IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
WENTWOOD BAYTOWN, L.P.,	§	**CASE NO. 13-32151**
	§	**(Chapter 11)**
DEBTOR-IN-POSSESSION	§	

WENTWOOD BAYTOWN, L.P.'S SECOND SUPPLEMENTAL DISCLOSURE STATEMENT FOR WENTWOOD BAYTOWN, L.P.'S FIRST MODIFIED PLAN OF REORGANIZATION

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Pursuant to Section 1125 of Chapter 11 of Title 11 of the United States Code, Wentwood Baytown, L.P., Debtor-in-Possession, (hereinafter the "Debtor" or "Wentwood Baytown") hereby submits this its Second Supplemental Disclosure Statement for Wentwood Baytown, L.P.'s First Modified Plan of Reorganization for approval by the Court and distribution to its creditors.

Respectfully submitted this the 31st day of July, 2013.

By: */s/ Gary Gray*
Gary M. Gray, President of General Partner,
MDB-1, Inc., General Partner of
Wentwood Baytown, L.P.

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DEBTOR-IN-POSSESSION

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I.

INTRODUCTION

Wentwood Baytown, L.P., (hereinafter referred to as "Debtor" or "Wentwood Baytown") filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Section 101 et. seq. in the United States Bankruptcy Court for the Southern District of Texas on April 9, 2013 (the "Petition Date"). The Chapter 11 case commenced thereby was assigned to the Honorable Jeff Bohm, United States Bankruptcy Judge, under Case Number 13-32151. The Debtor has operated its business as Debtor-in-Possession pursuant to Section 1108 of the Bankruptcy Code since the date of filing.

This Disclosure Statement ("Disclosure Statement") is provided pursuant to Section 1125 of the Bankruptcy Code to all of Debtor's known creditors, holders of interest and other parties in interest, including the United States Trustee. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical reasonable investor, typical of holders of claims or interests to make an informed judgment in exercising his, her or its rights either to accept or reject the Plan. A copy of the Plan is attached to this Disclosure Statement as Exhibit "A".

This Disclosure Statement will be submitted to the Court after notice to all creditors. After a hearing, of which each creditor and party-in-interest will be notified, the Court may approve this Disclosure Statement as containing information of a kind and in sufficient detail as to enable a hypothetical creditor or party-in-interest typical of the classes being solicited to make an informed judgment about the Plan. Because of the unavoidable time lapse between this mailing and the conclusion of the hearing, the information and analysis set forth herein is as

current as possible as of the date of filing of this Disclosure Statement, but may not be current on the date of a hearing on this Disclosure Statement.

The Debtor provides this Disclosure Statement to all of its known creditors and parties-in-interest in order to disclose information deemed to be material, important and necessary for any creditor or party-in-interest to make a reasonably informed decision in exercising the right to vote for acceptance of the Plan of Reorganization.

In addition to this Disclosure Statement and a copy of the Plan, each creditor or party-in-interest affected by the Plan will be provided with a ballot for acceptance or rejection of the Plan. The form should be completed and returned to counsel for the Debtor prior to a hearing before the Court regarding the approval of the Plan. The time and date of the hearing will be set forth in a notice that each party will also receive.

YOUR ACCEPTANCE OF THE PLAN IS IMPORTANT. In order for the Plan to be deemed "accepted" by creditors, at least 66-2/3% in dollar amount of the holders of claims or interests in the class actually voting, and more than 50% in number of the holders of claims or interests in the class actually voting, must accept the Plan. IN THE EVENT THE REQUISITE ACCEPTANCES ARE NOT OBTAINED, THE COURT MAY NEVERTHELESS CONFIRM THE PLAN PURSUANT TO SECTION 1129 OF THE BANKRUPTCY CODE IF THE COURT FINDS THE PLAN ACCORDS FAIR AND EQUITABLE TREATMENT TO ANY CLASS REJECTING IT. Whether or not you expect to be present at the hearing on acceptance of the Plan, each creditor is urged to fill in, date, sign and promptly mail the ballot form to the United States Bankruptcy Court, 515 Rusk Avenue, Houston, Texas 77002, with copies to the Law Offices of Matthew Hoffman, p.c., Attorney for Debtor, 2777 Allen Parkway, Suite 1000, Houston, Texas 77019.

II.

REPRESENTATIONS

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF CREDITORS AND INTEREST HOLDERS OF THE DEBTOR. NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH IS NOT CONTAINED IN THIS STATEMENT NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEY FOR DEBTOR OR THE DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN OBTAINED FROM THE RECORDS OF THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY AUDITED. TO A GREAT EXTENT, THE ACCURACY OF DEBTOR'S RECORDS ARE DEPENDENT UPON PARTIES OVER WHOM THE DEBTOR HAS NO CONTROL. FOR THE FOREGOING REASONS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY

INACCURACY AND ONLY THAT EVERY REASONABLE EFFORT HAS BEEN MADE TO BE ACCURATE. THE FINANCIAL INFORMATION PROVIDED HEREIN IS CURRENT AS OF THE DATE OF THE FILING OF THIS DISCLOSURE STATEMENT.

THIS STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. EACH CREDITOR IS URGED TO REVIEW THE PLAN PRIOR TO VOTING ON IT. CONFIRMATION MAKES THE PLAN BINDING UPON THE REORGANIZED DEBTOR AND ALL CREDITORS, HOLDERS OF INTERESTS AND OTHER PARTIES-IN-INTEREST, REGARDLESS OF WHETHER THEY HAVE ACCEPTED THE PLAN.

THE PLAN PROPONENT MAKES NO REPRESENTATIONS WITH RESPECT TO THE EFFECTS OF TAXATION (STATE OR FEDERAL) ON THE CREDITORS WITH RESPECT TO THE TREATMENT OF THEIR CLAIMS UNDER THE PLAN, AND NO SUCH REPRESENTATIONS ARE AUTHORIZED. PARTIES-IN-INTEREST ARE URGED TO SEEK THE ADVICE OF THEIR OWN PROFESSIONAL ADVISORS SHOULD THEY HAVE ANY QUESTIONS WITH RESPECT TO ANY TAXATION ISSUES.

III.

EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Upon filing of a Chapter 11 petition, section 362(a) of the Bankruptcy Code provides for a temporary automatic stay of all attempts to collect claims that arose prior to the Petition Date, or otherwise to interfere with the Debtor's property or business, in order to permit the debtor to attempt to reorganize.

Formulation of a plan of reorganization is the primary purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying the holders of

claims against, and interest in, a Debtor. A Debtor's Disclosure Statement must provide adequate information as required by 11 U.S.C. § 1125(a) for a hypothetical reasonable investor typical of holders of claims or interests of the relevant classes to make an informed judgment about the Debtor's proposed plan, including the following:

a. Source of information for the Disclosure Statement.

b. Incidents that led to the filing of the Chapter 11.

c. Present condition of the Debtor while in Chapter 11.

d. Description of the available assets and their value.

e. Estimated return to the creditors if the estate were to be liquidated.

f. Anticipated future of the Debtor.

g. Identity and experience of the proposed management of the Debtor's business.

h. Accounting process used and the identity of the person who furnished the information.

i. The plan.

j. Description of all pending litigation involving the Debtor.

k. Tax information.

Confirmation of a Chapter 11 plan of reorganization requires that either (i) all classes of claims and interests entitled to vote accept the plan or (ii) that the plan be accepted by the holders of at least one impaired class of claims not held by "insiders" within the meaning of the

Bankruptcy Code and that the plan be confirmed as to each objecting class pursuant to section 1129(b) of the Bankruptcy Code.

In addition to the acceptance requirements, section 1129 of the Bankruptcy Code contains additional criteria that must be satisfied before a bankruptcy court may confirm a plan of reorganization. Among other things, section 1129 requires that a plan of reorganization be in the best interests of creditors and interest holders, which means that the cash or other property to be distributed to creditors and interest holders may not be less that the creditors would receive if all the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code.

