

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
*West Palm Beach Division***

IN RE:

PELICAN ISLES LIMITED PARTNERSHIP,
a Florida Limited Partnership,

Debtor.

Case No. 11-38544 BKC-EKP

Chapter 11

**DISCLOSURE STATEMENT IN SUPPORT
OF DEBTOR'S PLAN OF REORGANIZATION**

Dated: November 11, 2011

THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO ALL CREDITORS AND PARTIES IN INTEREST OF PELICAN ISLES LIMITED PARTNERSHIP ("DEBTOR"). THE DEBTOR INTENDS TO SEEK APPROVAL OF THIS DISCLOSURE STATEMENT AT THE SAME TIME IT SEEKS PLAN CONFIRMATION

THE PLAN PROVIDES FOR PAYMENT IN FULL IN CASH TO ALL CREDITORS. ACCORDINGLY, ALL CREDITORS ARE UNIMPAIRED AND ARE DEEMED TO HAVE ACCEPTED THE PLAN.

Submitted by:

BOYD & JENERETTE
Ronald Neiworth, Esq.
801 Brickell Avenue, Suite 1440
Miami, Florida 33131
Tel: (305) 537-9711
Fax: (305) 537-9130
E-Mail:rneiworth@boyd-jenerette.com

ARTICLE I
INTRODUCTION

Pelican Isles Limited Partnership (the “**Debtor**”) submits this Disclosure Statement pursuant to Bankruptcy Code Section 1125 in support of the Debtor’s Plan of Reorganization (“**Plan**”). A true and correct copy of the Plan¹ is attached hereto as Exhibit 1.

This Disclosure Statement sets forth certain information regarding Debtor’s pre-petition operations and financial history, events leading to Debtor’s Chapter 11 bankruptcy, significant events that have occurred during the Chapter 11 Case, and the means for implementing the Plan. This Disclosure Statement also describes terms and provisions of the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan.

A. Summary of Transactions and Distributions under the Plan².

THE FOLLOWING IS INTENDED TO BE A BRIEF SUMMARY OF THE TREATMENT OF CREDITORS UNDER THE PLAN. IT IS NOT INTENDED TO BE A SUMMARY OF ALL THE PROVISIONS OF THE PLAN, AND SHOULD BE READ IN CONJUNCTION WITH THE ENTIRE PLAN.

The Plan provides for reinstatement of the mortgage Loan held by CDT pursuant to its original terms; a cure of all outstanding defaults to CDT in an amount to be determined by the Court, and payment of all other creditors in full, in the ordinary course of business. The Debtor believes that the Plan is in the best interests of Creditors and Interest Holders.

All leases for residential units at the Debtor’s Apartment Complex will be assumed under the Plan.

Distributions to Holders of Allowed Claims and Equity Interests and the anticipated recoveries to Allowed Creditors and Interest Holders under the Plan are summarized below. **The following description is a summary only and qualified in its entirety by the treatment provided under the Plan. To the extent of any inconsistency between the treatment of Claims and Interests provided under the Plan and the following summary, the terms of the Plan shall control.**

¹ Except as otherwise provided herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan. Any capitalized term used in this Disclosure Statement that is not defined in the Plan or this Disclosure Statement shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules, whichever is applicable.

² The description of the Plan contained in this section of the Disclosure statement is a summary description only and qualified by the terms of the Plan itself. Creditors, Equity Interest Holders and all parties in interest should read the Plan carefully for a complete description of its terms and transactions that will be implemented thereunder.

<u>CLASS OF CLAIMS OR INTERESTS</u>	<u>TREATMENT</u>
Allowed Administrative Claims	Shall be paid in full
Class 1 – Allowed Priority Tax Claims	Shall be paid in full
Class 2 - CDT Secured Claim	Shall be paid in full the Loan Cure amount and the Loan Documents shall be reinstated in accordance with their original terms and original maturity date
Class 3 – Allowed General Unsecured Claims	Shall be paid in full
Class 4 – Equity Interests	Shall retain their Equity Interests

THE DEBTOR WILL NOT BE SOLICITING VOTES BECAUSE ALL CLASSES OF CREDITORS AND INTERESTS ARE UNIMPAIRED AND THEREFORE ARE DEEMED TO HAVE ACCEPTED THE PLAN

B. Factual Background Information Regarding The Events Leading to the Chapter 11 Case

Debtor filed a voluntary Petition for relief under Chapter 11 of the Bankruptcy Code on October 14, 2011 (the “**Petition Date**”) in the United States District Court for the Southern District of Florida.

