

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

SECURITY NATIONAL PROPERTIES  
FUNDING III, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 11-13277 (KG)

Jointly Administered

Re: Docket Nos. 876 & 961

**DISCLOSURE STATEMENT FOR REVISED CHAPTER 11 PLAN OF  
REORGANIZATION OF SECURITY NATIONAL PROPERTIES FUNDING  
III, LLC AND ITS DEBTOR AFFILIATES FILED BY BANK OF AMERICA,  
N.A., AS AGENT FOR SENIOR LENDERS**

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Dated: May 16, 2014, Wilmington, Delaware

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN.  
ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A  
DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY  
COURT. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR  
APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT**

<sup>1</sup> The debtors in these cases are Security National Properties Funding III, LLC, ITAC 190, LLC, Security National Properties Funding, LLC, Security National Properties Funding II, LLC, Sequoia Investments III, LLC, Sequoia Investments V, LLC, Sequoia Investments XIV, LLC, Sequoia Investments XV, LLC, Sequoia Investments XVIII, LLC, and Security National Properties - Alaska, LLC.

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## NOTICE

BANK OF AMERICA, AS AGENT TO THE SENIOR LENDERS, IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF REORGANIZATION OF SECURITY NATIONAL PROPERTIES FUNDING III, LLC AND ITS DEBTOR AFFILIATES FILED BY BANK OF AMERICA, N.A., AS AGENT FOR SENIOR LENDERS TO HOLDERS OF CLAIMS AND EQUITY INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

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 DISTRIBUTION 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 RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE AGENT URGES EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT’S APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS

DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE AGENT'S POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS. THE PLAN RESERVES FOR THE REORGANIZED DEBTORS THE RIGHT TO BRING CAUSES OF ACTION (DEFINED IN THE PLAN) AGAINST ANY ENTITY OR PARTY IN INTEREST EXCEPT THOSE SPECIFICALLY RELEASED.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE AGENT BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED THEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS FROM INFORMATION PROVIDED BY THE DEBTORS, THE DEBTORS' PRIOR STATEMENTS AND PLEADINGS, THE AGENT, OR THE PRIOR STATEMENTS AND PLEADINGS OF THE AGENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED.

TO THE BEST OF THE AGENT'S KNOWLEDGE, NO ENTITY HAS AUDITED THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT AND IS BASED, IN PART, UPON INFORMATION PREPARED BY PARTIES OTHER THAN THE AGENT. ALTHOUGH THE AGENT HAS MADE EVERY REASONABLE EFFORT TO BE ACCURATE IN ALL MATERIAL MATTERS, THE AGENT IS UNABLE AND DOES NOT WARRANT OR

REPRESENT THAT ALL THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE.

THE AGENT IS MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE AGENT MAY SUBSEQUENTLY UPDATE THE INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, IT HAS NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE FILING OF THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN.

## **ARTICLE 1. INTRODUCTION AND BACKGROUND<sup>1</sup>**

### **A. Events Leading to the Filing of the Plan**

Since the Petition Date, Bank of America and the Debtors have attempted to reach a resolution to these Chapter 11 Cases, including exchanges of proposals and mediation. In August, 2013, Bank of America and the Senior Lenders were finally able to reach agreement with the Debtors and their plan sponsors on a term sheet providing for a global resolution to these Chapter 11 Cases. Following execution of the term sheet, however, the performance of the Debtors' Properties failed to meet the Debtors' projections, and the Debtors have not been able to perform the consensual resolution reflected in the term sheet. The protracted course of still unsuccessful attempts to reach consensual resolution has caused Bank of America and the Senior Lenders to conclude that their Plan is the best and most appropriate way to resolve these Chapter 11 Cases.<sup>2</sup>

### **B. Summary**

Pursuant to section 1125 of the Bankruptcy Code, the Agent submits this Disclosure Statement to Holders of Claims and Equity Interests in connection with (a) the solicitation of

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<sup>1</sup> Capitalized terms not otherwise defined herein are defined in the glossary contained in Article 7 of this Disclosure Statement.

<sup>2</sup> Well over one year ago, the Debtors filed the Debtors' Third Amended Plan (as defined herein) [D.I. 464]. The Agent objected to confirmation of that plan [D.I. 564].

votes to accept or reject the Plan dated as of May 16, 2014, a copy of which is annexed hereto as **Exhibit A**, and (b) the Confirmation Hearing, which is presently scheduled to begin on [\_\_\_\_], [\_\_], 2014, at [\_\_]:[\_\_] [\_\_].m. (Prevailing Eastern Time).

The Agent filed the Plan concurrently with this Disclosure Statement. The Plan provides for the reorganization of the Debtors, who will each retain and manage their assets in the ordinary course of business after the Effective Date. The Reorganized Debtors will use income generated by their assets to make Distributions to Holders of Claims.

All Holders of Allowed Claims, including all General Unsecured Claims, will be paid in full on the Effective Date or as soon as practicable thereafter, except for the Senior Lender Claims, Intercompany Claims, and Claims of Non-Debtor Affiliates.

The Holders of Senior Lender Claims will receive the following:

1. New Senior Debt in the amount of \$120,000,000.00 (an amount the Agent has determined the Properties can support). The New Senior Debt will be secured by all assets of the Debtors. A summary of the basic terms of the New Senior Debt is included in **Exhibit B** annexed hereto.
2. New Sub Debt in an amount equal to 37.5% of the Converted Senior Lender Debt (which means the difference between the total Allowed Senior Lender Claim, including any post-petition interest and fees Allowed under 506(b), and the New Senior Debt). The New Sub Debt will be unsecured and paid *pari passu* with any distributions to holders of New LLC Interests. A summary of the basic terms of the New Senior Debt is included in **Exhibit B** annexed hereto.
3. 100% of New LLC Interests in Reorganized Debtor SNPF III with a value (based on par) equal to 62.5% of the Converted Senior Lender Debt.

The Agent estimates that the Senior Lender Claims (including all post-petition interest and fees due under section 506(b) of the Bankruptcy Code) and the Cost of Emergence (which will be funded by the Senior Lenders through the Exit Facility), greatly exceed the value of the Debtors' Properties and other assets. Accordingly, there is no value in the Debtors available for Distribution to Holders of Non-Debtor Affiliate Claims (which are subordinated to the Senior Lender Claims) or Equity Interests in SNPF III.

All Equity Interests in SNPF III will be canceled on the Effective Date. The equity structure of all Debtors other than SNPF III (the Subsidiaries) will remain the same.

The Plan provides for an Exit Facility in the maximum amount of \$10,000,000, which will fund, among other things, the Cost of Emergence, which includes all Allowed Claims other than the Senior Lender Claims, the Intercompany Claims, and the Non-Debtor Affiliate Claims. The Senior Lenders have agreed to fund the Exit Facility, the basic terms of which are included in **Exhibit B** annexed hereto.

As of the mailing of this Disclosure Statement, the Debtors, certain of their Non-Debtor Affiliates, and the Senior Lenders were in discussions regarding a possible global settlement of

matters in the Chapter 11 Cases (the “Global Settlement”). In the event that a Global Settlement is reached and approved by the Bankruptcy Court, the Plan shall be deemed amended and superseded by any agreed plan of reorganization filed as contemplated by the Global Settlement (the “Agreed Plan”). In such event, the Bankruptcy Court may order that the Confirmation Hearing will be deferred, any voting deadline for Class 2 Claims will be extended (and if necessary the votes of the holders of Class 2 Claims will be resolicited), the Plan Objection Deadline (defined below) will be extended, and supplemental notice regarding the rescheduled Confirmation Hearing and any material modifications reflected in the Agreed Plan will be provided to creditors and parties-in-interest who are otherwise entitled to receive notice of the Confirmation Hearing.

**Notwithstanding the foregoing paragraph, the Senior Lenders have not agreed to any Global Settlement as of the dissemination of this Disclosure Statement, and there is no obligation of the Senior Lenders or any other party to agree to a Global Settlement or Agreed Plan. If no Global Settlement is reached, the terms of the Plan and this Disclosure Statement shall not be deemed amended or superseded by any contemplated Agreed Plan.**

**The Agent believes that the Plan provides the best recoveries possible for Holders of Allowed Claims and strongly recommends that, if such Holders are entitled to vote, they vote to accept the Plan.**

#### **C. The Chapter 11 Cases**

On October 13, 2011, the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Agent submits this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of acceptances of the Plan.

#### **D. The Disclosure Statement**

The purpose of this Disclosure Statement is to set forth information that (a) outlines the history of the Debtors and their business and (b) summarizes the Plan. No solicitation for votes on the Plan may be made except pursuant to this Disclosure Statement.

#### **E. Bankruptcy Court Approval of this Disclosure Statement**

After notice and a hearing, the Bankruptcy Court approved this Disclosure Statement on [\_\_\_\_\_, \_\_] 2014 [Docket No. \_\_\_\_], and found that it contained adequate information of a kind and in sufficient detail to enable each Creditor of the Debtors to make an informed judgment as to whether to vote to accept or reject the Plan.

#### **F. Holders of Claims Entitled to Vote**

Pursuant to the provisions of the Bankruptcy Code, only Holders of allowed Claims or Equity Interests in Classes of Claims or Equity Interests that are Impaired and that are not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. Classes of Claims or Equity Interests that are Impaired but will not receive or retain any property under the Plan are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. Classes of Claims or Equity Interests in which the Holders of Claims or Equity Interests are

Unimpaired under the Plan are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. For a detailed description of the treatment of Claims and Equity Interests under the Plan, see Article 3.D of this Disclosure Statement.

Claims and Equity Interests in Class 2<sup>3</sup> (Senior Lender Claims) of the Plan are Impaired, and to the extent Claims in Class 2 are Allowed, the Holders of such Claims will receive distributions under the Plan. As a result, Holders of Claims in that Class are entitled to vote to accept or reject the Plan. If, and to the extent any other Class identified as being Unimpaired is Impaired (whether as a result of the terms of the Plan or any modification or amendment thereto), upon such determination, such Class shall then be entitled to vote to accept or reject the Plan.

Claims in Class 1 (Secured Governmental Unit Claims), Class 3 (Other Secured Claims), Class 4 (Unsecured Priority Claims), Class 5 (General Unsecured Claims), and Classes 8B-8I (Equity Interests in the Subsidiaries) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, Holders of Claims in those Classes are therefore conclusively presumed to have accepted the Plan, and the votes of Holders of such Claims will therefore not be solicited.

Claims in Class 6 (Intercompany Claims), Class 7 (Non-Debtor Affiliate Claims), and Class 8A (Equity Interests in SNPF III) will receive no Distribution under the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, Holders of Claims in those Classes are therefore conclusively presumed to have rejected the Plan, and the votes of Holders of such Claims and Equity Interests will therefore not be solicited.

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. For a more detailed description of the requirements for confirmation of the Plan, see Article 4 of this Disclosure Statement.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Agent reserves the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization notwithstanding the rejection of a plan by one or more impaired classes of claims or equity interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each rejecting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, see Article 4.A of this Disclosure Statement.

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<sup>3</sup> As set forth below, the Plan provides for eight primary Classes 1 through 8, which are each further divided into sub-classes A through I. Unless otherwise specified, any reference to a primary Class shall include and be a reference to all sub-classes within such primary Class. For example, a reference to Class 2 shall be considered a reference to Classes 2A, 2B, 2C, 2D, 2E, 2F, 2G, 2H, and 2I.

**THE AGENT RECOMMENDS THAT HOLDERS OF CLAIMS IN CLASS 2 VOTE TO  
ACCEPT THE PLAN.**

**G. Overview of Plan Treatment**

The following table summarizes the classification and treatment of Administrative Claims, Claims, and Equity Interests under the Plan:

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount<sup>4</sup></u>	<u>Approximate Percentage Recovery</u>
--	Administrative Claims: Non-Professional Fee Claims	Paid in full, in Cash, without interest, on the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Administrative Claim; provided, however, that Allowed Ordinary Course Administrative Claims shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating to such Ordinary Course Administrative Claims.	\$2,720,796	100%
--	Professional Fee Claims	Paid in full, in Cash, without interest in accordance with the <i>Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331, Fed. R. Bankr. P. 2016 and Del. Bankr. L.R. 2016-2 Establishing Procedures for Interim Compensation of Fees and Reimbursement of Expenses for Professionals and Official Committee Members</i> [D.I. 117] or any order of the Bankruptcy Court entered with respect to final fee applications filed by any Professional.	\$400,000 - \$600,000	100%
--	Priority Tax Claims	Unimpaired. As shall have been determined by the Reorganized Debtors, each Holder shall be entitled to receive (a) on the Initial Distribution Date, Cash equal to the unpaid portion of such Allowed Priority Tax Claim,	\$143,235	100%

<sup>4</sup>

Except as otherwise noted, the amounts set forth herein are estimates based on information provided by the Debtors' in the *Amended Disclosure Statement for Amended Joint Chapter 11 Plan of Reorganization of Security National Properties Funding III, LLC and its Debtor Affiliates* [D.I. 330] as revised (the "Debtors' Disclosure Statement") or upon a review of information provided by the Debtors or filed in the docket of these Chapter 11 Cases. Actual amounts will depend upon the amounts of Claims timely filed before the Administrative Claims Bar Date, final valuation of the Property, final reconciliation and resolution of all Claims, and the negotiation of cure amounts. Accordingly, the actual amounts may vary significantly from the amounts set forth herein.

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount<sup>4</sup></u>	<u>Approximate Percentage Recovery</u>
		(b) deferred Cash payments over time pursuant to section 1129(a)(9)(C) of the Bankruptcy Code in an aggregate principal amount equal to the Face Amount of such Allowed Priority Tax Claim, plus interest on the unpaid portion thereof at the rate of interest determined under applicable nonbankruptcy law as of the calendar month in which the Plan is confirmed, or (c) such other less favorable treatment as to which the Reorganized Debtors and such Holder shall have agreed upon in writing.		
1	Secured Governmental Unit Claims	Unimpaired. On the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Secured Governmental Unit Claim, the Holder of such Allowed Secured Governmental Unit Claim shall receive at the election of the Reorganized Debtors, in full satisfaction, settlement, release and discharge of and in exchange for, such Allowed Secured Governmental Unit Claim, (a) Cash equal to the value of its Allowed Governmental Unit Claim, (b) the return of the Holder's Collateral securing the Secured Governmental Unit Claim, (c) payment in full as provided under sections 1129(a)(9)(C) and (D) of the Bankruptcy Code on the schedule provided for payment of General Unsecured Claims, or (d) such other less favorable treatment to which the Reorganized Debtors and such Holder shall have agreed upon in writing. To the extent such payments are paid over time, such payments shall be calculated to result in payment in full of the Allowed Secured Governmental Unit Claim with all accrued interest.	\$27,091	100%
2	Senior Lender Claims	Impaired. Each Holder of a Senior Lender Claim in Class 2 will receive on the Effective Date, in full and final satisfaction,	\$164,341,863.11, plus post-petition interests, fees,	See <b>Exhibit C</b>

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount<sup>4</sup></u>	<u>Approximate Percentage Recovery</u>
		settlement, release, and discharge of and in exchange for such Holder's Senior Lender Claim, its Pro Rata Distribution of (a) New Senior Debt and (b) subject to the Allocation Election, (i) New LLC Interests and/or (ii) New Sub Debt. The New LLC Interests and New Sub Debt issued to the Senior Lenders on account of Class 2 Claims shall have a total value equal to the Converted Senior Lender Debt. In addition, the Holders of Senior Lender Claims shall be authorized to retain the Adequate Protection Payments received during the Chapter 11 Cases. The Adequate Protection Payments shall not be subject to clawback or recharacterization. The Senior Lenders shall retain their prepetition Liens on the Properties and other assets of the Debtors as modified in the New Senior Debt Agreement.	and costs due under the Prepetition Loan Documents and Allowed under section 506(b) of the Bankruptcy Code	
3	Other Secured Claims	Unimpaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Other Secured Claim in Class 3 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Other Secured Claim, at the option of the Plan Proponent or Reorganized Debtors: (a) have its Allowed Class 3 Claim reinstated and rendered not impaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of such Allowed Class 3 Claim to demand or receive payment of such Allowed Class 3 Claim prior to the stated maturity of such Allowed Class 3 Claim from and after the occurrence of a default; or (b) receive Cash in an amount equal to such Allowed Class 3 Claim, including any interest on such Allowed Class 3 Claim required to be paid	\$104,779	100%

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount<sup>4</sup></u>	<u>Approximate Percentage Recovery</u>
		pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date, or as soon as practicable thereafter, and the first subsequent Distribution Date, or as soon as practicable thereafter, after such Claim becomes an Allowed Class 3 Claim.		
4	Unsecured Priority Claims	Unimpaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Unsecured Priority Claim in Class 4 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Unsecured Priority Claim, be paid in respect of such Claim the full amount thereof in Cash on the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Unsecured Priority Claim.	\$83,268	100%
5	General Unsecured Claims	Unimpaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed General Unsecured Claim in Class 5 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed General Unsecured Claim, be paid in respect of such Claim the full amount thereof in Cash on the Initial Distribution Date.	Non-Senior Lender Class 5 Claims: \$1,653,051	100%
6	Intercompany Claims	Impaired. On the Effective Date, Allowed Intercompany Claims shall be reinstated or cancelled, at the option of the Plan Proponent or the Reorganized Debtors.	N/A	0%
7	Non-Debtor Affiliate Claims	Impaired. Holders of an Allowed Non-Debtor Affiliate Claim in Class 7 shall receive no Distributions under the Plan.	N/A	0%
8	Equity Interests	Class 8A: Impaired. Holders of Allowed Equity Interests in Class 8A shall receive no	N/A	N/A

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount<sup>4</sup></u>	<u>Approximate Percentage Recovery</u>
		Distribution under the Plan.  Classes 8B-8I: Unimpaired. Each Holder of Allowed Equity Interests in Classes 8B-8I shall retain its equity interests in each respective Subsidiary Debtor.		

