

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE: §
MARVKY CORPORATION § **CASE NO. 10-37786**
DEBTOR § **(CHAPTER 11)**

DEBTOR’S FIRST AMENDED DISCLOSURE STATEMENT

Dated: _____, 2011 Filed By: Marvky Corporation, Debtor

Marvky Corporation (the “Debtor”), Debtor and Debtor in possession, provides the following Disclosure Statement in the above-captioned Chapter 11 case.

**I.
Introduction**

1.1. The Debtor is providing this Disclosure Statement (the “Disclosure Statement”) to all of the Debtor’s known creditors in connection with the Debtor’s Plan of Reorganization (the “Plan”). The Plan has been developed based upon review and analysis of the Debtor’s financial condition, business plan, and rehabilitation alternatives. The Debtor has concluded that the Plan provides fair and equitable treatment of all classes of Creditors and, with the burden of the negative impact on operation by Maryland Lakes addressed by its sale, proposes to continue the operations of the Hammerly Walk property which the Debtor anticipates will ultimately result in payment in full of all Creditors. As is more fully discussed below, all Creditors in Impaired Classes are given the opportunity and encouraged to vote on the Plan. Since the Plan proposes to pay all Creditors in full, the Debtor respectfully encourages all Creditors to vote to accept the Plan.

II.

Purpose of Disclosure Statement and Procedure for Plan Confirmation

2.1. **Purpose and General Information.** Pursuant to 11 U.S.C. §1125, the Debtor submits this Disclosure Statement to provide Creditors and all other interested parties with adequate information to allow them to make an informed judgment about the acceptability of the Plan. Specifically, the purpose of this Disclosure Statement is to give creditors sufficient information, as far as it is reasonably practicable for the Debtor to provide, that would allow a hypothetical reasonable investor typical of the holders of claims and interest in the classes impaired under the Plan to make an informed judgment about whether to accept or reject the Plan. A copy of the Plan accompanies this Disclosure Statement as Exhibit A attached. Terms defined in the Plan shall have the same meaning in this Disclosure Statement. The first letter of words defined in the Plan are

capitalized in this Disclosure Statement. Please refer to the Plan for the treatment of Claims. The provisions of the Plan are binding on all Creditors. Therefore, please read the Plan carefully.

2.2. No representations about the Debtor, particularly about the Debtor's future business operations or the value of its property, are authorized by the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements made to secure acceptance or rejection of the Plan other than as contained in this Disclosure Statement should not be relied upon by any Creditor. Any additional representation or inducement should be reported to counsel for the Debtor or to the United States Trustee who, in turn, shall deliver the information to the Bankruptcy Court or take other appropriate action.

2.3. The information contained in this disclosure statement has not been subject to an audit. For the foregoing reason, as well as because of the impossibility of making assumptions, estimates and projections into the future with absolute accuracy, the Debtor is unable to warrant or represent that the information contained in this Disclosure Statement is complete and accurate, although every reasonable effort has been made to present complete and accurate information. The Debtor's records are maintained by CNC pursuant to the Management Agreement. The Debtor relies on CNC for its internal bookkeeping and does not warrant or represent it to be free of any inaccuracy. However, every reasonable effort has been made to present accurate information. Counsel to the Debtor has not independently verified any of the information provided by the Debtor and does not make any representations or warranties with respect to the truth or accuracy of any of the information presented.

2.4. All parties entitled to vote on the Plan are urged to review in full the Plan and this Disclosure Statement together with all exhibits attached thereto, prior to voting on the Plan, and may desire to consult legal counsel prior to voting, to ensure complete understanding of their treatment under the Plan. This Disclosure Statement is intended for the sole use of Creditors of the Debtor to enable them to make an informed decision about the Plan.

The Debtor believes that the Plan is feasible, fair and equitable and that confirmation of the Plan is in the best of interests of Creditors.

2.5. Manner of Voting.

(a) Classes Entitled to Vote. The Plan divides the Claims of Creditors into four (4) classes some of which have multiple sub classes. Only classes of Creditors with claims impaired under a Plan of Reorganization are entitled to vote on a Plan. Generally, and subject to the specific provisions of the Bankruptcy Code, this includes Creditors whose claims, under a Plan, will be modified in terms of principal, interest, length of time for payment, or a combination of the above. Each holder of a claim in a Class that is not impaired under the Plan is conclusively presumed to have accepted the Plan, and solicitation of acceptances from the holders of such Claims is not required and will not be undertaken.

The Classes of Creditors not impaired under the Plan are Class One (1), Class 2(a) and Class Three (3). Class 2(b), 2(c) and Class 4 are impaired under the Plan and the members of the Impaired Classes are entitled to vote to accept or reject the Plan.

(b) Procedure for Voting. All Creditors entitled to vote may cast their vote by completing, dating and signing the Ballot included with this Disclosure Statement and mailing it to:

John Akard, Jr., Attorney At Law
Mason, Coplen & Banks, P.C.
7500 San Felipe, Suite 700
Houston, Texas 77063-1709

In order to be counted, the completed ballot must be received no later than _____, 2011. A ballot does not constitute a valid proof of claim in the debtor's case.

2.6. Confirmation of the Plan.

(a) Solicitation of Acceptance of the Plan. This Disclosure Statement has been approved by the Bankruptcy Court in accordance with 11 U.S.C. §1125, and has been provided to all Creditors, and parties in interest in this Case. This Disclosure Statement is intended to assist Creditors with their evaluation of the Plan and their decision to accept or reject the Plan. Your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement at the time of, or before, such solicitation.

(b) Votes Considered in Determining Acceptance of the Plan. When acceptance of the Plan is determined by the Bankruptcy Court, in accordance with Bankruptcy Code §1126 (11 U.S.C. §1126) and Rule 3018 of the Federal Rules of Bankruptcy Procedure, votes of Creditors will only be counted if submitted by Creditors with Allowed Claims who are members of Classes 2(a) and 2(b) and Class 4. If you are in any way uncertain if or how your Claim has been scheduled, you should review the Debtor's schedules and any amendments thereto which are on file with the Clerk's Office of the United States Bankruptcy Court, located at 515 Rusk Street, Houston, Texas 77002.

(c) Hearing on Confirmation of the Plan. The Bankruptcy Court has set a hearing to determine if the Plan has been accepted by the required number of holders of Claims and if other requirements for Confirmation of the Plan outlined in the Bankruptcy Code have been satisfied. The hearing on Confirmation of the Plan shall commence on _____, 2011 at _____ a.m. in the United States Bankruptcy Court, located at 515 Rusk Street, Room 404, Houston, Texas 77002. Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for the Debtor on or before _____, 2011.

