UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
	)	Case No. 11-46151
The Clare at Water Tower,	)	
	)	Hon. Susan Pierson Sonderby
Debtor.	)	
	)	

DISCLOSURE STATEMENT FOR DEBTOR'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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EXHIBITS

Exhibit 1 Debtor's Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated February 15, 2012

Exhibit 2 Recovery Analysis

Exhibit 3 Liquidation Analysis

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR COPY OF THIS DISCLOSURE STATEMENT. THE DEBTOR URGES YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND BANKRUPTCY CODE SECTION 1125. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTOR, ITS PROPERTY OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE COURT TO BE USED IN CONNECTION WITH THE PLAN. NO SOLICITATIONS FOR OR AGAINST THE PLAN MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE DEBTOR BELIEVES AND HAS MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OF THE DEBTOR AS TO HOLDERS OF CLAIMS AGAINST THE DEBTOR.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE

IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*") NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER BUT RATHER AS THE DEBTOR'S STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTOR AND ITS PROFESSIONALS. ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE DEBTOR CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE DEBTOR RECOMMENDS THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE DEBTOR THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

I. INTRODUCTION

A. *General.*

The following introduction is qualified by the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of The Clare at Water Tower, debtor and debtor in possession ("***The Clare***" or the "***Debtor***"), dated as of February 15, 2012 (the "***Plan***"),[1] which is attached hereto as **Exhibit 1**, and the more detailed information and financial statements contained elsewhere in this document. The Debtor believes that confirmation and implementation of the Plan is in the best interests of creditors and that the Plan provides the best available alternative to creditors.

This disclosure statement (this "***Disclosure Statement***") and the other documents described herein are being furnished by the Debtor to Holders of Claims in the Debtor's Chapter 11 Case pending before the United States Bankruptcy Court for the Northern District of Illinois (the "***Bankruptcy Court***").

Under the Bankruptcy Code, only Holders of Claims and interests that are "impaired" are entitled to vote to accept or reject the Plan. The Bankruptcy Code further provides that a Class that is left unimpaired under the Plan is deemed to have accepted the Plan and a Class that receives no distribution under the Plan is deemed to have rejected the Plan. To become effective, the Plan must be accepted by certain Classes of Claims and confirmed by the Bankruptcy Court.

B. *Classification and Treatment of Claims Under the Plan.*

Certain Classes of Claims are impaired under the Plan and, accordingly, are entitled to vote on the Plan. The Debtor is seeking votes to accept the Plan from Holders of Claims in these Classes. For a description of the Classes of Claims and their treatment under the Plan, see Section 3 of the Plan – Classification and Treatment of Claims and Interests.

Estimated Claim amounts for certain Classes are based upon a preliminary analysis by the Debtor and its Professionals of Claims filed in the Chapter 11 Case and the Debtor's books and records. There can be no assurance that these estimates are correct. The timing of Distributions under the Plan, if any, is subject to conditions and determinations described in later sections of this Disclosure Statement.

Based upon the Recovery Analysis attached hereto as **Exhibit 2**, it is estimated that the Holders of certain Classes of Claims will receive no Distribution. The potential recoveries provided on the Recovery Analysis are only estimates and the actual recovery will either increase or decrease depending upon the occurrence or non-occurrence of numerous factors, including, but not limited to, the risk factors discussed in Article VII of this Disclosure Statement.

Any Claims arising from the rejection of executory contracts and unexpired leases are treated under the Bankruptcy Code as if they arose before the filing of the Chapter 11 petition.

[1] All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

Any Claim in an impaired Class that is subject to a pending objection or is scheduled as unliquidated, disputed or contingent is not entitled to vote unless the Holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing the Claim for the purpose of voting on the Plan.

C. ***Summary of Confirmation Requirements.***

Under the Bankruptcy Code, only classes of claims that are "impaired" are entitled to vote to accept or reject the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization, that each impaired class of claims accepts the Plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds (⅔) in dollar amount, and more than one-half (½) in number, of those creditors that actually cast ballots, vote to accept such plan.

D. ***Voting Instructions and Deadline.***

The Debtor has prepared this Disclosure Statement as required by Bankruptcy Code section 1125 and Bankruptcy Rule 3016(c). It is being distributed to Holders of Claims against the Debtor to assist such Holders in evaluating the feasibility of the Plan, the manner in which their Claims are treated and in determining that the Plan satisfies the requirements for confirmation set forth in Bankruptcy Code section 1129. A copy of the Plan is attached hereto as **Exhibit 1**. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment in voting to accept or reject the Plan.

This Disclosure Statement is subject to the Bankruptcy Court's approval on a date to be later determined by the Bankruptcy Court, as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each of the Classes whose votes are being solicited to make an informed judgment with respect to the Plan.

THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

This Disclosure Statement describes the background of the Debtor and the significant events leading up to and following the filing of the Chapter 11 Case on the Petition Date. It summarizes the major events that have taken place during the Chapter 11 Case and describes the Plan, which divides creditor Claims into Classes and provides for the treatment of Allowed Claims.

i. ***General Information.***

Under the Bankruptcy Code, certain Classes of creditors are deemed to accept or reject the Plan and the vote of these Classes will not be solicited.

ii. ***Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote.***

If a Creditor holds a Claim included within a Class that is not impaired under the Plan, under Bankruptcy Code section 1126(f), the Creditor is deemed to have accepted the Plan with respect to such Claim and its vote of such Claim will not be solicited. Classes 1, 2 and 5 are unimpaired under the Plan.

iii. ***Certain Classes Are Deemed to Reject the Plan and Do Not Vote.***

Under Bankruptcy Code section 1126(g), Classes 8 and 9 will receive no distributions on account of such claims. Thus, Classes 8 and 9 are deemed to have rejected the Plan and the vote of Holders of such Claims in these Classes will not be solicited.

iv. ***Claims Which Are Not Allowed.***

The Bankruptcy Code provides that only the Holders of Allowed Claims are entitled to vote on the Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and until the Bankruptcy Court rules on the objection and allows the Claim. If the Bankruptcy Court has not ruled on the objection or status of such a Claim, but the Holder of a Claim wishes to vote, the Holder of the Claim may petition the Bankruptcy Court to estimate its Claim for voting purposes under Bankruptcy Rule 3018(a). Consequently, although Holders of such Claims may receive ballots, their votes will not be counted unless the Bankruptcy Court, prior to the Voting Deadline, rules on the objection and allows the Claim or, on proper request under Bankruptcy Rule 3018(a) prior to the Confirmation Hearing, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan.

v. ***Voting and Record Date***.

If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor's acceptance or rejection of the Plan is important and must be in writing and filed on time. The Debtor has asked that the Bankruptcy Court set the Voting Record Date for determining which creditors may vote on the Plan as March 14, 2012.

(a) ***How to Vote.***

IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED BY THE VOTING DEADLINE BY THE BALLOTING AGENT AS SET FORTH ON THE BALLOT.

(b) ***Ballots.***

Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots. IF A CREDITOR RECEIVES MORE THAN ONE BALLOT THE CREDITOR SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF THEM.

IF A CREDITOR IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

If by regular mail:	If by messenger or overnight delivery:
The Clare at Water Tower Ballot Processing c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. BOX 5014 New York, NY 10150-5014 Telephone: (646) 282-2400 Email: tabulation@epiqsystems.com	The Clare at Water Tower Ballot Processing c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, NY 10017 Telephone: (646) 282-2400 Email: tabulation@epiqsystems.com

E. ***The Confirmation Hearing.***

The Debtor has asked the Bankruptcy Court to schedule a hearing to consider confirmation of the Plan on **April 17, 2012 at 10:00 a.m. (prevailing Central Time)**, before the Honorable Susan P. Sonderby, at the United States Bankruptcy Court, Northern District of Illinois, 219 South Dearborn Street, Chicago, Illinois 60604. As part of its request, the Debtor has asked the Bankruptcy Court to order that objections, if any, to confirmation of the Plan be filed and served within the time and in the manner described in the confirmation notice and order that will be sent upon the setting of the Confirmation Hearing. The date of the Confirmation Hearing may be continued at such later time(s) as the Bankruptcy Court may announce during the Confirmation Hearing or any continued hearing without further notice.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Claim Holders regardless of whether an individual Claim Holder has supported or opposed the Plan.

F. ***Definitions.***

i. ***Defined Terms.***

As used in this Disclosure Statement, terms defined in the Plan annexed hereto and not otherwise specifically defined herein will have the meanings ascribed to them in the Plan.

ii. ***Interpretation of Terms.***

Each definition in this Disclosure Statement and in the Plan includes both the singular and the plural, and references in this Disclosure Statement include the masculine and feminine where appropriate. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

II. OVERVIEW OF THE PLAN

A. ***Summary of the Plan.***

The Plan provides for the sale of substantially all of the Debtor's Assets pursuant to the APA and the Plan Administrator's subsequent liquidation of the Debtor's remaining Assets,

administration of the Plan and the wind-down of the Debtor and its Estate post-Effective Date. For a description of certain risks associated with the recoveries provided under the Plan, see Section VI, "Risks and Consideration." The following Summary Tables set forth the classification and treatment of creditor's Claims under the Plan. The descriptions in the Summary Tables are only summaries and do not include all terms and conditions of the Plan. You are strongly advised to consult the relevant Plan provisions for a full description of the respective Classes and corresponding treatments under the Plan and to consult with your legal, financial and tax advisors prior to deciding whether to support or oppose the Plan.

B. ***Summary Table – Claims.***

CLASS	CLAIM	STATUS	VOTING RIGHTS	RECOVERY
-	Administrative Expense Claims	Unimpaired	N/A	100%
-	Compensation and Reimbursement Claims	Unimpaired	N/A	100%
-	Priority Tax Claims	Unimpaired	N/A	100%
-	Trustee Fees	Unimpaired	N/A	100%
-	DIP Claims	Unimpaired	N/A	100%
1	Other Priority Claims	Unimpaired	Deemed to Accept	100%
2	Secured Tax Claims	Unimpaired	Deemed to Accept	100%
3	Variable Rate Bondholder Claims	Impaired	Entitled to Vote	[ ]%
4	Fixed Rate Bondholder Claims	Impaired	Entitled to Vote	[ ]%
5	Other Secured Claims	Unimpaired	Deemed to Accept	100%
6	Resident Claims	Impaired	Entitled to Vote	100%
7	General Unsecured Claims	Impaired	Entitled to Vote	[ ]%
8	Subordinated 510(b) Claims	Impaired	Deemed to Reject	N/A
9	Interests	Impaired	Deemed to Reject	N/A

C. ***Summary Table – Treatments.***

CLASS DESCRIPTION	TREATMENT UNDER THE PLAN
Administrative Expense Claims (Post-petition)	Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees with the Debtor or the Plan Administrator to a different treatment or has been paid by the Debtor prior to the Effective Date from the Sale Proceeds or otherwise, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable, (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably

	practicable or, if not then due, when such Allowed Administrative Expense Claim is due, (c) at such time and upon such terms as may be agreed upon by such Holder and the Debtor or the Plan Administrator, as the case may be, or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court; ***provided***, ***however***, that Administrative Expense Claims and Assumed Liabilities (as defined in the APA) that have been assumed by the Purchaser pursuant to the APA shall not be an obligation of the Debtor; ***provided further*** that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor in possession, or liabilities arising under obligations incurred by the Debtor, as debtor in possession, in accordance with the Wind-Down Budget and to the extent such obligations have not been assumed by the Purchaser, shall be paid by the Debtor or the Plan Administrator, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. The Holder of an Administrative Expense Claim, other than (i) a Compensation and Reimbursement Claim, (ii) a liability incurred but not yet due and payable in the ordinary course of business by a Debtor until after the thirtieth (30th) day after the Effective Date, (iii) an Administrative Expense Claim that has been Allowed on or before the Effective Date, (iv) an expense or liability incurred in the ordinary course of business on or after the Effective Date, or (v) fees of the United States Trustee arising under 28 U.S.C. § 1930, must file with the Bankruptcy Court and serve on the Debtor, the Plan Administrator and the Office of the United States Trustee, a request for payment of such Administrative Expense Claim so as to be received on or before the Administrative Expense Claim Bar Date. Failure to file and serve such request for payment timely and properly shall result in the Administrative Expense Claim being forever barred and discharged.
Compensation and Reimbursement Claims (Post-petition)	All parties seeking payment of Compensation and Reimbursement Claims (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is forty-five (45) days after the Effective Date, (ii) shall be paid in full in such amounts as are allowed by the Bankruptcy Court (a) upon the later of (i) the Effective Date, and (ii) the date upon which the order relating to any such Allowed Compensation and Reimbursement Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the Holder of such an Allowed Compensation and Reimbursement Claim and the Debtor or Plan

	Administrator, as the case may be. The Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course and without the need for Bankruptcy Court approval, subject to the requirement that invoices evidencing the amount sought will be distributed to those parties set forth in the Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Dkt. No. 187) and payment shall be governed by such order, except for the provisions related to the 35% holdback, which shall not be applicable.
Priority Tax Claims (Pre-petition)	In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in Section 2 of the Plan. Allowed Priority Tax Claims, including but not limited to, any delinquent amounts and costs, if any, relating to Purchased Assets, shall be paid by the Debtor, except to the extent that such Priority Tax Claims have been assumed by the Purchaser pursuant to the APA. Unless otherwise agreed by the Holders of the Allowed Priority Tax Claims, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Administrator in its sole discretion and in full satisfaction of such Claim: (a) payment in Cash in full on the later of the Effective Date or the date such Claim becomes an Allowed Claim; or (b) Cash over a period not exceeding five (5) years after date of assessment of such Claim, with interest at a rate equal to the applicable statutory rate, payable monthly, in periodic payments, having the value of such Claim as of the Effective Date. The Debtor estimates that there will be approximately $[ ] in Priority Tax Claims.
Trustee Fees (Post-petition)	Trustee Fees include all fees and charges assessed against the Debtor under chapter 1930 of title 28, United States Code. All Trustee Fees will be paid in full in Cash by the Debtor or Plan Administrator, as the case may be, as they become due and owing.
DIP Claims (Post-petition)	Except to the extent that a Holder of an Allowed DIP Claim agrees to an alternative treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for each and every Allowed DIP Claim, each such Allowed DIP Claim shall, in the discretion of the Debtor, (i) be paid in full in Cash on the Effective Date or as soon as practicable thereafter or (ii) receive such other treatment as agreed upon between the Debtor and the Holder of such DIP Claim.
Class 1 (Other Priority Claims) (Pre-petition)	This Class consists of all Allowed Other Priority Claims that are specified as having priority in Bankruptcy Code section 507(a), if any such Claims still exist as of the Effective Date. Each Allowed Claim in this Class shall be in a separate subclass. Unless otherwise agreed by the Holder of any Claim in this Class, each