Acceptance of a plan of reorganization by a class requires that, of the holders of claims or interests in the class actually voting, more than one-half in number and at least two-thirds in amount of the total allowed claims vote in favor of the plan. Section 1125 of the Bankruptcy Code requires full disclosure of all relevant material information relating to a debtor and a plan of reorganization before acceptance or rejection of the plan may be solicited from any party-in-interest.

So long as one class of non-insider impaired claims or interests accepts a plan, it need not be accepted by all classes. A plan proponent may request that the Bankruptcy Court confirm a plan pursuant to its "cramdown" powers under section 1129(b) of the Bankruptcy Code. A plan may be "crammed down" if it does not "discriminate unfairly" and is "fair and equitable" with respect to each impaired, dissenting class.

The Claims of Creditors in Classes 4, 6, 7 and 8 are impaired under the Plan and their votes are hereby solicited.

Confirmation makes the Plan binding upon the Debtor and all creditors, whether or not they have accepted the Plan. Section 1141(d) of the Bankruptcy Code provides, in pertinent part, as follows:

1) Except as otherwise provided in this subsection, in the plan, or in the order confirming the plan, the confirmation of a plan –
   A) discharges the debtor from any debt that arose before the date of such confirmation, and any debt of a kind specified in section 502(g), 502(h), or 502(i) of this title, whether or not –
      (i) a proof of the claim based on such debt is filed or deemed filed under section 501 of this title;
      (ii) such claim is allowed under section 502 of this title; or
      (iii) the holder of such claim has accepted the plan; and
   B) terminates all rights and interests of equity security holders and general partners provided for by the plan.

2) ….

3) The confirmation of a plan does not discharge a debtor if –
   A) the plan provides for the liquidation of all or substantially all of the property of the estate;
   B) the debtor does not engage in business after consummation of the plan; and
   C) the debtor would be denied a discharge under section 727(a) of this title if the case were a case under chapter 7 of this title.

4) The court may approve a written waiver of discharge executed by the debtor after the order for relief under this chapter.

5) ….

6) Notwithstanding paragraph (1), the confirmation of a plan does not discharge a debtor that is a corporation from any debt –
   A) of a kind specified in paragraph (2)(A) or (2)(B) of section 523(a) that is owed to a domestic governmental unit, or owed to a person as the result of an action filed under subchapter III of chapter 37 of title 31 or any similar State statute; or
   B) for a tax or customs duty with respect to which the debtor –
      (i) made a fraudulent return; or
      (ii) willfully attempted in any manner to evade or to defeat such tax or such customs duty.

A. Procedure for Filing Proofs of Claim

To participate in the payments and other distributions under the Plan, a Creditor must have an Allowed Claim against the Debtor. The first step in obtaining an allowed claim or an allowed interest is generally filing a Proof of Claim.

A Proof of Claim is deemed filed for any Claim that appears in the Schedules which were filed in the Chapter 11 Case, except a Claim that is scheduled as disputed, contingent, unliquidated or in an unknown amount. In other words, if a Creditor agrees with the amount of the Claim as scheduled by the Debtor, and that Claim is not listed in the Schedules as being disputed, contingent or unliquidated, it is not necessary that a separate Proof of Claim be filed.

Claims that are unscheduled, or which are scheduled as disputed, contingent or unliquidated, or which are scheduled in an amount that varies from the amount claimed by the Creditor holder shall be recognized and allowed only if a Proof of Claim was timely filed. The deadline for the filing of Claims against the Debtor has been set by the Court as August 5, 2013 (the "Bar Date").

B. Executory Contracts and Unexpired Leases

Claims allegedly arising from lease rejections made prior to the Bar Date should be filed on or before the Bar Date. The Debtor intends to file Motions to Assume Executory Contract relative to the following entities:

- **CLMS Management Services, L.P., owned by CLMS Properties, L.P., as property management company;**
- **W.B. Lockhart & Co., as property tax consultants;**
- **CLMS Properties, L.P., an asset management company, owned by Mr. and Mrs. Gary Gray. Mr. Gray, an insider of the Debtor, owns 49.50% of CLMS Properties, L.P.;**
- **Comcast, as cable TV provider;**

- **Coinmach and Mac-Gray Services Inc., as laundry machine providers;**
- **Waste Management of Texas Inc., as trash provider; and**
- **Webb Pest Control, as pest control provider.**

prior to the date of confirmation of the Debtor's Plan of Reorganization, as required by section 365(d)(2) of the Bankruptcy Code. The Plan constitutes a motion by the Debtor to reject, as of the Effective Date, all executory contracts and unexpired leases of the Debtor that were not assumed prior, or were not assumed and assigned to a purchaser as part of the Plan, or were not the subject of a motion to assume pending on the Confirmation Date.

If the rejection of an executory contract or unexpired lease results in a claim for damages by the other party or parties thereto, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, the reorganized Debtor or their respective properties or their agents, successors or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before thirty (30) days after the Effective Date.

C. Voting

Persons Entitled to Vote. Classes 4, 6, 7 and 8 may vote to accept or reject the Plan. Claimants in Classes 1, 2, 3, 5 and 9 are unimpaired, are conclusively deemed to accept the Plan, and cannot vote. Any Claim as to which an objection is filed before voting has concluded is not entitled to vote, unless the Court, upon application or motion of the holder whose Claim has been objected to, temporarily allows the Claim in an amount that the Court deems proper for the purpose of voting to accept or reject the Plan. A vote may be disregarded or disallowed if the

Court determines that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

D. Voting Instructions

Ballots. IT IS IMPORTANT THAT CREDITORS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN. All known Creditors entitled to vote on the Plan have been sent a ballot with this Disclosure Statement. Creditors should read the ballot carefully and follow the instructions contained therein. In voting for or against the Plan, use only the ballot or ballots sent with this Disclosure Statement.

Returning Ballots. **THE VOTING DEADLINE IS SEPTEMBER 5, 2013, AT 5:00 P.M., CENTRAL TIME. ALL BALLOTS MUST BE RETURNED SO THAT THE PERSON DESIGNATED BY THE COURT (the "BALLOTING AGENT") RECEIVES THEM PRIOR TO THE VOTING DEADLINE.**

THE BALLOTING AGENT'S NAME AND ADDRESS IS PROVIDED ON THE BALLOT. UNLESS OTHERWISE ORDERED, THE CHAPTER 11 TRUSTEE INTENDS TO DESIGNATE ITS COUNSEL TO SERVE AS BALLOTING AGENT.

IN ORDER TO BE COUNTED, BALLOTS MUST BE SIGNED BY A PERSON HAVING AUTHORITY TO ACT ON BEHALF OF THE PERSON OR ENTITY VOTING, AND MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT ON OR BEFORE THE VOTING DEADLINE.

Incomplete or Irregular Ballots. Ballots that fail to provide the information to determine the Class to which they apply shall be counted, subject only to contrary determinations by the Court, in the Class determined by the Chapter 11 Debtor. Ballots that are signed and returned but not expressly voted either to accept or reject the Plan will be counted as a vote to accept the Plan.

E. Approval of Disclosure Statement

The Debtor's Disclosure Statement, filed on June 14, 2013, was consideredby the Court at a hearing at 3:00 p.m., Central Time, on July 24, 2013, in the courtroom of the Honorable Jeff

Bohm, United States Bankruptcy Judge for the Southern District of Texas, Houston Division, in the United States Bankruptcy Court for the Southern District of Texas, Courtroom 600, 515 Rusk, Sixth Floor, Houston, Texas.

F. Confirmation Hearing

The Court has set the Confirmation Hearing for 3:00 p.m., Central Time, on September 12, 2013, in the courtroom of the Honorable Jeff Bohm, in the United States Bankruptcy Court for the Southern District of Texas, 515 Rusk, Courtroom 600, Sixth Floor, Houston, Texas. The Court may adjourn the Confirmation Hearing from time to time without further notice except for an announcement made in open court at the Confirmation Hearing or any continued hearing thereon.

G. Objections

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object, in writing, to confirmation of a plan of reorganization. Written objections to confirmation of the Plan, if any, must be filed with the Court and a copy of such written objections must be actually received by counsel for the Debtor at the following address on or before 5:00 p.m., Central Time, on September 5, 2013:

Matthew Hoffman
The Law Offices of Matthew Hoffman, p.c.
2777 Allen Parkway, Suite 1000
Houston, Texas 77019
Attorney for Wentwood Baytown, L.P.,
Debtor-in-Possession

Objections not timely filed and actually received by either counsel at the above address will not be considered by the Court.

