UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
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In re: WEST VIEW APARTMENTS, INC., Debtor.	Case No.: 10-21892-AJC Chapter 11 **FIRST AMENDED[1] DISCLOSURE STATEMENT**

West View Apartments, Inc., the above-captioned Debtor and Debtor-in-Possession, hereby files and requests the Bankruptcy Court to approve, in Form and Content, the Debtor's proposed First Amended Disclosure Statement set forth herein.

[1] This Amendment to the Disclosure Statement that was filed on April 30, 2010, is being made to address the issues raised in the Objection to the Disclosure Statement made by Berkadia Commercial Mortgage, LLC, the special servicer of the holder of the first mortgage on the principal asset of the Debtor, a 207-unit apartment complex, in order to reach a "consensual disclosure statement". The Amendment by no means reflects the Debtor's agreement with the issues raised in the Objection or that the "disclosures" made through the Amendment were not in the Initial Disclosure Statement or in the Bankruptcy Petition and Schedules filed by the Debtor, or are necessary in order to make an informed judgment or whether to accept or reject the Debtor's Plan of Reorganization. The Plan provides for the payment in full of the claims of the holders of the first and second mortgages through the cash flow and business operations of the Debtor as well as the fair market value of the apartment complex which substantially exceeds these claims.

THIS FIRST AMENDED DISCLOSURE STATEMENT (the "DISCLOSURE STATEMENT") MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE DEBTOR'S FIRST AMENDED PLAN OF REORGANIZATION (the "PLAN" or the "PLAN OF REORGANIZATION"), AND NOTHING CONTAINED HEREIN WILL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN OF REORGANIZATION ON HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR.

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.

THE DESCRIPTION OF THE DEBTOR'S PLAN OF REORGANIZATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN OF REORGANIZATION ITSELF. EACH CREDITOR AND HOLDER OF AN INTEREST SHOULD READ, CONSIDER AND CAREFULLY ANALYZE THE TERMS AND PROVISIONS OF THE PLAN OF REORGANIZATION.

THE MANAGEMENT OF THE DEBTOR BELIEVES THAT THE PLAN OF REORGANIZATION IS IN THE BEST INTERESTS OF CREDITORS AND HOLDERS OF INTERESTS. ALL CREDITORS AND HOLDERS OF INTERESTS ARE URGED TO VOTE IN FAVOR OF THE PLAN. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED AND EXECUTED AND RECEIVED BY NO LATER THAN THE TIME SET BY THE COURT, UNLESS EXTENDED.

NO PERSON IS AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN OF REORGANIZATION OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN OF REORGANIZATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS OR DOCUMENTS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR. SUCH ADDITIONAL REPRESENTATIONS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO IN TURN WILL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR ACTION AS MAYBE 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.

CREDITORS AND HOLDERS OF INTERESTS ARE ENCOURAGED TO REVIEW THE BANKRUPTCY DOCKET IN ORDER TO EVALUATE EVENTS WHICH OCCUR BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE DATE OF THE CONFIRMATION HEARING. ALL CREDITORS WHO ARE ENTITLED TO VOTE ARE

ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE FIRST AMENDED DISCLOSURE STATEMENT, INCLUDING THE PLAN OF REORGANIZAION AND THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT, PRIOR TO SUBMITTING A BALLOT PURSUANT TO THIS SOLICITATION.

IN THE EVENT THAT ANY OF THE CLASSES OF HOLDERS OF IMPAIRED CLAIMS VOTE TO REJECT THE PLAN OF REORGANIZATION, (1) THE DEBTOR MAY ALSO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN OF REORGANIZATION WITH RESPECT TO THAT CLASS UNDER THE SO-CALLED "CRAM-DOWN" PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE, 11 U.S.C. §1129, AND, IF REQUIRED, MAY AMEND THE PLAN OF REORGANIZATION TO CONFORM TO SUCH REQUIREMENTS, OR (2) THE PLAN OF REORGANIZATION MAYBE OTHERWISE MODIFIED OR WITHDRAWN. THE REQUIREMENTS FOR CONFIRMATION, INCLUDING THE VOTE OF HOLDERS OF IMPAIRED CLAIMS TO ACCEPT THE PLAN OF REORGANIZATION AND CERTAIN OF THE STATUTORY FINDINGS THAT MUST BE MADE BY THE BANKRUPTCY COURT, ARE SET FORTH UNDER THE CAPTION "VOTING ON AND CONFIRMATION OF THE PLAN."

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INTRODUCTION

The Debtor, West View Apartments, Inc., has filed with the United States Bankruptcy Court for the Southern District of Florida, Miami Division (the "Bankruptcy Court"), its Plan of Reorganization (the "Plan"). The Debtor submits this First Amended Disclosure Statement (the "Disclosure Statement"), pursuant to Section 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 the Debtor and the hearing on confirmation of the Plan to be scheduled.

[This Disclosure Statement has not yet been approved by the Bankruptcy Court in accordance with Section 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 the holders of Claims of 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.]

IN THE OPINION OF THE DEBTOR, THE TREATMENT OF CLAIMS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR.

