

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

In re:

CITY HOMES III LLC
CITY HOMES, INC.
CITY HOMES BRETTON LLC
CITY HOMES EAST BUSINESS TRUST
CITY HOMES JOHNSTON SQUARE LLC
CITY HOMES MANAGEMENT LLC
CITY HOMES NEWINGTON LLC
CITY HOMES OCALA LLC
CITY HOMES PATRIOTS II LLC
CITY HOMES PEABODY LLC
CITY HOMES ROYALTON LLC
CITY HOMES WEST BUSINESS TRUST,

Debtors.

CASE NO: 13-25370-RAG
CASE NO: 13-25371-RAG
CASE NO: 13-25372-RAG
CASE NO: 13-25373-RAG
CASE NO: 13-25376-RAG
CASE NO: 13-25377-RAG
CASE NO: 13-25378-RAG
CASE NO: 13-25379-RAG
CASE NO: 13-25380-RAG
CASE NO: 13-25381-RAG
CASE NO: 13-25382-RAG
CASE NO: 13-25383-RAG
(Chapter 11)
(Jointly Administered under
Case No: 13-25370-RAG)

**THIRD AMENDED CHAPTER 11 PLAN
JOINTLY PROPOSED BY THE DEBTORS AND THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

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Dated: January 31, 2017

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INTRODUCTION

The above-captioned debtors and debtors in possession (the “Debtors”) and the Official Committee of Unsecured Creditors appointed in these cases (the “Committee”) jointly propose this Chapter 11 plan (this “Plan”) pursuant to 11 U.S.C. § 1121(a) (the “Bankruptcy Code”). Reference is made to the Disclosure Statement filed contemporaneously with this Plan (the “Disclosure Statement”) for a discussion of (i) the Debtors’ history, business, and assets, (ii) a summary and analysis of this Plan, and (iii) certain related matters, including risk factors relating to consummation of this Plan.

Subject to certain restrictions and requirements set forth in § 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors and the Committee reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith, have been approved for use in soliciting acceptances and rejections of this Plan. Nothing in this Plan should be construed as constituting a solicitation of acceptances of this Plan unless and until the Disclosure Statement has been approved and distributed to all Holders of Claims and Interests to the extent required by § 1125 of the Bankruptcy Code.

ARTICLE I DEFINITIONS AND RULES OF INTERPRETATION

For purposes of this Plan (as hereinafter defined), the following terms shall have the respective meanings set forth below:

A. Definitions

1.1 “Administrative Expense Claim” shall mean any Claim which is entitled to administrative priority status pursuant to §§ 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, the fees and expenses of the Professionals employed by the Debtors and any taxes incurred during the pendency of the Chapter 11 Cases.

1.2 “Allowed” with respect to any Claim shall mean: (i) a Claim against the Debtors which has been listed on the Debtors’ Schedules, as such Schedules may be amended from time to time pursuant to Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary Proof of Claim has been filed seeking a higher amount, (ii) any Claim for which a Proof of Claim was properly and timely filed in accordance with any order of the Bankruptcy Court, including the Bar Date, the Plan, the Bankruptcy Code, and the Bankruptcy Rules, as to which no objection to allowance is made by the Debtors or a Party in Interest or as to which any objection has been resolved by a Final Order to the extent such objection is determined in favor of the respective Holder, or (iii) any Claim expressly Allowed by a Final Order or pursuant to the Plan. With the exception of Lead-Paint Claims, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed or any unsecured Claim for which no Proof of Claim has been timely filed, is not considered Allowed and shall be expunged on the Effective Date without further action by the Debtors and without any further notice to or action, order or approval of the Bankruptcy Court.

1.3 “Ballot” shall mean the form or forms distributed to certain Holders of Claims by which such parties may indicate acceptance or rejection of the Plan.

1.4 “Bankruptcy Code” shall mean the Bankruptcy Code, 11 U.S.C. §§ 101 et seq., and any amendments thereto.

1.5 “Bankruptcy Court” shall mean the United States Bankruptcy Court for the District of Maryland or any other bankruptcy court having jurisdiction over the Debtors’ Chapter 11 Cases or any proceeding arising under these Chapter 11 Cases.

1.6 “Bankruptcy Rules” shall mean (i) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under § 2075 of Title 28 of the United States Code, (ii) the Federal Rules of Civil Procedure, as amended and promulgated under § 2072 of title 28 of the United States Code, (iii) the Local Rules of the Bankruptcy Court for the District of Maryland, and (iv) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto to the extent applicable to the Chapter 11 Cases or proceedings herein, as the case may be.

1.7 “Bar Date” shall mean, except with respect to Lead-Paint Claims and except with respect to Claims of Governmental Units that arose before the Petition Date, January 7, 2014, as set forth in the January 6, 2014 Order of the Bankruptcy Court. With respect to Claims of Governmental Units that arose before the Petition Date, Bar Date shall mean March 10, 2014. No Bar Date shall apply to Lead-Paint Claims.

1.8 “Board of Directors” shall mean the Board of Directors of any of the Debtors, as the case may be, as it may exist from time to time.

1.9 “Cash” shall mean cash or commercially recognizable and readily marketable cash equivalents.

1.10 “Chapter 11 Cases” shall mean the Chapter 11 bankruptcy cases of City Homes III LLC (Case No: 13-25370), City Homes, Inc. (Case No: 13-25371), City Homes Bretton LLC (Case No: 13-25372), City Homes East Business Trust (Case No: 13-25373), City Homes Johnston Square LLC (Case No: 13-25376), City Homes Management LLC (Case No: 13-25377), City Homes Newington LLC (Case No: 13-25378), City Homes Ocala LLC (Case No: 13-25379), City Homes Patriots II LLC (Case No: 13-25380), City Homes Peabody LLC (Case No: 13-25381), City Homes Royalton LLC (Case No: 13-25382), and City Homes West Business Trust (Case No: 13-25383).

1.11 “Claim” shall have the meaning ascribed to such term in § 101(5) of the Bankruptcy Code, as supplemented by Bankruptcy Code § 102(2), against any of the Debtors.

1.12 “Class” shall mean each category of Claims or Interests classified in Article III of the Plan pursuant to §§ 1122 and 1123 of the Bankruptcy Code.

1.13 “Committee” shall mean the Official Committee of Unsecured Creditors, appointed by the United States Trustee in the Chapter 11 Cases in accordance with § 1102(a)(1) of the Bankruptcy Code, as it may be reconstituted from time to time.

