UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re:	Chapter 11
TERRACE POINTE APARTMENTS I, LLC,	Case No. 8:10-bk-7946-KRM
TERRACE POINTE APARTMENTS II, LLC,	Case No. 8:10-bk-7947-KRM
TERRACE POINTE APARTMENTS III, LLC,	Case No. 8:10-bk-7949-KRM
Debtors. _____/	*(Jointly Administered Under Case No. 8:10-bk-7946)*

DEBTORS' DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

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Tampa, Florida
Dated: July 12, 2010

THIS DISCLOSURE STATEMENT (THE “DISCLOSURE STATEMENT”) MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE DATED AS OF JULY 12, 2010 (AS AMENDED FROM TIME TO TIME, THE “PLAN”), AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR SECURITIES LAWS OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTORS.

ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS THAT ARE ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE ENTIRE DISCLOSURE STATEMENT FURNISHED TO THEM AND THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT, PRIOR TO SUBMITTING A BALLOT PURSUANT TO THIS SOLICITATION. THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EACH CREDITOR AND HOLDER OF AN EQUITY INTEREST SHOULD READ, CONSIDER AND CAREFULLY ANALYZE THE TERMS AND PROVISIONS OF THE PLAN.

THE MANAGEMENT OF THE DEBTORS BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND HOLDERS OF EQUITY INTERESTS. ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE URGED TO VOTE IN FAVOR OF THE PLAN. VOTING INSTRUCTIONS ARE CONTAINED IN THE SECTION OF THIS DISCLOSURE STATEMENT TITLED "VOTING INSTRUCTIONS." TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED AND EXECUTED AND RECEIVED BY THE CLERK OF THE BANKRUPTCY COURT BY NO LATER THAN _____.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

NO PERSON IS AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR

REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS. SUCH ADDITIONAL REPRESENTATIONS SHOULD BE REPORTED TO BANKRUPTCY COUNSEL FOR THE DEBTORS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR ACTION AS MAY BE DEEMED APPROPRIATE. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. THIS DISCLOSURE STATEMENT IS DATED AS OF JULY 12, 2010, AND CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE ENCOURAGED TO REVIEW THE BANKRUPTCY DOCKET IN THE REORGANIZATION CASES IN ORDER TO APPRISE THEMSELVES OF EVENTS WHICH OCCUR BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE DATE OF THE CONFIRMATION HEARING.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, UNLESS OTHERWISE STATED, ALL STATEMENTS IN THIS DISCLOSURE STATEMENT AND IN THE ACCOMPANYING PLAN CONCERNING THE HISTORY OF THE DEBTORS' BUSINESSES, THE PAST OR PRESENT FINANCIAL CONDITION OF THE DEBTORS, TRANSACTIONS TO WHICH THE DEBTORS WERE OR ARE A PARTY, PROJECTIONS FOR THE DEBTORS' FUTURE OPERATIONS, OR THE EFFECT OF CONFIRMATION OF THE PLAN ON HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS ARE ATTRIBUTABLE EXCLUSIVELY TO THE DEBTORS AND NOT TO ANY OTHER PARTY. NEITHER THE DEBTORS NOR THE ATTORNEYS, ACCOUNTANTS, OR OTHER PROFESSIONALS RETAINED BY THE DEBTORS MAKES ANY REPRESENTATIONS CONCERNING SUCH INFORMATION.

THE DEBTORS HAVE ATTEMPTED TO PRESENT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT ACCURATELY AND FAIRLY. THE ASSUMPTIONS UNDERLYING THE ANTICIPATION OF FUTURE EVENTS CONTAINED IN THIS DISCLOSURE STATEMENT REPRESENT AN ESTIMATE BY THE DEBTORS, BUT BECAUSE THESE ARE ONLY ASSUMPTIONS OR PREDICTIONS OF FUTURE EVENTS (MOST OF WHICH ARE BEYOND THE DEBTORS' CONTROL), THERE CAN BE NO ASSURANCE THAT THE EVENTS WILL OCCUR.

IN THE EVENT THAT ANY IMPAIRED CLASS OF CLAIMS OR EQUITY INTERESTS VOTES TO REJECT THE PLAN, (1) THE DEBTORS MAY ALSO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN WITH RESPECT TO THAT CLASS UNDER THE BANKRUPTCY CODE'S "CRAMDOWN" PROVISIONS AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO SUCH REQUIREMENTS OR (2) THE PLAN MAY BE OTHERWISE MODIFIED OR WITHDRAWN.

THE REQUIREMENTS FOR CONFIRMATION, INCLUDING THE VOTE OF IMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS TO ACCEPT THE PLAN AND CERTAIN OF THE STATUTORY FINDINGS THAT MUST BE MADE BY THE BANKRUPTCY COURT, ARE SET FORTH IN THE SECTION OF THIS DISCLOSURE STATEMENT TITLED "VOTING ON AND CONFIRMATION OF THE PLAN."

INDEX TO EXHIBITS

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE

INTRODUCTION

Debtors, TERRACE POINTE APARTMENTS I, LLC ("**Terrace Pointe I**"), TERRACE POINTE APARTMENTS II, LLC ("**Terrace Pointe II**"), and TERRACE POINTE APARTMENTS III, LLC ("**Terrace Pointe III**"), have filed with the United States Bankruptcy Court for the Middle District of Florida, Tampa Division (the "Bankruptcy Court"), a Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code dated as of July 12, 2010 (as amended from time to time, the "Plan")[1]. The instant Disclosure Statement dated as of July 12, 2010 (the "Disclosure Statement"), is submitted pursuant to § 1125 of the Bankruptcy Code, 11 U.S.C. § 101, et. seq. (the "Bankruptcy Code"), in connection with the solicitation of votes on the Plan from Holders of Impaired Claims against, and Impaired Equity Interests in, the Debtors and the hearing on Confirmation of the Plan scheduled for _____ at _____.