Debtor is the owner and operator of a 150 unit apartment complex, which was developed as a tax-assisted low income housing project (“**Apartment Complex**”). The Apartment Complex is located in Sebastian, Florida. The Apartment Complex was originally developed in 2005. In connection with its ownership of Apartment Complex the Debtor receives valuable tax credits.³ The Debtor also owns a second parcel of real property which is undeveloped and is adjacent to the Apartment Complex. The Debtor’s partners are as follows: Centerline Corporate Partners XXVI LP (the “**Limited Partner**”) is the limited partner and holds 99.98% of the Equity Interests; Related Corporate XXVI S.L.P. LLC is the special limited partner and owns 0.01% of the Equity Interests; and, since December, 2010, The Partnership, Inc. (“**TPI**”) is the sole general partner, and owns 0.01% of the Equity Interests. TPI is experienced in the administration of low income housing complexes and is also the contractual manager of the Apartment Complex.

In August 2004, Debtor borrowed the sum of \$4,194,000.00 from Bank of America (“**Initial Loan**”). In October 2007, Bank of America assigned its right, title and interest

³ Indeed as of December 31, 2011, the Debtor will have \$5,677,992 in unused tax credits.

in the Initial Loan to MMA Mortgage Investment Corporation (“MMA”). MMA increased, consolidated, amended and restated the Initial Loan in the original principal amount of \$4,650,000 in October 2007 (“**Loan**”), evidenced by the CDT Note, CDT Mortgage and the other Loan Documents. MMA then assigned its right, title and interest in the Loan to CDT Mortgage, LLC, a Delaware limited liability company (“**CDT**”) in October, 2007.

The Loan Documents require the Debtor to pay to CDT a sum certain each month for principal, interest, taxes, insurance and maintenance/replacement reserve (collectively, “**Monthly Payment**”). The Debtor failed to provide the full amount of required Monthly Payment due in March 2010 and thereafter continued in “default” pursuant to the Loan Documents, despite the fact that significant payments had been made on a regular basis.

The problem which led to the original “default” in early 2010 was the Apartment Complex’s low occupancy level at that time, which resulted in poor cash flow. The Debtor’s former general partner had executed an “Operating Deficit Guaranty,” which expired on February 28, 2010. Following the expiration of that guaranty, the former general partner was unwilling to cover the Apartment Complex’s then operating deficits, assure that the Apartment Complex’s necessary maintenance was done, and see to it that the full Monthly Payment was made. One of the consequences was that the former general partner made slightly reduced payments of certain reserve amounts, over a period of three months. The collective shortfall of such payments was only approximately \$35,880.00. Notwithstanding the Debtor’s multiple pre-petition attempts at peaceful resolution of the problem, CDT elected to accelerate its Loan and foreclose.

In July 2010, CDT filed a three-count verified complaint against Debtor seeking mortgage foreclosure, foreclosure of security interest in UCC-1’s and foreclosure of a security interest in leases and rents (the “**State Lawsuit**”). The State Lawsuit, filed in the State of Florida, Nineteenth Judicial Circuit, Martin County, remains pending as Case No. 31-2010-CA-073631.

During the pendency of the State Lawsuit, the Debtor continued to pay CDT the sum of \$51,960 per month, representing an amount equal to the contractual Monthly Payment for interest and principal, plus escrows for taxes, insurance and repair/replacement reserves.

The Monthly Payment includes component for a property tax obligation that has been exempted and is no longer applicable:

- a. TPI is a Florida Non-Profit Corporation. As a non-profit, it qualifies the Debtor for exemption from *ad valorem* property taxes. In 2010 these exceeded \$90,000.
- b. Upon obtaining its ownership interest in Debtor, TPI applied for, and received, a property tax exemption for the Apartment Complex. This property tax exemption reduced the Debtor’s obligations by approximately \$7,400.00 per month; retroactive to January 1, 2011. Through September 2011 this saving amounts to some \$66,600; and on an annual basis, it amounts to \$88,800.

- c. The Debtor is not exempt from property taxes assessed on the undeveloped second parcel of property, but the tax assessed is about \$1,000.00.

Importantly, despite the real property tax exemption, CDT improperly did not reduce the amount of the Monthly Payment and the Debtor, in good faith, continued to pay CDT the full amount of the Monthly Payment each month prepetition, which included the historical amount of the real estate taxes.