1.14 “Confirmation” shall mean entry of the Confirmation Order by the Bankruptcy Court.

1.15 “Confirmation Date” shall mean the date the entry of the Confirmation Order becomes a Final Order.

1.16 “Confirmation Hearing” shall mean the hearing or hearings to consider Confirmation of this Plan under § 1129 of the Bankruptcy Code, as such hearings may be adjourned from time to time.

1.17 “Confirmation Order” shall mean the order of the Bankruptcy Court in the Chapter 11 Cases confirming the Plan pursuant to § 1129 and other applicable sections of the Bankruptcy Code.

1.18 “Creditor” shall mean the Holder of a Claim, within the meaning of § 101(10) of the Bankruptcy Code, including Secured Creditors, unsecured Creditors, and Creditors with Administrative Expense Claims and Priority Tax Claims.

1.19 “Debtors” shall mean City Homes III LLC (“City Homes III”), City Homes, Inc. (“CHI”) (a charitable organization under 26 U.S.C. § 501(c)(3)), City Homes Bretton LLC (“Bretton”), City Homes East Business Trust (“East Business Trust”), City Homes Johnston Square LLC (“Johnston Square”), City Homes Management LLC (“Management”), City Homes Newington LLC (“Newington”), City Homes Ocala LLC (“Ocala”), City Homes Patriots II LLC (“Patriots”), City Homes Peabody LLC (“Peabody”), City Homes Royalton LLC (“Royalton”), and City Homes West Business Trust (“West Business Trust”).

1.20 “Disclosure Statement” shall mean the disclosure statement relating to this Plan including, without limitation, all exhibits and schedules to such disclosure statement, in the form approved by the Bankruptcy Court under § 1125 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.21 “Disputed” shall mean, with the exception of Lead-Paint Claims, any Claim or Interest, or any portion thereof, in any Class or category specified, against or of a Debtor, any (a) Claim that is listed on the Schedules as unliquidated, disputed or contingent; (b) Claim or Interest as to which the Debtors or any other party in interest have interposed a timely objection, claim or counterclaim in an court of competent jurisdiction or request for estimation in accordance with the Bankruptcy Code, the Bankruptcy Rules and any orders of the Bankruptcy Court, or other court, or which is otherwise disputed by the Debtors in accordance with applicable law, which objection, claim, counterclaim, request for estimation or dispute has not been withdrawn or determined by a Final Order; (c) any Claim evidenced by a Proof of Claim which amends a Claim scheduled by the Debtors as contingent, unliquidated, or disputed, with respect to which the Debtors or any other party in interest have interposed a timely objection, claim or counterclaim or request for estimation in accordance with the Bankruptcy Code, the Bankruptcy Rules and any orders of the Bankruptcy Court or which is otherwise disputed by the

Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order; or (d) any Claim or Interest that is not an Allowed Claim or Allowed Interest.

1.22 “Effective Date” shall mean thirty days following the entry of a Final Order confirming the Plan, and once the conditions precedent to the Effective Date have been satisfied.

1.23 “Entity” shall mean any person, individual, corporation, company, limited liability company, firm, partnership, association, joint stock company, joint venture, estate, trust, business trust, unincorporated organization, any other entity, the United States Trustee or any Governmental Unit or any political subdivision thereof.

1.24 “Estate” shall mean, as to each Debtor, the bankruptcy estate created in the Bankruptcy Case pursuant to § 541 of the Bankruptcy Code.

1.25 “Executory Contracts” shall mean all contracts and unexpired leases to which the Debtors are a party and which are executory within the meaning of Bankruptcy Code § 365.

1.26 “Final Order” shall mean an order or judgment of the Bankruptcy Court which has not been reversed, stayed, modified or amended and: (i) as to which the time to appeal or seek reconsideration or rehearing thereof or file a petition for certiorari has expired, (ii) in the event of a motion for reconsideration or rehearing or petition for certiorari is filed, such motion or petition shall have been denied by an order or judgment of the Bankruptcy Court or other applicable court, or (iii) in the event an appeal is filed and pending, a stay pending appeal has not been entered; provided, however that with respect to an order or judgment of the Bankruptcy Court allowing or disallowing a Claim, such order or judgment shall have become final and non-appealable; and provided further, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

1.27 “Governmental Unit” shall mean any domestic, foreign, provincial, federal, state, local or municipal (a) government, or (b) governmental agency, commission, department, bureau, ministry, or other governmental entity, or (c) any other “governmental unit” (as defined in Bankruptcy Code § 101(27)).

1.28 “Holder” shall mean (a) as to any Claim, (i) the owner or holder of such Claim as such Claim is reflected on the Proof of Claim filed with respect to such Claim, (ii) if no Proof of Claim has been filed with respect to such Claim, the owner or holder of such Claim as such is reflected on the Schedules or the books and records of the Debtors or as otherwise determined by order of the Bankruptcy Court, (iii) if the owner or holder of such Claim has assigned or transferred the Claim to a third party and the Debtors have received sufficient written evidence of such assignment or transfer, including the assignee or transferee, or (iv) any subrogee of a holder of a Secured Claim; and (b) as to any interest, the record owner or holder of such interest as of the Effective Date. Holder shall also mean the owner or holder of a Lead-Paint Claim.

1.29 “Injunction” shall have the meaning set forth in Sections 9.3 and 9.4.

1.30 “Insurance Settlement Agreements” shall mean the Settlement Agreement, Release and Reservation of Rights as among City Homes, Inc., Continental Insurance Company (for itself and as successor to Glenn Falls Insurance Company) and Penn National Insurance Company dated May 15, 2013, the Settlement Agreement and Release dated August 1, 1996 among certain Pennsylvania National Policyholders (including City Homes, Inc.) and Pennsylvania National (as defined therein), and any other settlement agreement between or among any Debtor and any Lead-Paint Insurance Entity.

1.31 “Intercompany Claim” shall mean any Claim held by a Debtor or any Non-Debtor Affiliate against any Debtor.

1.32 “Interest” shall mean any equity in the Debtors represented by any issued outstanding common interests, preferred interests, or other instrument evidencing an ownership interest prior to the Effective Date, whether or not transferable, and any option, warrant, or right, contractual or otherwise, to acquire, sell or subscribe for any such interest, whether certificated or not certificated. Because CHI is a nonprofit, non-stock corporation, it has never issued any stock or equity interests and the Plan contemplates that its corporate structure will continue in effect.