This Disclosure Statement has been approved by the Bankruptcy Court in accordance with § 1125(b) of the Bankruptcy Code as containing information of a kind and in sufficient detail adequate to enable a hypothetical reasonable investor typical of Holders of Claims and Equity Interests in the relevant Voting Classes (as defined below) to make an informed judgment whether to accept or reject the Plan. Approval of this Disclosure Statement by the Bankruptcy Court and the transmittal of this Disclosure Statement does not, however, constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan and should not be interpreted as being a recommendation by the Bankruptcy Court either to accept or reject the Plan.

THE PLAN HAS BEEN APPROVED BY MANAGEMENT OF THE DEBTORS. IN THE OPINION OF THE DEBTORS, AS DESCRIBED BELOW, THE TREATMENT OF CLAIMS AND EQUITY INTERESTS 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 DEBTORS. ACCORDINGLY, THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND HOLDERS OF EQUITY INTERESTS AND RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

Accompanying this Disclosure Statement are copies of the following:

a. the Plan;

[1]Capitalized terms not otherwise defined herein shall have the meaning established in the Plan.

b. the Bankruptcy Court's Order _____ dated _____ (the "Disclosure Statement Approval Order");

c. in the case of Impaired Classes of Claims (collectively, the "Voting Classes"), a Ballot for acceptance or rejection of the Plan;

d. a Liquidation Analysis (included as Exhibit 1 to this Disclosure Statement);

e. a proforma projection for the Debtors' operations (included as Exhibit 2 to this Disclosure Statement)

PURPOSE OF THIS DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to provide the Holders of Claims and Equity Interests with adequate information to make an informed judgment about the Plan. This information includes, among other things, (a) the procedures for voting on the Plan, (b) a summary of the Plan and an explanation of how the Plan will function, including the means of implementing and funding the Plan (including projections for the Debtors, future operations), (c) general information about the history and businesses of the Debtors prior to the Petition Date, (d) the events leading to the filing of the Reorganization Cases, and (e) a brief summary of significant events which have occurred to date in the Reorganization Cases.

This Disclosure Statement contains important information about the Plan and considerations pertinent to a vote for or against the Confirmation of the Plan. All Holders of Claims and Equity Interests are encouraged to review carefully this Disclosure Statement.

Unless otherwise defined herein, all capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan. Any term used in the Plan or herein that is not defined in the Plan or herein and that is used in the Bankruptcy Code or the Bankruptcy Rules has the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be. If there is any conflict between the definitions contained in this Disclosure Statement and the definitions contained in the Plan, the definitions contained in the Plan shall control.

VOTING INSTRUCTIONS

Who May Vote

Only the Holders of Claims and Equity Interests which are deemed "Allowed" under the Bankruptcy Code and which are "Impaired" under the terms and provisions of the Plan are permitted to vote to accept or reject the Plan. For purposes of the Plan, only

the Holders of Allowed Claims and Allowed Equity Interests in the Voting Classes are Impaired under the Plan and thus may vote to accept or reject the Plan. ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO MEMBERS OF THE VOTING CLASSES.

How to Vote

Each Holder of a Claim or Equity Interest in a Voting Class should read the Disclosure Statement, together with the Plan and any exhibits hereto, in their entirety. After carefully reviewing the Plan and this Disclosure Statement and its exhibits, please complete the enclosed Ballot, including your vote with respect to the Plan, and return it as provided below. If you have an Impaired Claim in more than one Class, you should receive a separate Ballot for each such Claim. If you receive more than one Ballot you should assume that each Ballot is for a separate Impaired Claim and you should complete and return all of them.

If you are a member of a Voting Class and did not receive a Ballot, if your Ballot is damaged or lost, or if you have any questions concerning voting procedures, please call Michelle Clift at (813) 229-0144.

YOU SHOULD COMPLETE AND SIGN EACH ENCLOSED BALLOT AND RETURN IT TO THE ADDRESS FOR THE BANKRUPTCY COURT PROVIDED BELOW. IN ORDER TO BE COUNTED, BALLOTS MUST BE DULY COMPLETED AND EXECUTED AND RECEIVED BY THE CLERK OF THE BANKRUPTCY COURT BY NO LATER THAN SEVEN (7) DAYS BEFORE THE DATE OF THE CONFIRMATION HEARING.

All Ballots should be returned either by regular mail, hand delivery or overnight delivery to:

Office of the Clerk
Sam M. Gibbons United States Courthouse
801 North Florida Avenue - Suite 727
Tampa, Florida 33602

Acceptance of Plan and Vote Required for Class Acceptance

As the Holder of an Allowed Claim or an Allowed Equity Interest in the Voting Classes, your vote on the Plan is extremely important. In order for the Plan to be accepted and thereafter confirmed by the Bankruptcy Court without resorting to the "cram-down" provisions of the Bankruptcy Code as to other Classes of Allowed Claims and Allowed Equity Interests, votes representing at least two-thirds in dollar amount and more than one-half in number of Allowed Claims of each Impaired Class of Claims that are voted, and votes representing at least two-thirds in amount of Allowed Equity

Interests of each Impaired Class of Equity Interests that are voted, must be cast for the acceptance of the Plan. You may be contacted by the Debtors or their agent with regard to your vote on the Plan.