Also of great significance is that TPI, the new general partner since December 2010, has made huge strides in correcting the Apartment Complex's operating deficiencies and improving the Apartment Complex. These include, among other things: (i) qualification of the Debtor as a nonprofit, as a result of it general partner (i.e. TPI) being a nonprofit, which has resulted in the abatement of almost all *ad valorem* real estate taxes; (ii) undertaking an aggressive leasing campaign; and (iii) implementing a substantially improved maintenance program. At the present time, TPI reports that: deferred maintenance which previously existed has all been rectified; the Apartment Complex's occupancy has been increased from approximately 77% to over 93% in October 2011; and, in other respects, the Apartment Complex has been brought to a healthy operating status.

The purpose of this Chapter 11 filing is, quite simply, to present a plan providing for the cure and reinstatement of CDT's Loan.

The proposed Plan will provide for reinstatement of the Loan and Loan Documents to their original terms and maturity date; cure of all outstanding defaults in an amount ultimately to be determined by the Court, and payment to all other creditors the full amount of their Claims.

C. Purpose of Disclosure Statement

This Disclosure Statement is submitted in accordance with Bankruptcy Code section 1125 for the purpose of soliciting acceptances of the Plan from Holders of certain Claims and Equity Interests. All classes of Claims and Interests are "Unimpaired" by the Plan, and therefore such classes are conclusively deemed to have accepted the Plan.

Subject to this disclaimers set forth below, the Debtor has prepared this Disclosure Statement pursuant to Bankruptcy Code section 1125, which requires that a copy of the Plan, or a summary thereof, be submitted to all Holders of Claims and Equity Interests, along with a written disclosure statement containing adequate information about the Debtor of a kind, and in sufficient detail, as far as is reasonably practicable, that would enable a hypothetical, reasonable investor typical of Holders of Claims and Equity Interests to make an informed judgment in evaluating the Plan.

D. Disclaimers

THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED TO BUT NOT YET APPROVED BY THE BANKRUPTCY COURT. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED SOLELY FOR THE USE OF CREDITORS IN EVALUATING THE PLAN, AND, ACCORDINGLY, MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN WHETHER TO OBJECT TO THE PLAN.

NEITHER THE FILING OF THE PLAN NOR ANY STATEMENT OR PROVISION CONTAINED IN THE PLAN OR IN THIS DISCLOSURE STATEMENT, NOR THE TAKING BY ANY PARTY IN INTEREST OF ANY ACTION WITH RESPECT TO THE PLAN, SHALL (I) BE OR BE DEEMED TO BE AN ADMISSION AGAINST INTEREST AND (II) UNTIL THE EFFECTIVE DATE, BE OR BE DEEMED TO BE A WAIVER OF ANY RIGHTS ANY PARTY IN INTEREST MAY HAVE (A) AGAINST ANY OTHER PARTY IN INTEREST OR (B) IN ANY OF THE ASSETS OF ANY OTHER PARTY IN INTEREST, AND, UNTIL THE EFFECTIVE DATE, ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED. IN THE EVENT THAT THE PLAN IS NOT CONFIRMED OR FAILS TO BECOME EFFECTIVE, NEITHER THE PLAN NOR THE DISCLOSURE STATEMENT, NOR ANY STATEMENT CONTAINED IN THE PLAN OR IN THE DISCLOSURE STATEMENT, MAY BE USED OR RELIED ON IN ANY MANNER IN ANY SUIT, ACTION, PROCEEDING OR CONTROVERSY, WITHIN OR WITHOUT THE DEBTOR'S CHAPTER 11 CASE, INVOLVING THE DEBTOR, EXCEPT WITH RESPECT TO CONFIRMATION OF THE PLAN.

PLEASE READ THIS DOCUMENT THOROUGHLY AND CAREFULLY. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE YOU WITH "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE DEBTOR'S NATURE AND HISTORY AND THE CONDITION OF ITS BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN.

FOR THE CONVENIENCE OF CREDITORS AND INTEREST HOLDERS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

THE FINANCIAL INFORMATION CONTAINED HEREIN IS UNAUDITED.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT ITS OR HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

AS TO ANY CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER

THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION.

E. Sources of Information

The statements contained in this Disclosure Statement are from information supplied by the Debtor and are made as of the date hereof unless another time is specified. Neither the delivery of this Disclosure Statement nor any exchange of rights made in connection herewith shall, under any circumstances, create an implication that there has been no change in the facts set forth herein since the date of this Disclosure Statement.

No statement concerning the Debtor, the value of its Property, or the value of any benefit offered to the Holder of a Claim or Equity Interest under the Plan should be relied upon other than as set forth in this Disclosure Statement.

ARTICLE II
EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor-in-possession attempts to reorganize its business and financial affairs for the benefit of the debtor, its creditors, and other interested parties.