Accompanying or included as exhibits to this Disclosure Statement are copies of the following:

1. The actual 2009 financial statement and the actual Balance Sheet and Profit and Loss for 2009 and the 1st Quarter of 2010 are attached as Exhibit"1";
2. The Tenants' Rent Roll of the Debtor's apartment complex, as of April 29, 2010 is attached as Exhibit "2";
3. Amended Summary of Schedules, Amended Statistical Summary of Certain Liabilities and Related Data, Amended Schedule B-35, Amended Schedule F – Creditors Holding Unsecured Priority Claims and Amended Schedule F Detail and Amended Pages 3, 4 and 6 of Statement of Financial Affairs attached hereto as Composite Exhibit "3"; and
4. Form of Ballot, attached as Exhibit "4"

A. PURPOSE OF DISCLOSURE STATEMENT

West View Apartments, Inc., the Debtor and Debtor-in-Possession (the "Debtor"), provides this Disclosure Statement (the "Disclosure Statement") to all of its known creditors and parties-in-interest in order to disclose that information deemed by the Debtor to be necessary to arrive at a reasonably informed decision in exercising a right to vote for acceptance or rejection of the

Debtor's Plan of Reorganization dated April 30, 2010 (the "Plan"). This Disclosure Statement is intended to enable the Debtor's creditors to make an informed decision in voting to accept or reject the Plan. For the reasons set forth more fully herein, the Debtor hereby recommends and solicits acceptance of its proposed Plan by all persons entitled to vote on the Plan.

B. <u>SOURCE OF INFORMATION</u>

The source of the information of this Disclosure Statement was derived from the Debtor's books and records, clarification and explanation by Turner & Associates, LLC, the Debtor's certified public accountant, historical data, and financial projections prepared by the Debtor. Additionally, the Debtor has attached as Exhibit "1" its actual 2009 financial statement and the actual Balance Sheet and Profit and Loss for 2009 and the 1st Quarter of 2010 and as Exhibit "2" its current rent roll as of April 29, 2010. Additionally, <u>a copy of the last appraisal</u> of the Debtor's primary asset, the 207-unit apartment building located at 850-980 West 74th Street, Hialeah, Florida 33014, prepared by Robert E. Transue, MAI of Real Property Valuation Services, Inc., is available in CD format to each interested party.

The information contained herein has not been subjected to a certified audit. The records kept by the Debtor are dependant upon the accounting performed by the Debtor. Although the Debtor has made great efforts to be accurate, because a current audit does not exist, the Debtor is unable to warrant or represent that the information contained herein is without any inaccuracies or omissions. Other than those set forth in this Disclosure Statement, the Debtor has not authorized any representations concerning the Debtor, its operations, or financial performance. In arriving at your decision, you should not rely on any representations or inducements made to secure your acceptance other than those which are contained in this Disclosure Statement.

C. MANNER OF VOTING ON THE PLAN

All undisputed creditors entitled to vote on the Plan may cast their vote for or against the Plan by COMPLETING, SIGNING, DATING, AND MAILING THE BALLOT accompanying this Disclosure Statement to the CLERK OF THE COURT, UNITED STATES BANKRUPTCY COURT, CLAUDE PEPPER FEDERAL BUILDING, 51 S.W. 1ST AVE, RM. 1517, MIAMI, FL 33130, ON OR BEFORE THE TIME STATED THEREON.

A copy of the ballot should be mailed to Debtor's counsel at Zorrilla & Associates, P.L., at 1401 Brickell Avenue, Suite 570, Miami, Florida 33131.

D. HEARING ON CONFIRMATION OF THE PLAN

By separate Order, the United States Bankruptcy Court of the Southern District of Florida, Miami, shall schedule the hearing on the confirmation of the Plan. Each party-in-interest will receive, either with this Disclosure Statement or under separate cover, the Bankruptcy Court's notice of hearing on Confirmation of the Plan. Attendance is not mandatory, but creditors are invited to attend the Confirmation Hearing on the Plan and voice their opinions for or against the Plan or as to any objections filed with respect to its confirmation.

E. ACCEPTANCE REQUIRED TO CONFIRM PLAN

As a creditor, your acceptance is important. In order for the Plan to be deemed accepted, the ballots must be tabulated. Of the ballots cast, more than one-half (1/2) in number of votes must be in favor of the Plan. In addition, of the ballots cast, the accepting votes must also represent two-thirds (2/3) of the dollar amounts of all votes cast.

Furthermore, unless there is unanimous acceptance of the Plan by a class that is deemed impaired under the Plan, the Bankruptcy Court must also determine that, under the Plan, members of such class will receive, as of the Effective Date of the Plan, property of a value that is not less than the amount that such class of creditors would receive or retain should the Debtor liquidate under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

ARTICLE I

DEFINITIONS

The Definitions set forth in Article I of the Plan are incorporated herein.

ARTICLE II

PRELIMINARY STATEMENT OF HISTORY AND FINANCIAL CONDITION OF DEBTOR

A. BACKGROUND

West View Apartments, Inc., is a real estate holding company which owns as it primary asset an apartment complex of 5 buildings located at 850-980 West 74th Street, Hialeah, Florida 33014, consisting of 207 apartment units. The land on which the apartment complex is situated consists of 6.36 acres.