(d) Determining Whether Impaired Classes Have Accepted the Plan. At the scheduled hearing on Confirmation of the Plan, the Bankruptcy Court must determine, among other things, if the Plan has been accepted by each Impaired Class. Under 11 U.S.C. §1126(c), an Impaired Class of Claims is deemed to have accepted the Plan if Class members holding at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of all Allowed Claims of Class members actually voting have voted in favor of the Plan. Further, under 11 U.S.C. §1129(a)(7)(A)(ii), the Bankruptcy Court must also find that each member of an Impaired Class will receive or retain as much under the Plan as the member would receive or retain if the Debtor were liquidated, as of the Effective Date of the Plan, under Chapter 7 of the Bankruptcy Code. This is known as the "best interest of creditors' test."

(e) Confirmation of the Plan Without Consent of all Impaired Classes. The Plan may be confirmed even if not accepted by all impaired classes, if the Bankruptcy Court finds that all other requirements of Confirmation under 11 U.S.C. §1129(a) are satisfied and certain additional conditions are met. These conditions are set forth in 11 U.S.C. §1129(b), and require, generally, a showing that the Plan does not discriminate unfairly and that the Plan is “fair and equitable” with respect to each Class of Claims that is impaired under, and has not accepted, the Plan. In order to be “fair and equitable” as required by 11 U.S.C. §1129(b), the Plan must provide that Creditors in non-consenting, impaired classes will either receive or retain on account of their Claims, property of a value, as of the Effective Date of the Plan, at least equal to the value of such Claims or, if they receive less than full value, no Class with a junior priority will receive or retain anything on account of such junior Claim. These are complex statutory provisions and this summary is not intended to be a complete statement of the law. If the Plan is not accepted by an Impaired Class or Classes, the Debtor will rely on the “cramdown” provisions of 11 U.S.C. §1129(b) and seek Confirmation of the Plan.

III.

The Debtor

3.1. General Background.

History - Marvky Corporation (Marvky) was incorporated in 1996 and in 1999 acquired two (2) apartment complexes: Hammerly Walk in Houston, Texas and Maryland Lakes in Glendale (Phoenix area) Arizona. The acquisition of each property was financed with Notes which were assigned to Fannie Mae and ballooned after ten (10) years. Because of the financial crisis and the downturn in the economy, the Debtor was not able to refinance the Notes, but did enter into Extension Agreements extending the Notes to February 1, 2010. Additionally, the Debtor and Fannie Mae entered into a Forbearance Agreement for Maryland Lakes until April 1, 2010.

Despite the extensions, the Debtor was not able to refinance or sell the properties. Ultimately, Fannie Mae sought and obtained a receiver over Maryland Lakes and posted Hammerly Walk for foreclosure. Shortly after the appointment of the receiver and before the foreclosure, the Debtor filed this Chapter 11 case.

3.2. Factors Precipitating Chapter 11 Filing.

(a) Maryland Lakes - With regard to Maryland Lakes, the Chapter 11 filing was primarily caused by the downturn in the economy and the related significant reduction in property values in the Phoenix area. Because of softening property values and the financial crisis, it was not possible for the Debtor to obtain financing to refinance the loan against the property. Additionally, because of the softening economy, rental rates were reduced and the occupancy rate in the property fell.

Further, despite the Debtor making every payment due under the original note, the extension agreement and the forbearance agreement, Fannie Mae was unwilling to refinance the note, grant further extensions or otherwise allow the Debtor the opportunity to address the issues.

The Debtor attempted to sell the property, and in fact, at various times, identified potential purchasers of the property. Unfortunately, those purchasers were not able to close timely and Fannie Mae refused to grant additional extensions to allow the potential purchasers to complete the transaction.

Ultimately, Fannie Mae sought and obtained a receivership over the property. This Chapter 11 case was filed shortly after the receiver was appointed.

(b) Hammerly Walk - With regard to Hammerly Walk, the Chapter 11 filing was also impacted by the downturn in the economy and the related reduction in property values, but was also significantly impacted by Hurricane Ike which hit the Houston area in September 2008. After an extended period of time negotiating with the insurance provider, insurance proceeds were paid. However, the funds were held by Fannie Mae in a separate escrow account pending approval of the repairs. Representatives of the Debtor attempted to satisfy Fannie Mae's demands through various discussions and meetings with Fannie Mae representatives, including a meeting on the property in January 2010 between representatives of the Debtor, Fannie Mae and Fannie Mae's servicer, Grandbridge.

Despite these meetings and discussions, the Debtor and Fannie Mae were not able to reach an agreement regarding release and use of the insurance proceeds to complete the repairs. As a result, the property has units which need to be repaired and which cannot be rented. Despite these challenges, until recently, the Debtor was able to maintain occupancy rates at below its historical level, but which were sufficient to continue operations. More recently, however, occupancy has fallen to below 70%, which is well below Hammerly Walk's historical norms, and a rate which imperils the Debtor's ability to effectively reorganize.

Ultimately, because the extension agreement between the Debtor and Fannie Mae expired by its terms and Fannie Mae was unwilling to enter into another extension agreement, Fannie Mae posted the property for foreclosure. To avoid foreclosure, the Debtor sought bankruptcy protection and filed this Chapter 11.

3.3. General Overview of Steps to Reorganize and Actions Taken Since Chapter 11 Filed.

(a) General Overview. In general, the Plan of Reorganization, which is summarized in more detail below, is based on (1) selling Maryland Lakes, which was accomplished on March 28, 2011 resulting in to satisfying most, if not all, debts secured by Maryland Lakes,¹ and (2) repairing Hammerly Walk, continuing to operate the property making monthly interest payments to Fannie Mae and within eighteen (18) months refinancing the property. The creditors who hold claims secured by Hammerly Walk will be paid in-full in connection with the refinancing of Hammerly Walk. The unsecured creditors will be paid in-full over sixty (60) months.

¹ The loan agreements with Fannie Mae include a cross collateralization agreement between the two properties. The sale of Maryland Lake resulted in sufficient net proceeds to satisfy most, if not all, of Fannie Mae's lien against Maryland Lakes without regard to the cross collateralization agreement.

(b) Dispute as to “Swept” Funds & Amount Due Fannie Mae. According to the Debtor’s records, Fannie Mae was owed \$7,905,656 as of the Petition Date on the Maryland Lakes and Hammerly Walk Notes. Fannie Mae’s servicer, Grandbridge, filed a Proof of Claim stating that it is owed \$7,278,035.51. However, in the Addendum to its Proof of Claim, Grandbridge states it was owed \$5,034,617.03 (\$4,766,346.69 in principal, \$258,570.34 in interest and \$9,700 in other fees) on the Maryland Lakes Note and \$3,407,327.08 (\$3,222,318.96 in principal, \$174,808.12 in interest and \$10,200 in other fees) on the Hammerly Walk Note and at least \$6,132.26 in attorneys fees. Thus, the total amount due per Grandbridge/Fannie Mae’s Proof of Claim supporting documentation is \$8,452,144.11.