The commencement of a chapter 11 case creates an estate comprising all of the debtor's legal and equitable interests in property as of the date the petition is filed. Unless the Bankruptcy Court orders the appointment of a trustee, the Bankruptcy Code sections 1101, 1107, and 1108 provide that a chapter 11 debtor may continue to operate its business and control the assets of its estate as a "debtor-in-possession."

The filing of a chapter 11 petition also triggers the automatic stay under Bankruptcy Code section 362. The automatic stay essentially halts all attempts to collect pre-petition claims from the debtor or to otherwise interfere with the debtor's business or its bankruptcy estate.

Formulating a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims of creditors against, and interests of equity security holders in, the debtor. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case. This 120-day period is called the "Exclusive Period." After the Exclusive Period has expired, a creditor or any other interested party may file a plan, unless the debtor files a plan within the Exclusive Period. In this case, the Debtor's exclusive period to solicit acceptances of its own plan would terminate on February 12, 2012, unless such Exclusive Period is extended by the Court.

ARTICLE III
CONFIRMATION REQUIREMENTS

A. No Creditors or Interest Holders Are Entitled to Vote.

All Classes of Claims and Interests are Unimpaired under the Debtor's Plan. Therefore, pursuant to Section 1126(f) of the Bankruptcy Code all classes are conclusively deemed to accept the Plan and are not entitled to vote. Accordingly, the Debtor is not soliciting any votes with respect to the Plan.

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code section 1129 have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements are as follows:

- (a) The Plan complies with the applicable provisions of the Bankruptcy Code;
- (b) The Debtor has complied with the applicable provisions of the Bankruptcy Code;
- (c) The Plan has been proposed in good faith and not by any means forbidden by law;
- (d) Any payment or distribution made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in connection with the Plan has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;
- (e) Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan;
- (f) Except to the extent that the Holder of a particular Allowed Administrative Claim or Priority Claim, has agreed to a different treatment of its Claim or that such Claim is not yet due and payable, the Plan provides that such Claims shall be paid in full on the later of the Effective Date or the Allowance Date;
- (g) If a Class of Claims or Equity Interests is impaired under the Plan, at least one such Class of Claims or Equity Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Equity Interest of that Class; and

- (h) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

The Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation and that the Plan was proposed in good faith. The Debtor believes that it has complied, or will have complied, with all the requirements of the Bankruptcy code governing confirmation of the Plan.

ARTICLE IV **CAUSES OF ACTION**

The Debtor continues to investigate Causes of Action that the Estate may have against third parties. The Debtor has not completed its investigation of potential objections to Claims and Causes of Action. **THE PLAN DOES NOT, AND IS NOT INTENDED TO, RELEASE ANY CAUSES OF ACTION OR OBJECTIONS TO CLAIMS. ALL SUCH RIGHTS ARE SPECIFICALLY PRESERVED IN FAVOR OF THE REORGANIZED DEBTOR. NOTWITHSTANDING THE FOREGOING, THE DEBTOR DOES NOT INTEND TO COMMENCE ANY AVOIDANCE ACTIONS.**

Proceeds of Causes of Action will vest in the Reorganized Debtor and not be distributed to Creditors.

Since (i) the value of the Debtor's assets exceeds the amount of its liabilities, and (ii) the Debtor will pay Creditors the full amount of their Claims under Plan, the Debtor does not intend pursue any Avoidance Actions (i.e., claims for preferences or fraudulent transfers under sections 544, 547 or 548 of the Bankruptcy Code) after the Effective Date.

Creditors and interested parties should understand that legal rights, Claims and Causes of Action that the Debtor may have against them, if any exist, are retained under the Plan and will vest in the Reorganized Debtor unless a specific order of the Court authorized the Debtor to release such Claims. As such, Creditors and interested parties are cautioned not to rely on (i) the absence of the listing of any legal right, Claim or Cause of Action against a particular creditor in the Disclosure Statement, Plan, Schedules or Statement of Financial Affairs or (ii) the absence of litigation or demand prior to the Effective Date of the Plan as any indication that the Reorganized Debtor does not possess or does not intend to prosecute a particular right, claim or cause of action. It is the express intention of the Plan to preserve the Debtor's rights, Claims, and Causes of Action (other than Avoidance Actions), whether now known or unknown, for the benefit of the Debtor's Estate.

ARTICLE V
**POST-PETITION OPERATIONS AND
SIGNIFICANT EVENTS DURING CHAPTER 11 CASE**

A. Post-Petition Operations

The Debtor has continued to operate the Apartment Complex since the Petition Date in the ordinary course of business. For detailed financial information regarding the Debtor's post-petition operations, Creditors and parties in interest may review the monthly operating reports filed with the Bankruptcy Court, which may be obtained from the Court's electronic docket.