1.33 “Lead-Paint Claim” shall mean any Claim, currently pending or that may arise or be asserted in the future, against any of the Debtors, whether asserted or unasserted, based on or arising out of alleged bodily injury, sickness, disease, emotional distress or other non-economic injuries, or other personal injuries, including wrongful death arising from, in whole or in part, exposure to lead paint or lead-paint dust, whether the facts or legal bases for such are currently known or unknown.

1.34 “Lead-Paint Claimant” shall mean the Holder of a Lead-Paint Claim, and any Entity that has held, currently holds or may hold a Lead-Paint Claim against any of the Debtors.

1.35 “Lead-Paint Insurance Entity” shall mean any Entity, including any insurance company, broker, claims handler, or guaranty association, that based upon information and belief, has or had actual or potential liability, duties or obligations under or with respect to, any Lead-Paint Insurance Policy and includes those Entities set forth on **Exhibit A**.

1.36 “Lead-Paint Insurance Policy” shall mean any and all insurance policies or parts thereof that provide or may provide insurance coverage, rights or benefits related to Lead-Paint Claims, whether or not such policies were issued to a Debtor or otherwise, including without limitation, based upon information and belief, those policies set forth in **Exhibit B** hereto.

1.37 “Lead-Paint Litigation Document Repository” shall have the meaning set forth in Section 5.6(e) hereto.

1.38 “Lead-Paint Insurance Rights” shall mean any and all rights to defense, indemnification, payment of Claims or any other rights or benefits arising under a Lead-Paint Insurance Policy, including any benefit resulting from claims or causes of action against any Lead-Paint Insurance Entity for breach of contract, negligence, violation of any statute, or bad faith relating to the Lead-Paint Insurance Policies or the handling of any Lead-Paint Claims thereunder.

1.39 “Net Sale Proceeds” means the Cash generated from the sale of real property owned by any of the Debtors or Non-Debtor Affiliates, less the expenses, closing costs, taxes, post-confirmation expenses, and Administrative Claims incurred in connection with such sales.

1.40 “Non-Debtor Affiliates” shall mean City Homes Central I Business Trust, City Homes Central II Business Trust, City Homes Central III Business Trust, City Homes Central IV Business Trust, City Homes Central V Business Trust, City Homes Office Business Trust, City Homes Patriots I LLC, City Homes Patriots III LLC, City Homes Patriots IV LLC, City Homes Patriots V LLC, and City Homes Central I, LLC.

1.41 “Other Unsecured Claim” shall mean any Claim which is not an Administrative Expense Claim, Priority Tax Claim, Non-Tax Priority Claim, Lead-Paint Claim, Unsecured Trade Claim, or a Secured Claim, including but not limited to (i) any Claim arising from the rejection of an Executory Contract or unexpired lease under § 365 of the Bankruptcy Code, and (ii) except as otherwise provided in the Plan, any portion of a Claim to the extent the value of the Creditor’s interest in the Estate’s interest in the respective Debtor’s property securing such Claim is less than the amount of the Allowed Claim or to the extent that the amount of the Claim subject to setoff is less than the amount of the Allowed Claim, as determined pursuant to § 506(a) of the Bankruptcy Code. For the avoidance of doubt, a Holder of a non-recourse Secured Claim shall be excluded from Other Unsecured Claims. Other Unsecured Claims shall include any Claim based on an alleged failure of any of the Debtors to satisfy any monetary obligations under any Lead-Paint Insurance Policy.

1.42 “Petition Date” shall mean September 10, 2013, the date on which each Debtor commenced its Chapter 11 case.

1.43 “Plan” shall mean this Plan of Reorganization in its present form or as it hereafter may be modified, amended or supplemented in accordance with the provisions of the Bankruptcy Code and Article XII of this Plan.

1.44 “Plan Sale Agent” shall mean Alex Cooper Auctioneers, Inc., the professional broker and auctioneer engaged by the Debtors to conduct the sale of the real properties to be sold pursuant to this Plan.

1.45 “Plan Proponents” shall mean the Debtors and the Committee.

1.46 “Plan Trustee” shall mean the person designated by mutual agreement of the Debtors and the Committee, and compensated by the Reorganized Debtors, to perform services necessary and appropriate on behalf of the Debtors to fulfill the Reorganized Debtors’ obligations under the Plan. The initial Plan Trustee shall be identified no less than five (5) business days prior to the Confirmation Date and shall be subject to Bankruptcy Court approval.

1.47 “Protected Parties” Intentionally deleted.

1.48 “Priority Non-Tax Claims” shall mean any Claim allowable under Bankruptcy Code § 507(a), except for Priority Tax Claims.

1.49 “Priority Tax Claim” shall mean any Claim of a governmental unit pursuant to Bankruptcy Code § 507(a)(8); provided, however, that any Claims for penalties asserted by governmental units shall not be Priority Tax Claims.

1.50 “Professionals” shall mean persons, including attorneys, accountants and other professionals, retained in the Chapter 11 Cases or to be compensated pursuant to §§ 327, 328, 330, 503(b) and 1103 of the Bankruptcy Code and order of the Bankruptcy Court.

1.51 “Proof of Claim” shall mean any proof of claim or interest filed with the Bankruptcy Court pursuant to Bankruptcy Code section 501 and Rule 3001 or 3002 of the Bankruptcy Rules that asserts a Claim against or Interest in any of the Debtors.

1.52 “Properties” means the real property owned by the Debtors and the Non-Debtor Affiliates.

1.53 “Reorganized Debtors” shall mean, on and after the Effective Date, collectively, all of the Debtors.

1.54 “Secured Claim” shall mean any Claim of a Creditor that is (a) secured in whole or in part, as of the Petition Date, by a lien (i) on property of the Debtors and (ii) which is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, or (b) subject to setoff under § 553 of the Bankruptcy Code, but, with respect to both (a) and (b) above, only to the extent of the value of such Creditor’s interest in the estate’s interest in the property or the amount subject to setoff, as the case may be.

1.55 “Severance Plan” shall mean the City Homes Severance Pay Plan, provided that upon entry of a Confirmation Order, Barry Mankowitz shall be deemed to have waived his rights to receive payments under the Severance Plan.