## ARTICLE 2. THE DEBTORS AND THESE CHAPTER 11 CASES

### A. Corporate Structure and Ownership

The Debtors, for purposes of this Disclosure Statement and the Plan, include the following entities:

- Security National Properties Funding III, LLC (SNPF III);
- Security National Properties Funding, LLC;
- Security National Properties Funding II, LLC;
- ITAC 190, LLC;
- Sequoia Investments III, LLC;
- Sequoia Investments V, LLC;
- Sequoia Investments XIV, LLC;
- Sequoia Investments XV, LLC; and
- Sequoia Investments XVIII, LLC

A tenth affiliated entity, Security National Properties Alaska, LLC, is also a debtor in bankruptcy, but it does not own any assets or owe any debts. The Plan therefore does not include the estate of Security National Properties Alaska, LLC, and the Plan shall have no effect or force as to that entity's bankruptcy estate, assets, creditors, or equity interests.

SNPF III is an Alaska limited liability company and is majority-owned by non-debtor Security National Properties Holding Company LLC (53.1%). The remaining interests in SNPF III are owned by the following entities in the amounts indicated: Aspen Park, Inc. (.62%); Rangeview Tra-Tel, Inc. (1.42%); SN Commercial, LLC (1.22%); Security National Properties – Alaska, LLC (5.72%); Security National Properties – Atlantic, LLC (.35%); Security National Properties – Bath, LLC (9.74%); Security National Properties – California, LLC (.89%); Security National Properties – Cypress, LLC (2.04%); Security National Properties – Dothan, LLC (.36%); Security National Properties – Louisiana LP (6.74%); Security National Properties – Ventura, LLC (1.82%); Sequoia Investments II, LLC (1.87%); Sequoia Investments IV, LLC (.67%); Sequoia Investments VII, LLC (5.71%); Sequoia Investments VIII, LLC (1.98%); Sequoia Investments XIII, LLC (2.45%); Security National Properties- Norwalk, LLC (2.43%); and Security National Properties Funding II, LLC (.87%).

Seven of the eight Debtors other than SNPF III (the Subsidiaries) are directly owned, in whole or in part, by SNPF III as follows:<sup>5</sup>

- Security National Properties Funding, LLC (100%);
- ITAC 190, LLC (100%);
- Sequoia Investments III, LLC (93%);
- Sequoia Investments V, LLC (83%);
- Sequoia Investments XIV, LLC (95.5%);
- Sequoia Investments XV, LLC (100%); and
- Sequoia Investments XVIII, LLC (97.5%)

Finally, the remaining Subsidiary, Security National Properties Funding II, LLC is 100% directly owned by Security National Properties Funding, LLC, giving SNPF III an indirect ownership of 100% of that Debtor.

All Equity Interests in the Subsidiaries are pledged to the Senior Lenders, and such pledges shall not be affected by the Plan.

## **B. Overview of Assets and Liabilities**

### **1. The Debtors' Assets; Stipulated Properties Value**

The Debtors, which are headquartered in Eureka, California, are owners and operators of 33 commercial real estate Properties, including 20 office properties and 9 retail assets, as well as mobile home, industrial, and mixed-use assets, in Alabama, Alaska, Illinois, Kansas, Maine, Michigan, Minnesota, Mississippi, Montana, Nebraska, New York, North Carolina, South Carolina, Texas, and Wyoming. In all, the Debtors own more than 4 million square feet of commercial property. Most of the Debtors acquired their respective Properties from 1993 through 2006.

To avoid the expense and delay of protracted valuation litigation, for the limited purposes of this Disclosure Statement and the Plan, the Agent accepts the Stipulated Properties Value of \$171,465,000.00, which is the value previously agreed upon by the Agent and the Debtors in the Valuation Stipulation.<sup>6</sup> Distributions under the Plan of New LLC Interests and New Sub Debt are based upon the Stipulated Properties Value, and the Agent and the Senior Lenders may not support the Plan if the value of the Properties is determined to be any other value. Accordingly, if the Bankruptcy Court for any reason determines that the value of the Properties is not the

<sup>5</sup> The complete ownership structure of each Debtor is described in the *List of Equity Security Holders* filed with each Debtor's chapter 11 petition.

<sup>6</sup> Agent acknowledges that, by its terms, the Valuation Stipulation is no longer in effect. However, even if protracted and expensive valuation litigation resulted in the Court concluding that the Property values were in the higher range asserted by the Debtors during these Chapter 11 Cases (as opposed to the lower values asserted by the Agent), the distribution scheme set forth in the Plan would not change because the large, additional accruals that would be due to the Senior Lenders for post-petition interest, fees, and expenses under Section 506(b) of the Bankruptcy Code would more than offset any such increased valuation finding. Thus, the Agent submits that the Stipulated Properties Value is the sensible and most cost-effective way to handle valuation under the Plan.

Stipulated Properties Value for purposes of the Plan, the Agent reserves all rights to withdraw the Plan. Further, the Agent's willingness to accept the Stipulated Properties Value for the limited purpose set forth herein is solely for the purpose of avoiding the cost and delay of valuation litigation in connection with this Disclosure Statement and the Plan. The value of the Properties may be lower or higher than the Stipulated Properties Value and may decrease or increase by the time of the Confirmation Hearing. In the event the Debtors or any other party contest the Stipulated Properties Value for purposes of the Plan (or for any other reason), the Agent shall not be bound by the Stipulated Properties Value and reserves all rights to contest the valuation of the Properties, including putting on evidence of valuation other than the Stipulated Properties Value. The Agent further reserves the right to contest valuation of the Properties in connection with any plan of reorganization or any other document filed by the Debtors or any other party.

## 2. The Debtors' Liabilities

### (i) *Senior Lender Claims*

On or about October 18, 2006, certain of the Debtors entered into that certain Credit Agreement dated as of such date (the Prepetition Loan Agreement) by and among SNPF III, as borrower, SNP Holding, as parent guarantor, and other guarantors identified therein (including the Subsidiary Debtors, also known as "Qualified Property Owners" or "QPOs"), the Agent, and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager (as those terms are defined in the Prepetition Loan Agreement). As of the filing of this Disclosure Statement, the Senior Lenders consist of the following: Bank of America, The Bank of East Asia, Ltd., Top Fund II, LLC, Banc of America Credit Products, and PNC Bank National Association. The Prepetition Loan Agreement has been amended since its execution a number of times, most recently when the Seventh Amendment was executed on or about April 20, 2010.

The Prepetition Loan Agreement provides for a revolving credit facility in the principal amount of \$200,000,000, of which \$159,991,940 in principal was owed as of the Petition Date. In addition to principal, \$4,349,923.11 in accrued interest and other fees were owed as of the Petition Date for a total pre-petition claim of \$164,341,863.11 against SNPF III. The Senior Lenders hold properly perfected liens in SNPF III's personal property, as well as a pledge of SNPF III's membership interests in the Subsidiaries.

The Subsidiaries, identified as Qualified Property Owners under the Prepetition Loan Agreement, also signed guaranties supporting the Prepetition Loan Agreement. The Senior Lenders hold mortgages or deeds of trust and assignments of rents on the Properties owned by the Subsidiaries to secure the obligations of SNPF III under the Prepetition Loan Agreement. Although the Senior Lenders' ability to recover from the Qualified Property Owners is limited to their right to collect 95% of the original asset value assigned to such Properties as set forth in the Prepetition Loan Agreement, that limitation creates no material economic impact on the treatment of Claims and Equity Interests under the Plan.

The Stipulated Properties Value (\$171,465,000) exceeds the Senior Lender Claims, as of the Petition Date, against SNPF III (\$164,341,863.11). Accordingly, the Senior Lender Claims

against each of the Debtors are fully secured,<sup>7</sup> and the Senior Lenders are entitled to post-petition interests and fees under section 506(b) of the Bankruptcy Code to the extent of the value of their Collateral. The amount of post-petition interest and fees due under the terms of the Prepetition Loan Documents on the Senior Lender Claims, even after accounting for the Adequate Protection Payments, greatly exceeds the value of the Properties (and any other assets of the Debtors). In addition to the Properties, the Senior Lender Claims are secured by any other assets of the Debtors, which may include receivables due to the Debtors from Affiliates, and rents received by the Debtors during the course of these Chapter 11 Cases. The Agent reserves all rights with respect to any assets in addition to the Properties that may be added to the value of the Collateral securing the Senior Lender Claims, and therefore to its right to claim post-petition interests and fees under section 506(b) of the Bankruptcy Code.

**(ii) *Non-Debtor Affiliate Claims***

Included in the Debtors' Schedules are claims of certain Non-Debtor Affiliates, which are classified in Class 7 under the Plan. Pursuant to the Prepetition Loan Documents, Non-Debtor Affiliate Claims are subordinated to the Senior Lender Claims until paid in full.<sup>8</sup> Because the Senior Lender Claims will not be paid in full under the Plan but will receive New Sub Debt and New LLC Interests in lieu of payment in full, the Non-Debtor Affiliate Claims will receive no Distribution under the Plan.

**C. Employees**

None of the Debtors have employees. Operations at the Properties are managed by Security National Properties Servicing Company, LLC, a Non-Debtor Affiliate, which provides, among other things, all employees necessary for the property management, asset management, and marketing services required for the Properties.

**D. Events Leading to the Filing of the Chapter 11 Cases**

The Prepetition Loan Agreement had a scheduled maturity date of October 31, 2009. As a result of the Debtors' monetary and non-monetary defaults, the Debtors were not eligible for an extension of the maturity date. Notwithstanding the fact that the Senior Lenders had no obligation to do so, the Senior Lenders twice agreed to extend the maturity date of the Prepetition Loan Agreement, first to January 29, 2010, and then again to January 29, 2012, pursuant to the terms and conditions of a sixth amendment and a seventh amendment, respectively, to the Pre-Petition Loan Agreement.

The seventh amendment to the Prepetition Loan Agreement was executed on April 10, 2010. At that time, the Prepetition Loan Agreement had matured, and the Debtors were in default. The default, however, was not merely a maturity default. In addition, the Debtors had

<sup>7</sup> Pursuant to *Official Committee of Unsecured Creditors v. UMB Bank, N.A. (In re Residential Capital, LLC)*, 501 B.R. 549 (Bankr. S.D.N.Y. 2013), the aggregate value of all collateral securing the Senior Lender Claims should be applied to determine the secured status of the Senior Lender Claims against the Debtors.

<sup>8</sup> Which the Debtors appear to have acknowledged in the Third Amended Debtors' Plan (as defined herein) by subordinating such Claims to the Senior Lender Claims. Third Amended Debtors' Plan, Art. III.D.8.

failed certain financial covenant tests and had failed to pay real property taxes on several of the Properties. As a result, the Senior Lenders, in order to protect the Collateral, were forced to make a protective advance of \$8,050,000 to pay past due real property taxes.

Pursuant to the seventh amendment, the Debtors were given a two-year extension of the maturity date, subject to certain financial hurdles and principal curtailments. The Debtors failed to make the required principal curtailments and again defaulted on their obligations. Although the Debtors were in default, the Senior Lenders continued to negotiate with the Debtors pre-petition. In fact, the Senior Lenders executed four side-letter agreements in which the Debtors acknowledged the indebtedness due, the Debtors were permitted to pay interest at the non-default rate (while default interest accrued), and the Senior Lenders did not attempt to exercise remedies. Nevertheless, the Debtors precipitously filed these Chapter 11 Cases, without advance notice to Bank of America, in order to attempt to thwart a sale of the note by Bank of America.

#### **E. The Debtors' Chapter 11 Cases**

The Debtors have continued to operate the business as Debtors and Debtors-in-Possession as authorized under sections 1107(a) and 1108 of the Bankruptcy Code. Detailed reports of the Debtors' cash flow and operations during the course of these Chapter 11 Cases can be found in the Debtors' monthly operating reports filed in the Chapter 11 Cases. The Debtors' operations during the Debtors' Chapter 11 Cases are described below.

##### **1. Significant Events in the Debtors' Chapter 11 Cases**

###### **(i) *Cash Collateral***

The Senior Lenders hold a security interest in substantially all cash generated by the Debtors (the Cash Collateral). On October 17, 2011, the Debtors filed a motion seeking the authority to use the Senior Lenders' Cash Collateral. On October 18, 2011, upon agreement by Bank of America, the Bankruptcy Court approved the use of Cash Collateral on an interim basis (the "Interim Cash Collateral Order") [Docket No. 27]. Bank of America has subsequently agreed to, and the Bankruptcy Court has subsequently entered twenty-four further Interim Cash Collateral Orders [Docket No. 64, 94, 119, 152, 179, 193, 264, 279, 353, 431, 456, 515, 548, 582, 620, 644, 692, 729, 731, 761, 784, 814, and 844]. At the request of the Debtors and Bank of America, the Bankruptcy Court has continued the final hearing on the Cash Collateral Motion several times and the Debtors' use of Cash Collateral pursuant to the Cash Collateral Motion is currently scheduled for final consideration on June 10, 2014.

Pursuant to the Interim Cash Collateral Orders, as of the date of filing this Disclosure Statement, the Debtors have paid the Agent and/or the Senior Lenders approximately \$18,619,062.19 in Adequate Protection Payments. Because they are oversecured by the Properties and the rents collected by the Debtors during these Chapter 11 Cases, the Senior Lenders are entitled to retain the Adequate Protection Payments. The Plan provides that the Senior Lenders shall keep the Adequate Protection Payments, which are not subject to clawback or recharacterization.

(ii) *Retention of Professionals*

The Bankruptcy Court entered an order on October 18, 2011, authorizing the Debtors to retain GCG, Inc. to perform certain claims, noticing and balloting functions in the Chapter 11 Cases [Docket No. 22].

The Bankruptcy Court entered an order authorizing the Debtors to retain Morris, Nichols, Arsht & Tunnell LLP, as their general bankruptcy counsel, on December 16, 2011 [Docket No. 93]. The Bankruptcy Court also entered an order on January 13, 2012, establishing compensation procedures for the Debtors' professionals whereby a percentage of fees and expenses of the Debtors' and other professionals may be paid on a monthly basis, subject to objection by certain parties and final approval by the Bankruptcy Court [Docket No. 117].

(iii) *Filing of Schedules of Assets and Liabilities and Statement of Financial Affairs; Intercompany Receivables*

The Debtors filed their Schedules on January 6 and 7, 2012 [Docket No. 100, 101, 102, 103, 104, 105, 106, 107, 108, and 109]. On June 20, 2012, the Debtors amended their Schedules [Docket No. 240, 241, 242, 243, 244, 245, 246, 247 and 248]. The Schedules are available for inspection online.