IV.

THE PLAN PROPONENT

This Plan is proposed by the Debtor-in-Possession, Wentwood Baytown, L.P.

V.

SOURCE OF INFORMATION

The sources of information for this Second Supplemental Disclosure Statement are the books and records of the Debtor, unless specifically stated to be from other sources. The source of information concerning assets is taken from the Debtor's schedules and supplemented with current information available to the Debtor. The valuations stated in the Disclosure Statement are those of Wentwood Baytown, L.P.

VI.

THE CHAPTER 11 DEBTOR

A. Background and Events Leading to Chapter 11 Filing

The Debtor is a Delaware limited partnership formed under the laws of the state of Delaware on March 13, 1996. The 1.00% general partner is MDB-1, Inc., a Washington corporation, formed under the laws of the State of Washington on January 12, 2006 ("MDB"), and the 99.00% limited partner is Graoch Associates #121 Limited Partnership, a Washington limited partnership, formed under the laws of the state of Washington on January 12, 2006 ("Graoch 121").

The Debtor owns and operates the following real property assets:

- Marina Club at Baytown Apartments ("Marina Club").

Acquisition Date: April 1, 1996

Purchase Price:	$2,200,000.00
Property Address:	1200 Missouri Street, Baytown, Texas 77520
Year of Construction:	1969 / Substantially renovated in 2002 and 2008
Capital Improvements (5 Years):	$288,000.00 ($1,950.00 per unit)
Number of Units / Buildings:	148 apartment units / 19 two story residential buildings and a stand along boiler / maintenance building.
Rentable Area:	133,926 square feet / Average 905.00 square feet unit size
Site Area / Density:	8.75 acres (per survey) / 16.91 units per acre
Flood Zone Status:	Outside 500 year flood zone (Per FEMA)
Average Monthly Market Rent:	$624.18 per unit / $0.6897 per square foot
Property Amenities:	Two swimming pools and spa, community center, children's play area, two clothes care centers, located adjacent to waterfront Britton Park.
Unit Amenities:	Four appliances, floor and window coverings, ceramic floor tile and carpet floor coverings, and patio or balcony with secure storage. Selected units feature full sized washer / dryer connections.
Construction:	Concrete slab foundations, wood framing, Hardiplank & brick exteriors, with flat roofs.
Current Occupancy:	81.08% physically occupied / 85.81% net leased (June 14, 2013 Rent Roll).

- Briarwood Village Apartments ("Briarwood").

Acquisition Date:	April 1, 1996
Purchase Price:	$2,650,000.00
Property Address:	1711 James Bowie Drive, Baytown, Texas 77520
Year of Construction:	1970 / Substantially renovated in 2002 and 2009
Capital Improvements (5 years):	$1,906,000.00 ($10,500.00 per unit)
Number of Units / Buildings:	186 apartment units / 20 two story residential buildings
Rentable Area:	159,832 square feet / Average 859 square feet unit size
Site Area / Density:	11.00 acres (per survey) / 16.72 units per acre
Flood Zone Status:	Outside 500 year flood zone (Per FEMA)
Average Monthly Market Rent:	$614.41 per unit / $0.7150 per square foot
Property Amenities:	Two swimming pools and spa, work out facility, two clothes care centers, and one covered parking spot per apartment unit.
Unit Amenities:	Four appliances, floor and window coverings, ceramic tile or carpet floor coverings, private enclosed patios and balconies, and washer / dryer connections in select units.
Construction:	Concrete slab foundations, wood framing, Hardiplank and brick clad exteriors, flat roofs on all but one building, which is pitched (100.00% replacement in 2009).
Current Occupancy:	93.01% physically occupied / 94.08% net leased (June 14, 2013 Rent Roll).

- Dickinson Arms Apartments ("Dickinson Arms").

Acquisition Date:	April 1, 1996
Original Purchase Price:	$1,530,000.00
Address:	3301 Hughes Lane, Dickinson, Texas 77539
Year of Construction:	1979 / Substantially renovated in 2003
Capital Improvements (5 Years):	$163,000.00 ($7,000.00 per unit)
Number of Units / Buildings:	96 apartment units / 11 two story residential buildings, and a single story office / laundry facility.
Rentable Area:	70,404 square feet / Average 733 square feet unit size
Site Area / Density:	4.00 acres (per survey) / 24 units per acre
Flood Zone Status:	Outside 100 year flood zone (Per FEMA)
Average Monthly Market Rent:	$604.58 per unit / $0.8244 per square foot
Property Amenities:	Swimming pool and spa, childrens playground, volleyball court and picnic areas.
Unit Amenities:	Four appliances, floor and window coverings, ceramic tile and carpet floor coverings.
Construction:	Concrete slab foundations, wood framing, wood and brick clad exteriors, pitched roofs.
Current Occupancy:	91.67% physically occupied / 89.58% net leased (April 24, 2013 Rent Roll).

The combined purchase prices and costs associated with acquisition, mortgage origination, and scheduled capital improvements totaled $7,078,269.00, and were financed by total equity contributions of $1,278,269.00 from the original partners, and a single mortgage loan, secured by all three apartment communities, in the original principal amount of $5,800,000.00. This acquisition loan bore interest at 8.53%, with monthly payments of principal and interest calculated on a twenty-five year amortization schedule, with a ten year term.

In a partnership interest sale, dated December 28, 2001, the original limited partners, Graoch Associates 30 Limited Partnership and Graoch Associates 48 Limited Partnership, were bought out. The original 1.00% general Partner, Wentwood Baytown Partners, LLC retained its

1.00% interest, and the new limited partner, Graoch Associates 101 Limited Partnership owned the remaining 99.00% interest.

On April 28, 2006, in conjunction with the timely repayment of the outstanding principal of the original acquisition loan, the debtor was recapitalized, with the new limited partner being Graoch 121, and the new general partner being MDB. Three individual property mortgages were obtained from Countrywide Commercial Mortgage Finance, Inc. in conjunction with this recapitalization. The new mortgage on Briarwood was $5,250,000.00, the new mortgage on Dickinson was $2,100,000.00, and the new mortgage on Marina Club was $4,150,000.00. The three mortgages, totaling $11,500,000.00, were cross collateralized, with each bearing interest at a fixed rate of 6.27% interest, with monthly payments calculated on a thirty year amortization schedule, with a ten year term. As with the original acquisition loan, monthly impound deposits were to be made for property insurance, property taxes, and recurring replacements.

With the 2006 recapitalization having been completed, the business plan for the three apartment communities was to operate as income producing investments, with the further goal of enjoying value appreciation as the overall apartment market improved. While the loans were cross collateralized, provisions existed for such circumstances to be altered so that individual communities could be sold one at a time, rather than all at once.

Primarily due to the economic downturn which began in 2008, and the long after effects of Hurricane Ike, each of the three apartment communities has run a significant negative cash flow from after debt service operations during the past five years. Baytown in general has been one of the weakest submarkets in terms of apartment occupancies within the Houston MSA. The

negative cash flow has been funded from unsecured loans from related parties, and each community is two months behind on debt service payments to the secured lender.

Wentwood Baytown, L.P. filed its Chapter 11 bankruptcy petition on April 9, 2013, in order to: (i) prevent receivership action by its secured creditor (scheduled as a secured creditor in the amount of $3,978,061.28 relative to Marina Club; $5,032,487.44 relative to Briarwood; and $2,002,323.84 relative to Dickinson Arms), on Debtor's primary real estate assets (as of the Petition Date, valued at $5,134,271 relative to Marina Club; $5,722,292 relative to Briarwood; and $2,575,983 relative to Dickinson Arms, historical cost historical cost (not depreciated), per annual financial statements and Federal Income Tax Returns – acquisition cost, plus additional improvements cost); (ii) modify the terms of the loans with the secured lender; (iii) financially reorganize its affairs; (iv) pay its allowed unsecured (non-insider) creditors pursuant to a plan of reorganization; (v) protect the value of its business enterprise; and (vi) facilitate the implementation of various strategies to reorganize the business and maximize the value of the estate.

