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COUNSEL TO THE DEBTOR-IN-POSSESSION,
THE SHOPS AT PRESTONWOOD, LP

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

In re:	§	
	§	
THE SHOPS AT PRESTONWOOD, LP,	§	**Case No. 11-32209-HDH**
	§	**Chapter 11**
Debtor	§	

DISCLOSURE STATEMENT UNDER 11 U.S.C. 1125 IN SUPPORT OF THE PLAN OF REORGANIZATION DATED JUNE 30, 2011

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	§	**Chapter 11**
Debtor	**§**	

DISCLOSURE STATEMENT UNDER 11 U.S.C. 1125 IN SUPPORT OF THE PLAN OF REORGANIZATION DATED JUNE 30, 2011

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE SHOPS AT PRESTONWOOD, LP (THE "DEBTOR") AND DESCRIBES THE TERMS AND PROVISIONS OF THE PLAN OF REORGANIZATION OF THE SHOPS OF PRESTONWOOD, LP DATED JUNE 30, 2011 (THE "PLAN") PROPOSED BY THE DEBTOR. ANY TERM USED IN THIS DISCLOSURE STATEMENT THAT IS NOT DEFINED HEREIN HAS THE MEANING ASCRIBED TO THAT TERM IN THE PLAN.

YOU MAY BE RECEIVING A COPY OF THIS DISCLOSURE STATEMENT AND THE PLAN BECAUSE YOU ARE A CREDITOR WITH CLAIMS ARISING FROM ONE OR MORE OF THE FOLLOWING PROPERTIES OWNED BY THE DEBTOR AND YOUR CLAIM MAY BE TREATED BY THE DEBTOR'S PLAN:

> **(I) 144 RESIDENTIAL TOWNHOME LOTS AND/OR AN ADDITIONAL 17.170 ACRES OF RESIDENTIAL UNDEVELOPED LAND LOCATED WITHIN THE SHOPS AT PRESTONWOOD SUBDIVISION IN DENTON COUNTY, TEXAS.**

IF YOU ARE A CREDITOR OF THE DEBTOR AND/OR HAVE A CLAIM WITH RESPECT TO ANY OF THE ABOVE IDENTIFIED PROPERTIES, PLEASE DO NOT

DISCARD THESE DOCUMENTS AND REVIEW THEM IN FULL, AS YOUR CLAIM IS LIKELY BEING TREATED IN THE DEBTOR'S PLAN.

Dated: July 14, 2011

ALL HOLDERS OF CLAIMS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL SUMMARIES OF THE PLAN AND OTHER STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, ANY SUPPLEMENTS TO THE PLAN AND THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, AND THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS AS OF THE DATE HEREOF, UNLESS OTHERWISE STATED HEREIN, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. MOREOVER, THERE MAY BE ERRORS IN THE STATEMENTS AND/OR FINANCIAL INFORMATION CONTAINED HEREIN AND/OR ASSUMPTIONS UNDERLYING SUCH STATEMENTS AND/OR FINANCIAL INFORMATION. THE DEBTOR AND ITS ADVISORS EXPRESSLY DISCLAIM ANY OBLIGATION TO UPDATE OR CORRECT ANY SUCH FINANCIAL INFORMATION OR ASSUMPTIONS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS DISCLOSURE STATEMENT AND THE PLAN DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. TO THE EXTENT ANY RIGHTS, NOTES, OR INTERESTS ISSUED PURSUANT TO THE PLAN ARE DEEMED SECURITIES, NEITHER THE OFFER NOR THE ISSUANCE OF ANY SUCH SECURITIES PURSUANT TO THE PLAN HAS BEEN REGISTERED UNDER THE 1933 ACT OR ANY SIMILAR STATE SECURITIES OR "BLUE SKY" LAWS. ANY SUCH OFFER OR ISSUANCE IS BEING MADE IN RELIANCE ON THE EXEMPTIONS FROM REGISTRATION SPECIFIED IN SECTION 1145 OF THE BANKRUPTCY CODE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT AND THE EXHIBITS HERETO DO NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS

AND SHALL BE INADMISSIBLE FOR ANY PURPOSE ABSENT THE EXPRESS WRITTEN CONSENT OF THE DEBTOR AND THE PARTY AGAINST WHOM SUCH INFORMATION IS SOUGHT TO BE ADMITTED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR, THE REORGANIZED DEBTOR, OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED TO CONSTITUTE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Disclosure Statement includes information regarding certain "forward-looking statements" within the meaning of Section 27A of the 1933 Act and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Debtor believes to be reasonable as of the date hereof. These statements involve risks and uncertainties that could cause actual future outcomes to differ materially from those set forth in this Disclosure Statement. Such risks and uncertainties include, but are not limited to:

- litigation risks and uncertainties;
- costs associated with the Debtor's restructuring efforts, including its chapter 11 filing; and
- Claim and liability estimates.

You should understand that the foregoing as well as other risk factors discussed in this Disclosure Statement could cause future outcomes to differ materially from those expressed in such forward looking statements. Given the uncertainties, you are cautioned not to place undue reliance on any forward-looking statements in determining whether to vote in favor of the Plan or to take any other action. The Debtor undertakes no obligation to update or revise information concerning the Debtor's restructuring efforts or its cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this Disclosure Statement, except as required by law.

I.
SUMMARY OF THE PLAN

The Plan provides for the Debtor to continue to manage and operate the Properties. The Reorganized Debtor will use Net Cash Flow from the Properties, funds on deposit in its debtor-in-possession accounts, including, but not limited to, funds within any tax escrow accounts, funds received from the Equity Holders, sale proceeds from sales of the Properties, and any additional monies obtained by the Debtor to fund the distributions required under the Plan. The Equity Holders will advance sufficient funds to the Debtor to enable the Debtor to pay all amounts necessary to effectuate and implement and perform under the Plan, including, but not limited to, administrative costs, expenses, priority claims, interest payments provided by the Plan, and development costs related to Phase II of the Shops Development.

With respect to the Phase I of the Shops Development, in the event of a sale of a particular Lot within the five year period following the Effective Date, the proceeds comprising the Adjusted Purchase Price shall first be used to pay in full any Allowed Secured Claim for which such Lot serves as Collateral, including the Allowed Secured Claims of the respective Lenders and any Taxing Authority holding a Lien in such Lot, in the order of priority of such respective Liens. Upon the full satisfaction of any Allowed Secured Claims holding a Lien in such Property, any remaining proceeds shall be distributed to Class 9 Claimants until Allowed Claims within Class 9 are paid in full, without interest. To the extent that all Claims in Class 9 are satisfied, Class 10 shall receive such proceeds until such time as Allowed Class 10 Claims are paid in full, without interest.

With respect to Phase II, the Equity Holders shall contribute to the Debtor any amounts necessary to develop Phase II and the Land into the marketable and saleable residential townhome Phase II Lots, including, but not limited to, obtaining final plat approval, securing permits to begin development of the Phase II Lots, and actually developing the Phase II Lots. The Debtor expects to begin to develop the Phase II Lots six months prior to the sale of all of the Phase I Lots, which is anticipated to occur within thirty months from the Effective Date. Upon the development of the Phase II Lots, the Debtor will seek to market and sell the Phase II Lots within Phase II, and in the event of a sale of a particular Phase II Lot within the five year period following the Effective Date, the proceeds comprising the Adjusted Purchase Price shall first be used to pay in full any Allowed Secured Claim for which the Land in Phase II serves as Collateral, including the Allowed Secured Claims of the respective Lenders and any Taxing Authority holding a Lien in the Land, in the order of priority of such respective Liens. Upon the full satisfaction of any Allowed Secured Claims holding a Lien in such Property, any remaining proceeds shall be distributed to Class 9 Claimants until Allowed Claims within Class 9 are paid in full, without interest. To the extent that all Claims in Class 9 are satisfied, Class 10 shall receive such proceeds until such time as Allowed Class 10 Claims are paid in full, without interest.

II.
CONSIDERATIONS IN PREPARATION OF THE DISCLOSURE STATEMENT AND PLAN; DISCLAIMERS

BECAUSE ACCEPTANCE OF THE PLAN WILL CONSTITUTE ACCEPTANCE OF ALL THE PROVISIONS THEREOF, HOLDERS OF CLAIMS ARE URGED TO CONSIDER CAREFULLY THE INFORMATION REGARDING TREATMENT OF THEIR CLAIMS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE PLAN.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. THERE CAN BE NO ASSURANCE THAT THOSE CONDITIONS WILL BE SATISFIED.

THE DEBTOR PRESENTLY INTENDS TO SEEK TO CONSUMMATE THE PLAN AND TO CAUSE THE EFFECTIVE DATE TO OCCUR PROMPTLY AFTER CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR.

TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED, AND ACTUALLY RECEIVED BY THE VOTING DEADLINE. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE ENCOURAGED TO READ AND CONSIDER CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN.

*****

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, ANTICIPATED EVENTS IN THE BANKRUPTCY CASE, AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES THAT THE SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN OR CERTAIN DOCUMENTS (AND HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD REFER TO THE PLAN AND SPECIFIED DOCUMENTS IN THEIR ENTIRETY AS ATTACHED HERETO), STATUTORY PROVISIONS, EVENTS, OR INFORMATION. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO REVIEW THE ENTIRE PLAN. IN THE EVENT ANY PROVISION OF THIS DISCLOSURE STATEMENT IS FOUND TO BE INCONSISTENT WITH A PROVISION OF THE PLAN, THE PROVISION OF THE PLAN SHALL CONTROL.

IN DETERMINING WHETHER TO VOTE TO ACCEPT THE PLAN, HOLDERS OF CLAIMS MUST RELY UPON THEIR OWN EXAMINATION OF THE DEBTOR AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

*****

EXCEPT AS SET FORTH HEREIN, NO PERSON HAS BEEN AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN OR THE SOLICITATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN, IN THE EVENT ANY RIGHTS OR INTERESTS ISSUED PURSUANT TO THE PLAN ARE DEEMED SECURITIES, SUCH SECURITIES TO WHICH IT RELATES, OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, AND THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS AS OF THE DATE HEREOF, UNLESS OTHERWISE STATED HEREIN, AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR, IN THE EVENT ANY RIGHTS OR INTERESTS ISSUED PURSUANT TO THE PLAN ARE DEEMED SECURITIES, THE DISTRIBUTION OF ANY SECURITIES PURSUANT TO THE PLAN WILL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF, OR SUCH OTHER DATE AS DESCRIBED HEREIN. ANY ESTIMATES OF CLAIMS OR EQUITY INTERESTS SET FORTH IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE AMOUNTS OF CLAIMS OR EQUITY INTERESTS DETERMINED BY THE DEBTOR OR ULTIMATELY ALLOWED BY THE BANKRUPTCY COURT, AND AN ESTIMATE SHALL NOT BE CONSTRUED AS AN ADMISSION OF THE AMOUNT OF SUCH CLAIM.

INFORMATION INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT SPEAKS AS OF THE DATE OF SUCH INFORMATION OR THE DATE OF THE REPORT OR DOCUMENT IN WHICH SUCH INFORMATION IS CONTAINED OR AS OF A PRIOR DATE AS MAY BE SPECIFIED IN SUCH REPORT OR DOCUMENT. ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED BY REFERENCE

HEREIN SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR ALL PURPOSES TO THE EXTENT THAT A STATEMENT CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OTHER SUBSEQUENTLY FILED DOCUMENT WHICH IS ALSO INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE, MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THIS DISCLOSURE STATEMENT.

A. Disclosure Statement; Construction

This Disclosure Statement has been prepared to comply with section 1125 of the Bankruptcy Code and is hereby transmitted by the Debtor to holders of Claims and Equity Interests for use in the solicitation of acceptances from the holders of Claims (the "Solicitation") of the Plan. **Unless otherwise defined in this Disclosure Statement, capitalized terms used herein have the meanings ascribed to them in the Plan.**

For purposes of this Disclosure Statement, the following rules of interpretation shall apply: (i) whenever the words "include," "includes" or "including" are used, they shall be deemed to be followed by the words "without limitation," (ii) the words "hereof," "herein," "hereby" and "hereunder" and words of similar import shall refer to this Disclosure Statement as a whole and not to any particular provision, and (iii) article, section and exhibit references are to this Disclosure Statement unless otherwise specified.

The purpose of this Disclosure Statement is to provide "adequate information" to Persons who hold Claims to enable them to make an informed decision before exercising their right to vote to accept or reject the Plan. By order of the Bankruptcy Court (the "Disclosure Statement Order"), this Disclosure Statement was approved and held to contain adequate information. A true and correct copy of the Disclosure Statement Order is attached hereto as **Exhibit A**.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES 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 HEREIN IS INTENDED SOLELY FOR THE USE BY HOLDERS OF CLAIMS AND EQUITY INTERESTS IN EVALUATING THE PLAN AND BY HOLDERS OF CLAIMS IN VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON THE PLAN. THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES AND THERE CAN BE NO ASSURANCE THAT THE PLAN, IF CONFIRMED, WILL BE EFFECTUATED.

B. Sources of Information

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtor, its businesses, properties and management, and the Plan have been prepared from information furnished by the Debtor. Unless an information source is otherwise noted, the statement was derived from information provided by such parties. **The Debtor's**

management have prepared financial projections that are attached as exhibits to this Disclosure Statement and a large portion of the assumptions in those financial projections are based solely upon management's industry experience, judgment, and expectations. The assumptions used to derive any of the pro forma operating results are based on the Debtor's historical experience, industry information available to management, and management's experience in owning, operating, and rehabilitating similar properties.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT AND IS BASED, IN PART, UPON INFORMATION PREPARED BY PARTIES OTHER THAN THE DEBTOR. THEREFORE, ALTHOUGH THE DEBTOR HAS MADE EVERY REASONABLE EFFORT TO BE ACCURATE IN ALL MATERIAL MATTERS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT ALL THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE.