The apartment buildings each have 2 to 3 floors and the 207 apartment units are broken down as follows:

Efficiencies (Studios)	6
1 bedroom 1 bath	11
2 bedroom 2 bath	190
TOTAL UNITS	**207**

The Debtor's gross income for the year 2009 was $2,041,109.00 and total expenses, net of depreciation and interest, were $1,122,161. Interest expense was $537,093.00 and depreciation expense was $192,576.00. After deducting the interest and depreciation expenses, the Debtor's net ordinary income was $189,278. The Debtor had "other income" in 2009 of $113,971.00, for a total net income in 2009 of $303,250.00.

The Debtor in the first quarter of 2010 had gross income of $500,143.00 and total expenses of $407,912.00, including interest of $182,644.00. The Debtor's first quarter Net Operating Income was $92,231.00, plus "other net income" of $52,693.00, for a total first quarter net income in 2009 of $144,924.00.

The apartment complex was purchased by the Debtor in July 1998, for a purchase price of $8,800,000.00. The Debtor also purchased in July 1998, a 100-unit apartment building located at 1874 West 60th Street, Hialeah, Florida for a purchase price of $4,400,000.00. On June 5, 2000, the Debtor sold the 100-unit apartment building for $3,825,000.00.

During the period of 1998 through 2005, the Debtor undertook a major renovation and refurbishment effort with respect to the 207-unit apartment complex, to the individual units, as well as the common areas. Part of this renovation effort, the majority of which was undertaken during the initial five years of ownership, included redoing all the bathrooms, providing new fixtures, installing new appliances, replacing the flooring with new tiles, repaving the parking are and repairing and/or installing the roof. The Debtor estimates spending in excess of $2,000,000.00 in this renovation effort.

When the apartment complex was purchased, the Debtor executed a promissory note in the original amount of $6,844,000 (the "First Note") to WMF Washington Mortgage Corp. The First Note was assigned to WMF Capital Corp., as of July 31, 1998, and was subsequently assigned to Norwest Bank Association on August 3, 1998. The First Note had a principal balance due of $6,369,546.13, when it was apparently assigned to Independence Community Bank by Wells Fargo Bank, N.A. f/k/a Norwest Bank Association by assignment dated April 20, 2005. The indebtedness under the First Note is secured by a first mortgage on the apartment complex (the "First Mortgage").

On April 20, 2005, the Debtor entered into a Consolidated and Amended and Restated Multifamily Mortgage Agreement with Independence Community Bank. The substance of this

Agreement and the Multifamily Promissory Note executed in connection therewith by the Debtor in favor of Independence Community Bank for $2,230,453.87 was to increase the loan indebtedness under the First Note and the First Mortgage to the principal loan amount of $8,600,000.00. The Consolidated Promissory Note the Debtor executed in favor of Independence Community Bank to reflect the increased principal loan balance of $8,600,000.00 is payable at an annual interest rate of 5.25% and requires consecutive monthly payments in the amount of $47,489.52. Pursuant to the Consolidated Note, the maturity date of the loan is May 1, 2010.

On April 20, 2005, the Debtor also executed a Revolving "Line of Credit" Promissory Note (the "Line of Credit Note") in the amount of $4,000,000.00 and a Multifamily Mortgage and Security Agreement (the "Second Mortgage") in favor of Independence Community Bank. The interest rate on the credit line facility evidenced by the Line of Credit Note and secured by the Second Mortgage is variable based upon 225 basis points over the published Prime Rate, with a floor interest rate of 5.23%. The Second Note also matures on May 1, 2010.

At some point of time, Sovereign Bank, as successor by merger to Independence Community Bank, became the owner of both the First and Second Mortgages, the First Note and the Line of Credit Note.

On June 21, 2007, Sovereign Bank assigned the First Note, the First Mortgage and the other loan documents to "Wells Fargo Bank National Association, as Trustee for the registered holders of Sovereign Commercial Mortgage Securities Trust 2007 – C1 Commercial Mortgage Pass-Through Certificates, Series 2007-C1". The only loan assigned was the First Mortgage. The second mortgage loan was retained by Sovereign Bank.

The Debtor has made all mortgage loan payments in a timely manner pursuant to the terms of the First Mortgage and the Second Mortgage. The Debtor also has been able to discharge or meet all of its operational and other expenses and obligations.

The First and Second Mortgages both mature on May 1, 2010. The Debtor has sought to enter into in an agreement with the current holder of the first mortgage to extend the loan and mortgage under the existing loan terms for a second five year term.

The Debtor has not been able to contact Wells Fargo Bank, the purported "Trustee" for the Sovereign Commercial Mortgage Securities Trust. The Debtor has been referred to an alleged servicer for the loan, Berkadia Commercial Mortgage, LLC and its counsel. "Berkadia" apparently purchased the servicing rights in a sale conducted by a Bankruptcy Court in Delaware of the assets of "Capmark", the previous servicer of the first mortgage loan.

Prior to filing for bankruptcy, the Debtor had sought other financing to replace the maturing first mortgage, but due to the current loan climate and market conditions was unable to secure a loan. The Debtor will, during the pendency of the Chapter 11 Case, continue to seek financing.

The Debtor and Berkadia have been unable to agree on the terms of a loan extension.