1.56 “Schedules” shall mean the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors with the Bankruptcy Court, as required by Bankruptcy Code § 521 and the Bankruptcy Rules, as such schedules and statements may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1007.

1.57 “Unsecured Trade Claim” means any Claim arising from the provision of goods or services to the Debtors prior to the Petition Date which is not an Administrative Expense Claim, Non-Tax Priority Claim, or Secured Claim.

1.58 “Voluntary Lead-Paint Claim Compensation Fund” shall have the meaning set forth in Section 4.5 hereto.

B. Terms of Construction

Capitalized terms used in this Plan shall have the meaning set forth herein. In the event a capitalized term is not defined herein, then it shall have the meaning given in the Bankruptcy Code or the Bankruptcy Rules. In the event a capitalized term is not defined in any of the Plan, the Bankruptcy Code, or the Bankruptcy Rules, then it shall have the meaning such term has in

ordinary usage and if one or more meaning for such term exists in ordinary usage, then it shall have the meaning which is most consistent with the purposes of this Plan and the Bankruptcy Code. The terms of this Plan shall not be construed against any person but shall be given a reasonable construction, consistent with the purposes hereof and of the Bankruptcy Code.

The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained in this Plan. The words “including”, “include”, or “includes” shall be without limitation.

ARTICLE II TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

As required by the Bankruptcy Code, the Plan places Claims into various Classes according to their right to priority. However, in accordance with the provisions of § 1123(a)(1) of the Bankruptcy Code, Administrative Claims, certain Priority Claims, and Priority Tax Claims are deemed “unclassified.” These Claims are not considered impaired pursuant to § 1129(a)(9)(A) or (C) of the Bankruptcy Code, and Holders of these Claims do not vote on the Plan because they are automatically entitled to the respective treatment specified in the Bankruptcy Code. Accordingly, the Plan does not place these Claims in a Class. The treatment of these unclassified Claims is as provided below.

2.1 Administrative Expense Claims. Except as otherwise provided in Section 2.2. below, each Holder of an Allowed Administrative Expense Claim (including Allowed Administrative Expense Claims of Professionals) shall be paid (a) an amount, in Cash, by the Debtors equal to the Allowed amount of its Administrative Expense Claim, in accordance with § 1129(a)(9)(A) of the Bankruptcy Code, on the Effective Date, or as soon thereafter as reasonably practicable, (b) under such other terms as may be agreed upon by both the Holder of such Allowed Administrative Expense Claim and the Debtors or (c) as otherwise ordered by a Final Order of the Bankruptcy Court.

All Allowed Administrative Expense Claims with respect to liabilities incurred by the Debtors in the ordinary course during the Chapter 11 Cases shall be paid (a) in the ordinary course, (b) under such other terms as may be agreed upon by both the Holder of such Allowed Administrative Expense Claim and the Debtors or (c) as otherwise ordered by a Final Order of the Bankruptcy Court.

2.2 Fees under 28 U.S.C. §1930. All fees payable in the Chapter 11 Cases under 28 U.S.C. § 1930, as agreed by the Debtors or as determined by the Bankruptcy Court, will, if not previously paid in full, be paid in Cash on the Effective Date and will continue to be paid by the Debtors as required under 28 U.S.C. § 1930 until such time as an order is entered by the Bankruptcy Court closing the Chapter 11 Cases.

2.3 Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim shall receive from the Debtors, on account of such Allowed Priority Tax Claim, regular installment payments in Cash in accordance with § 1129(a)(9)(C) of the Bankruptcy Code commencing on the later of (a) the Effective Date or as soon thereafter as reasonably practicable, or (b) as soon as reasonably

practicable after the date of a Final Order Allowing such Priority Tax Claim. Notwithstanding the above, each Holder of an Allowed Priority Tax Claim may be paid under such other terms as may be agreed upon by both the Holder of such Allowed Priority Tax Claim and the Debtors. The Debtors shall have the right to prepay such Allowed Priority Tax Claims at any time, in whole or in part, without penalty or premium.

ARTICLE III CLASSIFICATION OF CLAIMS AND INTEREST TREATMENT

3.1 Classification. As required by §§ 1122 and 1123 of the Bankruptcy Code, the Plan places Claims and Interests into various Classes according to their right to priority and other relative rights. A Claim or Interest is in a particular Class for purposes of voting on, and of receiving distributions pursuant to, the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class.

3.2 Classes 1A, 1C-1E, 1H, and 1J-1L. Classes 1A, 1C-1E, 1H, and 1J-1L consist of Secured Claims for each of the Debtors' Estates, as applicable, as set forth below:

CLASS	CASE NO.	DEBTOR
1A	13-25370-RAG	City Homes III
1C	13-25372-RAG	Bretton
1D	13-25373-RAG	East Business Trust
1E	13-25376-RAG	Johnston Square
1H	13-25379-RAG	Ocala
1J	13-25381-RAG	Peabody
1K	13-25382-RAG	Royalton
1L	13-25383-RAG	West Business Trust

3.3 Classes 2A-L. Classes 2A-L consist of Priority Non-Tax Claims for each of the Debtors' Estates, if any, as set forth below. The Debtors do not believe there are any Class 2 Claims.

CLASS	CASE NO.	DEBTOR
2A	13-25370-RAG	City Homes III
2B	13-25371-RAG	CHI
2C	13-25372-RAG	Bretton
2D	13-25373-RAG	East Business Trust
2E	13-25376-RAG	Johnston Square
2F	13-25377-RAG	Management
2G	13-25378-RAG	Newington
2H	13-25379-RAG	Ocala

2I	13-25380-RAG	Patriots II
2J	13-25381-RAG	Peabody
2K	13-25382-RAG	Royalton
2L	13-25383-RAG	West Business Trust

3.4 Classes 3A-L. Classes 3A-L consist of Unsecured Trade Claims for each of the Debtors' Estates, as set forth below:

CLASS	CASE NO.	DEBTOR
3A	13-25370-RAG	City Homes III
3B	13-25371-RAG	CHI
3C	13-25372-RAG	Bretton
3D	13-25373-RAG	East Business Trust
3E	13-25376-RAG	Johnston Square
3F	13-25377-RAG	Management
3G	13-25378-RAG	Newington
3H	13-25379-RAG	Ocala
3I	13-25380-RAG	Patriots II
3J	13-25381-RAG	Peabody
3K	13-25382-RAG	Royalton
3L	13-25383-RAG	West Business Trust