Certain of the materials contained in this Disclosure Statement may have been taken directly from other readily accessible documents or are digests of other documents. While the Debtor has made every effort to retain the meaning of such other documents or portions that have been summarized, the Debtor urges that any reliance on the contents of such other documents should depend on a thorough review of the documents themselves. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of such document shall control.

The Debtor has compiled information from the Debtor without professional comment, opinion or verification and does not suggest comprehensive treatment has been given to matters identified herein. Each creditor and holder of an Interest is urged to independently investigate any such matters prior to reliance.

No statements concerning the Debtor, the value of its property, or the value of any benefit offered to the holder of a Claim or Interest in connection with the Plan should be relied upon other than as set forth in this Disclosure Statement. In arriving at your decision, you should not rely on any representation or inducement made to secure your acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional representations or inducements should be reported to counsel for the Debtor, Melissa S. Hayward, Franklin Skierski Lovall Hayward, LLP, 10501 N. Central Expy, Suite 106, Dallas, Texas 75231, (972) 755-7100.

III.
VOTING PROCEDURES

If you are in one of the Classes of Claims whose rights are affected by the Plan (*see* "Summary of the Plan" below), it is important that you vote. **If you fail to vote, your rights may be jeopardized.**

A. "Voting Claims" -- Parties Entitled to Vote

Pursuant to the provisions of section 1126 of the Bankruptcy Code, holders of Claims or Interests that are (i) allowed, (ii) impaired, and (iii) that are receiving or retaining property on account of such Claims or Interests pursuant to the Plan, are entitled to vote either for or against the Plan (hereinafter, "Voting Claims"). Accordingly, in this Bankruptcy Case, any holder of a Claim classified in Classes 2, 3, 4, 5, 6, 7, 8, 9, and 10 of the Plan may have a Voting Claim and should have received a ballot for voting (with return envelope) with this Disclosure Statement and the Plan materials (hereinafter, "Solicitation Package") since these are the Classes consisting of impaired Claims that are receiving property. Holders of Claims in Non-Class 1 are not entitled to vote. Class 11 is unimpaired by the Plan. The Class 7 Claim is Contested by the Debtor.

As referenced in the preceding paragraph, a Claim must be allowed to be a Voting Claim. The Debtor filed schedules in this Bankruptcy Case listing Claims against the Debtor. To the extent a creditor's Claim was listed in the Debtor's schedules, and was not listed as disputed, contingent, or unliquidated, it is deemed "allowed". Any creditor whose Claim was not scheduled, or was listed as disputed, contingent or unliquidated, must have timely filed a proof of Claim in order to have an "allowed" Claim. Absent an objection to that proof of Claim, it is deemed "allowed". In the event that any proof of Claim is subject to an objection by the Debtor as of or during the Plan voting period ("Objected-to Claim"), then, by definition, it is not "allowed" for purposes of section 1126 of the Bankruptcy Code, and is not to be considered a Voting Claim entitled to cast a ballot. Nevertheless, pursuant to Bankruptcy Rule 3018(a), the holder of an Objected-to Claim may petition the Bankruptcy Court, after notice and hearing, to allow the Claim temporarily for voting purposes in an amount that the Bankruptcy Court deems proper. Allowance of a Claim for voting purposes, and disallowance for voting purposes, does not necessarily mean that all or a portion of the Claim will be allowed or disallowed for distribution purposes.

By Enclosing a Ballot, The Debtor Is Not Representing That You Are Entitled To Vote On The Plan.

B. Return of Ballots

If you are a holder of a Voting Claim, your vote on the Plan is important. Completed ballots should either be returned in the enclosed envelope or sent to counsel for the Debtor at the following address:

Melissa S. Hayward
Franklin Skierski Lovall Hayward, LLP
10501 N. Central Expy., Suite 106
Dallas, Texas 75231

1. Deadline for Submission of Ballots

Ballots must actually be received at the above address by _____ at 5:00 P.M. Dallas, Texas Time (The "Voting Deadline"). Any Ballots received after the Voting

Deadline will not be counted. Any Ballot that is not executed by a person authorized to sign such Ballot will not be counted. If you have any questions regarding the procedures for voting on the Plan, contact Counsel for the Debtor, Melissa S. Hayward, Franklin Skierski Lovall Hayward, LLP, 10501 N. Central Expy., Suite 106, Dallas, Texas 75231, Telephone (972) 755-7100, Telecopy (972) 755-7110.

THE DEBTOR URGES ALL HOLDERS OF VOTING CLAIMS TO VOTE IN FAVOR OF THE PLAN.

2. Solicitation of Acceptances

The Debtor is soliciting your vote. The cost of any solicitation by the Debtor will be borne by the Debtor. No other additional compensation shall be received by any party for any solicitation other than as disclosed to the Bankruptcy Court.

> **NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR (INCLUDING, WITHOUT LIMITATION, ITS FUTURE BUSINESS OPERATIONS) OR THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE THAT ARE OTHER THAN HEREIN CONTAINED SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.**
>
> **THIS IS A SOLICITATION SOLELY BY THE DEBTOR AND IS NOT A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY, OR ACCOUNTANT FOR THE DEBTOR. THE REPRESENTATIONS, IF ANY, MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF SUCH SHAREHOLDERS, ATTORNEYS, OR ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.**

Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be solicited unless the claimant has received a copy of a disclosure statement approved by the Bankruptcy Court prior to, or concurrently with, such solicitation. This solicitation of votes on the Plan is governed by section 1125(b) of the Bankruptcy Code. Violation of section 1125(b) of the Bankruptcy Code may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

The Debtor reserves the right to amend the Plan. Amendments to the Plan that do not materially and adversely affect the treatment of Claims or Equity Interests may be approved by the Bankruptcy Court at the Confirmation Hearing without the necessity of re-soliciting votes. In the event re-solicitation is required, the Debtor will furnish new solicitation packets that will include new ballots to be used to vote to accept or reject the Plan, as amended.

3. Acceptance by Impaired Classes of Claims

An impaired Class of Claims shall have accepted the Plan if (a) the holders (other than any holder designated under Bankruptcy Code § 1126(e)) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under Bankruptcy Code § 1126(e)) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

4. Cramdown

If each impaired Class of Claims does not accept the Plan, the Debtor requests Confirmation of the Plan under Bankruptcy Code § 1129(b). The Debtor reserves the right to modify the Plan to the extent, if any, that Confirmation pursuant to Bankruptcy Code § 1129(b) requires modification or for any other reason in their discretion.

C. The Confirmation Hearing And Objection Deadline

THE BANKRUPTCY COURT HAS SET _____, 2011, AT __:__ A.M., CENTRAL TIME, AS THE DATE AND TIME FOR THE HEARING ON CONFIRMATION OF THE PLAN AND TO CONSIDER ANY OBJECTIONS TO THE PLAN. THE CONFIRMATION HEARING WILL BE HELD AT THE UNITED STATES BANKRUPTCY COURT, JUDGE HALE'S COURTROOM, 1100 COMMERCE, 14TH FLOOR, DALLAS, TEXAS 75242. THE DEBTOR WILL REQUEST CONFIRMATION OF THE PLAN AT THE CONFIRMATION HEARING.

THE BANKRUPTCY COURT HAS FURTHER FIXED _____, 2011, AT __:__ P.M., CENTRAL TIME, AS THE DEADLINE (THE "OBJECTION DEADLINE") FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN WITH THE BANKRUPTCY COURT. OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE SERVED SO AS TO BE RECEIVED BY THE DEBTOR ON OR BEFORE THE OBJECTION DEADLINE.

ANY OBJECTION TO CONFIRMATION OF THE PLAN MUST BE IN WRITING AND (A) MUST STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE AMOUNT OF ITS CLAIM OR THE NATURE OF ITS EQUITY INTEREST AND (B) MUST STATE WITH PARTICULARITY THE NATURE OF ITS OBJECTION. ANY CONFIRMATION OBJECTION NOT TIMELY FILED AND SERVED AS SET FORTH HEREIN SHALL BE DEEMED WAIVED AND SHALL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

D. Recommendation Of Debtor To Approve Plan

The Debtor approved the solicitation of acceptances of the Plan and all of the transactions contemplated thereunder. In light of the benefits to be attained by the holders of Claims pursuant to consummation of the transactions contemplated under the Plan, the Debtor recommends that such holders of Claims vote to accept the Plan. The Debtor has reached this decision after considering the alternatives to the Plan that are available to the Debtor. These alternatives

include liquidation under chapter 7 of the Bankruptcy Code or liquidation under chapter 11 of the Bankruptcy Code with an alternative plan of liquidation. The Debtor determined, after consulting with its legal advisors, that the transactions contemplated in the Plan would likely result in a distribution of greater value to creditors than would a liquidation under chapter 7.

THE DEBTOR IS THE PROPONENT OF THE PLAN AND RECOMMENDS ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO TIMELY SUBMIT BALLOTS TO ACCEPT THE PLAN.

IV.
EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

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

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

The filing of a Chapter 11 petition also triggers the automatic stay, which is set forth in section 362 of the Bankruptcy Code. 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 estate.

B. Purpose of Disclosure Statement

This Disclosure Statement is submitted in accordance with section 1125 of the Bankruptcy Code for the purpose of soliciting acceptances of the Plan from holders of certain Classes of Claims. The only Creditors whose acceptances of the Plan are sought are those whose Claims are "impaired" by the Plan, as that term is defined by section 1124 of the Bankruptcy Code and who are receiving distributions under the Plan. Holders of Claims that are not "impaired" are deemed to have accepted the Plan.

The Debtor has prepared this Disclosure Statement pursuant to the provisions of section 1125 of the Bankruptcy Code, which requires that a copy of the Plan, or a summary thereof, be submitted to all holders of Claims against, and Interests in, the Debtor, 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 Creditors and holders of Interests to make an informed judgment in exercising their right to vote on the Plan.

Section 1125 of the Bankruptcy Code provides, in pertinent part:

> (b) An acceptance or rejection of a plan may not be solicited after the commencement of the case under this title from a holder of a claim or interest with respect to such claim or interest, unless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information. The court may approve a disclosure statement without a valuation of the Debtor or an appraisal of the Debtor's assets.
>
> * * *
>
> (d) Whether a disclosure statement required under subsection (b) of this section contains adequate information is not governed by any otherwise applicable non-bankruptcy law, rule, or regulation, but an agency or official whose duty is to administer or enforce such a law, rule, or regulation may be heard on the issue of whether a disclosure statement contains adequate information. Such an agency or official may not appeal from, or otherwise seek review of, an order approving a disclosure statement.
>
> (e) A person that solicits acceptance or rejection of a plan, in good faith and in compliance with the applicable provisions of this title, or that participates, in good faith and in compliance with the applicable provisions of this title, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the Debtor, of an affiliate participating in a joint plan with the Debtor, or of a newly organized successor to the Debtor under the plan, is not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing solicitation of acceptance or rejection of a plan or the offer, issuance, sale, or purchase of securities.

This Disclosure Statement was approved by the Bankruptcy Court during a hearing on _____ ____, 2011. Such approval is required by the Bankruptcy Code and does not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan, or as to the value or suitability of any consideration offered thereunder. Such approval does indicate, however, that the Bankruptcy Court has determined that the Disclosure Statement meets the requirements of section 1125 of the Bankruptcy Code and contains adequate information to permit the holders of Allowed Claims, whose acceptance of the Plan is solicited, to make an informed judgment regarding acceptance or rejection of the Plan.

C. Plan of Reorganization and Confirmation

A plan of reorganization provides the manner in which a Debtor will satisfy the claims of its creditors. After the plan of reorganization has been filed, the holders of claims against or interests in a Debtor are permitted to vote on whether to accept or reject the plan. Chapter 11 does not require that each holder of a claim against or interest in a Debtor vote in favor of a plan of reorganization in order for the plan to be confirmed. At a minimum, however, a plan of reorganization must be accepted by a majority in number and two-thirds in amount of those

claims actually voting from at least one class of claims impaired under the plan. The Bankruptcy Code also defines acceptance of a plan of reorganization by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voted.

Classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and, thus, are not entitled to vote. Acceptances of the Plan in this case are being solicited only from those persons who hold Claims in an impaired Class (other than Classes of Claims which are not receiving any distribution under the Plan). A Class is "impaired" if the legal, equitable, or contractual rights attaching to the Claims or Interests of that Class are modified. Modification does not include curing defaults and reinstating maturity or payment in full in cash.

Even if all classes of claims and interests accept a plan of reorganization, the Bankruptcy Court may nonetheless still deny confirmation. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and, among other things, the Bankruptcy Code requires that a plan of reorganization be in the "best interests" of creditors and shareholders and that the plan of reorganization be feasible. The "best interests" test generally requires that the value of the consideration to be distributed to claimants and interest holders under a plan not be less than the consideration those parties would receive if that Debtor were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. A plan of reorganization must also be determined to be "feasible", which generally requires a finding that there is a reasonable probability that the Debtor will be able to perform the obligations incurred under the plan of reorganization, and that the Debtor will be able to continue operations without the need for further financial reorganization.