The Debtors' Schedules and financial records show (1) a receivable listed in the Schedules of SNPF III from SNP Servicing in the amount of \$10,895,061.52; and (2) a receivable listed in the Schedules of Security National Properties Funding, LLC from SNP Holding in the amount of \$15,382,374.11 (1 and 2 together, the "Affiliate Receivables"). The Agent believes that the Affiliate Receivables may constitute viable claims of the Debtors against certain Non-Debtor Affiliates.

(iv) *Bar Date for Filing Proofs of Claim and Requests for Allowance of Administrative Expense Claims*

On January 13, 2012, the Debtors filed a motion to establish bar dates for filing proofs of claims [Docket No. 123]. On January 26, 2012, the Court approved this motion and set March 1, 2012, as the Bar Date, among other things [Docket No. 139]. As further set forth in the Plan and Disclosure Statement, the Confirmation Order will identify an Administrative Claims Bar Date and a Professional Fee Claim Bar Date and any other Claims not governed by the bar date motion.

(v) *Expiration of Exclusivity*

After multiple extensions, the Debtor's exclusivity period to file a plan pursuant to section 1121(d) of the Bankruptcy Code expired no later than June 13, 2013 (20 months from the Petition Date).

(vi) *Bank of America's Motion for Relief from the Automatic Stay and Valuation*

On July 27, 2012, the Agent filed the *Motion of Bank of America, N.A. for (A) Valuation of Collateral and (B) Relief from the Automatic Stay* (the "Stay Relief Motion") [Docket No. 271]. The Stay Relief Motion is currently pending. In the event the Plan is confirmed, the Stay Relief Motion shall be deemed withdrawn.

(vii) *DIP Facility*

On January 2, 2013, the Debtors filed a motion seeking the approval to obtain post-petition financing through the DIP Facility by SNP Holding. The Bankruptcy Court approved the DIP Facility on an interim basis pursuant to its *Interim Order, Pursuant to 11 U.S.C. §§ 105(a), 363(b), 364(b) and 503(b)(1) and Fed. R. Bankr. P. 2002 and 4001, (a) Authorizing Debtors to Obtain Post-Petition Financing and Granting Administrative Expense Status and (b) Scheduling a Final Hearing and Establishing Related Notice Requirements* [D.I. 435], together with fourteen subsequent interim orders. To the extent SNP Holding asserts a DIP Claim on account of the DIP Facility, the Agent, on behalf of itself, the Senior Lenders, and the Reorganized Debtors, reserves all rights to contest whether such DIP Claim is an Allowed Claim, including, without limitation, all rights of setoff, recoupment, or subordination.

(viii) *The Debtors' Plan*

On January 14, 2013, the Debtors Filed their *Third Amended Joint Chapter 11 Plan of Reorganization of Security National Properties III, LLC and Its Debtor Affiliates* [D.I. 464] (the "Debtors' Third Amended Plan"), which provides for the restructuring of the Senior Lenders' Claims under the Prepetition Loan Agreement. The Agent filed an objection to the Third Amended Plan on April 3, 2013. As set forth in its objection, the Agent does not believe that the Debtors' Third Amended Plan is confirmable, for, among other reasons, lack of feasibility. The Debtors' Third Amended Plan is not currently set for a hearing.

(ix) *The Alleged Swap Causes of Action*

The Debtors have alleged that it holds certain causes of action against Bank of America related to a certain swap transaction dated October 30, 2006, that the Debtors assert may be an asset of the Debtors' Estates. Bank of America disputes the Debtors' allegations. Among other things, there is no merit to the alleged swap Causes of Action and, in any event, the Debtors released such Causes of Action in the seventh amendment to the Prepetition Loan Agreement, among other places. Bank of America further believes that the Debtors and their equity holder have manufactured the supposed claims in a misguided effort to (a) coerce a settlement on terms that are unreasonable and (b) deflect attention from the fact that the Debtors have proposed a plan that is not feasible. The Debtors dispute Bank of America's allegations.

**ARTICLE 3.  
THE PLAN**

**A. Administrative Claims and Priority Claims**

**1. Administrative Claims**

Except as otherwise provided in the Plan or the Confirmation Order, subject to the Administrative Claims Bar Date and other requirements of the Plan, on the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Administrative Claim, the Holder of such Allowed Administrative Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Allowed amount of the Allowed Administrative Claim or (b) such other less favorable treatment as to which the Reorganized Debtors and such Holder shall have agreed upon in writing; provided, however, that Allowed Ordinary Course Administrative Claims shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating to such Ordinary Course Administrative Claims.

Each Holder of an Administrative Claim (other than an Ordinary Course Administrative Claim, a Section 503(b)(9) Claim, or a Professional Fee Claim) shall file with the Bankruptcy Court by the Administrative Claims Bar Date a request for payment of Administrative Claim by electronic filing, mailing, hand delivering, or delivering by courier service such request for payment of Administrative Claim to the Bankruptcy Court and serve a copy on the Reorganized Debtors and the U.S. Trustee. For the avoidance of doubt, Section 503(b)(9) Claims were required to be filed by the Bar Date of March 1, 2012, and remain subject to such Bar Date.

All objections to allowance of Administrative Claims (excluding Professional Fee Claims) must be filed by any parties in interest no later than (a) the Administrative Claims Objection Deadline or (b) such later date as (i) the Bankruptcy Court shall order upon application made prior to the end of Administrative Claims Objection Deadline or (ii) is agreed between the Reorganized Debtors and the affected Holder of an Administrative Claim..

**Professional Fee Claims**

All Professionals employed by the Debtors in these Chapter 11 Cases shall file and serve on the Reorganized Debtors and all other parties entitled to receive notice of the application under the Interim Compensation Order all requests for allowance of compensation and reimbursement of expenses pursuant to sections 328, 330, or 503(b) of the Bankruptcy Code for Professional Fee Claims through the Effective Date by no later than the Professional Fee Claim Bar Date. Objections to Professional Fee Claims for compensation or reimbursement of expenses must be filed by any party in interest and served on counsel for the Reorganized Debtors and the Professionals or other Persons to whose application the objections are addressed on or before (a) sixty (60) days after the Professional Fee Claims Bar Date or (b) such later date as (i) the Bankruptcy Court shall order upon application made prior to the end of such sixty (60)-day period or (ii) is agreed between the Reorganized Debtors and the affected Professional or other Person.

### **Priority Tax Claims**

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Effective Date, each Holder of an Allowed Priority Tax Claim shall be entitled to receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, as shall have been determined by the Reorganized Debtors, (a) on the Initial Distribution Date, Cash equal to the unpaid portion of such Allowed Priority Tax Claim, (b) deferred Cash payments over time pursuant to section 1129(a)(9)(C) of the Bankruptcy Code in an aggregate principal amount equal to the face amount of such Allowed Priority Tax Claim, plus interest on the unpaid portion thereof at the rate of interest determined under applicable non-bankruptcy law as of the calendar month in which the Plan is confirmed, or (c) such other less favorable treatment as to which the Reorganized Debtors and such Holder shall have agreed upon in writing.

### **B. Special Provision Governing Unimpaired Claims and Tenant Deposit Claims**

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Reorganized Debtors in respect of any Claim classified in an Unimpaired Class, including, without limitation, all rights in respect of objections to such Claims and any legal and equitable defenses to or rights of setoff or recoupment against any such Claim. For the avoidance of doubt, Tenant counterparties to assumed real property leases will not receive any distribution relating to Tenant Deposit Claims, if applicable, as Tenant Deposit Claims shall be reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code.

### **C. Voting and Nonconsensual Confirmation**

In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject the Plan.

The Plan Proponent reserves the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code. To the extent that any Class votes to reject the Plan or is deemed to reject the Plan, the Plan Proponent further reserves the right to modify the Plan in accordance with Article 10.C of the Plan.

### **D. Summary of Classification and Treatment of Classified Claims and Equity Interests**

1. The Plan deems a Claim or 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 shall be deemed classified in a different Class to the extent that such Claim or Equity Interest or any portion thereof qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated hereunder as a distinct Class for voting and Distribution purposes. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Plan Proponent

has not classified Administrative Claims or Priority Tax Claims, as described in Article 2 of the Plan.

2. There are eight (8) primary Classes, Classes 1-8, based on the type of Claim or Equity Interest. Each primary Class is further classified into separate sub-Classes based on the Debtor against which such Claim is Scheduled or Filed or Equity Interest held, as applicable. The sub-Classes for each primary Class of Claims and Equity Interests shall be as follows:

<b>Debtor</b>	<b>Applicable Classes of Claims</b>
Security National Properties Funding III, LLC	1A, 2A, 3A, 4A, 5A, 6A, 7A, and 8A
ITAC 190, LLC	1B, 2B, 3B, 4B, 5B, 6B, 7B, and 8B
Security National Properties Funding, LLC	1C, 2C, 3C, 4C, 5C, 6C, 7C, and 8C
Security National Properties Funding II, LLC	1D, 2D, 3D, 4D, 5D, 6D, 7D, and 8D
Sequoia Investments III, LLC	1E, 2E, 3E, 4E, 5E, 6E, 7E, and 8E
Sequoia Investments V, LLC	1F, 2F, 3F, 4F, 5F, 6F, 7F, and 8F
Sequoia Investments XIV, LLC	1G, 2G, 3G, 4G, 5G, 6G, 7G, and 8G
Sequoia Investments XV, LLC	1H, 2H, 3H, 4H, 5H, 6H, 7H, and 8H
Sequoia Investments XVIII, LLC	1I, 2I, 3I, 4I, 5I, 6I, 7I, and 8I

3. A summary of the treatment for each primary Class<sup>9</sup> is set forth in the following table:<sup>10</sup>

<b><u>Class</u></b>	<b><u>Claim</u></b>	<b><u>Status</u></b>	<b><u>Voting Rights</u></b>
1	Secured Governmental Unit Claims	Unimpaired	Not Entitled to Vote
2	Senior Lender Claims	Impaired	Entitled to Vote
3	Other Secured Claims	Unimpaired	Not Entitled to Vote
4	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
5	General Unsecured Claims	Unimpaired	Not Entitled to Vote

<sup>9</sup> Unless otherwise specified, all references to a primary Class shall be construed as a reference to and encompassing all sub-classes within the primary Class. For example, any reference to “Class 1” shall be construed as a reference to Classes 1A, 1B, 1C, 1D, 1E, 1F, 1G, 1H, and 1I.

<sup>10</sup> The table is for informational purposes only and is qualified in its entirety by Article 3.D of the Plan.

<u><b>Class</b></u>	<u><b>Claim</b></u>	<u><b>Status</b></u>	<u><b>Voting Rights</b></u>
6	Intercompany Claims	Impaired	Not Entitled to Vote
7	Non-Debtor Affiliate Claims	Impaired	Not Entitled to Vote
8A	Equity Interests (SNPF III only)	Impaired	Not Entitled to Vote
8B-8I	Equity Interests (Subsidiaries)	Unimpaired	Not Entitled to Vote

**4.** Each Class shall receive the following treatment:

**(i)** *Secured Governmental Unit Claims (Class 1)*

- (a) *Classification:* Class 1 consists of the Secured Governmental Unit Claims against each respective Debtor.
- (b) *Treatment:* On the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Secured Governmental Unit Claim, the Holder of such Allowed Secured Governmental Unit Claim shall receive at the election of the Reorganized Debtors, in full satisfaction, settlement, release and discharge of and in exchange for, such Allowed Secured Governmental Unit Claim, (a) Cash equal to the value of its Allowed Governmental Unit Claim, (b) the return of the Holder's Collateral securing the Secured Governmental Unit Claim, (c) payment in full as provided under sections 1129(a)(9)(C) and (D) of the Bankruptcy Code on the schedule provided for payment of General Unsecured Claims, or (d) such other less favorable treatment to which the Reorganized Debtors and such Holder shall have agreed upon in writing. To the extent such payments are paid over time, such payments shall be calculated to result in payment in full of the Allowed Secured Governmental Unit Claim with all accrued interest.
- (c) *Voting:* Class 1 is Unimpaired and, therefore, the Holders of Secured Governmental Claims are deemed to have accepted the Plan.

**(ii)** *Senior Lender Claims (Class 2)*

- (a) *Classification:* Class 2 consists of Senior Lender Claims. The Senior Lender Claims are Allowed in the amount of \$164,341,863.11, plus all post-petition interest and fees due under the Pre-Petition Loan Documents and Allowed under section 506(b) of the Bankruptcy Code.

- (b) *Treatment:* Each Holder of a Senior Lender Claim in Class 2 will receive on the Effective Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Senior Lender Claim, its Pro Rata Distribution of (a) New Senior Debt and (b) subject to the Allocation Election, (i) New LLC Interests and/or (ii) New Sub Debt. The New LLC Interests and New Sub Debt issued to the Senior Lenders on account of Class 2 Claims shall have a total value equal to the Converted Senior Lender Debt. In addition, the Holders of Senior Lender Claims shall be authorized to retain the Adequate Protection Payments received during the Chapter 11 Cases. The Adequate Protection Payments shall not be subject to clawback or recharacterization. The Senior Lenders shall retain their prepetition Liens on the Properties as modified in the New Senior Debt Agreement.
- (c) *Voting:* Class 2 is Impaired and, therefore, the Holders of the Senior Lender Claims are entitled to vote to accept or reject the Plan.

**(iii)** *Other Secured Claims (Class 3)*

- (a) *Classification:* Class 3 consists of the Other Secured Claims.
- (b) *Treatment:* Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Other Secured Claim in Class 3 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Other Secured Claim, at the option of the Plan Proponent or Reorganized Debtors:
  - (i) have its Allowed Class 3 Claim reinstated and rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of such Allowed Class 3 Claim to demand or receive payment of such Allowed Class 3 Claim prior to the stated maturity of such Allowed Class 3 Claim from and after the occurrence of a default; or
  - (ii) receive Cash in an amount equal to such Allowed Class 3 Claim, including any interest on such Allowed Class 3 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Class 3 Claim.

- (c) *Voting:* Class 3 is Unimpaired and, therefore, Holders of Other Secured Claims are deemed to have accepted the Plan.

(iv) *Unsecured Priority Claims (Class 4)*

- (a) *Classification:* Class 4 consists of all Unsecured Priority Claims.
- (b) *Treatment:* Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Unsecured Priority Claim in Class 4 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Unsecured Priority Claim, be paid in respect of such Claim the full amount thereof in Cash on the Initial Distribution Date or as soon as reasonably practicable after such Claim becomes an Allowed Unsecured Priority Claim.
- (c) *Voting:* Class 4 is Unimpaired and, therefore, Holders of Unsecured Priority Claims are deemed to have accepted the Plan.

(v) *General Unsecured Claims (Class 5)*

- (a) *Classification:* Class 5 consists of all General Unsecured Claims.
- (b) *Treatment:* Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed General Unsecured Claim in Class 5 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed General Unsecured Claim, be paid in respect of such Claim the full amount thereof in Cash on the Initial Distribution Date.
- (c) *Voting:* Class 5 is Unimpaired and, therefore, Holders of General Unsecured Claims are deemed to have accepted the Plan.

(vi) *Intercompany Claims (Class 6)*

- (a) *Classification:* Class 6 Consists of all Intercompany Claims
- (b) *Treatment:* On the Effective Date, Allowed Intercompany Claims shall be reinstated or cancelled, at the option of the Plan Proponent or the Reorganized Debtors.
- (c) *Voting:* Class 6 will be Impaired by the Plan, and each Holder of an Intercompany Claim will be conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and will not be entitled to vote to accept or reject the Plan.

**(vii)** *Affiliate Claims (Class 7)*

- (a) *Classification:* Class 7 Consists of all Non-Debtor Affiliate Claims.
- (b) *Treatment:* Holders of Allowed Non-Debtor Affiliate Claims in Class 7 shall receive no Distributions under the Plan.
- (c) *Voting:* Class 7 is Impaired by the Plan, and each Holder of an Affiliate Claim will be conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and will not be entitled to vote to accept or reject the Plan.