Berkadia has provided counsel for the Debtor with a power of attorney dated February 3, 2010, which, according to Berkadia, confirms Berkadia's authority to act on behalf of and represent the interests of the holder of the First Mortgage. The Debtor disagrees. The Debtor maintains that it has not been able to confirm that Berkadia has any authority to represent the Trust, which apparently owns the underlying mortgage certificates or that Wells Fargo Bank is the "Trustee" for the Trust.

The Debtor had been in negotiations with Sovereign Bank and expects that Sovereign Bank will agree on the terms of a modification of the second mortgage loan.

The apartment complex was appraised by MAI Appraiser, Robert E. Transue on December 2, 2004, to have a fair market value of $17,000,000.00. The apartment complex was recently assessed by the Miami-Dade County Property Appraiser's Office to have a value of $15,577,000.00.

B. <u>EXPLANATION OF DEBTOR'S BORROWINGS FROM SOVEREIGN'S LINE OF CREDIT, THE DEBTOR'S LOAN RECEIVABLES, AND AMOUNTS DUE TO DEBTOR'S PRINCIPAL</u>

At the time of the Debtor's bankruptcy filing, the Debtors' assets included loan receivables totaling $5,156,403.49. While the aggregate amount of this asset has not changed, after the Meeting of Creditors and inquiries made, the Debtor's Certified Public Accountants, Turner & Associates, provided certain information and clarified some of the information and documents the Debtor relied on in providing the breakdown of this loan receivable. As a result, Schedule B-35 was amended to more accurately provide the detail of these receivables.

The detail of the Debtor's loan receivables is included in Exhibit 3 to this Disclosure Statement and itemizes the recipients of the Debtor's loans, the dates the loans were made, and whether they were made from the operating funds of the Debtor or from the $4,000,000.00 Sovereign Line of Credit.

The recipients of the Debtor's loans were either the principals of the Debtor or affiliated and related companies of the Debtor's principals.

Prior to the one-year period immediately preceding the Debtor's bankruptcy filing on April 30, 2010, the Debtor had outstanding loan receivables of approximately $1,110,000.00. Approximately 90% of these loan receivables were funded through the excess cash flow of the apartment complex and the Debtor's business.

Within the one-year period immediately preceding the bankruptcy filing, April 30, 2009-April 30, 2010, the Debtor loaned approximately $235,000.00 to its principals and affiliated companies from its operating funds, and approximately $3,700,000.00 from the Sovereign Line of Credit.

In May 2009, almost one year before the bankruptcy filing, roughly $3,000,000.00 of the Debtor's draw down of the Sovereign Line of Credit was lent to Nile Gardens Apartments, a company owned by the Debtor's principals. In September 2009, almost 8 months before the bankruptcy filing, an additional $250,000.00 was drawn from the Sovereign Line of Credit and lent to Nile Gardens Apartments.

The approximately $3,250,000.00 the Debtor drew down from the Sovereign Line of Credit and lent to Nile Gardens Apartments was used by Nile Gardens Apartments to purchase and refurbish an apartment building located at 12750 NW 27th Avenue, Opa Locka, Florida 33054.

While the Sovereign Line of Credit is unrestricted and does not limit the Debtor's use of loan proceeds, the purpose and use of the funds was made known to Sovereign's upper management.

In November 2009, between $450,000.00-$500,000.00 was also drawn down from the Sovereign Line of Credit and was lent to one of the Debtor's principals, Santiago Alvarez, Sr., who used the proceeds to purchase a residence located at 990 NE 72nd Street, Miami, Florida, 33168.

On the dates the Debtor obtained the most substantial draws from the Sovereign Line of Credit (and on all other dates), in May 2009, in September 2009, and in November 2009, and lent the proceeds to Nile Gardens Apartments and Santiago Alvarez, Sr., the Debtor was meeting all of its mortgage and other obligations, the Debtor's apartment complex was generating a very healthy cash flow, and the fair market value of the apartment complex exceeded the total amount of its borrowing from the First Mortgage and the Sovereign Line of Credit. Moreover, at no time was the Debtor contemplating filing for bankruptcy as the Debtor expected that it would it would be able to, through separate financing, pay off the maturing First Note and the line of credit on May 1, 2010.

These loans as well as the other loans comprising the Debtor's loan receivables were booked by the Debtor as loans. Documentation of the loans through promissory notes and other loan documents was unnecessary in light of the relationship between the Debtor and the recipients. The loans that were funded through the Sovereign Line of Credit have been paid by the recipients of the loan proceeds by paying the Debtor their proportionate share of the loan and the Debtor, in turn, from these funds has been paying the Sovereign Line of Credit loan payments.

Schedule F of the Debtor's schedules identifying the Debtor's unsecured non-priority claims reflect outstanding monthly consulting fees due to the Debtor's principals in the amount of $890,000.00. As reflected in Exhibit F-1 included in Exhibit 3 to this Disclosure Statement, a substantial amount of these consulting fees have been accruing since October 2005, almost 6 years before the bankruptcy filing. Under the Debtor's plan, these claims will not be paid until the claims of all other creditors are paid.

C. COMMENCEMENT OF CHAPTER 11 CASE

Due to the Debtor's inability to secure the extension of the loan term of the First Mortgage and the inability of the Debtor to secure financing to replace the first mortgage prior to the maturity date of May 1, 2010, the Debtor filed for Chapter 11 Bankruptcy protection on April 30, 2010, in the Southern District of Florida, Miami Division. The Case was assigned to the Honorable A. Jay Cristol.