The difference in the amount claimed (\$7,278,035.51) and the amount in the supporting documentation (\$8,452,144.11) results from the funds paid into escrow by the Debtor for insurance, taxes and Replacement Reserve. Fannie Mae alleges that it “swept” the escrow amounts and applied them to the loan balances prepetition. The Debtor disagrees with Fannie Mae’s factual assertion.

(c) Sale of Maryland Lakes. Soon after filing this Chapter 11 case, the Debtor entered into discussions with a potential purchaser of Maryland Lakes. These discussions ultimately resulted in the Debtor entering into an agreement to sell Maryland Lakes for \$5,150,000.00. Accordingly, the Debtor filed a Motion to Sell Maryland Lakes, to Assign Certain Executory Contracts and Use Insurance Proceeds Related to Maryland Lakes (Docket 50) (“Motion to Sell”). The Sale of Maryland Lakes closed on March 28, 2011. With regard to Maryland Lakes, the “dispute” referenced in paragraph (b) is now moot as the escrow amounts were applied to the loan balance in connection with the closing of the sale.

(d) Dispute as to Fees Due to Fannie Mae, CNC and ICON & Agreed “Holdback.” In connection with the sale of Maryland Lakes, Fannie Mae asserted that it was due default interest, attorneys fees, and other charges. Similarly, in connection with sale of Maryland Lakes, CNC asserted that it was due an Asset Disposition Fee and ICON asserted that it was due a Consulting Fee. The Debtor disputed that Fannie Mae was due the amounts it alleged and Fannie Mae disputed that CNC and ICON should be paid out of the Maryland Lakes sales proceeds.

Because of these disputes, but to allow the sale to go forward, Fannie Mae and the Debtor agreed to “holdback” \$284,000 from the sale. Additionally, as is more fully described below, the parties’ have reached a tentative agreement regarding the use of the Replacement Reserve to repair Hammerly Walk. In connection with this agreement, Fannie Mae and the Debtor agreed to “holdback” the “swept” Replacement Reserve Escrow Funds from Hammerly Walk in the amount of \$528,000. As a result, upon the closing of the Maryland Lakes sale, \$812,000 was deposited into the debtor-in-possession bank account to be held until an agreement between the parties is reached or further order of the Court.

(e) Unpaid Balance on Maryland Lakes & “Holdback” Balance. After taking into account the Maryland Lakes sales proceeds and “holdback” amounts, \$640,000 of principal and contract interest remains unpaid. Of this amount, it is anticipated that \$528,000 will be paid once the parties finalize the agreement related to the use Replacement Reserve Escrow for the repairs of Hammerly Walk, resulting in \$112,000 in unpaid principal contract interest and \$284,000 of “holdback” funds.

(f) Repairs to Hammerly Walk. Because Fannie Mae had been unwilling to allow the repairs to move forward, the Debtor filed a Motion to Use Funds in Hammerly Walk Repair Escrow Account (Docket No. 51). The Motion sought approval to use of \$560,000 from the Replacement Reserve Escrow Account related to Hammerly Walk (which includes \$260,000 in insurance proceeds) for extensive repairs to the roof and exterior and minor repairs to the interior (carpet, appliances and related) of Hammerly Walk stemming from damage done during Hurricane Ike. In addition to the amounts in the Replacement Reserve Escrow Account, the Debtor will receive an additional \$142,000 from the insurance company upon completion of the repairs. The total estimated cost of the repairs is \$649,000. Thus there are more than ample funds available to pay for the repairs (\$649,000) with the funds available in the Replacement Reserve Escrow Account (\$560,000) and due from the insurance company (\$142,000) upon completion of the repairs.

(g) Agreement with Fannie Mae to Complete Repairs to Hammerly Walk. After the Debtor filed the Motion to Use Funds in Hammerly Walk Repair Escrow Account, the Debtor and Fannie Mae have reached an agreement to effect the repairs of Hammerly Walk. The agreement has not been finalized or memorialized by the parties. However, generally, under the agreement, Fannie Mae has agreed to make available the funds in the Replacement Reserve Escrow Account and the Debtor, using an independent contractor, will have Hammerly Walk repaired as agreed to by the parties and pursuant to the agreement with the contractor. The agreement also provides that Fannie Mae will monitor progress of the repairs using a third-party service, will allow an initial advance and various interim installment payments, will retain all liens it has in both Hammerly Walk and the funds provided and that the repairs will be completed in a timely manner.

(h) Refinancing Hammerly Walk. The Debtor believes that once the repairs are completed, occupancy rates at Hammerly Walk will increase, returning to more historical rates. The Plan provides that the Reorganized Debtor will make monthly interest payments to Fannie Mae at four and half percent (4.5%) for eighteen (18) months. During this eighteen month (18) period, the Debtor anticipates refinancing the Hammerly Walk Note.

(i) Mortgage Broker Anticipates Refinancing. Subject to the Court's approval, the Debtor has retained Ken Lawrence of LMI Capital to provide Mortgage Broker services in connection with refinancing Hammerly Walk. Mr. Lawrence is currently in the process of preparing a report on the anticipated range of refinancing arrangements which may be available to the Debtor once Hammerly Walk is repaired.

3.4 Debtor's Recent Financial Results.

The Debtor's Monthly Operating Report Summary for the period September 6, 2010 through February 28, 2011, reflects the following:

	Hammerly Walk	Maryland Lakes	TOTAL
REVENUES	\$558,383.95	\$318,489.75	\$876,873.70
INCOME BEFORE INT; DEPREC./TAX	\$154,325.13	\$86,314.82	\$240,639.95

NET INCOME (LOSS)	(\$54,842.31)	(\$235,151.62)	(\$289,993.93)
PAYMENTS TO PROFESSIONALS	\$3,575.00	\$1,950.00	\$3,576.00
TOTAL DISBURSEMENTS	\$438,669.29	\$286,093.95	\$724,763.24

IV.