To meet the requirement for confirmation of the Plan under the "cram-down" provisions of the Bankruptcy Code with respect to any Impaired Class of Claims or Equity Interests which votes to reject, or is deemed to vote to reject, the Plan (a "Rejecting Class"), the Debtors would have to show that all Classes junior to the Class rejecting the Plan will not receive or retain any property under the Plan unless all Holders of Claims or Equity Interests in the Rejecting Class receive or retain under the Plan property having a value equal to the full amount of their Allowed Claims or Allowed Equity Interests. For a more complete description of the implementation of the "cram down" provisions of the Bankruptcy Code pursuant to the Plan, see "VOTING ON AND CONFIRMATION OF THE PLAN -- Confirmation Without Acceptance by All Impaired Classes."

Confirmation Hearing and Objections to Confirmation

The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for _____ at _____ (the "**Confirmation Hearing**"), at the United States Bankruptcy Court, Sam M. Gibbons United States Courthouse, 801 North Florida Avenue, Courtroom 8A, Tampa, Florida, which 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.

Any objection to Confirmation of the Plan must be filed and served in accordance with the Disclosure Statement Approval Order. Pursuant to the Disclosure Statement Approval Order, any such objection must be filed with the Bankruptcy Court and served on the Local Rule 1007-2 Parties in Interest List no later than seven (7) days before the date of the Confirmation Hearing.

SUMMARY OF THE PLAN

Introduction

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize and/or liquidate its business for the benefit of itself and its creditors and stockholders. The formulation of a plan is the principal objective of a Chapter 11 case. In general, a Chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under such plan, and (iii) contains other provisions necessary to the reorganization and/or liquidation of the debtor. Chapter 11 does not require each holder of a claim or equity interest to vote in favor of the plan in order for the Bankruptcy Court to confirm the plan. However, a plan must be accepted by the holders of at least one

impaired class of claims without considering the votes of "insiders" within the meaning of the Bankruptcy Code.

The summary of the Plan contained herein addresses only certain provisions of the Plan. As a summary, it is qualified in its entirety by reference to the Plan itself. Upon Confirmation and the Effective Date, the Plan shall bind the Debtors, all of the Debtors' Creditors and Holders of Equity Interests and other parties in interest except as expressly set forth in the Plan. TO THE EXTENT THAT THE TERMS OF THIS DISCLOSURE STATEMENT VARY OR CONFLICT WITH THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL CONTROL.

General Overview of the Plan Treatment of Claims and Equity Interests

Administrative Expense Claims

Except as otherwise provided below, each Holder of an Allowed Administrative Expense Claim shall be paid (a) on the Effective Date, an amount, in Cash equal to the Allowed Amount of its Administrative Expense Claim, in accordance with § 1129(a)(9)(A) of the Bankruptcy Code, or (b) under such other terms as may be agreed upon by both the Holder of such Allowed Administrative Expense Claim and the Debtors, or (c) as otherwise ordered by order of the Bankruptcy Court.

All fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code, 28 U.S.C. §§ 1911-1930, through the Effective Date shall be paid to the United States Trustee by the Reorganized Debtors by no later than thirty (30) days following the Effective Date. At the time of such payment, the Reorganized Debtors shall provide to the United States Trustee an appropriate affidavit indicating the disbursements for the relevant periods. Following the Effective Date, any such fees required pursuant to 28 U.S.C. § 1930(a)(6) arising or accruing from distributions made by the Reorganized Debtors or made under the Plan shall also be paid by the Reorganized Debtors. All such payments to the United States Trustee shall be in the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) based upon the applicable disbursements for the relevant post-confirmation periods and shall be made within the time period set forth in 28 U.S.C. § 1930(a)(6), until the earlier of (i) the closing of the Reorganization Case by the issuance of a Final Order by the Bankruptcy Court on the Final Decree Date, or (ii) the entry of an order by the Bankruptcy Court dismissing the Reorganization Case or converting the Bankruptcy Cases to another chapter under the Bankruptcy Code. The Reorganized Debtors shall provide to the United States Trustee at the time of each post-confirmation payment an appropriate affidavit indicating the disbursements for the relevant periods.

All Allowed Administrative Expense Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Bankruptcy Cases shall be paid by the Reorganized Debtors in the ordinary course of business in accordance with contract terms or as may be otherwise agreed upon by both the Holder of such Allowed Administrative Expense Claim and the Debtors or the Reorganized Debtors as the case may be.

Priority Tax Claims

Except as otherwise expressly provided in the Plan, each Holder of an Allowed Priority Tax Claim shall be paid by the Debtors or the Reorganized Debtors, as the case may be, deferred equal monthly Cash payments so as to be paid by February 18, 2015. Holders of Allowed Priority Tax Claims will receive interest on account of its Allowed Priority Tax Claims at the rate established for delinquent tax obligations pursuant to 26 U.S.C. § 6621 or applicable state law. Notwithstanding the above, each Holder of an Allowed Priority Tax Claim may be paid under such other terms as may be agreed upon by both the Holder of such Allowed Priority Tax Claim and the Debtors or the Reorganized Debtors, as the case may be.

Class 1: Priority Claims

Class 1 consists of all Priority Claims. Each Holder of an Allowed Priority Claim shall be paid (a) on the Effective Date, an amount, in Cash, by the Reorganized Debtors equal to the Allowed Amount of its Priority Claim, in accordance with § 1129(a)(9)(B) of the Bankruptcy Code, (b) as otherwise agreed to by the Debtors and the Holder of an Allowed Priority Claim, or (c) as otherwise ordered by a Final Order of the Bankruptcy Court. Class 1 is Unimpaired.