3.5 Classes 4A-L. Classes 4A-L consist of Other Unsecured Claims, if any, for each of the Debtors' Estates, as set forth below:

CLASS	CASE NO.	DEBTOR
4A	13-25370-RAG	City Homes III
4B	13-25371-RAG	CHI
4C	13-25372-RAG	Bretton
4D	13-25373-RAG	East Business Trust
4E	13-25376-RAG	Johnston Square
4F	13-25377-RAG	Management
4G	13-25378-RAG	Newington
4H	13-25379-RAG	Ocala
4I	13-25380-RAG	Patriots II
4J	13-25381-RAG	Peabody
4K	13-25382-RAG	Royalton
4L	13-25383-RAG	West Business Trust

3.6 Classes 5A-L. Classes 5A-L consist of Lead-Paint Claims for each of the Debtors' Estates, as set forth below:

CLASS	CASE NO.	DEBTOR
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CLASS	CASE NO.	DEBTOR
5A	13-25370-RAG	City Homes III
5B	13-25371-RAG	CHI
5C	13-25372-RAG	Bretton
5D	13-25373-RAG	East Business Trust
5E	13-25376-RAG	Johnston Square
5F	13-25377-RAG	Management
5G	13-25378-RAG	Newington
5H	13-25379-RAG	Ocala
5I	13-25380-RAG	Patriots II
5J	13-25381-RAG	Peabody
5K	13-25382-RAG	Royalton
5L	13-25383-RAG	West Business Trust

3.7 Class 6A-L. Classes 6A-L consist of the Intercompany Claims between the Debtors and their Non-Debtor Affiliates, as set forth below:

CLASS	CASE NO.	DEBTOR
6A	13-25370-RAG	City Homes III
6B	13-25371-RAG	CHI
6C	13-25372-RAG	Bretton
6D	13-25373-RAG	East Business Trust
6E	13-25376-RAG	Johnston Square
6F	13-25377-RAG	Management
6G	13-25378-RAG	Newington
6H	13-25379-RAG	Ocala
6I	13-25380-RAG	Patriots II
6J	13-25381-RAG	Peabody
6K	13-25382-RAG	Royalton
6L	13-25383-RAG	West Business Trust

3.8 Classes 7A-L. Classes 7A-L consist of Interests for each of the Debtors' Estates, as set forth below:

CLASS	CASE NO.	DEBTOR
7A	13-25370-RAG	City Homes III
7C	13-25372-RAG	Bretton
7D	13-25373-RAG	East Business Trust
7E	13-25376-RAG	Johnston Square
7F	13-25377-RAG	Management
7G	13-25378-RAG	Newington
7H	13-25379-RAG	Ocala
7I	13-25380-RAG	Patriots II

CLASS	CASE NO.	DEBTOR
7J	13-25381-RAG	Peabody
7K	13-25382-RAG	Royalton
7L	13-25383-RAG	West Business Trust

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which of those Classes are (i) impaired or unimpaired by this Plan, (ii) entitled to vote to accept or reject this Plan in accordance with § 1126 of the Bankruptcy Code, and (iii) deemed to accept or reject this Plan:

CLASS	DESIGNATION	DEBTOR	IMPAIRMENT	ENTITLED TO VOTE
1A	Secured Claims	City Homes III	Impaired	Yes
1C	Secured Claims	Bretton	Impaired	Yes
1D	Secured Claims	East Business Trust	Impaired	Yes
1E	Secured Claims	Johnston Square	Impaired	Yes
1H	Secured Claims	Ocala	Impaired	Yes
1J	Secured Claims	Peabody	Impaired	Yes
1K	Secured Claims	Royalton	Impaired	Yes
1L	Secured Claims	West Business Trust	Impaired	Yes
2A	Priority Non-Tax Claims	City Homes III	Unimpaired – Deemed to Accept	No
2B	Priority Non-Tax Claims	CHI	Unimpaired – Deemed to Accept	No
2C	Priority Non-Tax Claims	Bretton	Unimpaired – Deemed to Accept	No
2D	Priority Non-Tax Claims	East Business Trust	Unimpaired – Deemed to Accept	No
2E	Priority Non-Tax Claims	Johnston Square	Unimpaired – Deemed to Accept	No
2F	Priority Non-Tax Claims	Management	Unimpaired – Deemed to Accept	No
2G	Priority Non-Tax Claims	Newington	Unimpaired – Deemed to Accept	No
2H	Priority Non-Tax Claims	Ocala	Unimpaired – Deemed to Accept	No
2I	Priority Non-Tax Claims	Patriots II	Unimpaired – Deemed to Accept	No

CLASS	DESIGNATION	DEBTOR	IMPAIRMENT	ENTITLED TO VOTE
2J	Priority Non-Tax Claims	Peabody	Unimpaired – Deemed to Accept	No
2K	Priority Non-Tax Claims	Royalton	Unimpaired – Deemed to Accept	No
2L	Priority Non-Tax Claims	West Business Trust	Unimpaired – Deemed to Accept	No
3A	Unsecured Trade Claims	City Homes III	Unimpaired – Deemed to Accept	No
3B	Unsecured Trade Claims	CHI	Unimpaired – Deemed to Accept	No
3C	Unsecured Trade Claims	Bretton	Unimpaired – Deemed to Accept	No
3D	Unsecured Trade Claims	East Business Trust	Unimpaired – Deemed to Accept	No
3E	Unsecured Trade Claims	Johnston Square	Unimpaired – Deemed to Accept	No
3F	Unsecured Trade Claims	Management	Unimpaired – Deemed to Accept	No
3G	Unsecured Trade Claims	Newington	Unimpaired – Deemed to Accept	No
3H	Unsecured Trade Claims	Ocala	Unimpaired – Deemed to Accept	No
3I	Unsecured Trade Claims	Patriots II	Unimpaired – Deemed to Accept	No
3J	Unsecured Trade Claims	Peabody	Unimpaired – Deemed to Accept	No
3K	Unsecured Trade Claims	Royalton	Unimpaired – Deemed to Accept	No
3L	Unsecured Trade Claims	West Business Trust	Unimpaired – Deemed to Accept	No
4A	Other Unsecured Claims	City Homes III	Unimpaired – Deemed to Accept	No
4B	Other Unsecured Claims	CHI	Unimpaired – Deemed to Accept	No
4C	Other Unsecured Claims	Bretton	Unimpaired – Deemed to Accept	No
4D	Other Unsecured Claims	East Business Trust	Unimpaired – Deemed to Accept	No