**(viii)** *Equity Interests (Class 8)*

- (a) *Classification:*
  - (i) Class 8A consists of Equity Interests in SNPF III
  - (ii) Classes 8B-8I consist of Equity Interests in each of the Subsidiary Debtors.
- (b) *Treatment:*
  - (i) Class 8A: Holders of Allowed Equity Interests in Class 8A shall receive no Distribution under the Plan.
  - (ii) Classes 8B-8I: Each Holder of Allowed Equity Interests in Classes 8B-8I shall retain its equity interests in each respective Subsidiary Debtor.
- (c) *Voting:*
  - (i) Class 8A: Class 8A is Impaired by the Plan, and each Holder of Equity Interests in Class 8A will be conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and will not be entitled to vote to accept or reject the Plan.
  - (ii) Classes 8B-8I: Classes 8B-8I are Unimpaired and, therefore, Holders of Equity Interests in Classes 8B-8I are deemed to have accepted the Plan.

**E. Implementation of the Plan**

**Nonconsensual Confirmation**

The Plan Proponent will seek to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class of Claims or Equity

Interests that does not vote to accept the Plan or is otherwise deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

### **Cooperation of the Debtors and Non-Debtor Affiliates**

Upon entry of the Confirmation Order, the Debtors, the Non-Debtor Affiliates, and each of their managers, directors, officers, shareholders, or any other Person with control over the Debtors or their assets, shall cooperate with the Agent and its respective agents and Representatives to (a) manage the Debtors and their assets in the ordinary course of business so as to preserve the value of the Debtors and their assets until the Effective Date and (b) take all reasonable acts to implement the terms of the Plan, including, without limitation, the orderly transition of the management, books and records, and the Debtors' other assets to the managers and officers of the Reorganized Debtors upon the Effective Date.

### **Distributions in Satisfaction**

Except for the obligations expressly imposed by the Plan and the property and rights expressly retained under the Plan (including without limitation the Liens granted pursuant to the Prepetition Loan Facility as modified by the Plan), the Distributions and rights that are provided in the Plan shall be in complete satisfaction and release of all Claims against, liabilities in, Liens on, obligations of, and Interests in the Debtors, whether known or unknown, that arose or existed prior to the Effective Date.

### **Enforcement of Subordination**

The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments under the Plan take into account or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto whether under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise, and any and all such rights are settled, compromised, and released pursuant to the Plan.

The Confirmation Order shall enjoin, effective as of the Effective Date, all persons and entities from enforcing or attempting to enforce any such contractual, legal, and/or equitable rights so satisfied, compromised, and settled. Pursuant to section 510 of the Bankruptcy Code, the Plan Proponent and the Reorganized Debtors reserve the right to reclassify any Allowed Claim or Equity Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

### **Senior Lender Allocation Election**

The amount of New LLC Interests and New Sub Debt that each Senior Lender will receive under the Plan is subject to adjustment based on each Senior Lender's Allocation Election. By making an Allocation Election on its ballot, a Senior Lender may (a) opt out of receiving its Pro Rata Distribution of the New Sub Debt in order to receive, to the extent available, additional New LLC Interests or (b) opt out of receiving its Pro Rata Distribution of New LLC Interests in order to receive, to the extent available, additional New Sub Debt. The ability of a Senior Lender to receive additional New Sub Debt or additional New LLC Interests

in accordance with its Allocation Election depends on additional New Sub Debt and/or additional New LLC Interests being eligible for Distribution as a result of another Senior Lender's Allocation Election. In no event shall the Allocation Elections result in the Distribution of less than all of the Converted Senior Lender Debt.

Prior to the Effective Date, the Plan Proponent shall allocate the New LLC Interests and New Sub Debt among the Senior Lenders in accordance with the preferences stated in the Allocation Elections. In the event that the Senior Lenders oversubscribe for one form of consideration such that each Allocation Election cannot be fully accommodated, each affected Allocation Election shall be reduced Pro Rata to the extent necessary to fully distribute the New Sub Debt and the New LLC Interests allocated for Distribution to Class 2.

The exchange ratio of New Sub Debt to New LLC Interests for purposes of the Allocation Election shall be \$1 of New Sub Debt for one New LLC Interest and vice versa.

Any Senior Lender that does not make an Allocation Election shall receive its Pro Rata Distribution of New LLC Interests or New Sub Debt as set forth in Article 3 of the Plan.

### **Implementation of Reorganization**

The following additional steps shall be taken:

#### **(i) *Exit Facility***

On the Effective Date, the Reorganized Debtors shall have closed on the Exit Facility, to the extent required. The amounts borrowed under the Exit Facility shall, among other things, be used to (a) make required Distributions under the Plan, (b) satisfy certain Plan-related expenses, and (c) fund the Reorganized Debtors' working capital needs.

#### **(ii) *Issuance of New LLC Interests; Cancellation of Equity Interests in SNPF***

### ***III***

On the Effective Date, Reorganized SNPF III shall issue the New LLC Interests pursuant to the terms of the Plan and the Plan Supplement Documents. Also on the Effective Date, existing Equity Interests in SNPF III shall be deemed canceled and extinguished and shall be of no further force and effect. Reorganized SNPF III is authorized to issue or cause to be issued the New LLC Interests for Distribution in accordance with the terms of the Plan, the amended certificate of formation, and the New LLC Agreement without the need for any further corporate or member action.

#### **(iii) *Continuation of Subsidiary Equity Interests***

On the Effective Date, existing Equity Interests in each of the Reorganized Subsidiaries shall continue in full force and effect or as otherwise determined at the sole discretion of the Reorganized Debtors. Notwithstanding the foregoing, no Distributions shall be made on account of existing Equity Interests in the Reorganized Subsidiaries under the Plan.

**(iv)** *Amended and Restated Charter Documents*

On the Effective Date, or as soon thereafter as is practicable, the existing certificates of formation and other formation documents, as applicable, of each of the Debtors shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code, including to prohibit the issuance of nonvoting equity securities only so long as, and to the extent that, the issuance of nonvoting equity securities is prohibited by the Bankruptcy Code. The form of amended formation documents, as applicable, shall be included in the Plan Supplement.

**(v)** *Appointment of Senior Executive Officers, Managers, and Directors*

On the Effective Date, the terms of the current managers of the boards of directors or board of managers of the Debtors, as the case may be, shall expire and such directors and managers shall be deemed removed from such boards (without the need for any further action on the part of, or notice to, any person). The initial boards of managers of Reorganized SNPF III and the Reorganized Subsidiaries shall be comprised of such members chosen by the Senior Lenders. On the Effective Date, the officers of each of the Reorganized Debtors shall be appointed in accordance with the Amended and Restated Charter Documents and other constituent documents of each Reorganized Debtor. Pursuant to section 1129(a)(5) of the Bankruptcy Code, to the extent known, the identities and affiliations of the initial managers, board members, and senior executive officers of each Reorganized Debtor as of the Effective Date will be disclosed in the Plan Supplement. Any successors to the Reorganized Debtors' initial boards will be appointed in compliance with the applicable Reorganized Debtor's Amended and Restated Charter Documents, and each such manager and officer shall serve from and after the Effective Date pursuant to the terms of the Amended and Restated Charter Documents and other constituent documents of the Reorganized Debtors.

**(vi)** *Powers of Officers*

The senior executive officers of the Debtors or the Reorganized Debtors, as the case may be, shall have the power to enter into or execute any documents or agreements that they deem reasonable and appropriate to effectuate the terms of the Plan.

**(vii)** *Indemnification of Managers, Directors, Officers, and Employees*

Upon the Effective Date, the Amended and Restated Charter Documents and the New LLC Agreement shall contain provisions which (a) eliminate the personal liability of the Reorganized Debtors' then-present and future directors, managers, and officers for post-Effective Date monetary damages resulting from breaches of their fiduciary duties to the fullest extent permitted by applicable law in the state in which the subject Reorganized Debtor is organized; and (b) require such Reorganized Debtor, subject to appropriate procedures, to indemnify the Reorganized Debtor's directors, managers, officers, and other employees serving on or after the Effective Date for all post-Effective Date claims and actions to the fullest extent permitted by applicable law in the state in which the subject Reorganized Debtor is organized.

**(viii)** *Corporate Action*

Except as set forth in the Plan, any action under the Plan to be taken by or required of the Debtors or the Reorganized Debtors, including, without limitation, the adoption or amendment of certificates of formation and limited liability company agreements, the issuance of securities and instruments or the selection of senior executive officers, managers, or directors, shall be authorized and approved in all respects, without any requirement of further action by any of the Debtors' or Reorganized Debtors' boards of directors or managers, as applicable, or members.

The Debtors or the Reorganized Debtors, shall be authorized to execute, deliver, file, and record such documents (including those contained in the Plan Supplement), contracts, instruments, releases, and other agreements, each of which shall be acceptable to the Senior Lenders, and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan, without the necessity of any further Court, corporate, board, or member approval or action. In addition, the selection of the Persons who will serve as the initial directors, senior executive officers, and managers of the Reorganized Debtors as of the Effective Date shall be deemed to have occurred and be effective on and after the Effective Date without any requirement of further action by the board of directors, board of managers, or members of the applicable Reorganized Debtor.

**(ix)** *New LLC Agreement*

On the Effective Date, Reorganized SNPF III and all of the holders of New LLC Interests (including any options, warrants, or securities convertible into, or exercisable or exchangeable for, New LLC Interests) then outstanding shall be deemed to be parties to the New LLC Agreement, without the need for execution by any such holder other than Reorganized SNPF III. The New LLC Agreement shall be binding on all parties receiving, and all holders of, New LLC Interests (including any options, warrants, or securities convertible into, or exercisable or exchangeable for, New LLC Interests) regardless of whether such parties execute the New LLC Agreement. In the period pending Distribution of the New LLC Interests to any Holder entitled to receive New LLC Interests pursuant to the Plan, including any period during which such New LLC Interests are placed in the Disputed Reserve pending Allowance of such Holder's Claims or Equity Interests, such Holder shall be bound by, have the benefit of, and be entitled to enforce the terms and conditions of the New LLC Agreement and shall be entitled to exercise any voting rights and receive any dividends or other distributions payable in respect of such Holder's New LLC Interests (including receiving any proceeds of permitted transfers of such New LLC Interests) and to exercise all other rights in respect of the New LLC Interests as if the Holder were an owner of the New LLC Interests (so that such Holder shall be deemed for tax purposes to be the owner of the New LLC Interests).

**(x)** *Continued Corporate Existence*

The Debtors, as Reorganized Debtors, shall continue to exist after the Effective Date with all powers of a limited liability company under the laws of the respective states governing their formation and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under such applicable state law (including, without limitation,

the right to change the state in which each Reorganized Debtor is formed), except as such rights may be limited and conditioned by the Plan and the documents and instruments executed and delivered in connection therewith. In addition, the Reorganized Debtors may operate their business free of any restrictions imposed by the Bankruptcy Code, the Bankruptcy Rules, or by the Bankruptcy Court, subject only to the terms and conditions of the Plan as well as the documents and instruments executed and delivered in connection therewith, including without limitation, the documents and instruments included in the Plan Supplement. The Reorganized Debtors shall be responsible for filing required post-confirmation reports and each Reorganized Debtor shall pay quarterly fees of such Debtor due to the Office of the United States Trustee until such time as a final decree is entered closing the applicable Chapter 11 Case or the Bankruptcy Code orders otherwise.

## **F. Provisions Governing Voting and Distributions**

### **1. Voting of Claims**

Each holder of an Allowed Claim or Equity Interest in an Impaired Class entitled to vote on the Plan shall be entitled to vote to accept or reject the Plan as provided in such order as may be entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

### **2. Designation of Party to Make Distributions**

The Reorganized Debtors or a disbursing agent acting on their behalf shall make all Distributions provided for in the Plan. The Reorganized Debtors shall be empowered to take all necessary actions and execute all agreements, instruments, and other documents necessary to perform their duties under the Plan.

### **1. Distributions on Allowed Claims**

#### **(i) *Delivery of Distributions***

Except as otherwise provided in the Plan, Distributions to Holders of Allowed Claims shall be made by the Reorganized Debtors or any disbursing agent acting on their behalf (a) at the addresses set forth on any Proof of Claim filed by such Holder (or at the last known addresses of such Holder if no motion requesting payment or Proof of Claim is filed or the Debtors or the Reorganized Debtors have been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes filed with the Bankruptcy Court and served on the Reorganized Debtors by such Holder after the date of any related Proof of Claim, or (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and no written notice of address change has been filed by such Holder with the Bankruptcy Court and served on the Reorganized Debtors.

#### **(ii) *Distribution of Cash***

Any payment of Cash by the Reorganized Debtors or any disbursing agent acting on their behalf pursuant to the Plan shall be made, at the option and sole discretion of the

Reorganized Debtors, by (a) Cash, (b) check drawn on a domestic bank, (c) wire transfer, or (d) ACH. Any Cash Distributions or payments will be issued to Holders in whole cents (rounded to the nearest whole cent when and as necessary).

**(iii)** *Fractional Interests and De Minimis Distributions*

No fractional New LLC Interests shall be issued or distributed pursuant to the Plan. If any fraction of a New LLC Interest would otherwise be required to be distributed, the actual Distribution shall reflect a rounding to the nearest whole interest (up or down), with fractions less than half being rounded down and fractions equal to half interests or more being rounded up.

The Reorganized Debtors shall not be required to, but may in their sole and absolute discretion, make Cash Distributions of less than \$50. Any Claims affected by Article 5.C.3 of the Plan shall be discharged and forever barred from assertion against the Debtors, the Reorganized Debtors and their respective Properties or Estates.

**(iv)** *Undeliverable Distributions*

If any Distribution or other payment to the Holder of an Allowed Claim under the Plan is returned for lack of a current address for the Holder or otherwise, no Distribution shall be made unless and until the Reorganized Debtors have determined the then-current address of such Holder, at which time such Distribution shall be made without interest. Such returned Distributions shall be deemed unclaimed property one year after the Effective Date.

After such date, (a) all unclaimed Distributions of New LLC Interests shall be redistributed Pro Rata, and (b) all unclaimed Distributions of Cash shall become the property of the Reorganized Debtors, in each case without the need for a further order of the Bankruptcy Court.

The Allowed Claim on account of which a Distribution could not be made in accordance with Article 5.C.4 of the Plan shall be deemed satisfied and released, with no recourse to the Reorganized Debtors, to the same extent as if the Distribution or payment had been made to the Holder of the Allowed Claim.

**(v)** *Time Bar for Checks*

Checks issued by the Reorganized Debtors on account of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to Article 5.C.5 of the Plan shall be made directly to the Reorganized Debtors by the Holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of the first anniversary of the Effective Date or the first anniversary of the date on which the Claim at issue became an Allowed Claim. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall become unclaimed property in accordance with section 347(b) of the Bankruptcy Code.

### **Interest on Claims**

Unless otherwise specifically provided for in the Plan or the Confirmation Order, no Claims shall be entitled to receive interest accruing on or after the Petition Date on any Claim. Notwithstanding the foregoing, and for the avoidance of doubt, interest and fees accruing after the Petition Date shall be Allowed on the Senior Lender Claims to the extent permitted under section 506(b) of the Bankruptcy Code.

### **Disputed Claims**

#### **(i) *No Distribution Pending Allowance***

Notwithstanding any other provision of the Plan, no Distributions shall be made on account of any Claim that is Disputed unless and until such Claim, or a portion thereof, becomes Allowed.

#### **(ii) *Objection and Resolution; Objection Deadline***

After the Effective Date, the Reorganized Debtors shall have the right to make and to file objections to, or otherwise contest the allowance of, Claims (other than Fee Claims) subsequent to the Confirmation Date. Unless otherwise ordered by the Bankruptcy Court, objections to, or other proceedings concerning the allowance of, Claims (other than Fee Claims) shall be filed and served upon the holders of the Claims as to which the objection is made, or otherwise commenced, as the case may be, as soon as practicable, but in no event later than the Claims Objection Deadline. Objections to Professional Fee Claims shall be filed and served within 60 days of the Professional Fee Claim Bar Date (or such longer period as may be allowed by order of the Bankruptcy Court).

Objections to, or other proceedings contesting the allowance of, Claims (other than Fee Claims) may be litigated to judgment, settled, or withdrawn by the Reorganized Debtors. The Reorganized Debtors may settle any such objections or proceedings without Court approval or may seek Court approval without notice to any Person, except as set forth in the Plan. From and after the Effective Date, the Reorganized Debtors shall have the sole authority to administer and adjust the claims register to reflect such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court.