Class 2: Secured Claims of BOA

Class 2 consists of the Secured Claim of BOA. The Allowed Class 2 Secured Claim shall be in the amount fixed by the Valuation Order. BOA shall retain its Lien against the Project to secure its Allowed Class 2 Secured Claim. Interest shall accrue on the Allowed Class 2 Secured Claim at the rate of five and one-half percent (5½%). The Reorganized Debtor's operating budget shall include a mandatory replacement reserve escrow to be paid monthly going forward, which shall be deposited in a segregated account. Funds deposited in the replacement reserve escrow will available to the Reorganized Debtor for capital expenditures. BOA shall have a lien on amounts deposited in the replacement reserve escrow account. All adequate protection received by BOA following the Petition Date and before the Effective Date shall be applied to reduce the Allowed Class 2 Secured Claim of BOA. Class 2 is Impaired and each Holder of a Class 2 Claim is entitled to vote to accept or reject the Plan.

Class 3: Secured Claim of Secured Tax Claims

As of the Effective Date, the Holder of Allowed Class 3 Claims shall retain the Lien securing such Claims to the extent of the Allowed Amount of such Tax Lien Claim. The Holder of Allowed Tax Lien Claims shall receive equal monthly payments commencing on the Effective Date of the Plan which will result in the Allowed Tax Lien Claims to be paid on February 18, 2015. Interest shall accrue on the Tax Lien Claims at the rate established for delinquent tax obligations pursuant to 26 U.S.C. § 6621 or applicable state law. Notwithstanding the above, each Holder of an Allowed Tax Lien Claim may be paid under such other terms as may be agreed upon by the Holder of such Allowed Tax Lien Claim and the Debtors or the Reorganized Debtors, as the case may be. Holders of Class 3 Claims are Impaired under the Plan and are entitled to vote to accept or reject the Plan.

Class 4: General Unsecured Claims

Holders of Allowed General Unsecured Claims shall be paid fifteen percent (15%) of their Allowed Unsecured Claims, without interest. Such payments shall be made in three (3) equal installments on the first, second ,and third anniversary of the Effective Date of the Plan. Class 4 is Impaired and each Holder of a Class 4 Unsecured Claim shall be entitled to vote to accept or reject the Plan.

Class 5: Deficiency Claims

Class 5 consists of Deficiency Claims. Each Holder of an Allowed Deficiency Claim shall receive fifteen percent (15%) of their Allowed Deficiency Claim. Such distributions shall be made on the Maturity Date, without interest. Class 5 is Impaired and each Holder of a Deficiency Claim is entitled to vote to accept or reject the Plan.

Class 6: General Unsecured Claims of Affiliates

Class 6 shall be subordinated to Allowed Claims of Affiliates. Class 6 shall be limited to receiving distributions from excess proceeds on the Maturity Date. Class 6 is Impaired and each Holder of a Class 6 Unsecured Claim shall be entitled to vote to accept or reject the Plan.

Class 7: Equity Interests

Class 7 comprises all Equity Interests in the Debtors. All Class 7 Equity Interests shall remain in effect; however, each Holder of an Allowed Equity Interest shall receive no distribution on account of its Allowed Equity Interest until all other Allowed Claims have been paid in full. To the extent that the "cramdown" provisions of § 1129(b) are implicated, the Court shall establish auction procedures to satisfy the cramdown provisions of the Bankruptcy Code. Class 7 is Unimpaired and is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Summary of Plan Provisions

Rejection of Executory Contracts and Unexpired Leases

Any lessor or other party to an Assumed Contract asserting a Cure Claim in connection with the assumption of any unexpired lease or executory contract under Article 7.1, as contemplated by § 365(b) of the Bankruptcy Code, must file such Cure Claim with the Bankruptcy Court on or before the Cure Claim Submission Deadline asserting all alleged amounts accrued or alleged defaults through the Effective Date. Any lessor or other party to an Assumed Contract failing to submit a Cure Claim by the Cure Claim Submission Deadline shall be forever barred from asserting, collecting or seeking to collect any amounts or defaults relating thereto against the Debtors or the Reorganized Debtors. The Reorganized Debtors shall have thirty (30) days from the Effective Date to file an objection to any Cure Claim. Any disputed Cure Claims shall be resolved either consensually or by the Bankruptcy Court. Except as may otherwise be agreed to by the parties, within thirty (30) days after the Effective Date, the Reorganized Debtors shall cure any and all undisputed Cure Claims. All disputed Cure Claims shall be cured either within five (5) Business Days after the entry of a Final Order determining the amount, if any, of the Debtors' liability with respect thereto or as may otherwise be agreed to by the parties.

Any Claim for damages arising by reason of the rejection of any executory contract or unexpired lease must be filed with the Bankruptcy Court on the earlier of (1) thirty (30) days following the date of any order approving the rejection or (2) thirty (30) days following the Confirmation Date and served upon the Debtors or such Claim shall be forever barred and unenforceable against the Debtors. Such Claims, once fixed and liquidated by the Bankruptcy Court and determined to be Allowed Claims, shall be Class 4 Allowed Claims. Any such Claims that become Disputed Claims shall be Class 4 Disputed Claims for purposes of administration of distributions under the Plan to Holders of Class 4 Allowed Claims. The Plan and any other order of the Bankruptcy Court providing for the rejection of an executory contract or unexpired lease shall constitute adequate and sufficient notice to Persons or Entities which may assert a Claim for damages from the rejection of an executory contract or unexpired lease of the Bar Date for filing a Claim in connection therewith. The Debtors reserve the right to file motions

to assume or reject any unexpired lease or executory contract not specifically listed herein.