Upon the commencement of the Case, the Debtor became a "Debtor-in-Possession" and continues to have possession of the apartment complex and the business. The apartment complex is being managed by Sanal Management, Inc., a related Florida entity owned by the same principals who are the shareholders of the Debtor. Sanal Management has been the managing entity from the date the apartment complex was originally purchased in 1998.

D. PENDING LITIGATION

Prior to the filing of the Chapter 11 bankruptcy case, the Debtor was not involved in any litigation.

E. SUMMARY OF PLAN OF REORGANIZATION. (*CONSULT PLAN FOR FULL DETAILS*).

1. In General

The Debtor believes that the Plan provides the largest and earliest possible recoveries to the Debtor's Creditors. The Debtor, therefore, believes that acceptance of the Plan is in the best interest of each and every Class of Claims and Interests and recommends that the Voting Classes vote to accept the Plan.

The Debtor has or intends to, during the pendency of this Chapter 11 case, to continue to make the mortgage payments payable under the First and Second Mortgages for the required amounts and under the same terms and conditions of the First and Second Mortgage loans.

Without the intervention of the Chapter 11 bankruptcy filing and proposed reorganization, the Debtor would not have been able to pay the first and second mortgage loan indebtedness by their May 1, 2010 maturity dates. The servicer for the first mortgage holder, Berkadia Mortgage LLC, has not agreed to extend the term of the first mortgage, and was expected to have initiated foreclosure proceedings after the May 1, 2010 maturity date.

Foreclosure proceedings would have reduced the fair market value of the apartment complex because of the anticipated adverse effect on the current tenants' motivations to continue to make their rent payments. A foreclosure sale would have resulted in the Debtor obtaining less than fair market value for the apartment complex. A forced sale most likely would have caused the holder of the second mortgage, Sovereign Bank, not to recover on its $4,000,000.00 loan indebtedness, or to recover substantially less than the indebtedness.

Unsecured and other creditors would also be "wiped out" as a result of a foreclosure sale. The substantial amount owed to the first mortgage, and the lack of or significant curtailment of financing in the market existing today make it highly unlikely that the second mortgage, the unsecured creditors, and any other creditors of the Estate, would obtain anything if the Chapter 11 case is not successful and the Debtor is forced into a liquidating bankruptcy.

When the existing financing was first obtained, both the first and second loans closed the same day, and were held by the same lender, Independence Community Bank. The parties at that time reasonably expected that the loans would be owned by the same entity and thus, that entity would have the same interest to protect, namely a combined loan that on April 20, 2005, had a combined principal balance of $12,600,000.00.

Once Sovereign Bank sold the first mortgage to the Sovereign "Trust", the interests of Sovereign Bank and the Sovereign Trust were in apparent conflict. It now appears that Wells Fargo Bank, as Trustee for Sovereign Commercial Mortgage Securities Trust 2007-C1, prefers a foreclosure of the apartment complex, even if the result of that foreclosure could be the loss by Sovereign Bank of its second mortgage lien and the approximately $3,899,969.49 indebtedness it secures.

A summary of the principal provisions of the Plan is set forth below.

This summary is qualified in its entirety by reference to the provisions of the Plan and, to the extent there is any conflict between this summary and the Plan, the language of the Plan will govern.

Among other things, the Plan provides for the classification and treatment of Plan participants and timely claims filed against the Debtor; the funding mechanism for the Plan; the provisions governing distribution under the Plan; the provisions for the treatment of executory contracts and unexpired leases; the provisions for the treatment of disputed claims; the conditions to, and effects of Plan confirmation; and the provisions regarding the Bankruptcy Court's jurisdiction after the Effective Date.

2. Property to be distributed

The collateral of the secured creditors will be retained, surrendered, or transferred pursuant to the terms and conditions of distribution more thoroughly described herein.

3. Classifications and Treatment of Claims and Interests

Unclassified Claims:

Administrative Claims are unimpaired under the plan. The Debtor shall pay the allowed claims of the following administrative claims as set forth below:

Any administrative claim allowed under Section 503 of the Bankruptcy Code, upon appropriate application and as granted by the Court, shall be paid in full and in cash by the Debtor within thirty (30) days of the Effective Date of the Plan, or as otherwise agreed between the claimant and the Debtor.

The Debtor paid a $12,500.00 retainer to its counsel, Juan C. Zorrilla of Zorrilla & Associates, P.L., with $9,000.00 being allocated and paid for pre-petition services and $1,039.00 for the bankruptcy filing fee. The pre-petition services included, but were limited to, attempting to negotiate a loan extension agreement with counsel for Berkadia, preparing the Bankruptcy Petition and Schedules, and preparing the Disclosure Statement and the Plan of Reorganization. As approved by the Bankruptcy Court, additional fees shall be paid within thirty (30) days of the Effective Date of the Plan, or as agreed between the Debtor and its counsel.

Notwithstanding any other provisions of the Plan to the contrary, the Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. Section 1930(a)(6), within ten (10) days of the entry of the order confirming the Plan, for pre-confirmation periods and simultaneously provide to the United States Trustee an appropriate affidavit indicating the cash disbursements for the relevant period. The Debtor, as a reorganized debtor, shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements made by the reorganized debtor, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another chapter under the United States Bankruptcy Code, and the reorganized debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment, and concurrently file with the Court, Post Confirmation Quarterly Operating Reports indicating all the cash disbursements for the relevant period.