B. Employment of Professionals

The Debtor has retained the law firm of Boyd & Jenerette, P.A. as its bankruptcy counsel. Other Professionals may be retained after the date hereof.

C. Schedules and Statement of Financial Affairs

The Debtor's Schedules and Statements of Financial Affairs were filed in the Court on October 14, 2011. The Schedules described the nature and extent of the Debtor's assets and liabilities as of the Petition Date, and its pre-petition financial affairs.

ARTICLE VI
SUMMARY DESCRIPTION OF THE PLAN

A. Introduction

A summary of the principal provisions of the Plan and the treatment of Classes of Allowed Claims and Allowed Equity Interests is outlined below. This Disclosure Statement is only a summary of the terms of the Plan; the Plan (and not the Disclosure Statement) governs the rights and obligations of the parties.

B. Designation of Claims and Equity Interests/No Impairment

The following is a designation of the Classes of Claims and Equity Interests under the Plan. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in another Class(es) to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Class(es). A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity interest is an Allowed Claim or Allowed Equity Interest in that class and has not been paid, released or otherwise satisfied before the Effective Date; a Claim or Equity Interest that is not an Allowed Claim or Equity Interest is not in any Class. Notwithstanding anything to the contrary in the Plan, no Distribution shall be made on account of any Claim that is not an Allowed Claim.

Classes of Claims against and Equity Interests in the Debtor are designated as follows:

- Class 1: Allowed Priority Claims
- Class 2: Allowed Secured Claim of CDT
- Class 3: Allowed General Unsecured Claims
- Class 4: Equity Interests

All Classes of Claims and Equity Interests are Unimpaired under the Plan. Accordingly, pursuant to Bankruptcy Code section 1126(f), Holders of Claims and Interests within these Classes are conclusively presumed to have accepted the Plan and therefore are not entitled to vote to accept or reject the Plan.

C. Treatment of Claims and Interests

Pursuant to section 1122 of the Bankruptcy Code, a designation of the Classes of Claims and Interests regarding the Debtor are listed below. A Claim or Equity Interest is designated in a particular Class only to the extent that such Claim or Equity Interest is an Allowed Claim or Equity Interest and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. The treatment of and consideration to be received by Holders of Allowed Claims and the treatment of Interests pursuant to the Plan will be in full satisfaction, settlement, release and extinguishment of their respective Allowed Claims against, or Equity Interests in the Debtor and the Estate, except as otherwise expressly provided in the Plan or the Confirmation Order.

1. Allowed Administrative Claims (Unimpaired). (a) Subject to the allowance procedures and deadlines provided in the Plan and except as otherwise provided in this Plan or Order of the Bankruptcy Court, each Holder of an Allowed Administrative Claim shall receive an account of such Claim and in full satisfaction, settlement, release and discharge of and in exchange for such Claim (a) Cash in an amount equal to the full amount of the Allowed Administrative Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the Allowance Date, (iii) the date such Claim becomes due and payable under applicable non-bankruptcy law, and (iv) another date agreed to by the Debtor or the Reorganized Debtor and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed to in writing by the Debtor or the Reorganized Debtor and the Holder of such Claim, as the case may be, or as the Bankruptcy Court may order. However, Allowed Professional Claims shall be paid in accordance with Section 2.1(c) of the Plan, and the U.S. Trustee fees shall be paid in accordance with Section 2.1(e) of the Plan. The Debtor believes that all Administration Claims will be paid on an ongoing basis from cash flow of the Apartment Complex and therefore no unpaid Allowed Administrative Claims will be required to be paid on the Effective Date.

(a) Proof of Claims. Each Professional in the Chapter 11 Case must have filed with the Bankruptcy Court its final fee application seeking final approval of all fees

and expenses from the Petition Date through the Confirmation Date by the deadline set by separate Order of the Bankruptcy Court. Any Professional Claim for which an application or other request for payment was not filed by such deadline shall be discharged and forever barred. To the extent Allowed, the Professional Claims of these retained Professionals will be paid on or about the Effective Date or Allowance Date (or such other date as may be agreed to) pursuant to separate Order of the Bankruptcy Court. The Debtor estimates that no additional amounts of Cash will be required to be paid on the Effective Date to Professionals, in excess of a retainer already paid to the Debtor's counsel pre-petition.