In the event any Proof of Claim is permitted to be filed after the Claims Objection Deadline, the Reorganized Debtors shall have ninety (90) days from the date of such order or agreement to object to such Claim, which deadline may be extended by the Bankruptcy Court on motion of the Reorganized Debtors without a hearing or notice to creditors.

#### **(iii) *Distributions Following Allowance***

Notwithstanding anything to the contrary set forth in the Plan or in the Confirmation Order, each Holder of a Disputed Claim that is Allowed after the Effective Date shall receive the Distribution to which such Holder of an Allowed Claim is entitled at such time that the Reorganized Debtors determine, in their discretion, to make subsequent Distributions to Holders of other Claims Allowed following the Effective Date, provided that the Reorganized

Debtors shall make such Distributions quarterly during the first year after the Effective Date and semi-annually thereafter. Nothing set forth in the Plan is intended to, nor shall it, prohibit the Reorganized Debtors, in their discretion, from making a Distribution on account of any Claim at any time after such Claim becomes an Allowed Claim. For the avoidance of doubt, nothing in Article 5.E.3 of the Plan shall accelerate payment of Distributions on account of Allowed General Unsecured Claims.

**(iv) *Disputed Reserve***

On the Effective Date, the Reorganized Debtors shall deposit in the Disputed Reserve the amount of Cash that would have been distributed to the Holders of Disputed Claims in Class 5 as if such Disputed Claims had been Allowed on the Effective Date. The amount of such Allowed Claims shall be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court, or (if no proof of such Claim was filed) listed in the Schedules, (b) the amount, if any, estimated by the Court pursuant to section 502(c) of the Bankruptcy Code, or (c) the amount otherwise agreed to by the Plan Proponent and the Holder of such Disputed Claim for reserve purposes.

**Estimation of Claims**

The Plan Proponent or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim to the extent permitted by section 502(c) of the Bankruptcy Code. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time, including during the pendency of proceedings concerning such Claim and any appeal thereof. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount may constitute either (a) the Allowed amount of such Claim or (b) a maximum limitation on the Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the Claim, the Reorganized Debtors may elect to pursue supplemental proceedings to object to the ultimate allowance of the Claim. All of the aforementioned Claims objections, estimations, and resolution procedures are cumulative and not exclusive of one another.

**G. Treatment of Executory Contracts**

**Rejection and Assumption of Executory Contracts**

On the Effective Date, all Executory Contracts of the Debtors will be automatically assumed by the Reorganized Debtors in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts that:

- (i) have been previously assumed or rejected by order of the Bankruptcy Court;
- (ii) are subject to a separate motion to assume or reject under section 365 of the Bankruptcy Code that is pending on the Effective Date; or

(iii) are rejected pursuant to the terms of the Plan and identified on the Contracts Schedule as such.

Except as otherwise provided in the Plan or agreed to by the Reorganized Debtors with the applicable counterparty in writing, each assumed Executory Contract shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated hereunder. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or the validity, priority, or amount of any Claims that may arise in connection therewith. To the extent any provision in any Executory Contract assumed pursuant to the Plan (including, without limitation, any "change of control" provision) restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by the assumption of such Executory Contract, then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-debtor party thereto to terminate such Executory Contract or to exercise any other default-related rights with respect thereto. Each Executory Contract and Unexpired Lease assumed pursuant to Article 6 of the Plan shall vest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law. Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

#### **Limited Extension of Time to Assume or Reject**

In the event of a dispute as to whether a contract or lease is executory or unexpired, the right of the Reorganized Debtors, as applicable, to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after the entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired. The deemed assumptions and rejections provided for in Article 6 of the Plan shall not apply to such contract or lease.

In the event the Reorganized Debtors become aware after the Effective Date of the existence of an Executory Contract that was not included in the Schedules, the right of the Reorganized Debtors to move to reject such Executory Contract shall be extended until the date that is thirty (30) days after the date on which the Reorganized Debtors become aware of the existence of such Executory Contract. The deemed assumptions provided for in Article 6 of the Plan shall not apply to any such Executory Contract.

The Plan Proponent reserves the right to amend the list of Executory Contracts to be rejected at any time prior to the Confirmation Hearing.

### **Cure Amounts**

The applicable Reorganized Debtor will cure any and all undisputed defaults under any Executory Contract that is assumed by such Reorganized Debtor under the Plan. At least 20 days prior to the Confirmation Hearing, the Plan Proponent shall file and serve upon counterparties to such Executory Contracts, an Assumption Notice that: (a) lists the applicable cure amount, if any; and (b) describes the procedures for filing objections thereto. Any objection by a counterparty to an Executory Contract to a proposed assumption or related cure amount must be filed, served and actually received by the Debtors and the Plan Proponent at least 7 days prior to the Confirmation Hearing. Any counterparty to an Executory Contract that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such matters and will be deemed to have forever released and waived any objection to the proposed assumption and cure amount. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article 8 of the Plan. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract to be assumed, or (c) any other matter pertaining to assumption, such claim shall be deemed a Disputed Claim until the entry of a Final Order or orders resolving the dispute and approving the assumption. The cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made within 30 days following the entry of a Final Order or orders resolving the dispute and approving the assumption. If an objection to the proposed cure amount or any other term of the proposed assumption of an Executory Contract is sustained by the Bankruptcy Court, the Plan Proponent or Reorganized Debtors, as applicable, in their sole option, may elect to reject such Executory Contract in lieu of assuming it.

### **Rejection Damage Claims**

All Claims for damages arising from the rejection of Executory Contracts pursuant to the Plan or the Confirmation Order must be filed with the Bankruptcy Court in accordance with the terms of the order authorizing such rejection, but in any event no later than 30 days after service of notice of the Effective Date. All Allowed Claims arising from the rejection of Executory Contracts shall be classified as General Unsecured Claims.

Any counterparty with a Claim arising from the rejection of an Executory Contract that fails to timely file such Claim shall be forever barred, estopped, and enjoined from asserting such Claim, and such Claim shall not be enforceable against the Debtors, the Reorganized Debtors, or their respective Properties and Estates. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article 8 of the Plan.

### **Insurance Policies**

Each insurance policy identified as assumed on the Contracts Schedule shall be assumed as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, to the extent such insurance policy is executory, unless such insurance policy (a) previously was rejected by the Debtors pursuant to a Bankruptcy Court order, (b) is identified as rejected on the Contracts Schedule, or (c) is the subject of a motion to reject pending on the Effective Date.

The discharge and release provisions set forth in Article 8 of the Plan shall not diminish or impair the enforceability of any insurance policy that may cover Claims against the Debtors, the Reorganized Debtors, or any other person or entity.

#### **Post-Petition Date Contracts and Leases**

The Debtors shall not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Such contracts and leases will continue in effect after the Effective Date and will be performed by the Reorganized Debtors in the ordinary course of business in accordance with their terms.

#### **Reservation of Rights**

Neither the exclusion nor inclusion of any contract or lease on the Contracts Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors, the Reorganized Debtors, or the Plan Proponent that any such contract or lease is in fact an Executory Contract or that any Debtor or Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

### **H. Conditions Precedent to Confirmation and the Effective Date**

#### **Conditions to Confirmation**

Confirmation of the Plan by the Bankruptcy Court is subject to the following conditions precedent:

- (i) The Disclosure Statement shall have been approved by the Bankruptcy Court as containing adequate information in accordance with section 1125 of the Bankruptcy Code, and notice having been given to all relevant parties in accordance with applicable Bankruptcy Rules;
- (ii) An order approving the solicitation, cure, and Plan objection procedures and deadlines shall have been entered by the Bankruptcy Court;
- (iii) The Plan and Plan Supplement, including any exhibits, schedules, amendments, modifications, or supplements thereto, have been filed in substantially final form; and
- (iv) The Senior Lenders shall have entered into a binding commitment among each other, conditioned on Confirmation of the Plan, to provide the Exit Facility to the Reorganized Debtors on terms and conditions reasonably acceptable to the Senior Lenders.

**Conditions to the Effective Date**

The Plan shall not become effective unless and until it has been confirmed and the following conditions have been satisfied in full or waived pursuant to Article 7.C of the Plan:

(i) The Confirmation Order, in form and substance satisfactory to the Senior Lenders, shall have become a Final Order;

(ii) The Exit Facility Agreement shall be in form and substance reasonably acceptable to Senior Lenders, and to the extent that any of such documents contemplate execution by one or more Persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document and to funding and credit thereunder shall have been satisfied or waived;

(iii) The New Senior Debt Agreement shall be in form and substance reasonably acceptable to Senior Lenders, and to the extent that any of such documents contemplate execution by one or more Persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document and to funding and credit thereunder shall have been satisfied or waived;

(iv) The New Sub Debt Agreement shall be in form and substance reasonably acceptable to Senior Lenders, and to the extent that any of such documents contemplate execution by one or more Persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived;

(v) The New Intercreditor Agreement shall be in form and substance reasonably acceptable to Senior Lenders, and to the extent that any of such documents contemplate execution by one or more Persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived;

(vi) Each of the Plan Supplement Documents shall be in form and substance satisfactory to the Senior Lenders and any conditions (other than the occurrence of the Effective Date or certification by a Debtor that the Effective Date has occurred) contained therein having been satisfied or waived in accordance therewith;

(vii) The Amended and Restated Charter Documents and the New LLC Agreement shall have been amended or entered into as provided in Articles 4.F.4 and 4.F.9 of the Plan, each in form and substance satisfactory to the Senior Lenders;

(viii) The New LLC Interests to be issued pursuant to Article 4.F.2 of the Plan shall be consistent with the Plan;

(ix) All material authorizations, consents, and regulatory approvals required, if any, in connection with consummation of the Plan shall have been obtained; and

(x) All material actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

### **Waiver of Conditions**

Notwithstanding the foregoing, the Plan Proponent reserves the right to waive the occurrence of any condition precedent to Confirmation or the Effective Date or to modify any of the foregoing conditions precedent, except for the entry of the Confirmation Order. Any such written waiver of a condition precedent set forth in Article 7 of the Plan may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan.

Notwithstanding the satisfaction or waiver of each condition precedent to the Effective Date, the Effective Date shall not occur until the Plan Proponent files with the Bankruptcy Court a notice stating that the Effective Date has occurred. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

### **Failure of Conditions**

If the conditions to the Effective Date have not occurred within a time period satisfactory to the Plan Proponent, in its sole discretion, the Plan Proponent may withdraw the Plan upon notification to the Bankruptcy Court. Immediately upon such notification to the Bankruptcy Court, without the need for further order of the Bankruptcy Court: (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, and (d) the Debtors' obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors unless extended by Bankruptcy Court order.

### **Substantial Consummation**

"Substantial Consummation" of the Plan, as defined in section 1102(2) of the Bankruptcy Code, shall be deemed to occur on the Effective Date.

## **I. Discharge, Release, Injunction, and Related Provisions**

Article 8 of the Plan includes certain release, exculpation, and injunction provisions that benefit individuals and entities, including the Agent and the Senior Lenders, that are actively and integrally involved in the Chapter 11 Cases and the Plan, and who have made, and will continue to make, substantial contributions to the Chapter 11 Cases and the Plan. The Agent, the Senior Lenders, and their respective agents and representatives, will be actively and integrally involved in the confirmation, consummation, and implementation of the Plan, including funding, through the Exit Facility, Distributions to all Holders of Claims other than the Senior Lender Claims, the Non-Debtor Affiliate Claims, and Equity Interests. The Agent and the other Senior Lenders have

agreed to fund such Distributions through the Exit Facility in exchange for the releases, exculpation, and injunctions provided for their benefit under the Plan. Given the substantial contributions provided by the Agent and the Senior Lenders to the Plan and the Debtors' exit from these Chapter 11 Cases, it is clear that the releases and exculpation provisions under the plan are necessary to the Plan.

### **Term of Injunctions or Stays**

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

### **Vesting of Property**

Except as otherwise provided in the Plan, on the Effective Date, the property of the Debtors' Estates shall automatically vest or revest in the Reorganized Debtors free and clear of all liens, Claims, charges, or other encumbrances, except for (a) Liens securing the Exit Facility, if applicable; and (b) Liens securing the New Senior Debt, except as specifically provided in the Plan or the Confirmation Order, and the Reorganized Debtors shall receive the benefit of any and all discharges under the Plan. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate the Debtors' business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

### **Cancellation of Notes and Equity Interests**

As of the Effective Date, except as set forth in the Plan, all notes and securities evidencing Claims or Equity Interests and the rights thereunder of the Holders thereof shall be deemed canceled, null and void, and of no further force and effect, and the Holders thereof shall have no rights against the Debtors, the Reorganized Debtors, or the Estates except the right to receive the Distributions provided for in the Plan.

### **Discharge**

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims, Equity Interests, and Causes of Action of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors, the Debtors-in-Possession, or any of their respective assets or Properties, arising prior to the Effective Date. Except as otherwise expressly specified in the Plan, the Confirmation Order shall act as of the Effective Date as a discharge of all debts of, Claims or Equity Interest against, and Liens on the Debtors, their respective assets and Properties, arising at any time before the Effective Date, regardless of whether a Proof of Claim with respect thereto was filed, whether the Claim is Allowed, or whether the Holder thereof votes to accept the Plan or is entitled to receive a Distribution hereunder. Except as otherwise expressly specified in the Plan, after the Effective Date, any Holder of such discharged Claim shall be precluded from asserting against the Debtors, the Reorganized Debtors, or any of their respective assets or Properties, any other or further Claim

based on any document, instrument, act, omission, transaction, or other activity of any kind or nature that occurred before the entry of the Confirmation Order.

### **Releases**

#### **(i) *Releases by the Debtors***

**NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE, THE DEBTORS, ON BEHALF OF THEMSELVES AND THEIR ESTATES, SHALL BE DEEMED TO RELEASE UNCONDITIONALLY, (A) THE SENIOR LENDERS AND (B) THE OFFICERS, DIRECTORS, PRINCIPALS, MEMBERS, EMPLOYEES, PARTNERS, SUBSIDIARIES, AFFILIATES, ADVISORS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, AND OTHER PROFESSIONALS OF THE SENIOR LENDERS (COLLECTIVELY, THE “RELEASED LENDER PARTIES”) FROM ANY AND ALL CLAIMS, OBLIGATIONS, CAUSES OF ACTION, DEBTS, OBLIGATIONS, RIGHTS, SUITS, JUDGMENTS, DAMAGES, ACTIONS, REMEDIES, AND LIABILITIES WHATSOEVER, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING AS OF THE EFFECTIVE DATE OR THEREAFTER ARISING, IN LAW, AT EQUITY, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, EVENT, OR OTHER OCCURRENCE OR CIRCUMSTANCES, INCLUDING ACTIONS IN CONNECTION WITH INDEBTEDNESS FOR MONEY BORROWED BY THE DEBTORS, EXISTING OR TAKING PLACE PRIOR TO OR ON THE EFFECTIVE DATE ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE THAT ANY OF THE DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT OR THAT ANY HOLDER OF A CLAIM OR EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT FOR OR ON BEHALF OF ANY OF THE DEBTORS OR ESTATES AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE ESTATES, THE CHAPTER 11 CASES, OR THE PLAN, EXCEPT THAT (I) NO RELEASED LENDER PARTIES SHALL BE RELEASED FROM ANY ACT OR OMISSION THAT CONSTITUTES GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR CRIMINAL ACTS AS DETERMINED BY A FINAL ORDER, (II) THE REORGANIZED DEBTORS SHALL NOT RELINQUISH OR WAIVE THE RIGHT TO ASSERT ANY OF THE FOREGOING AS A LEGAL OR EQUITABLE DEFENSE OR RIGHT OF SET OFF OR RECOUPMENT AGAINST ANY CLAIMS OF ANY SUCH PERSONS ASSERTED AGAINST THE DEBTORS, (III) THE FOREGOING RELEASE SHALL NOT APPLY TO ANY OBLIGATIONS THAT REMAIN OUTSTANDING IN RESPECT OF LOANS OR ADVANCES MADE TO INDIVIDUALS BY THE DEBTORS, AND (IV) THE FOREGOING RELEASE APPLIES TO THE RELEASED LENDER PARTIES SOLELY IN THEIR RESPECTIVE CAPACITIES DESCRIBED ABOVE.**

(ii) *Releases by Certain Holders of Claims*

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, EACH PERSON WHO HAS HELD, HOLDS, OR MAY HOLD A CLAIM, AND WHO (A) VOTED IN FAVOR OF THE PLAN OR (B) IS PRESUMED TO HAVE VOTED IN FAVOR OF THE PLAN UNDER SECTION 1126(F) OF THE BANKRUPTCY CODE, SHALL BE DEEMED TO UNCONDITIONALLY RELEASE AND FOREVER WAIVE ALL CLAIMS, CAUSES OF ACTION, DEBTS, OBLIGATIONS, DEMANDS, LIABILITIES, SUITS, JUDGMENTS, DAMAGES, RIGHTS, AND CAUSES OF ACTION, WHATSOEVER, OTHER THAN THE RIGHT TO ENFORCE THE OBLIGATIONS UNDER THE PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES, AND OTHER AGREEMENTS AND DOCUMENTS DELIVERED THEREUNDER, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART UPON ANY ACT, OMISSION, TRANSACTION, EVENT, OR OTHER OCCURRENCE RESPECTING ANY OF THE DEBTORS OR THEIR ESTATES OR IN CONNECTION WITH THE CHAPTER 11 CASES, THE PLAN, THE DISCLOSURE STATEMENT, THE NEGOTIATION OR FOR ANY ACT OR OMISSION THAT OCCURRED OR COULD HAVE OCCURRED ON OR PRIOR TO THE EFFECTIVE DATE AGAINST ANY OF THE RELEASED LENDER PARTIES; PROVIDED, HOWEVER, (I) NONE OF THE RELEASED LENDER PARTIES SHALL BE RELEASED FROM ANY CLAIM BASED ON ANY ACT OR OMISSION THAT CONSTITUTES GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR CRIMINAL ACTS AS DETERMINED BY A FINAL ORDER, (II) THE FOREGOING RELEASE SHALL NOT APPLY TO OBLIGATIONS ARISING UNDER THE PLAN, (III) THE FOREGOING RELEASE SHALL NOT BE CONSTRUED TO PROHIBIT A PARTY IN INTEREST FROM SEEKING TO ENFORCE THE TERMS OF THE PLAN, AND (IV) THE FOREGOING RELEASE SHALL NOT APPLY TO ANY INDEMNIFICATION AND OTHER SURVIVING OBLIGATION AS SET FORTH IN THE PLAN.