The Bankruptcy Court may confirm a plan of reorganization even though fewer than all of the classes of impaired claims and interests accept it. In order for a plan of reorganization to be confirmed despite the rejection of a class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan of reorganization does not discriminate unfairly and that the plan is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan of reorganization.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of unsecured creditors if, among other things, the plan provides: (a) that each holder of a claim included in the rejecting class will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

The Bankruptcy Court must further find that the economic terms of the plan of reorganization meet the specific requirements of section 1129(b) of the Bankruptcy Code with respect to the particular objecting class. The proponent of the plan of reorganization must also meet all applicable requirements of section 1129(a) of the Bankruptcy Code (except section 1129(a)(8) if the proponent proposes to seek confirmation of the plan under the provisions of section 1129(b)). These requirements include the requirement that the plan comply with applicable provisions of the Bankruptcy Code and other applicable law, that the plan be proposed in good faith, and that at least one impaired class of creditors has voted to accepted the plan.

V.
BACKGROUND OF THE DEBTOR

A. Nature of the Debtor's Business.

The Debtor is a Texas limited partnership with its principal offices located in Dallas, Texas. The Debtor's general partner, which owns a 0.1% interest in the Debtor, is JAMP Management Group, VI, LLC. The Stoddard Group, Ltd. is the limited partner of the Debtor and owns the remaining 99.9% interest in the Debtor.

As of the Petition Date, the Debtor's primary assets consisted of approximately 144 residential townhome lots (collectively, the "Phase I Lots") located within Phase I of the Shops at Prestonwood subdivision in Denton County, Texas (the "Shops Development") and an additional 17.170 acres of residential undeveloped land (collectively, the "Land") located within Phase II of the Shops Development (collectively, the "Properties"). With respect to the 144 Phase I Lots, 42 of such Phase I Lots measure 28 x 100 feet (the "Larger Lots") and the remaining 102 Phase I Lots measure 22 x 56 feet (the "Smaller Lots"). While Phase II and the Land have not yet been development, upon such development, Phase II will contain 191 residential town home lots.

B. The Debtor's Indebtedness, Creditors and Litigation

As of the Petition Date, the Debtor was indebted to Valliance with regard to a first lien on the Lots and a second lien on the Land pursuant to loans made to the Debtor on or about June 23, 2008 in the original principal amount of $8,322,890.00. The Valliance Loans are evidenced by, *inter alia*: (i) a *Promissory Note* dated June 23, 2008 in the original principal sum of $8,322,890.00 executed by the Debtor and payable to Valliance; and (ii) a *Deed of Trust Security Agreement-Financing Statement* by and between the Debtor and Valliance dated June 23, 2008. The Valliance Loans are secured by various instruments, including a deed of trust and UCC-1 financing statements, which were filed of record in appropriate jurisdictions. Collateral for the Valliance Loans generally includes the Properties.

As of the Petition Date, the Debtor was indebted to FIB ("FIB") with regard to a first lien on the Land pursuant to loans (the "FIB Loans") made to the Debtor, which are evidenced by, *inter alia*: (i) a *Promissory Note* dated May 30, 2007 in the original principal sum of $7,361,845.00 executed by the Debtor and payable to FIB; and (ii) a *Promissory Note* dated March 24, 2008 in the original principal sum of $1,342,520.00 executed by the Debtor and payable to FIB; and (iii) a *Deed of Trust, Security Agreement and Assignment of rents, Leases, Incomes and Agreements* by and between the Debtor and FIB dated May 30, 2007. The FIB Loans are secured by various instruments, including a deed of trust and UCC-1 financing statements, which were filed of record in appropriate jurisdictions. Collateral for the FIB Loans generally includes the Land.

The Debtor's remaining debt is generally comprised of (a) the secured tax claims of Property Tax Solutions and Tax Loans USA, which hold tax claims with respect to the Lots and Land, respectively, (b) the contested alleged secured claim of Pulte, (c) suppliers of goods and

services to the Properties, (d) claims of taxing authorities for property and similar taxes; and (e) unsecured loans from insiders of the Debtor.

Prior to the Petition Date, the Debtor was a party to certain litigation pending in the 162nd Judicial District Court of Dallas County, Texas in Cause No. 10-02397 (the "Pulte State Court Action") with Pulte Homes of Texas, LP ("Pulte") and American National Bank of Texas based upon a 2006 purchase agreement (the "Pulte Purchase Agreement") under which Pulte was to purchase certain of the Lots (the "Pulte Lots") from the Debtor.

While the 2006 Purchase Agreement was ultimately terminated, Pulte contends that the Debtor is obligated to it pursuant to a certain promissory note executed in connection with the 2006 Purchase Agreement and also asserts that it holds a lien on the Pulte Lots. As a result, in 2010 Pulte commenced the State Court Action in which it generally seeks damages related to the Debtor's alleged breach of the promissory note and the judicial foreclosure of its alleged lien. In response, the Debtor generally denies that it is liable under the Pulte Note and further denies that Pulte holds any liens in the Pulte Lots. The Debtor and certain of its affiliates have further asserted counter claims against Pulte and third party claims against American National Bank of Texas for, *inter alia*, fraud, negligent misrepresentation, breach of fiduciary duty, breach of contract, tortious interference and conspiracy to commit tortious interference, and defamation based upon certain conduct that occurred after the termination of the 2006 Purchase Agreement. The Debtor believes that it holds claims against additional third parties based upon the transaction with Pulte, including, but not limited to, malpractice claims against Bellinger & DeWolf, LLP, which claims the Debtor intends to pursue.

In December of 2009, the Debtor entered into that certain *Contract of Sale with DRHI, Inc.* ("DRHI"). On March 26, 2010, the Debtor and DRHI entered into that certain *First Amendment to Contract of Sale* (the "DRH Sale Agreement"). Under the DRH Sale Agreement, DRHI generally has the option to purchase from the Debtor up to 110 of the Smaller Lots over a two year period from the date of closing (the "Initial Closing Date") in accordance with the terms of the DRH Sale Agreement. The DRH Sale Agreement provides that DRHI is obligated to purchase six (6) of the Smaller Lots on the Initial Closing Date for a base purchase price of $45,000.00 per Smaller Lot (the "Base Purchase Price") and an additional twelve (12) of the Smaller Lots within a year of the Initial Closing Date for a sum equal to the Base Purchase Price multiplied by 6% per annum beginning 180 days after the Initial Closing Date (the "Adjusted Purchase Price"). Thereafter, and for a period of two years from the Initial Closing Date, DRHI has the right to purchase all of the Smaller Lots at the Adjusted Purchase Price, with DRHI's option to purchase any remaining Smaller Lots terminating two years after the Initial Closing Date.

On April 8, 2010, the Initial Closing Date occurred and DRHI purchased eight (8) of the Smaller Lots from the Debtor. Thereafter, DRHI constructed homes on those eight lots to sell to its customers. Upon information and belief, the proceeds from DRHI's purchase of the eight lots were distributed to Valliance Bank and Property Tax Solutions, each of which hold liens on the Smaller Lots.

In 2011, DRHI sought to purchase another seven of the Smaller Lots from the Debtor pursuant to the terms of the DRH Sale Agreement, and the sale of those seven lots was scheduled

to close on February 11, 2011. However, on February 2, 2011, a title commitment ordered by DRHI revealed that Pulte had filed a lis pendens and was asserting a lien on, *inter alia*, the Smaller Lots, including the seven lots that DRHI was attempting to purchase. The lis pendens and alleged Pulte lien were not discovered during the title search on the eight lots originally purchased by DRHI in April 2010.[1]

VI.
EVENTS LEADING TO BANKRUPTCY FILING AND OPERATIONS IN BANKRUPTCY

A. Reason for Bankruptcy Filing

As mentioned above, in February 2011, DRHI sought to purchase additional Smaller Lots from the Debtor pursuant to the terms of the DRH Sale Agreement but was unable to close the sales due to Pulte's assertion of a lien on the Phase I Lots. At the same time, Valliance was seeking to foreclose upon the Properties. As such, the Debtor determined to file for bankruptcy protection in order to, *inter alia*, effectuate the sale of the Smaller Lots free and clear pursuant to section 363 of the Bankruptcy Code, protect its assets and the equity in those assets, restructure and reorganize its affairs, and pay its creditors.

B. Pre-Petition Litigation

In addition to the Pulte State Court Action (described in detail above), the Debtor is also involved in (i) a lawsuit filed by FIB regarding an alleged breach of contract in Cause No. 11-00282 pending in the 298th Judicial District Court in Dallas County and (ii) a lawsuit filed by the Lewisville Independent School District for alleged unpaid taxes which is pending in the 362nd Judicial District Court in Denton County, Texas under Cause No. 2010-1242-362.

C. Filing of the Debtor's Chapter 11 Bankruptcy Case

On April 1, 2011 (the "Petition Date"), the Debtor filed a voluntary petition for reorganization pursuant to Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court"). Since the filing of this case, the Debtor has remained in possession of its property and continued its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtor filed the Plan to reorganize the Debtor's financial affairs and hopes that the Plan, as it may hereafter be amended, modified, or restated in whole or in part, will be confirmed on a consensual basis through acceptance by all classes of creditors entitled to vote on the Plan. In the event that one or more of the Debtor's creditor classes fails to accept the Plan, the Debtor will ask the Court to confirm the Plan under section 1129(b) of the Bankruptcy Code.

[1] Upon further information and belief, the alleged Pulte lien has also prevented DRHI from selling certain of the homes built upon the lots it acquired from the Debtor in April 2010.

D. Operations of the Debtor during the Pendency of the Case

The Debtor has continued to operate the Properties during the pendency of the case. Copies of operating reports, which have been filed with the Bankruptcy Court pursuant to Bankruptcy Rule 2015(a)(3), are available from the Bankruptcy Court and/or the U.S. Trustee's office.

On April 7, 2011, the Debtor filed an *Amended Motion to Assume Sale Agreement and Sell up to 102 Single Family Residential Lots to DRHI, Inc. Pursuant to 11 U.S.C. §§ 363 and 365* (the "DRH Sale Motion") [Docket No. 12]. In the DRH Sale Motion, the Debtor sought an order from the Court authorizing the Debtor to, *inter alia*, assume the DRH Sale Agreement and authorizing the Debtor to perform under the DRH Sale Agreement and sell free and clear of any liens, claims, and/or encumbrances up to 102 of the Smaller Lots to DRHI under the terms of the DRH Sale Agreement.

A hearing was conducted on the DRH Sale Motion on April 14, 2011 (the "Motion to Assume Hearing"), during which the Debtor announced that DRHI, Inc's interest in the DRH Sale Agreement was assigned to D.R. Horton – Texas, Ltd. ("DRH"), that the Debtor was no longer seeking to assume the DRH Sale Agreement at such time, but reserving rights with respect to same, and that it was only seeking to sell nineteen (19) of the Smaller Lots to DRH in accordance with the terms of the DRH Sale Agreement for the base purchase price of $45,000.00 per Smaller Lot. On April 20, 2011, the Court entered an *Order Authorizing Sale of Nineteen Single Family Residential Lots to D.R. Horton – Texas, Ltd. Pursuant to 11 U.S.C. § 363* (the "DRH Sale Order") authorizing the Debtor to sell 19 of the Smaller Lots to DRH pursuant to section 363 of the Bankruptcy Code for a base purchase price of $45,000.00 per Smaller Lot and in accordance with the terms of the DRH Sale Agreement (the "DRH Sale").

On May 9, 2010, the Debtor filed a *Motion to Sell Six Single Family Residential Lots to Insider Prestonwood Custom Homes, L.P. Pursuant to 11 U.S.C. § 363* (the "PWCH Sale Motion") in which the Debtor sought authority to sell free and clear of all liens, interests, and encumbrances, six (6) of the Larger Lots (the "Subject Lots") to an insider company, Prestonwood Custom Homes, L.P. ("PWCH"), for a base purchase price of $65,000.00 per Larger Lot.

On June 7, 2011, the Court entered an *Order Authorizing Sale of Six Single Family Residential Lots to Insider Prestonwood Custom Homes, L.P. Pursuant to 11 U.S.C. § 363* (the "PWCH Sale Order") authorizing the Debtor to sell 6 of the Larger Lots to PWCH pursuant to section 363 of the Bankruptcy Code for a base purchase price of $65,000.00 per Larger Lot (the "PWCH Sale").

With respect to both the DRH Sale and the PWCH Sale, all parties in interest ultimately consented to both of these sales of the Debtor's Lots and the purchase price of $45,000.00 for each Smaller Lot and $65,000.00 for each Larger Lot. Additionally, in both the DRH Sale Order and the PWCH Sale Order, the Court has determined such purchase prices to be reasonable, fair, and adequate consideration for the respective Lots.

E. Professionals Being Paid by the Debtor and Fees to Date

1. Professionals Employed by the Debtor

In the Bankruptcy Case, the Debtor has employed the law firm of Franklin Skierski Lovall Hayward LLP as its Chapter 11 bankruptcy counsel. The Debtor is also seeking to employ the law firm of Sayles Werbner to represent it as special litigation counsel in the lawsuit pending against Pulte.

2. Fees to Date

The Debtor's professionals have not filed fee applications seeking approval of any fees and expenses incurred in this case through the date of this Disclosure Statement. Prior to the Petition Date, The Stoddard Group, Ltd. paid a $20,000.00 retainer to Franklin Skierski Lovall Hayward LLP, Debtor's general bankruptcy counsel. The Debtor estimates that the aggregate amount of professional fees and expenses incurred by its professionals through the end of June 2011 total approximately $32,000.00.

VII.
DESCRIPTION OF THE PLAN

A. Introduction

A summary of the principal provisions of the Plan and the treatment of Allowed Claims and Interests is set forth in the first part of this Disclosure Statement. The summary is qualified in its entirety by the Plan.

THIS SECTION PROVIDES A SUMMARY OF THE PLAN, AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS ATTACHED THERETO AND DEFINITIONS THEREIN).

