

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

In re:	§	
	§	
PEOPLE AGAINST DRUGS	§	CASE NO. 08-34696-11
AFFORDABLE PUBLIC HOUSING	§	
AGENCY,	§	
	§	Chapter 11
Debtor.	§	

**SECOND AMENDED DISCLOSURE STATEMENT OF PEOPLE
AGAINST DRUGS AFFORDABLE PUBLIC HOUSING AGENCY**

DATED JUNE 4, 2009

TO: Creditors and Equity Security Holders of People Against Drugs Affordable Public Housing Agency, ("PAD" or the "Debtor")

Contained in the packet of documents which has been sent to you by People Against Drugs Affordable Public Housing Agency, (the "Debtor") is the Second Amended Disclosure Statement of People Against Drugs Affordable Public Housing Agency, (the "Disclosure Statement"), the First Amended Plan of Reorganization of People Against Drugs Affordable Public Housing Agency (the "Plan"), the Ballot for Voting on the Plan of Reorganization and the Order Approving Disclosure Statement and Fixing Time for Filing Acceptance or Rejection of Plan, Combined with Notice Thereof. Please read all of these materials carefully. Please note that in order for your vote to be counted, you must 1) include your name and address, 2) fill in, date, and sign the enclosed Ballot and 3) return it to the attorney for People Against Drugs Affordable Public Housing Agency by the date and time specified on the Ballot.

ARTICLE I - INTRODUCTORY STATEMENT

People Against Drugs Affordable Public Housing Agency ("PAD" or "Debtor") has filed contemporaneous hereto with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court") its First Amended Plan of Reorganization (the "Plan") in the above-captioned case (the "Bankruptcy Case"). Pursuant to the terms of the United States Bankruptcy Code, this Disclosure Statement will be presented for approval to the Bankruptcy Court. Such approval is required by statute and will not constitute a judgment by the Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereby.

A. DISCLAIMERS

ONLY THOSE REPRESENTATIONS SET FORTH IN THIS DISCLOSURE STATEMENT ARE AUTHORIZED BY DEBTOR. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS ANOTHER DATE IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. DEBTOR IS UNABLE TO GUARANTEE THAT THE INFORMATION CONTAINED IN THE PLAN AND THIS DISCLOSURE STATEMENT IS ENTIRELY WITHOUT ERROR, BUT ALL REASONABLE EFFORTS HAVE BEEN MADE TO ENSURE THAT ALL REPRESENTATIONS ARE AS ACCURATE AS POSSIBLE.

THE SOURCE OF INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS THE DEBTOR OR ITS AGENTS AND EMPLOYEES AND HAS NOT BEEN SUBJECT TO AN AUDIT UNLESS OTHERWISE SPECIFICALLY NOTED. THE STATEMENTS MADE HEREIN LIKEWISE HAVE NOT BEEN VERIFIED BY DEBTOR'S COUNSEL, ALTHOUGH AN ATTEMPT HAS BEEN MADE TO BE CONSERVATIVE AND REALISTIC. NEITHER DEBTOR NOR ITS COUNSEL REPRESENT OR WARRANT THE ACCURACY OF DISCUSSIONS CONTAINED HEREIN REGARDING EVENTS.

AS STATED PREVIOUSLY, YOU ARE URGED TO REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN TO ENSURE A COMPLETE UNDERSTANDING OF THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN AND HOW THOSE TRANSACTIONS WILL AFFECT YOUR CLAIM AGAINST, OR INTEREST IN THE DEBTOR.

IF ANY IMPAIRED CLASS VOTES TO ACCEPT THE PLAN, BUT NOT ALL CLASSES ACCEPT THE PLAN, PEOPLE AGAINST DRUGS AFFORDABLE PUBLIC HOUSING

AGENCY WILL SEEK CONFIRMATION UNDER THE CRAM DOWN PROVISION OF § 1129(B) OF THE BANKRUPTCY CODE AND HEREBY GIVES NOTICE OF INTENT TO INVOKE THE CRAM DOWN PROVISIONS OF § 1129(B) IN THAT EVENT.

B. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Upon the commencement of a Chapter 11 case, § 362 of the Bankruptcy Code provides for an automatic stay of all attempts to collect from a debtor any Claims which arose prior to the bankruptcy filing or otherwise to interfere with a debtor's property or business.

Under Chapter 11, a debtor attempts to reorganize its business for the benefit of the debtor, its Creditors, and equity security holders in the formulation of a plan of reorganization. For the first 120 days after the filing of a Chapter 11 bankruptcy petition, the debtor is the only party who may file a plan of reorganization in the bankruptcy case, which is generally referred to as "exclusivity." Once exclusivity ends, any party in interest may file a plan of reorganization. The legal requirements for court approval, called "confirmation," of a plan are discussed on Page 4 of this Disclosure Statement.

C. THIS DISCLOSURE STATEMENT

Why You Have Received This Disclosure Statement. You have received this Disclosure Statement because the Debtor has proposed a Plan with the Bankruptcy Court in order to satisfy its debts and provide for a reorganization of the Debtor's business. The Bankruptcy Court held a hearing and approved this Disclosure Statement on May 28, 2009. A copy of the Plan is enclosed with the materials that you have received. This Disclosure Statement, as required by 11 U.S.C. § 1125, is being provided to all known Creditors and other parties-in-interest whose claims are impaired in connection with the solicitation and acceptance of the Plan proposed by the Debtor.

Purpose of this Disclosure Statement. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor typical of the Holders of Claims against the Debtor to make an informed judgment in exercising its right either to accept or reject the Plan. Terms used in this Disclosure Statement are defined in Article I of the Plan, and the terms should be read together with those definitions.

Purpose of the Plan. The purpose of the Debtor's Plan is to provide a mechanism for the reorganization of the Debtor's assets and for the payment of the Debtor's Creditors. The Plan was developed by the Debtor. The Debtor believes that the Plan is more attractive than other alternatives, such as conversion to Chapter 7 liquidation or dismissal of the Bankruptcy Case. **EACH CREDITOR IS URGED TO READ THE PLAN PRIOR TO VOTING.**

Bankruptcy Court Approval of this Disclosure Statement. After a hearing on notice, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of the Classes being solicited to make an informed judgment about the Plan.