	Allowed Claim under Bankruptcy Code section 507(a), which has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Other Priority Claim, will receive (i) deferred Cash payments of a value, as of the Effective Date, equal to the Holder's Allowed Other Priority Claim or (ii) payment in Cash in full on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Debtor or the Plan Administrator, as applicable; and (b) the date on which there is a Final Order allowing such Claim. The Debtor estimates that the Allowed Class 1 Claims will be $[ ] on the Effective Date. Class 1 is an unimpaired Class, and Holders of Class 1 Claims are not entitled to vote.
Class 2 (Secured Tax Claims) (Pre-petition)	On the Effective Date or as soon thereafter as is reasonably practicable, and only to the extent that any such Allowed Secured Tax Claim has not been paid in full prior to the Effective Date from the Sale Proceeds or otherwise, each Holder of an Allowed Secured Tax Claim shall receive, at the option of the Debtor or the Plan Administrator, (i) the proceeds of the sale or disposition of the collateral securing such Allowed Secured Tax Claim to the extent of the value of the Holder's secured interest in the Allowed Secured Tax Claim, (ii) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder of such Allowed Secured Tax Claim is entitled, or (iii) such other Distribution as necessary to satisfy the requirements of the Bankruptcy Code. In the event the Debtor or the Plan Administrator treat a Claim under clause (i) of this Section, the Liens securing such Allowed Secured Tax Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person. The Debtor and the Plan Administrator specifically reserve the right to challenge the validity, nature, and perfection of, and to avoid pursuant to the provisions of the Bankruptcy Code and other applicable law, any purported Liens relating to the Secured Tax Claims. Class 2 is an unimpaired Class, and Holders of Class 2 Claims are not entitled to vote.
Class 3 (Variable Rate Bondholder Claims) (Pre-petition)	This Class consists of all Variable Rate Bondholder Claims, which shall be Allowed on the Effective Date in the aggregate amount of $137,605,136. Unless otherwise agreed by the Master Bond Trustee, the Master Bond Trustee shall be entitled to receive, for the benefit of all Holders of Variable Rate Bonds, its Pro Rata Share (calculated based on the aggregate principal amount of Fixed Rate Bonds and Variable Rate Bonds outstanding as of the

	Effective Date) of the Sale Proceeds and the proceeds of the sale of any other Assets securing the Variable Rate Bondholder Claims, less all amounts required for payment of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, Other Priority Claims Allowed as of the Effective Date, Secured Tax Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expenses Reserve Amount and all other expenses in amounts provided in the Wind-Down Budget in accordance with the Plan. As of the Effective Date, the Master Bond Trustee shall be deemed to have applied all cash and cash equivalents held by the Master Bond Trustee and the applicable series trustee in respect of the Variable Rate Bonds shall be deemed to have applied all cash and cash equivalents held by such series trustee, in each case to reduce the aggregate amount of Allowed Variable Rate Bondholder Claims and Allowed Fixed Rate Bondholder Claims and the Master Bond Trustee and such series trustee, as applicable, shall be authorized to apply those funds in accordance with the applicable Bond Documents. Any portion of the Variable Rate Bondholder Claims not indefeasibly satisfied in full in Cash by the foregoing distributions shall be an Allowed Unsecured Deficiency Claim. Class 3 is an impaired Class, and Holders of Allowed Class 3 Claims who are the beneficial holders of such Class 3 Claims are entitled to vote.
Class 4 (Fixed Rate Bondholder Claims) (Pre-petition)	This Class consists of all Fixed Rate Bondholder Claims, which shall be Allowed on the Effective Date in the aggregate amount of $95,199,024. Unless otherwise agreed by the Master Bond Trustee, the Master Bond Trustee shall be entitled to receive, for the benefit of all Holders of Fixed Rate Bonds, its Pro Rata Share (calculated based on the aggregate principal amount of Fixed Rate Bonds and Variable Rate Bonds outstanding as of the Effective Date) of the Sale Proceeds and the proceeds of the sale of any other Assets securing the Fixed Rate Bondholder Claims, less all amounts required for payment of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, Other Priority Claims Allowed as of the Effective Date, Secured Tax Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expenses Reserve Amount and all other expenses in amounts provided in the Wind-Down Budget in accordance with the Plan.

	As of the Effective Date, the Master Bond Trustee shall be deemed to have applied all cash and cash equivalents held by the Master Bond Trustee and the applicable series trustee in respect of the Fixed Rate Bonds shall be deemed to have applied all cash and cash equivalents held by such series trustee, in each case to reduce the aggregate amount of Allowed Variable Rate Bondholder Claims and Allowed Fixed Rate Bondholder Claims and the Master Bond Trustee and such series trustee, as applicable, shall be authorized to apply those funds in accordance with the applicable Bond Documents. Any portion of the Fixed Rate Bondholder Claims not indefeasibly satisfied in full in Cash by the foregoing distributions shall be an Allowed Unsecured Deficiency Claim. Class 4 is an impaired Class, and Holders of Allowed Class 4 Claims who are the beneficial holders of such Class 4 Claims are entitled to vote.
Class 5 (Other Secured Claims) (Pre-petition)	This Class consists of all Secured Claims other than DIP Claims, Variable Rate Bondholder Claims and Fixed Rate Bondholder Claims. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, at the option of either the Debtor or the Plan Administrator, each Allowed Other Secured Claim shall receive (a) payment of such Allowed Other Secured Claim in full in Cash; (b) any and all collateral securing such Allowed Other Secured Claim; or (c) reinstatement of such Allowed Other Secured Claim with the legal, equitable and contractual rights to which the Holder of such Claim is entitled otherwise rendered unaltered in accordance with section 1124 of the Bankruptcy Code. The Debtor estimates that the Allowed Class 5 Claims will be $0 on the Effective Date. Class 5 is an unimpaired Class, and Holders of Class 5 Claims are not entitled to vote.
Class 6 (Resident Claims) (Pre-petition)	This Class consists of all Resident Claims. Except to the extent that a Holder of an Allowed Resident Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Resident Claim, each Holder of a Resident Claim shall have its Residency Agreement assumed by the Debtor and assigned to the Purchaser pursuant to the APA, subject to a modification of the refund structure contained therein to a structure customary in the Debtor's industry, to the extent requested by Purchaser and approved by such Resident.

	Class 6 is an impaired Class, and Holders of Class 6 Claims are entitled to vote.
Class 7 (General Unsecured Claims) (Pre-petition)	This Class consists of all Allowed General Unsecured Claims, including, without limitation, Allowed General Unsecured Claims arising from the rejection of executory contracts and unexpired leases and any Unsecured Deficiency Claims. Unless otherwise agreed by the Holder of any Allowed Claim in this Class, each Holder of an Allowed General Unsecured Claim shall be entitled to receive Cash equal to such Holder's Pro Rata Share of any funds available after payment in full of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expense Reserve Amount and all expenses in amounts provided in the Wind-Down Budget, and Allowed Claims in Classes 1 through 6 (other than a Claim constituting an Unsecured Deficiency Claim). Distributions to each Holder of an Allowed General Unsecured Claim shall be made on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Plan Administrator; and (b) the date on which there is a Final Order allowing such Claim. The Debtor estimates that the Allowed Class 7 Claims will be approximately $[ ] on the Effective Date. Class 7 is an impaired Class, and Holders of Allowed Class 7 Claims are entitled to vote.
Class 8 (Subordinated 510(b) Claims) (Pre-petition)	Each Holder of a Subordinated 510(b) Claim will not receive any Distribution on account of such Subordinated 510(b) Claim, and each such Holder of a Subordinated 510(b) Claim shall not receive or retain an Interest in the Debtor, the Estate, or other property or Interests of the Debtor or Plan Administrator on account of such Subordinated 510(b) Claim. Class 8 is an impaired Class, and Holders of Class 8 Claims will receive no distributions and are not entitled to vote.
Class 9 (Interests) (Pre-petition)	Each Holder of an Interest in Debtor will not receive any Distribution on account of such Interest. Each such Interest shall not receive or retain an Interest in the Debtor, the Estate, or other property or interests of the Debtor on account of such Interests. Class 9 is an impaired Class, and Holders of Class 9 Claims will receive no distributions and are not entitled to vote.

III. BACKGROUND INFORMATION

A. *Description and History of the Debtor's Business.*

The Clare, which opened in December 2008, is a fifty-three (53)-story high-rise continuing care retirement community (the "***Retirement Community***") comprised of 24,864 square feet on 0.6 acres of land (the "***Property***") owned by Loyola University of Chicago ("***Loyola***"). The Clare currently leases the Property pursuant to a ninety-nine (99)-year ground lease agreement entered into between The Clare and Loyola, dated as of November 2, 2005 (the "***Lease***"). The Lease expires on November 1, 2104. The Clare is responsible for an annual base rent, which is currently $2.4 million and is adjusted annually based on the change in the Consumer Price Index and subject to a maximum equivalent to a compounded four percent (4%) annual increase.

The Retirement Community offers seniors a full continuum of care all in one building, as opposed to a traditional continuing care retirement community which operates in a campus-style setting. The Retirement Community provides living accommodations and related healthcare and support services to a target market of upper-middle-class-income seniors aged sixty-two (62) years and older. The Retirement Community enables seniors to remain in the same place as they age and their needs change by providing various levels of support and care. In addition, the Retirement Community provides residents with multiple entertainment outlets and other social benefits for all stages of their retirement living. The Retirement Community's amenities include all aspects of everyday life, including the following: fitness center, indoor aquatic center, beauty salon, barbershop, day spa, social lounge, state-of-the-art business center, private and main dining rooms, performance center, formal library, arts and crafts studio, media center, three chapels and a meditation room.

As of December 31, 2011, the Retirement Community had (a) 248 independent living units, of which 83 are occupied, resulting in a 34% occupancy rate of independent living units; (b) 54 assisted living units, of which 28 are occupied, resulting in a 60% occupancy rate of assisted living units; and (c) 32 skilled nursing units, of which 28 are occupied, resulting in an 88% occupancy rate of skilled nursing units.

The Clare has received a determination letter from the Internal Revenue Service setting forth its determination that The Clare is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code.

B. *Management of the Retirement Community.*

The Retirement Community is managed by Franciscan Sisters of Chicago Service Corporation ("***FSCSC***") pursuant to a Management Services Agreement entered into between The Clare and FSCSC, dated as of October 24, 2005 (the "***Management Agreement***"), which automatically renews on an annual basis. FSCSC was established in 1988 by the Franciscan Sisters of Chicago ("***FSC***") to operate the senior services, facilities and programs sponsored by the FSC. FSCSC provides services such as nursing care, senior housing, home health care and community services to the Chicago area and to other neighboring states. FSCSC also provided

development and construction services to The Clare, pursuant to a Development Services Agreement, dated as of October 18, 2005 by and between The Clare and FSCSC (the "***Development Services Agreement***"). FSCSC has also invested over $14 million in cash in The Clare, including $3 million of which was invested after the 2010 Exchange Offer (as defined below).

Pursuant to several collateral assignments dated as of December 13, 2005, entered into between The Clare, the Master Bond Trustee and the Bank, The Clare assigned its right under, among other things, the Development Services Agreement, the Management Agreement and the Residency Agreements (as defined below) to the Master Bond Trustee and the Bank.

C. ***Residents of the Retirement Community.***

Prior to a resident's occupancy of an independent living unit in the Retirement Community, The Clare enters into a residency agreement (each a "***Residency Agreement***") with the resident. Under the terms of the Residency Agreement, each resident agrees to pay to The Clare a residence deposit ("***RD***") and a related monthly service fee ("***Monthly Service Fee***"). In return, the resident is permitted to occupy a unit in the Retirement Community for his or her lifetime, subject to certain conditions. The resident can terminate the Residency Agreement without cause on sixty (60) days' notice, and the Residency Agreement can be assigned without the resident's prior consent.

The RD is split into two separate installments. The first installment, the reservation deposit, is generally an amount equal to ten percent (10%) of the RD, and is due when the resident signs a reservation agreement. The second installment, the deposit balance, is due on or before the resident moves into the Retirement Community.

As of December 31, 2011, the RDs for traditional floor plans ranged from just over $510,000 to over $1.2 million per unit and the Monthly Service Fees ranged from approximately $2,723 to $5,512 per unit (ranges exclude custom floor plans). Interest income generated from the investment of the RD by The Clare is paid to The Clare to contribute to operating income and to help pay for operating and capital costs. When a resident leaves The Clare, refunds are paid depending on the type of plan into which that resident has entered. The several types of plans are as generally follows:

i. ***95% Refundable Plan.***

The resident is responsible for paying the RD upon move-in and a monthly service fee during the course of his or her stay; if the resident leaves The Clare, a ninety-five percent (95%) refund of the RD is due to the resident or applicable estate, payable when the RD for another unit is received (subject to the waterfall of repayment due to prior incurred but unpaid refund obligations, minus any applicable setoffs).

ii. ***90% Refundable Plan.***

The resident is responsible for paying the RD upon move-in and a monthly service fee during the course of his or her stay; if the resident leaves The Clare, a ninety percent (90%) refund of the RD is due to the resident or applicable estate, payable when the RD for another unit

is received (subject to the waterfall of repayment due to prior incurred but unpaid refund obligations, minus any applicable setoffs).

iii. ***50% Refundable Plan.***

The resident is responsible for paying the RD upon move-in and a monthly service fee during the course of his or her stay; if the resident leaves The Clare, a fifty percent (50%) refund of the RD is due to the resident or applicable estate, payable when the RD for another unit is received (subject to the waterfall of repayment due to prior incurred but unpaid refund obligations, minus any applicable setoffs).

iv. ***100-Month Amortizing Refundable Plan.***

The resident is responsible for paying the RD upon move-in and a monthly service fee during the course of his or her stay; if the resident leaves The Clare and has paid the RD balance, The Clare will refund the RD, minus one percent (1%) of the RD for each month the resident occupied the unit in The Clare up to one hundred (100) months, at which point the RD is no longer refundable, without interest (subject to the waterfall of repayment due to prior incurred but unpaid refund obligations, minus any applicable setoffs), (i) if the resident terminates the Residency Agreement after the closing date, in accordance with Residency Agreement, or (ii) in the event of the resident's death or, in the case of double occupancy, both residents' deaths.

v. ***50-Month Amortizing Refundable Plan.***

The resident is responsible for paying the RD upon move-in and a monthly service fee during the course of his or her stay; if the resident leaves The Clare, a refund of the RD (subject to the waterfall of repayment due to prior incurred but unpaid refund obligations, minus any applicable setoffs) is due to the resident or applicable estate, less two percent (2%) of the total RD for each month of occupancy up to fifty (50) months, at which point the RD is no longer refundable.

vi. ***Rental Plan.***

No RD is required but the resident is responsible for paying a Monthly Service Fee ranging from $3,540 to $7,165 (ranges represent traditional floor plans) during the course of his or her stay.

vii. ***Assisted Living Plan.***

No RD is required but the resident is responsible for a Monthly Service Fee ranging from $6,525 to $7,427. Memory Support Assisted Living Monthly Service Fees range from $7,214 to $8,275.

