

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE:	§	
	§	CASE NO. 11-42841-RFN-11
WATER STREET DEVELOPMENT PARTNERS, L.P.	§	
	§	CHAPTER 11
	§	
DEBTOR.	§	

**DISCLOSURE STATEMENT FOR WATER STREET DEVELOPMENT PARTNERS,
L.P.'S PLAN OF REORGANIZATION**

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT, AND THEREFORE, MAY NOT BE USED TO SOLICIT ACCEPTANCES OF THE DEBTOR'S PLAN OF REORGANIZATION FILED WITH THE COURT. THIS DISCLOSURE STATEMENT MAY BE SUBJECT TO MODIFICATION AT OR BEFORE THE HEARING TO CONSIDER APPROVAL OF THE DISCLOSURE STATEMENT.

Dated: August 8, 2011

Prepared by:

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**Attorney for Water Street
Development Partners, L.P.,
Debtor-in-Possession**

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I. INTRODUCTION

A. The Disclosure Statement

On May 13, 2011, Water Street Development Partners, L.P. (the “Debtor”), a Texas limited partnership, commenced a voluntary case under Chapter 11 of the Bankruptcy Code. Pursuant to section 1125 of the Bankruptcy Code, the Debtor submits this Disclosure Statement (the “Disclosure Statement”) in connection with: (i) the solicitation of acceptances or rejections of the Debtor’s Plan of Reorganization (the “Plan”), under Chapter 11 of the Bankruptcy Code, dated as of **August 8, 2011**, filed by the Debtor in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division; and, (ii) the hearing to consider confirmation of the Plan. A hearing to consider the adequacy of the Disclosure Statement shall occur on _____, 2011, at _____. Unless otherwise defined herein (or as defined elsewhere in the body of the Plan), all capitalized terms contained herein have the meanings ascribed to them in the “Definitions” of the Plan.

A ballot for the acceptance or rejection of the Plan is enclosed with this Disclosure Statement to enable each holder of an Allowed Claim or Allowed Equity Interest entitled to vote to accept or reject the Plan.

On _____, 2011, the Bankruptcy Court will hold a hearing to determine whether this Disclosure Statement contains adequate information of a kind and in sufficient detail to enable a hypothetical and reasonable investor, typical of the Debtor’s Creditors and Equity Interest Holders, to make an informed judgment as to whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. HOWEVER, THE DEBTOR RECOMMENDS ACCEPTANCE OF THE PLAN BY CREDITORS.**

The Disclosure Statement Order, a copy of which is served herewith sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each Holder of an Allowed Claim or Allowed Equity Interest entitled to vote on the Plan should read the Disclosure Statement, the Plan, the Disclosure Statement Order, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the Classification of Claims and Equity Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to Section 1125 of the Bankruptcy Code.

B. Disclosure Statement Disclaimers

1. Disclosure Statement Was Not Approved by the Securities and Exchange Commission

This Disclosure Statement was not filed with the Securities and Exchange Commission under the Securities Act or with any state agency under applicable state securities laws. Neither the Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

2. Disclosure Statement May Contain Forward Looking Statements

This Disclosure Statement may contain “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as “may”, “expect”, “anticipate”, “estimate”, or “continue” or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The Financial Projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates, or projections may or may not turn out to be accurate.

3. No Legal or Tax Advice is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his, her, or its Claim or Equity Interest.

4. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by an Entity (including, without limitation, the Debtor) nor (b) be deemed evidence of the tax or other legal effect of the Plan on the Debtor, Holders of Allowed Claims or Equity Interests, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtor may seek to investigate Claims, file, and prosecute objections to Claims and Equity Interests, and the Debtor may object to Claims or bring Causes of Action after the Effective Date irrespective of whether this Disclosure Statement identifies such Claims, Causes of Action, or objections to Claims.

6. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtor to object to that Holders' Allowed Claim, or to bring Causes of Action or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims or Causes of Action of the Debtor or its Estate are specifically or generally described herein.