Sources of Information. The information contained in this Disclosure Statement has been submitted by the Debtor unless specifically stated to be from other sources. Certain of the materials contained in this Disclosure Statement are taken directly from other, readily accessible instruments or are digests of other instruments. While the Debtor has made every effort to retain the meaning of such other instruments or the portions transposed, the Debtor urges that any reliance on the contents of such other instrument should depend on a thorough review of the instruments themselves.

Only Authorized Disclosure. No representations concerning the Plan are authorized by the Debtor or the Bankruptcy Court other than as set forth in this Disclosure Statement. Any representations or inducements made by any person to secure your vote which are other than herein contained should not be relied upon, and such representations or inducements should be reported to counsel for the Debtor, who shall deliver such information to the Bankruptcy Court.

Voting on the Plan. **YOUR ACCEPTANCE OF THE PLAN IS IMPORTANT.** A creditor or interest holder, in order to vote on the Plan, must have filed a proof of claim or interest on or before the Bar Date, unless scheduled by the Debtor as not disputed, liquidated or contingent. Any creditor scheduled as not disputed, liquidated and not contingent is, to the extent scheduled, deemed to have filed a claim and, absent objection, such claim is deemed allowed. A creditor or interest holder may vote to accept or reject the Plan by filling out and mailing to counsel for Debtor the Ballot which has been provided in this package of information.

In order for the Plan to be accepted by a class of Creditors, more than one half in number and at least two-thirds in amount of such class of Claims must vote to accept the Plan. Only those Claim Holders that actually vote are considered in the calculations. In order for the Plan to be accepted by interest Holders, at least two-thirds in amount of interests must vote to accept the plan. Again, only voting interest Holders are considered in the calculation. You are, therefore, urged to fill in, date, sign and promptly mail and/or fax the enclosed Ballot which has been furnished to you to counsel for Debtor as follows:

Vickie L. Driver
Pronske & Patel, P.C.
1700 Pacific Ave., Suite 2260
Dallas, TX 75201
FAX 214.658.6509
email: smeiners@pronskepatel.com

Please be sure to complete properly the form and identify legibly the name of the claimant or interest holder.

The Court has fixed 4:00 p.m. prevailing Central Time on July 22, 2009, as the last date by which Ballots must be served on counsel for the Debtor. Except to the extent allowed by the Bankruptcy Court, Ballots that are received after such time will not be counted. Ballots of Holders of impaired Claims received pursuant to this solicitation and which are signed but are not expressly voted for acceptance or rejection of the Plan will be counted as Ballots for

accepting the Plan. A Ballot accepting the Plan may not be revoked, except by order of the Bankruptcy Court.

ARTICLE II – BACKGROUND OF DEBTOR

A. HISTORY OF THE DEBTOR

The Debtor, People Against Drugs Affordable Public Housing Agency is a California non-profit charitable corporation which was formed in 1991, and acquired a certificate of authority to do business in Texas in 1992. The Debtor owns an apartment complex, Country Creek Apartments, located in Garland, Texas. Country Creek has 296 apartment units and offers sliding scale rents depending on the tenant's income. Country Creek Apartments are managed by Pace Realty Corporation. Until February 2009, the Debtor offered transitional housing for individuals in recovery from addictions, also providing them with the transportation needed to work, buy medication and food, and attend important appointments that would enable them to start rebuilding their lives. The funds for these operations were derived from the profit realized upon the operation of Country Creek Apartments.

B. THE DEBTOR'S LOANS

As of the Petition Date, the Debtor had five secured loans with separate banks. Its largest Secured Claim, held by Wells Fargo, is secured by the Country Creek Apartments. The Debtor also has a loan owing to NexBank secured by certain commercial real property located at 120 Wilkinson Road, Mooresville, North Carolina. The Debtor also owns three titled vehicles on which three separate banks hold a lien: SunTrust Bank is secured by a 2007 Ultracomp racing trailer, Bank of America is secured by a 2006 Foretravel motor home, and GMAC is secured by a 2005 Chevrolet Silverado.

C. EVENTS LEADING UP TO BANKRUPTCY

Prior to the bankruptcy filing, the Debtor suffered several legal and practical setbacks. First, the Debtor's past President and Executive Director, Gene Christenson, took several actions which ran afoul of the Debtor's charitable purposes. Such actions included, without limitation, directing the Debtor to purchase a racing team and attendant property in North Carolina, fund Mr. Christenson's campaign to run for public office, and failing to properly maintain the Debtor's books and records. Second, mainly as a result of these actions, the Debtor received notice from the IRS that its 501(c)(3) status was in jeopardy. Third, the Texas Attorney General's Office ("AG"), sued the Debtor, Gene Christenson, and its newest board member and employee, John Shute, for various causes of action stemming from improper activities by a nonprofit organization. These actions threatened the Debtor's ability to continue operations by reducing its available cash, not only due to attorney's fees and expenses relating to the lawsuit, but the potential tax liability arising out of the revocation of the Debtor's tax exempt status.

Mr. Shute decided that the Debtor needed to file for bankruptcy relief; however, Mr. Christenson was unwilling to cast the vote needed to make the board of director's vote for such an action unanimous, as required by the Debtor's bylaws. After negotiation with the AG, Mr.

Shute, on behalf of the Debtor, executed a settlement agreement to provide for Mr. Christenson's voluntary separation from all involvement with the Debtor and a full release of Gene Christenson by the Debtor. That agreement was never fully executed because the AG regarded the bankruptcy filing as in violation of its agreement with the other parties. However, Mr. Christenson and the AG did execute a separate agreement to which the Debtor was not a party in which Mr. Christenson agreed to sever all ties with the Debtor, and not to be engaged in any relationship involving the Debtor in the future.

Upon entering bankruptcy, the Debtor faced additional challenges. Namely, the Debtor's books and records needed to be reconstructed to allow the Debtor to prepare and file tax returns for tax years 2006 and 2007. In addition, the Debtor needed to work with the IRS to regain its tax exempt status. Further, the Debtor needed to work with the AG to satisfy its concerns relating to the Debtor's non-profit operations.