B. The Operation and Present Condition of the Debtor While in Chapter 11

The Debtor entered the Bankruptcy Court having debt exposure as follows:

(1)	Secured debt	$11,012,872.56
(2)	Unsecured priority debt	$77,297.60
(3)	Unsecured non-priority debt	$3,785,519.99

Debtor has filed its Statement of Financial Affairs, Schedules of Assets and Liabilities and Summary of Debts.

At the Debtor's Section 341(a) Meeting of Creditors, which was held on May 6, 2013, no Creditors' Committee was appointed. Accordingly, there has been no Unsecured Creditors' Committee in these proceedings.

The Debtor has experienced significant improvement in overall property operations over the past twenty-four months, primarily based on improvements to the Houston MSA economy, and in particular, significant job creation within local sub-markets. In conjunction with a $550,000.00 capital improvement program that is specifically targeted at revenue enhancement and utility cost savings, the Debtor believes that each community will be able to continue to grow its net operating income such that all debt service payments will be kept current, and continued asset value enhancement will occur.

Since the Filing Date, Debtor has filed Monthly Operating Reports (with the Bankruptcy Court). The details of these and all monthly operating reports are made available to creditors each month when the Debtor files its monthly operating reports with the Office of the United States Bankruptcy Clerk at 515 Rusk Ave., Houston, TX 77002.

THE ABOVE COURT PAPERS, IN DEBTOR'S OPINION, REFLECT THE MORE IMPORTANT MATTERS WHICH HAVE BEEN PRESENTED TO THE COURT FOR CONSIDERATION DURING THE COURSE OF DEBTOR'S CHAPTER 11 CASE. YOU MAY REVIEW THE FULL RECORD BETWEEN THE HOURS OF 9:00 A.M. AND 4:30 P.M., MONDAYS THROUGH FRIDAYS, IN THE BANKRUPTCY COURT FILE ROOM ON THE FIFTH (5TH) FLOOR OF THE UNITED STATES COURTHOUSE, 515 RUSK, HOUSTON, TEXAS 77002.

Based on Debtor's counsel's understanding of § 364(a) of the Bankruptcy Code, the Debtor incurred post-petition unsecured debt, in the ordinary course of business, in order primarily (75%) to make down payments necessary to secure commercial property insurance contracts on the three Briarwood, Dickinson Arms, and Marina Club apartment project

properties, and for other ordinary course of business operating expenses (25%). Accordingly, the Debtor obtained the following two unsecured post-petition loans from two entities under common control of the general partner of the Debtor, as follows:

- $100,000.00 from MFF Partners, LP; and
- $7,325.00 from CLMS Properties, LP.

MFF Partners, LP is in the business of making such unsecured loans, and both MFF Partner, LP and CLMS Properties, LP have (in fact) made such an unsecured loans to the Debtor, pre-petition. Details regarding the funding to the Debtor of the post-petition loans, and subsequent use of the loan proceeds are, as follows:

Date of Loan	**Lender**	**Loan Amount**	**Property**	**Proceed Use**
4/19/2013	MFF Partners, LP	$42,530.00	Briarwood	- $32,338.32 towards insurance premium paid on 4/22/2013; and - $10,191.68 for ordinary business operations
4/19/2013	MFF Partners, LP	$25,226.00	Dickinson Arms	- $16,690.75 towards insurance premium paid on 4/22/2013; and - $8,535.25 for ordinary business operations

4/19/2013	MFF Partners, LP	$32,144.00	Marina Club	- $25,731.57 towards insurance premium paid on 4/22/2013; and - $6,412.43 for ordinary business operations
4/29/2013	CLMS Properties, LP	$1,200.00	Briarwood	$1,200.00 for ordinary business operations (to rectify pre-petition operating bank account overdrafts)
4/29/2013	CLMS Properties, LP	$2,225.00	Dickinson Arms	$2,225.00 for ordinary business operations (to rectify pre-petition operating bank account overdrafts)
4/29/2013	CLMS Properties, LP	$3,900.00	Marina Club	$3,900.00 for ordinary business operations (to rectify pre-petition operating bank account overdrafts)

On the recommendation of counsel for the U.S. Trustee and the Honorable Judge Jeff Bohm, and out of an abundance of caution, Debtor filed a Motion to Authorize (Nunc Pro Tunc)Post-Petition Borrowing of Unsecured Funds Based on Business Necessity (the "Motion") on May 22, 2013, seeking authorization (nunc pro tunc) from the Court, pursuant to § 364(b) and § 503(b)(1), for the post-petition borrowing of funds by the Debtor for the actual, necessary costs and expenses of the Debtor's business, and for preservation of estate assets, by maintaining

commercial property insurance. The Debtor also subsequently filed a brief in support of the Motion on June 7, 2013.

The Court heard the Motion on June 13, 2013, without objection, and the Motion was granted by Judge Bohm that same day.

C. Description of Assets and Value

The value of the Debtor's assets is as reflected in the Debtor's Schedules of Assets A and B. As of the filing date (4/9/2013), Schedule A (Real Property) reflected $13,432,546, and Schedule B (Personal Property) reflected $1,167,207.42.

The Debtor had no cash on hand at the time of Chapter 11 filing, and a total of $30,956.92 in accounts receivable.

Recovery of Preferential or Otherwise Voidable Transfer (11 U.S.C. § 547, 548, 549 and 550 – Avoidable Transfers). The Debtor's review of its pre-petition transactions as reflected in its Statement of Financial Affairs indicates no preferences or fraudulent conveyances which could be recovered for the benefit of its creditors. Similarly, the Debtor is unaware of any avoidable post-petition transfers.

ASSETS AS OF THE PETITION DATE, APRIL 9, 2013

Schedules A and B – Real and Personal Property

Real property: (Historical Cost (not depreciated); Per Audited Financial Statements – Acquisition Cost, plus Additional Improvements Cost)	Marina Club - $5,134,271.00 Briarwood - $5,722,292.00 Dickinson Arms - $2,575,983.00
Escrow Reserves Held with Mortgagor	Marina Club - $244,704.71 Briarwood - $513,783.88 Dickinson Arms - $198,843.68
Security Deposits: <u>Marina Club</u> • City of Baytown ($17,500); • CenterPoint Energy ($6,135); <u>Briarwood</u> • City of Baytown ($23,000); • CenterPoint Energy ($7,585); <u>Dickinson Arms</u> • Galveston County WCID #1 ($7,200).	$61,420.00
Accounts Receivable: Estimated resident receivables: • Marina Club - $14,295.82; • Briarwood - $11,891.85; • Dickinson Arms - $4,769.25.	$30,956.92
Furniture, Fixtures & Equipment: • Marina Club - $64,255.06; • Briarwood - $19,903.25; and • Dickinson Arms - $27,566.33.	$111,724.64
Other Personal Property: • Realty Tax Refunds Issued to Debtor regarding Marina Club Apartments (currently held by prepetition attorney Hugh McKenny)	$5,773.59
TOTAL ASSETS (as of 4/9/2013)	$14,599.753.42

As provided above, the scheduled values of the three apartment project properties are, as follows:

- Marina Club - $5,134,271.00;
- Briarwood - $5,722,292.00; and
- Dickinson Arms - $2,575,983.00.
- Total Value of Real Property Assets - **$13,432,546**.

Although the Debtor believes a current appraisal for the Marina Club, Briarwood, and Dickinson Arms apartment project properties would afford higher values for the three properties, for purposes of this Second Supplemental Disclosure Statement and Plan of Reorganization, the Debtor intends to rely upon the above-described scheduled values of the Marina Club, Briarwood, and Dickinson Arms apartment projects,

The Lender (as defined below) holds the following pre-petition claims secured by the three apartment project properties, as follows:

- Marina Club - $3,978,061.28;
- Briarwood - $5,032,487.44; and
- Dickinson Arms - $2,575,983
- Total Amount of Secured Claims held by Lender - **$11,012,872.56.**

As of the Petition Date, the Lender held $957,332.27 in escrow accounts. Considering the scheduled values of the Marina Club, Briarwood, and Dickinson Arms properties ($13,432,546), the escrow reserves held by the Lender ($957,332.27), and the total amount of secured claims held by the Lender ($11,012,872.56), the Lender is oversecured by at least $3.3 million.