MEANS OF IMPLEMENTATION OF THE PLAN

General Overview

The Plan contemplates the restructuring of the obligations owed to BOA, the payment of interest and principal to BOA on account of its Allowed Secured Claim from income generated by the Project, and the satisfaction of amounts owed to BOA from the ultimate refinancing or sale of the Project. At or prior the Maturity Date, the Reorganized Debtors shall sell or refinance the Project, and satisfy all remaining outstanding obligations to BOA on account of its Allowed Secured Claim and its Allowed Deficiency Claim from the proceeds thereof. Excess funds will be used to pay Allowed Class 6 Claims. In the event of a default, or a failure to effectuate a sale prior to the Maturity Date of the BOA in an amount sufficient to satisfy the amounts then due and owing to BOA under the Plan, the Debtors will transfer title to the Project to BOA in whatever means deemed acceptable to BOA. The property manager shall continue to fulfill its responsibilities under the agreement to manage the property in exchange for the management fee set forth in the operating budget.

Continued Corporate Existence

The Debtors will continue to exist after the Effective Date as limited liability companies and a partnerships, with all of the powers of a limited liability corporation and a partnership under Florida law and pursuant to its articles of organization or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger, dissolution or otherwise) under applicable law after the Effective Date. Because the Debtors are a Florida limited liability company and a Florida partnership that is are pass-through entities for income tax purposes, the Holders of Interest ultimately report on their personal income tax returns their respective percentages of the Debtors' net income tax liability. The Reorganized Debtors will be responsible for any such tax liability and shall reimburse the Holders of Equity Interests for such liability.

Managers and Executive Officers of the Debtors

The initial manager and general manager of the Debtors shall be Barfield Bay Holdings, Inc. The Manager and general partner of the Reorganized Debtors shall serve from and after the Effective Date until its successor is duly elected or appointed and qualified or until its earlier resignation, or removal in accordance with the Debtors' articles of organization, partnership agreement, and operating agreement.

Condition Precedent to Confirmation of the Plan

A condition precedent to Confirmation of the Plan is that the Bankruptcy Court shall have made such findings and determinations regarding the Plan as shall enable the entry of the Confirmation Order in a manner consistent with the provisions of the Plan.

Conditions Precedent to the Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or may be waived by the Debtors in accordance with Article 10.3 of the Plan: (a) the entry by the Bankruptcy Court of the Confirmation Order in form and substance satisfactory to the Debtors on the Docket of the Reorganization Case, without any stay of the Confirmation Order in effect; (b) the entry and effectiveness of all necessary orders by the Bankruptcy Court and any appellate court exercising jurisdiction over the Reorganization Case. The conditions precedent set forth in Article 10.1 and 10.2 of the Plan may be waived by the Debtors in their sole and absolute discretion.

INJUNCTIONS

The Plan provides for certain injunctions in favor of the Debtors and the Reorganized Debtors. Additionally, the Plan provides for an injunction in favor of the Guarantor. These are summarized as follows.

Discharge of Claims

Except as otherwise expressly provided in the Plan or in the Confirmation Order, the Confirmation Order shall operate as a discharge, pursuant to § 1141(d) of the Bankruptcy Code, to the fullest extent permitted by applicable law, as of the Effective Date, of the Debtors and the Reorganized Debtors from any and all Debts of and Claims of any nature whatsoever against the Debtors that arose at any time prior to the Effective Date, including any and all Claims for principal and interest, whether accrued before, on or after the Petition Date. Except as otherwise expressly provided in the Plan or in the Confirmation Order, but without limiting the generality of the foregoing, on the Effective Date, the Debtors and the Reorganized Debtors, and their respective successors or assigns, shall be discharged from any Claim or Debt that arose prior to the Effective Date and from any and all Debts of the kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based on such Debt was filed pursuant to § 501 of the Bankruptcy Code, (b) a Claim based on such Debt is an Allowed Claim pursuant to § 502 of the Bankruptcy Code, or (c) the Holder of a Claim based on such Debt has voted to accept the Plan. As of the Effective Date, except as otherwise expressly provided in the Plan or in the Confirmation Order, all Persons and Entities, including all Holders of a Claim, shall be forever precluded and permanently enjoined to the fullest extent permitted by applicable law from asserting directly or indirectly against

the Debtors or the Reorganized Debtors, or any of their respective successors and assigns, or the assets or Properties of any of them, any other or further Claims, Debts, rights, causes of action, remedies, or Liabilities based upon any act, omission, document, instrument, transaction, event, or other activity of any kind or nature that occurred prior to the Effective Date or that occurs in connection with implementation of the Plan, and the Confirmation Order shall contain appropriate injunctive language to that effect. In accordance with the foregoing, except as otherwise expressly provided in the Plan or in the Confirmation Order, the Confirmation Order shall be a judicial determination of the discharge or termination of all such Claims and other Debts and Liabilities against the Debtor, pursuant to §§ 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors, at any time, to the extent that such judgment relates to a discharged or terminated Claim, Liability, or Debt. Notwithstanding the foregoing, the Reorganized Debtor shall remain obligated to make payments to Holders of Allowed Claims as required pursuant to the Plan.