Summary of Debtor's Assets and Liabilities

4.1. The Debtor's Assets and Liabilities as of February 28, 2011, as reflected in its Monthly Operating Report are as follows:

Assets

	Hammerly Walk	Maryland Lakes	TOTAL
Cash	\$124,444.66	\$51,394.95	\$175,839.61
Accounts Receivable, Net	\$2,926.33	\$66,095.42	\$69,021.75
Other: Tax, Insurance, & Repair Escrows	\$547,820.48	\$157,652.75	\$705,473.23
TOTAL CURRENT ASSETS	\$675,191.47	\$275,143.12	\$950,334.59
PROPERTY, PLANT & EQUIP. @ COST	\$3,936,584.23	\$6,277,760.73	\$10,214,344.96
Less Accumulated Depreciation	\$1,802,467.64	\$2,991,016.98	\$4,793,484.62
NET BOOK VALUE OF PP & E	\$2,134,116.59	\$3,286,743.75	\$5,420,860.34
OTHER ASSETS			\$0.00
1. Land	\$394,930.00	\$584,452.00	\$979,382.00
2. Loan to Other Companies	\$1,127,252.98	\$0.00	\$1,127,252.98
3. Fixed Asset Market over Book Value	\$5,076,786.86	\$1,392,378.78	\$6,469,165.64
4. Electric Deposit	\$25,468.69	\$6,915.00	\$32,383.69
TOTAL ASSETS	\$9,433,746.59	\$5,545,632.65	\$14,979,379.24

Liabilities

	Hammerly Walk	Maryland Lakes	TOTAL
POST-PETITION LIABILITIES	\$347,629.00	\$392,121.07	\$739,750.07
PRE-PETITION LIABILITIES			
Notes Payable - Secured	\$3,188,836.00	\$4,716,820.06	\$7,905,656.06
Other	\$0.00	\$819,627.38	\$819,627.38
TOTAL PRE-PETITION LIABILITIES	\$3,188,836.00	\$5,536,447.44	\$8,725,283.44
TOTAL LIABILITIES	\$3,536,465.00	\$5,928,568.51	\$9,465,033.51
OWNER'S EQUITY (DEFICIT)			
COMMON STOCK	\$50,000.00	\$50,000.00	\$100,000.00
RETAINED EARNINGS: Filing Date	\$5,902,123.90	(\$197,778.24)	\$5,704,345.66
RETAINED EARNINGS: Post Filing Date	(\$54,842.31)	(\$235,151.62)	(\$289,993.93)
TOTAL OWNER'S EQUITY (NET WORTH)	\$5,897,281.59	(\$382,929.86)	\$5,514,351.73
TOTAL LIABILITIES & OWNERS EQUITY	\$9,433,746.59	\$5,545,638.65	\$14,979,385.24

V.**Summary of Plan**

5.1. **Introduction.** This Disclosure Statement contains a summary of the Plan, and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will bind the Debtor, any entity acquiring property under the Plan or otherwise transferring property pursuant to the Plan, and all Creditors in the Debtor's Case. The Plan is intended to deal with all Claims against the Debtor and the Estate and all interests in the Debtor of whatever character, whether or not contingent or liquidated and whether or not allowed by the Bankruptcy Court pursuant to 11 U.S.C. §502. All Creditors and other interested parties are urged to carefully read the Plan.

5.2. **The Plan.** The Plan designates four (4) Classes of Claims. A Claim shall be deemed classified in a particular class only to the extent that the Claim qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim qualifies within the description of such different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim or an Allowed Secured Claim in that Class.

The first class encompasses administrative claims. Generally, these claims are the claims of the professionals assisting the Debtor, and fees which are to be paid to the US Trustee's office in connection with the Chapter 11 proceeding. These allowed administrative claims will be paid on the Effective Date or upon approval of the professional fees by the Bankruptcy Court.

Class Two (2) is made up of the various claims against the Debtor which are secured by the real or personal property of the Debtor. Generally the secured claims are made up of the amounts due Fannie Mae, certain taxing authorities and potentially certain parties asserting M&M Liens.

With regard to Class 2(a), secured tax claims, those related to Maryland Lakes were paid-in-full in connection with the sale of Maryland Lakes. The secured tax claims related to Hammerly Walk, will be paid with the funds available in the Tax Escrow account.

Class 2(b) is comprised on Fannie Mae's secured claim. The portion of the Fannie Mae claim related to Maryland Lakes, subject to resolution of some fees and charges asserted by Fannie Mae, CNC and ICON as is described in paragraph 3.3 above, has been mostly, if not entirely, satisfied from the sales proceeds. Principal and contract interest of \$112,000 remains unpaid after the closing (after application of the Hammerly Walk Replacement Reserve Escrow holdback), but there remains \$284,000 in "holdback" funds. To the extent that an amount remains due under the Maryland Lakes Note after resolution of the disputes related to fees and charges connected with the sale of Maryland Lakes, such amount will be added to the principal due on the Hammerly Walk Note. The principal and interest due on the Hammerly Walk Note and other charges (if any) on the Effective Date will be the secured claim of Fannie Mae. The Reorganized Debtor will pay Fannie Mae in equal monthly installments interest only payments on Fannie Mae's secured claim at 4.5% for eighteen (18) months. After 18 months, the Hammerly Walk Note will mature and the full principal and any accrued, but unpaid interest, will be due. If, as the Debtor anticipates, the Hammerly Walk Note is refinanced during the 18 month period, the Hammerly Walk Note will be paid when the property is refinanced.

Lastly with regard to Class 2, various creditors have filed purported M&M Liens and such claims, to the extent they are secured claims, comprise Class 2(c). A list of such purported M&M Liens is attached hereto and incorporated by this reference as Exhibit B. The Debtor believes that many of these claims were paid in-full or part pre-petition or that the purported lien had expired pursuant to state law. To the extent the claims are Allowed Secured Claims, they will be paid in-full as provided in Class Four (4) below, or if sooner, in connection with the refinance of Hammerly Walk.

Class Three (3) provides for payment of certain priority unsecured claims for employee compensation and claims by the Texas Workforce Commission and the US Treasury Department (IRS). The Debtor does not believe any amounts are due for employee compensation or for priority unsecured tax claims. However, to the extent amounts are due, they will be paid in full on the Effective Date or once Allowed.

Allowed unsecured claimants comprise Class Four (4). The general unsecured creditors will be paid in full by the Debtor, pro-rata, over 60 months. Such payments will begin approximately two and one-half (2 ½) months after the Effective Date.

Included within Class Four (4) are the claims of CNC, the management company providing certain services to the Debtor, and CNC Developers. CNC's Claim will first be off-set by the amounts advanced to CNC pre-petition². After this off-set, CNC and CNC Developer's claims will be included with the General Unsecured Creditor Claims.

A summary of the General Unsecured Claims, the total amount anticipated to be paid to each and, where applicable, Proofs of Claims which are being evaluated by the Debtor and potentially could be objected to is attached hereto and incorporated by this reference as Exhibit C.

5.3. Anticipated Benefits of the Plan. The Debtor believes that, among other benefits, Confirmation of the Plan will result in substantially greater recovery of the Creditors and will allow for the continued employment of the Debtor's employees. The Plan has, as its foundation, the Debtor's business plan and the steps which the Debtor has taken to improve its operations by divesting itself of Maryland Lakes, which had little or no equity after payment of the Maryland Lakes Note, and to repair Hammerly Walk so it will generate increased cash flows and thereby allow for the Hammerly Walk Note to be refinanced at current market rates.