D. Estimated Return to the Creditors if the Estate were Liquidated

The alternative to a Chapter 11 Plan of Reorganization would be a Chapter 7 liquidation, whereby the assets of the Debtor would be sold and proceeds distributed to the Debtor's unsecured creditors. There is one (1) known secured creditor[1] - $11,012,872.56.

Liquidation Analysis. The Debtor's schedules of assets and liabilities reflect the (100%) fee simple interests[2] as the real property assets currently owned by the Debtor. There would, of course, be additional administrative expenses in Chapter 7 liquidation bankruptcy in the form of trustee's fee and trustee's professionals' fees.

The Debtor estimates the total value of its assets in liquidation (conversion to Chapter 7 scenario) at approximately $11,059,725.82. See Exhibit "B" attached hereto for further detail and liquidation analysis.

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[1] U.S. Bank National Association, as Trustee, for the registered holders of ML-CFC Commercial Mortgage Trust 2006-2, Commercial Mortgage Pass through Certificates, Series 2006-2 (the "Lender").
[2] Debtor's fee simple interests are: (i) Marina Club at Baytown Apartments, 1200 Missouri Street, Baytown, Texas; (ii) Briarwood Village Apartments, 1711 Bowie School Drive, Baytown, Texas; and (iii) Dickinson Arms Apartments, 3301 Hughes Lane, Dickinson, Texas.

PREPETITION LIABILITIES AS OF THE PETITION DATE AND NOW (6/14/2013)

Secured Claims (as of 4/9/2013) **Secured Claims (as of 6/14/2013)**	$11,012,872.56 $11,012,872.56
Unsecured Priority Claims (as of 4/9/2013) Unsecured Priority Claims (as of 6/14/2013)	$14,779.74 $77,297.60
Unsecured Nonpriority Claims (as of 4/9/2013) (including contingent liabilities – Tenant Deposits totaling $26,080.73) Unsecured Nonpriority Claims (as of 6/14/2013)	$3,785,519.99 $3,759,439.26
TOTAL LIABILITIES (as of 4/9/2013) **TOTAL LIABILITIES** (as of 6/14/2013)	**$14,813,172.29** **$14,875,690.15**

The liquidation value of the Debtor, at this point in time, would be comprised of proceeds from the sale of the Debtor's property and would be in an amount insufficient to pay the creditors if the Debtor were to be liquidated. (See Exhibit "B")

E. Anticipated Future of the Debtor

The Debtor expects that with the restructuring of its indebtedness, the Debtor will be able to operate profitably in such a manner as to allow the Debtor to pay its creditors in accordance with its Plan of Reorganization. Attached hereto are projections and analyses that the Debtor has made regarding its future income and expenses throughout the term of the Plan.

Projected Income and Expenses After Plan

Monthly operating budget and payment projections for the calendar year 2013 is attached hereto as Exhibit "C". Projected payments to creditors by class under the Plan are set forth in Exhibit "D", also attached hereto.

F. Affiliated Persons and Entities

The Debtor has no subsidiary entities/persons.

The Debtor's list of equity security holders is, as follows:

(i) MDB-1, Inc.
General Partner – 1%

(ii) Graoch Associates #121 Limited Partnership
Limited Partner – 99%

VII.

PROFESSIONAL FEES

The Debtor paid (on 4/5/2013) $25,997.00 in retainer funds towards contemplated Chapter 11 legal services. This $25,997.00 amount was placed into a Debtor-in-Possession Attorney's Fee Trust Account by The Law Offices of Matthew Hoffman ("LOMH, p.c."), 2777 Allen Parkway, Suite 1000, Houston, Texas 77019, to be applied to fees subject to approval by the Court, and will be included in any award the Court gives to the Law Offices of Matthew Hoffman, p.c., the attorneys responsible for the Debtor's initial filing, pursuant to LOMH, p.c.'s for its First and Final Fee Application. The Debtor paid an additional $1,213 for its Chapter 11 bankruptcy filing fee. Upon the filing of the Chapter 11 case, Matthew Hoffman and Alan Brian Saweris of LOMH, p.c. undertook representation of the Debtor, with the approval of the Bankruptcy Court (approved May 3, 2013). The $25,997.00 retainer amount is expected to be earned and drawn down pursuant to (duly served) monthly Notices of Distribution of Retainer, subject to Court approval, and interim fees to be paid to LOMH, p.c. for all time spent and expenses incurred, going forward.

Legal fees for the month of April, 2013 amounted to $11,512.34 and were distributed from the retainer amount without objection. Legal fees for the month of May, 2013 amounted to $13,845.34, a Notice of Distribution of Retainer for such fees was filed on June 4, 2013 and is currently pending. Legal fees for the months of June, 2013 through September, 2013 are projected to be an average of $12,000 for each month for LOMH, p.c., subject to approval by the Bankruptcy Court. The source of funds to pay the projected administrative expenses for fees (beyond fees and retainer already paid) for attorneys and other professionals is the remaining retainer and Debtor's operations. Pursuant to §§ 503(b)(2) and 507(a)(2) of the Bankruptcy Code, administrative claims must be paid in full at the time of confirmation, unless other arrangements have been made. At this point in time, no other arrangements have been made.

VIII.

UNITED STATES TRUSTEE FEES

Provision for payment of pre-confirmation and post-confirmation quarterly fees and submission of statements of disbursements to the United States Trustee. The reorganized Debtor shall timely pay its quarterly fees to the U.S. Trustee, as follows:

- U.S. Trustee fees for the second quarter (ending June 30, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before July 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

- U.S. Trustee fees for the third quarter (ending September 30, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before October 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

- U.S. Trustee Fees for the fourth quarter (ending December 31, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before January 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

After confirmation, the reorganized Debtor shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements for each quarter, or portion thereof, that this chapter 11 case remains open, in a format prescribed by the United States Trustee.

IX.

ACCOUNTING PROCESS USED

The Debtor's projections contained in this Disclosure Statement and accompanying financial information are based on the accrual method of accounting. The information from which those statements are prepared comes from the Debtor's books and records.

X.

SUMMARY OF THE PLAN OF REORGANIZATION

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE PLAN. CREDITORS ARE URGED TO READ THE PLAN IN FULL.

A. Means for Execution of the Plan

The Debtor is in the process of arranging to fund the Plan of Reorganization out of: (i) new equity (in the form of mandatory and non-mandatory cash calls on various limited partners); and (ii) collection of related party receivables. The funds necessary for the satisfaction of the creditors' claims are to be generated, basically, as follows:

Source of Funds:	
New Equity Contribution:	$991,202.34
Insurance Premium Refund:	$70,000.00
Lender Held Hurricane Funds:	$138,492.00

Total Sources of Funds	**$1,199,694.34**

Uses of Funds

Class 1 Payments	$48,000.00
Class 2 Payments (Taxing Authorities)	$77,317.00
Class 5 Payments (Mechanic/Materialmen's liens)	$400.00
Class 6 Payments (General Unsecured) (20% of face)	$24,850.05
Class 7 Payments ($1,000 or less Unsecured (70% of face)	$7,322.54
(Estimated) Lender Legal / Costs	$150,000.00
Outstanding Lender Payments	$342,204.75
Capital Improvement Fund	$ 550,000.00
Total Uses of Funds	**$1,200,094.34**

- Represents three monthly payments (inclusive of escrow amounts for insurance, property taxes, etc.)
  - two prepetition payments; and
  - one postpetition payment (April, 2013)

The Debtor may propose amendments or modifications of the Plan at any time prior to Confirmation, upon notice to all parties-in-interest. After Confirmation, the Debtor may, with approval of the Court and so long as it does not materially or adversely affect the interest of creditors, remedy any defect or omission or reconcile any inconsistencies in the Order of Confirmation in such manner as may be necessary to carry out the purposes and effect of this Plan.

B. Classification of Claims

The Plan provides for the division of claims of creditors into nine (9) classes.

