

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF LOUISIANA

IN RE:

BELTWAY 8 ASSOCIATES, LIMITED PARTNERSHIP
d/b/a WATERMARKE APARTMENTS

CASE NO. 11-10001

DEBTOR

CHAPTER 11

THIRD AMENDMENT TO
DEBTOR'S PLAN OF REORGANIZATION
FILED ON APRIL 4, 2011

Beltway 8 Associates, Limited Partnership, as debtor and debtor-in-possession ("Debtor"), hereby files and proposes the following Third Amendment to its Chapter 11 Plan of Reorganization filed on April 4, 2011 [P-93] as previously amended by the First Amendment to Debtor's Plan of Reorganization [P-156] and Second Amendment to Debtor's Plan of Reorganization [P-167]:

1.

In response to the request of certain taxing authorities holding priority claims, Article 2.2 is hereby amended to read as follows:

"2.2. Priority Tax Claims. Except to the extent that the Reorganized Debtor and a Holder of an Allowed Priority Tax Claim against the Debtor agree to a different treatment, each Holder of an Allowed Priority Tax Claim against the Debtor shall receive, at the sole option of the Reorganized Debtor, (a) on the Effective Date, Cash in an amount equal to the unpaid portion of such Allowed Priority Tax Claim, or (b) commencing 45 days after the occurrence of the Effective Date and continuing over a period not exceeding five (5) years from and after the Order For Relief Date, equal quarterly Cash payments in an aggregate amount equal to the unpaid portion of such Allowed Priority Tax Claim, together with interest at the applicable rate under nonbankruptcy law, subject to the sole option of the Reorganized Debtor, as applicable, to prepay the entire amount of the unpaid portion of Allowed Priority Tax Claim and in a manner not less favorable than the most favored nonpriority unsecured Claim provided for by the Plan. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due. Any Priority Tax Claim secured by a lien shall retain such lien to secure its claim until paid in full. Nothing in this Plan or the Confirmation Order shall alter or impair any rights of setoff of the State of Texas. If the Reorganized Debtor fails to make any payment due to a priority tax claimant, then any stay or post-confirmation injunction that may then be in effect shall be automatically lifted

without further action with respect to any entity for an allowed priority tax claim.” (Revisions are underlined).

2.

In further response to the objection to confirmation filed by FST Watermarke LLC (“FST”), Article 4.2.2 is hereby amended to read as follows:

“4.2.2. Treatment. *The Debtor has filed an adversary proceeding to have the Bankruptcy Court determine that (a) the Claim of FST Watermarke, LLC, is not Allowed and (b) to determine the extent of the value of its Liens. That determination will determine the amount of the Secured Claim (“the FST Secured Claim”) of FST Watermarke, LLC. On the Effective Date, the Debtor shall issue FST Watermarke, LLC, a new promissory note (“the New Note”) in a principal amount equal to the FST Secured Claim which shall be secured by the existing deed of trust and other security interests (“the FST Liens”) that secure the FST Watermarke Note, said FST Liens being retained by the Class 2 Claimant and having the same validity, priority, and extent that existed with respect to those Liens on the Petition Date. The New Note shall bear interest from the Effective Date at such interest rate as is determined by the Bankruptcy Court during the Confirmation Hearing as necessary to assure that FST Watermarke shall be receiving the indubitable equivalent of its Secured Claim pursuant to Section 1129(b)(2)(A)(iii) of the Bankruptcy Code. The Debtor alleges that an interest rate equal to 200 basis points (2.0%) in excess of LIBOR (as defined in the FST Watermarke Note) provided that the applicable Rate of interest shall be not less than 4% per annum from the Effective Date is the appropriate rate under the circumstances of this case but this Plan shall be deemed amended to the extent that the Bankruptcy Court determines that a different interest rate is necessary to assure that FST Watermarke is receiving the indubitable equivalent of the FST Secured Claim . The New Note shall then be repaid in equal monthly installments of principal and interest (at the rate fixed by the Court) based upon a thirty (30) year amortization schedule commencing on the fifth (5th) Day of November, 2011, and continuing on the same day of each month thereafter until its maturity unless the Court determines that a different amortization schedule is necessary to assure that FST Watermarke is receiving the indubitable equivalent of the FST Secured Claim in which case this Plan shall be deemed amended to reflect such different amortization schedule. The New Note shall balloon and become fully due and payable sixty (60) months after the Effective Date unless the Court determines that a different maturity date is necessary to assure that FST Watermarke is receiving the indubitable equivalent of the FST Secured Claim in which case this Plan shall be deemed amended to reflect such different maturity date. The Debtor shall have the right to prepay the New Note at any time prior to its maturity without penalty. Upon payment of all principal and interest due under the New Note in full on or before the maturity date, the FST Liens shall be deemed fully satisfied and cancelled from the public records.*

In addition to the foregoing, if the Plan is confirmed and at the option of FST, the Reorganized Debtor shall enter into a new or amended Loan Agreement after confirmation and prior to the Effective Date in a form and substance acceptable to counsel for FST and the Debtor which shall provide for the Reorganized Debtor to establish and maintain reserves for the payment of insurance, property taxes, and maintenance with respect to the Watermarke Apartments. Such Loan Agreement shall also contain such other covenants that the Bankruptcy

Court finds to be necessary to assure that FST is receiving the indubitable equivalent of the FST Secured Claim under this Plan if confirmed. The property tax and insurance reserves shall be kept in segregated accounts and funded monthly in amounts sufficient for the Reorganized Debtor to pay all property taxes and insurance bills timely as they come due (based on the immediate prior year's amounts due divided by the number of months remaining on the Effective Date before the next payment will become due). The maintenance reserve shall be funded in the amount of \$300 per unit per year or in such other amount as the Court may determine to be appropriate at the Confirmation Hearing. In the event that FST and the Debtor cannot agree on the form or substance of the new or amended Loan Agreement, either party may file a Motion in the Bankruptcy Court to have any such dispute resolved as a summary proceeding. (Revisions are underlined).

3.

In all other respects, the Debtor re-adopts and reasserts the provisions of its Chapter 11 Plan of Reorganization filed on April 4, 2011 [P-93] as previously amended by the First Amendment [P-156] and Second Amendment [P-167].

Respectfully submitted by

Beltway 8 Associates, L.L.C., General Partner,
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