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR UNDER THE PLAN AND WILL, UPON OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR, ITS ESTATE, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

B. Designation of Claims and Interests

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

Class	Status
Non-Class 1: Administrative and Certain Allowed Priority Claims	Non Voting, unimpaired
Class 2: Certain Allowed Priority Claims	Impaired – entitled to vote
Class 3: Allowed Secured Claim of Property Tax Solutions	Impaired – entitled to vote
Class 4: Allowed Secured Claim of Tax Loans USA	Impaired – entitled to vote
Class 5: Allowed Secured Claim of Valliance	Impaired – entitled to vote
Class 6: Allowed Secured Claim of FIB	Impaired – entitled to vote
Class 7: Contested Secured Claim of Pulte	Impaired – entitled to vote
Class 8: Allowed Secured Claims of Taxing Authorities	Impaired – entitled to vote
Class 9: Allowed General Unsecured Claims	Impaired – entitled to vote
Class 10: Subordinated Claims of Insiders	Impaired – deemed to have rejected
Class 11: Interests	Non Voting, unimpaired

C. Treatment of Claims and Interests

A summary outline of the treatment to creditors is set forth below:[2]

Class - Description	Estimated Number of Claimants Within Class	Estimated Aggregate Amount of Allowable Claims*	Proposed Treatment
Non-Class 1 – Administrative Expense and Certain Priority Claims (other than Priority Tax Claims, which are treated as Class 8 Claims)	**2**	**$50,000.00**	**Each holder of an Allowed Administrative Expense against the Debtor shall receive, at the Reorganized Debtor's option: (i) payment in full in Cash on account of such Allowed Administrative Expense on the later of the Effective Date or the date on which such Administrative Expense is Allowed; or (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Reorganized Debtor or as ordered by the Bankruptcy Court. Notwithstanding anything herein to the contrary, the Reorganized Debtor is authorized to pay in the ordinary course any Administrative Expense representing a liability incurred in the ordinary course of business by the Debtor.** **Allowed Tax Claims entitled to priority treatment pursuant to Section 507(a)(8) shall be treated as Class 8 Claims.** **All outstanding quarterly trustee's fees pursuant to 28 U.S.C. §1930(a)(6) shall be paid by the Reorganized Debtor on the Effective Date and thereafter as the same may become due.** **Non-Class 1 Claimants are not a true Class and shall not be entitled to vote on the Plan.**
Class 2 – Certain Allowed Priority Claims	**0**	**$0.00**	**Allowed Priority Claims entitled to priority treatment pursuant to Section 507(a)(4) through (a)(7), inclusive, and 507(a)(9) through (a)(10), inclusive shall receive, at the Reorganized Debtor's option: (i) payment in full in cash on account of such Priority Claim without interest in twelve equal monthly payments, the first payment of which will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter; or (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such priority Creditor and the Reorganized Debtor or as ordered by the Bankruptcy Court. Allowed Tax Claims entitled to priority pursuant to Section 507(a)(8) shall be treated as Class 3 Claims.** **-Impaired**
Class 3 – Allowed Secured Claim of Property Tax	**1**	**$258,580.00**	**The Allowed Secured Claim of Property Tax Solutions shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Property Tax Solutions, the sale of the Collateral securing the Allowed Secured Claim of Property Tax Solutions, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed**

[2] The below summary is qualified in its entirety by the Plan.

Class - Description	Estimated Number of Claimants Within Class	Estimated Aggregate Amount of Allowable Claims*	Proposed Treatment
Solutions			**Secured Claim of Property Tax Solutions is refinanced or otherwise satisfied, which shall occur by no later than forty eight (48) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Property Tax Solutions comprised of interest only at the current contract rate of 14.80% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.** **-Liens preserved, Impaired**
Class 4 – Allowed Secured Claim of Tax Loans USA	**1**	**$133,746.08**	**The Allowed Secured Claim of Tax Loans USA shall be paid in full within five years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Tax Loans USA, the sale of the Collateral securing the Allowed Secured Claim of Tax Loans USA, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Tax Loans USA is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Tax Loans USA comprised of interest only at the current contract rate of 14.80% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.** **-Liens preserved, Impaired**
Class 5 – Allowed Secured Claim of Valliance	**1**	**$6,725,774.43**	**The Allowed Secured Claim of Valliance shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Valliance, the sale of the Collateral securing the Allowed Secured Claim of Valliance, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Valliance is refinanced or otherwise satisfied, which shall occur by no later than forty eight (48) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Valliance comprised of interest only at an interest rate sufficient to provide Valliance with the value of Valliance's Allowed Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.** **-Liens preserved, Impaired**
Class 6 – Allowed Secured Claim of FIB	**1**	**$2,496,322.00**	**The Allowed Secured Claim of FIB shall be paid in full within five years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of FIB, the sale of the Collateral securing the Allowed Secured Claim of FIB, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of FIB is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to FIB comprised of interest only at an interest rate**

Class - Description	Estimated Number of Claimants Within Class	Estimated Aggregate Amount of Allowable Claims*	Proposed Treatment
			sufficient to provide FIB with the value of FIB's Allowed Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter. **-Liens preserved, Impaired**
Class 7 – Contested Secured Claim of Pulte	**1**	**$0.00**	**To the extent that Pulte has an Allowed Secured Claim, the Allowed Secured Claim of Pulte shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Pulte, the sale of the Collateral securing the Allowed Secured Claim of Pulte, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Pulte is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Pulte comprised of interest only at an interest rate sufficient to provide Pulte with the value of Pulte's Allowed Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.** **The Debtor Contests the validity of the Pulte Claim.** **-Liens preserved, Impaired**
Class 8 – Allowed Secured Claims of Taxing Authorities	**3**	**$150,000.00**	**Except to the extent that the holder of a Secured Tax Claim agrees to different treatment, the Allowed Secured Claim of all Taxing Authorities shall be paid in accordance with 11 U.S.C. § 1129(a)(9)(c) with quarterly deferred cash payments including applicable interest over a period not exceeding five years from the Petition Date of a value, as of the Effective Date, equal to the Allowed Secured Claim of the respective Taxing Authority, with the first payment due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date.** **With respect to Allowed Secured Tax Claims, the interest rate paid upon such Claims shall be the rate of interest determined under applicable nonbankruptcy law.** **-Liens preserved, Impaired**
Class 9 –General Unsecured Claims	**1**	**$76,842.81**	**Allowed Class 9 General Unsecured Claims of Creditors shall receive pro-rata distributions from the Net Proceeds from any sale of Property after payment of all Secured Claims holding a Lien in such Property as provided in Article IX of the Plan. Class 9 Claims will be satisfied in full, without interest, through such sales of Property or through contributions from the Equity Holders within five years from the Effective Date.** **-Impaired**

Class - Description	Estimated Number of Claimants Within Class	Estimated Aggregate Amount of Allowable Claims*	Proposed Treatment
Class 10 – Subordinated Claims of Insiders	**1**	**$3,500,000.00**	**The Class 10 Claims of the Subordinated Entities shall be subordinated to the Allowed Claims of Creditors in Classes 1 through 9 and will receive distribution under the Plan only after all Class 9 Claims are fully satisfied. In the event that Class 9 Claims are fully satisfied, and unless Class 10 Claimants agree to different treatment, Class 10 Claims will receive pro-rata distributions from the proceeds from any sale of Property after payment of all Secured Claims holding a Lien in such Property as provided in Article IX of the Plan. Class 10 Claims may or may not receive distributions under the Plan.** **-Impaired**
Class 11 - Interests	**2**	**N/A**	**The Class 11 Allowed Interests of the Equity Holders shall be satisfied by retaining their interests in the Debtor in exchange for the contributions to the Debtor to the extent needed to assist with the funding of payments due under the Plan and future development of the Debtor's Properties.** **Class 11 interests are unimpaired by the Plan.**

1. Class 1: Administrative Expense and Certain Priority Claims

Administrative Expenses. All Administrative Expenses shall be treated as a Non-Class 1 Claim and shall receive the treatment as described below.

a) Time for Filing Administrative Expenses. The holder of any Administrative Expense Claim, but not including a professional fee claim, a Cure Claim, a liability incurred and paid in the ordinary course of business by the Debtor, or an Administrative Expense previously Allowed by the Bankruptcy Court, must file with the Bankruptcy Court and serve on the Debtor or the Reorganized Debtor (as applicable) and its counsel an application seeking the Allowance of such Administrative Expense within thirty (30) days after the Effective Date. Failure to timely and properly file an application as required herein shall result in the Administrative Expense being forever barred and discharged. The Reorganized Debtor shall provide notice to all holders of Claims and Interests of this deadline within five (5) business days of the Effective Date.

b) Time for Filing Professional Fee Claims. Each Professional who holds or asserts a professional fee claim for compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date shall be required to file with the Bankruptcy Court and serve on all parties required to receive such notice, a fee application within sixty (60) days after the Effective Date. Professional fees and expenses of any Professional incurred on or after the Effective Date may be paid without necessity of application to or Order by the Bankruptcy Court.

c) Allowance of Administrative Expenses. An Administrative Expense with respect to which application has been properly filed as provided herein shall become an Allowed Administrative Expense if no objection is filed within thirty (30) days after its filing and service. If an objection is filed within such thirty (30) day period, the Administrative Expense shall become an Allowed Administrative Expense only to the extent Allowed by a Final Order of the Bankruptcy Court. An Administrative Expense that is a professional fee claim, and with respect to which a fee application has been properly filed in accordance with this Plan, shall become an Allowed Administrative Expense only to the extent allowed by Final Order of the Bankruptcy Court.

d) Payment of Allowed Administrative Expenses other than Cure Claims. Each holder of an Allowed Administrative Expense against the Debtor shall receive, at the Reorganized Debtor's option: (i) payment in full in cash on account of such Allowed Administrative Expense without interest within 30 days of the date such Allowed Administrative Expense is Allowed; or (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Reorganized Debtor or as ordered by the Bankruptcy Court. Notwithstanding anything herein to the contrary, the Reorganized Debtor is authorized to pay in the ordinary course any Administrative Expense representing a liability incurred in the ordinary course of business by the Debtor.

e) Trustee's Fees. All outstanding quarterly trustee's fees pursuant to 28 U.S.C. §1930(a)(6) shall be paid by the Reorganized Debtor on the Effective Date and thereafter as the same may become due.

Allowed Priority Claims: Section 508(a)(8). Allowed Tax Claims entitled to Administrative Expense Priority pursuant to Section 507(a)(8) shall be treated as Class 8 Claims.

US Trustee Fees. All outstanding quarterly trustee's fees pursuant to 28 U.S.C. §1930(a)(6) shall be paid by the Reorganized Debtor on the Effective Date and thereafter as the same may become due.

Non-Class 1 Claimants are not a true Class and shall not be entitled to vote on the Plan.

2. Class 2: Certain Priority Claims.

Allowed Priority Claims entitled to priority treatment pursuant to Section 507(a)(4) through (a)(7), inclusive, and 507(a)(9) through (a)(10), inclusive shall receive, at the Reorganized Debtor's option: (i) payment in full in cash on account of such Priority Claim without interest in twelve equal monthly payments, the first payment of which will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter; or (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such priority Creditor and the

Reorganized Debtor or as ordered by the Bankruptcy Court. Allowed Tax Claims entitled to priority pursuant to Section 507(a)(8) shall be treated as Class 3 Claims.

Class 2 Claimants are impaired and shall be entitled to vote on the Plan.

3. Class 3 Claim - Allowed Secured Claim of Property Tax Solutions

The Allowed Secured Claim of Property Tax Solutions shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Property Tax Solutions, the sale of the Collateral securing the Allowed Secured Claim of Property Tax Solutions, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Property Tax Solutions is refinanced or otherwise satisfied, which shall occur by no later than forty eight (48) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Property Tax Solutions comprised of interest only at the current contract rate of 14.80% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.

Any perfected liens or security interests securing the Allowed Secured Claim of Property Tax Solutions will be preserved and continued.

Property Tax Solutions shall, upon payment and satisfaction of the Allowed Secured Claim of Property Tax Solutions, execute releases of any remaining encumbrances upon the Properties in a form satisfactory to the Reorganized Debtor and shall deliver same to the Reorganized Debtor or its designee. Nothing herein shall prohibit the Debtor or the Reorganized Debtor from refinancing or otherwise disposing of portions of the Properties at any time, provided that the remaining unpaid portion of the Allowed Secured Claim of Property Tax Solutions attributable to such portion being sold shall be paid in full at such time.

The Class 3 Claim is impaired under the Plan.

4. Class 4: Allowed Secured Claim of Tax Loans USA.

The Allowed Secured Claim of Tax Loans USA shall be paid in full within five years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Tax Loans USA, the sale of the Collateral securing the Allowed Secured Claim of Tax Loans USA, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Tax Loans USA is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Tax Loans USA comprised of interest only at the current contract rate of 14.80% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.

Any perfected liens or security interests securing the Allowed Secured Claim of Tax Loans USA will be preserved and continued.

Tax Loans USA shall, upon payment and satisfaction of the Allowed Secured Claim of Tax Loans USA, execute releases of any remaining encumbrances upon the Properties in a form satisfactory to the Reorganized Debtor and shall deliver same to the Reorganized Debtor or its designee. Nothing herein shall prohibit the Debtor or the Reorganized Debtor from refinancing or otherwise disposing of portions of the Properties at any time, provided that the remaining unpaid portion of the Allowed Secured Claim of Tax Loans USA attributable to such portion being sold shall be paid in full at such time.