Exculpation from Liability

The Debtors, the Reorganized Debtors, their respective members, managers, and executive officers, and their respective Professionals (acting in such capacity) shall neither have nor incur any liability whatsoever to any Person or Entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation or confirmation of the Plan, the Disclosure Statement, any Plan Document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the Reorganization Cases through the Confirmation Date; provided, however, that this exculpation from liability provision shall not be applicable to any liability found by a court of competent jurisdiction to have resulted from fraud or the willful misconduct or gross negligence of any such party. With respect to the Professionals, the foregoing exculpation from liability provision shall also include claims of professional negligence arising from the services provided by such Professionals during the Reorganization Case. Any such claims shall be governed by the standard of care otherwise applicable to the standard of negligence claims outside of bankruptcy. The rights granted under Article 11.3 of the Plan are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Debtors, the Reorganized Debtors, and their respective agents have or obtain pursuant to any provision of the Bankruptcy Code or other applicable law. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation. Notwithstanding anything to the contrary contained herein, the provisions of Article 11.3 of the Plan shall not release or be deemed a release of any of the Causes of Action as preserved in Article 8.7 of the Plan.

ANY BALLOT VOTED IN FAVOR OF THE PLAN SHALL ACT AS A CONSENT BY THE CREDITOR CASTING SUCH BALLOT TO THIS EXCULPATION FROM LIABILITY PROVISION. MOREOVER, ANY

CREDITOR WHO DOES NOT VOTE IN FAVOR OF THE PLAN MUST FILE A CIVIL ACTION IN THE BANKRUPTCY COURT ASSERTING ANY SUCH LIABILITY WITHIN THIRTY (30) DAYS FOLLOWING THE EFFECTIVE DATE OR SUCH CLAIMS SHALL BE FOREVER BARRED.

General Injunction

Pursuant to §§ 105, 1123, 1129 and 1141 of the Bankruptcy Code, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, as of the Effective Date, except as otherwise expressly provided in the Plan or in the Confirmation Order, all Persons or Entities that have held, currently hold or may hold a Claim, Debt, Liability or Equity Interest that is discharged or terminated pursuant to the terms of the Plan are and shall be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged or terminated Claims, Debts, Liabilities, or Equity Interests, other than actions brought to enforce any rights or obligations under the Plan: (a) commencing or continuing in any manner any action or other proceeding against the Debtors or the Reorganized Debtors or their respective Properties; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or their respective Properties; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, the Reorganized Debtors, or their respective Properties; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors; (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order, or (f) interfering with or in any manner whatsoever disturbing the rights and remedies of the Debtors or Reorganized Debtors under the Plan and the documents executed in connection therewith. The Debtors and the Reorganized Debtors shall have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation. This provision is cumulative with the Debtors' other legal rights and remedies.

Injunction/Standstill of Action Against Guarantor

As long as the Principals are not in default of their obligations to BOA, BOA shall be permanently enjoined and forever barred from taking any of the following actions: (a) commencing or continuing in any manner any action or other proceeding against the Guarantors; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Guarantor; (c) creating, perfecting or enforcing any Lien or encumbrance against the Guarantor; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Guarantor; (e) commencing or continuing, in

any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order; or (f) interfering with or in any manner whatsoever disturbing the rights and remedies of the Guarantor. All claims and defenses of either BOA, the Debtors, the Reorganized Debtors, or the Guarantor shall be preserved. Neither the Debtors, the Reorganized Debtors, nor the Guarantor shall commence a separate or independent action based on a usury or similar defense during the period of the injunction/standstill, and shall only raise a usury or similar defense as a counterclaim or defense to a suit brought by BOA. The Debtors, the Reorganized Debtors and the Guarantor shall have the right to independently seek enforcement of this injunction provision. This injunction provision is an integral part of the Plan and is essential to its implementation.

Term of Certain Injunctions and Automatic Stay

All injunctions or automatic stays provided for in the Reorganization Case pursuant to §§ 105, 362 or other applicable provisions of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Any preliminary or permanent injunction entered by the Bankruptcy Court shall continue in full force and effect following the Confirmation Date and the Final Decree Date, unless otherwise ordered by the Bankruptcy Court.

No Liability for Tax Claims

Unless a taxing Governmental Authority has asserted a Claim against the Debtors before the Bar Date or Administrative Expense Claims Bar Date established therefore, no Claim of such Governmental Authority shall be Allowed against the Debtors or their respective directors, officers or agents for taxes, penalties, interest, additions to tax or other charges arising out of (i) the failure, if any, of the Debtors, any of their Affiliates, or any other Person or Entity to have paid tax or to have filed any tax return (including any income tax return or franchise tax return) in or for any prior year or period, or (ii) an audit of any return for a period before the Petition Date.

Retention Of Jurisdiction

The Plan provides for a full and extensive retention of jurisdiction over the Reorganization Case as may be permitted by applicable law, including that necessary to ensure that the purposes and intent of the Plan are carried out.

Modification of or Withdrawal of the Plan

The Plan provides that the Debtor, in its sole and absolute discretion, may modify or withdraw the Plan at any time prior to the entry of the Confirmation Order.

HISTORY AND BUSINESS OF THE DEBTOR PRIOR TO THE CHAPTER 11 FILINGS; EVENTS LEADING TO THE CHAPTER 11 FILINGS

The Debtors acquired their interest in the Complex in August of 2006 utilizing the purchase money financing described hereafter and equity contributions to fund the closing. In addition, the Debtors have made substantial capital improvements to the Complex. Although the amenities, the improvements, the location, and the floor plans make the Complex a desirable living location, the current market conditions adversely impacted occupancy and leasing rates. The following specific factors caused a reduction in cash flow: (i) Tampa unemployment rate nearly tripling to just below 12.5% resulting in a substantial increase in tenant evictions; and (ii) large flood of rental supply resulting from failed condominium projects reverting back to rentals and putting downward pressure on occupancy rates, and upward pressure on concessions.