(b) U.S. Trustee Fees. All unpaid fees payable to the U.S. Trustee shall be paid on the Effective Date and will continue to be paid as they come due through the date of entry of a final decree pursuant to section 350 of the Bankruptcy Code and Bankruptcy Rule 3022. Post confirmation U.S. Trustee's fees will be paid by the Reorganized Debtor prior to entering of a Final Decree.

(c) Administrative Claims Bar Date. All applications or other requests for payment of Administrative Claims arising on or before the Confirmation Date (other than Professional Claims and U.S. Trustee Fees) must have been filed with the Bankruptcy Court and served on the Debtor by the Administrative Claims Bar Date, if any. Any Administrative Claim for which an application or request for payment was required and not filed by the Administrative Claims Bar Date, if any, in accordance with the Administrative Claims Bar Date Order shall be forever discharged and barred.

2. Class 1: Allowed Priority Claims (Unimpaired). Class 1 consists of all Allowed Priority Claims other than administrative claims. Each Holder of an Allowed Class 1 Claim shall receive on account of such Claim and in full satisfaction, settlement release and discharge of an in exchange for such Claim either (a) Cash in an amount equal to the full Allowed amount of it's Claim, plus interest at the applicable legal rate (or if no legal rate exists at the Interest Rate) effective as of the Effective Date on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the Allowance Date, (iii) the date that any such Allowed Claim becomes payable under applicable non-bankruptcy law, and (iv) another date agreed to by the Debtor or Reorganized Debtor and such Holder; or (b) such other treatment on such other terms and conditions as may be agreed to in writing by the Debtor or Reorganized Debtor and such Holder, as the case may be, or as the Bankruptcy Court may order.

Included in Class 1 are Priority Claims, pursuant to section 507(a)(7) of the Bankruptcy Code, held by tenants at the Apartment Complex for return of a security deposit in connection with their space leases. The Debtor is holding all security deposits paid by tenants at the Apartment Complex in a segregated account which holds \$77,970.52, as of November 1, 2011, which amount is in excess of the maximum amount refundable to current tenants. It is anticipated that, these tenant security deposits will be paid to tenants, if, as and when the tenants are entitled to such deposits, or portions hereof, under the terms of their applicable leases and applicable non-bankruptcy law.

The Debtor estimates that unpaid Allowed Priority Claims other than administrative priority claims and other than Priority Claims by tenants of the Apartment Complex for the return of any security deposits, will aggregate approximately \$1,000.00.

3. Class 2: Allowed Secured Claim of CDT (Unimpaired). Class 4 consists of the Allowed Secured Claim held by CDT with respect to the Loan and Loan Documents, which Claim is secured by a first mortgage on the Debtor's real property. The Allowed Class 2 Claim shall be satisfied by paying to CDT the Loan Cure Amount in full and Cash on the later of (i) the Effective Date, (ii) the Allowance Date or (iii) three business days' after the date that the Loan Cure Amount has been determined by a Final Order. As of the Effective Date, (i) all Loan Documents between the Debtor and CDT shall be reinstated in accordance with their original terms and with their original maturity date, (ii) all defaults under any such documents shall be deemed forever cured and satisfied by the Debtor and (iii) all acts by CDT to accelerate the Loan prior to the Effective Date shall be void *ab initio*. The Debtor believes that it timely paid all Monthly Payments and therefore is not obligated to pay any late fees and that default interest is not required to be paid under section 1124 of the Bankruptcy Code. After being given credit for all amounts paid and for real estate tax escrows paid to CDT (and credited against the arrearages, since only @\$1,000 real estate taxes are payable) the Debtor estimates that the amount required to cure all defaults to CDT as of November 1st is at most approximately \$250,000.00. CDT has asserted that the cure amount is entitled to \$302,000.00, plus an unspecified dollar amount for legal fees. If the parties cannot agree on the Loan Cure Amount, the Court shall decide such amount.

4. Class 3: Allowed General Unsecured Claims (Unimpaired). Class 3 consists of all Allowed General Unsecured Claims. Each Holder of an Allowed General Unsecured Claim shall receive a Distribution in the full principal amount of its Claim, plus post-petition interest at the Interest Rate, on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the Allowance Date, and (iii) another date agreed to by the Reorganized Debtor and such Holder in writing. The Debtor estimates that Allowed General Unsecured Claims will aggregate approximately \$2,039,113.57, of which approximately \$2,023,000 are owed to insiders.

5. Class 4: Equity Interests (Unimpaired). Class 6 consists of all Equity Interests in the Debtor. All Equity Interest holders shall retain all of their Equity Interests in the Debtor and Reorganized Debtor.