D. ASSETS AND LIABILITIES AT THE TIME OF THE FILING

Attached hereto as Exhibit A is a Summary of Debtors Schedules reflecting the Debtor's estimation of its assets and liabilities as of the Petition Date. A complete copy of the Debtor's Schedules is available upon written request submitted to Counsel for the Debtor via either facsimile at (214) 658-6509 or via email at lwhatley@pronskepatel.com.

The Debtor may also have an interest in Sierra Apartments Limited Partnership ("Sierra"), a Texas Limited Partnership. Sierra owns and operates a 224 unit apartment complex in Dallas, Texas. Sierra and its Managing General Partner, Bradford Putnam Credit, Ltd. ("BPC") have asserted that the Debtor is a general partner in Sierra. Sierra and BPC assert that, in connection with its general partner interest in Sierra, the Debtor has certain obligations to Sierra and its partners pursuant to that certain Amended and Restated Agreement of Limited Partnership of Sierra and related documents (the "Sierra Agreements"). The Debtor's obligations, according to Sierra and BPC, include the provision of certain social services for Sierra, including, without limitation, social services directed at maintaining a gang free, drug free and crime free community at Sierra.¹

The Debtor has recently been provided with the Sierra Agreements and is in the process of reviewing same. Upon the conclusion of its review, the Debtor may amend its schedules to reflect its interest in and obligations to Sierra to the extent that the Debtor concludes that such interest and obligations exist. To the extent that any one or more of the Sierra Agreements constitutes an executory contract under 11 U.S.C. § 365, the Debtor will make its determination whether to assume or reject such contract after its analysis of the relevant documents. The Debtor and Sierra reserve all rights with respect to assumption or rejection and any claims or causes of action which may exist in favor of one against the other, and any and all defenses to same, but anticipate that they will be able to amicably: (i) reach an agreement as to amount and manner of cure if any of the Sierra Agreement(s) is able to be assumed and the Debtor decides to assume it or (ii) reach some accommodation for the transition of the Debtor's general partner

¹ Pursuant to Section 4 of that certain Agreement Regarding Partnership Distributions dated April 30, 2002.

interest to a replacement non-profit entity² and for determination and treatment of Sierra's rejection damages claim to the extent that it has such claim upon rejection of any Sierra Agreement(s). In any event, each of the parties reserves their respective rights to any defenses and/or offset of any claim asserted by any other party to which they may be entitled. The Debtor does not anticipate that either such scenario will require a material plan modification.

Sierra and BPC further assert that they did not have notice of the Debtor's bankruptcy proceedings, or the January bar date, until very recently. Accordingly, Sierra and PBC have advised the Debtor that they reserve all right to seek relief from the Proof of Claims Bar Date to assert any pre-petition claims which they may have in the event a consensual resolution is not reached among them and the Debtors.

To the extent the Debtor's investigations lead the Debtor to conclude that there may be equity in its interest in Sierra for the benefit of creditors of this estate or liabilities that may impact the Plan, the Debtor will file a supplement to the Disclosure Statement at least 10 days before the Plan Confirmation Hearing to further disclose the potential impact.

E. SIGNIFICANT EVENTS IN CHAPTER 11

Employment of Legal Counsel and other Professionals. On October 6, 2008, the Debtor sought to employ the law firm of Pronske & Patel, P.C. as counsel for the Debtor. On November 14, 2008, the Bankruptcy Court entered an order approving the employment of Pronske & Patel, P.C. as counsel for Debtor, [Docket No. 77].

On October 7, 2008, the Debtor sought to employ Pace Realty Corporation as its Property Manager. On November 14, 2008, the Court entered an order approving the employment of Pace Realty Corporation as Debtor's Property Manager [Docket No. 76].

On October 16, 2008, the Debtor sought to employ Wm. Stukey & Associates, L.L.C. as Accountant for the Debtor. On December 18, 2008, the Court entered an order approving the employment of Wm. Stukey & Associates, L.L.C. as Debtor's Accountant [Docket No. 94].

On October 17, 2008, the Debtor sought to employ Strasburger & Price, L.L.P. as Special Counsel for the Debtor. On February 4, 2009, the Court entered an order approving the employment of Strasburger & Price, L.L.P. as Debtor's Special Counsel [Docket No. 141].

On March 24, 2009, the Debtor sought to employ Keller Williams Mooresville as Realtor for the Debtor. On May 12, 2009, the Court entered an order approving the employment of Keller Williams Mooresville as Realtor for the Debtor [Docket No. 215].

On May 15, 2009, the Debtor sought to employ Thompson & Knight, L.L.P. as Special Counsel for the Debtor and terminate the retention of Strasburger & Price, L.L.P. as Special Counsel [Docket No. 220]. The matters are currently set for hearing on June 30, 2009.

² Under applicable provisions of the Internal Revenue Code and certain rules and regulations promulgated thereunder, Sierra is required to have a participating non-profit general partner. Sierra asserts that failure to provide for the referenced transition may result in additional claims against the Debtor.

On May 27, 2009, the Debtor sought to employ Thomas A. Millner as a Forensic Accountant and Peter Q. Laws as a Sales Tax Expert [Docket No. 228]. The matter is currently set for hearing on June 30, 2009.

Reconstituted Board of Directors. Under the Debtor's governing documents, Debtor was required to have three members. As of the date the bankruptcy case was filed, only one board member remained. In order to bring the Debtor back into compliance with its own governing documents and to resolve concerns of the AG, the Debtor and the AG agreed to reconstitute the board of directors appointing four new members and permitting such board to appoint a fifth member by majority vote. The Court approved this agreement by order dated January 30, 2009. The Debtor's Board of Directors met, and appointed a fifth member in February 2009. As of the date of this Disclosure Statement, the Debtor's Board of Directors has five members, consisting of John P. Greenan, President; Elizabeth Julian, Secretary; Eliot Shavin, Vice President; Mike Daniel; and Andrew Foster.

Post-Petition Operations of Debtor. The Debtor's Monthly Operating Reports reflecting post-petition operations through March 31, 2009 are attached hereto as Exhibit B and incorporated by reference herein.

Debtor filed its Motion for an Order Approving Sale of Property Free and Clear of All Liens, Claims and Encumbrances Pursuant to 11 U.S.C. § 363(b) [Docket No. 216] on May 13, 2009. This pending motion will resolve the Class 6 Secured Claim of SunTrust in full.