The Chapter 11 cases were necessary to allow the Debtors to restructure their debts to fairly deal with all creditors and to permit them to complete the improvements. The Debtors believe that the continuation of their current business plan will result in a significant increase in the leasability of the refurbished units, the marketability of the project, and the value of the estates and the secured creditor's collateral.

SIGNIFICANT EVENTS IN THE CHAPTER 11 REORGANIZATION CASE

Introduction

The Debtors sought relief under Chapter 11 on February 18, 2010.

Use of Cash Collateral

Throughout the time the case has been pending, the Debtors have successfully sought and obtained the use of cash collateral of its primary lender, BOA. The use has been by agreement and consent, in accordance and in compliance with budgets prepared and submitted by the Debtors.

Payment of Prepetition Employee Obligations

On April 23, 2010, the Bankruptcy Court entered an order authorizing the Debtors to pay amounts owed for wages, salaries and commissions of non-insider employees

employed at the Project for services rendered during payroll periods occurring prior to the Petition Date. Pursuant to the terms of that order, the Debtors have made all such payments.

Adequate Assurance as to Utility Companies

At the Petition Date, the Debtors used electricity, water, telephone, and other utility services provided by numerous utility companies. It was necessary for the Debtors to seek an immediate order from the Bankruptcy Court which prohibited any such utility company from altering, refusing, terminating or discontinuing utility services on account of a Prepetition amount owed to such utility company or the Debtors' failure to furnish a Postpetition deposit to such utility company. On March 10, 2010, the Bankruptcy Court entered an order (i) prohibiting any such utility company from altering, refusing, terminating or discontinuing utility services to the Debtors on account of the filing of the Bankruptcy Cases or a Prepetition amount owed to such utility company, and (ii) finding that all utility companies were adequately assured of future performance due to the Debtors' agreement to provide a cash deposit equal to two week's worth of utility services based on the Debtors' anticipated Postpetition usage, coupled with the Debtors' ability to pay for Postpetition utility services.

Retention of Professionals and Other Firms by the Debtors

The Debtors have retained the law firm of Stichter, Riedel, Blain & Prosser, P.A. ("Stichter, Riedel") as their general bankruptcy counsel in the Bankruptcy Cases. On May 28, 2010, the Bankruptcy Court granted the application by the Debtors to employ Stichter, Riedel as its general bankruptcy counsel in the Bankruptcy Case. The Debtors have also filed applications to employ Hines Property Tax Consulting to contest real estate taxes and Cherry Bekaert & Holland, LLP as tax accountants.

Schedules and Statements of Financial Affairs, § 341 Meetings of Creditors

On April 19, 2010, the Debtors filed their Schedules and Statement of Financial Affairs with the Bankruptcy Court. On April 7, 2010, the United States Trustee convened and concluded meetings of Creditors in each of the Bankruptcy Cases pursuant to § 341 of the Bankruptcy Code.

Approval of Management Agreement

By motion, the Debtors have sought approval of the Management Agreement between the Debtors and the Project Manager, as well as authority to comply with the Management Agreement, including payment of the Management Fee. The Bankruptcy Court has entered an order authorizing the payment of those payments due under the Management Agreement at a reduced rate.

Bar Date

On April 7, 2010, the Bankruptcy Court entered a notice setting the deadline for filing proofs of claim against the Debtors by all Creditors, with certain exceptions, as June 21, 2010, with the deadline for all governmental entities to file a proof of claim of 180 days from the Petition Date.

VOTING ON AND CONFIRMATION OF THE PLAN

Confirmation and Acceptance by All Impaired Classes

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan if all of the requirements of Bankruptcy Code § 1129 are met. Among the requirements for confirmation of a plan are that the plan be accepted by all impaired classes of claims and equity interests, and satisfaction of the matters described below.

Feasibility. A plan may be confirmed only if it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. The Debtors believe that they will be able to perform their obligations under the Plan without further financial reorganization.

The Plan basically provides for payment to Holders of Allowed Claims, including contingent, unliquidated and Disputed Claims to the extent they become Allowed Claims, in the order of their priority. At the present time, the Debtors believe that sufficient funds will be available to fund the payments required under the Plan to the Holders of Allowed Administrative Expense Claims (including Allowed Administrative Expense Claims of Professionals), Allowed Priority Tax Claims, Allowed Priority Claims, and Allowed Unsecured Claims to the extent set forth in the Plan. Accordingly, the Debtors believe that the Plan is per se feasible.

The obligations under the Plan to Holders of contingent, unliquidated and Disputed Claims cannot be ascertained without the determination of the validity and amount of those Claims by the Bankruptcy Court. Until the Claim determination process is complete, the exact amount to be received by Unsecured Creditors cannot be ascertained.

Best Interests Standard. The Bankruptcy Code requires that the Plan meet the "best interest" test, which requires that members of a Class must receive or retain under the Plan, property having a value not less than the amount which the Class members would have received or retained if the Debtors were liquidated under Chapter 7 on the same date. The Debtors believe that distributions to all Impaired Classes of Claims in accordance with the terms of the Plan would exceed the net distribution that would otherwise take place in Chapter 7.