CLASS	DESIGNATION	DEBTOR	IMPAIRMENT	ENTITLED TO VOTE
4E	Other Unsecured Claims	Johnston Square	Unimpaired – Deemed to Accept	No
4F	Other Unsecured Claims	Management	Unimpaired – Deemed to Accept	No
4G	Other Unsecured Claims	Newington	Unimpaired – Deemed to Accept	No
4H	Other Unsecured Claims	Ocala	Unimpaired – Deemed to Accept	No
4I	Other Unsecured Claims	Patriots II	Unimpaired – Deemed to Accept	No
4J	Other Unsecured Claims	Peabody	Unimpaired – Deemed to Accept	No
4K	Other Unsecured Claims	Royalton	Unimpaired – Deemed to Accept	No
4L	Other Unsecured Claims	West Business Trust	Unimpaired – Deemed to Accept	No
5A	Lead-Paint Claims	City Homes III	Impaired	Yes
5B	Lead-Paint Claims	CHI	Impaired	Yes
5C	Lead-Paint Claims	Bretton	Impaired	Yes
5D	Lead-Paint Claims	East Business Trust	Impaired	Yes
5E	Lead-Paint Claims	Johnston Square	Impaired	Yes
5F	Lead-Paint Claims	Management	Impaired	Yes
5G	Lead-Paint Claims	Newington	Impaired	Yes
5H	Lead-Paint Claims	Ocala	Impaired	Yes
5I	Lead-Paint Claims	Patriots II	Impaired	Yes
5J	Lead-Paint Claims	Peabody	Impaired	Yes
5K	Lead-Paint Claims	Royalton	Impaired	Yes
5L	Lead-Paint Claims	West Business Trust	Impaired	Yes
6A	Intercompany Claims	City Homes III	Impaired – Deemed to Reject (No Distributions or Property)	No
6B	Intercompany Claims	CHI	Impaired – Deemed to Reject (No Distributions or Property)	No
6C	Intercompany	Bretton	Impaired – Deemed to Reject	No

CLASS	DESIGNATION	DEBTOR	IMPAIRMENT	ENTITLED TO VOTE
	Claims		(No Distributions or Property)	
6D	Intercompany Claims	East Business Trust	Impaired – Deemed to Reject (No Distributions or Property)	No
6E	Intercompany Claims	Johnston Square	Impaired – Deemed to Reject (No Distributions or Property)	No
6F	Intercompany Claims	Management	Impaired – Deemed to Reject (No Distributions or Property)	No
6G	Intercompany Claims	Newington	Impaired – Deemed to Reject (No Distributions or Property)	No
6H	Intercompany Claims	Ocala	Impaired – Deemed to Reject (No Distributions or Property)	No
6I	Intercompany Claims	Patriots II	Impaired – Deemed to Reject (No Distributions or Property)	No
6J	Intercompany Claims	Peabody	Impaired – Deemed to Reject (No Distributions or Property)	No
6K	Intercompany Claims	Royalton	Impaired – Deemed to Reject (No Distributions or Property)	No
6L	Intercompany Claims	West Business Trust	Impaired – Deemed to Reject (No Distributions or Property)	No
7A	Interests	City Homes III	Unimpaired – Deemed to Accept	No
7C	Interests	Bretton	Unimpaired – Deemed to Accept	No
7D	Interests	East Business Trust	Unimpaired – Deemed to Accept	No
7E	Interests	Johnston Square	Unimpaired – Deemed to Accept	No
7F	Interests	Management	Unimpaired – Deemed to Accept	No
7G	Interests	Newington	Unimpaired – Deemed to Accept	No
7H	Interests	Ocala	Unimpaired – Deemed to Accept	No
7I	Interests	Patriots II	Unimpaired – Deemed to Accept	No
7J	Interests	Peabody	Unimpaired – Deemed to Accept	No
7K	Interests	Royalton	Unimpaired – Deemed to Accept	No

CLASS	DESIGNATION	DEBTOR	IMPAIRMENT	ENTITLED TO VOTE
7L	Interests	West Business Trust	Unimpaired – Deemed to Accept	No

**ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS**

Allowed Claims shall be treated under the Plan in the manner set forth in this Article IV. The treatment of and the consideration to be received by Holders of Allowed Claims shall be in full and final satisfaction, settlement, release, extinguishment and discharge of their respective Allowed Claims (of any nature whatsoever), including any liens securing such Allowed Claims.

4.1 Classes 1A, 1C-1E, 1H, 1J-1L – Secured Claims. *The Debtors will take the following action with respect to each Holder of an Allowed Secured Claim:* Unless the Debtors and the Holder of a Secured Claim agree otherwise, the Debtors will conduct public auctions or private sales of all Properties constituting collateral of Holders of Secured Claims, free and clear of all liens, claims and encumbrances, with all such liens, claims and encumbrances to attach to the Net Sale Proceeds with the same validity, priority and extent as such liens had on the Properties immediately prior to the sale. All such public auctions shall be conducted by the Plan Sale Agent (and in the event of a private sale contract(s), entered into) within 90 days after the Effective Date; provided that the Plan Proponents may extend this time period for an additional 90 days in the event they determine, in their reasonable discretion and upon advice of the Plan Sale Agent, that the delay will result in a materially higher sale price. All Holders of Secured Claims shall be permitted to credit bid at any public auction sale up to the full amount of their respective Allowed Secured Claims; provided that if a junior lienholder credit bids, such junior lienholder's credit bid must include sufficient cash to pay all senior lienholders in full. Promptly at closing of any sale of such Properties, the Holder of the Allowed Secured Claim with respect to the collateral sold shall be paid ninety-five percent (95%) of the Net Sale Proceeds (collectively, the "Disbursed Proceeds"), up to the amount of such Holder's Allowed Secured Claim. The Disbursed Proceeds shall be paid to the Holders of Allowed Secured Claims in the same priority and to the same extent as such Holders had liens, claims and encumbrances on the Properties sold. No Property shall be sold by way of a private sale unless the Holder of all Allowed Secured Claims with respect to the Property being sold either consents or will be paid in full from the sale. In the event of any dispute with respect to the amount to be paid to any Holder of a Secured Claim at the time of closing, the amount in dispute shall be held in reserve and only the undisputed portion of the Net Sale Proceeds shall be payable to such Holder. In addition, the Holder of an Allowed Secured Claim with a duly perfected lien on cash collateral shall be entitled to retain and apply in payment of such Holder's Allowed Secured Claim, until such Allowed Secured Claim is paid in full, one hundred percent (100%) of the property replacement reserve account subject to the Holder's lien. In the event that any Properties are not sold, the Debtors shall provide the Holder of the Secured Claim secured by any such Properties with a Notice of Abandonment, upon which the Properties shall be deemed to be abandoned pursuant to Section 554 of the Bankruptcy Code, or upon written request of the Holder, the Debtors may, at their respective option and with the consent of the Holder, assign and convey to the Holder all of the Debtor's right, title and interest in such item of Properties, by a deed in lieu