D. ***Organizational Structure of the Debtor.***

FSCSC, an Illinois not-for-profit corporation, is the sole member of The Clare. Under the bylaws of The Clare (as amended, the "***Bylaws***"), the Board of Directors of The Clare (the "***Board***") has all of the powers of governance of The Clare except for certain powers of FSCSC

as the sole member of The Clare (the "***Reserved Powers***"). The Reserved Powers include, among other things, the appointment and removal of Appointed Directors (as defined below) and any other rights of a member under the statutes or charter.

Under the Bylaws, there are two classes of directors: (i) the persons serving from time to time as members of the Executive Committee of FSCSC and; and (ii) any other person that the FSCSC Board determines from time to time to appoint (the "***Appointed Director***"). Any Appointed Director may be removed at any time by FSCSC with or without cause.

The Officers, other than the Chairperson and the President/CEO are appointed by the Board. Any Officer may be removed by the Board or FSCSC at any time with or without cause.

E. ***The Debtor's Prepetition Capital Structure.***

i. ***Pre-Finance Capital.***

The Clare secured pre-finance capital that was to be paid upon closing of the bond issuance discussed below. Greystone Development Services VIII, Ziegler Equity Funding I, and various other entities invested approximately $11.25 million between 2003 and 2004. Additionally, FSCSC contributed approximately $4.8 million of seed capital. On September 1, 2005, The Clare and The Ziegler Companies, Inc. entered into that certain Pre-Construction Funding Agreement whereby The Ziegler Companies, Inc. agreed to provide an additional $1.5 million to fund the remaining pre-finance development costs.

ii. ***Bond Financing.***

The Clare secured permanent financing through a municipal bond offering (tax-exempt and taxable) by both the Illinois Finance Authority (the "***Issuer***") and The Clare, with the total principal amount of approximately $229 million (the "***Series 2005 Bonds***") issued and secured pursuant to certain bond trust indentures between: (i) the Issuer and the Master Bond Trustee, as successor in interest to J.P. Morgan Trust Company, N.A., as trustee; and (ii) between The Clare and the Master Bond Trustee. The Clare has entered into a Leasehold Mortgage and Security Agreement, dated as of November 2, 2005, by and between The Clare and the Master Bond Trustee in order to secure payment of the Series 2005 Bonds.

The issuance of the Series 2005 Bonds was comprised of Series 2005A Bonds, Series 2005B-1 Bonds, Series 2005B-2 Bonds (collectively with the Series 2005B-1 Bonds, the "***Series 2005B Bonds***"), Series 2005C Bonds (together with the Series 2005A Bonds and the Series 2005B Bonds, the "***Series 2005 Fixed Rate Bonds***"), Series 2005D Bonds and Series 2005E Bonds (together with the Series 2005D Bonds, the "***Series 2005 Variable Rate Bonds***"). The Series 2005A Bonds, issued by the Issuer, initially consisted of $74 million of tax-exempt fixed rate revenue bonds with the principal payable in varying annual installments through 2038 and interest payable semiannually on May 15 and November 15 of each year. The Series 2005B Bonds, issued by the Issuer, initially consisted of an aggregate amount $10 million of tax-exempt fixed rate revenue bonds with a final maturity date May 15, 2038 and interest payable semiannually on May 15 and November 15. The Series 2005C Bonds, issued by the Issuer, initially consisted of $7.5 million in tax-exempt fixed rate revenue bonds with a final maturity date of May 15, 2012 and interest payable semiannually on May 15 and November 15. The

Series 2005D Bonds, issued by the Issuer, consist of $125 million in tax-exempt variable rate demand revenue bonds with a final maturity date of May 15, 2038 and interest payable monthly on the first business day of each month. The Series 2005E Bonds, issued by The Clare, consist of $12.5 million in taxable variable rate demand revenue bonds with a final maturity date of May 15, 2038 and interest payable monthly on the first business day of each month.

The proceeds of the Series 2005 Bonds were loaned to The Clare pursuant to certain loan agreements to: (i) pay certain costs of acquiring, constructing and equipping the Retirement Community; (ii) pay a portion of the interest on the tax-exempt Series 2005 Bonds; (iii) fund debt service reserve funds for the tax-exempt Series 2005 Bonds; (iv) provide working capital; and (v) pay certain expenses incurred in connection with the issuance of the tax-exempt Series 2005 Bonds, the initial credit facility for the Series 2005D Bonds and Series 2005E Bonds and the remarketing of the Series 2005 Variable Rate Bonds.

An irrevocable transferable letter of credit was issued in favor of the Master Bond Trustee by the Bank of America, N.A. (the "***Bank***") in the maximum initial stated amount of $137.5 million, pursuant to that certain Letter of Credit Agreement, dated as of November 1, 2005 (the "***LOC Agreement***"), which provided liquidity support for the principal of, and interest on, the Series 2005 Variable Rate Bonds. Pursuant to the LOC Agreement, upon an event of default thereunder, the Bank is entitled to effect a tender of the Series 2005 Variable Rate Bonds.

iii. ***2010 Restructuring.***

On July 15, 2010 investors holding approximately $87.5 million of the Series 2005 Fixed Rate Bonds agreed to exchange their bonds for fixed rate Series 2010A and Series 2010B Bonds (together, the "***Series 2010 Bonds***") totaling approximately $87.5 million (the "***2010 Exchange Offer***"). The investors that exchanged their bonds received (a) Series 2010A Bonds in an aggregate principal amount equal to seventy percent (70%) of the principal amount of their prior bonds; and (b) Series 2010B Bonds in an aggregate principal amount equal to thirty percent (30%) of the principal amount of their prior bonds. The Series 2010A Bonds, issued by the Issuer, consist of $61,253,500 in tax-exempt fixed rate revenue refunding bonds with principal payable in varying annual installments through 2038 and interest payable semiannually on May 15 and November 15. The Series 2010B Bonds, issued by the Issuer, consist of $26,251,000 in tax-exempt capital appreciation bonds with a final maturity date of May 15, 2050 and a five percent (5%) payment-in-kind interest rate.

The aggregate principal amount of the Series 2005 Fixed Rate Bonds, Series 2005 Variable Rate Bonds and Series 2010 Bonds that remains outstanding is approximately $229 million.

F. ***Events Leading to the Chapter 11 Case.***

During the past few years, continuing care retirement communities, including The Clare, have suffered substantial declines in sales and occupancy and have faced various obstacles in their construction and development as a result of the struggling economy, the weakened credit environment, limited access to capital and declining real estate values, among other things. Prospective senior residents are having difficulty selling their homes and have lost significant

amounts of their retirement funds in the financial market, making it difficult, if not impossible, for them to move into or remain in senior housing facilities. As a result of these challenging market conditions, The Clare has suffered a substantial loss of revenue and lower than anticipated absorption rates.

A few months prior to the original opening date, The Clare had entrance fee deposits on hand for approximately ninety percent (90%), or 220 of its 248, independent living units. Nonetheless, thirteen months after The Clare's opening, only 80 of the RDs converted into move-ins due to the cancellation by many depositors of their contracts. Due to the struggling economy and the weak housing market, The Clare has been unable to settle units at rates underwritten at the time of the 2005 financing. Moreover, the delays in construction forced The Clare to open its doors subsequent to the collapse of Lehman Brothers—an extremely volatile time for the continuing care retirement community industry (particularly high-end developments such as The Clare) in light of the historic drop in the value of homes and investment portfolios.

Despite the optimism resulting from the 2010 Exchange Offer, settlement activity and operating conditions failed to improve to the level anticipated at the time of the exchange. Indeed, in February of 2011, The Clare negotiated with Loyola to defer rent payments under the Lease through December 2011 an amount of approximately $2 million.

By notice of default dated September 20, 2011, the Master Bond Trustee notified the holders of The Clare Bonds of the failure of the Debtor to pay (a) the installments due on September 1, 2011 required to replenish a debt service reserve fund, and (b) the installments due on September 1, 2011 on the Series 2005A, Series 2005B-1, Series 2005B-2, Series 2005C and Series 2010A Notes. The Master Bond Trustee received a written notice (the "***Default Notice***") dated September 20, 2011 from the Bank stating that an Event of Default had occurred under the terms of the credit facility and under section 6.1 of the LOC Agreement. An Event of Default under the Series 2005D indenture has occurred because of the receipt of the Default Notice.

On September 22, 2011, the Master Bond Trustee sent a notice of default and Mandatory Tender of Bonds (the "***Tender Notice***") to the holders of the Series 2005D Bonds notifying them of certain events of default that had occurred under the Series 2005D indenture as well as the mandatory tender and purchase of the Series 2005D Bonds (the "***2005D Purchase***") pursuant to section 1205(a)(iv) of the Series 2005D indenture. The 2005D Purchase was closed as of September 26, 2011. The Bank, as successor by merger to LaSalle Bank, N.A. is now the beneficial owner of the Series 2005D Bonds.

From and after September 22, 2011, The Clare conducted negotiations with the Bank and significant holders of the Series 2010 Bonds regarding a forbearance, and the release of trustee-held funds to fund The Clare's operations while an out-of-court restructuring and/or sale process could be pursued. Despite these efforts, on or about October 28, 2011, the holders indicated that they did not have the requisite consent to proceed with the negotiated path going forward. Consequently, The Clare immediately commenced preparing for a bankruptcy filing, including raising a priming DIP financing facility to fund the sale of the Retirement Community. Accordingly, the Debtor commenced the Chapter 11 Case in order to, among other things, (i) effectuate a sale of substantially all of its assets pursuant to Bankruptcy Code section 363, (ii) avoid further deterioration of the Debtor's business, (iii) maximize value for distributions to

creditors, and (iv) allow for the assumption and assignment of certain executory contracts and unexpired leases.

IV. ADMINISTRATION OF THE DEBTOR'S CHAPTER 11 CASE

A. *Bankruptcy Filing, First Day Motions, and Certain Related Relief.*

The Debtor commenced the Chapter 11 Case just prior to midnight Central Standard Time on November 14, 2011 (the "***Petition Date***") by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is considered a debtor in possession pursuant to Bankruptcy Code section 1107(a) and 1108.

After filing the chapter 11 petition, the Debtor filed various motions and other pleadings seeking entry of interim and/or final orders granting various relief. Following hearings on these motions and pleadings, the Bankruptcy Court entered orders, among other things:

i. extending the time to file the schedules of assets and liabilities and statement of financial affairs through December 16, 2011 (collectively, the "***Schedules***");

ii. authorizing the Debtor on an interim basis to use cash collateral and to incur postpetition secured indebtedness;

iii. authorizing the Debtor to retain Epiq Bankruptcy Solutions, LLC as claims and noticing agent in the Chapter 11 Case;

iv. authorizing the Debtor to maintain and use its existing bank accounts, business forms and cash management system;

v. prohibiting utilities from altering, refusing, or discontinuing service to the Debtor on account of prepetition invoices;

vi. authorizing the Debtor to pay certain prepetition taxes and fees; and

vii. authorizing the Debtor to pay certain prepetition obligations owing on account of wages, compensation and employee benefits.

B. *Retention and Employment of Professionals.*

During the Chapter 11 Case, the Debtor sought and obtained authority to retain and employ the following Professionals to assist in the administration of the Debtor's Chapter 11 Case: (i) DLA Piper LLP (US), as bankruptcy counsel to the Debtor; (ii) Houlihan Lokey Capital, Inc. ("***Houlihan***"), as investment banker and financial advisor to the Debtor; and (iii) Deloitte Financial Advisory Services LLC ("***Deloitte FAS***"), as restructuring advisor to the Debtor.

C. ***Resident Deposit Escrow Motion.***

During the Chapter 11 Case, the Debtor sought and obtained authority to (i) maintain in escrow all RDs that were escrowed as of the Petition Date; (ii) during the pendency of the Chapter 11 Case, deposit all RDs received postpetition into escrow; and (iii) under certain circumstances, refund escrowed RDs. Upon the occurrence of either (a) the disposition of all or substantially all of the assets of the Debtor or (ii) consummation of a plan of reorganization (each, a "***Trigger Event***"), escrowed RDs will be disbursed pursuant to further order of the Bankruptcy Court. Upon a closure of The Clare (a "***Closure Event***"), the RDs in the escrow account will be returned to respective residents without further order of the Bankruptcy Court. During the pendency of the Chapter 11 Case, prospective residents are entitled to refunds of their respective RDs, to the extent deposited in the escrow account during the pendency of the Chapter 11 Case, if the prospective resident elects not to move into The Clare prior to a Trigger Event or a Closure Event.

D. ***Appointment of Creditors' Committee.***

On December 1, 2011, the United States Trustee for the Northern District of Illinois appointed a seven-member statutory committee of unsecured creditors to represent the interests of unsecured creditors of the Debtor pursuant to section 1102(a)(1) of the Bankruptcy Code (the "***Creditors' Committee***"). The following entities and individuals were appointed to the Creditors' Committee: (i) City of Chicago, (ii) Sodexo America, LLC, (iii) The Estate of Dolores Graff, (iv) Richard H. Harris, (v) Beatrice Lehman, (vi) Betty Bergstrom and (vii) William J. McDermott.

The Creditors' Committee sought and obtained authority to retain and employ the following Professionals to assist the Creditors' Committee during the course of the Debtor's Chapter 11 Case: (i) SNR Denton LLP (US), as counsel to the Creditors' Committee; and (ii) FTI Consulting, Inc. as financial advisor to the Creditors' Committee.

E. ***Schedules and Statements.***

On December 16, 2011, the Debtor filed its Schedules and on January 12, 2012 the Debtor filed its amended Schedules.

F. ***Postpetition Debtor in Possession Financing Facility.***

Prior to the Petition Date, the Debtor negotiated a debtor in possession financing facility with Redwood Capital Investments, LLC (the "***DIP Lender***") pursuant to which the DIP Lender agreed to provide postpetition financing to the Debtor in the form of term loans in the aggregate principal amount of up to $12 million at any one time outstanding. On November 16, 2011, the Debtor and the DIP Lender executed that certain Senior Secured Super-Priority Debtor in Possession Loan Agreement (the "***DIP Agreement***").

On November 17, 2011 the Bankruptcy Court entered an order approving the DIP Agreement on an interim basis (the "***Interim DIP Order***"), and authorizing the Debtor to borrow up to $2.5 million thereunder. On December 21, 2011 the Bankruptcy Court entered a final order approving the DIP Agreement and authorizing the Debtor to borrow up to $12 million

thereunder (the "***Final DIP Order***"). The Final DIP Order approving the DIP Agreement incorporated changes requested by various parties, including the Creditors' Committee.

The proceeds of the DIP Agreement are being used by the Debtor for the purpose of funding its costs and expenses associated with the Chapter 11 Case and to provide for the Debtor's postpetition operating expenses and working capital needs during the Chapter 11 Case, all in accordance with an approved budget.