(a) **Class I Priority Tax Claims – Unimpaired:** Each Holder of an Allowed Priority Tax Claim shall be paid in cash on the Effective Date of the Plan. Notwithstanding the foregoing, each Holder of an Allowed Priority Tax Claim may be paid under such terms as may be agreed upon by both the Holder of such allowed claim and the Debtor, or the Reorganized Debtor, as the case may be.

(b) **Class II Priority Claims – Unimpaired:** Each Holder of an Allowed Priority Claim shall be paid in cash 14 days after the Effective Date of the Plan. Notwithstanding the foregoing, each Holder of an Allowed Priority Claim may be paid under such terms as may be agreed upon by both the Holder of such allowed claim and the Debtor, or the Reorganized Debtor, as the case may be.

(c) **Class III: The Claim of Sovereign Commercial Mortgage Securities Trust 2007-C1, Commercial Mortgage Pass- Through Certificates, Series 2007-C1 (Wells Fargo Bank National Association Trustee) (the "SCMS TRUST") – Impaired:**

shall be treated as follows:

i. SCMS Trust shall have an allowed secured first mortgage or lien on all of the Debtor's real and personal property.

ii. The Amount of SCMS TRUST's Allowed Secured Claim shall be the principal amount due under the First Note on April 30, 2010, as reduced by any principal and interest payments made to SCMS Trust post-petition. As of March 31, 2010, the principal amount of the secured claim of SCMS Trust was $7,975,572.69.

iii. Any dispute to the allowed amount of the SCMS Trust claim shall determined by the Bankruptcy Court on the Debtor's objection to SCMS Trust's Claim or by agreement of the parties. The Debtor shall also require the SCMS Trust to establish that it is the owner of the First Note and the First Mortgage loan documents.

iv. SCMS Trust shall retain its lien, to the extent of the secured portion of its Allowed Claim. The existing First Mortgage loan documents shall be modified by extending the current maturity date of the Consolidated First Note and First Mortgage for an additional five year term.

v. The modified maturity date shall be May 1, 2015.

vi. All other terms and conditions of the existing Consolidated First Note and First Mortgage are ratified and shall remain in full force and effect. The monthly payments and interest rate during the modified term shall be $47,489.53, and the interest rate shall be 5.25%, the current monthly payments and interest rate paid by the debtor pre-petition.

vii. The monthly mortgage payments will be made during the Chapter 11 Case and will continue to be made post-confirmation on the due date(s) required by the loan documents.

viii. The Debtor, upon maturity of the modified loan, will pay the SCMS Trust an exit fee of $40,000.00.

(d) **Class IV: <u>The Claim of Sovereign Bank</u> - Impaired:**

i. Sovereign Bank shall have an allowed secured second mortgage or lien on all of the Debtor's real and personal property . This allowed secured claim shall be identical to the security provided to Sovereign Bank in the Second Mortgage dated as of April 20, 2005, and shall be for the amounts due under the Line of Credit Note dated April 20, 2005, in the principal amount of $4,000,000.00. The principal balance due, as of March 31, 2010, under the terms of this second mortgage loan was $3,899,969.49.

ii. The terms of the Line of Credit Note shall remain in full force and effect. The only modification shall be the extension of the maturity date of the loan to May 1, 2015.

iii. Upon maturity of the modified loan, the Debtor shall pay an exit fee to Sovereign Bank of $20,000.00.

(e) **Class V: Unsecured Claims - Impaired**: Unsecured non-insider creditors shall receive 50% of the allowed amount of their claims, 10 days after the date of confirmation of the Plan, and the balance due on the allowed claims, 120 days after the "Effective Date" of the Plan.

(f) **Class VI Claims of Shareholders and Insiders:** The claims of shareholders and insiders shall not be paid until the claims of the Class 1-5 Creditors have been paid in full.

4. Executory Contracts

The Debtor assumes all tenant leases. The Debtor assumes all trade executory contracts. The Debtor does not reject any known executory contract.

5. Anticipated Means of Execution of Plan

The mortgage and all other payments required to be made under the Plan will be made from the rents collected from the tenants and any other income or revenues generated from the apartment complex or the operations of the Debtor.

E. Historical Data And Future Projections

The historical data utilized by Debtor in deriving its future projections for this Disclosure Statement and for its Plan of Reorganization is contained in Exhibits "1" and "2" and in the CD available to all interested parties, which includes the following:

a. The appraisal of the apartment complex in CD format;

b. The balance sheet and profit and loss for the year 2009;

c. The balance sheet and profit and loss for the first quarter of 2010; and the

d. Tenant Rent Roll.

ARTICLE III

DEBTOR'S OPERATION AND STRUCTURE

A. Synopsis of Operation in Chapter 11

The Debtor has filed this Disclosure Statement and the Plan contemporaneous with its Chapter 11 bankruptcy petition and schedules.

Throughout this Case, the Debtor will maintain day-to-day control over the apartment complex, will maintain all essential services, will make all required repairs and collect the rents, and will meet and discharge all of its obligations. The Debtor has made "cash collateral" payments to the First and Second mortgage holders equal to the mortgage payments required pre-petition. This Debtor has situated itself for a successful reorganization under the proposed Plan.