Class 1 - Claims of attorneys and other professionals entitled to "priority," as such term is defined 11 U.S.C. § 507, as well as administrative expenses, as such term is defined in 11 U.S.C. § 503(b)(1), as the same are allowed, approved and ordered paid by the Bankruptcy Court and the Bankruptcy Code. There are two (2) creditors in this class, as follows: 1) The Law Offices of Matthew Hoffman, p.c., Debtor's Bankruptcy Counsel; and 2) United States Trustee Fees.

Class 2 - Claims of taxing authorities entitled to "priority," as such term is defined in 11 U.S.C. § 507, as the same are allowed, approved and ordered paid by the Bankruptcy Court. There are four known creditors in this class, as follows: 1) Internal Revenue Services; 2) State of Texas Comptroller's Office; 3) Harris County, et.al; and 4) Dickinson Independent School District.

Class 3 - Claims of governmental units enforcing its police and regulatory power, including the enforcement of a judgment other than a money judgment, obtained in an action or proceeding by the governmental unit to enforce such governmental unit's police or regulatory power. There are no known governmental units seeking to enforce their police and regulatory power obtained in an action or proceeding by the governmental unit or units in this case or in this class.

Class 4 - Claims secured by a lien or security interest in property owned by the Debtor or its estate. There is one (1) known creditor in this class, Lender - $11,012,872.56.

Class 5 - Claims secured by a mechanic's and materialmen's lien in property owned by the Debtor or its estate. There is one (1) known creditor in this class.

Class 6 - Claims not secured by a lien, security interest, encumbrance or right of set-off, as the same are allowed, approved and ordered paid by the Bankruptcy Court. There are at least twenty (20) known creditors in this class, exclusive of those (smaller) Class 7 creditors holding unsecured claims of $1,000 or less.

Class 7 - Allowed, Unsecured Claims of $1,000.00 or less, and those Allowed Unsecured Claims in excess of $1,000.00 which are voluntarily reduced by the holders thereof to $1,000.00 with the amount in excess of $1,000.00 being waived, as the same are allowed, approved and ordered paid by the Bankruptcy Court. There are at least twenty-six (26) known creditors in this class.

Class 8 - Claims not secured by a lien, security interest, encumbrance or right of set-off, as the same are allowed, approved and ordered paid by the Bankruptcy Court. There are at least ten (10) known creditors in this class.

Class 9 - Allowed Equity Interest Holders. There are two (2) equity interest holders in this class, as follows:

(i) MDB-1, Inc.
General Partner – 1%

(ii) Graoch Associates #121 Limited Partnership
Limited Partner – 99%

C. Treatment of Classes

CLASS 1 (Claims of Attorneys and Other Professionals)

Each creditor holding an allowed Class 1 Claim shall be paid in cash in full (unless such Claimant has agreed to other treatment) on the Effective Date or when such claim is allowed or

ordered paid by Final Order of the Court, whichever date is later, with the exception of the United States Trustee Fees, which shall be paid, as follows:

- U.S. Trustee fees for the second quarter (ending June 30, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before July 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

- U.S. Trustee fees for the third quarter (ending September 30, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before October 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

- U.S. Trustee Fees for the fourth quarter (ending December 31, 2013), in the amount of $4,875.00, are included in the Debtor's Operating Budget (Exhibit C), and will be paid on or before January 31, 2013 from Debtor's operating revenues (as will be reflected on Debtor's Monthly Operating Report).

Class 1 claims are not impaired.

CLASS 2 (Claims of Taxing Authorities)

Each ad valorem property tax creditor holding an allowed Class 2 Claim is a tax creditor of Debtor and Debtor's Estate holding prior perfected liens against property of Debtor's Estate. The ad valorem property Taxing Authorities continue to hold their perfected liens for pre- and post-petition taxes against property of the Debtor's Estate until the ad valorem property Taxing Authorities' claims, including interest thereon, are paid in full, pursuant to 11 U.S.C. § 1129(b). The ad valorem property Taxing Authorities' claims are secured, pursuant to Texas Property Tax Code §§ 32.01 and 32.07, et seq., by the various pieces of real and personal property owned by the Debtor. Each creditor holding an allowed Class 2 Claim shall be paid in cash and in full, on the Effective Date or when such claim is allowed or ordered paid by Final Order of the Court, whichever date is later. **Class 2 claims are not impaired.**

CLASS 3 (Claims of Governmental Units)

Each creditor holding a Class 3 Claim shall be paid 100% of such Allowed Claim and shall be paid in cash and in full on the Effective Date or when such claim is allowed or ordered paid by Final Order of the Court, whichever date is later. **Class 3 claims are not impaired.**

CLASS 4 (Allowed Secured Claim of Lender)

Class 4 is composed of the Allowed Secured Claim of $11,012,872.56 by the Lender. The Lender shall be deemed to have an Allowed Secured Claim in the amount of $11,012,872.56 solely for amounts owed as of the Petition Date. The Lender may assert claims for amounts allowable pursuant to 11 U.S.C. § 506(b) (including post-petition interest, fees, expenses and attorneys' fees) by filing a Motion for Allowance of Claims Pursuant to 11 U.S.C. § 506(b). Any Allowed Post-Petition Fees and Expenses shall be paid on the later of: (a) 15 days after the entry of an order Allowing the fees and expenses or (b) the Effective Date of the Plan.

Commencing on the Effective Date, the following loan terms will be applicable:

- Marina Club at Baytown Apartments: The post-confirmation fixed interest rate is to be set at 6.27% per annum, with monthly payments of blended principal and interest (at the prepetition Note rate) in the amount of $25,606.27, payable on the 10th day of each month, in arrears, through to the current maturity date of May 8, 2016. Existing pre-payment terms continue unmodified, and monthly impounds for property insurance and property taxes will continue to be made.
- Briarwood Village Apartments: The post-confirmation fixed interest rate is to be set at 6.27% per annum, with monthly payments of blended principal and interest (at the prepetition Note rate) in the amount of $32,393.47, payable on the 10th day of each month, in arrears, through to the current maturity date of May 8, 2016. Existing pre-

payment terms continue unmodified, and monthly impounds for property insurance and property taxes will continue to be made.

- Dickinson Arms Apartments: The post-confirmation fixed interest rate is to be set at 6.27% per annum, with monthly payments of blended principal and interest (at the prepetition Note rate) in the amount of $12,957.39, payable on the 10th day of each month, in arrears, through to the current maturity date of May 8, 2016. Existing pre-payment terms continue unmodified, and monthly impounds for property insurance and property taxes will continue to be made.

All of Lender's prepetition and postpetition liens, encumbrances and security interests shall continue on the Notes' collateral after the Effective Date. For purposes of confirmation and allowance of post-petition claims under 11 U.S.C. § 506(b), the value of the property securing the Lender's claims shall be $13,432,546.

Since (at least) the date the Disclosure Statement was filed on June 14, 2013, CWCapital Asset Management, LLC ("CWCapital"), the special servicer for the Lender, has been actively pursuing the sale the of the Notes secured by the Briarwood, Dickinson Arms, and Marina Club properties. The Notes are currently listed for auction on www.auctions.com (Item #584, Property ID# 123010106), with the auction scheduled to commence on July 29, 2013 (at a starting bid of $2,750,000) and conclude on July 31, 2013. As a result, it is possible that the Notes may be sold by the Lender, to another holder, prior to the Confirmation hearing on the Debtor's Plan of Reorganization. Pursuant to the instructions of CWCapital's counsel, the Debtor will continue to solicit the ballot for Plan Confirmation to the Lender, unless otherwise instructed. **Class 4 claims are impaired.**

CLASS 5 (Claims Secured by a Mechanic's and Materialmen's Lien)

Each creditor holding a Class 5 Claim shall be paid in full, on the Effective Date, in consideration of the releases of their liens (i.e., Release of Lien filed amongst the Harris County, Texas Real Property Records) or when such claim is allowed or ordered paid by Final Order of the Court, whichever date is later.