All obligations of the Debtor under the DIP Agreement are secured by (i) a first-priority priming lien and security interest on all assets of the Debtor that are subject to existing liens (the "***Existing Collateral***"), (ii) first-priority blanket liens and security interests on all other assets of the Debtor that are not subject to existing liens, and (iii) super-priority administrative expense claims against the Debtor's estate.

The liens and super-priority claims granted to the DIP Lender are subject and subordinate only to (x) the rights of residents to the RDs pursuant to any agreement or order requiring the Debtor to escrow or segregate any RDs for the benefit of residents, and (y) the Carve Out (as defined below).

RDs, as defined in the DIP Agreement, mean all resident entrance fees and deposits pursuant to the residency and care agreements (or other applicable agreements) for the Retirement Community received by the Debtor after the Petition Date, the resident entrance fees and deposits in (a) the approximate amount of seven hundred and thirty thousand dollars ($730,000.00) as of the closing date of the DIP Agreement held in a separate account (including any separate escrow account) at JPMorgan Chase Bank, N.A. and (b) the approximate amount of one hundred and five thousand dollars ($105,000.00) as of the closing date of the DIP Agreement held in a separate account (including any separate escrow account) at the Bank.

The "Carve Out" means (x) all accrued and unpaid fees that arise pursuant to 28 U.S.C. § 1930, plus (y) the payment of allowed and unpaid fees of Professionals retained in the Chapter 11 Case (other than ordinary course professionals), in an amount not to exceed two hundred fifty thousand dollars ($250,000), that are incurred after the delivery of a written notice of the occurrence of one or more events of default under the DIP Agreement, plus (z) any allowed accrued but unpaid fees and expenses owed to Professionals retained in the Chapter 11 Case (regardless of when allowed), to the extent consistent with the approved budget, that were accrued on or before the date of delivery by the DIP Lender to the Debtor of a written notice of the occurrence of one or more events of default under the DIP Agreement. The DIP Lender is not granted any liens on any account held or controlled by the Master Bond Trustee pursuant to the terms of the documents governing The Clare Bonds.

No portion of the Carve-Out, any cash collateral or proceeds of the DIP Agreement may be used for the payment of the fees and expenses of any person incurred challenging, or in relation to the challenge of, the DIP Lender's liens or in any way that is materially adverse to the DIP Lender's rights under the DIP Agreement.

The DIP Agreement contains certain milestones that must be achieved to avoid the termination of Debtor's ability to borrow thereunder. These milestones require the Debtor to,

among other things, either (x) (i) file a plan of reorganization not later than February 15, 2012; (ii) obtain entry of an order approving this Disclosure Statement not later than March 21, 2012; (iii) obtain entry of the Confirmation Order not later than April 27, 2012; and (iv) satisfy each condition to the Plan's Effective Date not later than May 11, 2012; or (y) (i) file a motion for approval of bidding procedures for the Asset Sale not later than February 15, 2012; (ii) obtain entry of an order approving bidding procedures for the Asset Sale not later than March 21, 2012, (iii) obtain entry of an order approving the Asset Sale not later than April 30, 2012, and (iv) consummate the Asset Sale not later than May 11, 2012.

G. *Stipulation for Use of Cash Collateral.*

Prior to the Petition Date, the Debtor engaged in negotiations with the Master Bond Trustee and the Bank regarding the Debtor's post-petition financing needs as all of the Debtor's deposit accounts, cash and cash proceeds are encumbered by security interests in favor of the Bond Trustee, and, as such, constitute "cash collateral" (as such term is defined in Bankruptcy Code section 363(a), "***Cash Collateral***") of the Master Bond Trustee. In order to reach a consensual agreement with such parties, the Debtor agreed to adequate protection comprised of, among other things, an agreement by the Debtor to reserve and not use cash on hand as of the Petition Date (estimated in the aggregate amount of $100,000), the granting of replacement liens on post-petition collateral subject to senior liens of the DIP Lender, and payment of the reasonable professional fees and expenses incurred by the Master Bond Trustee, the Bank and the holders of Fixed Rate Bonds and Variable Rate Bonds.

On November 17, 2011 the Bankruptcy Court entered an interim order authorizing the use of Cash Collateral and providing the above-mentioned adequate protection (the "***Interim Cash Collateral Order***"). On December 29, 2011 the Bankruptcy Court entered an order authorizing the use of Cash Collateral and providing adequate protection on a final basis (the "***Final Cash Collateral Order***"). Pursuant to the Final Cash Collateral Order, the Debtor is authorized to use the Master Bond Trustee's Cash Collateral during the Chapter 11 Case in accordance with an approved budget and subject to the achievement of the same milestones contained under the DIP Agreement, discussed above. As adequate protection, the Master Bond Trustee was granted replacement liens on all of the Debtor's assets senior to certain prepetition secured liens and junior to the liens granted to the DIP Lender.

V. SALE PROCESS

A. *The Marketing Process.*

On October 20, 2011, the Debtor retained Houlihan to, among other things, assist it in identifying a buyer or investor for the Debtor's business. After consultation with the Debtor's representatives to identify the most likely candidates to purchase or invest in the Debtor's business, Houlihan began contacting potential buyers or investors and, to date, has contacted approximately one-hundred and one (101) parties. Of those contacted, forty-five (47) signed confidentiality agreements and received additional information from Houlihan about the Debtor's business.

On November 23, 2011, Houlihan delivered an information memorandum (the "***Information Memorandum***") to all parties who had signed a confidentiality agreement. The Information Memorandum consisted of detailed information regarding the Debtor's assets; overview of financial results; an overview of the continuing care retirement community industry; and assessments of the Debtor's business. Additionally, all parties were given access to an online data room managed by Houlihan. As additional parties have signed confidentiality agreements since November 23, 2011, they have received a copy of the Information Memorandum and data room access.

The deadline for interested parties to submit non-binding expressions of interest was December 15, 2011. Non-binding expressions of interest were required to, among other things, include a proposed purchase price, form of bid, breakdown of consideration, proof of financial wherewithal to consummate a transaction and proof of ability to satisfy any conditions to assignment of the Lease. The Debtor received six (6) non-binding expressions of interest from parties potentially interested in acquiring the Debtor's business (the "***Interested Parties***").

Based upon the non-binding expressions of interest received by Houlihan, the Debtor, with the assistance of Houlihan, conducted management presentations and facility tours with four (4) of the Interested Parties in early January 2012. Moreover, the Debtor's management team and Houlihan responded to numerous information and diligence requests from the Interested Parties regarding the Debtor's operations and financial performance.

B. *Bidding Procedures Order.*

The Debtor intends to file the Bidding Procedures Motion seeking entry of an order (i) approving the bidding procedures for the sale of substantially all of the Debtor's Assets; (ii) authorizing, but not requiring, entry into a stalking horse agreement and approving a break-up fee; and (iii) approving procedures related to the assumption and assignment of certain executory contracts and leases. The Debtor anticipates that the Bidding Procedures Order, among other things, will (i) approve the Debtor's bidding procedures, and (ii) schedule the Auction for substantially all of the Debtor's Assets. In the event that the Debtor enters into a stalking horse agreement, the Debtor would file notice with the Bankruptcy Court of any such agreement and provide a copy of such agreement to any potential bidder upon request. Although there is currently no stalking horse agreement in place, the Debtor believes that entry into a stalking horse agreement will likely provide a substantial benefit to the estate by maximizing value in any sale of the Assets. Specifically, a stalking horse bidder will establish a minimum bid for the Auction as well as all other terms and conditions with respect to such bid for the Assets. Accordingly, it is anticipated that the Bidding Procedures Motion will request approval for the Debtor in its discretion to enter into a stalking horse agreement if the Debtor desires to do so, subject to higher or better bids at the Auction, or in the alternative to proceed with the Auction without first having entered into a stalking horse agreement.

C. *Modification of Residency Agreements.*

The refund structure contained in the existing Residency Agreements has been identified as a concern by Interested Parties that appear to be serious about participating in an Auction for the Assets. Currently, a resident who leaves The Clare is placed on a waiting list to receive a

refund of his or her RD. The list is populated in chronological order of when a departing resident leaves the community. Subsequently, residents on such list receive a refund of their respective RD in order once a sufficient amount of new RDs have been received for *any* residence at The Clare.

In order to improve the viability of The Clare going forward, a modification to the outstanding Residency Agreements with respect to the refund of RDs is appropriate and such modified Residency Agreements shall be used for new sales going forward. As such, both the current Residency Agreements and any new Residency Agreements that are executed need to be modified to the market normal refund structure which provides an RD refund is to be paid upon the re-occupancy and payment in full of a new RD for the *specific residence* that was vacated.

After careful consideration, the Debtor and its professionals believe that the prudent decision would be to require that current residents agree to modify their Residency Agreements pursuant to the Plan. The proposed modification will provide for a one hundred percent (100%) RD refund to be paid upon the sale and re-occupancy of each resident's particular residence, assuring the current residents that the full amount of their RD will be honored.

D. *Confirmation Order and APA.*[2]

The Debtor seeks approval of the APA and the Plan Transactions contemplated by the Plan pursuant to the Confirmation Order. Entry of the Confirmation Order would authorize consummation of the transactions under the APA including, among other things, the following:

i. Purchaser's payment to the Debtor of the Sale Proceeds inclusive of the Good-Faith Deposit.

ii. Each Residency Agreement, and all obligations thereunder, would be assumed by the Debtor and assigned to the Purchaser, subject to certain modifications agreed to by the applicable resident.

iii. The Lease, and all obligations thereunder, would be assumed by the Debtor and Assigned to the Purchaser.

VI. THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

[2] This summary of the Confirmation Order and APA will be qualified in its entirety by the Confirmation Order and APA. In the event of any discrepancy between this summary and those documents, the terms of the APA and Confirmation Order will control.

A. ***TREATMENT OF ADMINISTRATIVE CLAIMS, COMPENSATION AND REIMBURSEMENT CLAIMS, PRIORITY TAX CLAIMS, TRUSTEE FEES AND DIP CLAIMS***

i. ***Administrative Expense Claims.***

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees with the Debtor or the Plan Administrator to a different treatment or has been paid by the Debtor prior to the Effective Date from the Sale Proceeds or otherwise, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable, (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due, (c) at such time and upon such terms as may be agreed upon by such Holder and the Debtor or the Plan Administrator, as the case may be, or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court; ***provided, however***, that Administrative Expense Claims and Assumed Liabilities (as defined in the APA) that have been assumed by the Purchaser pursuant to the APA shall not be an obligation of the Debtor; ***provided further*** that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor in possession, or liabilities arising under obligations incurred by the Debtor, as debtor in possession, in accordance with the Wind-Down Budget and to the extent such obligations have not been assumed by the Purchaser, shall be paid by the Debtor or the Plan Administrator, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

The Holder of an Administrative Expense Claim, other than (i) a Compensation and Reimbursement Claim, (ii) a liability incurred but not yet due and payable in the ordinary course of business by a Debtor until after the thirtieth (30th) day after the Effective Date, (iii) an Administrative Expense Claim that has been Allowed on or before the Effective Date, (iv) an expense or liability incurred in the ordinary course of business on or after the Effective Date, or (v) fees of the United States Trustee arising under 28 U.S.C. § 1930, must file with the Bankruptcy Court and serve on the Debtor, the Plan Administrator and the Office of the United States Trustee, a request for payment of such Administrative Expense Claim so as to be received on or before the Administrative Expense Claim Bar Date. Failure to file and serve such request for payment timely and properly shall result in the Administrative Expense Claim being forever barred and discharged.

ii. ***Compensation and Reimbursement Claims.***

All parties seeking payment of Compensation and Reimbursement Claims (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is forty-five (45) days after the Effective Date, (ii) shall be paid in full in such amounts as are allowed by the Bankruptcy Court (a) upon

the later of (i) the Effective Date, and (ii) the date upon which the order relating to any such Allowed Compensation and Reimbursement Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the Holder of such an Allowed Compensation and Reimbursement Claim and the Debtor or Plan Administrator, as the case may be. The Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course and without the need for Bankruptcy Court approval, subject to the requirement that invoices evidencing the amount sought will be distributed to those parties set forth in the Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Dkt. No. 187) and payment shall be governed by such order, except for the provisions related to the 35% holdback, which shall not be applicable.

iii. ***Priority Tax Claims.***

In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in Section 2 of the Plan. Allowed Priority Tax Claims, including but not limited to, any delinquent amounts and costs, if any, relating to Purchased Assets, shall be paid by the Debtor, except to the extent that such Priority Tax Claims have been assumed by the Purchaser pursuant to the APA. Unless otherwise agreed by the Holders of the Allowed Priority Tax Claims, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Administrator in its sole discretion and in full satisfaction of such Claim: (a) payment in Cash in full on the later of the Effective Date or the date such Claim becomes an Allowed Claim; or (b) Cash over a period not exceeding five (5) years after date of assessment of such Claim, with interest at a rate equal to the applicable statutory rate, payable monthly, in periodic payments, having the value of such Claim as of the Effective Date. The Debtor estimates that there will be approximately $[ ] in Priority Tax Claims.

iv. ***Trustee Fees.***

Trustee Fees include all fees and charges assessed against the Debtor under chapter 1930 of title 28, United States Code. All Trustee Fees will be paid in full in Cash by the Debtor or Plan Administrator, as the case may be, as they become due and owing.

v. ***DIP Claims.***

Except to the extent that a Holder of an Allowed DIP Claim agrees to an alternative treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for each and every Allowed DIP Claim, each such Allowed DIP Claim shall, in the discretion of the Debtor, (i) be paid in full in Cash on the Effective Date or as soon as practicable thereafter or (ii) receive such other treatment as agreed upon between the Debtor and the Holder of such DIP Claim.