ARTICLE III - SUMMARY OF THE PLAN

A. OVERVIEW OF THE PLAN

THE FOLLOWING DISCUSSION IS A GENERAL OVERVIEW OF THE PLAN ONLY. IT IS NOT INTENDED TO MODIFY THE TERMS OF THE PLAN IN ANY WAY. THE PLAN IS ENCLOSED WITH THIS DISCLOSURE STATEMENT. CREDITORS ARE URGED TO READ THE PLAN IN ITS ENTIRETY IN DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN.

The Plan provides for a reorganization of all liabilities owed by the Debtor, as described herein.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

The Plan classifies and treats various classes of Creditors of the Debtor's Estate. The following is a summary of classification and treatment of Creditors' Claims under the Plan:

For the purpose of satisfaction of all Claims against and Interests in the Debtor, the Claims and Equity Interests are divided into the following classes:

CLASS 1: ADMINISTRATIVE CLAIMS

Class 1 Administrative Claims consist of any claim for payment of any cost or expense of administration of the Chapter 11 Bankruptcy Proceeding entitled to priority in accordance with §§ 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Debtor's Estate and operating its business from and after the Petition Date to and including the Confirmation Date (other than such Claims or portions thereof which, by their express terms, are not due or payable by the Distribution Date) and all allowances of compensation and reimbursement approved by the Court in accordance with the Bankruptcy Code and any fees or charges assessed against the Debtor's Estate under Chapter 11 of Title 28, United States Code. Except to the extent that the Holder of an Administrative Claim may otherwise agree in writing, Administrative Claims which are Allowed Claims prior to the Effective Date of the Plan shall be paid in full on or before the Effective Date of the Plan. Administrative Claims which become Allowed Claims after the Effective Date of the Plan shall be paid in full in cash on or before ten (10) business days following the date the Administrative Claim becomes an Allowed Claim by Final Order of the Bankruptcy Court. Class 1 Administrative Claims for professional fees approved pursuant to 11 U.S.C. § 330 shall be paid from the Debtor's operating funds or as otherwise agreed to by the Debtor and the Administrative Claimant in writing. For purposes of payment of Administrative Claims, any administrative claimant desiring to be paid under the Plan must file an application for allowance of Administrative Claim on or before thirty (30) days after the entry of an Order confirming the Plan or such Claimant shall be barred from asserting an Administrative Claim.

CLASS 2: ALLOWED TAX PRIORITY CLAIMS

Class 2 Allowed Tax Priority Claims consist of any Allowed Claim entitled to priority in payment under § 507(a)(8) of the Bankruptcy Code. Allowed Tax Priority Claims shall be paid by the Reorganized Debtor, up to the Allowed amount of such Claim, plus interest at the rate of 4.5% per annum accrued thereon on a quarterly basis on October 1, January 1, April 1 and July 1 of each year over a period not exceeding six (6) years after the date of assessment of the Claims, as provided in section 1129(a)(9)(C) of the Bankruptcy Code.

CLASS 3: SECURED CLAIM OF NEXBANK

The Class 3 Claim of NexBank shall be treated as a fully Secured Claim in an amount to be determined by the Bankruptcy Court pursuant to 11 U.S.C. § 506(b) at the Confirmation Hearing. NexBank's Allowed Claim shall be paid in full upon the close of the sale of the North Carolina Property under Bankruptcy Code § 363. The Court shall contain jurisdiction to approve the sale free and clear of all liens, Claims and encumbrances under Bankruptcy Code § 363 To the extent that such indebtedness has been accelerated, it shall be de-accelerated and reinstated on the Effective Date. The existing loan documents between the Debtor and NexBank shall be assumed by the Reorganized Debtor with the following modifications to the loan documents: 1) the terms of payment to be solely from the sale of the North Carolina Property, 2) the only event of default to be the failure to pay the Claim in full on or before twelve (12) months following the Effective Date, and 3) interest to accrue at the non-default rate of interest so long as the Reorganized Debtor remains current on its obligations under the loan documents after the

Effective Date as modified in the Plan.

CLASS 4: SECURED CLAIM OF WELLS FARGO

The Class 4 Claim of Wells Fargo shall be treated as a fully Secured Claim in an amount to be determined by the Bankruptcy Court pursuant to 11 U.S.C. § 506(b) at the Confirmation Hearing. Wells Fargo's Allowed Claim shall be paid in full as provided in the pre-petition loan documents between the Debtor and Wells Fargo, as modified herein. To the extent that such indebtedness has been accelerated, it shall be de-accelerated and reinstated on the Effective Date. The existing loan documents between the Debtor and Wells Fargo shall be assumed fully by NewCo with the only modifications of such documents being 1) the single month's payment to Wells Fargo that was unpaid prior to the filing of this Case shall be paid following the final payment month contained in such loan documents, and 2) interest shall accrue at the non-default rate of interest so long as NewCo remains current on its obligations under the loan documents after the Effective Date as modified in the Plan.

CLASS 5: SECURED CLAIM OF BANK OF AMERICA

The Class 5 Claim of Bank of America shall be treated as, at Bank of America's election, either: (a) as fully Secured Claim in an amount to be determined by the Bankruptcy Court pursuant to 11 U.S.C. § 506(b) at the Confirmation Hearing; provided, however, that such claim shall not exceed the value of the Motorhome, and in such case, Bank of America's Class 5 Claim shall be satisfied by the recovery from any insurance proceeds under any policies insuring any interest in the Motorhome; or (b) as a Class 8 General Unsecured Claim in the amount of 50% of the amount to which Bank of America is entitled to be determined by the Bankruptcy Court pursuant to 11 U.S.C. § 506(b) at the Confirmation Hearing. To the extent Bank of America elects the first option, the automatic stay under Bankruptcy Code §362 shall be lifted to the extent necessary to allow Bank of America to pursue such proceeds. To the extent Bank of America elects the second option, Bank of America must assign all rights to any insurance proceeds under any policies insuring any interest in the Motorhome to the Reorganized Debtor.