of foreclosure. Upon the Effective Date of any Notice of Abandonment, the automatic stay shall be deemed terminated with respect to the abandoned Property, without any further notice or order of the Bankruptcy Court. Upon the closing of any sale and the payment of the Net Sale Proceeds as set forth above to the Holder of the Allowed Secured Claim, or the assignment and conveyance of title to the Properties to the Holder, the Holder's Secured Claim shall be deemed to be fully satisfied and discharged. With respect to the Holder of an Allowed Secured Claim on any Property, the Holder shall retain all of its lien rights under the Holder's loan documents with respect to the Property, until the Property is sold. The Debtors and any Holder of an Allowed Secured Claim may mutually agree to an alternative treatment with the approval of the Committee including without limitation, with the Holder's consent, assigning title to the Properties that were not sold by the Plan Sale Agent to the then current tenants occupying the leased premises, in keeping with CHI's charitable purposes. For an Allowed Claim that is a Secured Claim solely based on rights of setoff, the Plan shall not affect any such setoff rights, which shall be retained by the Holder of such Claim. Holders of Secured Claims shall maintain the right to request relief from the automatic stay prior to closing on the sale of Property subject to their respective liens, and all objections to any such request are expressly preserved.

Each Holder of an Allowed Secured Claim in Class 1A, 1C-1E, 1H, 1J-1L will retain the liens securing such Claim as of the Effective Date, until such Claims are paid in full or otherwise satisfied in accordance with the Plan.

Classes 1A, 1C-1E, 1H, 1J-1L are impaired and Holders of Class 1A, 1C-1E, 1H, 1J-1L Claims are entitled to vote to accept or reject this Plan.

4.2 Classes 2A-L - Priority Non-Tax Claims. The Debtors are not aware of any Priority Non-Tax Claims. To the extent any Priority Non-Tax Claims exist, each Holder of a Class 2A-L Allowed Priority Non-Tax Claim shall be paid the Allowed Amount of its Claim either (i) in Cash in full on the later of (a) the Effective Date or (b) the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, or (ii) on such other less favorable terms as agreed to by the Holder of an Allowed Priority Non-Tax Claim and the Debtors.

Classes 2A-L are unimpaired, and Holders of Class 2A-L Claims are deemed to accept this Plan and thus are not entitled to vote to accept or reject this Plan.

4.3 Classes 3A-L - Unsecured Trade Claims. In full and complete satisfaction, discharge and release of its Claim, each Holder of a Class 3A-L Allowed Unsecured Trade Claim shall be paid in Cash in full the Allowed Amount of its Claim in the ordinary course of the Debtors' respective businesses and in any event by no later than the later of (a) 45 days after the Effective Date or (b) the date such Unsecured Trade Claim becomes an Allowed Unsecured Trade Claim.

Classes 3A-L are unimpaired and Holders of Class 3A-L Claims are deemed to accept this Plan and thus are not entitled to vote to accept or reject this Plan.

4.4 Classes 4A-L – Other Unsecured Claims. In full and complete satisfaction, discharge and release of its Claim, each Holder of a Class 4A-L Allowed Other Unsecured Claim, including any Claim held by Lead-Paint Insurance Entities based on the Debtors' failure

to pay a deductible amount prior to the Effective Date, shall be paid in Cash in full the Allowed Amount of its Claim in the ordinary course of the Debtors' respective businesses and in any event by no later than the later of (a) 90 days after the Effective Date or (b) the date such Other Unsecured Claim becomes an Allowed Other Unsecured Claim. With respect to any Lead-Paint Insurance Entity that has a Class 4A-L Allowed Other Unsecured Claim based on an alleged failure of any of the Debtors to satisfy any monetary obligations under any Lead-Paint Insurance Policy, such Holder of such Allowed Other Unsecured Claim shall be permitted to retain and exercise all rights of setoff with respect to amounts due under any such Policy as a result of a settlement or judgment; provided, however, that with respect to any such Claim based on a provision in the Lead-Paint Insurance Policy obligating a Debtor to pay a deductible amount in the future, the Debtor and Reorganized Debtor so obligated shall remain obligated to pay such deductible amount in the ordinary course of business, consistent with the applicable terms of the Lead-Paint Insurance Policy.

This Plan does not modify any of the rights or obligations of the Lead-Paint Insurance Entities or the Debtors under the Lead-Paint Insurance Policies or Insurance Settlement Agreements. The Lead-Paint Insurance Entities and the Reorganized Debtors shall retain their respective rights and obligations (and the rights and obligations of their predecessors) to assert or oppose any claims or defenses arising under or in connection with any Lead-Paint Insurance Policy or Insurance Settlement Agreement. To the extent any provision in a Lead-Paint Insurance Policy obligates a Debtor to pay a deductible amount, such Reorganized Debtor shall remain obligated to pay such deductible amount in the ordinary course of business, consistent with the applicable terms of the Lead-Paint Insurance Policy.

Classes 4A-L are unimpaired and Holders of Class 4A-L Claims are deemed to accept this Plan and thus are not entitled to vote to accept or reject this Plan.

4.5 Class 5A-L –Lead-Paint Claims. This Class consists of Lead-Paint Claimants. All Lead-Paint Claimants shall be entitled to initiate, continue and/or prosecute their Lead-Paint Claims in the non-Bankruptcy Court tort system against the Debtors and the Reorganized Debtors for the purpose of establishing the Debtor(s)' liability for such Lead Paint Claims. The rights of Lead-Paint Claimants to recover on or enforce such Claims against the Debtors and Reorganized Debtors shall be limited to the proceeds of Lead-Paint Insurance Policies applicable to their Lead-Paint Claim. Any Lead-Paint Claimants may elect to participate in the Voluntary Lead-Paint Claim Compensation Fund described below in lieu of pursuing their Lead-Paint Claim against the Debtors and Reorganized Debtors in the tort system.