The Class 4 Claim is impaired under the Plan

5. Class 5: Allowed Secured Claim of Valliance

The Allowed Secured Claim of Valliance shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Valliance, the sale of the Collateral securing the Allowed Secured Claim of Valliance, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Valliance is refinanced or otherwise satisfied, which shall occur by no later than forty eight (48) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Valliance comprised of interest only at an interest rate sufficient to provide Valliance with the value of Valliance's Allowed Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.

Any perfected liens or security interests securing the Allowed Secured Claim of Valliance will be preserved and continued.

Valliance shall, upon payment and satisfaction of the Allowed Secured Claim of Valliance, execute releases of any remaining encumbrances upon the Properties in a form satisfactory to the Reorganized Debtor and shall deliver same to the Reorganized Debtor or its designee. Nothing herein shall prohibit the Debtor or the Reorganized Debtor from refinancing or otherwise disposing of portions of the Properties at any time, provided that the remaining unpaid portion of the Allowed Secured Claim of Valliance attributable to such portion being sold shall be paid in full at such time.

The Class 5 Claim is impaired.

6. Class 6: Allowed Secured Claim of FIB

The Allowed Secured Claim of FIB shall be paid in full within five years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of FIB, the sale of the Collateral securing the Allowed Secured Claim of FIB, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of FIB is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to FIB comprised of interest only at an interest rate sufficient to provide FIB with the value of FIB's Allowed

Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.

Any perfected liens or security interests securing the Allowed Secured Claim of FIB will be preserved and continued.

FIB shall, upon payment and satisfaction of the Allowed Secured Claim of FIB, execute releases of any remaining encumbrances upon the Properties in a form satisfactory to the Reorganized Debtor and shall deliver same to the Reorganized Debtor or its designee. Nothing herein shall prohibit the Debtor or the Reorganized Debtor from refinancing or otherwise disposing of portions of the Properties at any time, provided that the remaining unpaid portion of the Allowed Secured Claim of FIB attributable to such portion being sold shall be paid in full at such time.

The Class 6 Claim is impaired under the Plan.

7. Class 7: Contested Secured Claim of Pulte

To the extent that Pulte has an Allowed Secured Claim, the Allowed Secured Claim of Pulte shall be paid in full within four years of the Effective Date by either the refinancing of the remaining unpaid portion of the Allowed Secured Claim of Pulte, the sale of the Collateral securing the Allowed Secured Claim of Pulte, or a combination of the above. Until such time as the remaining unpaid portion of the Allowed Secured Claim of Pulte is refinanced or otherwise satisfied, which shall occur by no later than sixty (60) months from the Effective Date, the Reorganized Debtor shall make monthly payments to Pulte comprised of interest only at an interest rate sufficient to provide Pulte with the value of Pulte's Allowed Secured Claim as of the Effective Date upon payment in full of such Allowed Secured Claim, which rate the Debtor believes to be 4.0% per annum. The first monthly payment of interest will be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and on the fifth Business Day of each respective month thereafter.

Any perfected liens or security interests securing the Allowed Secured Claim of Pulte will be preserved and continued.

Pulte shall, upon payment and satisfaction of the Allowed Secured Claim of Pulte, execute releases of any remaining encumbrances upon the Properties in a form satisfactory to the Reorganized Debtor and shall deliver same to the Reorganized Debtor or its designee. Nothing herein shall prohibit the Debtor or the Reorganized Debtor from refinancing or otherwise disposing of portions of the Properties at any time, provided that the remaining unpaid portion of the Allowed Secured Claim of Pulte attributable to such portion being sold shall be paid in full at such time.

The Debtor Contests the validity of the Pulte Claim.

The Class 7 Claim is impaired under the Plan.

8. Class 8: Allowed Secured Claims of Taxing Authorities

Except to the extent that the holder of a Secured Tax Claim agrees to different treatment, the Allowed Secured Claim of all Taxing Authorities shall be paid in accordance with 11 U.S.C. § 1129(a)(9)(c) with quarterly deferred cash payments including applicable interest over a period not exceeding five years from the Petition Date of a value, as of the Effective Date, equal to the Allowed Secured Claim of the respective Taxing Authority, with the first payment due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date.

All Tax Claims shall remain subject to section 505 of the Bankruptcy Code. The Reorganized Debtor shall retain the right to a determination of the amount or legality of any tax pursuant to section 505 of the Bankruptcy Code as to any Tax Claim. The Reorganized Debtor may seek relief pursuant to section 505 of the Bankruptcy Code as a part of, and in conjunction with, any objection to any Tax Claim.

With respect to Allowed Secured Tax Claims, the interest rate paid upon such Claims shall be the rate of interest determined under applicable nonbankruptcy law.

Post-petition property taxes due with respect to a particular Property will be accrued as part of such Property's monthly operating expenses in a separate tax escrow account for such Property held by the Reorganized Debtor and will be paid when such taxes become due and payable under the laws of the applicable taxing jurisdiction. Post-petition property taxes owed with respect to a particular Property may be paid from funds held within the Debtor's current tax escrow account for such Property, any tax escrow account held by a Lender with respect to such Property, which shall be turned over to the Reorganized Debtor within five days of the Effective Date, and any future tax escrow accounts established by the Reorganized Debtor post-confirmation with respect to such Property. To the extent that any funds remain after the payment of such taxes in either the Debtor's current tax escrow accounts, any tax escrow account held by a Lender, or any future tax escrow accounts established by the Reorganized Debtor post-confirmation, such remaining funds shall be used by the Reorganized Debtor to fund operations and make payments to creditors under the Plan.

Class 8 Claims are impaired by the Plan.

9. Class 9: General Unsecured Claims

Allowed Class 9 General Unsecured Claims of Creditors shall receive pro-rata distributions from the Net Proceeds from any sale of Property after payment of all Secured Claims holding a Lien in such Property as provided in Article IX of the Plan. Class 9 Claims will be satisfied in full, without interest, through such sales of Property or through contributions from the Equity Holders within five years from the Effective Date.

Class 9 Claims are impaired by the Plan.

10. Class 10: Subordinated Claims of Insiders

The Class 10 Claims of the Subordinated Entities shall be subordinated to the Allowed Claims of Creditors in Classes 1 through 9 and will receive distribution under the Plan only after all Class 9 Claims are fully satisfied. In the event that Class 9 Claims are fully satisfied, and unless Class 10 Claimants agree to different treatment, Class 10 Claims will receive pro-rata distributions from the proceeds from any sale of Property after payment of all Secured Claims holding a Lien in such Property as provided in Article IX of the Plan. Class 10 Claims may or may not receive distributions under the Plan.

Class 10 Claims are impaired by the Plan.

11. Class 11 Interests

The Class 11 Allowed Interests of the Equity Holders shall be satisfied by retaining their interests in the Debtor in exchange for the contributions to the Debtor to the extent needed to assist with the funding of payments due under the Plan and future development of the Debtor's Properties.

Class 11 interests are unimpaired by the Plan.

D. Additional Distributions to Creditors under Article VIII of the Plan

Article VIII of the Plan provides an additional mechanism by which Creditors may receive additional distributions based upon the Debtor's ability to sell Property. The Debtor believes that it possesses certain very valuable and strategically located real estate parcels and that the values of the Debtor's Properties exceed the amount of all Allowed Secured Claims and Unsecured Claims in this case. However, given the current economic conditions in the real estate and financing markets, and given the Debtor's need to develop Phase II of the Shops Development, the Debtor believes that it may take up to 48 months for the Debtor to realize those values for the benefit of all of its Creditors. Following Confirmation, the Debtor, through contributions to be made by the Equity Holders, intends to develop Phase II and pursue aggressive sales and marketing efforts to sell and dispose of the Properties at sales prices that will pay and satisfy in full all Allowed Secured Claims and all General Unsecured Claims.

With respect to the Phase I of the Shops Development, in the event of a sale of a particular Lot within the five year period following the Effective Date, the proceeds comprising the Adjusted Purchase Price shall first be used to pay in full any Allowed Secured Claim for which such Lot serves as Collateral, including the Allowed Secured Claims of the respective Lenders and any Taxing Authority holding a Lien in such Lot, in the order of priority of such respective Liens. Upon the full satisfaction of any Allowed Secured Claims holding a Lien in such Property, any remaining proceeds shall be distributed to Class 9 Claimants until Allowed Claims within Class 9 are paid in full, without interest. To the extent that all Claims in Class 9 are satisfied, Class 10 shall receive such proceeds until such time as Allowed Class 10 Claims are paid in full, without interest.

With respect to Phase II, the Equity Holders shall contribute to the Debtor any amounts necessary to develop Phase II and the Land into the marketable and saleable residential townhome Phase II Lots, including, but not limited to, obtaining final plat approval, securing permits to begin development of the Phase II Lots, and actually developing the Phase II Lots. The Debtor expects to begin to develop the Phase II Lots six months prior to the sale of all of the Phase I Lots, which is anticipated to occur within thirty months from the Effective Date. Upon the development of the Phase II Lots, the Debtor will seek to market and sell the Phase II Lots within Phase II, and in the event of a sale of a particular Phase II Lot within the five year period following the Effective Date, the proceeds comprising the Adjusted Purchase Price shall first be used to pay in full any Allowed Secured Claim for which the Land in Phase II serves as Collateral, including the Allowed Secured Claims of the respective Lenders and any Taxing Authority holding a Lien in the Land, in the order of priority of such respective Liens. Upon the full satisfaction of any Allowed Secured Claims holding a Lien in such Property, any remaining proceeds shall be distributed to Class 9 Claimants until Allowed Claims within Class 9 are paid in full, without interest. To the extent that all Claims in Class 9 are satisfied, Class 10 shall receive such proceeds until such time as Allowed Class 10 Claims are paid in full, without interest.

E. Funding and Manner of Distribution of Property under the Plan

1. Funding of Plan

The Reorganized Debtor will use Net Cash Flow from the Properties, funds on deposit in its debtor-in-possession accounts, including, but not limited to, funds within any tax escrow accounts, funds received from the Equity Holders, sale proceeds from sales of the Properties, and any additional monies obtained by the Debtor to fund the distributions required under the Plan. Additionally, creditors and Equity Holders are urged to read Article VI of the Plan, as well as this Debtor's Disclosure Statement, for a more detailed description of the Plan and the funding obligations of the Equity Holders. Notwithstanding, as a general summary, the Equity Holders will advance sufficient funds to the Debtor to enable the Debtor to pay all amounts necessary to effectuate and implement and perform under the Plan, including, but not limited to, administrative costs, expenses, priority claims, interest payments provided by the Plan, and development costs related to Phase II of the Shops Development.

2. Distribution Procedures and Distribution Agent

Except as otherwise provided in the Plan, all distributions of Cash and other property shall be made by the Reorganized Debtor's Distribution Agent on the later of the Effective Date or the Allowance Date, or as soon thereafter as practicable. Distributions required to be made on a particular date shall be deemed to have been made on such date if actually made on such date or as soon thereafter as practicable. No payments or other distributions of property shall be made on account of any Claim or portion thereof unless and until such Claim or portion thereof is Allowed.

The Debtor proposes to use Brady Giddens as the Distribution Agent under the Plan. Mr. Giddens has agreed to serve as Distribution Agent and will not receive any compensation from Debtor or Reorganized Debtor for serving as Distribution Agent under the Plan. If any party in

interest objects to Mr. Giddens serving as Distribution Agent under the Confirmed Plan, and if the Debtor and such objecting party cannot agree to a substitute Distribution Agent or the compensation or other terms of such agent's engagement, the Debtor will file a motion or take other appropriate action to have a Distribution Agent and the terms of such agent's engagement appointed and approved by the Court.

The Distribution Agent shall place all funds provided by the Equity Holder or its designee for making Plan payments into the Distribution Account and is authorized, provided there are sufficient funds available in said account, to make Distributions from the Distribution Account. The Distribution Agent will serve until all Distributions required under the Plan have been made, whereupon the Distribution Account will be closed, and no further actions are required to consummate the Plan. All documents, writings, authorizations or matters requiring the consent of, execution by, or signature of the Debtor or Reorganized Debtor (as applicable) may be consented to, executed by, or signed by the Distribution Agent, whose signature, execution, or consent is hereby deemed authorized, enforceable and binding without further order of the Court. A certified copy of the Confirmation Order may be filed in any deed record, government or public record keeping place as authentication of the signature and authority of the Distribution Agent to consent to, execute, or sign any writing or document of the Debtor and Reorganized Debtor (as applicable) herein.

3. Disputed Claims or Interests

Notwithstanding any other provision of the Plan, any Claim or Interest which is disputed, unliquidated, or contingent as of any date on which a Distribution is to be made shall not participate in or otherwise receive any such Distribution until a Final Order has been entered allowing such Claim or Interest.

4. Manner of Payment under the Plan

Cash payments made pursuant to the Plan shall be in U.S. dollars by checks drawn on a domestic bank selected by the Reorganized Debtor, or by wire transfer from a domestic bank, at the Reorganized Debtor's option.

5. Compliance with Tax Requirements

The Debtor or the Reorganized Debtor (as applicable) shall comply with all withholding and reporting requirements imposed by federal, state, and local taxing authorities and any distributions hereunder shall be subject to such requirements, if any.

6. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a) **Delivery of Distributions in General.** Except as provided below for holders of undeliverable distributions, distributions to holders of Allowed Claims shall be distributed by mail as follows: (1) at the addresses set forth on the respective proofs of claim filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Distribution Agent or Reorganized Debtors after the date of any related proof of claim; or (3) at the address reflected on the Schedule of Assets and Liabilities filed by the respective Debtor if no proof of claim or proof of interest is filed and the Distribution Agent and the Reorganized Debtors have not received a written notice of a change of address.

b) **Undeliverable Distributions.**

(1) *Holding and Investment of Undeliverable Property*. If the distribution to the holder of any Claim is returned to the Distribution Agent or Reorganized Debtors as undeliverable, no further distribution shall be made to such holder unless and until the Reorganized Debtors or the Distribution Agent is notified in writing of such holder's then current address.