B. ***Treatment of Claims and Interests Under the Plan.***

i. ***Classification and Specification of Treatment of Claims.***

All Claims, except those described in Section 2 of the Plan, are placed in the following Classes of Claims, pursuant to Bankruptcy Code section 1123(a)(1), which section specifies the

treatment of such Classes of Claims and of their impaired or unimpaired status, pursuant to Bankruptcy Code sections 1123(a)(2) and 1123(a)(3). A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of the Class and is classified in a different Class to the extent that the Claim qualifies within the description of that different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived or otherwise satisfied under the Plan. Unless the Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of the Plan (including its distribution provisions), classified Claims shall receive the treatment set forth below. The Plan will not provide any Distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in the Plan, the Plan will not provide any Distributions on account of a Claim, the payment of which has been assumed by a third party, including the Purchaser.

ii. ***Classes of Claims.***

Class	Claim	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Secured Tax Claims	Unimpaired	Deemed to Accept
3	Variable Rate Bondholder Claims	Impaired	Entitled to Vote
4	Fixed Rate Bondholder Claims	Impaired	Entitled to Vote
5	Other Secured Claims	Unimpaired	Deemed to Accept
6	Resident Claims	Impaired	Entitled to Vote
7	General Unsecured Claims	Impaired	Entitled to Vote
8	Subordinated 510(b) Claims	Impaired	Deemed to Reject
9	Interests	Impaired	Deemed to Reject

(a) ***Class 1 – Other Priority Claims.***

This Class consists of all Allowed Other Priority Claims that are specified as having priority in Bankruptcy Code section 507(a), if any such Claims still exist as of the Effective Date. Each Allowed Claim in this Class shall be in a separate subclass. Unless otherwise agreed by the Holder of any Claim in this Class, each Allowed Claim under Bankruptcy Code section 507(a), which has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Other Priority Claim, will receive (i) deferred Cash payments of a value, as of the Effective Date, equal to the Holder's Allowed Other Priority Claim or (ii) payment in Cash in full on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Debtor or the Plan Administrator, as applicable; and (b) the date on which there is a Final Order allowing such Claim. The Debtor estimates that the Allowed Class 1 Claims will be $[ ] on the Effective Date.

Class 1 is an unimpaired Class, and Holders of Class 1 Claims are not entitled to vote.

(b) ***Class 2 – Secured Tax Claims.***

On the Effective Date or as soon thereafter as is reasonably practicable, and only to the extent that any such Allowed Secured Tax Claim has not been paid in full prior to the Effective Date from the Sale Proceeds or otherwise, each Holder of an Allowed Secured Tax Claim shall receive, at the option of the Debtor or the Plan Administrator, (i) the proceeds of the sale or disposition of the collateral securing such Allowed Secured Tax Claim to the extent of the value of the Holder's secured interest in the Allowed Secured Tax Claim, (ii) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder of such Allowed Secured Tax Claim is entitled, or (iii) such other Distribution as necessary to satisfy the requirements of the Bankruptcy Code. In the event the Debtor or the Plan Administrator treat a Claim under clause (i) of this Section, the Liens securing such Allowed Secured Tax Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person. The Debtor and the Plan Administrator specifically reserve the right to challenge the validity, nature, and perfection of, and to avoid pursuant to the provisions of the Bankruptcy Code and other applicable law, any purported Liens relating to the Secured Tax Claims.

Class 2 is an unimpaired Class, and Holders of Class 2 Claims are not entitled to vote.

(c) ***Class 3 – Variable Rate Bondholder Claims.***

This Class consists of all Variable Rate Bondholder Claims, which shall be Allowed on the Effective Date in the aggregate amount of $137,605,136. Unless otherwise agreed by the Master Bond Trustee, the Master Bond Trustee shall be entitled to receive, for the benefit of all Holders of Variable Rate Bonds, its Pro Rata Share (calculated based on the aggregate principal amount of Fixed Rate Bonds and Variable Rate Bonds outstanding as of the Effective Date) of the Sale Proceeds and the proceeds of the sale of any other Assets securing the Variable Rate Bondholder Claims, less all amounts required for payment of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, Other Priority Claims Allowed as of the Effective Date, Secured Tax Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expenses Reserve Amount and all other expenses in amounts provided in the Wind-Down Budget in accordance with the Plan. As of the Effective Date, the Master Bond Trustee shall be deemed to have applied all cash and cash equivalents held by the Master Bond Trustee and the applicable series trustee in respect of the Variable Rate Bonds shall be deemed to have applied all cash and cash equivalents held by such series trustee, in each case to reduce the aggregate amount of Allowed Variable Rate Bondholder Claims and Allowed Fixed Rate Bondholder Claims and the Master Bond Trustee and such series trustee, as applicable, shall be authorized to apply those funds in accordance with the applicable Bond Documents. Any portion of the Variable Rate Bondholder Claims not indefeasibly satisfied in full in Cash by the foregoing distributions shall be an Allowed Unsecured Deficiency Claim.

Class 3 is an impaired Class, and Holders of Allowed Class 3 Claims who are the beneficial holders of such Class 3 Claims are entitled to vote.

(d) ***Class 4 – Fixed Rate Bondholder Claims.***

This Class consists of all Fixed Rate Bondholder Claims, which shall be Allowed on the Effective Date in the aggregate amount of $95,199,024. Unless otherwise agreed by the Master Bond Trustee, the Master Bond Trustee shall be entitled to receive, for the benefit of all Holders of Fixed Rate Bonds, its Pro Rata Share (calculated based on the aggregate principal amount of Fixed Rate Bonds and Variable Rate Bonds outstanding as of the Effective Date) of the Sale Proceeds and the proceeds of the sale of any other Assets securing the Fixed Rate Bondholder Claims, less all amounts required for payment of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, Other Priority Claims Allowed as of the Effective Date, Secured Tax Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expenses Reserve Amount and all other expenses in amounts provided in the Wind-Down Budget in accordance with the Plan. As of the Effective Date, the Master Bond Trustee shall be deemed to have applied all cash and cash equivalents held by the Master Bond Trustee and the applicable series trustee in respect of the Fixed Rate Bonds shall be deemed to have applied all cash and cash equivalents held by such series trustee, in each case to reduce the aggregate amount of Allowed Variable Rate Bondholder Claims and Allowed Fixed Rate Bondholder Claims and the Master Bond Trustee and such series trustee, as applicable, shall be authorized to apply those funds in accordance with the applicable Bond Documents. Any portion of the Fixed Rate Bondholder Claims not indefeasibly satisfied in full in Cash by the foregoing distributions shall be an Allowed Unsecured Deficiency Claim.

Class 4 is an impaired Class, and Holders of Allowed Class 4 Claims who are the beneficial holders of such Class 4 Claims are entitled to vote.

(e) ***Class 5 – Other Secured Claims.***

This Class consists of all Secured Claims other than DIP Claims, Variable Rate Bondholder Claims and Fixed Rate Bondholder Claims. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, at the option of either the Debtor or the Plan Administrator, each Allowed Other Secured Claim shall receive (a) payment of such Allowed Other Secured Claim in full in Cash; (b) any and all collateral securing such Allowed Other Secured Claim; or (c) reinstatement of such Allowed Other Secured Claim with the legal, equitable and contractual rights to which the Holder of such Claim is entitled otherwise rendered unaltered in accordance with section 1124 of the Bankruptcy Code. The Debtor estimates that the Allowed Class 5 Claims will be $0 on the Effective Date.

Class 5 is an unimpaired Class, and Holders of Class 5 Claims are not entitled to vote.

(f) ***Class 6 – Resident Claims.***

This Class consists of all Resident Claims. Except to the extent that a Holder of an Allowed Resident Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Resident Claim, each Holder of a Resident Claim shall have its Residency Agreement assumed by the Debtor and assigned to the Purchaser pursuant to the APA, subject to a modification of the refund structure contained therein to a structure customary in the Debtor's industry, to the extent requested by Purchaser and approved by such Resident.

Class 6 is an impaired Class, and Holders of Class 6 Claims are entitled to vote.

(g) ***Class 7 – General Unsecured Claims.***

This Class consists of all Allowed General Unsecured Claims, including, without limitation, Allowed General Unsecured Claims arising from the rejection of executory contracts and unexpired leases and any Unsecured Deficiency Claims. Unless otherwise agreed by the Holder of any Allowed Claim in this Class, each Holder of an Allowed General Unsecured Claim shall be entitled to receive Cash equal to such Holder's Pro Rata Share of any funds available after payment in full of Compensation and Reimbursement Claims Allowed as of the Effective Date, Priority Tax Claims Allowed as of the Effective Date, Trustee Fee Claims Allowed as of the Effective Date, DIP Claims Allowed as of the Effective Date, the Administrative and Priority Claims Reserve Amount, the Plan Expense Reserve Amount and all expenses in amounts provided in the Wind-Down Budget, and Allowed Claims in Classes 1 through 6 (other than a Claim constituting an Unsecured Deficiency Claim). Distributions to each Holder of an Allowed General Unsecured Claim shall be made on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Plan Administrator; and (b) the date on which there is a Final Order allowing such Claim. The Debtor estimates that the Allowed Class 7 Claims will be approximately $[ ] on the Effective Date.

Class 7 is an impaired Class, and Holders of Allowed Class 7 Claims are entitled to vote.

(h) ***Class 8 – Subordinated 510(b) Claims.***

Each Holder of a Subordinated 510(b) Claim will not receive any Distribution on account of such Subordinated 510(b) Claim, and each such Holder of a Subordinated 510(b) Claim shall not receive or retain an Interest in the Debtor, the Estate, or other property or Interests of the Debtor or Plan Administrator on account of such Subordinated 510(b) Claim.

Class 8 is an impaired Class, and Holders of Class 8 Claims are not entitled to vote.

(i) ***Class 9 – Interests.***

Each Holder of an Interest in Debtor will not receive any Distribution on account of such Interest. Each such Interest shall not receive or retain an Interest in the Debtor, the Estate, or other property or interests of the Debtor on account of such Interests.

Class 9 is an impaired Class, and Holders of Class 9 Claims are not entitled to vote.

iii. ***Acceptance or Rejection of the Plan.***

(a) ***Acceptance by an Impaired Class.***

In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

(b) ***Presumed Acceptance of the Plan.***

Classes 1, 2 and 5 are unimpaired under the Plan and are, therefore, conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(c) ***Presumed Rejection of the Plan.***

Classes 8 and 9 are not entitled to receive or retain any property under the Plan and are, therefore, conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

(d) ***Voting Class.***

Classes 3, 4, 6 and 7 are impaired under the Plan, and Holders of Variable Rate Bondholder Claims, Fixed Rate Bondholder Claims, Resident Claims and General Unsecured Claims as of the Voting Record Date are entitled to vote to accept or reject the Plan.

C. ***Means For Implementation of Plan.***

i. ***Implementation.***

The Plan will be implemented by the Plan Administrator in a manner consistent with the terms and conditions set forth in the Plan and the Confirmation Order.

ii. ***Funding for the Plan.***

The Plan will be funded from the proceeds of the Asset Sale, including, but not limited to, Sale Proceeds, and all other remaining assets of the Debtor.

iii. ***Asset Sale.***

In accordance with the Bidding Procedures Order, the Debtor shall conduct the Auction until the Debtor identifies the highest and best offer for the purchase of the Purchased Assets. Immediately prior to the conclusion of the Auction, the Debtor shall: (a) review each Qualified Bid made at the Auction, on the basis of financial and contractual terms and such factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale; (b) determine the Successful Bidder; and (c) notify Qualified Bidders at the Auction, prior

to its conclusion, of the name of the Successful Bidder. After determining the Successful Bidder, the Debtor shall determine, in its reasonable business judgment, which Qualified Bid is the next best bid (the "***Next Best Bid***"). If the Successful Bidder does not close the Asset Sale by the date agreed to by the Debtor and the Successful Bidder, then the Debtor shall close with the party that submitted the Next Best Bid (the "***Next Best Bidder***"), without a further court order. The party that submits the Next Best Bid shall close the Asset Sale with the Debtor pursuant to the APA to the extent the Successful Bid fails to close.

iv. ***Corporate Action.***

(a) ***Dissolution of the Debtor.***

On the Effective Date and upon the Debtor, the Plan Administrator or the Disbursing Agent making the Effective Date Distributions, the Debtor shall have no further duties or responsibilities in connection with implementation of the Plan, the members of the board of directors or managers of the Debtor shall be deemed to have resigned, and the Debtor shall be deemed dissolved for all purposes without the necessity for any other or further action to be taken by or on behalf of the Debtor.

(b) ***Cancelation of Existing Liens and Agreements.***

On the Effective Date, all agreements and other documents evidencing (i) any Claim or rights of any Holder of a Claim against the Debtor, including any Bond Documents evidencing such Claims, or (ii) any Interest in the Debtor, shall be canceled. The Holders of, or parties to, such canceled agreements and documents shall have no rights arising from or relating to such agreements and documents or the cancelation thereof, except any rights provided pursuant to the Plan.

(c) ***Plan Transactions.***

On the Effective Date or as soon thereafter as is reasonably practicable, the Debtor and the Plan Administrator may take any and all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan (the "***Plan Transactions***"), including, but not limited to, (i) the execution and delivery of appropriate agreements or other documents of financing, merger, consolidation, restructuring, conversion, disposition, transfer, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, (ii) the execution and delivery of any appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt, duty or obligation on terms consistent with the Plan, (iii) the filing of appropriate documents with the appropriate governmental authorities pursuant to applicable law, and (iv) any and all other actions that the Debtor or Plan Administrator determine are necessary or appropriate.

(d) ***Effectuating Documents and Further Transactions.***

Upon entry of the Confirmation Order, the Debtor and the Plan Administrator shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, consents, certificates, resolutions, programs, and other agreements and/or documents, and take such acts

and actions as may be reasonable, necessary, or appropriate to effectuate, implement, consummate, and/or further evidence the terms and conditions of the Plan and any transactions described in or contemplated by the Plan. The Debtor or Plan Administrator, as applicable, and all Holders of Claims or Interests receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents, and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

(e) ***Authority to Act.***

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the officers, directors, partners, managers, members, or other owners of the Debtor shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as applicable) pursuant to the law of the State of Illinois, without any further vote, consent, approval, authorization, or other action by such officers, directors, partners, managers, members, or other owners of the Debtor or notice to, order of, or hearing before, the Bankruptcy Court.

(f) ***Plan Administrator.***

1. ***Appointment of the Plan Administrator.***

The Confirmation Order shall provide for the appointment of the Plan Administrator. The Plan Administrator shall be responsible for the liquidation of the Debtor's remaining Assets, administration of the Plan and the wind-down of the Debtor and its Estate post-Effective Date. The Debtor shall file a notice of appointment of the Plan Administrator and the Plan Administrator's hourly rate on or before the Confirmation Hearing. The Plan Administrator shall be a third-party non-affiliate of the Debtor with sufficient expertise and experience liquidating a Chapter 11 case. The compensation of the Plan Administrator shall be at the Plan Administrator's customary hourly rate. The Plan Administrator shall be deemed the Estate's representative in accordance with Bankruptcy Code section 1123 and shall have all powers, authority and responsibilities specified in the Plan, including, without limitation, the powers of a trustee under Bankruptcy Code sections 704 and 1106.