CLASS 6: SECURED CLAIM OF SUNTRUST

The Class 6 Claim of SunTrust shall be treated as follows: such claim shall be satisfied in full from the sale of the Trailer under section 363 of the Bankruptcy Code, before the Effective Date of the Plan in full and complete satisfaction of any claim owed to SunTrust. Should the sale be completed prior to Plan Confirmation, SunTrust shall have no remaining claim against the Estate.

CLASS 7: SECURED CLAIM OF GMAC

The Class 7 Claim of GMAC shall be shall be treated as a fully Secured Claim in an amount to be determined by the Bankruptcy Court pursuant to 11 U.S.C. § 506(b) at the Confirmation Hearing. Such claim shall be treated as follows: the Debtor shall sell the Truck prior to the Effective Date of the Plan pursuant to section 363 of the Bankruptcy Code, and remit the proceeds of such sale to GMAC up to the amount of GMAC's Class 7 Allowed Claim, with

the balance thereof, if any, to be retained by the Reorganized Debtor. Should the sale be completed prior to Plan Confirmation, GMAC shall have no remaining claim against the Estate.

CLASS 8: GENERAL UNSECURED CLAIMS

Class 8 Allowed General Unsecured Claims consist of all other Allowed Claims against the Debtor not placed in any other Class. Creditors holding Allowed Class 8 General Unsecured Claims shall be paid their Pro Rata share of; 1) the net proceeds of the sale of the North Carolina Property following payment of customary closing costs, sales expenses and payment of NexBank in full; 2) payment from any tax refunds that the Debtor receives, including any refunds from State sales taxing authorities; and 3) any recovery from the resolution, by settlement or otherwise, of the Causes of Actions.

C. IMPLEMENTATION OF THE PLAN

The Debtor shall sell the Country Creek Apartments pursuant to section 363 of the Bankruptcy Code, free and clear of all liens, claims and encumbrances to the Texas nonprofit organization, Texas Educational Opportunity Fund (“NewCo”). NewCo will assume the debt owed to Wells Fargo as modified herein. All five (5) members of the board of the Debtor will be elected as the sole members of the board of NewCo as of the date the sale is closed. The resulting board of NewCo will have the authority to change the name of the organization to represent its charitable function of providing affordable public housing. NewCo shall continue to operate the Country Creek Apartments within the structure of its charitable purpose as provided by Texas law.

Upon the Effective Date, the Reorganized Debtor shall be governed by a board with a minimum of three (3) members. In addition, upon the Effective Date, a Liquidating Trustee shall be appointed to serve at the pleasure of, and report to, the Reorganized Debtor’s board. Debtor shall file a Notice of Liquidating Trustee with the Court, identifying such Liquidating Trustee, on or before the date 10 days prior to the Confirmation Hearing. Through the Plan and Confirmation Order, the Liquidating Trustee will be charged with bringing, administering and settling Causes of Action in the best interest of the Creditors and the Estate. The Liquidating Trustee shall have the authority to settle matters below \$25,000.00 without court approval. The Liquidating Trustee shall liquidate the Reorganized Debtor’s assets and the proceeds thereof shall first pay all operating costs and expenses, including the attorneys’ fees and expenses of the Liquidating Trustee’s professionals, subject to the fee application process under section 330 of the Bankruptcy Code, as employed by the Liquidating Trustee and approved by the Reorganized Debtor’s board, then to satisfy all of the Reorganized Debtor’s Allowed Claims as provided in this Plan. The Liquidating Trustee shall be paid as a chapter 7 trustee pursuant to section 326 of the Bankruptcy Code.

To the extent that the Reorganized Debtor’s liquidated assets are insufficient to pay all Administrative Claims, NewCo agrees to contribute surplus funds after the payment of its own operating expenses to the Reorganized Debtor as needed to satisfy Administrative Claims timely. To the extent that the Reorganized Debtor’s liquidated assets are in excess of what is needed to pay the expenses of the Reorganized Debtor, as well as Class 8 Allowed General Unsecured

Claims, the Reorganized Debtor agrees to remit such excess funds to NewCo upon closure of the case, or as otherwise agreed to in writing by NewCo and the Reorganized Debtor.

Debtor's Financial Projections are attached hereto as Exhibit C, and incorporated by reference herein. Debtor's projections assume the sale of the North Carolina Property within twelve (12) months following the Effective Date, as well as projected recovery from sales tax refunds and potential Causes of Action. Those projections also include a one year pro forma financial projections for the Country Creek Apartments supporting its ability to service the debt owed to Wells Fargo and proposed to be assumed by NewCo.

Reorganized Debtor. Upon the Confirmation Date of the Plan, the Reorganized Debtor shall be the survivor of the Debtor.

Cramdown. If any impaired class votes to accept the plan, but not all classes accept the plan, the Debtor will seek confirmation under the cram down provisions of § 1129(b) of the Bankruptcy Code.

D. DISPOSITION OF CAUSES OF ACTION

The Debtor has not yet concluded its analysis of existing claims and Causes of Action and expressly reserves the right to continue such analysis. All Claims and Causes of Action owned by the Debtor, Causes of Action that could have been brought by a Creditor on behalf of the Debtor, and all Causes of Action created by the Bankruptcy Code not expressly waived or released under the Plan may be pursued by the Reorganized Debtor for the benefit of the Creditors, as provided herein, including but not limited to, Causes of Action arising in and under Chapter 5 of the Bankruptcy Code, Causes of Action against Gene Christenson, Robert Dotter, John Shute, NexBank, Wells Fargo, and Causes of Action related to the Debtor's interests in Sierra Apartments, L.P., Sierra Properties, L.L.C., Cherry Walk Apartments, and the movie "Hood Hostages." The Reorganized Debtor shall have the exclusive right to settle or compromise all such Causes of Action subject to Court approval. Court approval is not required to settle or compromise any collection activities relating to any and all accounts receivable.

Furthermore, Debtor expressly reserves all rights and remedies with respect to potential preference or otherwise voidable transfers. Debtor specifically reserves its rights regarding transfers described within its Amended Statement of Financial Affairs (Docket No. 62) and any exhibits thereto.