(2) *Distribution of Undeliverable Property After it Becomes Deliverable and Failure to Claim Undeliverable Property*. Any holder of an Allowed Claim who does not assert a claim for an undeliverable distribution held by the Distribution Agent or the Reorganized Debtors within one (1) year after the Effective Date shall no longer have any claim to or interest in such undeliverable distribution, and shall be forever barred from receiving any distributions under the Plan.

7. Failure to Negotiate Checks

Checks issued in respect of distributions under the Plan shall be null and void if not negotiated within 60 days after the date of issuance. Any amounts returned to the Distribution Agent or the Reorganized Debtors in respect of such checks shall be held in reserve by the Distribution Agent or the Reorganized Debtors. Requests for reissuance of any such check may be made directly to the Distribution Agent by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such voided check is required to be made before the second anniversary of the Effective Date. All Claims in respect of void checks and the underlying distributions shall be discharged and forever barred from assertion against the Reorganized Debtors and their property.

F. Treatment of Executory Contracts and Unexpired Leases

The Debtor's Plan constitutes a motion to assume all executory contracts and leases listed in Schedule G of the Debtor's Schedules or that may otherwise exist. Unless the holder of a Cure Claim agrees to different treatment, any Cure Claim owed under any assumed Executory Contract or Lease will be paid in full through six equal monthly payments, the first of which will

be due and payable on the fifth Business Day of the first month that is more than 30 days after the Effective Date and the remaining of which will be due on the fifth Business Day of each respective month thereafter. The Debtor estimates that no Cure Claims exist.

G. Means for Execution and Implementation of the Plan

1. Funding of the Plan

The Reorganized Debtor will use Net Cash Flow from the Properties, funds on deposit in its debtor-in-possession accounts, including, but not limited to, funds within any tax escrow accounts, funds received from the Equity Holders, sale proceeds from sales of the Properties, and any additional monies obtained by the Debtor to fund the distributions required under the Plan. Additionally, creditors and Equity Holders are urged to read Article VI of the Plan, as well as the Debtor's Disclosure Statement, for a more detailed description of the Plan and the funding obligations of the Equity Holders. Notwithstanding, as a general summary, the Equity Holders will advance sufficient funds to the Debtor to enable the Debtor to pay all amounts necessary to effectuate and implement and perform under the Plan, including, but not limited to, administrative costs, expenses, priority claims, interest payments provided by the Plan, and development costs related to Phase II of the Shops Development.

2. Partners of the Reorganized Debtor

The partners of the Reorganized Debtor will not change and shall continue to be JAMP Management Group, VI, LLC, the Debtor's general partner, which owns a 0.1% interest in the Debtor, and The Stoddard Group, Ltd., the limited partner of the Debtor, which owns the remaining 99.9% interest in the Debtor.

The Debtor's and the Reorganized Debtor's partners do not and will not receive any salaries or compensation from the Debtor and/or the Reorganized Debtor for managing the Debtor. On the Effective Date, the Reorganized Debtor shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan and the Disclosure Statement.

3. Preservation of Causes of Action

a) **Litigation Not Yet Commenced**.

The Plan preserves all causes of action, unless expressly otherwise released, and provides for them to be transferred to the Reorganized Debtor on the Effective Date of the Plan. The causes of action include certain avoidance actions and other claims that the Debtor holds against third parties. The Estate holds the following causes of action, among others, all of which shall be preserved and transferred to the Reorganized Debtor (unless expressly otherwise released by the Plan):

b) **Preferences, Fraudulent Transfers and Other Avoidance Actions.**

Pursuant to section 547 of the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including Cash, made while insolvent during the ninety days immediately

prior to the filing of its bankruptcy petition with respect to preexisting debts to the extent the transferee received more than it would have in respect of the preexisting debt had the transferee not received the payment and had the debtor been liquidated under chapter 7 of the Bankruptcy Code. In the case of "insiders," the Bankruptcy Code provides for a one-year preference period.

Transfers made in the ordinary course of the debtor's and the transferee's business according to their ordinary business terms are generally not recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension may constitute a defense, to the extent of any new value, against any otherwise recoverable transfer of property. If a preferential transfer were recovered by the debtor, the transferee would have a general unsecured claim against the debtor to the extent of the debtor's recovery.

Under section 548 of the Bankruptcy Code and various state laws, a debtor may recover certain prepetition transfers of property, including the grant of a security interest in property, made while insolvent to the extent the debtor receives less than fair value for such property. In addition, avoidance actions exist under sections 544, 545, 549 and 553(b) of the Bankruptcy Code that allow a debtor to avoid and/or recover certain property. As of the date hereof, the Debtor has not yet estimated the potential recovery from the prosecution of their avoidance actions. Under the Plan, all such avoidance actions are preserved and transferred to the Reorganized Debtor, and the Reorganized Debtor will have the authority to investigate and prosecute all such avoidance actions in accordance with section 1123(b)(3) of the Bankruptcy Code.

During the ninety (90) days prior to the Petition Date, the Debtor directly or indirectly made payments and other transfers to creditors on account of antecedent debts, specifically to Property Tax Solutions and Tax Loans USA. All of those payments were made to secured creditors whose collateral exceeded the amount of such creditors' claims. Therefore, the Debtor does not believe that such payments are subject to avoidance and recovery by the Debtor's estate as preferential transfers pursuant to Sections 547 and 550 of the Bankruptcy Code. Moreover, because the Plan proposes to pay all Allowed Claims in full, there is no significant benefit in pursuing any preference or fraudulent transfer claims.

c) **Other causes of action.**

(1) Investigation of causes of action.

The Reorganized Debtor will continue the investigation, analysis, and pursuit[3] of causes of action against a number of persons, relating to, among other things, the following:

[3] Pursuit of such claim or cause of action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Reorganized Debtor to obtain a resolution of such claim or cause of action.

(a) Any lawsuits for, or in any way involving, the collection of accounts receivable;

(b) Any litigation or lawsuit initiated by the Debtor that is currently pending, whether in the Bankruptcy Court, before the American Arbitration Association, or any other court or tribunal;

(c) Any and all causes of action against any customer or vendor who has improperly asserted or taken action through setoff or recoupment; and

(d) Any and all actions, whether legal, equitable, or statutory in nature, arising out of, or in connection with, the Debtor's business operations.

In Schedule B, filed by the Debtor on April 14, 2011, the Debtor disclosed that it may have claims against Pulte Homes of Texas, LP/American National Bank for fraud, negligent misrepresentation, breach of fiduciary duty, breach of contract, tortious interference and conspiracy to commit tortious interference and defamation. The Debtor further disclosed that it may have claims against FIB for negligent misrepresentation. The Debtor will continue to diligently investigate these potential claims.

In addition, there may be numerous other causes of action which currently exist or may subsequently arise that are not set forth in the Plan or Disclosure Statement, because the facts upon which such causes of action are based are not fully or currently known by the Debtor and as a result, cannot be raised during the pendency of the Bankruptcy Case (collectively, "Unknown Causes of Action"). The failure to list any such Unknown Cause of Action in the Plan or the Disclosure Statement is not intended to limit the rights of the Reorganized Debtor to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtor or the Reorganized Debtor (as applicable). The Reorganized Debtor will pursue unknown causes of action to the extent they become known in its discretion.

(2) Preservation of All causes of action Not Expressly Settled or Released

The Debtor has attempted to disclose herein certain material causes of action including avoidance actions and other actions that they may hold against third parties. However, the Debtor has not concluded the investigation and analysis of all potential claims and causes of action against third parties. It is the contemplation of the Plan, that such investigation and analysis will continue post-Confirmation by the Reorganized Debtor. You should not rely on the omission of the disclosure of a claim or cause of action to assume that the Debtor holds no claim or cause of action against any third-party, including any Creditor that may be reading this Disclosure Statement and/or casting a Ballot.

Unless expressly released by the Plan or by an order of the Bankruptcy Court, any and all such claims or causes of action against third parties are specifically reserved and will vest in or be transferred to the Reorganized Debtor, including but not limited to any

such claims or causes of action relating to any counterclaims, demands, controversies, costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, legal proceedings, equitable proceedings, and executions of any nature, type, or description, avoidance actions, preference actions, fraudulent transfer actions, strong-arm power actions, state law fraudulent transfer actions, improper assignments of interest, negligence, gross negligence, willful misconduct, usury, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, misuse of insider information, concealment, disclosure, secrecy, misuse of collateral, wrongful release of collateral, failure to inspect, environmental due diligence, negligent loan processing and administration, wrongful recoupment, wrongful setoff, violations of statutes and regulations of governmental entities, instrumentalities and agencies, equitable subordination, debt recharacterization, substantive consolidation, securities and antitrust laws violations, tying arrangements, deceptive trade practices, breach or abuse of any alleged fiduciary duty, breach of any special relationship, course of conduct or dealing, obligation of fair dealing, obligation of good faith, at law or in equity, in contract, in tort, or otherwise, known or unknown, suspected or unsuspected.

Unless expressly released by the Plan or by an order of the Bankruptcy Court, the Debtor holds claims against holders of Claims or Equity Interests and the Reorganized Debtor may pursue such claims, including but not limited to, the following claims and causes of action, all of which shall be preserved for the benefit of the Reorganized Debtor:[4]

- Preference claims under section 547 of the Bankruptcy Code;
- Fraudulent transfer and other avoidance claims arising under sections 506, 542 through 551, and 553 of the Bankruptcy Code and various state laws, including, but not limited, to claims against any recipients of transfers included in the Debtor's Statements of Financial Affairs;
- Unauthorized post-petition transfer claims including, without limitation, claims under section 549 of the Bankruptcy Code;
- Claims and causes of action asserted in current litigation, whether commenced pre- or post-petition, including all litigation referenced in the Debtor's Statements of Financial Affairs;
- Counterclaims asserted in current litigation;
- Potential claims set forth in the Debtor's Schedule B, including the Pulte Action;

[4] Pursuit of a claim or cause of action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Reorganized Debtor to obtain a resolution of such claim or cause of action.

- Claims against third parties related to the Pulte Action, including malpractice claims against Bellinger & DeWolf, LLP; and

- Actions against any taxing authority with respect to the contest of any taxes assessed against any of the Properties.

The Reorganized Debtor may pursue all defendants described in this Disclosure Statement for all claims and causes of action described herein that are not resolved by the Debtor prior to the Effective Date. Pursuit of a claim or cause of action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Reorganized Debtor to obtain a resolution of such claim or cause of action. In the event the Reorganized Debtor is not able to resolve any claims and causes of action described in the Disclosure Statement, the Reorganized Debtor will escalate its pursuit of claims and causes of action by any means authorized under the Plan, Disclosure Statement, and applicable law, including litigation in such forum as the Reorganized Debtor deems appropriate. Resolution of the claims and causes of action described in this Disclosure Statement by the Reorganized Debtor shall be in accordance with the requirements and procedures set forth in the Plan.

Except as otherwise ordered by the Bankruptcy Court and subject to any releases in the Plan, on the Effective Date, the Reorganized Debtor shall be transferred all causes of action, and may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the causes of action. Except as otherwise ordered by the Bankruptcy Court or expressly released in the Plan, the Reorganized Debtor shall be vested with authority and standing to prosecute any causes of action.

The Debtor's failure to identify a claim or cause of action herein is specifically not a waiver of any claim or cause of action. The Debtor will not ask the Bankruptcy Court to rule or make findings with respect to the existence of any cause of action or the value of the entirety of the Estate at the Confirmation Hearing; accordingly, except claims or causes of action which are expressly released by the Plan or by an Order of the Bankruptcy Court, the Debtor's failure to identify a claim or cause of action herein shall not give rise to any defense of any preclusion doctrine, including, but not limited to, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches with respect to claims or causes of action which could be asserted against third parties, including holders of Claims against or Equity Interests in the Debtor who may be reading this Disclosure Statement and/or casting a Ballot, except where such claims or causes of action have been explicitly released in the Plan or the Confirmation Order.

In addition, the Debtor and the Reorganized Debtor expressly reserve the right to pursue or adopt any claim alleged in any lawsuit in which the Debtor is a party.

PLEASE TAKE NOTICE THAT, WITH THE EXCEPTION OF THOSE CAUSES OF ACTION THAT ARE EXPRESSLY RELEASED OR WAIVED UNDER THE TERMS OF THE PLAN, ALL CAUSES OF ACTION OF THE DEBTOR AND ITS ESTATE, WHETHER OR NOT SPECIFIED HEREIN, WILL BE PRESERVED AND TRANSFERRED TO THE REORGANIZED DEBTOR PURSUANT TO THE PLAN. THE LACK OF DISCLOSURE OF ANY PARTICULAR CAUSE OF ACTION SHALL

NOT CONSTITUTE, NOR BE DEEMED TO CONSTITUTE, A RELEASE OR WAIVER OF SUCH CAUSE OF ACTION, AS THE DEBTOR INTENDS FOR THE PLAN TO PRESERVE AND TRANSFER TO THE REORGANIZED DEBTOR ANY AND ALL CAUSES OF ACTION HELD BY THE DEBTOR AND ITS ESTATE AS OF THE EFFECTIVE DATE OF THE PLAN.