5.4. Means of Implementation of the Plan. The Plan provides that on the Effective Date all Assets of the Debtor will be transferred to, and will vest in, the Reorganized Debtor. The Reorganized Debtor will continue to operate the Debtor's remaining business (Hammerly Walk) and use the cash on hand as of the Effective Date and the revenues subsequently generated to satisfy the Claims either on the Effective Date or over time pursuant to the Class treatments detailed above. The Debtor's shareholders will retain their interests in the Reorganized Debtor. The Reorganized Debtor will move forward with the repairs to Hammerly Walk as agreed to with Fannie Mae and/or pursuant to Court order and then refinancing the loan against the property. The Debtor expects net operating income to improve and an increase in the valuation of Hammerly Walk to occur once the repairs are completed. Further, the Debtor expects Hammerly Walk's performance to improve with an anticipated gradual improvement in economic and market conditions including gradual reductions in vacancy and concessions and increases in rents.

(a) Powers and Duties of the Reorganized Debtor. Subject to the provisions of the Plan, the Reorganized Debtor will take possession of all the Assets and operations of the Debtor and its estate. The Reorganized Debtor will be a representative of the Debtor's estate pursuant to Code §1123(b)(3) and will have power to do all acts contemplated by the Plan and other acts that may be necessary or appropriate to comply with the Plan's terms.

(b) Management of the Reorganized Debtor. The management of the Reorganized Debtor will remain unchanged from the Debtor. The Management Agreement with CNC will continue and the Debtor's employees will remain unchanged. CNC will continue to manage and

² Prepetition, periodically CNC advanced funds to the Debtor as needed to meet or assist with the Debtor's cash flow needs, and/or would not receive payment for its services under the Management Agreement. As funds were available, the Debtor would repay these amounts. However, rather than reducing the amount due to CNC, the repayments were recorded as loans to CNC. As a result, off-setting the amount due with the amount advanced is appropriate and consistent with the nature of the transactions.

operate the Properties for the Reorganized Debtor pursuant to the Management Agreement for the same compensation as provided in the Management Agreement. Chowdary Yalamanchili, will continue to serve as President of the Debtor, and will continue to not receive any compensation for serving in such capacity.

5.5. Provisions Governing Distribution. Any payments or distributions to be made by the Reorganized Debtor pursuant to the Plan shall be made on the Effective Date except as otherwise provided for in the Plan, or as may be ordered by the Bankruptcy Court.

Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the Proofs of Claim filed by such claimants (or at the last known addresses of such claimants if no Proof of Claim is filed); or if the Reorganized Debtor has been notified of a change of address, at the address set forth in such notice. All Unclaimed Property shall revert to the Reorganized Debtor.

Except for the interest to be paid to Fannie Mae in Class 2(b), no interest shall be paid on any Claim.

5.6. Contested and Contingent Claims. Unless a different date is set by order of the Bankruptcy Court, all objections to Claims shall be served and filed no later than ninety (90) days after the Effective Date or ninety (90) days after a particular Proof of Claim is filed, whichever is later. Any Proof of Claim filed more than thirty (30) days after the Confirmation Date shall be of no force and effect, shall be deemed disallowed, and will not require objection. All Contested Claims shall be litigated to Final Order; provided, however, that the Reorganized Debtor may compromise and settle any Contested Claim, subject to approval of the Bankruptcy Court.

No payment or distribution shall be made with respect to any Contested Claim unless and until such Contested Claim becomes an Allowed Claim.

5.7. Executory Contracts and Leases. The Plan constitutes a motion by the Debtor to assume, as of the Effective Date, all prepetition executory contracts and unexpired leases to which the Debtor is a party, except for executory contracts or unexpired leases that (a) have been assumed or rejected pursuant to Final Order of the Bankruptcy Court and (b) are the subject of a separate motion pursuant to §365 of the Bankruptcy Code to be filed and served by the Debtor on or before the Effective Date.

If the rejection of an executory contract or an unexpired lease by the Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtor or the Reorganized Debtor or its properties or agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Trustee by the earlier of (a) 30 days after the Confirmation Date or (b) such other deadline as the Court may set for asserting a Claim for such damages.

Any Rejection Claim arising from the rejection of an unexpired lease or executory contract not barred by Section 9.2 of the Plan shall be treated as a General Unsecured Claim against the Debtor pursuant to Article 4.0 of the Plan; *provided, however*, that any Rejection Claim based upon the rejection of an unexpired lease of real property either prior to the Confirmation Date or upon the

entry of the Confirmation Order shall be limited in accordance with §502(b)(6) of the Bankruptcy Code and state law mitigation requirements.

For executory contracts assumed by the Reorganized Debtor, all cure payments which may be required by Bankruptcy Code §365(b)(1) under any executory contract or unexpired lease that is assumed, or assumed and assigned, under this Plan shall be made by the Reorganized Debtor; provided, however, in the event of a dispute regarding the amount of any cure payments, the cure of any other defaults, the ability to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by Bankruptcy Code §365(b)(1), following the entry of a Final Order resolving such dispute. To the extent that a party to an assumed executory contract or unexpired lease has not filed an appropriate pleading with the Bankruptcy Court on or before the thirtieth (30th) day after the Effective Date disputing the amount of any cure payments offered to it by the Reorganized Debtor, disputing the cure of any other defaults, disputing the promptness of the cure payments, or disputing the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters.

5.8. Avoidance & Other Actions. The Debtor is not aware of any and does not anticipate pursuing any affirmative recoveries in the prosecution of claims for preferences, fraudulent transfers, other avoidance actions and other claims or actions which arose prior to the Effective Date. However, unless expressly released and the extent allowed by law, any causes of action belonging to the Debtor's estate pursuant to §541 of the Bankruptcy Code, are preserved and will vest in the Reorganized Debtor.

5.9. Discharge of the Debtor

ALL CLAIMANTS SHOULD REVIEW THESE DISCHARGE PROVISIONS CAREFULLY WITH THEIR COUNSEL. THE PLAN'S DISCHARGE WILL AFFECT YOUR RIGHTS.

The Plan provides a discharge of Claims against the Debtor to the fullest extent allowed by the Bankruptcy Code. To the extent permitted by §1141 of the Bankruptcy Code, all consideration distributed under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor or any of its assets or properties. Except as otherwise provided herein, upon the Effective Date, the Debtor and its successors in interest shall be deemed discharged and released pursuant to §1141(d)(1)(A) of the Bankruptcy Code from any and all Claims treated in the Plan, as well as all other claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in §502(g), §502(h), or §502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under §501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under §502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted this Plan; or (d) the Claim has been Allowed, disallowed, or estimated pursuant to §502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and its successors in interest other than those obligations specifically set forth pursuant to this Plan.

5.10. **Exculpation and Limitation of Liability.** Section 12.2 of the Plan provides for the exculpation of the Debtor (including its officers, directors and employees) and Professional Persons retained by the Debtor from liability related to the Debtor's Chapter 11 case, the Plan and its administration. This limitation of liability excludes gross negligence or willful misconduct as may be determined by the Bankruptcy Court.