2. ***Powers and Duties of the Plan Administrator.***

The Plan Administrator will act for the Debtor in a fiduciary capacity as applicable to a board of directors and shall be responsible for the liquidation of the Debtor's remaining Assets, administration of the Plan and wind-down of the Debtor and its Estate post-Effective Date, subject to the provisions of the Plan. The powers and duties of the Plan Administrator shall include:

i. the power to invest Cash in accordance with Bankruptcy Code section 345, and withdraw and make distributions of Cash to Holders of Allowed Claims and pay taxes and other obligations owed by the Debtor or incurred by the Plan Administrator in connection with the wind-down of the Estate, from Available Cash in accordance with the Plan;

ii. the power to engage attorneys, consultants, agents, employees and all professional persons, to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;

iii. the authority to pay the fees and expenses of the attorneys, consultants, agents, employees and professional persons engaged by the Plan Administrator and to pay all other expenses for winding down the affairs of the Debtor in accordance with the Wind-Down Budget;

iv. the power to dispose of, and deliver title to others of, or otherwise realize the maximum value of all the remaining Assets;

v. the power to object to, compromise (subject to the approval of the Bankruptcy Court) and settle (subject to the approval of the Bankruptcy Court) Claims;

vi. the authority to act on behalf of the Debtor in all adversary proceedings and contested matters (including, without limitation, any Avoidance and Other Actions), then pending or that can be commenced in the Bankruptcy Court and in all actions and proceedings pending or commenced elsewhere, and to settle (subject to the approval of the Bankruptcy Court), retain, dispute or enforce any claim and otherwise pursue actions involving Assets of the Debtor that could arise or be asserted at any time under the Bankruptcy Code, unless otherwise waived or relinquished in the Plan;

vii. the power to implement and/or enforce all provisions of the Plan; and

viii. such other powers as may be vested in or assumed by the Plan Administrator pursuant to the Plan or Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan.

3. ***Employment of Professionals.***

The Plan Administrator is authorized, without further order of the Bankruptcy Court, to employ such Persons, including Professionals, as the Plan Administrator may deem necessary to enable it to perform its functions hereunder. Such Persons shall be compensated and reimbursed for their reasonable and necessary fees and out-of-pocket expenses on a monthly basis from the Debtor's Estate in accordance with the Wind-Down Budget without further notice, hearing or approval of the Bankruptcy Court.

4. ***Avoidance and Other Actions.***

On and after the Effective Date, the Plan Administrator shall have the exclusive right to commence and to continue the prosecution of all Avoidance and Other Actions. Except as otherwise set forth in the Plan, all Avoidance and Other Actions shall survive confirmation and the commencement and/or prosecution of Avoidance and Other Actions shall not be barred or limited by any estoppel, whether judicial, equitable or otherwise.

5. ***Plan Expenses.***

The Plan Administrator may, in the ordinary course of business and without the necessity for any application to, or approval of, the Bankruptcy Court, pay any accrued but unpaid Plan Expenses. All Plan Expenses shall be charged against and paid from the Debtor's Estate in accordance with the Wind-Down Budget.

6. ***Resignation, Death or Removal of the Plan Administrator.***

The Plan Administrator may resign at any time upon not less than thirty (30) days' written notice to the Debtor. The Plan Administrator may be removed at any time for cause upon application to the Court on five (5) days' written notice to the Plan Administrator. In the event of resignation, removal, death or incapacity of the Plan Administrator and thereupon the successor Plan Administrator, without further act, shall become fully vested with all of the rights, powers, duties and obligations of his or her predecessor. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors.

7. ***No Agency Relationship.***

The Plan Administrator shall not be deemed to be the agent of any of the Holders of Claims in connection with the funds held or distributed pursuant to the Plan. The Plan Administrator shall not be liable for any mistake of fact or law or error in judgment or any act or omission of any kind unless it constitutes gross negligence or willful misconduct or breach of fiduciary duty on the part of the Plan Administrator. The Plan Administrator shall be indemnified and held harmless, including the cost of defending such claims and attorneys' fees in seeking indemnification, by the Estate against any and all claims arising out of his duties under the Plan, except to the extent his actions constituted gross negligence or willful misconduct or breach of fiduciary duty. The Plan Administrator may conclusively rely, and shall be fully protected personally in acting upon any statement, instrument, opinion, report, notice, request, consent, order, or other instrument or document which he believes to be genuine and to have been signed or presented by the proper party or parties. The Plan Administrator may rely upon information previously generated by the Debtor and such additional information provided to him by former employees of the Debtor.

8. ***Plan Administrator's Bond.***

The Plan Administrator shall obtain a bond in an amount equal to 110% of available Cash.

(g) ***Administrative and Priority Claims Reserve.***

On the Effective Date, the Plan Administrator shall establish the Administrative and Priority Claims Reserve with the Administrative and Priority Claims Reserve Amount, funded from the Sale Proceeds, which funds shall vest with the Plan Administrator free and clear of all liens, Claims, encumbrances, charges and other interests. Funds in the Administrative and Priority Claims Reserve shall be used by the Plan Administrator only for the payment of Administrative Expense Claims Allowed after the Effective Date, Compensation and Reimbursement Claims Allowed after the Effective Date, Priority Tax Claims Allowed after the Effective Date, Trustee Fee Claims Allowed after the Effective Date, DIP Claims Allowed after the Effective Date, Other Priority Claims Allowed after the Effective Date, Secured Tax Claims Allowed after the Effective Date and Other Secured Claims Allowed after the Effective Date, to the extent that the foregoing Claims have not been paid in full on or prior to the Effective Date. To the extent any funds remain in the Administrative and Priority Claims Reserve after all of the foregoing Claims have been paid or otherwise satisfied in full, together with any excess funds allocated under the Wind-down Budget and determined by the Plan Administrator not to be required, such funds shall be distributed by the Plan Administrator to the following Classes in the following order of priority in accordance with the Plan:

1. Class 3 and Class 4 on a pro rata basis until such Allowed Variable Rate Bondholder Claims and Allowed Fixed Rate Bondholder Claims (in each case, other than Unsecured Deficiency Claims) are paid in full; and then

2. Class 7 until such Allowed General Unsecured Claims are paid in full.

D. ***Distributions.***

i. ***Distribution Record Date.***

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtor, or its agents, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Claims or Interests. The Debtor or the Plan Administrator shall have no obligation to recognize any ownership transfer of the Claims or Interests occurring on or after the Distribution Record Date. The Debtor, the Plan Administrator, or any party responsible for making Distributions shall be entitled to recognize and deal for all purposes hereunder only with those record Holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

ii. ***Date of Distributions.***

Except as otherwise provided in the Plan, any Distributions and deliveries to be made thereunder with respect to Claims that are Allowed as of the Effective Date shall be made on the Effective Date or as soon thereafter as is reasonably practicable. Except as otherwise provided in the Plan, any Distributions and deliveries to be made thereunder with respect to Claims that are Allowed after the Effective Date shall be made as soon as is reasonably practicable after the date

on which such Claim becomes Allowed. Distributions made after the Effective Date to Holders of Allowed Claims shall be deemed to have been made on the Effective Date and, except as otherwise provided in the Plan, no interest shall accrue or be payable with respect to such Claims or any distribution related thereto. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

iii. ***Postpetition Interest on Claims.***

Postpetition interest shall not accrue or be paid on any Claims against the Debtor other than a DIP Claim, and no Holder of any such Claim against the Debtor shall be entitled to payment or Distributions on account of interest accruing on or after the Petition Date.

iv. ***Disbursing Agent.***

All Distributions hereunder shall be made by the Debtor, the Plan Administrator or their named successor or assign, as Disbursing Agent, on or after the Effective Date or as otherwise provided herein. For the avoidance of doubt, the Debtor, or such other entity designated by the Debtor, shall act as Disbursing Agent with respect to all Effective Date Distributions. A Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and, in the event that a Disbursing Agent is so ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Disbursing Agent.

v. ***Powers of Disbursing Agent.***

The Disbursing Agent may (i) effect all actions and execute all agreements, instruments, and other documents necessary to carry out the provisions of the Plan, (ii) make all Distributions contemplated thereby, and (iii) perform such other duties as may be required of the Disbursing Agent pursuant to the Plan.

vi. ***Surrender Instruments.***

Pursuant to Bankruptcy Code section 1143, as a condition precedent to receiving any Distribution under the Plan, each Holder of a certificated instrument or note must surrender such instrument or note held by it to the Disbursing Agent or its designee. Any Holder of such instrument or note that fails to (i) surrender the instrument or note or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Disbursing Agent and furnish a bond in form, substance, and amount reasonably satisfactory to the Disbursing Agent before the third anniversary of the Confirmation Date shall be deemed to have forfeited all rights and claims and may not participate in any Distribution under the Plan.

vii. ***Delivery of Distributions.***

Subject to applicable Bankruptcy Rules, all Distributions to Holders of Allowed Claims shall be made to the Disbursing Agent who shall transmit such Distributions to the applicable

Holders of Allowed Claims or their designees. If any Distribution to a Holder of an Allowed Claim is returned as undeliverable, the Disbursing Agent shall have no obligation to determine the correct current address of such Holder, and no Distribution to such Holder shall be made unless and until the Disbursing Agent is notified by the Holder of the current address of such Holder within ninety (90) days of such Distribution, at which time a Distribution shall be made to such Holder without interest; provided that such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of ninety (90) days from the Distribution. After such date, all unclaimed property or interest in property shall revert to the Plan Administrator to be distributed in accordance with the terms of the Plan, and the Claim of any other Holder to such property or interest in property shall be discharged and forever barred.

viii. ***Manner of Payment.***

Any Distributions to be made by or on behalf of the Debtor pursuant to the Plan shall be made by checks drawn on accounts maintained by the Debtor or the Plan Administrator, as applicable, or by wire transfer if circumstances justify, at the option of the Debtor or the Plan Administrator, as applicable.

ix. ***Setoffs.***

The Debtor and the Plan Administrator, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable bankruptcy or nonbankruptcy law, with the approval of the Bankruptcy Court, or as may be agreed to by the Holder of a Claim or Interest, may, but shall not be required to, set off against any Allowed Claim or Interest and the Distributions to be made pursuant to the Plan on account of such Allowed Claim or Interest (before any Distribution is to be made on account of such Allowed Claim or Interest), any Claims of any nature whatsoever that the Debtor may have against the Holder of such Allowed Claim or Interest, ***provided***, ***however***, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest hereunder shall constitute a waiver or release by the Debtor or the Plan Administrator of any such claim the Debtor may have against the Holder of such Claim or Interest.

x. ***Minimum Distributions.***

No payment of Cash in an amount of less than $50.00 shall be required to be made on account of any Allowed Claim. Such undistributed amount may instead be used in accordance with the Plan. If the Cash available for the final Distribution is less than $25,000, and the Plan Administrator, in his or her sole discretion, determines that it would cost more than $10,000 to distribute such funds, the Plan Administrator may donate such funds to the charity of his or her choice.

xi. ***Allocation of Distributions Between Principal and Interest.***

To the extent that any Allowed Claim entitled to a Distribution under the Plan includes both principal and accrued but unpaid interest, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

xii. ***Distributions Free and Clear.***

Except as otherwise provided in the Plan, any Distribution or transfer made under the Plan, including, without limitation, Distributions to any Holder of an Allowed Claim, shall be free and clear of any Liens, Claims, encumbrances, charges and other interests, and no other entity shall have any interest, whether legal, beneficial or otherwise, in property distributed or transferred pursuant to the Plan.

E. ***Procedures for Disputed Claims.***

i. ***Allowance of Claims and Interests.***

Except as expressly provided in the Plan, or in any order entered in the Chapter 11 Case prior to the Effective Date, including the Confirmation Order, no Claim or Interest shall be deemed Allowed unless and until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Case allowing such Claim or Interest. Prior to and following the Effective Date, the Plan Administrator shall be vested with any and all rights and defenses the Debtor had with respect to any Claim or Interest immediately prior to the Effective Date.

ii. ***Objections to Claims.***

The Debtor and the Plan Administrator shall be entitled to file objections to all Claims and Interests that are otherwise not deemed Allowed Claims or Interests under the Plan or otherwise. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court.

iii. ***Estimation of Claims.***

Before or after the Effective Date, the Debtor or the Plan Administrator may (but are not required to) at any time request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Contingent Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Plan Administrator may pursue supplementary proceedings to object to the allowance of such Claim.

iv. ***Distributions Relating to Disputed Claims.***

At such time as a Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall distribute to the Holder of such Claim, such Holder's Pro Rata Share of the property distributable with respect to the Class in which such Claim belongs. To the extent that all or a portion of a

Disputed Claim is disallowed, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim that is disallowed and any property withheld pending the resolution of such Claim shall be reallocated *pro rata* to the Holders of Allowed Claims in the same Class.

v. ***Distributions after Allowance.***

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the Distribution to which such Holder is entitled under the Plan.

vi. ***Preservations of Rights to Settle Claims.***

Except as otherwise expressly provided in the Plan, including in Section 9.8 of the Plan (Releases), nothing contained in the Plan, the Plan Documents or in the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or causes of action that the Debtor may have or which the Plan Administrator may choose to assert on behalf of the Debtor's Estate under any provision of the Bankruptcy Code or any applicable nonbankruptcy law or rule, common law, equitable principle or other source of right or obligation, including, without limitation, (i) any and all Claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Debtor, its officers, directors, or representatives, and (ii) the turnover of all property of the Debtor's Estate. This section shall not apply to any claims released, waived, relinquished, exculpated, compromised, or settled under the Plan or pursuant to a Final Order, expressly including the Confirmation Order. Except as expressly provided in the Plan, nothing contained in the Plan, the Plan Documents or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any claim, cause of action, right of setoff, or other legal or equitable defense. No Entity may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any Cause of Action against it as any indication that the Debtor or the Plan Administrator, as applicable, will not pursue any and all available causes of action against them. The Debtor and the Plan Administrator expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

vii. ***Disallowed Claims.***

All Claims held by Persons or Entities against whom or which the Debtor has commenced a proceeding asserting a Cause of Action under sections 542, 543, 544, 545, 547, 548, 549 and/or 550 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 548, 549 or 724(a) of the Bankruptcy Code shall be deemed disallowed Claims pursuant to section 502(d) of the Bankruptcy Code and Holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims deemed disallowed pursuant to this section shall continue to be disallowed for all purposes until the Avoidance and Other Action against such party has been settled or resolved by Final Order and any sums due to the Debtor or the Plan Administrator from such party have been paid.

F. ***Executory Contracts and Unexpired Leases.***

i. ***General Treatment.***

All executory contracts and unexpired leases to which the Debtor is a party are rejected as of the Effective Date except for an executory contract or unexpired lease that (i) previously has been assumed pursuant to Final Order of the Bankruptcy Court, (ii) is specifically designated as an executory contract or unexpired lease to be assumed in the Plan or in the APA, including, without limitation, all Transferred Contracts (as defined in the APA), or (iii) is the subject of a separate assumption motion filed by the Debtor under section 365 of the Bankruptcy Code prior to the Effective Date; ***provided***, ***however*** that pursuant to the Plan (i) each Residency Agreement, and all obligations thereunder, will be either modified and assumed by the Debtor and assigned to the Purchaser in accordance with the APA or rejected by the Debtor, and (ii) the Lease will be assumed by the Debtor and assigned to the Purchaser in accordance with the APA.