At the time Debtor's Disclosure Statement was filed on June 14, 2013, there were no known Class 4 creditors. During the week of July 7 through July 13, 2013, Debtor's counsel received phone calls from a purported creditor of the Debtor, alleging that the creditor holds a mechanic's lien against the Marina Club apartment project in the amount of $400.00, for a prepetition debt (purportedly) incurred by the Debtor on April 8, 2011. The creditor's information is, as follows:

Move for Free
9002 Western View
Helotes, Texas 77060

To date, Move for Free has not filed a Proof of Claim in this matter. pursuant to the treatment terms provided in this Second Supplemental Disclosure Statement and Plan of Reorganization, Debtor intends to pay the full (100%) claim in the amount of $400.00, as asserted by Move for Free, on the Effective Date, in consideration of the release of the purported lien on the Marina Club property. **Class 5 claims are not impaired.**

CLASS 6 (Claims Not Secured by a Lien or Security Interest)

Each creditor holding a Class 6 Claim shall be paid 20% of its allowed claim, in cash, on the Effective Date or when such claim is allowed or ordered paid by Final Order of the Court, whichever date is later. **Class 6 claims are impaired.**

CLASS 7 (Allowed, Unsecured Claims of $1,000 or less, and in Excess of $1,000)

Each creditor holding an Allowed Class 7 Claim shall receive 70% of the amount of its claim, in cash, on the Effective Date or when such claim is allowed or ordered paid by Final Order of the Court, whichever date is later. **Class 7 claims are impaired.**

CLASS 8 (Claims not Secured by a Lien or Security Interest and not subject to setoff)

The claims of Class 8 claimants will be deemed allowed, without setoff or counterclaim, upon confirmation of the Plan. Following confirmation of the Plan, Class 8 claimants will retain their claims, in their full amounts against Debtor. **Class 8 claims are impaired.**

CLASS 9 (Allowed Equity Interest Holders)

Each equity interest holder in Class 9 shall be allowed to retain such interest held. Upon confirmation of the Plan, the property of the estate will be free and clear of any and all claims and interests of all entities, except as provided in the Plan, and shall re-vest in the reorganized Debtor. **Class 9 interests are not impaired.**

XI.

PENDING LITIGATION

As of April 9, 2013, the Debtor is not aware of any pending litigation in which it is a party, except, as follows:

- Case No. 12-CV-1251; *Patrick K. Hernandez vs. Wentwood Baytown, L.P.*; In the 56th Judicial District Court of Galveston County, Texas; and

- Cause No. 2010-25468; *Patrick O'Connor and Associates, LP vs. GALP Highcross, LP, et al.*; In the 129th Judicial District Court of Harris County, Texas.

XII.

FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Statutory Overview

The purpose of this provision to provide a discussion of the potential material Federal income tax consequences of the plan to Debtor and a hypothetical of the holders of claims or interests in the case that would enable such a hypothetical investor to make an informed judgment about the Plan, as contemplated in 11 U.S.C. § 1125(a)(1). The Federal income tax consequences discussed herein are those arising under the Internal Revenue Code of 1986, as amended (the "Tax Code") and the income tax regulations promulgated thereunder (the "Regulations"), and case law, revenue rulings, revenue procedure and other authority interpreting the relevant sections of the Tax Code and the Regulations.

This summary does not address foreign, state or local tax law, or any estate or gift tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as taxpayers who are not United States domestic corporations or citizens or residents of the United States, S corporations, banks, mutual funds, insurance companies, financial institutions, regulated investment companies, broker-dealers, non-profit entities or foundations, small business investment companies, persons that hold Claims or Equity Interests as part of a straddle or conversion transaction and tax-exempt organizations).

No administrative rulings will be sought from the Internal Revenue Service ("IRS") with respect to any of the federal income tax aspects of the Plan. Consequently, there can be no

assurance that the treatment described in this Disclosure Statement will be accepted by the IRS. No opinion of counsel has either been sought or obtained with respect to the federal income tax aspects of the Plan.

THE DISCUSSION SET FORTH IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR GENERAL INFORMATION ONLY. ALL CREDITORS AND EQUITY HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL INCOME TAX CONSEQUENCES CONTEMPLATED UNDER OR IN CONNECTION WITH THE PLAN, AS WELL AS STATE AND LOCAL TAX CONSEQUENCES AND FEDERAL ESTATE AND GIFT TAXES.

B. Federal Income Tax Consequences to Debtor

The Plan contemplates that all known creditors of Debtor will be paid at least in part, if not in full. Therefore, the federal income tax issues associated with the cancellation of debt are subject to the provisions of the 1980 Bankruptcy Tax Act as set forth in Section 108 of the Internal Revenue Code.

Debtor files Form 1065 (U.S. Return of Partnership Income) for Federal income tax purposes. This means each partner of the Debtor receives a Schedule K-1. Debtor files returns of income, but is not liable for federal income tax. Instead, the equity owners report all items of income, gain, loss, deduction and credit on their individual returns and that Debtor has no federal income tax.

Debtor did not incur any tax liability for taxable income. Net Income or Loss is passed through to the partners of the Debtor on a Schedule K.

C. Federal Income Tax Consequences to Creditors

General. As to all debts being paid in full and in cash and since none of the Creditors, in its or their capacity as a Creditor are receiving any security in Debtor, a Creditor who receives cash in full satisfaction of a Claim will classify the payment in the same way it would have classified that payment had it been made by Debtor if it were not in bankruptcy. Therefore, each Creditor should consult its own tax advisor.

Backup Withholding. Under current tax law, interest, dividends and other "reportable payments" may, under certain circumstances, be subject to "backup withholding" taxes. Withholding generally applies if the holder: (i) fails to furnish his social security number or other taxpayer identification number (hereinafter "TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that he is not subject to backup withholding.

XIII.

RISK FACTORS

Certain substantial risk factors are inherent in most Chapter 11 cases. There are risks, which all creditors should be aware of with respect to this Plan.

First, there is a risk that the market in which the Debtor operates will decline, thereby increasing Debtor's inability to pay its creditors pursuant to the confirmed Plan of Reorganization. While the Debtor does not believe that its market will decline, this possibility must be recognized.

All creditors should be aware that the inability to confirm this Plan might be detrimental to all creditors of the Debtor's estate. If this Plan is not confirmed, and the case is converted to

Chapter 7, it is highly likely that the unsecured creditors would receive no distributions out of the Debtor's estate. The Debtor's assets consisted of only $14.5 million (approx.), as of April 9, 2013, while the Debtor's liabilities were at least $14.8 million (approx.), as of April 9, 2013, but, in the event of conversion to Chapter 7, the assets would be significantly diminished and there would be additional Trustee's fees (unknown amount), plus Trustee's professionals' fees (unknown amount).

XIV.

FINANCIAL INFORMATION

Debtor has filed monthly operating reports with the Clerk of the Bankruptcy Court, which have been incorporated herein by reference.

XV.

CRAMDOWN

Upon rejection of this Plan by any impaired class of claims, the Plan Proponent intends to, and hereby does, invoke the cramdown provisions of section 1129(b) of the Bankruptcy Code to obtain confirmation of the Plan.

XVI.

EFFECT OF CONFIRMATION

If the Plan is confirmed, its provisions will bind the Debtor and each creditor, whether or not the claim is impaired under the Plan and whether or not the creditor has accepted the Plan. Upon confirmation of the Plan, the property of the estate will be free and clear of any and all claims and interests of all entities, except as provided in the Plan, and shall re-vest in the reorganized Debtor.

XVII.

CONFIRMATION PROCEDURES AND STANDARDS

In order for the Plan to be confirmed, various statutory conditions must be satisfied, including (i) a finding by the Court that the Plan is feasible, (ii) the acceptance of the Plan by at least one impaired class entitled to vote on the Plan and (iii) provision for payment or distribution under the Plan to each claimant of money and/or other property equal in value to at least what the claimant would have received in liquidation or, with respect to each Class, either acceptance by that Class or a finding by the Court that the Plan is "fair and equitable" and does not "discriminate unfairly" against the Class.