B. Objections to Claims

Pursuant to the Plan, the Debtor may object to any scheduled claim or proof of claim filed against the Debtor. Such an objection shall preclude the consideration of any claim as allowed for the purposes of timely distribution in accordance with the Plan. The Debtor also is investigating whether there are any preferential or otherwise voidable transfers which will provide additional funds for distribution.

C. SHAREHOLDERS

Post-petition, the shareholders of the Debtor will be identical in identity and percentage ownership as pre-petition.

ARTICLE IV

TAX IMPLICATIONS OF THE PLAN

The Debtor believes that confirmation of the Plan will not have any adverse tax implications for the Estate. The Debtor strongly urges that each creditor consult with their own tax advisor regarding the federal, state, local, and other tax consequences which the implementation of the Plan will have on them.

ARTICLE V

ANALYSIS OF THE PLAN VS. CHAPTER 7 LIQUIDATION

All payments provided for in the Debtor's Plan shall be primarily paid through the operations of the apartment complex and the collection of rents.

The Debtor will timely file all of its monthly operating statements from which its operations and financial performance can be evaluated and will timely make all of its mortgage payments and other obligations post-petition.

The Debtor will make available to all interested parties its current profit and loss statement(s) and balance sheet and for the latest period prior to the date of confirmation.

The Debtor's Management believes that the Plan will provide "full value" to all classes of creditors and is in the best interests of the creditors and the Estate.

In the event of liquidation under Chapter 7, the following is likely to occur:

(a) An additional tier of administrative expenses entitled to priority over unsecured claims and under section 507(a)(1) of the Bankruptcy Code would be incurred. Such administrative expenses would include trustee's commissions and fees to the trustee's accountants, attorneys and other professionals likely to be retained by him/her for the purposes of liquidating the assets of the Debtor.

(b) It is unlikely that a Chapter 7 trustee could obtain a higher and better offer than what the creditors stand to receive through reorganization. There exists no advantage to justify the additional administrative expenses of a Chapter 7 trustee since the Plan provides for the payment in full to the holders of the First and Second Mortgages, however, if the apartment complex were liquidated today under distressed and forced conditions, the proceeds of liquidation may be less than the amounts due under the First Mortgage and the Second Mortgage.

Predicated upon the foregoing, it is the opinion of the Debtor's Management that the liquidation value of the Debtor would be insufficient to make payments to any class of creditor other than possibly to the holder of the First Mortgage, leaving little or no money available for the claims of the other classes of creditors such as the Second Mortgage, general unsecured creditors, priority and administrative creditors.

ARTICLE VI

RISK ANALYSIS

As in most Chapter 11 Plans of either reorganization or liquidation, there is a risk that the Debtor will not be able to the make payments proposed under the Plan due to fluctuating market and financial conditions and the funding mechanism. This Plan depends on the continued occupancy of the apartments, the continued collection of rents and the Debtor's ability to pay the operating expenses and other obligations of the business.

The current management has managed the apartment complex since it was purchased in 1998. The apartment complex has generated adequate cash flow to meet the required monthly mortgage payments of the First and Second Mortgages, to make all required escrow property tax payments, and to pay all obligations of the Debtor and its business operations. There is no reason to believe that the apartment complex will not continue to generate adequate "cash" to meet the modified obligations of the Plan.

ARTICLE VII

POST-CONFIRMATION DEBTOR'S STRUCURE

A. Equity Structure

Upon the Effective Date, the Debtor shall continue to operate its business and the apartment complex. The existing equity structure will remain unchanged.

B. Shareholders

Upon the Effective Date, the Debtor's shareholders shall remain unchanged.

C. Retention of Assets and Operations

Upon the Effective Date, the Debtor shall retain all of its assets and shall continue to operate its business. Upon the Effective Date, the Debtor shall be free to operate and to perform any and all tasks authorized by its Articles of Incorporation without further Order from this Court.

ARTICLE VIII

UTILIZATION OF CRAM DOWN

If all of the applicable provisions of 11 U.S.C. §1129(a), other than paragraph (8), are found to have been met with respect to the Plan, the Debtors may seek confirmation pursuant to

11 U.S.C. §1129(b). For the purposes of seeking confirmation under the cram-down provisions of the Code, should that alternative means of confirmation prove to be necessary, the Debtor reserves the right to modify or vary the treatment of the claims of the rejecting classes so as to comply with Section 1129(b) of the Code.

ARTICLE IX

DISCHARGE, RELEASE, LIMITATION OF LIABILITY AND GENERAL INJUNCTION

A. Discharge of Claims and Termination of Equity Interests

Except as otherwise expressly provided in the Plan or in the Confirmation Order, the Confirmation Order will operate as a discharge, pursuant to Section 1141(d) of the Bankruptcy Code, to the fullest extent permitted by applicable law, as of the Effective Date, of any and all debts of, and claims of any nature whatsoever against, the Debtor 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, if applicable. Without limiting the generality of the foregoing, on the Effective Date, the Reorganized Debtor and its successors or assigns, will be discharged from any debt that arose prior to the Effective Date and from any and all debts of the kind specified in Sections 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 Section 501 of the Bankruptcy Code, (b) a claim based on such debt is an Allowed Claim pursuant to Section 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 or Equity Interest, will be forever precluded and permanently enjoined to the fullest extent permitted by applicable law from asserting, directly or indirectly, against the Debtor, the Reorganized Debtor, or any of its successors and assigns, or their assets or properties, any other or further claims, debts, rights, causes of action, remedies, liabilities, or equity interests based upon any act, omission, document, instrument, transaction, 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.