H. Objections to Claims

1. Time for Filing Claims

All claimants (except for Creditors whose Claims are included in Non-Class 1 or whose Claims were scheduled as undisputed, liquidated, and noncontingent in the Schedules) shall be required to file a Proof of Claim prior to the Bar Date in order to participate in any Distribution made under the Plan or to have such Claim allowed by the Bankruptcy Court. Any Claim asserted pursuant to Section 507(a)(1), other than Claims made pursuant to Section 330 of the Bankruptcy Code, shall be filed within ten (10) days prior to the first date scheduled by the Bankruptcy Court for commencement of the hearing to be held on the Confirmation of the Plan.

2. Objection Deadline

All objections to Claims shall be served and filed by the Objection Deadline, if one is set by the Bankruptcy Court, although nothing contained in the Plan shall require the fixing of an Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register. If an Objection Deadline is fixed, it may be extended one or more times by the Bankruptcy Court pursuant to a motion filed on or before the then applicable Objection Deadline. Any Contested Claims may be litigated to Final Order.

3. Distributions on Account of Contested Claims

No distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

4. No Waiver of Right to Object

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan, or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim that has not yet been Allowed.

5. Rights Under Section 505

All Tax Claims shall remain subject to section 505 of the Bankruptcy Code. The Reorganized Debtor shall retain the right to a determination of the amount or legality of any tax pursuant to section 505 of the Bankruptcy Code as to any Tax Claim. The Reorganized Debtor may seek relief pursuant to section 505 of the Bankruptcy Code as a part of, and in conjunction with, any objection to any Tax Claim.

6. Allowance of Contested Claims

Nothing contained in the Plan, Disclosure Statement, or Confirmation Order shall change, waive or alter any requirement under applicable law that the holder of a Contested Claim must file a timely proof of Claim, and the Claim of any such Contested Creditor who is required to file a proof of Claim and fails to do so shall be discharged and shall receive no distribution through the Plan. The holder of any Contested Claim shall not have a right to trial by jury before the Bankruptcy Court in respect of any such Claim. Exclusive venue for any Contested Proceeding shall be in the Bankruptcy Court or a court of competent jurisdiction located in Dallas County, Texas. Contested Claims shall each be determined separately, except as otherwise ordered by the Bankruptcy Court. Texas Rule of Civil Procedure 42 and Federal Rule of Civil Procedure 23 shall not apply to any Contested Proceeding. The Reorganized Debtor shall retain all rights of removal to federal court as to any Contested Proceeding.

7. Allowance of Certain Claims

All Contested Claims shall be liquidated and determined as follows:

a) Application of Adversary Proceeding Rules. Unless otherwise ordered by the Bankruptcy Court or provided by the Bankruptcy Rules, any objection to a Contested Claim shall be treated as a contested proceeding subject to Bankruptcy Rule 9014 of the Rules of Bankruptcy Procedure. However, any party may move the Bankruptcy Court to apply the rules applicable to adversary proceedings to any Claim Objection. The Reorganized Debtor, however, may at its election, make and pursue any Objection to a Claim in the form of an adversary proceeding.

b) Scheduling Order. Unless otherwise ordered by the Bankruptcy Court, or if the Objection is pursued as an adversary proceeding, a scheduling order shall be entered as to each Objection to a Claim. The Debtor shall tender a proposed scheduling order with each Objection and include a request for a scheduling conference for the entry of a scheduling order. The scheduling order may include (i) discovery cut-off, (ii) deadlines to amend pleadings, (iii) deadlines for designation of and objections to experts, (iv) deadlines to exchange exhibit and witness lists and for objections to the same, and (v) such other matters as may be appropriate.

8. Substantial Consummation

All distributions of any kind made to any of the Creditors after substantial consummation and any and all other actions taken under the Plan after substantial consummation shall not be subject to relief, reversal, or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

I. Conditions to Effectiveness of the Plan

Each of the following events shall occur on or before the Effective Date; provided, however, the Debtor may waive in writing any of the following event, in the Debtor's sole and absolute discretion, whereupon the Effective Date shall occur without further action by any Person:

a) the Confirmation Order shall have been entered by the Bankruptcy Court and shall not be subject to a stay and shall include one or more findings that (i) the Plan is confirmed with respect to the Debtor, (ii) the Debtor has acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code as set forth in Bankruptcy Code § 1125(e), and (iii) the Debtor is authorized to take all actions and consummate all transactions contemplated under the Plan;

b) the Bankruptcy Court shall have determined that the Reorganized Debtor is or will be duly authorized to take the actions contemplated in the Plan, which approval and authorization may be set forth in the Confirmation Order; and

c) all documents, instruments, and agreements provided under, or necessary to implement, the Plan shall have been executed and delivered by the applicable parties.

J. Effects of Plan Confirmation

1. Effect of Confirmation and Discharge

Confirmation of the Plan shall discharge the Debtor from all claims that arose before the Confirmation Date. After Confirmation, the rights and remedies of any Creditor or equity holder shall be governed and limited by the Plan, which shall be binding upon the Debtor, its estate, the Reorganized Debtor, Creditors, Equity Holders, and all other parties in interest, regardless of whether any such Person voted to accept the Plan, and the Pre-Petition Loan Documents shall be deemed to have been amended to comport with the treatment being accorded to such respective Lender herein. All defaults and events of default existing as of the Petition Date and as of the Effective Date shall be deemed cured, and any defaults and events of default resulting from the confirmation of the Plan, the occurrence of the Effective Date, and/or the actions and transactions contemplated by the Plan, including the payments to be made under the Plan and changes in ownership and control effectuated by the Plan, shall be waived and of no effect. Except as set forth in the Plan or the Confirmation Order, Confirmation shall (a) discharge the Debtor and the Reorganized Debtor from all Claims or other debts that arose before the Effective Date, and all debts of a kind specified in Bankruptcy Code §§ 502(g), (h), or (i), whether or not (i) a Proof of Claim based on such debt is Filed or deemed filed under Bankruptcy Code § 501, (ii) a Claim based on such debt is Allowed, or (iii) the holder of a Claim based on holders of such debt has accepted the Plan, and (b) terminate all equity Interests and other rights of equity Interests in the DebtorExcept to the extent provided in the Plan and the Confirmation Order, on the Effective Date, the Debtor, its estate, the Reorganized Debtor and their respective assets and properties are automatically and forever discharged and released from all Claims and vested free and clear of all Liens to the fullest extent permitted under Bankruptcy Code § 1141. Except as otherwise set forth in the Plan or the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Equity Interests under the Plan are in exchange for and in complete satisfaction, discharge, and release of, all Claims including any interest accrued on any Claims from the Petition Date against the Debtor, the estate and the Reorganized Debtor, and the termination and cancellation of all Equity Interests. Except as set forth in the Plan or the Confirmation Order, Confirmation shall (a) discharge the Debtor and the Reorganized Debtor from all Claims or other debts that arose before the Effective Date, and all debts of a kind specified in Bankruptcy Code §§ 502(g), (h), or (i), whether or not (i) a Proof of Claim based on

such debt is Filed or deemed filed under Bankruptcy Code § 501, (ii) a Claim based on such debt is Allowed, or (iii) the holder of a Claim based on holders of such debt has accepted the Plan, and (b) terminate all Equity Interests and other rights of Equity Interests in the Debtor.

2. Legal Binding Effect

The provisions of the Plan shall bind all holders of Claims and Equity Interests and their respective successors and assigns, whether or not they accept the Plan. On and after the Effective Date, except as expressly provided in the Plan, all holders of Claims, Liens and Equity Interests shall be precluded from asserting any Claim, cause of action or Liens against the Debtor, the estate, the Reorganized Debtor or their respective property and assets based on any act, omission, event, transaction or other activity of any kind that occurred or came into existence prior to the Effective Date.

3. Moratorium, Injunction and Limitation of Recourse For Payment

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR BY SUBSEQUENT ORDER OF THE BANKRUPTCY COURT, UPON CONFIRMATION OF THE PLAN (AND FROM AND AFTER THE EFFECTIVE DATE) ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR LIENS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR OR ITS PROPERTIES ARE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST THE ESTATE, THE DEBTOR, AND THE REORGANIZED DEBTOR: (A) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION OR OTHER PROCEEDING; (B) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER; (C) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE; (D) ASSERTING A SETOFF, RIGHT OF SUBROGATION, NETTING OR RECOUPMENT; AND (E) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED HEREIN OR IN THE CONFIRMATION ORDER SHALL ENJOIN OR PRECLUDE (A) SUCH PERSONS FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN; AND (B) THE REORGANIZED DEBTOR IN ANY MANNER FROM ENFORCING OR EXERCISING ITS RIGHTS OR REMEDIES PURSUANT TO OR ARISING OUT OF THE PLAN OR THE CONFIRMATION ORDER. SUCH INJUNCTION SHALL EXTEND TO AND FOR THE BENEFIT OF ANY SUCCESSOR OR ASSIGNEE OF THE DEBTOR, THE REORGANIZED DEBTOR, AND THEIR RESPECTIVE PROPERTIES AND INTEREST IN PROPERTIES. SUCH INJUNCTION SHALL NOT PRECLUDE ANY RIGHT OF AN ENTITY TO ASSERT A SEPARATE AND DIRECT CLAIM THAT IS NOT PROPERTY OF THE ESTATE AGAINST A PARTY THAT IS NOT THE DEBTOR OR THE REORGANIZED DEBTOR. THE CONFIRMATION ORDER SHALL, AMONG OTHER THINGS, CONTAIN, DIRECT AND PROVIDE FOR THE FOREGOING INJUNCTION.

4. Term of Injunction or Stays

ANY INJUNCTION OR STAY ARISING UNDER OR ENTERED DURING THE BANKRUPTCY CASE UNDER BANKRUPTCY CODE §§ 105 AND 362 OR OTHERWISE THAT IS IN EXISTENCE ON THE CONFIRMATION DATE SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LATER OF THE EFFECTIVE DATE AND THE DATE INDICATED IN THE ORDER PROVIDING FOR SUCH INJUNCTION OR STAY.

5. Insurance

Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtor or its current or former directors and officers in which the Debtor or its current or former directors and officers are or were an insured party. Each insurance company is prohibited from, and the Confirmation Order shall include an injunction against, denying, refusing, altering or delaying coverage for the Debtor (or their current or former directors and officers) or the Reorganized Debtor on any basis regarding or related to any of the Debtor's Bankruptcy Cases, the Plan or any provision within the Plan.

6. Revesting

As of the Effective Date, all Assets shall be transferred to, and vested in, the Reorganized Debtor free and clear of all Liens and Claims and all rights, title and interests, except as expressly set forth in the Plan.

7. Other Documents and Actions

The Debtor, the Debtor-In-Possession, and Reorganized Debtor may execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan.

8. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Debtor's Chapter 11 Bankruptcy Case pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

K. Confirmability of Plan and Cramdown

The Debtor requests Confirmation under section 1129(b) of the Bankruptcy Code if any impaired class does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. In that event, the Debtor reserves the right to modify the Plan to the extent, if any, that Confirmation of the Plan under section 1129(b) of the Bankruptcy Code requires modification.

L. Retention of Jurisdiction

Until this Chapter 11 case is closed, the Court shall retain exclusive jurisdiction of all matters arising under, or related to, these proceedings, including, but not limited to:

a) insuring that the purpose and intent of the Plan and the Agreement are carried out;

b) consideration of any modification of the Plan under Section 1127 of the Code or modification of the Plan after substantial consummation, as defined in Section 1101(2) of the Code;

c) hearing and determining all claims, controversies, suits, and disputes against Debtor;

d) hearing, determining, and enforcing all claims or Causes of Action which may exist on behalf of the Debtor or its estate;

e) hearing and determining all controversies, suits, and disputes that may arise in connection with the interpretation of the Plan or the Agreement;

f) hearing and determining all objections to claims, controversies, suits, and disputes that may be pending as of or initiated after the Effective Date;

g) enforcing and interpreting, by injunction or otherwise, the terms and conditions of the Plan or the Agreement;

h) entering any Order, including injunctions, necessary to enforce the rights, titles, interests, and powers of the Debtor and to impose such limitations, restrictions, terms, and conditions as may be necessary or helpful to carry out the purposes and intent of the Plan or the Agreement;

i) entering an Order concluding and terminating this Chapter 11 case;

j) correcting or curing any defect, omission, inconsistency, conflict, or error in the Plan, the Agreement, or Confirmation Order as may be necessary or helpful to carry out the purposes and intent of the Plan;

k) considering and acting on any matters consistent with the Plan and the Agreement as may be provided in the Confirmation Order; and

l) considering the rejection of Executory Contracts that have not been rejected prior to Confirmation and adjudicating any claims for damages with respect to such rejection.

M. Securities Laws

It is an integral and essential element of the Plan that the offer and issuance of Equity Interests of the Reorganized Debtor and the treatment of Creditors pursuant to the Plan, to the extent such interests and treatment constitute securities under the 1933 Act, shall be exempt from registration under the 1933 Act and any state or local law, pursuant to Bankruptcy Code § 1145 or other applicable exemptions, without limitation. The Confirmation Order shall include a finding and conclusion, binding upon all parties to the Case, the Debtor, the Reorganized Debtor, the U.S. Securities and Exchange Commission and all other federal, state and local regulatory enforcement agencies, to the effect that such offer and issuance, to the extent such Equity Interests of the Reorganized Debtor and treatment of Creditors constitute securities under the

1933 Act, fall within the exemption from registration under the 1933 Act and any state or local law pursuant to Bankruptcy Code § 1145.

N. No Requirement of Final Order

So long as no stay is in effect, the Effective Date of the Plan will occur notwithstanding the pendency of an appeal of the Confirmation Order or any Order related thereto. In that event, the Debtor or Reorganized Debtor may seek dismissal of any such appeal as moot following the Effective Date of the Plan.

O. Assumption of Allowed Claims

The Reorganized Debtor assumes the liability for and obligation to perform and make all distributions or payments on account of all Allowed Claims in the manner provided in the Plan.