E. EXECUTORY CONTRACTS AND LEASES

General Assumption and Assignment. The Debtor rejects all unexpired executory contracts and leases that are not expressly assumed. The Debtor anticipates, but does not guarantee, that all unexpired executory contracts will be assumed at Confirmation. All assumed contracts will be paid in the ordinary course of business on a going forward basis after Confirmation. All executory contracts and unexpired leases of the Debtor (including, but not limited to, those listed on the Debtor's Schedules) which are not expressly rejected on or before ninety (90) days after the Confirmation Date or not otherwise specifically treated in the Plan or

in the Confirmation Order shall be deemed to have been assumed by Debtor on the Confirmation Date. Debtor reserves the right to file an exhibit with the Bankruptcy Court prior to the Confirmation Date rejecting any executory contract or lease.

Cure of Assumed Executory Contracts and Unexpired Leases. To the extent necessary, Debtor shall cure all defaults existing under any assumed executory contract or unexpired lease by paying the amount, if any, claimed by any party to such executory contract or unexpired lease as set forth in a proof of claim, which shall be filed with the Bankruptcy Court within fifteen (15) days after the Confirmation Date and shall be titled "Assumption Cure Proof of Claim." Alternatively, Debtor may pay such amount as may be agreed upon between Debtor and any party to such executory contract or unexpired lease, provided an Assumption Cure Proof of Claim is timely filed within fifteen (15) days after the Confirmation Date.

The Debtor shall have the right to file within sixty (60) days of the filing of an Assumption Cure Proof of Claim an objection in writing to the amount set forth in the Assumption Cure Proof of Claim and the Bankruptcy Court shall determine the amount actually due and owing with respect to the defaults.

Payment of such Claims shall be made by the Reorganized Debtor on the later of: (i) ten (10) Business Days after the expiration of the sixty (60) day period for filing an objection in respect of any Assumption Cure Proof of Claim filed pursuant to this section; or (ii) when a timely objection is filed, ten (10) Business Days after an order of the Court allowing such Claim becomes a Final Order.

F. RESOLUTION OF DISPUTED CLAIMS

Only Allowed Claims will be paid by Debtor according to the Plan. An Allowed Claim is any Claim against the Debtor for which a proof of claim was timely and properly filed or is deemed to have been timely and properly filed because the Debtor has or hereafter does list such Claim on its schedules as liquidated and not disputed or contingent.

Within sixty (60) days from the Effective Date, unless such date is extended by Order of the Court after notice and hearing, the Reorganized Debtor may file with the Court objections to Claims and Interests.

If the Reorganized Debtor files an objection to a proof of claim ("Undetermined Claim"), then an Allowed Claim shall be the amount of the Claim allowed by order of the Bankruptcy Court. Thereafter, only upon entry of an order determining the amount of the Allowed Claim and to the extent that an Undetermined Claim becomes an Allowed Claim, such Allowed Claim shall be entitled to such distributions as provided under the Plan. Such distributions shall be made in the manner provided for by the Plan and the terms of any Final Order of the Court with respect to such Allowed Claim. In the event that the Debtor makes any distributions to Creditors at any time prior to a determination of allowance of an Undetermined Claim, payments on such Undetermined Claim will commence and be due and payable on the first quarterly payment date following the date of the order allowing such Claim, and shall be re-amortized to equal an amount sufficient to fully pay the Allowed Claim.

Unless and until an Undetermined Claim becomes an Allowed Claim, no creditor holding such a Claim shall have any Claim against the distribution held by the Debtor and/or Reorganized Debtor with respect to such Claim.

ARTICLE IV - CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN

Conditions to Confirmation. Confirmation of the Plan can not occur unless each of the following conditions precedent has occurred:

1. The Bankruptcy Court shall have approved the Disclosure Statement; and
2. The Confirmation Order is entered by the Bankruptcy Court.

ARTICLE V - MODIFICATION OF THE PLAN

Section 1127(a) of the Bankruptcy Code permits the Debtor to amend or modify a plan at any time prior to confirmation. Post-confirmation modifications of a plan are allowed under § 1127(b), if the proposed modification is offered before a plan has been substantially consummated or pursuant to an article of the confirmed plan authorizing the intended modification. Debtor reserves the right to amend or modify the Plan at any time at which such modification is permitted under the Bankruptcy Code.

In the event the Debtor proposes to modify the Plan prior to the Confirmation Order, further disclosures pertaining to the proposed modification will be required only if the Bankruptcy Court finds, after a hearing, that the pre-confirmation modifications adversely change the treatment of any creditor or equity security interest holder who has previously accepted the Plan. If the proposed pre-confirmation modification is material and adverse, or if a post-confirmation modification is sought, the Debtor intends to supplement this Disclosure Statement as necessary to describe the changes made in the Plan and the reasons for any proposed modifications.

ARTICLE VI - CONSIDERATIONS IN VOTING ON THE PLAN

A. ALTERNATIVES TO THE PLAN

Although the Disclosure Statement is intended to provide information to assist in the formation of a judgment as to whether to vote for or against the Plan and although creditors are not being offered through that vote an opportunity to express an opinion concerning alternatives to the Plan, a brief discussion of alternatives to the Plan may be useful. The Debtor believes the proposed Plan to be in the best interests of creditors and the Debtor, and does not favor any alternative to the proposed Plan. In arriving at that conclusion, Debtor assesses the alternatives as follows:

Chapter 7 Liquidation Analysis. The Debtor could convert the case to Chapter 7 and allow a bankruptcy trustee to be appointed to liquidate and distribute assets. In the event that the Court does not confirm a plan of reorganization in this case, conversion to Chapter 7 will ultimately result. Debtor believes this alternative to be unsatisfactory for the reasons stated in

Article VII. B., below, and that Unsecured Creditors would receive significantly less or no money than proposed in the Plan in the event that the Debtor's assets are liquidated under Chapter 7 of the Bankruptcy Code. The Debtor's Liquidation Statement is attached hereto as Exhibit D and incorporated herein by reference.

Dismissal of the Case. Dismissal of the Chapter 11 case would most likely lead to the same unsatisfactory result as Chapter 7 liquidation.

Sale of Property of the Estate under Section 363. Section 363 of the Bankruptcy Code permits a Debtor to sell property of the estate with approval of the Bankruptcy Court. Debtor believes that this alternative would not maximize values of the Debtor's real and personal property, including the Property referred to herein. A sale under section 363 in the time frame required for a Debtor to conclude a Chapter 11 bankruptcy case typically does not result in optimal values for property. Debtor believes that a quick section 363 sale of all of the Debtor's assets would lead to results for Creditors far inferior to the Plan.