E. Assumption and Rejection of Executory contracts under the Plan.

1. In General. As of the Effective Date, any Executory Contract not specifically rejected by the Debtor by Final Order of the Court, or subject to a motion to reject that remains pending as of the Effective Date, pursuant to section 365(a) of the Bankruptcy Code, shall be deemed assumed as of the Confirmation Date (the "**Assumed Contracts**"). The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption of the Assumed Contracts pursuant to section 365 of the Bankruptcy Code and determining that no cure amounts are owed thereunder.

2. All Leases For Units At The Complex Will Be Assumed. All space leases for residential units at the Apartment Complex are intended to be assumed by the Debtor under the Plan.

The Debtor believes that no cure amounts will need to be paid under the Assumed Contracts pursuant to section 365(b) of the Bankruptcy Code since the Debtor was current, prior to the Petition Date (and remains current after the Petition Date) under all of its leases intended to be assumed.

F. Discharge, Exculpation, Injunction and Automatic Stay

1. Distributions in Complete Satisfaction. The Distributions and rights provided under the Plan shall be in complete satisfaction and release, effective as of the Effective Date, of all Claims against and Interests in the Estate and all liens upon any Property or Assets of the Estate or the Debtor; provided, however, that this Plan does not operate or intend to (i) release the liens of CDT pursuant to the Loan Documents or (ii) release any claims, Causes of Action, related defenses or other rights that the Estate, Debtor, or Reorganized Debtor may have against any Person. The Holders of liens satisfied and released under the Plan shall execute and deliver any and all documentation reasonably requested by the Reorganized Debtor evidencing the satisfaction and release of such liens.

2. Discharge. Commencing on the Effective Date, except as otherwise expressly provided in the Plan, all Holders of Claims and Interests shall be precluded forever from asserting against the Debtor, Estate, the Debtor, any Property or Assets, or the Reorganized Debtor, any other or further liabilities, liens, obligations, claims or equity interest, arising or existing prior to the Effective Date, that were or could have been the subject of any Claim or Interest, whether or not Allowed. As of the Effective Date, the Debtor, Estate, and Reorganized Debtor shall be discharged, released from and shall hold all of its Property and Assets, free and clear of all liabilities, liens, claims and obligations or other claims of any nature against the Debtor or Estate except as expressly provided in the Plan.

3. Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date the provisions of the Plan shall bind any Holder of a Claim against or Interest in the Debtor and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under this Plan and whether or not such Holder has accepted the Plan.

4. Stay. Unless otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Case pursuant to section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the entry of the final decree closing the Chapter 11 Case.

5. Exculpation. Except as otherwise specifically provided in the Plan, the

Debtor, the Debtor's general, limited and special partners, and their officers, directors, employees, representatives, advisors, professionals, attorneys, financial advisors, or agents, and any of such parties' successors and assigns, shall not have or incur, and shall be released from, any claims, obligations, causes of action or liabilities to one another or to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective officers, directors, members, employees, representatives, advisors, attorneys, financial advisors, agents, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Case, the pursuit of Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan

6. Injunction. Except as provided in the Plan or the Confirmation Order, as of the Confirmation Date all Persons that have held, currently hold, or may hold, a Claim or other debt or liability that is satisfied or discharged under the Plan, and any successors, assigns or representatives of any of the foregoing, are permanently precluded and enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities, or terminated or canceled Equity Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Estate, the Debtor, any of the Debtor's Partners, Reorganized Debtor or the agents, professionals, or property or assets of any of the foregoing; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Estate, the Debtor, the Reorganized Debtor any of the Debtor's partners, or the property or assets of any of the foregoing; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtor, the Estate, the Reorganized Debtor, any of the Debtor's partners, or the property or assets of any of the foregoing; (d) asserting a right of subordination, setoff, recoupment or counterclaim of any kind against any debt, liability, or obligation due to the Estate, the Debtor, the Reorganized Debtor, any of the Debtor's partners, or the property or assets of any of the foregoing; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

ARTICLE VII

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

A. Funding of Payment of Allowed Claims.

The Debtor intends to pay Allowed Claims from Cash on hand (which is approximately \$66,400 as of November 1, 2011), the Contribution from the Debtor's Limited Partner and Cash generated from rents collected from ongoing operations. The Contribution will be deposited before the Confirmation Date into an escrow account maintained by the Limited Partner's counsel and such amount will be delivered to the Debtor on the Effective Date. The Contribution will be in the amount of \$500,000 or such higher amount as the Limited Partner elects.