5.11. **U.S. Trustee Quarterly Fees.** The Reorganized Debtor shall be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. §1930(a)(6). Any fees due as of the date of confirmation of the Plan will be paid in full on or before the Effective Date of the Plan. After confirmation, the Reorganized Debtor shall pay United States Trustee quarterly fees as they accrue until its case is closed by the Court. The Reorganized Debtor shall file with the Court and serve on the United States Trustee a financial report for each quarter, or portion thereof, that its Chapter 11 case remains open in a format prescribed by the United States Trustee.

VI.

FEASIBILITY AND RISKS

6.1. **Business Risks.** The Plan is based on a) the Debtor selling Maryland Lakes (which closed on March 28, 2011) and b) the Reorganized Debtor continuing to operate Hammerly Walk. To reduce cash flow demands and to satisfy the claims against Maryland Lakes and the Estate, Maryland Lakes was sold. To increase its value and the number of units which can be rented and ultimately its occupancy rates, Hammerly Walk will be repaired using the insurance proceeds and the Replacement Reserve Escrow Funds. Thereafter, the Debtor expects to refinance the property. The combination of increased occupancy, repaired property and re-financing at current interest rates will result in income generation sufficient to satisfy the unsecured claims over a five (5) year period. The Debtor believes the reorganization proposed in the Plan is reasonable and entirely feasible based on projections included as Exhibit E to this Disclosure Statement. The Debtor bases these projections on its historical performance taking into account the benefits of the repairs to Hammerly Walk with an anticipated gradual improvement in economic and market conditions in Houston, thereby allowing the Reorganized Debtor to gradually reduce vacancy and concessions and increase rents.

Nevertheless, the Reorganized Debtor's business plan faces significant risks. The Debtor's financial situation deteriorated primarily due to historically unfavorable economic and market conditions. The Plan assumes a moderate improvement in these conditions over time; however, the Debtor cannot guaranty that market conditions will improve. If the Houston economy experience declines, or fails to improve, it will negatively affect the Reorganized Debtor's performance as well as its ability to fund the Plan distributions.

The Reorganized Debtor will also continue to face significant competition for tenants from other apartment developments in and around Hammerly Walk. Although it is in the well respected Spring Branch School District, located near the Memorial City Medical Center and is conveniently located near the Memorial City Mall, it will continue to face competition from other, nearby apartment complexes or other housing alternatives. As a result, aggressive discounts from

competitors and other competitive forces pose a risk to the Reorganized Debtor's projected performance and its ability to fund payments under the Plan.

While closing the sale of Maryland Lakes was a significant step in the planned reorganization, significantly reducing the Debtor's obligations to Fannie Mae, the Plan also anticipates: (a) repairing Hammerly Walk with the Replace Reserve Escrow Funds and b) refinancing Hammerly Walk at current market rates. The Debtor and Fannie Mae have reached a preliminary agreement to effect the repairs to Hammerly Walk and the Debtor is confident that this agreement will be finalized and memorialized. However, there are inherent risks, largely business and market risks, that the Debtor may not be able to complete the repairs to Hammerly Walk or that it will be able to refinance Hammerly Walk or refinance Hammerly Walk on terms which are sufficiently more favorable that the Debtor will be able to fund the Plan. Because the Plan anticipates completing the repairs, allowing occupancy rates to improve and then refinancing Hammerly Walk, there is risk that market interest rates will increase between the Effective Date of the Plan and refinancing Hammerly Walk.

The Debtor believes, however, its financial projections are reasonable based on currently known market factors and its historical operations, and will provide the Reorganized Debtor sufficient cash flow to fund distributions to creditors and support confirmation of the Plan. Nevertheless, all Claimants should consider these and all risks in voting on the Plan.

6.2. Risk of Nonconfirmation of the Plan. Even if all Classes of Claims that are entitled to vote accept the Plan, the Bankruptcy Court may not confirm the Plan. §1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that the confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor, and that the value of distributions to dissenting creditors and equity security holders not be less than the value of distributions such creditors and equity security holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan satisfies all the requirements for confirmation of a plan of reorganization under the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will also conclude that the requirements for confirmation of the Plan have been satisfied.

6.3. Nonoccurrence of Effective Date of the Plan. Even if all Classes of Claims and Interests that are entitled to vote accept the Plan, the Plan may not become effective. The Plan sets forth conditions to the occurrence of the Effective Date of the Plan which may not be satisfied. The Debtor believes they will satisfy all requirements for consummation under the Plan. There can be no assurance, however, that the Bankruptcy Court will also conclude that the requirements for consummation of the Plan have been satisfied.

VII.

ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 case, (b) the Debtor's Chapter 11 case could be converted to liquidation case under Chapter 7 of the

Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by some other party.

7.1. **Dismissal.** If the Debtor's Chapter 11 case was dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. The Debtor anticipates that Fannie Mae would seek control of the Properties through receivership or foreclosure. In such a scenario, the Debtor believes the General Unsecured Creditors would not receive a recovery on their Claims.

7.2. **Chapter 7 Liquidation.** The second alternative if the Plan is not confirmed, is that the Debtor's Chapter 11 Case would be converted to a case under Chapter 7 of the Bankruptcy Code. In Chapter 7, the Court would appoint (or the creditors elect) a trustee to liquidate the Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Secured Creditors, Administrative Expenses and Priority Claims are entitled to be paid in cash and in full before General Unsecured Creditors receive any funds. If the Debtor's Chapter 11 Cases are converted to Chapter 7, the present Administrative Expense may have a priority lower than priority claims generated by the Chapter 7 case, such as the Chapter 7 trustee's fees or the fees of attorneys, accountants and other professionals engaged by the trustee.

The Debtor has prepared the Liquidation Analysis attached as Exhibit F to this Disclosure Statement. The Debtor's Liquidation Analysis uses the Net Operating Income ("NOI") for Hammerly Walk for two (2) recent months, annualizing these amounts and then dividing this NOI by a market capitalization rate of 8%. Although there are many approaches to valuing the Properties, this is a commonly used approach to determine the value of properties such as Hammerly Walk. Depending on market conditions, sales efforts and other variables, a third party may be willing to pay significantly more or less for the Debtor's assets in liquidation. Further, other valuation methods may provide substantially different liquidation values for the Debtor's assets. Based on the Liquidation Analysis, the Debtor's creditors will receive substantially less in a liquidation of the Debtor assets. Specifically, in a Chapter 7 liquidation, it is very possible that General Unsecured Claims would receive no recovery on their Claims.

7.3. **Alternative Plan.** No party other than the Debtor has proposed an alternative plan at this time. If the Plan proposed by the Debtor is not confirmed or is rejected by the creditors, the Court can allow the Debtor to propose a different plan or may allow other parties to file their own plan.