A. Who May Vote

Only classes that are impaired under the Plan are entitled to vote on acceptance or rejection of the Plan. Generally, section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered impaired unless a plan does not alter the legal, equitable, and contractual rights of the holder of the claims or interest. In addition, these classes are impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the Debtor or the commencement of the Chapter 11 case, have been cured and the holders of the claims or interests in these classes have been compensated for any damages incurred as a result of any reasonable reliance on any contractual provisions or applicable law to demand accelerated payment.

Any claim that is subject to an unresolved objection may not vote unless an order is obtained from the Court temporarily allowing the Claim for the purpose of voting.

Class 1, 2, 3 and 5 are not impaired under the Plan and, pursuant to section 1126(f) of the Bankruptcy Code, are deemed to have accepted the Plan without voting. All other Classes, except Class 9, are impaired under the Plan and are entitled to vote to accept or reject the Plan.

B. Confirmation of the Plan

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

Confirmation Hearing. Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). The Court will schedule the Confirmation Hearing, set deadlines and require notice to all creditors. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan, regardless of whether it is entitled to vote. If the Plan is not confirmed, however, the theoretical alternatives include: (a) alternative plans of reorganization; or (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code.

Alternative Plans of Reorganization. If the Plan is not confirmed, the Debtor or some other party in interest in the Bankruptcy case could attempt to formulate and propose a different plan or plans. After a thorough review and analysis of the course of action set forth in the proposed Plan, the Debtor has concluded that the Plan as proposed provides the Holders of impaired claims and equity interests with the optimal opportunity for the maximum recovery such that the interests of each will thereby be best served.

Objections to Confirmation. The Court will schedule a hearing to consider objections by parties in interest to confirmation of the Plan. The hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the hearing. While the Plan Proponent expects that any hearing to consider objections to the confirmation of the Plan

will be held in conjunction with the Confirmation Hearing, there can be no assurance that such will be the case.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY MADE IT MAY NOT BE CONSIDERED BY THE COURT.

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

Feasibility of the Plan. In order for the Plan to be confirmed, the Court must determine that a further reorganization or subsequent liquidation of the Debtor is not likely to result following confirmation of the Plan. The Plan Proponent believes that the Plan is feasible.

Best Interests Test. With respect to each impaired class contemplated by section 1129(a)(7)(A), each member either (a) has accepted the Plan or (b) will receive or retain under the Plan, on account of its Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount the holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. Only Classes 4, 6, 7 and 8 are affected by the best interests test, since all other classes are receiving payment in full under the Plan. Of course, no class may receive more than payment in full in either Chapter 7 or Chapter 11.

To determine what the holders in Classes 4, 6, 7 and 8 would receive if the Debtor was liquidated, the Bankruptcy Court must determine that the dollar amount which would be generated from the liquidation of the assets in the context of Chapter 7 liquidation is not more than the present value of the funds to be distributed under the Plan. The cash amount that would

be available would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtor, reduced by the costs and expenses of the liquidation and by such additional administrative and priority expenses that may result.

The costs of liquidation under Chapter 7 would include the fees payable to the trustee appointed in the Chapter 7 case, as well as those that might be payable to additional attorneys and other professionals that the trustee might engage. Costs of liquidation would also include any unpaid expenses incurred by the Debtor during the Chapter 11 case, such as compensation for attorneys, appraisers, and accountants and costs and expenses of operations, which remained unpaid. In addition, Claims may arise by reason of the rejection of obligations incurred and contracts entered into by the Debtor in Possession during the pendency of the Chapter 11 case.

To determine if the Plan is in the best interests of the members of Classes 4, 6, 7 and 8 the present value of the distributions from the proceeds of the liquidation of all the Debtor's assets and properties (after subtracting the amounts attributable to the claims described above) are then compared with the present value offered to each of the members of Classes 4, 6, 7 and 8 under the Plan. It is the Debtor's opinion that if a Chapter 7 liquidation were to occur, no allowed unsecured creditor or interest holder would receive any distribution nor would the (priority) taxing entities' allowed, undisputed claims be paid in full.

Acceptance by Impaired Classes. Section 1129(a)(8) of the Bankruptcy Code requires that, subject to the "cram-down" exception contained in section 1129(b), each impaired class must accept the Plan by the requisite votes for confirmation to occur. A class of impaired claims will have accepted the Plan if at least two-thirds in amount and more than on-half in number of Allowed Claims in the class voting to accept or reject the Plan have voted in favor of acceptance. In addition, regardless of whether recourse is had to the cram-down provisions of section

1129(b), at least one impaired class must accept the Plan, without counting the votes of any "insiders" contained in the class, as defined in section 101(31) of the Bankruptcy Code.

Fair and Equitable Test. If any impaired class of claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Proponent pursuant to the cram-down provisions of section 1129(b) if, as to such impaired class, the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that class. A plan does not discriminate unfairly if no class receives more than it is legally entitled to receive for its claims or equity interests. "Fair and equitable" has different meanings for secured claims, unsecured claims and interests.

With respect to a secured claim, "fair and equitable" means that either (i) the impaired secured creditor retains its liens to the extent of its allowed secured claims and receives deferred cash payments at least equal to the allowed amount of its claim with a present value as of the effective date of the plan at least equal to the value of the creditor's interest in the property securing its liens, (ii) property subject to the lien of an impaired secured creditor is sold free and clear of the lien, with the lien attaching to the proceeds of the sale, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claims under the Plan.

With respect to an unsecured claim, "fair and equitable" means that either (i) each impaired unsecured creditor receives or retains 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 in exchange for such claims or interest held prior to the filing.

The Bankruptcy Court must determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any impaired class of Claims.

The Debtor believes that each holder of a Claim impaired under the Plan will receive payments under the plan having a present value as of the Effective Date of an amount not less than the amount likely to be received if the Debtor was liquidated in a case under Chapter 7 of the Bankruptcy Code. The Debtor believes that each holder of a Claim impaired under the Plan will receive substantially greater payments under the proposed Plan of Reorganization.

Absolute Priority Rule. Section 1129(b)(2)(B)(ii) controls the payment of senior and junior classes of claims or interests in the event that all of the applicable requirements of Section 1129(a), other than paragraph (8), are met with respect to a plan. Under the Debtor's Plan, no junior classes of claims or interests are to receive more than senior classes of claims. Moreover, since creditors are entitled to be paid in full before junior classes of claims or interests receive any payments, the Debtor's Plan provides that no holder of any claim or equity interest that is junior to the claims of such senior claimants shall receive any payment on account of such junior claim or interest.

New Value Exception. In the event that any impaired class (that is not an "insider", as defined in 11 U.S.C. § 101(31)) rejects the Plan, the equity interest holders (or other interests junior to unsecured creditors) may retain their interest in the reorganized Debtor in return for capital contributions infused into the reorganized Debtor so long as the contribution is: (1) new; (2) substantial; (3) reasonably equivalent to the value received by the equity interest holder; (4) necessary to the effective reorganization of the Debtor; and (5) in the form of money or money's worth. *Bank of Am. Nat. Trust & Sav. Ass'n v. 203 N. LaSalle St. P'ship*, 526 U.S. 434, 445 (1999). The assessment of the required capital contribution amounts for the equity interest holders (or other interests junior to unsecured creditors) is to be made in the event that any impaired class (that is not an "insider") rejects the Plan.

C. Voting Procedures

Counting Votes. In order to be counted a ballot must be RECEIVED at the following address no later than the date set by the Bankruptcy Court:

The Law Offices of Matthew Hoffman, p.c.
2777 Allen Parkway, Suite 1000
Houston, Texas 77019
Attorneys for Wentwood Baytown, L.P.,
Debtor-in-Possession

Solicitation of Votes. The Ballot included herewith will serve as the ballot for indicating acceptance of the Plan pursuant to the requirements of sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018(c). Section 1125(b) of the Bankruptcy Code and Bankruptcy Rule 3018 govern the solicitation and the binding effect of acceptances. Any holder of a contested Claim may ask the Bankruptcy Court pursuant to Bankruptcy Rule 3018, to have its Claims allowed for the purpose of accepting or rejecting the Plan.

[SIGNATURE PAGE TO FOLLOW]

Respectfully submitted this the 31st day of July, 2013.

Wentwood Baytown, L.P.,
Debtor-in-Possession

By: */s/ Matthew Hoffman*

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