7. Potential Exists for Inaccuracies and the Debtor Has No Duty to Update

The Debtor makes the statements contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtor has used its reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtor nonetheless cannot, and does not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtor may subsequently update the information in this Disclosure Statement, the Debtor has no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

8. No Representations Outside the Disclosure Statement Are Authorized

No representations concerning or relating to the Debtor, the Debtor's Chapter 11 case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. You should promptly report unauthorized representations or inducements to counsel to the Debtor and the United States Trustee.

C. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes fair and equitable treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority scheme prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and

equitable interests of the debtor as of the Petition Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor-in-possession.”

Consummating a plan is the principal objective of a chapter 11 case. The Bankruptcy Court’s confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan provides for the treatment of the debtor’s debts in accordance with the terms of the confirmed plan.

D. Summary of Class Status and Voting Rights

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of claims that are not impaired by the Plan are conclusively presumed to accept the Plan under Section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims and Equity Interests that are impaired by the Plan and receive no distributions under the Plan are not entitled to vote because they are deemed to have rejected the Plan under Section 1126(g) of the Bankruptcy Code.

The Classes of Claims and Equity Interests are classified for all purposes, including voting, Confirmation and distribution pursuant to the Plan and Sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or an Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of a different Class.

Class 1 (Secured Tax Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 2 (Priority Tax Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 3 (Secured Bank Claim) This Class is unimpaired by the Plan does not vote, and is deemed to accept the Plan.

Class 4 (General Unsecured Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 5 (Equity Interests) This Class is impaired by the Plan. The holders of Allowed Equity Interests are entitled to vote to accept or reject the Plan.

The Bankruptcy Code defines "acceptance" of a plan by a Class of Claims as acceptance by

creditors in that Class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan.

If a Class of Claims or Equity Interests receiving value under the Plan rejects the Plan or is deemed to reject the Plan, the Debtor has the right to request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of such plan by one or more Impaired Classes of Claims or Equity Interests. Under that section, a plan may be confirmed by the Bankruptcy Court if it does not "discriminate unfairly" and it is "fair and equitable" with respect to each non-accepting Class of Claims entitled to vote. If one or more of the Classes entitled to vote on the Plan votes to reject the Plan, the Debtor may request confirmation of the Plan over the rejection of the Plan by such Class or Classes.

E. Voting Procedures.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan (the "Ballot"). If you hold a Claim or Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots, for each such Claim, which must be used for each separate Class of Claims. Please return your Ballot(s) to:

Kristi Erickstad
Law Office of Mark B. French
1901 Central Drive, Suite 704
Bedford, Texas 76021
817-268-0505 Phone
817-632-5413 Fax
kristi@markfrenchlaw.com

DO NOT RETURN ANY OTHER DOCUMENTS OR INSTRUMENTS WITH YOUR BALLOT. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN 5:00 P.M., CENTRAL DAYLIGHT TIME, ON , 2011 (THE "VOTING DEADLINE"). ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL NOT BE COUNTED. ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED.

Any Claim in an Impaired Class as to which an objection or request for estimation is pending or which is scheduled by the Debtor as unliquidated, disputed or contingent is not entitled to vote for acceptance or rejection of the Plan, unless the holder of such Claim has obtained an Order of the Bankruptcy Court temporarily Allowing such Claim for the purpose of voting on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot; or if you have any questions concerning the Disclosure Statement, the Plan, or the procedures for voting on the Plan, please contact Mark B. French at (817) 268-0505.

F. Confirmation Hearing.

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on _____, 2011, at _____M., before the Honorable Russell F. Nelms, at the United States Bankruptcy Court, located in Room 204, U.S. Courthouse, 501 W. Tenth Street, Fort Worth, Texas 76102. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received on or before _____2011, as described in Section IV.B below. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUMMARIES.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

THE DEBTOR BELIEVES THAT THE PLAN IT PROPOSES WILL ENABLE IT TO MOST EFFECTIVELY UTILIZE ITS ASSETS, GENERATING THE HIGHEST RETURN ON ITS ASSETS, THEREBY PROVIDING ALL OF ITS CREDITORS WITH MORE THAN THEY WOULD OTHERWISE RECEIVE IF THE CASE WERE CONVERTED TO ONE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. FOR THESE REASONS, THE DEBTOR BELIEVES THAT THE PROPOSED PLAN WILL MORE EFFECTIVELY ACCOMPLISH THE OBJECTIVES OF CHAPTER 11, THAN IF THE CASE IS CONVERTED OR DISMISSED. THEREFORE, THE DEBTOR BELIEVES AND MAINTAINS THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF ALL OF ITS CREDITORS AND EQUITY INTEREST HOLDERS. AS A RESULT, THE DEBTOR URGES THAT ALL CREDITORS WHOM ARE ENTITLED TO VOTE ON ACCEPTANCE OR REJECTION OF THE PLAN EXERCISE THEIR RIGHT TO DO SO IN FAVOR OF CONFIRMATION OF THE PLAN PROPOSED BY THE DEBTOR.