The Debtor has attempted to set forth alternatives to the proposed Plan. However, the Debtor must caution Creditors that a vote must be for or against the Plan. The vote on the Plan does not include a vote on alternatives to the Plan. There is no assurance what turn the proceedings will take if the Plan fails to be accepted. If you believe one of the alternatives referred to is preferable to the Plan and you wish to urge it upon the Court, you should consult counsel.

B. SPECIFIC CONSIDERATIONS IN VOTING

All of the foregoing give rise in the instant case to the following implications and risks concerning the Plan.

While the Plan provides for certain payments at confirmation, such payments will only apply to Allowed Claims including Claims arising from defaults. Under the Bankruptcy Code, a Claim may not be paid until it is allowed. A Claim will be allowed in the absence of objection.

A Claim, including a Claim arising from default, which has been objected to will be heard by the Court at a regular, evidentiary hearing and allowed in full or in part or disallowed. While the Debtor bears the principal responsibility for Claim objections, any interested party, including creditors, may file claim objections. Accordingly, payment on some Claims, including Claims arising from defaults, may be delayed until objections to such Claims are ultimately settled.

C. DISCLOSURES REQUIRED BY THE BANKRUPTCY CODE

The Bankruptcy Code requires disclosure of certain facts:

- 1) There are no payments made or promises of the kind specified in section 1129(a)(4) of the Bankruptcy Code which have not been disclosed to the Court.

2) Counsel to the Debtor has advised the Debtor that the Debtor will require legal services in connection with this case after confirmation which will require reimbursement. Debtor may continue to use Pronske & Patel, P.C., as counsel after confirmation.

D. DESCRIPTION OF MANAGEMENT AND CONTROL PERSONS OF DEBTOR

The Debtor's Board of Directors was reconstituted by order of the Court in February 2009. The current members are John P. Greenan, President; Elizabeth Julian, Secretary; Eliot Shavin, Vice President; Mike Daniel; and Andrew Foster. Upon the Effective Date, the Reorganized Debtor shall be governed by a board with a minimum of three (3) members.

E. TAX EXEMPTION ISSUES

IRS

At the time of filing this Disclosure Statement, the IRS is reviewing the Debtor's 501(c)(3) tax-exempt status. If the IRS were to revoke the Debtor's tax-exempt status, the Debtor would need to pay federal income taxes and any related penalties and interest for any years as to which the tax-exempt status is revoked. Additionally, as part of this IRS examination, the IRS is reviewing the rental income generated from Debtor's real property to determine whether this income is unrelated business taxable income ("UBTI"). If the IRS determines this income to be UBTI, then this income will be taxable.

As of this date, the IRS has made no determination regarding these issues. Counsel is representing the Debtor in this examination, and no prediction can be made at this time as to the ultimate outcome of the examination.

The IRS has also notified the Debtor of its failure to file certain annual tax-exempt returns for years 2006 and 2007, as well as certain quarterly employment tax returns. The Debtor's accountant is currently preparing these returns. Penalties and interest may be assessed by the IRS for these late filings. The Debtor believes that once these returns are filed, it will be current on its IRS filing requirements.

Texas

On July 1, 2008, the Dallas Central Appraisal District ("DCAD"), which is the local taxing authority over Debtor's apartment complex, revoked Debtor's exemption from ad valorem taxes thereby making the Debtor subject to Texas property tax. In September of 2008, the Debtor filed a request for a redetermination, and in March of 2009 DCAD granted the reinstatement. Consequently, the Debtor is not currently subject to ad valorem taxes on its property located in Dallas County, Texas.

California

The California Attorney General has notified the Debtor of its failure to renew its annual registration causing the Debtor's California tax-exempt status to be at risk. The Debtor

anticipates that it will retain its California tax-exempt status, but may have to pay a minimum tax to resolve this matter.

Note that the Debtor is currently reviewing its federal and state reporting obligations to assess any gaps in its reporting procedures. The Debtor believes that this review will help to ensure that it meets its future federal and state reporting obligations.

ARTICLE VII - PROVISIONS GOVERNING DISTRIBUTION

Claims. Claims are defined in the Plan. The Plan is intended to deal with all Claims against the Debtor's Estate of whatever character, whether or not contingent or liquidated, and whether or not allowed by the Bankruptcy Court pursuant to § 502(a) of the Bankruptcy Code; however, only those Claims Allowed pursuant to § 502(a) of the Bankruptcy Code will be entitled to and receive payment under the Plan.

Compliance with Plan. Any Person, including a Creditor, which has not, within the time provided in the Plan, performed any act required in the Plan or in the Confirmation Order, shall not be entitled to participate in any distribution under the Plan.

Provisions Covering Distributions. All payments required by the Plan shall be made by Reorganized Debtor, its successor, assign or designee. Payments to be made in cash pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank, such mode of payment to be at the sole discretion of the Reorganized Debtor.

Distributions and deliveries to Holders of an Allowed Claim shall be made to the Holder at the address set forth on the latest-filed proof of claim filed by such Holder or at the address listed on the Debtor's Schedules of such Holder if no proof of claim is filed. If any Holder's distribution is returned as undeliverable, the Reorganized Debtor shall hold the distribution until notified of such Holder's new address or the first anniversary of the Effective Date occurs, at which time the undelivered distribution shall revert and become the property of the Reorganized Debtor and the Claim shall be discharged and forever barred.

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for re-issuance shall be made directly to Reorganized Debtor at the Notice Address(es) listed herein in Article XI by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of such voided check shall be made on or before the later of the first anniversary of the Effective Date or ninety (90) days after the date of issuance of such check. After such date, all Claims in respect of such checks shall be discharged and forever barred.