Exculpation

Notwithstanding anything contained in the Plan to the contrary, the Released Lender Parties shall neither have nor incur any liability to any Holder of a Claim or Interest, or a governmental entity on behalf of a Holder of a Claim or Equity Interest, for any postpetition act taken or omitted to be taken in connection with, or related to, the Chapter 11 Cases, including but not limited to the formulating, negotiating, preparing, disseminating, implementing, administering, confirming, or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release, or other agreement or document created or entered into in connection with the Plan or Disclosure Statement or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the Plan; provided, however, that the foregoing provisions of Article 8.F of the Plan shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or

**willful misconduct; provided, further, that each Released Lender Party shall be entitled to rely upon the advice of counsel concerning its duties; provided, further, that the foregoing provisions of Article 8.F of the Plan shall not apply to any acts, omissions, Claims, causes of action, or other obligations expressly set forth in and preserved by the Plan or any defenses thereto.**

### **Preservation of Causes of Action**

The Reorganized Debtors shall retain all Causes of Action, other than as expressly provided below. Except as expressly provided in the Plan or the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any such Causes of Action. Nothing contained in the Plan or the Confirmation Order shall be deemed a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Petition Date that is not specifically waived or relinquished by the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, including all potential Causes of Action under Chapter 5 of the Bankruptcy Code related to payments made by the Debtors to Holders of General Unsecured Claims or Non-Debtor Affiliate Claims, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Petition Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claims that are not specifically waived or relinquished by the Plan may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced. Except as expressly provided in the Plan or the Confirmation Order, the Reorganized Debtors may settle any such Causes of Action without Bankruptcy Court approval. Notwithstanding the foregoing, no Causes of Action may be asserted against the Senior Lenders.

### **Injunctions**

Except as otherwise expressly provided for in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all Parties and Entities who have held, hold, or may hold Claims or Equity Interests against the Debtors that arose before or were held as of the Effective Date, are permanently enjoined, on and after the Effective Date, from:

- (i) commencing or continuing in any manner any action or other proceeding of any kind against any Debtor or Reorganized Debtor, the Released Lender Parties, or their respective successors and assigns and their respective assets and properties, with respect to any such Claim or Equity Interest;
- (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against any Debtor, Reorganized Debtor, or Released Lender Party, or their respective successors and assigns and their respective assets and properties, on account of any such Claim or Equity Interest;
- (iii) creating, perfecting or enforcing any encumbrance of any kind against any Debtor, Reorganized Debtor, or the property or estate of any Debtor or Reorganized Debtor, on account of such Claim or Equity Interest;

(iv) asserting any right of setoff or subrogation of any kind against any obligation due from any Debtor or Reorganized Debtor, or against the property or estate of any Debtor or Reorganized Debtor, on account of such Claim or Equity Interest, except to the extent a right to setoff or subrogation is asserted with respect to a timely filed Proof of Claim and adjudicated to be valid and enforceable by a Final Order of the Bankruptcy Court; or

(v) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.

### **Binding Effect of the Plan**

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, subject to the occurrence of the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against or Equity Interest in the Debtors, the Estates, and their respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is impaired under the Plan, whether or not such Holder has accepted the Plan and whether or not the Holder has Filed a Claim. The rights, benefits, and obligations of any Person named or referred to in the Plan, whose actions may be required to effectuate the terms of the Plan, shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor, or assign of such Person (including, without limitation, any trustee appointed for the Debtors under Chapter 7 or 11 of the Bankruptcy Code).

### **J. Retention of Jurisdiction**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors, the Estates, all property of the Estates, 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 or Equity Interests; (2) grant, deny, or otherwise resolve any and all applications of Professionals or Persons retained in the Chapter 11 Cases for allowance of compensation or 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 to which a Debtor was party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom; (4) ensure that Distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of 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 a Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, provided, however, the right of the Reorganized Debtors to commence actions in all appropriate jurisdictions shall be fully reserved; (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, including any documents or agreements contained in the Plan Supplements, 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) enforce Article 8.D, Article 8.E, and Article 8.I of the Plan; (10) enforce the Injunctions set forth in Article 8.H of the Plan; (11) resolve any cases, controversies, suits, or disputes with respect to the releases, injunction, and other provisions contained in Article 8 of the Plan, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions, and other provisions; (12) enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked, or vacated; (13) 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; and (14) enter an order and/or the decree contemplated in Bankruptcy Rule 3022 concluding the Chapter 11 Cases.

## **K. Miscellaneous Provisions**

### **Final Fee Applications**

The deadline for submission by Professionals of final applications for Bankruptcy Court approval of Accrued Professional Compensation shall be the Professional Fee Claim Bar Date.

### **Payment of Statutory Fees**

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Reorganized Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Each and every one of the Reorganized Debtors shall remain obligated to pay quarterly fees to the Office of the U.S. Trustee until the earliest of that particular Reorganized Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

### **Modification of the Plan**

Subject to the limitations contained in the Plan: (a) prior to the entry of the Confirmation Order, the Plan Proponent expressly reserves the right to amend the terms of the Plan, subject to compliance with section 1127 of the Bankruptcy Code; and (b) after the entry of the Confirmation Order, the Plan Proponent or the Reorganized Debtors, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, 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.

### **Revocation or Deferral of the Plan**

The Plan Proponent 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 Plan Proponent revokes or withdraws the Plan or if entry of the Confirmation Order or the Effective Date does not occur, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts affected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (c) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity; (ii) prejudice in any manner the rights of the Plan Proponent, the Debtors, or any other Entity; or (iii) constitute an admission of any sort by the Plan Proponent, the Debtors, or any other Entity.

### **Successors and Assigns**

The rights, benefits, and obligations of any Entity named or referred to in the Plan and the Plan Supplement shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Entity.

### **Governing Law and Construction**

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 Delaware, without giving effect to the principles of conflict of laws thereof. Any inconsistency between the Plan and the Confirmation Order shall be construed in favor of and so as to give effect to the Confirmation Order. All exhibits and schedules to the Plan and the Plan Supplement shall be incorporated in the Plan by this reference, as though set forth at length in the Plan.

### **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 the Plan Proponent or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (a) the Plan Proponent or any Senior Lender with respect to the Debtors, Holders of Claims, Equity Interests, or other parties-in-interest; or (b) any Holder of a Claim or other party-in-interest prior to the Effective Date.

### **Setoffs and Recoupment**

The Reorganized Debtors, as applicable, may, to the extent permitted by sections 502(h), 553, and 558 of the Bankruptcy Code or applicable non-bankruptcy law, set off against or recoup from any Claim or Interest on which payments or distributions are to be made pursuant to the Plan, any Causes of Action of any nature whatsoever that the Debtors, the Reorganized Debtors, or the Estates may have against the Holder of such Claim or Interest; provided, however, that neither the failure to effect such offset or recoupment nor the allowance of any Claim or Interest

shall constitute a waiver or release by the Debtors, the Reorganized Debtors, or the Estates of any right of setoff or recoupment that the Debtors, the Reorganized Debtors, or their respective Properties or Estates may have against the Holder of such Claim or Interest, nor of any other Cause of Action; provided, however, that neither the failure to effect such offset or recoupment nor the allowance of any Claim or Interest shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any right of setoff or recoupment that the Debtors or the Reorganized Debtors may have against the Holder of such Claim Interest, nor of any other Cause of Action.

#### **Section 1145 Exemption**

Pursuant to, in accordance with, and solely to the extent provided under section 1145 of the Bankruptcy Code, the issuance of the New LLC Interests and distribution thereof under the Plan will be exempt from registration under applicable securities laws (including without limitation, Section 5 of the Securities Act or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer of a security) pursuant to section 1145(a) of the Bankruptcy Code, and to the extent such issuance is deemed to be a public offering, the New LLC Interests may be sold without registration in accordance with section 1145 of the Bankruptcy Code.

#### **Section 1146 Exemption**

Pursuant to, and to the fullest extent permitted by, section 1146(c) of the Bankruptcy Code, (a) the issuance, transfer or exchange under the Plan of New LLC Interests and the security interests in favor of the lenders under the Exit Facility, the New Senior Debt, and the New Sub Debt, (b) the making or assignment of any lease or sublease, or (c) the making or delivery of any other instrument whatsoever, in furtherance of or in connection with the Plan shall not be subject to any stamp tax or other similar tax.

#### **Section 1125(e) Good Faith Compliance**

The Plan Proponent and its Representatives shall be deemed to have acted in “good faith” under section 1125(e) of the Bankruptcy Code.

#### **Further Assurances**

The Plan Proponent, the Debtors, the Reorganized Debtors, all Holders of Claims and Equity Interests 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.

### **ARTICLE 4.**

#### **CONFIRMATION PROCEDURES; CONFIRMATION HEARING**

**The Confirmation Hearing will commence on [        ], [    ] Prevailing Eastern Time**, before the Honorable Kevin Gross, Chief U.S. Bankruptcy Judge, in the U.S. Bankruptcy Court for the District of Delaware, at the U.S. Bankruptcy Court, 824 Market Street,

Wilmington, Delaware 19801-4908. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing.

The deadline to object to the Plan is 4:00 p.m. Prevailing Eastern Time on [\_\_\_\_\_], 2014 (the "Plan Objection Deadline").

All Plan objections must be filed with the Bankruptcy Court and served on counsel for the Agent and certain other parties, in accordance with the order of the Bankruptcy Court approving the Disclosure Statement, on or before the Plan Objection Deadline.

The proposed schedule will provide Entities with the notice required by Bankruptcy Rule 2002(b). The Agent believes that the Plan Objection Deadline will afford the Bankruptcy Court and other parties-in-interest reasonable time to consider the Plan objections prior to the Confirmation Hearing.

**THE BANKRUPTCY COURT MAY NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.**

Subject to the limitations contained in the Plan: (a) prior to the entry of the Confirmation Order, the Agent expressly reserves the right to amend the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code; if the Agent makes material changes in the terms of the Plan, the Agent will disseminate additional solicitation materials and extend the solicitation period, in each case to the extent required by law or further order of the Court); and (b) after the entry of the Confirmation Order, the Agent or the Reorganized Debtors may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, 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.

**Plan objections must be served on all of the following parties:**

**Counsel to the Agent:**

**TROUTMAN SANDERS LLP**  
Jeffrey W. Kelley  
Thomas E. Reilly  
Stephen S. Roach  
600 Peachtree Street, Suite 5200  
Atlanta, GA 30308

And

**RICHARDS, LAYTON & FINGER, P.A.**

Mark D. Collins  
Robert J. Stern, Jr.  
Cory D. Kandestin  
One Rodney Square  
920 North King Street  
Wilmington, Delaware 19801

**Clerk of the Bankruptcy Court:**

**CLERK OF THE BANKRUPTCY COURT**

U.S. Bankruptcy Court for the District of Delaware  
824 North Market Street  
Third Floor  
Wilmington, Delaware 19801

**United States Trustee:**

**OFFICE OF THE UNITED STATES TRUSTEE**

Tiara N.A. Patton  
844 King Street, Suite 2207  
Lockbox #35  
Wilmington, DE 19801-0035

**A. Statutory Requirements for Confirmation of the Plan**

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

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Plan Proponent has complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
5. Each Holder of an Impaired Claim or Interest either has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.

6. Each Class that is entitled to vote on the Plan has accepted the Plan or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code.

7. 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 Priority Tax Claims will be paid in full on the later of: (a) the Effective Date (or, if not then due, as soon as practicable after the date when such Allowed Administrative Claim or Priority Tax Claim is due); (b) if such Claim is Allowed after the Effective Date, as soon as practicable after the date such Claim is Allowed (or, if not then due, as soon as practicable after the date such Allowed Administrative Claim or Priority Tax Claim is due); (c) at such time and upon such terms as may be agreed upon by such Holder and the Reorganized Debtors; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

8. The required filing fees have been or will be paid on the Effective Date pursuant to 28 U.S.C. §1930.

9. The Reorganized Debtors will pay quarterly fees to the Office of the U.S. Trustee, when due, until the case is closed, converted, or dismissed, whichever occurs first.

#### **B. Best Interests of Creditors Test/Liquidation Analysis**

Section 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 not less than the amount that such holder would receive or retain if the debtor 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 each Debtor's chapter 11 cases 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 holder's liquidation distribution to the Plan distribution that such holder would receive if the Plan were confirmed.

In chapter 7 cases, unsecured creditors and equity 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 Agent believes that the chapter 7 liquidation value available for satisfaction of Claims and Interests in the Debtors would be reduced by: (a) the costs, fees, and expenses of the liquidation under Chapter 7, which would include disposition expenses and the compensation of one or more trustees and their counsel and other retained professionals, (b) the fees of the Chapter 7 trustee(s) and (c) certain other costs arising from conversion of these Chapter 11 Cases

to Chapter 7. Further, in a chapter 7 liquidation, the Debtors' Affiliates that currently provide management would be unlikely to continue providing property management services that are essential to the operation of the properties. It is a reasonable assumption that without the benefit of management services the Properties and rental income flowing therefrom would quickly deteriorate. A chapter 7 trustee faced with 33 deteriorating properties in various locations throughout the United States would likely either abandon them to the Senior Lenders or sell them at fire sale prices. In either scenario, the recovery, especially to unsecured creditors, would be less than could be expected under the Plan.

Attached to this Disclosure Statement at **Exhibit C** is an analysis of the estimated distributions under the Plan and a hypothetical chapter 7 liquidation analysis. Assumptions related to both are included with the analysis.

As is evident from the estimated distributions and liquidation analysis, the Agent believes that Creditors will benefit from the Plan. If the Assets are liquidated by a Chapter 7 trustee, the maximum recovery will be substantially less than the management and disposition of the Assets under the Plan.

It is also anticipated that a Chapter 7 liquidation would result in a significant delay in payments being made to Creditors. Bankruptcy Rule 3002(c) provides that conversion of Chapter 11 cases to Chapter 7 will trigger a new bar date for filing claims against the Estates, and that the new bar date will be more than 90 days after these Chapter 11 Cases convert. Not only would a Chapter 7 liquidation delay distribution to Creditors, but it is possible that additional Claims that were not asserted in these Chapter 11 Cases, or were late-filed, could be filed against the Estates. Reopening the Bar Dates in connection with conversion to Chapter 7 would provide these and other claimants an additional opportunity to timely file Claims against the Estates.