Confirmation Without Acceptance by All Impaired Classes

If one or more of the Impaired Classes of Claims or Equity Interests does not accept the Plan, the Plan may nevertheless be confirmed and be binding upon the non-accepting Impaired Class under the "cram-down" provisions of the Bankruptcy Code, if the Plan does not "discriminate unfairly" and is "fair and equitable" to the non-accepting Impaired Classes under the Plan.

Discriminate Unfairly. The Bankruptcy Code requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other classes of equal rank. The Debtors believe that the Plan does not "discriminate unfairly" with respect to any Class of Claims or Equity Interests because no Class is afforded treatment which is disproportionate to the treatment afforded other Classes of equal rank.

Fair and Equitable Standard. The "fair and equitable" standard, also known as the "absolute priority rule," requires that a dissenting class receive full compensation for its allowed claims or interests before any junior class receives any distribution. The Debtors believe the Plan is fair and equitable to all Classes pursuant to this standard.

With respect to the Impaired Class of Unsecured Claims, Bankruptcy Code § 1129(b)(2)(B) provides that a plan is "fair and equitable" if it provides that (i) each Holder of a claim of such a class receives or retains on account of such claim, property of a value as of the effective date of the plan equal to the allowed amount of such claim; or (ii) the Holder of any claim or interest that is junior to the claims of such class will not receive or retain any property under the plan on account of such junior claim or interest. The Debtors believe that the Plan meets these standards.

Accordingly, if necessary, the Debtors believe that the Plan meets the requirements for Confirmation by the Bankruptcy Court, notwithstanding the non-acceptance by an Impaired Class of Claims.

The Debtors intend to evaluate the results of the balloting and determine whether to seek Confirmation of the Plan in the event that less than all the Impaired Classes of Claims do not vote to accept the Plan. The determination as to whether to seek Confirmation under such circumstances will be announced before or at the Confirmation Hearing.

Absolute Priority Rule

The Bankruptcy Code and other applicable law establishes the priority for distribution of funds in bankruptcy cases. These priority provisions are sometimes referred to as the "absolute priority" rule. Normally, and subject to exceptions not

relevant here, valid secured claims are first paid to the extent of the amount of the claim or the value of the claimant's collateral (if less than the claim).

Any property in the bankruptcy estate, net of the valid secured claims described above, is first distributed to holders of priority claims, including (a) the costs of administering the bankruptcy case, including the cost of operating the Debtors' businesses during the Reorganization Case; (b) certain wage and benefit claims; and (c) certain tax claims. After payment of priority claims, unsecured creditors share pro rata in the remaining funds until paid in full. Equity holders (i.e., stockholders) are paid only after all creditors have been paid.

Non-Confirmation of the Plan

If the Plan is not confirmed by the Bankruptcy Court, the Court may permit the filing of an amended plan, dismiss the case, or convert the case to Chapter 7. In a Chapter 7 case, the Debtors' assets would be distributed to the Unsecured Creditors after the payment of all Secured Claims, costs of administration and the payment of priority claims. Since there are not sufficient assets to pay administrative or priority claims in full, Unsecured Creditors would not receive a distribution in a Chapter 7 case.

The cost of distributing the Plan and this Disclosure Statement, as well as the costs, if any, of soliciting acceptances, will be borne by the Debtors.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the potential alternatives include (a) alternative plans under Chapter 11, (b) dismissal of the case, or (c) conversion of the case to a case under Chapter 7 of the Bankruptcy Code.

Alternative Plans of Reorganization

If the Plan is not confirmed, any other party in interest in the Reorganization Case could attempt to formulate and propose a different plan or plans. Given the rather mature stage of this case, the Debtors believe that this is highly unlikely. The Debtors believe that the Plan will enable Creditors to be paid the maximum amount possible for their Allowed Claims.

Liquidation under Chapter 7 or Chapter 11

If a plan is not confirmed, the Reorganization Cases may be converted to Chapter 7 liquidation case. In a Chapter 7 case, a trustee would be elected or appointed to liquidate the assets of the Debtors. The proceeds of the liquidation would be distributed

to the Creditors of the Debtors in accordance with the priorities established by the Bankruptcy Code.

In general, the Debtors believe that liquidation under Chapter 7 would result in diminution of the value of the interests of the Creditors because of (a) the diminished sale value of the Complex in a foreclosure or forced liquidation scenario (b) additional administrative expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustee; (c) additional expenses and claims, some of which might be entitled to priority, which would arise by reason of the liquidation; (d) the inability to utilize the work product and knowledge of the Debtors and their Professionals; (e) the substantial delay which would elapse before Creditors would receive any distribution in respect of their Claims; and (f) the unavailability of the Cash from the Principals.

SUMMARY, RECOMMENDATION AND CONCLUSION

The Plan provides for an orderly and prompt distribution to Holders of Allowed Claims against the Debtors. The Debtors believe that the effort to maximize the return for Creditors in this case has been full and complete. The Debtors further believe that the Plan is in the best interests of all Creditors, with Unsecured Creditors paid in full on the principal amount of their Claim over time. In the event of a liquidation of the Debtors' assets under Chapter 7 of the Bankruptcy Code, the Debtors believe there would be no distribution to Unsecured Creditors. For these reasons, the Debtors urge that the Plan is in the best interests of all Creditors and that the Plan be accepted.

DATED: July 12, 2010

TERRACE POINTE APARTMENTS I, LLC
TERRACE POINTE APARTMENTS II, LLC
TERRACE POINTE APARTMENTS III, LLC

By: _____
Barfield Bay Holdings, Inc. Manager
Ronald L. Glas, President, Barfield Bay Holdings, Inc.