VIII.

TAX EFFECTS OF THE PLAN

8.1. The implementation of the Plan does not have significant federal income tax consequences on the Debtor. Creditors are urged to seek their own accounting professionals to determine if there will be any significant federal tax consequences on the creditors under the Plan.

IX.

Conclusion

9.1. This Disclosure Statement has attempted to provide information regarding the Debtor's bankruptcy estate and the potential benefits that accrue to holders of Claims under the Plan as proposed. The Debtor urges creditors to vote in favor of the Plan.

Dated _____, 2011.

RESPECTFULLY SUBMITTED:

MARVKY CORPORATION

BY: /s/ Chowdary Yalamanchili
Chowdary Yalamanchili, President

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Attorneys for the Debtor

EXHIBIT A

Plan of Reorganization
Attached

EXHIBIT B
Purported M&M Liens

Name	Amount Scheduled	Property
Brown Sales Flooring, INC	\$1,899.06	Maryland Lakes
Elite Apartment Services-Houston	\$2,245.00	Hammerly Walk
Maintenance Supply Headquarters, LP	\$365.99	Hammerly Walk
Presto Maintenance Supply, Inc.	\$4,212.13	Hammerly Walk
Sherwin Williams	\$19,738.56	Maryland Lakes
Total	\$28,460.74	

EXHIBIT C

Summary of General Unsecured Claims

Name	Amount Scheduled	POC No.	Amount Per POC	Amount Allowed	Notes
A+Printer & Copier Repair Specialists	\$182.47			\$182.47	
A 1 Helium & Balloons LLC	\$533.06			\$533.06	
A-1 Plumbing Contractors	\$266.30			\$266.30	
ADT Security Services Inc.	\$40.83			\$40.83	
ALN Systems, Inc.	\$68.20			\$68.20	
American Balloons, Helium & Flags	\$770.65			\$770.65	
American Leak Detection	\$550.00			\$550.00	
Ameristar Screen & Glass	\$742.76			\$742.76	
Apartment Finder Network Communications	\$308.50			\$308.50	
Apartments.com/Classified Ventures LLC	\$884.00			\$884.00	
Apodaca's Glass & Doors	\$885.00			\$885.00	
Appliance Direct, Inc.	\$4,384.12			\$4,384.12	
Arizona Air Boutique, Inc.	\$255.79			\$255.79	
Arizona Housing Experts, LLC	\$5,950.00			\$5,950.00	
Arizona Multihousing Association	\$786.00			\$786.00	
Arizona Plumbing Services, Inc.	\$1,319.06			\$1,319.06	
ASAP Answering Service	\$862.38			\$862.38	
Astros Carpet and Painting Co.	\$385.00			\$385.00	
AT&T	\$500.81	19	\$510.25	\$500.81	
Brilliant Promotional Products	\$439.39			\$439.39	
Broadview Security	\$107.97			\$107.97	
Carpet Services, Inc.	\$1,450.00			\$1,450.00	
Center Point Energy	\$2,375.25	8	\$6,064.62	\$2,375.25	Claim being Evaluated
Champion Energy Services	\$3,349.64			\$3,349.64	
City of Glendale	\$16,200.80	9	\$25,768.98	\$16,200.80	Claim being Evaluated
City of Glendale (Water/Sewer Dept.)	\$63.69	16	\$1,221.86	\$63.69	Claim being Evaluated
City of Houston	\$14,363.15	5	\$22,614.62	\$14,363.15	Claim being Evaluated
CNC Investments	\$23,014.00			\$23,014.00	
CNC Developers	\$201,020.00			\$201,020.00	
Cort Furniture Rental	\$337.83			\$337.83	
Custom Cooling, LLC	\$1,861.08			\$1,861.08	
D&D Business Systems- Mano Rao	\$150.00			\$150.00	
Direct Energy Business	\$2,948.08	12	\$3,012.82	\$3,012.82	
DSL Extreme.com	\$24.83			\$24.83	
Eclipse Carpet Cleaning	\$2,945.00			\$2,945.00	
Edward Heaney	\$65.00			\$65.00	
EZ Glass	\$515.64			\$515.64	
FMV Constructors	\$1,338.00			\$1,338.00	
For Rent Magazine	\$5,100.00			\$5,100.00	
G E Capital	\$62.98			\$62.98	
Granite Telecommunications	\$57.31			\$57.31	
Great Western Appliances	\$2,004.08			\$2,004.08	
Green N Growing Landscaping	\$6,600.00			\$6,600.00	
Green Thumb Lawn & Special Services	\$1,500.00			\$1,500.00	
HICO	\$205.32			\$205.32	
Hurricane Glass, Inc.	\$583.23			\$583.23	
In the Swim	\$217.89			\$217.89	
Industrial Chem Labs & Services, Inc.	\$115.00			\$115.00	
Lack's Cleaning Services	\$3,850.00	20	\$5,380.00	\$3,850.00	Claim being Evaluated
Leslie's Pool	\$389.86			\$389.86	
LexisNexis Screening Solutions	\$835.50			\$835.50	
M. D. Gilbert, Inc.	\$180.00			\$180.00	
Manohar Rao	\$465.00			\$465.00	
Marmill, Inc.	\$1,299.00			\$1,299.00	
McCauley Lumber Company	\$3,459.01	2	\$3,459.01	\$3,459.01	
Melrose Landscape	\$487.20			\$487.20	

EXHIBIT C (cont.)

Summary of General Unsecured Claims

Name	Amount Scheduled	POC No.	Amount Per POC	Amount Allowed	Notes
Mid American Specialties Ind	\$1,791.99			\$1,791.99	
MW Rohling	\$216.61			\$216.61	
Namco Manufacturing, Inc.	\$283.11			\$283.11	
National Apartment Association	\$292.00			\$292.00	
Office Depot, Inc.	\$190.82			\$190.82	
On-Site.com	\$99.00			\$99.00	
Osorio's Carpet	\$2,850.00			\$2,850.00	
Ozarka Spring Water Company	\$218.46			\$218.46	
Phone-Jet Telecom Inc	\$65.00			\$65.00	
Pitney Bowes	\$45.00			\$45.00	
Preferred Carpet Services, Inc.	\$3,647.44			\$3,647.44	
Prensa Classifieds	\$422.10			\$422.10	
Quest Diagnostics	\$58.00			\$58.00	
Qwest	\$1,150.32	4	\$1,145.25	\$1,145.25	
Rainbow Valley Carpet Cleaners	\$1,742.00			\$1,742.00	
Realty Legal Services	\$2,185.00			\$2,185.00	
Republic Services	\$885.49			\$885.49	
Rite-Way Carpet Dyeing & Cleaning	\$1,335.00			\$1,335.00	
Roto-Rooter Plumbing Drain Service	\$750.50			\$750.50	
Sherwin Williams	\$3,595.03			\$0.00	See M&M Lien
Sinmar Realty, LLC	\$500.00	3	\$500.00	\$500.00	
SRP	\$1,767.64			\$1,767.64	
Sunshade Cleaning Services	\$265.00			\$265.00	
Swat Team	\$1,110.00			\$1,110.00	
The Arizona Republic	\$563.06			\$563.06	
Tono Carpet Care	\$875.00			\$875.00	
USA Mobility	\$209.56	15	\$85.65	\$85.65	
Valley Gas & Gear	\$57.41			\$57.41	
Valley King	\$940.00	7	\$1,165.00	\$1,165.00	
Vista Imaging Supplies, Inc.	\$287.49			\$287.49	
Waste Reduction	\$254.80			\$254.80	
Webb Pest Control, Inc.	\$276.79			\$276.79	
Welcome Home America, Inc.	\$780.15			\$780.15	
Wilmar Supply (Interline Brands)	\$6,919.49	10, 11	\$14,536.66	\$6,919.49	Claim being Evaluated
Total Unsecured Claims (Class 4(a))				\$352,850.65	