II. GENERAL INFORMATION

A. Description and History of Business.

1. Business.

The Debtor is a Texas limited partnership, formed in 2004, whose business address is located at 6113 Rock Dove Circle, Colleyville, TX 76034. The Debtor's general partner is Water Street Management, L.L.C. The Debtor's only substantial asset is an undivided 50% interest in approximately 81 acres of unimproved real property located at 1200 East Broad Street, Mansfield, Texas, 76063 (the "Mansfield Property").

2. Purpose of the Bankruptcy

The Debtor filed its voluntary Chapter 11 bankruptcy petition on May 13, 2011. The Debtor filed its Chapter 11 case to provide the Debtor and its Estate with a forum for the prompt, orderly and efficient reorganization of its business and debts, and for proposing and confirming a plan of reorganization to provide maximum return for Creditors. The Debtor's goal is to have the Court confirm a plan of reorganization to help it achieve the above-referenced bankruptcy objectives and pay all of its creditors in full.

III. SUMMARY OF THE PLAN

A. General Summary of the Plan and Treatment of Claims and Interests

The Debtor believes that through the Plan, creditors will obtain a substantially greater recovery from the Estate than they would receive if the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code.

The Debtor holds an exercised but as yet unperformed Option Contract for Purchase and Sale of Real Property (the "Option"). The Option, attached to the Plan as **Exhibit No. 1** reflects that the Debtor holds the right to acquire the one-half undivided interest in the Mansfield Property that it does not already own; this interest is currently owned 25% by Richard Bontke and 25% by Richard's son, Nathan Bontke. The exercise of this Option will cause the Bontkes to be released from each of their guarantees to Wells Fargo on its loan secured by the Mansfield Property, and, as a result thereof, gaining a return to the Bontkes of a cash deposit pledged against the loan.

To accomplish the requirements running in favor of the Bontkes, and thereby, trigger the Bontke obligation, simultaneous with release of guarantees and return of cash collateral, to convey the undivided one-half (in total) which they own to the Debtor, the Debtor will seek to sell the Mansfield Property and use the proceeds to pay all Creditors in full.

The following briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan.

The following should not be relied upon for a complete detail of the terms of the treatment of each Claim against and/or Interest in the Debtor.

Administrative Expense Claims

Administrative Expense Claims consist of: (1) unpaid post-petition business obligations, (2) allowed professional fees; (3) unpaid post-petition taxes not secured by a lien, (4) unpaid U.S. Trustee's fees; and (5) unpaid reclamation claims pursuant to 11 U.S.C. § 546. Pursuant to the Plan, the Debtor shall pay all Administrative Expense Claims in full on, or as soon as practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, unless the Holder and the Debtor agree or shall have agreed to other treatment of such Claim; or, an order of the Bankruptcy Court provides for other terms, including, but not limited to, earlier payment of such Claim.

Class 1 - Secured Tax Claims

Class 1 consists of all Allowed Claims for real or personal property taxes secured by Property of the Estate. Class 1 is unimpaired by the Plan. Each Holder of an Allowed Secured Tax Claim will retain its lien and have the right to foreclose it. The Debtor will continue to market its Property aggressively and pay off the property taxes from the sale proceeds. The Debtor anticipates that the sale of its properties will pay the Secured Tax Claims in full within 12 months of the Effective Date. To the extent that the Mansfield Property is deeded back to a lienholder in lieu of foreclosure, the a lienholder shall be responsible for unpaid property taxes. The Debtor shall have the right, but not obligation, to pay the property taxes as to particular Properties, in cash to prevent a foreclosure or the accrual of tax penalties.

