize a loss or deduction for tax purposes as a result of implementation of the Plan, provided that such holders are not paid in full, include holders of Claims that arose out of cash actually loaned or advanced to the Debtor, and holders of Claims consisting of items that were previously included in income of such holders on the accrual method of accounting, to the extent, in both cases, that the economic loss to such holders has not been allowed as a tax deduction in a prior year.

The amount and character or any resulting income or loss recognized for federal income tax consequences to a holder of any Claim as a result of implementation of the Plan will, however, depend on many factors. The most significant of these factors include (a) the nature and origin of the Claim, (b) whether the holder is a corporation (c) the extent to which the Plan provides for payment of the particular Claim, (d) the extent to which any payment made is allocable to pre-petition interest which is part of such Claim, and (e) the prior tax reporting positions taken by the holder with respect to the item that constitutes the Claim. As to the last factor, relevant tax reporting positions include whether the holder had to report under its method of accounting any portion of the Claim (including accrued and unpaid interest) as income prior to receipt and whether the holder previously claimed a bad debt or worthlessness deduction with respect to the Claim, which would affect the adjusted basis of the holder in the Claim.

General rules for the deduction of bad debts are provided in IRC § 166 as follows:

If either (a) the creditor is a corporation, or (b) the debt is a business bad debt in the hands of the creditor, and the creditor demonstrates that the debt is collectable only in part, a deduction for partial worthlessness of the debt will be allowed to the extent that the debt is charged off in the accounting records of the creditor.

For a creditor not described in the previous paragraph, a bad debt deduction is allowable only in the year that the debt becomes wholly worthless.

If the creditor is not a corporation and the debt is a nonbusiness bad debt, the bad debt deduction is treated as a short-term capital loss, which can offset only capital gain income and a limited amount of ordinary income.

For purposes of IRC § 166, a "nonbusiness debt" means a debt other than (i) a debt created or acquired in connection with the creditor's trade or business, or (ii) a debt the loss from the worthlessness of which was incurred during the operation of the creditor's trade or business.

The time as of which a debt becomes worthless (or partially worthless), and therefore the tax year in which a creditor may claim a bad debt deduction, is a question of fact. Pursuant to Income Tax Regulations ("Regs.") § 1.166-2(c), as a general rule, bankruptcy is an indication of the worthlessness of at least a part of an unsecured, non-priority debt. In bankruptcy cases, a debt may become worthless before settlement in some instances, and only when a settlement in bankruptcy has been reached in other instances. The mere fact that bankruptcy proceedings instituted against the debtor are terminated in a later year, thereby confirming the conclusion that the debt is worthless (or partially worthless), does not necessarily shift the deduction to such later year. Thus, even though the precise amount that holders of General Unsecured Claims or other Claims will receive under the Plan may not be known until the final distribution date, the determination of the precise amount that will be paid under the Plan with respect to a Claim, or that no amount will be paid, does not necessarily establish that any resulting bad debt deduction is properly allowable in the Creditor's tax year in which the final distribution is made, rather than in an earlier year. Accordingly, to the extent that a Creditor may claim a bad debt deduction which it has not previously claimed, it is possible that the Creditor will be required to amend its return for a prior year and claim the deduction

in that year, rather than in the year in which the final distribution is made. Creditors should consult with their individual tax advisors with respect to this issue.

The extent to which gain or loss may be recognized by a holder of a Claim upon implementation of the Plan may be significantly affected by any bad debt deduction that may have been claimed by the holder in a prior year with respect to the debt on which the Claim is based. If the holder took a bad debt deduction in a prior year which is recovered in whole or part through a payment made to the holder pursuant to the Plan, the holder will generally be required to include in income the amount recovered in the year the holder receives the payment. An exception to this rule permits exclusion of a recovery of a prior bad debt deduction to the extent that the earlier bad debt deduction did not produce a tax benefit to the holder.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR CONSULTATION WITH A TAX ADVISOR. THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

ARTICLE XIII

RECOMMENDATION OF THE PLAN PROPONENT

The Plan Proponent believes that the Plan is in the best interests of all Creditors. Accordingly, the Plan Proponent recommends that you vote for acceptance of the Plan and hereby solicits your acceptance of the Plan.

DATED: August 30, 2010

HSAD 3949 Lindell, Ltd.

By: HSAD 3949 Lindell GP, Inc., General Partner

By: */s/ James P. Hepfner*
James P. Hepfner, President

WRIGHT GINSBERG BRUSILOW P.C.

By: */s/ Frank J. Wright*
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