B. Vesting of Assets in Reorganized Debtor.

On the Effective Date, the Debtor's Assets shall vest in the Reorganized Debtor free and clear of all Claims, liens, interests and encumbrances, except as expressly provided in the Plan, and shall be held, maintained and administered solely and exclusively by the Reorganized Debtor. The Debtor, Reorganized Debtor and TPI and John Corbett shall be authorized and directed to execute any and all documents necessary to effectuate the vesting of the Assets in the Reorganized Debtor. The Reorganized Debtor shall have sole and exclusive standing and authority to commence, prosecute, settle or otherwise dispose of the Debtor's Causes of Action vested in the Reorganized Debtor under the Plan.

C. Ownership and Management of Reorganized Debtor.

The holders of Equity Interests in the Debtor shall continue to own their Equity Interests in the Reorganized Debtor, which will be in the same manner and percentages as in the Debtor. As of the Petition Date the Debtor has been managed by TPI shall continue to be managed by TPI after the Effective Date pursuant to the management agreement in existence prior to the Petition Date. John Corbett is the President of TPI.

D. Termination of the Retention of Professionals.

On the Effective Date, any Professionals employed by the Debtor or Estate in the Chapter 11 Case shall be discharged from all duties and responsibilities in connection with the Chapter 11 Case as of the Effective Date, without further Court order. The Reorganized Debtor may retain such professionals and other consultants or independent contractors as it deems appropriate without the need for Court approval.

ARTICLE VIII
FEASIBILITY

The Debtor believes that the Contribution and Cash on hand prior to the Effective Date will be more than the amount of Cash required to be paid on the Effective Date (or such other dates as provided in the Plan). In addition, the Debtor believes that it will operate at a profit following the Effective Date and therefore be able to meet all of its ongoing expenses as they become due. A projection of the Debtor's revenues, expenses and net profit for the years 2011 through 2020 is attached hereto as Schedule A.

ARTICLE IX
ALTERNATIVES TO PLAN AND BEST INTERESTS OF CREDITORS

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 Chapter 11 Case, (b) the Chapter 11 Case could be converted to a liquidation case under chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative chapter 11 plan proposed by the Debtor or another party.

A. Dismissal

The most remote possibility is dismissal. If the Chapter 11 Case were to be dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Dismissal would force a race among creditors to take over and dispose of the Debtor's available assets. Moreover, CDT would likely continue its State Court Action and attempt to foreclose on the Debtor's real property.

B. Chapter 7 Liquidation

The Debtor believes that its Property has a value in excess of \$10 million. Accordingly, Creditors would be paid in full in a liquidation, as they will under the Plan. However, Creditors will receive their payments much faster under the Plan, because there will be no time expended in retaining brokers and marketing and selling the Property to realize its fair market value.

C. Alternative Plan

While the Debtor could file an alternative plan, since all Claims are Unimpaired under the Plan, the Debtor believes, that the treatment proposed under the Plan is at least as favorable to any alternatives that could be proposed by way of another plan.

ARTICLE X
TAX CONSEQUENCES

The Debtor does not believe that there will be any negative tax consequences to the Debtor or to creditors under the Plan.

THE DEBTOR DOES NOT PURPORT, THROUGH THIS DISCLOSURE STATEMENT, TO ADVISE THE CREDITORS OR INTEREST HOLDERS REGARDING THE TAX CONSEQUENCES OF THE TREATMENT OF THE CREDITORS AND INTEREST HOLDERS UNDER THE PLAN. CREDITORS AND INTEREST HOLDERS SHOULD SEEK INDEPENDENT COUNSEL CONCERNING THE TAX CONSEQUENCES OF THEIR TREATMENT UNDER THE PLAN.

ARTICLE XI
CONCLUSION

This Disclosure Statement provides information regarding the Debtor's bankruptcy and the potential benefits that might accrue to Creditors and Interest Holders under the Plan as proposed. The Debtor believes that the Plan is feasible and will provide Creditors and Interest

Holders with an opportunity to receive greater benefits than those that would be received by any other alternative. Accordingly, the Debtor argues the Debtor's Creditors to support the Plan.

Dated: Miami, Dade County, Florida
November 11, 2011

/s/ Ronald G. Neiworth
RONALD G. NEIWIRTH
Florida Bar No. 152175
BOYD & JENERETTE
One Brickell Square
801 Brickell Avenue, Suite 1440
Miami, FL 33131
Tel. (305)537-9111
Fax: (305)537-9130
rneiworth@boyd-jenerette.com

Attorneys for the DIP

SCHEDULE A
PROJECTED CASH FLOW THROUGH 2012

EXHIBIT 1
DEBTOR'S PLAN OF REORGANIZATION