Class 2 - Priority Tax Claims

Class 2 consists of all Allowed Priority Tax Claims. The Debtor shall pay such Claims in full, in Cash, on the Effective Date or in accordance with any terms and conditions agreed to between the Debtor and the Holders of such Claims.

Class 3 - Secured Bank Claim

The Mansfield Property is encumbered by a first and paramount deed of trust lien in favor of Wachovia Bank, a division of Wells Fargo Commercial Loan Services ("Wells Fargo"). The Plan proposed to pay and fully discharge the Wells Fargo lien, which is in the approximate present amount of \$7,873,985.44.

Class 4 - General Unsecured Claims

Class 4 consists of all valid general unsecured claims, The Allowed Claims will be paid in full from the proceeds of the sale of the Mansfield Property. The estimated date for distribution is one (1) year after the Effective Date.

Class 5 - Equity Interests

Class 5 consists of the general partnership and limited partnership interests in the Debtor. They are of no present market value, but the equity holders shall retain them. If necessary to achieve confirmation of the Plan, the equity can be cancelled, though there is no apparent benefit to doing so.

Alternate Treatment for Holders of Allowed Claims

Notwithstanding the treatment provided for Holders of Allowed Claims under the Plan, the Debtor and the Holder of an Allowed Claim may agree to other treatment of such Claim, including payment in Cash, provided that such treatment shall not provide a return having a present value in excess of the present value of the distribution that otherwise would be made to such Holder under the Plan.

B. Means of Implementation of the Plan.

1. The Continued Existence and Operation of the Debtor

The Reorganized Debtor shall continue in existence after the Effective Date as a limited partnership in accordance with the laws of Texas in order to carry out its obligations under the Plan. In the future, the Reorganized Debtor may also acquire other businesses or property.

Pursuant to the Plan, the Debtor will assume the Option Contract, sell the Mansfield Property, and use the proceeds to pay all Creditors in full. The Debtor has reached agreement (the "Arcadia Contract") with Arcadia Realty Corp., a Texas corporation, whereby Arcadia will purchase the Mansfield Property when the Mansfield Property has been appropriately re-zoned. The Agreement is attached to the Plan as **Exhibit No. 2**. The process of re-zoning is underway and should be complete by November 1, 2011, although some delay may occur. The Arcadia Contract calls for repayment to the Bontkes of monthly interest payments previously made by the Bontkes to Wells Fargo and direct payment by Arcadia of monthly payments after the Debtor is authorized to enter the contract with Arcadia. If Arcadia manifests its then present ability to perform under its the Arcadia Contract, with the result that Wells Fargo will be paid in full, and the Bontkes will receive the return of their escrowed cash collateral, the Debtor will seek an order, if necessary, requiring the Bontkes to perform under the Option Agreement.

If Arcadia cannot achieve satisfactory re-zoning it may, but is not required to, terminate the Arcadia Contract. If Arcadia fails to gain appropriate re-zoning and terminates, and if no other purchaser is found, the Bontkes may then purchase the interest of the Debtor in the Real Property.

2. Post-Confirmation Governance of the Debtor.

Water Street Management, LLC, General Partner of the Debtor, will continue to manage the Reorganized Debtor.

3. The Debtor's Duties

The Debtor will: 1) continue its business operations, 2) pay the Estate's professionals, pursuant to Court order authorizing such payment; 3) adjust and pay post-confirmation claims against the Debtor; 4) prosecute and/or compromise and settle claims held by the Debtor against other parties, including, but not limited to claims, arising under Chapter 5 of the Bankruptcy Code. Such compromises and settlements shall not require Court approval, unless the dispute relates to the payment of professionals fees; 5) make Distributions required by the Plan; and 6) carry out any other duties that the Debtor is required to perform under applicable law.

4. Retention of Professionals by the Post-Confirmation Debtor

The Debtor will be authorized to retain attorneys, accountants, and other professionals as necessary to implement the Plan, on any reasonable terms, without further order of the Bankruptcy Court. The Debtor may retain counsel that previously represented the Debtor as Chapter 11 counsel and such prior representation will not be deemed a conflict of interest. The Debtor may pay reasonable compensation to its retained professionals without review or approval by the Bankruptcy Court.