Assumption of any executory contract or unexpired lease pursuant to the Plan, the APA or otherwise shall result in the full, final, and complete release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults or provisions restricting the change in control of ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the Effective Date of assumption. Any Claim listed in the Schedules and any Proofs of Claim filed with respect to any executory contract or unexpired lease that has been assumed prior to the Effective Date shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

ii. ***Rejection Damages Claims.***

In the event that the rejection of an executory contract or unexpired lease by the Debtor pursuant to the Plan or the APA results in a Rejection Damages Claim in favor of a counterparty to such executory contract or unexpired lease, such Rejection Damages Claim, if not theretofore evidenced by a timely and properly filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtor or the Plan Administrator, or their respective properties or interests in property as agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor and the Plan Administrator on or before the date that is thirty (30) days after the Effective Date or such later rejection date that occurs as a result of a dispute concerning amounts necessary to cure any defaults. All Allowed Rejection Damages Claims shall be treated as General Unsecured Claims pursuant to the terms of the Plan.

iii. ***Reservation of Rights.***

Neither the exclusion nor inclusion of any contract or lease in the Plan nor anything contained in the Plan, shall constitute an admission by the Debtor that such contract or lease is in fact an executory contract or unexpired lease or that the Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or Plan Administrator, as applicable, shall have thirty

(30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

G. ***Conditions Precedent to Effective Date.***

i. ***Conditions Precedent.***

The occurrence of the Effective Date of the Plan is subject to the following conditions precedent:

a. the Confirmation Order in form and substance satisfactory to the Debtor shall have been entered by the Bankruptcy Court and shall be a Final Order;

b. Closing of the Asset Sale shall have occurred;

c. all actions, documents, and agreements necessary to implement the Plan, including, without limitation, all actions, documents, and agreements necessary to implement any Plan Transactions, shall have been effected or executed;

d. the Debtor shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions, or documents necessary to implement the Plan and any Plan Transactions and that are required by law, regulation, or order;

e. the absence of any pending or threatened government action or any law that has the effect of or actually does prevent consummation of any Plan Transactions; and

f. there shall have been no modification or stay of the Confirmation Order or entry of other court order prohibiting transactions contemplated by the Plan from being consummated.

ii. ***Waiver of Conditions.***

Unless otherwise specifically provided in the Plan, the conditions set forth in Section 8.1 of the Plan may be waived in whole or in part by the Debtor without notice to any other parties in interest or the Bankruptcy Court and without a hearing.

iii. ***Effect of Failure of Conditions.***

If the conditions precedent specified in Section 8.1 of the Plan have not been satisfied or waived by the Debtor within one hundred twenty (120) days after the Confirmation Date, which period may be extended by the Debtor, then (i) the Confirmation Order shall be vacated, (ii) no

Distributions under the Plan shall be made, (iii) the Debtor and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iv) all of the Debtor's obligations with respect to Claims and Interests shall remain unchanged and nothing contained therein shall be deemed to constitute a waiver or release of any Claims or Interests by or against the Debtor or any other Entity or to prejudice in any manner the rights of the Debtor or any other Entity in any further proceedings involving the Debtor or otherwise.

H. ***Effect of Confirmation.***

i. ***Vesting of Assets.***

On the Effective Date, except as otherwise provided in this Plan, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, any and all remaining Assets of the Debtor (other than the Purchased Assets) shall vest in the Plan Administrator, subject to the rights and interests of the parties under the Plan.

ii. ***Binding Effect.***

On the Effective Date, and effective as of the Effective Date, the Plan shall be binding upon the Debtor, the Bond Trustee, the Creditors' Committee, and all present and former Holders of Claims against and Interests in the Debtor and its respective Related Persons, regardless of whether any such Holder of a Claim or Interest has voted or failed to vote to accept or reject the Plan and regardless of whether any such Holder of a Claim or Interest is entitled to receive any Distribution under the Plan.

iii. ***Discharge of Claims and Termination of Interests.***

To the fullest extent provided under section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the Distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, as of the Effective Date, of all Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Estate, the Debtor, or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the Holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

iv. ***Compromise and Settlement of Claims, Interests, and Controversies.***

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders of Claims and Interests and is fair, equitable, and reasonable. After the Effective Date, the Plan Administrator, on behalf of the Debtor, may, and shall have the exclusive right to, compromise and settle any Claims and any Causes of Action against any other Person or Entity without notice to or approval from the Bankruptcy Court, including, without limitation, any and all derivative actions pending or otherwise existing against the Debtor as of the Effective Date.

v. ***Injunction.***

Except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Bankruptcy Court, all Persons and Entities who have held, hold or may hold Claims against or Interests in the Debtor, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor on account of any such Claim or Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Interest, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor or the Plan Administrator on account of any such Claim or Interest, and (e) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims and Causes of Action which are retained pursuant to the Plan. Such *injunction shall extend to successors of the Debtor, including, without limitation, the Plan* Administrator and its properties and interests in property.

vi. ***Term of Injunctions or Stays.***

Except as otherwise provided in the Plan, to the extent permitted by applicable law and subject to the Bankruptcy Court's post-confirmation jurisdiction to modify the injunctions and stays under the Plan, (a) all injunctions with respect to or stays against an action against property of the Debtor's Estate arising under or entered during the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, and in existence on the Confirmation Date, shall remain in full force and effect until such property is no longer property of the Debtor's Estate, and (b) all other injunctions and stays arising under or entered during the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code shall remain in full force and effect until the earliest of (i) the date

that the Chapter 11 Case is closed pursuant to a Final Order of the Bankruptcy Court or (ii) the date that the Chapter 11 Case is dismissed pursuant to a Final Order of the Bankruptcy Court.

vii. ***Injunction Against Interference with Plan.***

Upon the Bankruptcy Court's entry of the Confirmation Order, all Holders of Claims and Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the Debtor's, the Plan Administrator's and their respective affiliates, employees, advisors, officers and directors, agents, and other Related Persons implementation or consummation of the Plan.

viii. ***Debtor Releases.***

ON THE EFFECTIVE DATE, THE DEBTOR SHALL RELEASE AND BE PERMANENTLY ENJOINED FROM ANY PROSECUTION OR ATTEMPTED PROSECUTION OF ANY AND ALL CLAIMS AND CAUSES OF ACTION, INCLUDING ANY AVOIDANCE AND OTHER ACTIONS, WHICH IT HAS OR MAY HAVE AGAINST ANY OF THE RELEASED PARTIES, AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES, REPRESENTATIVES, AND OTHER RELATED PERSONS, AND THEIR RESPECTIVE PROPERTY IN CONNECTION WITH (I) THE PLAN, THE APA, THE DIP AGREEMENT, THE BOND DOCUMENTS AND ANY AGREEMENT RELATING TO ANY OF THE FOREGOING, AND (II) ANY ACTIONS TAKEN IN THE CHAPTER 11 CASE.

ADDITIONALLY, ON THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR IN THE PLAN CONFIRMATION ORDER, THE RELEASED PARTIES, AND ALL OF THEIR RESPECTIVE MEMBERS, OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, EMPLOYEES, PARTNERS, AFFILIATES, REPRESENTATIVES, AND OTHER RELATED PERSONS AND THEIR RESPECTIVE PROPERTY SHALL BE RELEASED FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, AVOIDANCE AND OTHER ACTIONS AND LIABILITIES WHICH THE DEBTOR OR THE PLAN ADMINISTRATOR MAY BE ENTITLED TO ASSERT, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR THEREAFTER ARISING, BASED IN WHOLE OR IN PART UPON ANY, ACT OR OMISSION, TRANSACTION, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE, INCLUDING, BUT NOT LIMITED TO, THE NEGOTIATION, SOLICITATION, CONFIRMATION AND CONSUMMATION OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING SHALL RELEASE ANY PERSON FROM ANY CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, OR LIABILITIES BASED UPON ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE CHAPTER 11 CASE, THE

SOLICITATION OF ACCEPTANCES OF THE PLAN, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, THE ADMINISTRATION OF THE PLAN, OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN ARISING OUT OF SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

ix. ***Releases by Holders of Claims and Interests.***

EACH HOLDER OF A CLAIM (WHETHER OR NOT ALLOWED) AGAINST, OR INTEREST IN, THE DEBTOR, AND EACH PERSON OR ENTITY PARTICIPATING IN EXCHANGES AND DISTRIBUTIONS UNDER OR PURSUANT TO THE PLAN, FOR ITSELF AND ITS RESPECTIVE SUCCESSORS, ASSIGNS, TRANSFEREES, CURRENT AND FORMER OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, IN EACH CASE IN THEIR CAPACITY AS SUCH, SHALL BE DEEMED TO HAVE RELEASED ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES AND ALL OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, ADVISORS, PROFESSIONALS, AGENTS, OR OTHER RELATED PERSONS ARISING PRIOR TO THE EFFECTIVE DATE.

ADDITIONALLY, ON THE EFFECTIVE DATE, IN CONSIDERATION FOR THE OBLIGATIONS OF THE DEBTOR AND THE PLAN ADMINISTRATOR UNDER THE PLAN AND THE DISTRIBUTIONS TO BE DELIVERED IN CONNECTION WITH THE PLAN, ALL HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR SHALL BE PERMANENTLY ENJOINED FROM BRINGING ANY ACTION AGAINST THE RELEASED PARTIES AND ALL OF THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, OTHER PROFESSIONALS, EMPLOYEES, PARTNERS, MEMBERS, SUBSIDIARIES, MANAGERS, AFFILIATES AND REPRESENTATIVES SERVING IN SUCH CAPACITY AS OF THE CONFIRMATION DATE, AND THEIR RESPECTIVE PROPERTY, IN RESPECT OF ANY CLAIMS, OBLIGATIONS, RIGHTS, CAUSES OF ACTION, DEMANDS, SUITS, PROCEEDINGS, AND LIABILITIES RELATED IN ANY WAY TO THE DEBTOR, THE CHAPTER 11 CASE, THE PLAN OR THE DISCLOSURE STATEMENT; PROVIDED, HOWEVER, NOTHING IN THE PLAN OR THIS DISCLOSURE STATEMENT SHALL BE CONSTRUED TO RELEASE OR EXCULPATE ANY PERSON OR ENTITY FROM FRAUD, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, CRIMINAL CONDUCT, UNAUTHORIZED USE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES OR FOR PERSONAL ULTRA VIRES ACTS.

x. ***Exculpation.***

None of the Released Parties, nor any of their respective members, officers, directors, employees, advisors, professionals, attorneys, agents, or other Related Persons or any of their successors and assigns, shall have or incur any liability to any Holder of a Claim or Interest, or other party in interest, or any of their respective members, officers, directors, employees, advisors, professionals, attorneys, agents, or other Related Persons or any of their successors and assigns, for any act or omission in connection with, related to, or arising out of, this Chapter 11

Case, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, including without limitation, the negotiation and solicitation of the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtor, the Plan Administrator, and each of their respective members, officers, directors, employees, advisors, professionals, attorneys, agents, and other Related Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

xi. ***Release of Liens.***

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged.

xii. ***Dissolution of Creditors' Committee.***

On the Effective Date, the Creditors' Committee shall have no further powers or duties and shall be dissolved for all purposes.

xiii. ***Retention of Causes of Action/Reservation of Rights.***

Except as otherwise expressly provided in the Plan (including in Section 9.8 thereof), nothing contained in the Plan or in the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtor may have or may choose to assert on behalf of the Debtor's Estate under any provision of the Bankruptcy Code or any applicable nonbankruptcy law or rule, common law, equitable principle or other source of right or obligation, including, without limitation, (i) any and all Claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Debtor or its officers, directors, or representatives, and (ii) the turnover of all property of the Debtor's Estate.

Except as otherwise expressly provided in the Plan, nothing contained therein or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense. No Entity may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any Cause of Action against it as any indication that the Debtor will not pursue any and all available Causes of Action against them. The Debtor expressly reserves all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

xiv. ***Solicitation.***

As of and subject to the occurrence of the Confirmation Date: (i) the Debtor shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation, and (ii) the Debtor and its directors, officers, employees, their affiliates, agents, and advisors shall be deemed to

have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the Plan Transactions and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan.

xv. ***Cancellation of Bond Documents.***

On the Effective Date, except to the extent otherwise expressly provided herein, all notes, interests, instruments, certificates, and other documents evidencing the Bond Documents shall be deemed automatically extinguished, cancelled and of no further force or effect, and the Debtor shall not have any continuing obligations thereunder. On the Effective Date, except to the extent otherwise expressly provided in the Plan, any indenture or other agreement relating to any of the foregoing shall be deemed automatically extinguished, cancelled and of no further force or effect, and the Debtor shall not have any continuing obligations thereunder; ***provided, that***, the Bond Documents shall continue in effect solely for purposes of allowing Holders of The Clare Bonds to receive any Distributions under the Plan.

I. ***Retention of Jurisdiction.***

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Case for, among other things, the following purposes:

i. to hear and determine motions and/or applications for the assumption or rejection of executory contracts or unexpired leases and the allowance, classification, priority, compromise, estimation, or payment of Claims resulting therefrom;

ii. to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

iii. to ensure that Distributions to Holders of Allowed Claims are accomplished as provided herein;

iv. to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

v. to enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

vi. to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

vii. to hear and determine any application to modify the Plan in accordance with applicable provisions of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

viii. to hear and determine all applications under sections 328, 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

ix. to hear and determine all requests for payment of Administrative Expense Claims;

x. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or under any agreement, instrument, or other document governing or relating to any of the foregoing;

xi. to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

xii. to hear any disputes arising out of, and to enforce any order approving alternative dispute resolution procedures to resolve, personal injury, employment litigation, and similar claims pursuant to section 105(a) of the Bankruptcy Code;

xiii. to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

xiv. to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code);

xv. to hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

xvi. to enter a final decree closing the Chapter 11 Case;

xvii. to recover all assets of the Debtor and property of the Debtor's Estate, wherever located; and

xviii. to hear and determine any rights, Claims, or Causes of Action held by or accruing to the Debtor pursuant to the Bankruptcy Code or any applicable federal statute or legal theory.