For the reasons set forth above, the Agent believes that the Plan provides a superior recovery for the Holders of Claims, and the Plan meets the requirements of the Best Interests Test.

Notwithstanding the foregoing, the Agent believes that any liquidation analysis with respect to the Debtors is inherently speculative. Such a liquidation analysis necessarily contains estimates of the net proceeds that would be received from a forced sale of the Properties and other assets, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates would be based solely upon the Agent's review of the Claims filed and the Debtors' books and records to the extent available and other information filed in the Chapter 11 Cases. In preparing the liquidation analysis, the Agent has projected an amount of Allowed Claims that represents their best estimate of the chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any Distribution to be made on account of Allowed Claims under the Plan.

### C. Projections/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 Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation.

Attached hereto as **Exhibit D** is an analysis of projected cash flows and expenses of the Reorganized Debtors under the Plan (the “Projections”). These Projections show that the Reorganized Debtors, with the aid of the Exit Facility and the willingness of the Senior Lenders to reduce their Claims to the New Senior Debt and New Sub Debt, will generate enough cash flow to support their obligations and fund their operations.<sup>11</sup> The Agent believes that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of the Reorganized Debtors; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Reorganized Debtors’ retention of key management and other key employees; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Reorganized Debtors and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Agent, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Agent’s or Debtors’ independent public accountants. The Reorganized Debtors will be required to adopt “fresh start” accounting upon their emergence from chapter 11. The actual adjustments for “fresh start” accounting that the Reorganized Debtors may be required to adopt upon emergence, may differ substantially from those “fresh start” adjustments in the Projections. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Agent, the Reorganized Debtors, the Senior

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<sup>11</sup> While the Plan does not propose to substantively consolidate the Debtors, the Projections analyze feasibility on a consolidated basis because each of the Reorganized Debtors will be a borrower, and the assets and cash flows of each Reorganized Debtor will support and secure the obligations, under the Exit Facility and the New Senior Debt.

Lenders, their respective advisors, or any other Person that the Projections can or will be achieved.

The Projections should be read together with the information in Article 5 of this Disclosure Statement entitled “Plan-Related Risk Factors and Alternatives to Confirmation and Consummation of the Plan” which sets forth important factors that could cause actual results to differ from those in the Projections.

The Agent does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Agent does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

#### **D. Acceptance by Impaired Classes**

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of claims or equity interests that is impaired under a plan accept the plan. A class that is not “impaired” under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is “impaired” unless the plan: (a) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled or any fixed price at which the debtor may redeem the security.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in amount and more than one-half in number of such interests.

The following classes are Impaired under the Plan:

- Class 2 – Senior Lender Claims;
- Class 6 – Intercompany Claims;
- Class 7 – Non-Debtor Affiliate Claims; and
- Class 8A – Equity Interests in SNPF III.

#### **E. Contact for More Information**

Any interested party desiring further information about the Plan may contact legal counsel to the Agent by writing to Troutman Sanders LLP, 600 Peachtree Street, Atlanta, Georgia 30308, Attn: Jeffrey W. Kelley.

**ARTICLE 5.**  
**PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND/OR EQUITY INTERESTS THAT ARE IMPAIRED 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.

**A. Parties-in-Interest May Object to the 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 Agent believes that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Plan creates eight primary Classes, each with 9 sub-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 that the Bankruptcy Court will reach the same conclusion.

**B. Failure to Satisfy Vote Requirement**

If votes are received in an amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Agent intends to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Agent may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

**C. The Agent 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: (a) such plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim and/or Equity Interest might challenge whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures, and voting results are

appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met, including the requirement that the terms of the Plan do not “unfairly discriminate” and are “fair and equitable” to non-accepting Classes.

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 and Equity Interests would receive with respect to their Allowed Claims and/or Equity Interests.

The Agent, 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. The Agent, in conjunction with its advisors, continues to evaluate any and all possibilities to ensure that the best recoveries for all constituencies are realized. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a 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.

#### **D. Nonconsensual Confirmation**

In the event that any impaired class does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponent’s request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any “insider” in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired classes. The Agent believes that the Plan satisfies these requirements and the Agent will request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

#### **E. The Reorganized Debtors May Object to the Amount or Classification of a Claim**

Except as otherwise provided in the Plan, the Agent (or the Reorganized Debtors) reserve the right to object to the amount or classification of any Claim. 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.

#### **F. Risk of Non-Occurrence of the Effective Date**

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

#### **G. Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan**

The Distributions available to Holders of Allowed Claims and Equity Interests under the Plan can be affected by a variety of contingencies. The occurrence of any and all such

contingencies, which could affect Distributions available to Holders of Allowed Claims and Equity Interests under the Plan, will not affect the validity of the vote taken by the Impaired Class to accept or reject the Plan or require any sort of revote by the Impaired Class.

#### **H. Risk Factors that May Affect Distributions Under the Plan**

The Claims estimates set forth herein are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Additionally, the Agent has made certain assumptions, as described herein, regarding liquidation under chapter 7 of the Bankruptcy Code, which should be read carefully.

#### **I. Risk Factors Relating To Securities Laws**

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan from registration under the Securities Act and state securities laws if three principal requirements are satisfied: (a) the securities must be offered and sold under a plan and must be securities of the debtor, an affiliate participating in a joint plan with the debtor, or a successor to the debtor under the plan; (b) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in such exchange and partly for cash or property. To the extent that the New LLC Interests are deemed to constitute securities issued in accordance with the Plan, the Plan Proponent believes that such interests satisfy the requirements of § 1145(a)(1) of the Bankruptcy Code and, therefore, such interests are exempt from registration under the Securities Act and applicable state securities laws.

#### **J. Disclosure Statement Disclaimer**

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 Reorganized Debtors, the Agent, or other parties in interest, to object to that Holder's Allowed Claim, or the Reorganized Debtors to bring Causes of Action regardless of whether any Claims or Causes of Action are specifically or generally identified herein.

#### **K. Liquidation Under Chapter 7**

If the Plan is not confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for Distribution in accordance with the priorities established by the Bankruptcy Code. The Agent believes that any such conversion would likely reduce any Distribution to Holders of Claims and Equity Interests based on, among other things, (a) the increased costs of a chapter 7 case arising from the fees payable to a chapter 7 trustee and professional advisors to such trustee; (b) substantial increases in claims which would be satisfied on a priority basis; (c) the substantially longer period of time that would elapse until distributions could be made under chapter 7; and (d) the lack of the Exit Facility. The Agent believes that, in the event of a liquidation pursuant to chapter 7 of the Bankruptcy Code, unsecured Creditors and

Holders of Equity Interests will receive no recovery for their Claims and Equity Interests whatsoever.

#### **L. Alternative Plan of Reorganization**

If the Plan is not confirmed, the Bankruptcy Court may confirm the Debtors' Third Amended Plan or another plan that may be filed by the Debtors or another party in interest.

#### **M. Inherent Uncertainty of Projected Distribution Analysis**

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; the Reorganized Debtors' ability to manage and monetize the Properties; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Agent and some or all of which may not materialize.

To the extent that the assumptions inherent in the estimated distributions are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Agent, the assumptions and estimates underlying the estimated distributions are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Agent. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the estimated distributions will not be realized and that actual results will vary from the estimated distributions, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the estimated distributions. The estimated distributions were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The estimated distributions have not been audited. The estimated distributions information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Agent, the Agent's advisors, or any other Person, that the estimated distributions can or will be achieved.

### **ARTICLE 6. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

THE TAX CONSEQUENCES UNDER THE PLAN TO HOLDERS OF CLAIMS OR INTERESTS MAY VARY BASED UPON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE LAW AND THE TIME THAT MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND FINAL DISTRIBUTIONS UNDER THE PLAN. NO RULING HAS BEEN APPLIED FOR

OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN REQUESTED OR OBTAINED BY THE AGENT WITH RESPECT THERETO.

THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THE AGENT AND ITS ADVISORS CANNOT PROVIDE ANY SUCH ADVICE. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE UPHELD. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN, OR OTHER TAX CONSEQUENCES OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, ANY STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE CODE. STATEMENTS REGARDING TAX IMPLICATIONS CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) ARE NOT WRITTEN TO SUPPORT THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

TAX CONSEQUENCES MAY VARY BASED ON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER, OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

## **ARTICLE 7. GLOSSARY OF DEFINED TERMS**

### *Defined Terms*

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "Adequate Protection Payments" means the Cash payments made by the Debtors to the Agent and/or the Senior Lenders during the period from the Petition Date through the Effective Date pursuant to any order or other agreement authorizing the Debtors' use of Cash Collateral in which the Agent and/or Senior Lenders hold or assert an interest, including, without limitation, payments made pursuant to any of the twenty four interim cash collateral orders entered in these Chapter 11 Cases as of the filing of the Plan [D.I. 28, 64, 94, 119, 152,

179, 193, 264, 279, 353, 431, 456, 515, 548, 582, 620, 644, 692, 729, 731, 761, 784, 814, 844, and 857].

2. “Administrative Claim” means a Claim arising under section 507(a)(2) of the Bankruptcy Code for costs and expenses of administration under sections 503(b), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises) and (b) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930.

3. “Administrative Claims Bar Date” means the first Business Day that is thirty (30) days after the Effective Date, unless otherwise extended by the Reorganized Debtors, and is the deadline for a Holder of an Administrative Claim (other than an Ordinary Course Administrative Claim, a section 503(b)(9) Claim, and a Professional Fee Claim) to file a request with the Bankruptcy Court for payment of such Administrative Claim. Section 503(b)(9) Claims were required to be filed by March 1, 2012 and remain subject to such Bar Date. All fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930 are not subject to the Administrative Claims Bar Date.

4. “Administrative Claims Objection Deadline” shall mean ninety (90) days after the Administrative Expense Claim Bar Date, or as extended pursuant to Article 2.A of the Plan.

5. “Affiliate” has the meaning set forth in section 101(2) of the Bankruptcy Code.

6. “Agent” means Bank of America, N.A., as administrative agent for the Senior Lenders under the Prepetition Loan Agreement.

7. “Allocation Election” means the election by the Senior Lenders to receive, to the extent available, either (a) New LLC Interests in lieu of their Pro Rata Distribution of the New Sub Debt or (b) New Sub Debt in lieu of their Pro Rata Distribution of New LLC Interests, as described more fully in Article 4.E of the Plan.

8. “Allowed” means, with respect to any Claim or Equity Interest, except as otherwise provided in the Plan: (a) as to which no objection to allowance or request for estimation has been interposed on or before the later of (i) the Claims Objection Deadline or (ii) the expiration of such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court; (b) a Claim or Equity Interest that has been scheduled by the Debtors in their Schedules as other than disputed, contingent or unliquidated, but only as to the amount listed on the Schedules for such Claim; (c) a Claim or Equity Interest that either is not Disputed or has been allowed by a Final Order; (d) a Claim or Equity Interest that is allowed pursuant to the terms of the Plan; or (e) a Disputed Claim as to which a proof of claim has been timely filed and as to which no objection has been filed by the Claims Objection Deadline. For the avoidance of doubt, notwithstanding any objection to allowance or request for estimation filed or interposed by the Debtors, the Senior Lender Claims shall be Allowed Claims, subject to the terms of the Plan.

9. “Amended and Restated Charter Documents” means the amended and restated certificate of formation, limited liability company agreement, and/or other organizational documents of each of the Reorganized Debtors, substantially in the forms included in the Plan Supplement.

10. “Bank of America” means Bank of America, N.A.

11. “Bankruptcy Code” means sections 101, *et seq.* of title 11 of the United States Code, and applicable portions of titles 18 and 28 of the United States Code, as amended from time to time.

12. “Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware.

13. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075, the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, the Local Rules of Civil Practice and Procedure of the United States District Court for the District of Delaware, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Cases and as amended from time to time.

14. “Bar Date” means March 1, 2012, as the date set by the *Order Granting Debtors’ Motion to Establish Bar Dates for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, dated January 26, 2012 [D.I. 139] , as the deadline to file proofs of Claim, except for Administrative Claims.

15. “Business Day” means any day, other than a Saturday, Sunday, or “legal holiday” (as that term is defined by Rule 9006(a) of the Federal Rules of Bankruptcy Procedure).

16. “Cash” means legal currency of the United States of America or equivalents thereof, including bank deposits and checks.

17. “Cash Collateral” has the meaning ascribed to it in section 363(a) of the Bankruptcy Code.

18. “Causes of Action” means any and all claims, actions, causes of action, choses in action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, defenses, counterclaims, crossclaims, and the like (including, without limitation, all claims and any avoidance, recovery, subordination, or other actions against Insiders and/or any other Entities under the Bankruptcy Code), matured or unmatured, known or unknown, then existing or thereafter arising, of any of the Debtors, the Debtors-in-Possession, and/or the Estates that are or may be pending on the Effective Date against any person or entity other than any Debtor, based in law or equity, including, without limitation, under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted as of the Confirmation Date; provided, however, that “Causes of Action” shall exclude any Causes of Action released under the Plan.

**19.** “Chapter 11 Cases” means the chapter 11 cases commenced when the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the Petition Date and assigned the following case numbers: 11-13277 (KG), 11-13278 (KG), 11-13279 (KG), 11-13280 (KG), 11-13281 (KG), 11-13282 (KG), 11-13283 (KG), 11-13284 (KG), and 11-13285 (KG), which are jointly administered under case number 11-13277 (KG).

**20.** “Claim” means a “claim” (as that term is defined in section 101(5) of the Bankruptcy Code) against a Debtor.

**21.** “Claims Agent” means GCG, Inc., the court-appointed claims agent in these Chapter 11 Cases.

**22.** “Claims Objection Deadline” means the last day for filing objections to Claims, which day shall be the latest of (a) 180 days after the Effective Date, (b) thirty (30) days after entry of a Final Order under section 502(j) of the Bankruptcy Code, or (c) such other later dates as may be established by order of the Bankruptcy Court upon a motion (or subsequent motion) of the Agent or the Reorganized Debtors.

**23.** “Class” means a category of Holders of Claims or Equity Interests as set forth in Article 3 of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

**24.** “Collateral” means any property or interest in property of a Debtor’s Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

**25.** “Confirmation” means the entry of the Confirmation Order on the docket of the Chapter 11 Cases subject to all conditions specified in Article 7.A of the Plan having been (a) satisfied or (b) waived pursuant to Article 7.C of the Plan.

**26.** “Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases.

**27.** “Confirmation Hearing” means the hearing before the Bankruptcy Court to consider Confirmation of the Plan.

**28.** “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

**29.** “Consummation” means the occurrence of the Effective Date.

**30.** “Contracts Schedule” means the schedule of rejected Executory Contracts that will initially be filed with the Plan Supplement and may be amended, modified, or supplemented (including by adding or removing Executory Contracts) at any time thereafter through and including the Confirmation Date.

**31.** “Converted Senior Lender Debt” means the Senior Lender Claims in excess of the \$120 million principal amount of the New Senior Debt.

**32.** “Cost of Emergence” means all Allowed Claims unpaid before the Effective Date, except for the Senior Lender Claims, the Intercompany Claims, and the Non-Debtor Affiliate Claims.

**33.** “Creditor” shall have the meaning in section 101(10) of the Bankruptcy Code.

**34.** “Cure Claims” means Claims of Creditors related to Executory Contracts that are assumed in the Plan pursuant to section 365 of the Bankruptcy Code.

**35.** “De Minimis Distribution” means any Distribution (other than a Distribution on an Allowed secured Claim) in an amount less than \$50.

**36.** “Debtor,” “Debtors,” or “Debtors-in-Possession” means, individually and collectively, Security National Properties Funding III, LLC, ITAC 190, LLC, Security National Properties Funding, LLC, Security National Properties Funding II, LLC, Sequoia Investments III, LLC, Sequoia Investments V, LLC, Sequoia Investments XIV, LLC, Sequoia Investments XV, LLC, and Sequoia Investments XVIII, LLC. For the avoidance of doubt, the terms Debtor, Debtors, or Debtors-in-Possession do not include Security National Properties-Alaska, LLC, the Estate of which is not included within or affected by the terms of the Plan.