5. Investments.

Pursuant to the Plan, all Cash or Estate Funds held by the Debtor in any accounts or otherwise shall be invested in accordance with § 345 of the Bankruptcy Code or as otherwise permitted by a Final Order of the Bankruptcy Court.

6. Causes of Action: Retention and Authority.

a. Vesting of Causes of Action

(1) Except as otherwise provided in this Plan or Confirmation Order, in accordance with § 1123(b)(5) of the Bankruptcy Code, any Causes of Action that the Debtor may hold against any entity shall vest upon the Effective Date in the Reorganized Debtor.

(2) Except as otherwise provided in this Plan or Confirmation Order, after the Effective

Date, the Reorganized Debtor shall have the exclusive right to institute, prosecute, abandon, settle, or compromise any Causes of Action and without further order of the Bankruptcy Court, in any court or other tribunal, including without limitation, in an adversary proceeding.

(3) Causes of Action and any recoveries therefrom shall remain the sole property of the Reorganized Debtor and Holders of Claims shall have no right to any such recovery.

b. Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Cause of Action against a Holder or other entity is expressly waived, relinquished, released, compromised or settled in this Plan or any Final Order (including the Confirmation Order), the Debtor and Reorganized Debtor expressly reserve such Cause of Action for later prosecution by the Debtor or Reorganized Debtor (including, without limitation, Causes of Action not specifically identified or described in the Plan or elsewhere or of which the Debtor may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtor at this time or facts or circumstances which may change or be different from those the Debtor now believes to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel, (judicial, equitable, or otherwise) or laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan, or Confirmation Order, except where such Causes of Action may have been released in the Plan or any Final Order (including the Confirmation Order). In addition, the Debtor and Reorganized Debtor expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtor or Reorganized Debtor are a defendant or an interested party, against any entity, including without limitation, the plaintiffs or co-defendants in such lawsuits.

7. Intentionally Omitted
8. Closing of the Chapter 11 Case.

When all Disputed Claims have become Allowed Claims, either by settlement or litigation, or have been disallowed by Final Order, and when all professional fee applications have been resolved, the Debtor may seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules. The Debtor may continue to make distributions to all Classes of creditors following the closure of the case.

9. Intentionally Omitted
10. Other Accounts.

The Debtor may retain whatever bank accounts the Debtor has presently, and may establish one or more additional checking and/or interest-bearing accounts as it determines necessary and appropriate to effectuate the terms and provisions of the Plan.

11. Disputed Claims

The Debtor shall make no distribution on Disputed Claims until the dispute is resolved. As Disputed Claims become Allowed Claims, the Debtor will pay such Allowed Claims in accordance with the classification and priority scheme set forth in the Plan.

C. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, pursuant to §§ 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall, on and after the Effective Date, retain exclusive jurisdiction over the Chapter 11 case, all entities, the Debtor, the Reorganized Debtor, and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims and Equity Interests;
2. grant or deny any applications for allowance of compensation nor reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
3. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable to here, determine and, if necessary, liquidate, any claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date;
4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;
5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtor after the Effective Date, provided, however, that the Reorganized Debtor shall reserve the right to commence actions in all appropriate jurisdictions;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures, and other agreements or documents adopted in connection with the Plan or the Disclosure Statement;

7. resolve any cases, controversies, suits, or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;
8. issue injunctions, enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;
9. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked, or vacated;
10. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture, or other agreement or document adopted in connection with the Plan or the Disclosure Statement;
11. adjudicate, decide, or resolve any and all matters related to Causes of Action;
12. adjudicate, decide, or resolve any and all matters related to § 1141 of the Bankruptcy Code;
13. enter and enforce any order for the sale of property pursuant to §§ 363, 1123, or 1146(a) of the Bankruptcy Code;
14. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;
15. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
16. determine requests for payment of Claims and Equity Interests entitled to priority pursuant to § 507 of the Bankruptcy Code;
17. hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code;
18. hear any other matter not inconsistent with the Bankruptcy Code.

IV.