ARTICLE VIII - RETENTION OF JURISDICTION

Purposes. Notwithstanding entry of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction in the following matters after confirmation of the Plan:

- i. to determine any and all objections to the allowance of Claims or

Interests, both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest;

ii. to determine any and all applications for fees and expenses authorized to be paid or reimbursed in accordance with section 503(b) of the Bankruptcy Code or the Plan;

iii. to determine any and all pending applications for the assumption or rejection of executory contracts or for the rejection or assumption and assignment, as the case may be, of unexpired leases to which the Debtor is a party or with respect to which it may be liable; to hear and determine any actions to void or terminate unexpired contracts or leases; and to hear and determine and, if need be, to liquidate any and all Claims arising therefrom;

iv. to hear and determine any and all actions initiated by the Debtor and/or Reorganized Debtor, whether by motion, complaint or otherwise;

v. to determine any and all applications, motions, adversary proceedings and contested matters pending before the Bankruptcy Court on the Confirmation Date or filed or instituted after the Confirmation Date;

vi. to modify the Plan, the Disclosure Statement or any document created in connection with the Plan or remedy any defect or omission or reconcile any inconsistency in any Order of the Court, the Plan, the Disclosure Statement or any document created in connection with the Plan, in such manner as may be necessary to carry out the purposes and effects of the Plan to the extent authorized by the Bankruptcy Code;

vii. to ensure that the distribution is accomplished in accordance with the provisions of the Plan;

viii. to allow, disallow, determine, liquidate or estimate any Claim or Interest and to enter or enforce any order requiring the filing of any such Claim or Interest before a particular date;

ix. to enter such orders as may be necessary to interpret, enforce, administer, consummate, implement and effectuate the operative provisions of the Plan, the Confirmation Order and all documents and agreements provided for herein or therein or executed pursuant hereto or thereto including, without limitation, entering appropriate orders to protect the Debtor from creditor actions;

x. to hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code;

xi. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or

vacated;

ix. to determine such other matters as may arise in connection with the Plan, this Disclosure Statement or the Confirmation Order, including, without limitation, all such actions brought by the Liquidating Trustee in this Court;

xiii. to enforce all orders, judgments, injunctions, and rulings entered in connection with the Bankruptcy Case;

x. to determine all issues relating to the Claims of any taxing authorities, state or federal;

xv. to determine any avoidance actions brought pursuant to the provisions of the Bankruptcy Code;

xi. to enter a Final Order and final decree closing the Chapter 11 case;
and

xvii. in rem jurisdiction over all collateral of secured creditors.

Exclusive Jurisdiction: The Bankruptcy Court shall have exclusive jurisdiction to resolve all controversies, suits and disputes that may arise in connection with the interpretation, enforcement, consummation, implementation or administration of the Plan, the Confirmation Order or the Disclosure Statement and all entities shall be enjoined from commencing any legal or equitable action or proceeding with respect to such matters in any other court or administrative or regulatory body.

Abstention: If the Court abstains from exercising jurisdiction or is otherwise without jurisdiction over any matter arising out of the Bankruptcy Case, including the matters set forth in this Article X, Article X of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE IX - MISCELLANEOUS PROVISIONS

Certain Rights Unaffected. Except as otherwise provided in the Plan, any rights or obligations which the Debtor's Creditors may have amongst them as to their respective claims or the relative priority or subordination thereof are unaffected.

Binding Effect. As of the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtor, Reorganized Debtor, the Holders of the Claims, and their respective successors and assigns.

Discharge of Claims. Except as otherwise provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims of any kind, nature, or description whatsoever

against the Debtor or any of its assets or properties to the extent permitted by section 1141 of the Bankruptcy Code. Upon the Effective Date, all existing Claims against the Debtor shall be deemed to be discharged and all Holders of Claims shall be precluded from asserting against the Debtor's assets or properties, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder filed a proof of claim.

Discharge of Debtor. Any 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. Upon the Effective Date, the Debtor shall be deemed discharged and released to the extent permitted by section 1141 of the Bankruptcy Code from any and all Claims, including but not limited to demands and liabilities that arose before the Effective Date, whether or not (a) a proof of claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (c) the Holder of the Claim based upon such debt has accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor. Pursuant to section 524 of the Bankruptcy Code, such discharge shall void any judgment against the Debtor at any time obtained to the extent it relates to a Claim discharged, and operates as an injunction against the prosecution of any action against the Debtor or the property of the Debtor, to the extent it relates to a Claim discharged.

Exculpations. Debtor's professionals shall not have or incur any liability to any Holder of a Claim for any act, event, or omission in connection with, or arising out of, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

Injunctive Relief. Except as provided herein, on and after the Confirmation Date, all Creditors and persons acting in concert with them are enjoined and restrained pursuant to section 105 of the Bankruptcy Code from taking any action to correct or enforce any Claim directly or indirectly against the Debtor's assets or properties in any manner inconsistent with the terms contained in the Plan. The discharge granted by this Plan voids any judgment at any time obtained with respect to any debt discharged.

Notices. All notices, requests or demands in connection with the Plan shall be in writing and shall be deemed to have been given when received or, if mailed, five (5) days after the date of mailing, provided such writing shall have been sent by registered or certified mail, postage prepaid, return receipt requested, and sent to the following parties, addressed to:

Debtor:

People Against Drugs
2814 Main Street
Suite 102
Dallas, Texas 75226

Debtor's Counsel:

Vickie L. Driver
Pronske & Patel, P.C.
1700 Pacific Ave. Suite 2260
Dallas, TX 75201
Tel: 214.658.6500
Fax: 214.658.6509

All notices and request to holders of Claims and Interests shall be sent to them at the address listed on the last-filed proof of claim and if no proof of claim is filed, at the address listed in the Debtor's Schedules.

ARTICLE X - CONCLUSION

The Debtor respectfully submits that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, including the "best interest of creditors" and "feasibility" requirements and that it should be confirmed even in the event a class of claims does not vote for acceptance of the Plan. The Debtor believes that the Plan "is fair and equitable" and "does not discriminate unfairly." Additionally, the Debtor believes that the Plan has been proposed in good faith.

The Debtor respectfully requests that this Disclosure Statement be approved for circulation to the creditors of the Debtor and that it be permitted to solicit votes for acceptance of the Plan.

By: /s/ Elizabeth K. Julian
Elizabeth K. Julian
Secretary, People Against Drugs Affordable
Public Housing Agency

OF COUNSEL:

By: /s/ Vickie L. Driver

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