In accordance with the foregoing, except as specifically provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination of the discharge of all such claims and other debts and liabilities against the Debtor, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against the Debtor, at any time, to the extent that such judgment relates to a discharged claim, liability, or debt.

B. Post-petition Disclosures and Solicitation

Consistent with 11 U.S.C. §§1123(b)(3)(A) and 1125(e), and applicable law, the Debtor and its directors, officers, employees, agents, representatives, professionals (acting in such capacity), and their respective heirs, executors, administrators, successors, and assigns, will neither have nor incur any liability whatsoever to any person or other entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, this Disclosure Statement, 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 Case. The rights granted under this Article are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Reorganized Debtor and its agents have or obtain pursuant to any provision of the Bankruptcy Code. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation. Consistent with 11 U.S.C. §1144, the Bankruptcy Court shall retain sole and exclusive jurisdiction for a period of 180 days following the entry of the Confirmation Order to consider modification of this exculpation provision in the event that any Holder of an Allowed Claim asserts that the Confirmation Order was procured by fraud.

C. <u>Barton Doctrine</u>

The "Barton Doctrine," *e.g. Barton* v. *Barbour,* 104 U.S. 126, 26 L.Ed. 672 (1881) (Supreme Court held that a trustee cannot be sued without leave of the bankruptcy court), which prohibits a party from suing either a trustee, the officers of a debtor-in -possession, or their attorneys, in a non appointing court for acts done in their official capacity, shall pertain to the provisions of this Article, and shall stand as one of the bases for enforcement of the provisions herein. *See, e.g, In the Matter of Linton,* 136 F.3d 544, 545 (7th Cir. 1998); *Allard v. Weitzman (In re DeLorean Motor Co.),* 991 F.2d 1236, 1240-41 (6th Cir. 1993) ("It is well settled that leave of the appointing forum must be obtained by any party wishing to institute an action in a nonappointing forum against a trustee, for acts done in the trustee's official capacity and within the trustee's authority as an officer of the court ... counsel for trustee, court appointed officers who represent the estate, are the functional equivalent of a trustee. "); *Mangun* v. *Bartlett (In re Balboa Improvements, Ltd),* 99 B.R. 966, 970 (9th Cir. BAP 1989) (holding that permission to sue debtor's attorney for alleged misconduct in the administration of an estate must be obtained from the bankruptcy court); *Matter of Krikava,* 217 B.R. 275, 279 (Bankr. D. Neb. 1998) ("Consent of the appointing bankruptcy court is required even when the plaintiff seeks to sue in another federal court.").

D. <u>General Injunction</u>

Pursuant to Sections 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 Confirmation Date, except as otherwise provided in the Plan or in the Confirmation Order, all persons or other entities that have held, currently hold, or may hold a claim or other debt, liability, or equity interest that is discharged pursuant to the terms of the Plan are and will 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 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 Reorganized Debtor or its properties;

b. enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor, or its properties;

c. creating, perfecting, or enforcing any lien or encumbrance against the Estate, the Debtor, the Reorganized Debtor, or its properties;

d. asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor, the Reorganized Debtor, or its properties;

e. without limiting the foregoing, 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; and

f. commencing or continuing, in any manner or in any place outside the Bankruptcy Court, any action, suit, proceeding, claim, or cause of action against any officer or director of the Debtor-in-Possession or Professional for acts done in the course of such person's duties and official capacity during the course of the Reorganization Case, in contemplation thereof, or otherwise, including, but not limited to, the consolidation, preservation and liquidation of the Estate and such tasks necessarily incident thereto.

ARTICLE X

MISCELLANEOUS PROVISIONS

Notwithstanding any other provisions of the Plan, any claim which is scheduled as disputed, contingent, or unliquidated or which is objected to, in whole or in part, on or before the date for distribution on account of such claims shall not be paid in accordance with the provisions of this Plan until such claim has become an allowed claim by Final Order. If allowed, the claim shall be paid on the same terms as if there had been no dispute.

Anytime before the confirmation date, the Debtor may modify the Plan, but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of Section 1122 and Section 1123 of the Bankruptcy Code. Any modifications to the Plan shall become the "Amended Plan".

At any time after the confirmation date, and before the substantial consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of Section 1122 and Section 1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become the "Amended Plan".

After the confirmation date, the Debtors may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interests of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purpose and effect of the Plan.

ARTICLE X

CONCLUSION

Under the Plan, creditors and equity security holders of the Debtor will participate in some manner in the distribution to be made thereunder. The Debtor believes that the distributions contemplated in the Plan are fair and afford all claimants and interested holders equitable treatment. ***Accordingly, the Debtor urges each creditor to support the Plan by returning their ballots accepting the Plan.***

Dated: June 18, 2010

West View Apartments, Inc.,

By: ______________________
Santiago Alvarez, Sr., as President

____
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