CONFIRMATION AND CONSUMMATION PROCEDURE

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

A. Solicitation of Votes.

In accordance with sections 1126 and 1129 of the Bankruptcy Code, the holders of Allowed Claims or Interests in impaired classes are entitled to vote to accept or reject the Plan. Therefore, the Debtor solicits the holders of such Claims to vote to accept the Plan.

Class 1 (Secured Tax Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 2 (Priority Tax Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 3 (Secured Bank Claim) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 4 (General Unsecured Claims) This Class is unimpaired by the Plan, does not vote, and is deemed to accept the Plan.

Class 5 (Equity Interests) This Class is impaired by the Plan. The holders of Allowed Equity Interests are entitled to vote to accept or reject the Plan.

B. The Confirmation Hearing.

The Bankruptcy Code requires the Court, after notice, to hold a confirmation hearing. **The Confirmation Hearing regarding the Plan is scheduled to take place on [REDACTED], 2011, at [REDACTED].** The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. **Any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and the following parties on or before [REDACTED], 2011, at [REDACTED].**

Mark B. French
Debtor's Counsel
Law Office of Mark B. French
1901 Central Drive, Suite 704
Bedford, Texas 76021

and

Office of the United States Trustee
Attn: Elizabeth Ziegler, Esq.
1100 Commerce Street, Room 9C60
Dallas, Texas 75242

Objections to confirmation of the Plan are governed by Bankruptcy Rules 3015 and 9014.

C. Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of § 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all impaired Classes of Claims and Equity Interests or, if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (ii) feasible and (iii) in the "best interests" of creditors and stockholders which are Impaired under the Plan.

1. Acceptance.

Only impaired classes of Claims are entitled to vote to accept or reject the Plan. Acceptance requires one half plus one in number and 66% in amount of the claims or interests in a particular claim vote to accept Plan.

2. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of § 1129 of the Bankruptcy Code. The Debtor believes:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor, as the proponent of the Plan, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Debtor's Chapter 11 case, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.
- Except to the extent the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon as is reasonably practicable thereafter.
- Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successor thereto under the Plan.
- The Debtor has paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtor will pay quarterly fees on the last day of the calendar month, following the calendar quarter for which the fee is owed in the Chapter 11 case for each quarter (including any fraction thereof), to the Office of the United States Trustee, until the case is converted or closed, whichever occurs first.

3. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization, unless the Plan contemplates such liquidation. For purposes of demonstrating that the Plan meets this “feasibility” standard, the Debtor has analyzed the ability of the Reorganized Debtor to meet its obligations under the Plan and to retain sufficient liquidity and capital resources to conduct its business. Because the Plan contemplates an orderly liquidation of the Debtor’s Property, there is no risk that the Debtor will need further financial reorganization.

4. Best Interest of Creditors Test

Often called the “best interests” test, § 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a Chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value, as of the effective date of the plan, that is no less than the amount that such holder would receive or retain if the applicable Debtor was liquidated under Chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court must: (a) estimate the cash liquidation proceeds that a Chapter 7 Trustee would generate if a debtor’s Chapter 11 case were converted to a Chapter 7 case and the assets of such debtor’s estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in Chapter 7; and (c) compare such holders’ liquidation distribution to the plan distribution that such holder would receive if the plan were confirmed. The Plan satisfies this test because each Holder of a Claim or Interest will receive or retain under the Plan property with a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the applicable Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

In Chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

The Debtor believes that through the Plan, creditors will obtain a substantially greater recovery from the Estate than they would receive if the Debtor’s assets were liquidated under Chapter 7 of the Bankruptcy Code. A rapid liquidation of the Mansfield Property without a

reasonable marketing period would result in no distribution to unsecured creditors. Moreover, the Debtor already has already negotiated a contract to sell the Mansfield Property to Arcadia Realty Corp. conditioned on the Mansfield Property being appropriately re-zoned. Converting this case to a case under Chapter 7 of the Bankruptcy Code and appointing a Chapter 7 trustee to liquidate the Mansfield Property will duplicate the Debtor's efforts to sell the Mansfield Property, place the existing contract for sale at risk, and result in additional and unnecessary administrative expenses. By reorganizing its financial affairs through the Plan, the Debtor believes that it will realize greater value for Unsecured Creditors.

D. Consummation.

The Plan will be consummated on, or as soon as is practicable after, the Effective Date.