EXHIBIT D

Payment Made During Preference Period

Hammerly Walk

	Check Date	Source	Type of Payment	Vendor /Employee Detail	Amount
11341	8/13/2010	AP	Check	Center Point Energy	\$3,380.93
11295	7/22/2010	AP	Check	Center Point Energy	\$3,369.41
11115	6/30/2010	AP	Check	Center Point Energy	(\$6,931.80)
11231	6/10/2010	AP	Check	Center Point Energy	\$6,931.80
11253	6/22/2010	AP	Check	Center Point Energy	\$4,838.42
					\$11,588.76
11321	8/3/2010	AP	Check	City of Houston, Water Department	\$16,012.52
11275	7/6/2010	AP	Check	City of Houston, Water Department	\$15,527.16
					\$31,539.68
11228	6/9/2010	AP	Check	CNC Developers..	\$6,272.01
11229	6/9/2010	AP	Check	CNC Developers..	\$5,940.76
					\$12,212.77
11377	9/3/2010	AP	Check	CNC Payroll Inc.	\$6,068.30
					\$6,068.30
11326	8/5/2010	AP	Check	Grandbridge Real Estate Capital ³	\$54,733.52
11273	7/2/2010	AP	Check	Grandbridge Real Estate Capital	\$54,733.52
11221	6/4/2010	AP	Check	Grandbridge Real Estate Capital	\$54,733.52
					\$164,200.56
11339	8/11/2010	AP	Check	Wilmar Supply	\$2,649.88
11371	8/31/2010	AP	Check	Wilmar Supply	\$2,939.57
11302	7/23/2010	AP	Check	Wilmar Supply	\$3,065.50
11305	7/26/2010	AP	Check	Wilmar Supply	\$3,825.24
11232	6/10/2010	AP	Check	Wilmar Supply	\$6,122.06
					\$18,602.25

³ Grandbridge is the servicer used by Fannie Mae and the amounts paid reflect monthly payments made under the Hammerly Walk Note

EXHIBIT D (cont.)

Payment Made During Preference Period

MARYLAND LAKES

Check/Ref#	Check Date	Source	Type of Payment	Vendor /Employee Detail	Amount
10822	6/22/2010	AP	Check	Brown Sales Flooring, INC	\$5,543.61
				Total	\$5,543.61
10839	7/1/2010	AP	Check	City of Glendale (Water/Sewer Dept.)	\$6,898.96
10778	6/7/2010	AP	Check	City of Glendale (Water/Sewer Dept.)	\$6,152.02
				Total	\$13,050.98
10909	8/5/2010	AP	Check	Grandbridge Real Estate Capital ⁴	\$55,766.24
10842	7/2/2010	AP	Check	Grandbridge Real Estate Capital	\$55,766.24
10844	7/6/2010	AP	Check	Grandbridge Real Estate Capital	\$20.00
10777	6/4/2010	AP	Check	Grandbridge Real Estate Capital	\$55,766.24
				Total	\$167,318.72
10860	7/14/2010	AP	Check	Sherwin Williams	\$8,687.10
				Total	\$8,687.10
10915	8/10/2010	AP	Check	Wilmar Supply	\$3,985.48
10854	7/9/2010	AP	Check	Wilmar Supply	\$2,600.52
10794	6/15/2010	AP	Check	Wilmar Supply	\$2,131.56
				Total	\$8,717.56

⁴ Grandbridge is the servicer used by Fannie Mae and the amounts paid reflect monthly payments made under the Maryland Lakes Note

EXHIBIT E

Financial Analysis

Hammerly Walk

Houston, TX

		2011	2012
Average Occupancy		80.3%	93.0%
INCOME			
	Gross Potential Rents	\$1,748,887	\$1,783,865
	Vacancy Loss	(\$344,286)	(\$124,871)
	Rent Concessions	(\$271,423)	(\$225,000)
	Collection Loss	(\$60,000)	(\$61,800)
	Net Rental Income	\$1,073,178	\$1,372,194
	Other Income	\$180,196	\$185,602
TOTAL OPERATING INCOME		\$1,253,374	\$1,557,796
EXPENSES			
	Management Fee	\$37,601	\$46,734
	Payroll & Benefits	\$197,384	\$201,332
	Administrative (HOA dues included)	\$39,044	\$39,825
	Utilities	\$281,668	\$287,301
	Building Service	\$20,003	\$20,403
	Maintenance & Repairs	\$83,994	\$85,674
	Marketing	\$22,072	\$22,513
	Insurance	\$63,600	\$64,872
	Real Estate Taxes	\$178,379	\$183,730
TOTAL OPERATING EXPENSES		\$923,745	\$952,385
	Replacement Reserve	\$0	\$59,000
		\$0	\$59,000
NET OPERATING INCOME		\$329,629	\$546,412
	Capital	(\$672,137)	
	Non Operating Income/Expenses	\$206,000	
CASH FLOW		-\$136,508	\$546,412

EXHIBIT F

Liquidation Analysis

Sale:		
Hammerly Walk		
Dec '10 - Jan '11 NOI Annualized	\$	210,480
Capital Rate		8%
Anticipated Sales Price	\$	2,041,200
Total Sales Proceeds	\$	2,041,200
Closing Costs:		
Broker Fees (3.0%)	\$	61,236
Other closing costs (1%)	\$	20,412
Net Sales Price	\$	1,959,552
Secured Claims:		
Fannie Mae Claim (see explanation in Para 4.1 of the Plan)	\$	3,200,000
M&M Lien Claims (Hammerly Walk only)	\$	6,823
Total Secured Claims	\$	3,206,823
Remaining Net Cash Flows	\$	(1,247,271)
Unsecured Claims: General Unsecured Claims	\$	0.00