J. ***Miscellaneous Provisions.***

i. ***Payment of Statutory Fees.***

All fees payable pursuant to section 1930 of title 28 of the United States Code that are due and payable as of the Effective Date shall be paid by the Plan Administrator on the Effective Date or as soon thereafter as is reasonably practicable. All such fees that become due and payable after the Effective Date shall be paid by the Plan Administrator with funds from the Plan Expenses Reserve when such fees become due and payable.

ii. ***ii. Substantial Consummation.***

On the Effective Date, the Plan shall be deemed to be substantially consummated within the meaning set forth in section 1101 and pursuant to section 1127(b) of the Bankruptcy Code.

iii. ***Operations Between the Confirmation Date and the Closing of the Asset Sale.***

During the period from the Confirmation Date through and until the Closing of the Asset Sale, the Debtor shall continue to operate as debtor in possession, subject to the oversight of the Bankruptcy Court as provided in the Bankruptcy Code, the Bankruptcy Rules, and all orders of the Bankruptcy Court that are then in full force and effect.

iv. ***Exemption from Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any security under, in furtherance of, or in connection with, the Plan or (b) the assignment or surrender of any lease or sublease, or the delivery of any instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any deed, asset purchase agreement, bill of sale, assignment, mortgage, deed of trust or similar document executed in connection with any disposition of assets contemplated by the Plan (including real and personal property), shall not be subject to any stamp tax, real estate transfer tax, recording tax, sales tax, personal property tax, mortgage tax, use tax, or other similar tax, or any Uniform Commercial Code filing or recording fee or similar or other government assessment, and the appropriate state or local government officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment pursuant to section 1146(a) of the Bankruptcy Code.

v. ***Determination of Tax Liabilities.***

The Debtor or the Plan Administrator (as applicable) shall, pursuant to section 505(b) of the Bankruptcy Code, have the right to request an expedited determination of any unpaid liability of the Debtor's Estate for any tax incurred during the administration of the Chapter 11 Case. As

of the Effective Date, the Plan Administrator will be responsible for preparing and filing any tax forms or returns on behalf of the Debtor's Estate; ***provided, however***, that the Plan Administrator shall not be responsible for preparing or filing any tax forms for Holders of Interests in the Debtor (which Interests shall be canceled pursuant to the Plan), but shall provide such Holders with any information reasonably required to prepare such forms.

vi. ***Amendments.***

(a) ***Modifications to the Plan.***

The Plan may be amended, modified, or supplemented by the Debtor in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code. In addition, after the Confirmation Date, the Debtor or the Plan Administrator may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) ***Other Amendments.***

The Debtor may make appropriate technical adjustments and modifications to the Plan prior to the Effective Date without further order or approval of the Bankruptcy Court.

vii. ***Revocation or Withdrawal of the Plan.***

The Debtor reserves the right to revoke or withdraw the Plan prior to the Effective Date. Any such action may only be taken if it is in the exercise of the Debtor's fiduciary duty to its creditors. If the Debtor takes such action, the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed to be a waiver or release of any Claims by or against the Debtor or any other Person or to prejudice in any manner the rights of the Debtor or any Person in further proceedings involving the Debtor.

viii. ***Continuing Exclusivity of Debtor's Right to Propose Plan.***

The Debtor is currently operating within the exclusivity period under Bankruptcy Code section 1121. Accordingly, the Debtor retains, and the Debtor has, the exclusive right to amend or modify the Plan and to solicit acceptances of such amended or modified Plan.

ix. ***Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or

interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

x. ***Governing Law.***

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Illinois, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of the Plan and the Plan Transactions consummated or to be consummated in connection therewith.

xi. ***Time.***

Bankruptcy Rule 9006 shall apply to all computations of time periods prescribed or allowed by the Plan unless otherwise set forth therein or provided by the Bankruptcy Court.

xii. ***Binding Effect on Debtor, Holders and Successors and Assigns.***

Upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtor and any and all Holders of Claims and Interests (irrespective of whether any such Holders of Claims and Interests failed to vote to accept or reject the Plan, voted to accept or reject the Plan, or are deemed to accept or reject the Plan), all Persons or Entities that are parties to or are subject to any settlements, compromises, releases, exculpations, discharges, and injunctions described in the Plan, each Person or Entity acquiring or retaining property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired lease with the Debtor.

xiii. ***Entire Agreement.***

On the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

xiv. ***Section 1125(e) Good Faith Compliance.***

The Debtor and its Related Persons shall be deemed to have acted in good faith under section 1125(e) of the Bankruptcy Code.

xv. ***Effective Notice.***

All notices, requests, and demands to or upon the Debtor in the Chapter 11 Case shall be in writing and, unless otherwise provided herein, shall be deemed to have been duly given or made when actually delivered or, if by facsimile transmission, when received and telephonically confirmed to the below recipients:

The Clare at Water Tower c/o Franciscan Sisters of Chicago Service Corporation	DLA PIPER LLP (US) Attn: Matthew M. Murphy, Esq.

Attn: Judy Amiano and Ron Tinsley 1055 West 175th Street, Suite 202 Homewood, Illinois 60430 Telephone: (800) 524-6126 Facsimile: (708) 647-6982	203 North LaSalle Street Chicago, IL 60601 Telephone: (312) 368-4000 Facsimile: (312) 236-7516 with copies to: DLA PIPER LLP (US) Attn: Thomas R. Califano, Esq. George B. South III, Esq. 1251 Avenue of the Americas New York, New York 10020 Telephone: (212) 335-4500 Facsimile: (212) 335-4501

VII. RISKS AND CONSIDERATIONS

A. *Bankruptcy Considerations.*

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth in Section 8.1 of the Plan, and there can be no assurance that such conditions will be satisfied or waived. In the event the conditions precedent described in Section 8.1 of the Plan have not been satisfied or waived (to the extent possible) by the Debtor (as provided for in the Plan) within one hundred twenty (120) days after the Confirmation Date, which period may be extended by the Debtor, then the Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Debtor and all Holders of Claims and Interests will be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created nine (9) Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Plan provides for no Distribution to certain Classes as specified in Section 3 of the Plan. The Bankruptcy Code conclusively deems these Classes to have rejected the Plan. Pursuant to section 1129(a)(10) of the Bankruptcy Code, notwithstanding the fact that these

Classes are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if at least one impaired Class votes to accept the Plan (with such acceptance being determined without including the vote of any "insider" in such class). As to each impaired Class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to these Classes. The Debtor believes that the Plan satisfies these requirements.

B. *No Duty to Update Disclosures.*

The Debtor has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Debtor is required to do so pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

C. *Representations Outside this Disclosure Statement.*

This Disclosure Statement contains representations concerning or related to the Debtor and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims or Interests that are entitled to vote to accept or reject the Plan.

D. *No Admission.*

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Debtor or Holders of Claims and Interests.

E. *Tax and Other Related Considerations*.

The content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VIII. PLAN CONFIRMATION AND CONSUMMATION

A. *Confirmation Hearing.*

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan. Substantially contemporaneously herewith, the Debtor has requested, pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Confirmation Hearing. Notice of the Confirmation Hearing will be provided to all known Creditors, equity holders or their representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtor, the basis for the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, with a copy to the chambers of Judge Susan Pierson Sonderby, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Courtroom 642, Chicago, Illinois 60604, together with proof of service thereof, and served upon: (i) counsel to the Debtor, DLA Piper LLP (US), 1251 Avenue of the Americas, New York, NY 10020 (Attn: Thomas R. Califano, Esq. and George B. South III, Esq.); (ii) the Office of the United States Trustee for the Northern District of Illinois, 219 South Dearborn Street, Room 873, Chicago, IL 60604 (Attn: Gretchen Silver, Esq., Trial Attorney); (iii) counsel to the Committee, SNR Denton US LLP, 233 South Wacker Drive, Suite 7800, Chicago, IL 60606 (Attn: Sam Alberts, Esq. and Thomas A. Labuda, Esq.), (iv) counsel to the DIP Lender, Neal, Gerber & Eisenberg LLP, 2 North LaSalle Street, Suite 1700, Chicago, IL 60602 (Attn: Mark A. Berkoff, Esq.); (v) counsel to Wells Fargo Bank, N.A., the series trustee for the Debtor's Series 2010 secured bonds, McDermott Will & Emery LLP, 227 West Monroe Street, Chicago, IL 60606 (Attn: William P. Smith, Esq.); (vi) counsel to Bank of New York Mellon Trust Company, N.A., the Master Bond Trustee, Greenberg Traurig, LLP, 2200 Ross Avenue, Suite 5200, Dallas, TX 75201 (Attn: Clifton R. Jessup, Jr., Esq.); (viii) counsel to Bank of America, N.A., the letter of credit provider, Winston and Strawn LLP, 35 West Wacker Drive, Chicago, IL 60601 (Attn: Brian I. Swett, Esq.) and (ix) such other parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING WHETHER TO CONFIRM THE PLAN.

B. *Plan Confirmation Requirements Under the Bankruptcy Code.*

At the Confirmation Hearing, the Bankruptcy Court will consider the terms of the Plan and determine whether the Plan terms satisfy the requirements set out in section 1129 of the Bankruptcy Code. The Debtor believes that the Plan satisfies or will satisfy the following requirements of section 1129, certain of which are discussed in more detail below:

i. The Plan complies with the applicable provisions of the Bankruptcy Code.

ii. The Debtor, as proponent of the Plan, has complied with the applicable provisions of the Bankruptcy Code.

iii. The Plan has been proposed in good faith and not by any means forbidden by law.

iv. Any payment made or promised by the Debtor or by a Person acquiring property under the Plan for services or for costs and

expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made before the confirmation of the Plan is reasonable; or (ii) is subject to the approval of the Bankruptcy Court as reasonable, if such payment is to be fixed after confirmation of the Plan.

v. Each Holder of an Impaired Claim or Interest either has accepted the Plan or will receive or retain under the Plan, on account of such holder's Claim or Interest, property of a value as of the Effective Date that is not less than the amount such holder would receive or retain if the Debtor were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

vi. Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code, each Class of Claims or Interests either has accepted the Plan or is not an impaired Class under the Plan.

vii. Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Other Priority Claims will be paid in full as required by the Bankruptcy Code.

C. ***Plan Consummation.***

Upon confirmation of the Plan by the Bankruptcy Court, the Plan will be deemed consummated on the Effective Date. Distributions to Holders of Claims receiving a Distribution pursuant to the terms of the Plan will follow consummation of the Plan.

D. ***Best Interests of Creditors Test.***

The Bankruptcy Code requires that, with respect to an impaired class of claims or interests, each holder of an impaired claim or interest in such class either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the effective date.

The Debtor's costs of a chapter 7 liquidation would necessarily include fees payable to a trustee in bankruptcy, as well as fees likely to be payable to attorneys, advisors, and other professionals that such a chapter 7 trustee may engage to carry out its duties under the Bankruptcy Code. Other costs of liquidating the Debtor's Estate would include the expenses incurred during the Bankruptcy Case and allowed by the Bankruptcy Court in the chapter 7 case, such as reimbursable compensation for the Debtor's Professionals, including, but not limited to, attorneys, financial advisors and restructuring advisors.

The foregoing types of claims, costs, expenses and fees that may arise in a chapter 7 liquidation case would be paid in full before payments would be made towards pre-chapter 11 priority and unsecured claims. The Debtor believes that in a chapter 7 liquidation, Holders of Claims and Interests would receive no more than such Holders would receive under the Plan.

E. ***Liquidation Analysis.***

As noted above, the Debtor believes that under the proposed terms of the Plan all Holders of Impaired Claims and Interests will receive property with a value not less than the value such Holders would receive in a chapter 7 liquidation of the Debtor's Assets. The Debtor's belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to Holders of Impaired Claims and Interests, including (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, (b) the erosion in value of assets in a chapter 7 case in the context of the rapid liquidation required under chapter 7, (c) the substantial delay in Distributions to the Holders of Impaired Claims and Interests that would likely ensue in a chapter 7 liquidation, and (ii) the liquidation analysis (the "***Liquidation Analysis***") prepared by the Debtor's Professionals, which is attached hereto as **Exhibit 3**.

The Debtor believes that any liquidation analysis is speculative, as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtor. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtor's conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. This estimate is based solely upon the Debtor's review of its books and records and the Debtor's estimates as to additional Claims that may be filed in the Chapter 11 Case or that would arise in the event of a conversion of the case from chapter 11 to chapter 7. No order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtor has projected an amount of Allowed Claims that is at the lower end of a range of reasonableness such that, for purposes of the Liquidation Analysis, the largest possible liquidation dividend to Holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including any determination of the value of any Distribution to be made on account of Allowed Claims under the Plan.

The Liquidation Analysis is being provided solely to disclose to Holders of Claims the effects of a hypothetical chapter 7 liquidation of the Debtor, subject to the assumptions set forth therein.

F. ***Feasibility.***

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a debtor must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. Pursuant to the Plan, all of the Debtor's Assets that are not sold to the Purchaser under the APA will be distributed by the Plan Administrator in accordance with the Plan. Therefore, the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for any further reorganization.

G. ***Acceptance by Impaired Classes.***

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in Article VII.H below, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the effective date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (⅔) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Claims in Classes 1, 2 and 5 are not impaired under the Plan and, as a result, the Holders of such Claims are deemed to have accepted the Plan. Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

H. ***Section 1129(b).***

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm a plan even if a class of impaired claims or interests votes to reject the plan if the plan does not

unfairly discriminate and is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan.

i. ***No Unfair Discrimination.***

The "no unfair discrimination" test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

ii. ***Fair and Equitable.***

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than one hundred percent (100%) of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class ("***Dissenting Class***"), i.e., a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

(a) ***Class of Secured Claims.***

Each holder of an impaired secured claim either (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan of at least the allowed amount of such claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale, or (iii) receives the "indubitable equivalent" of its allowed secured claim.

(b) ***Class of Unsecured Creditors.***

Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the Dissenting Class will not receive any property under the plan.

(c) ***Class of Interests.***

Either (i) each interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan.

The Debtor believes the Plan does not "discriminate unfairly" and will satisfy the "fair and equitable" requirement notwithstanding that certain Classes of Claims are deemed to reject the Plan because no Class that is junior to such Class will receive or retain any property on account of the Claims and Interests in such Class and the Plan does not provide for unfair treatment with respect to Classes of Claims or Interests that are of equal priority.

IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes the Plan is in the best interests of Creditors and should accordingly be accepted and confirmed. If the Plan as proposed, however, is not confirmed, the following alternatives may be available to the Debtor: (i) a liquidation of the Debtor's assets pursuant to chapter 7 of the Bankruptcy Code; (ii) an alternative chapter 11 plan may be proposed and confirmed; or (iii) the Chapter 11 Case may be dismissed.

X. CERTAIN FEDERAL TAX CONSEQUENCES

This Disclosure Statement does not discuss any federal income tax consequences of the Plan to Creditors. Accordingly, Creditors should consult their own tax advisors regarding their ability to recognize a loss for tax purposes and any other tax consequences to them of the Plan.

DUE TO A LACK OF DEFINITIVE JUDICIAL OR ADMINISTRATIVE AUTHORITY AND INTERPRETATION, SUBSTANTIAL UNCERTAINTIES EXIST WITH RESPECT TO VARIOUS TAX CONSEQUENCES OF THE PLAN. FOR THE FOREGOING REASONS CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE AND LOCAL) OF THE PLAN.

XI. RECOMMENDATION AND CONCLUSION.

The Debtor believes the Plan is in the best interests of all Creditors and the Estate and urges the Holders of Impaired Claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their ballots.

[*Signature page to follow*]

Dated: February 15, 2012

Respectfully submitted,

The Clare at Water Tower

By: _____
Name: Judy Amiano
Title: President/CEO