**V.
ANALYSIS OF POTENTIAL VOIDABLE TRANSFERS**

A. Fraudulent Transfers.

The Debtor is not aware of any transfers that may be avoidable pursuant to 11 U.S.C. §§ 548, 544(b), or 549 but the Debtor will investigate any complaints of fraudulent transfer made to the Debtor by any party in interest.

B. Preferential Transfers.

The Debtor is not aware of any transfers that appear to be voidable preferences pursuant to 11 U.S.C. § 547(b), but the Debtor will investigate any complaints of preferential transfers made to the Debtor by any other party in interest.

**VI.
PLAN-RELATED RISK FACTORS**

ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, INCLUDING THE DOCUMENTS DELIVERED TOGETHER HERewith, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. General

The following provides a summary of various important considerations and risk factors associated with the Plan; however, it is not exhaustive. In considering whether to object to Confirmation of the Plan, Holders of Claims and Equity Interests should read and carefully consider

the factors set forth below, as well as all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement.

B. Certain Bankruptcy Law Considerations

1. Parties in Interest May Object to the Debtor's Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created 5 Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance the Bankruptcy Court will reach the same conclusion with respect to classification.

2. The Debtor May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, including, among other requirements, a finding by the bankruptcy court that confirmation of such plan is not likely to be followed by a liquidation or the need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan.

There can be no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determines that the Disclosure Statement is appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization.

Confirmation of the Plan is also subject to certain conditions as described in the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtor, subject to the terms and conditions of the Plan, reserves the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any Class, as well as of any Classes junior to such Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

3. The Debtor May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtor reserves the right to object to the validity or amount of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

4. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether such Effective Date will, in fact, occur.

5. Contingencies May Affect Distributions to Holders of Allowed Claims

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies could affect distributions available to Holders of Allowed Claims under the Plan.

C. Liquidation Under Chapter 7

If the Plan is not confirmed, the Debtor's Chapter 11 case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee or trustees would be elected or appointed to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtor believes that any such conversion would likely substantially diminish any distribution to Holders of Unsecured Claims.

D. Inability to Make Payments under the Plan

The Debtor's ability to make payments required by the Plan will depend upon the sale of the Real Property to Arcadia or another qualified buyer. While the Debtor believes that the Plan is feasible, there is no guaranty that the sale to Arcadia will close or that another suitable buyer can be found if it does not.

**VII.
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS**

EACH CLAIM HOLDER SHOULD CONSULT ITS OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY FEDERAL, STATE, LOCAL, OR FOREIGN TAX LAWS. NEITHER THE DEBTOR NOR ITS PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON OR CLAIM HOLDER ARISING FROM OR RELATED TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN. THE DEBTOR DOES NOT BELIEVE THAT THE TERMS OF THE PLAN WILL HAVE NEGATIVE TAX

CONSEQUENCES FOR MOST CLAIMANTS, BUT THE DEBTOR IS UNFAMILIAR WITH PARTICULAR TAX CIRCUMSTANCE OF ITS CREDITORS AND IS NOT QUALIFIED TO GIVE TAX ADVICE TO THEM. CREDITORS AND EQUITY HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AND NOT RELY UPON THE DEBTOR OR ITS COUNSEL FOR TAX ADVICE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE TAX ADVICE.

VIII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtor's alternatives include (i) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code (ii) the preparation and presentation of an alternative plan or plans of reorganization; (iii) the dismissal of the case to allow liquidation under the state law.

A. Liquidation under Chapter 7

If no Chapter 11 plan can be confirmed, the Chapter 11 Case may be converted to one under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtor believes that a conversion to and liquidation under Chapter 7 would result in rapid foreclosure on the Debtor's assets and a lesser distribution to the Unsecured Creditors.

B. Alternative Plan of Reorganization.

If the Plan is not confirmed, the Debtor or other parties in interest may attempt to formulate a different plan meeting the requirements of Chapter 11 of the Bankruptcy Code for liquidation. Practically speaking, there is no alternative to liquidation.