P. Attorneys' Fees and Costs

To the extent any holder of a Secured Claim asserts a right to attorneys' fees and costs pursuant to section 506(b) of the Bankruptcy Code, unless otherwise agreed between the Debtor or Reorganized Debtor and such Secured Creditor, the allowance of such fees and expenses shall be handled as set forth in the Plan. Within twenty (20) days after the Effective Date, the Secured Creditor shall file an application with the Bankruptcy Court for allowance of such fees and expenses. Such application will follow the same rules and guidelines as a fee application for a Professional seeking compensation from the Debtor, including the U.S. Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses. Within twenty (20) days after such application is filed, the Reorganized Debtor may file any objections thereto, and the Secured Creditor shall file any response within twelve (12) days thereafter. If the Secured Creditor and the Reorganized Debtor are unable to reach agreement, the matter shall then be submitted to the Bankruptcy Court for determination on no less than twenty (20) days notice of the hearing.

Q. Post-Petition Taxes and Insurance and Turnover of Escrow Funds Held by a Lender

Post-petition property taxes and insurance will be paid when such taxes and/or insurance become due and payable under the laws of the applicable taxing jurisdiction. Post-petition property taxes owed with respect to a particular Property may be paid from funds held within the Debtor's current tax escrow account for such Property, any tax escrow account held by a Lender with respect to such Property, and any future tax escrow accounts established by the Reorganized Debtor post-confirmation with respect to such Property. To the extent that any funds remain in either the Debtor's current tax escrow accounts, any tax escrow account held by a Lender, or any future tax escrow accounts established by the Reorganized Debtor post-confirmation, such remaining funds shall be used by the Reorganized Debtor to fund operations and make payments to creditors under the Plan. Any tax escrow account held by a Lender with respect to a Property shall be turned over to the Reorganized Debtor within five days of the Effective Date.

R. Exemption from Transfer Taxes and Recording Fees

In accordance with Bankruptcy Code § 1146(a), none of the issuance, transfer or exchange of any securities under the Plan, the release of any mortgage, deed of trust or other Lien, the making, assignment, filing or recording of any lease or sublease, the vesting or transfer of title to or ownership of any of the Debtor's interests in any property, or the making or delivery of any deed, bill of sale or other instrument of transfer under, in furtherance of, or in connection with the Plan, including the releases of Liens contemplated under the Plan, shall be subject to any document recording tax, stamp tax, conveyance fee, sales or use tax, bulk sale tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state and/or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

S. Modification of Plan

The Debtor may alter, amend, or modify the Plan under Bankruptcy Code § 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to the Effective Date, the Debtor may, under Bankruptcy Code § 1127(b), (i) amend the Plan so long as such amendment shall not materially and adversely affect the treatment of any holder of a Claim, (ii) institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and (iii) amend the Plan as may be necessary to carry out the purposes and effects of the Plan so long as such amendment does not materially or adversely affect the treatment of holders of Claims or Equity Interests under the Plan; provided, however, prior notice of any amendment shall be served in accordance with the Bankruptcy Rules or Order of the Bankruptcy Court.

T. Waiver of Stay

Notwithstanding Bankruptcy Rules 3002(e), 6004(h), and 6006(d), the Debtor shall be authorized to consummate the Plan and the transactions and transfers contemplated thereby immediately after entry of the Confirmation Order.

VIII.
FEASIBILITY OF THE PLAN

A. Feasibility

The Debtor believes that the Plan is feasible based upon the financial condition of the Debtor and the Equity Holders, the funds the Equity Holders have agreed to contribute to the Debtor, and the likelihood of sales of certain of the Properties within a five year period.

1. Projections

The Debtor believes that the market and economic situation surrounding the operation of the Debtor's Properties is highly competitive, volatile, speculative, and uncertain. For such reasons, Debtor's management also believes that it is very difficult to predict and project the financial performance of the Properties. Consequently, the financial projections for the Properties attached to this Disclosure Statement represent management's best estimation of the anticipated results of future operations based upon management's experience in the industry and its familiarity with the respective markets in which the Properties are located due to having operated and managed the Properties for a significant number of years previously. Notwithstanding, there can be no assurance or guaranty that such projections will be realized or achieved, and any reliance upon such financial projections must be qualified by such matters.

The Debtor has prepared a liquidation analysis, a copy of which is attached hereto as **Exhibit B**. The Liquidation Analysis provides an estimate by the Debtor of the recovery of Creditors in the event of a chapter 7 bankruptcy.

Debtor's management believes that that opportunities to sell the Phase I and Phase II Lots will increase over the next five years as the market improves and as management continues to implement marketing strategies designed to increase the amount of sales of the Lots, which improvements could have a positive effect on the attached projections. In light of the DRHI Sale Agreement and other sales of the Phase I Lots discussed above, the Debtor anticipates that all of the Phase I Lots will be sold and the Phase II Lots developed within three years.

Debtor's management also believes that opportunities to sell the Debtor's Properties will increase over the next five years as the market improves.

B. Alternatives to Confirmation of the Plan

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 bankruptcy case, (b) the Debtor's Chapter 11 bankruptcy case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by some other party.

1. Dismissal

If the Debtor's bankruptcy 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. Each of the holders of Secured Claims would then have the right to exercise their rights as secured creditors to foreclose and liquidate the Debtor's assets constituting their respective Collateral. In the event of dismissal, it is very doubtful that the Equity Holders would fund or contribute any amounts to the Debtor to develop Phase II and pay Creditors. In such event, most, if not all, unsecured creditors would likely fail to realize any significant recovery on their claims.

2. Chapter 7 Liquidation

If the Plan is not confirmed, it is possible that the Debtor's Chapter 11 case will be converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, secured creditors, Administrative Claims, and Priority Claims are entitled to be paid in cash and in full before unsecured creditors receive any funds.

If the Debtor's Chapter 11 case is converted to Chapter 7, the present Priority Claims may have a priority lower than priority claims generated by the Chapter 7 cases, such as the Chapter 7 trustee's fees or the fees of attorneys, accountants and other professionals engaged by the trustee.

The Debtor believes that liquidation under Chapter 7 would result in significantly less distributions to secured and unsecured creditors and to Administrative and Priority Claimants. In the event that the Debtor's Assets were liquidated, and if a receiver or trustee were appointed to supervise the liquidation of the Debtor's Assets, there would be significant costs associated with such liquidation, and such costs would increase due to fees and charges for such persons. It is unlikely that such property would be sufficient to enable the Debtor or a Trustee to make any significant distribution to unsecured creditors because Administrative and Priority Claims, Secured Tax Claims, and the Secured Claims would consume a significant portion, if not all, of such proceeds. Consequently, the Debtor believes that it is highly unlikely that creditors other than such Claimants would receive anything or any significant payment in a Chapter 7 liquidation. Moreover, the conversion to Chapter 7 would give rise to additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee. In a Chapter 7 liquidation, it is likely that general unsecured creditors would receive little distribution on their claims, and the timing of any such distribution is uncertain and would be conditioned upon the ability to liquidate the Debtor's assets in a depressed real estate market. In a Chapter 7 liquidation, it is also unlikely that Secured Creditors would receive full payment of their respective Claims.

The Debtor's Liquidation Analysis is attached hereto as **Exhibit B**.

3. Confirmation of an Alternative Plan

If the Plan is not confirmed, it is possible that a creditor or third party would file and pursue confirmation of an alternative plan. The Debtor does not believe that any creditor or third party is likely to propose an alternative reorganization plan. The Debtor believes the Plan provides the best prospect for reorganizing the Debtor and maximizing creditor recoveries that can be achieved quickly. The Debtor believes that any material delay in the Debtor's exit from bankruptcy will harm its business and lessen creditor recoveries. By exiting bankruptcy, the Debtor will eliminate the expense of being in bankruptcy.

IX.
RISK FACTORS

A risk factor is the inability of the Equity Holders to fund the Debtor's operations following Confirmation as required by the Plan. The Equity Holders have committed to the Debtor and the Reorganized Debtor (as applicable) that they will fund the initial plan payments required on the Plan's Effective Date and will fund the payments required under the Plan during the remaining life of the Plan so that the Plan is feasible; however, creditors may not receive distributions to the extent that the Equity Holders are unable to comply with their obligations.

Section 1129 of the Bankruptcy Code provides certain requirements for a chapter 11 plan to be confirmed. Parties-in-interest may object to confirmation of a plan based on an alleged failure to fulfill these requirements or other reasons. The Debtor believes that the Plan complies with the requirements of the Bankruptcy Code.

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtor believes that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each class of Claims and Equity Interests encompass Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests in each such class.

The Debtor cannot ensure it will receive enough acceptances to confirm the Plan. But, even if the Debtor does receive enough acceptances, there can be no assurance that the Bankruptcy Court will confirm the Plan. Even if enough acceptances are received and, with respect to those Classes deemed to have rejected the Plan, the requirements for "cramdown" are met, the Bankruptcy Court, which as a court of equity may exercise substantial discretion, may choose not to confirm the Plan or may require additional solicitations or consents prior to confirming the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of distributions to dissenting holders of Claims and Equity Interests may not be less than the value such holders would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. Although the Debtor believes that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Debtor's ability to propose and confirm an alternative plan is uncertain. Confirmation of any alternative plan under chapter 11 of the Bankruptcy Code would likely take significantly more time and result in delays in the ultimate distributions to the holders of Claims. If confirmation of an alternative plan is not possible, the Debtor would likely be liquidated under chapter 7. Based upon the Debtor's analysis, liquidation under chapter 7 would result in distributions of reduced value, if any, to holders of Claims and Equity Interests.

Consummation of the Plan is conditioned upon, among other things, entry of the Confirmation Order approving any transactions contemplated thereunder. As of the date of this Disclosure Statement, there can be no assurance that any or all of the foregoing conditions will be met or that the other conditions to consummation, if any, will be satisfied. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and effectuated and the liquidation completed.

Although the Debtor believes that the Effective Date may occur within a reasonable time following the Confirmation Date, there can be no assurance as to such timing.

X.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A. General

Under the Internal Revenue Code of 1986, as amended (the "Tax Code"), there could be certain significant federal income tax consequences associated with the Plan described in this Disclosure Statement. Certain of these consequences are discussed below. Due to the unsettled nature of certain of the tax issues presented by the Plan, the differences in the nature of Claims of the various creditors, their taxpayer status, residence and methods of accounting (including creditors within the same creditor class) and prior actions taken by creditors with respect to their Claims, as well as the possibility that events or legislation subsequent to the date hereof could change the federal tax consequences of the transactions, the tax consequences described below are subject to significant considerations applicable to each creditor. **HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS RESPECTING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS, CONTEMPLATED UNDER OR IN CONNECTION WITH THE PLAN, INCLUDING STATE, LOCAL AND FOREIGN TAX CONSEQUENCES.**

B. Tax Consequences to the Debtor

To the extent any of its debts are discharged under the Plan, Debtor does not believe such discharge will result in any "discharge of indebtedness" income, although other tax attributes of Debtor, such as the amount of its net operating loss carrybacks or carryovers may be reduced or affected thereby.

C. Tax Consequences to Creditors

The tax consequences of the implementation of the Plan to a creditor will depend in part on whether the creditor's present debt constitutes a "security" for federal income tax purposes, the type of consideration received by the creditor in exchange for its Allowed Claim, whether the creditor reports income on the accrual or cash basis, whether the creditor receives consideration in more than one tax year of the creditor, whether the creditor is a resident of the United States, and whether all the consideration received by the creditor is deemed to be received by that creditor in an integrated transaction. The tax consequences of the receipt of cash or property that is allocable to interest are discussed below in the section entitled "Receipt of Interest".

D. Creditors Receiving Solely Cash

A creditor who receives cash in full satisfaction of its Claim will be required to recognize gain or loss on the exchange. The creditor will recognize gain or loss equal to the difference between the amount realized in respect of such Claim and the creditor's tax basis in the Claim.

E. Backup Withholding

Under the Tax Code, interest, dividends and other "reportable payments" may, under certain circumstances, be subject to "backup withholding". Withholding generally applies if the holder: (a) fails to furnish his social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding.

XI.
CONCLUSION

This Disclosure Statement has attempted to provide information regarding the Debtor's estate and the potential benefits that might accrue to holders of Claims against and Interests in the Debtor under the Plan as proposed. The Plan is the result of the effort of the Debtor and its advisors and management to pay allowed claims against it. The Debtor believes that the Plan is feasible and will provide each holder of a Claim against the Debtor with an opportunity to receive greater benefits than those that would be received by termination of the Debtor's business and the liquidation of its assets, or by any alternative plan. The Debtor, therefore, hereby urges you to vote in favor of the Plan.

Whether or not you expect to attend the Confirmation Hearing, which is scheduled to commence on ____, 2011, at ___:___ __.m. Dallas, Texas Time, you must sign, date, and mail your ballot as soon as possible for the purpose of having your vote count at such hearing. All ballots must be returned to: Melissa Hayward, Counsel for the Debtor, Franklin Skierski Lovall Hayward LLP, 10501 N. Central Expy., Suite 106, Dallas, Texas 75231. All ballots must be returned on or before 5:00 p.m. Dallas, Texas Time on _____, 2011. Any ballot which is illegible or which fails to designate an acceptance or rejection of the Plan will not be counted.

Dated: July 14, 2011

THE SHOPS AT PRESTONWOOD, LP
Debtor and Debtor-In-Possession

By: /s/ Brady Giddens
Senior VP of JAMP Mgmt. Group VI, LLC, General Partner of Debtor

FRANKLIN SKIERSKI LOVALL HAYWARD LLP

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