**37.** “DIP Claims” means Claims asserted by SNP Holding on account of the DIP Facility.

**38.** “DIP Facility” means the post-petition financing facility provided by SNP Holding to the Debtors pursuant to that certain Unsecured Promissory Note, between the Debtors, as “Makers,” and SNP Holding, as “Lender,” as amended and/or restated from time to time through the Confirmation Date. The DIP Facility includes all financing available from SNP Holding pursuant to the *Interim Order, Pursuant to 11 U.S.C. §§ 105(a), 363(b), 364(b) and 503(b)(1) and Fed. R. Bankr. P. 2002 and 4001, (a) Authorizing Debtors to Obtain Post-Petition Financing and Granting Administrative Expense Status and (b) Scheduling a Final Hearing and Establishing Related Notice Requirements* [D.I. 435]; and any subsequent interim or final order of the Bankruptcy Court entered on or before the Confirmation Date.

**39.** “Disclosure Statement” means this written disclosure statement that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, as it may be amended, supplemented, or modified from time to time.

**40.** “Disputed” means, with respect to any Claim or Equity Interest, or any portion thereof: (a) it is listed on the Schedules (as the Schedules may be amended) as unliquidated, disputed, or contingent, unless a Proof of Claim has been timely filed; (b) as to which a Debtor, any other party in interest, or a Reorganized Debtor has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules before the Claims Objection Deadline; (c) as to which a Proof of Claim or interest was required to be filed but as to which a Proof of Claim or interest was not timely or properly filed; or (d) as otherwise disputed by the Debtors, a party in interest, or the Reorganized Debtors in accordance with applicable law or the Plan, which objection, request for estimation, or dispute has not been withdrawn or determined by a Final Order. For the avoidance of doubt, notwithstanding any

objection to allowance or request for estimation filed or interposed by the Debtors, the Senior Lender Claims are not Disputed.

**41.** Disputed Claim Amount” means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim; (ii) an amount agreed to by the Agent or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim; or (iii) if a request for estimation is filed by any party, the amount at which such Disputed Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) an amount agreed to by the Agent or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim; or (c) if the Disputed Claim was listed on the Schedules as unliquidated, contingent, or disputed and no Proof of Claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Court, zero.

**42.** Disputed Reserve” means the reserve of Cash established and maintained to pay Disputed Claims that would be required to receive Cash upon allowance by the Bankruptcy Court.

**43.** Distribution” means the distributions of Cash, New LLC Interests, or other consideration to be made under and in accordance with the Plan.

**44.** Effective Date” means the first Business Day on which all the conditions specified in Article 7.B of the Plan have been satisfied or waived as set forth in Article 7.C of the Plan.

**45.** Entity” means an “entity” as that term is defined in section 101(15) of the Bankruptcy Code.

**46.** Equity Interest” means any equity security within the meaning of section 101(16) of the Bankruptcy Code or any other instrument evidencing an ownership interest in any of the Debtors.

**47.** Estate” means the estate of each Debtor created on the Petition Date by section 541 of the Bankruptcy Code.

**48.** Executory Contract” means an agreement, contract, or lease, whether for real or personal property, between or among one or more of the Debtors and a third party, that qualifies as an “executory contract” or “unexpired lease” under section 365 of the Bankruptcy Code.

**49.** Exit Facility” means the financing or financings made pursuant to the Exit Facility Agreement.

**50.** Exit Facility Agreement” means the agreement (or supplement or amendment to the Prepetition Loan Agreement), and all related documents, enabling Exit Facility borrowings by the Reorganized Debtors, which will be included in the Plan Supplement.

**51.** “Exit Facility Lenders” means the Entities or Persons agreeing to provide the Exit Facility to the Reorganized Debtors.

**52.** “Exit Financing Commitment” means \$10,000,000 (as such amount is reduced from time to time in accordance with the Exit Facility Agreement).

**53.** “Face Amount” means (a) when used in reference to a Disputed Claim, the Disputed Claim Amount and (b) when used in reference to an Allowed Claim, the Allowed amount of such Claim.

**54.** “File” or “Filed” or “Filing” means, with respect to any pleading, the entry of such pleading on the docket of the Chapter 11 Cases and the proper service of such pleading in accordance with the Bankruptcy Rules.

**55.** “Final Decree” means the decree contemplated under Bankruptcy Rule 3022.

**56.** “Final Order” means an order, determination, or judgment entered on the docket of the Bankruptcy Court, or any other court of competent jurisdiction, that has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, petition for certiorari, or move for reargument, rehearing, or reconsideration has expired and no timely filed appeal or petition for review, rehearing, remand, or certiorari is pending; or (b) any appeal taken or petition for certiorari filed has been resolved by the highest court to which the order, determination, or judgment was appealed or from which certiorari was sought, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or other rules governing procedure in cases before the Bankruptcy Court, may be filed with respect to such order shall not cause such order not to be a Final Order.

**57.** “General Unsecured Claim” means any Claim against any Debtor that is not an Administrative Claim, a Secured Governmental Unit Claim, a Priority Tax Claim, a Senior Lender Claim, an Other Secured Claim, an Unsecured Priority Claim, an Intercompany Claim, or a Non-Debtor Affiliate Claim.

**58.** “Holder” means an Entity holding a Claim or Equity Interest.

**59.** “Impaired” means “impaired” within the meaning of sections 1123(a) and 1124 of the Bankruptcy Code with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests.

**60.** “Initial Distribution Date” means the Effective Date or as soon thereafter as practicable, but no later than thirty (30) days after the Effective Date.

**61.** “Insider” has the meaning set forth in section 101(31) of the Bankruptcy Code.

**62.** “Intercompany Claims” means Claims held by a Debtor against another Debtor.

**63.** “Interim Compensation Order” means the Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331, Fed. R. Bankr. P. 2016 and Del. Bankr. L.R. 2016-2 Establishing

Procedures for Interim Compensation of Fees and Reimbursement of Expenses for Professionals and Official Committee Members [Dkt. No. 117].

**64.** “Lien” means any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage, or hypothecation to secure payment of a debt or performance of an obligation.

**65.** “New Intercreditor Agreement” means the intercreditor agreement entered into on the Effective Date by the Senior Lenders, in form and substance reasonably acceptable to the Senior Lenders.

**66.** “New LLC Agreement” means the limited liability company agreement to be entered into by Reorganized SNPF III and the Senior Lenders, to the extent they receive New LLC Interests under the Plan on the Effective Date.

**67.** “New LLC Interests” means the membership interests in Reorganized SNPF III that will be Distributed pursuant to Article 4.F.2 of the Plan on the Effective Date. Each New LLC Interest shall have a par value of \$1. The total New LLC Interests available for Distribution shall have a value (based on par) equal to 62.5% of the Converted Senior Lender Debt.

**68.** “New Management Agreement” means the management services agreement to be entered into between the Reorganized Debtors and new management as selected by the Senior Lenders, which shall be included in the Plan Supplement.

**69.** “New Senior Debt” means the \$120 million senior secured credit facility to be entered into by the Reorganized Debtors, as borrowers, and the Senior Lenders, on the Effective Date.

**70.** “New Senior Debt Agreement” means the credit agreement documenting the New Senior Debt, which shall be included in the Plan Supplement.

**71.** “New Sub Debt” means the junior unsecured credit facility to be entered into by SNPF III, as borrower, and certain of the Senior Lenders, in an amount equal to 37.5% of the Converted Senior Lender Debt.

**72.** “New Sub Debt Agreement” means the agreement documenting the New Sub Debt, which shall be included in the Plan Supplement.

**73.** “Non-Debtor Affiliate” means an Affiliate of the Debtors that is not a Debtor.

**74.** “Non-Debtor Affiliate Claim” means a Claim of a Non-Debtor Affiliate against a Debtor.

**75.** “Ordinary Course Administrative Claim” means an Administrative Claim with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases to the extent due and owing in accordance with the terms and conditions of any agreements relating thereto; provided, however, that in no event shall a post-petition obligation

that is contingent or disputed and subject to liquidation through pending or prospective litigation, including, but not limited to, alleged obligations arising from personal injury, property damage, products liability, tenant complaints, employment law (excluding claims arising under workers' compensation law), secondary payor liability, or any other disputed legal or equitable claim based on tort, statute, contract, equity, or common law, be considered to be an Ordinary Course Administrative Claim.

**76.** “Other Secured Claim” means a Claim, other than a Secured Governmental Unit Claim or a Senior Lender Claim, against the Debtors that is (a) secured by a Lien on property in which the Estates have an interest, which Liens are valid, perfected, and enforceable under applicable law or by reason of a Final Order, or (b) that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the Estates' interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.

**77.** “Person” means any individual, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof, or any other entity as such term is defined in section 101(15) of the Bankruptcy Code.

**78.** “Petition Date” means October 13, 2011.

**79.** “Plan” means the *Plan of Reorganization of Security National Properties Funding III, LLC and Its Debtor Affiliates Filed by Bank Of America, N.A., as Agent for Senior Lenders*, dated May 16, 2014, and filed in the Chapter 11 Cases, as it may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, or therewith, as the case may be.

**80.** “Plan Proponent” means Bank of America, in its role as the Agent for each of the Senior Lenders.

**81.** “Plan Supplement” means the supplement to the Plan, containing without limitation: (a) the Amended and Restated Charter Documents; (b) the New LLC Agreement; (c) the New Management Agreement; (d) the Contracts Schedule (as the same may be amended from time to time through the Confirmation Date); and (e) such other documents that the Plan Proponent determines are necessary to include in the Plan Supplement for implementation of the Plan. The Plan Supplement shall be filed no later than ten (10) days prior to the deadline set by the Bankruptcy Court to vote to accept or reject the Plan.

**82.** “Plan Supplement Documents” means the documents contained in the Plan Supplement.

**83.** “Prepetition Loan Agreement” means that certain Credit Agreement, dated as of October 18, 2006, by and among Security National Properties Funding III, LLC, as borrower, Bank of America, N.A., as Administrative Agent, and Banc of America Securities, LLC, as Sole Lead Arranger and Sole Book Manager, as amended from time to time.

**84.** “Prepetition Loan Documents” means the Prepetition Loan Agreement, together with all guarantees (including the SNP Holding Guaranty), security documents, pledge agreements, and all related exhibits, schedules, agreements, forbearance agreements, and other documents, as the same may have been amended from time to time.

**85.** “Prepetition Loan Facility” means the prepetition loan and credit facility, as evidenced by, among other things, the Prepetition Loan Documents.

**86.** “Priority Tax Claims” means Claims of governmental units of the kind specified in section 507(a)(8) of the Bankruptcy Code. Priority Tax Claims specifically do not include Claims for payment of real property taxes secured by a Lien on a Debtor’s real or personal property; such secured claims shall be considered Secured Governmental Unit Claims.

**87.** “Pro Rata” means, with respect to any Allowed Claim, at any time, the proportion that the amount of an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such Class.

**88.** “Professional” means any Person employed pursuant to a Final Order in accordance with sections 327, 328, or 1103 of the Bankruptcy Code, and to be compensated for services rendered and awarded reimbursement of expenses incurred prior to and including the Effective Date pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code.

**89.** “Professional Fee Claim” means a Claim for compensation for services and/or reimbursement of expenses pursuant to sections 327, 328, 330, 331, or 503(b) of the Bankruptcy Code in connection with an application made to the Bankruptcy Court in the Chapter 11 Cases.

**90.** “Professional Fee Claim Bar Date” means the date that is thirty (30) days after the Effective Date.

**91.** “Proof of Claim” means a proof of claim filed in the Chapter 11 Cases pursuant to section 501 of the Bankruptcy Code and/or pursuant to any Order of the Bankruptcy Court, together with supporting documents.

**92.** “Property” or “Properties” means one or more, as appropriate, of those certain 33 commercial real estate properties owned by the Debtors.

**93.** “Released Lender Parties” means the Entities that are granted a release or are deemed to be granted a release pursuant to the terms of the Plan.

**94.** “Reorganized Debtors” means all of the Debtors, or any successors to the Reorganized Debtors by merger, consolidation, or otherwise, on and after the Effective Date.

**95.** “Reorganized Subsidiaries” means all of the Subsidiaries, or any successors to the Reorganized Subsidiaries by merger, consolidation, or otherwise, on and after the Effective Date.

**96.** “Representatives” means, with regard to an Entity, that Entity’s current and former officers, directors, employees, advisors, members, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents, and other representatives (including each of their respective officers, directors, employees, independent contractors, members, and professionals).

**97.** “Schedules” mean the schedules of assets and liabilities, schedules of executory contracts, and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, each as may be amended from time to time, including after the Effective Date.

**98.** “Section 503(b)(9) Claim” means a Claim entitled to priority as an Administrative Claim pursuant to section 503(b)(9) of the Bankruptcy Code.

**99.** “Secured Governmental Unit Claim” means a Claim held by a “governmental unit” as such term is defined in section 101(27) of the Bankruptcy Code that is secured by a Lien in a Debtor’s Property, including, but not limited to, those Claims for payment of real property taxes secured by a Lien on a Debtor’s Property.

**100.** “Senior Lender Claims” means the Claims of the Senior Lenders, including all post-petition interest, fees, and costs that may be Allowed under section 506(b) of the Bankruptcy Code, evidenced by the Prepetition Loan Agreement and all guarantees, pledges, assignment(s) of rent, deed(s) of trust, amendments, modifications, and supplements related thereto, including any and all obligations of the Debtors, their affiliates and related entities, both individually and collectively, to the Senior Lenders.

**101.** “Senior Lenders” means Bank of America, N.A., as agent and lender, and other Lenders (as defined in the Prepetition Loan Agreement).

**102.** “SNP Holding” means Security National Properties Holding Company, LLC, a Non-Debtor Affiliate.

**103.** “SNP Holding Guaranty” means that certain Limited Guaranty executed by SNP Holding in connection with the Prepetition Loan Agreement

**104.** “SNPF III” means Security National Properties Funding III, LLC, one of the Debtors.

**105.** “Stipulated Properties Value” means the value of the Properties as set forth in the Valuation Stipulation. The Stipulated Properties Value is \$171,465,000.00.

**106.** “Subsidiaries” means the Debtors other than SNPF III.

**107.** “Tenant” means a Person that is a tenant or sub-tenant counterparty with a Debtor, as landlord or sub-landlord, to a lease or sub-lease of either (i) non-residential real property or (ii) a residential unit at the Properties known as Aspen Mobile Home Park or Rangeview Mobile Home Park.

**108.** “Tenant Deposit Claim” means a claim held by a Tenant against a Debtor for the return of a security deposit held by a Debtor pursuant to a lease or sub-lease agreement.

**109.** “U.S. Trustee” means the United States Trustee appointed under Article 591 of title 28 of the United States Code to serve in the District of Delaware.

**110.** “Unencumbered” means, with respect to any asset or other property, not subject to (i) a Lien or (ii) a charge to use such asset or other property for a particular purpose to which the Debtors or the Reorganized Debtors have agreed or are bound.

**111.** “Unimpaired” means not “impaired” within the meaning of section 1124 of the Bankruptcy Code, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests.

**112.** “Unsecured Priority Claims” means Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than Priority Tax Claims.

**113.** “Valuation Stipulation” means the *Stipulation Between the Debtors and Bank of America, N.A., Individually and as Administrative Agent, Regarding (I) Fourth Amended Scheduling Order and (II) Amendment of Certain Agreements Regarding Matters Established for Purposes of the Valuation and Confirmation Hearing* [D.I. 556-1], which was approved by the Bankruptcy Court in its *Order Approving Stipulation Between the Debtors and Bank of America, N.A., Individually and as Administrative Agent, Regarding (I) Fourth Amended Scheduling Order and (II) Amendment of Certain Agreements Regarding Matters Established for Purposes of the Valuation and Confirmation Hearing* [D.I. 556].

## **ARTICLE 8. CONCLUSION AND RECOMMENDATION**

The Agent believes the Plan is in the best interests of all Holders of Claims and urge all Holders of Claims entitled to vote to accept the Plan and to evidence such position by returning their Ballots so they will be received by the Claims Agent no later than \_:00 \_.m. (Prevailing Pacific Time) on \_\_\_\_\_, 2014.

Dated: May 16, 2014

Respectfully submitted,

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