As would be the case in the event of a conversion, if, under an alternative liquidating plan, any other Professionals were to take the reins of this case, then work performed and decisions already considered and made by the Debtor's current Professionals would, at best be duplicated, as no Professionals stepping into the case anew would simply accept the conclusions and decisions made by the Debtor's representatives, as advised by the Debtor's attorneys, wholesale and without conducting an independent review with advice of counsel and other advisors, all of whom would be entitled to seek compensation for the Estate. Therefore, the Debtor solicits the Holders of all Allowed Claims in all Classes entitled to vote on acceptance or rejection of the Plan to accept it.

C. Dismissal

The dismissal of this case would allow creditors to pursue their remedies under state law. As the Debtor's interest in the Mansfield Property is its only significant asset, and such interest is already subject to a lien in favor of Wells Fargo, unsecured creditors would be likely to recover nothing.

IX.
MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

All fees payable pursuant to Article 1930 of title 28 of the United States Code after the Effective Date, as determined by the Bankruptcy Court at a hearing pursuant to § 1128 of the Bankruptcy Code, shall be paid when due prior to the closing of the Chapter 11 case.

B. Modification of Plan

Subject to the limitations contained in the Plan: (1) the Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy § 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtor or Reorganized Debtor, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with § 1127(b) of the Bankruptcy Code and Bankruptcy Rule 3019, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

C. Revocation of the Plan

The Debtor reserves the right to revoke or withdraw the Plan prior to the entry of the Confirmation Order and to file subsequent chapter 11 plans. If the Debtor revokes or withdraws the Plan or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor; (b) prejudice in any manner the rights of the Debtor; or (c) constitute an admission of any sort by the Debtor.

D. Successors and Assigns

Except as otherwise provided in the Plan, the rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

E. Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and

construed and enforced in accordance with, the laws of the state of Texas, without giving effect to the principles of conflict of laws thereof.

F. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained in the Plan, nor the taking of any action by a Debtor with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtor with respect to the Holders of Claims or Equity Interests or other parties in interest; or (2) any Holder of a Claim or other party in interest prior to the Effective Date.

G. Plan Proposed In Good Faith

Upon entry of the Confirmation Order, the Debtor will be deemed to have proposed the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to and in compliance with §§ 1121 through 1129 of the Bankruptcy Code, the Debtor and its agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in proposing the Plan.

H. Further Assurances

The Debtor, Reorganized Debtor, all Holders of Claims receiving distributions hereunder, and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

I. Service of Documents

Any notice, request, or demand to or upon the Debtor shall be in writing (including by facsimile transmission or email) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission and/or E-Mail, when received and telephonically confirmed, addressed as follows to the Debtor or the Estate:

Mark B. French
Law Office of Mark B. French
1901 Central Drive, Suite 704
Bedford, Texas 76021
Phone: 817-268-0505
Fax: 817-632-5413
Email: mark@markfrenchlaw.com

J. Filing of Additional Documents

On or before the Effective Date, the Debtor may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

K. Term of Injunction or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 case pursuant to §§ 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant of the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. Furthermore, all Creditors shall be enjoined from the commencement or continuation of any action or proceeding against the Reorganized Debtor, following the Effective Date, except for: 1) actions or proceeding filed in the Bankruptcy Court for the purpose of enforcing the terms of the Plan; 2) orders granting relief from the automatic stay entered before the Effective Date; and 3) the rights of ad valorem taxing authorities to enforce their tax lien claims on Property of the Estate, which shall not be enjoined.

L. Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

M. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing) conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

N. Severability

If, prior to the entry of the Confirmation Order on the docket of the Chapter 11 case, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter or interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The

Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is:

(1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtor's consent; and (3) nonseverable and mutually dependent.

O. Article 1146 Exemption

Pursuant to § 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

P. Immediate Binding Effect

Upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, and any and all Holders of Claims and Equity Interests (irrespective of whether such Claims or Equity Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions, if any, described in the Plan, each entity acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtor, if any.

X.

CONCLUSION AND RECOMMENDATION

The Debtor believes the Plan is in the best interests of all Holders of Claims and Equity Interests.

Dated: August 8, 2011

Water Street Development Partners, L.P.

By: Water Street Management, L.L.C.

Its: General Partner

By: /s/ Robert DeRogatis
Robert DeRogatis, Managing Member
of Water Street Management, LLC