Upon the Effective Date, the Reorganized Debtors shall establish the Voluntary Lead-Paint Claim Compensation Fund for the payment of Lead-Paint Claims whose Holders elect to participate in receiving distributions from the Voluntary Lead-Paint Claim Compensation Fund, which election shall be in the sole discretion of each such individual Holder. The Voluntary Lead-Paint Claim Compensation Fund shall be funded after the Effective Date, from a portion of the Net Sale Proceeds of the Properties, with the sum of Four Hundred Thousand Dollars (\$400,000). To participate in the Voluntary Lead-Paint Claim Compensation Fund, each Lead-Paint Claimant shall provide the Reorganized Debtors with an executed Voluntary Lead-Paint Claim Compensation Fund claim form (a "Lead-Paint Claim Form") within one (1) year after the Effective Date in the same or substantially similar format to that attached hereto as **Exhibit C**,

setting forth (a) residency or significant periods of time spent at a property owned by any Debtor, other than Johnston Square and Royalton, and the dates of residency or significant periods of time spent there; and (b) an elevated blood lead level of at least 5µg/dl at or about the time of the Claim Holder's residency at a property owned by a Debtor or the time spent there, with documentation evidencing such blood level and the date of the test. Upon such a showing, the Lead-Paint Claim shall be allowed. As soon as reasonably practicable after the resolution and determination of all timely filed Lead-Paint Claim Forms following the expiration of the one-year period for filing such Claims, the Reorganized Debtors shall pay each such Holder of an Allowed Lead-Paint Claim Forms such Claimant's equal pro rata share of the Voluntary Lead-Paint Claim Compensation Fund, calculated by dividing the amount of the Voluntary Lead-Paint Claim Compensation Fund by the number of timely filed Allowed Lead-Paint Claim Forms. Holders of Lead-Paint Claims participating in the Voluntary Lead-Paint Claim Compensation Fund shall receive no further payment under this Plan, and such Holders shall be permanently enjoined from commencing or continuing the prosecution of the Holder's Lead-Paint Claims against the Debtors and Reorganized Debtors in any court. Upon request of a Lead-Paint Insurance Entity, the Reorganized Debtors shall provide a list of any current claimants who have submitted a claim to the Voluntary Lead-Paint Claim Compensation Fund. Such names shall be treated as confidential by the requesting Lead-Paint Insurance Entity and shall not be disclosed by such Lead-Paint Insurance Entity absent further order of the Court.

Classes 5A-L are impaired and Holders of Class 5A-L Claims are entitled to vote to accept or reject this Plan. Holders of Class 5A-L Claims who fill out and submit a form of Ballot certifying that the Holders have a Lead-Paint Claim against one or more of the Debtors shall have such Claim temporarily allowed, solely for purposes of voting on the Plan, in the amount of one dollar and will be entitled to vote that Claim in that amount. The temporary allowance of such Class 5A-L Claims shall be without prejudice to the Debtors' rights and defenses with respect to the dispute of all such Claims.

4.6 Classes 6A-L – Intercompany Claims. This Class consists of Intercompany Claims between and among the Debtors and their related Non-Debtor Affiliates. On the Effective Date, Intercompany Claims shall not be entitled to any distribution under the Plan and such claims shall be cancelled on the Effective Date. Holders of these Claims will receive no Distributions or property under the Plan.

Classes 6A-L are impaired and Holders of Classes 6A-L Claims, shall receive no distribution on account of Claims in Classes 6A-L, and thus are deemed to reject this Plan and not entitled to vote to accept or reject this Plan.

4.7 Classes 7A-L –Interests. This Class consists of the Interests in the Debtors. The Holders of Class 7A-L Interests will retain their respective interests, unaffected by Confirmation of the Plan, in order to ensure the Debtors' ability to implement the terms of the Plan. To the extent that CHI holds an Interest in another Debtor or Non-Debtor Affiliate whose real property is sold under the Plan, CHI will exercise its rights as the member of such other Debtors or Non-Debtor Affiliates to cause such Entity to distribute the Net Sale Proceeds and other cash available after payment of such Entity's valid Claims, for the purpose of funding CHI's obligations under the Plan. After any Debtor completes the liquidation of its assets and distribution to CHI of the Net Sale Proceeds remaining after paying all of the Entity's

obligations, for CHI to use for meeting its obligations under the Plan and its continued operating expenses, CHI will cause each such Debtor to be merged into CHI.

Classes 7A-L are unimpaired and Holders of Classes 7A-L Interests are deemed to accept this Plan and are not entitled to vote to accept or reject this Plan.

ARTICLE V IMPLEMENTATION OF THIS PLAN

This Plan shall be implemented on the Effective Date in accordance with its terms. In addition to the provisions set forth in other provisions of this Plan, the Plan shall be implemented as follows:

5.1 Continued Existence of Reorganized Debtors.

(a) Upon the Effective Date, the Reorganized Debtors shall continue to maintain their separate corporate existence for all purposes under this Plan with all powers of a corporation or limited liability company, as applicable, under Maryland law, except as otherwise provided in this Plan. This Plan does not provide for substantive consolidation of the Debtors' Estates, and the Reorganized Debtors shall continue to maintain their separate identities after the Effective Date, except as otherwise provided in the Plan.

(b) The Reorganized Debtors shall continue to conduct their operations and business, with CHI continuing its mission as a charitable, non-profit corporation, to the extent provided for in this Plan, and may use, sell and dispose of any assets necessary for the implementation of this Plan, free and clear of any and all interests, liens, claims and encumbrances, subject to the terms of this Plan.

(c) Administrative Expense Claims, Priority Tax Claims, Non-Priority Tax Claims, Unsecured Trade Claims and Other Unsecured Claims will be paid from the operating funds of the Reorganized Debtors.

(d) Except as otherwise may be provided in the Plan, on the Effective Date, all Intercompany Claims of any Debtor against any other Debtor or their related Non-Debtor Affiliates are waived and cancelled.

5.2 Merger of Non-Debtor Affiliates into CHI. Upon the earlier of (i) the sale of a Non-Debtor Affiliate's Properties, (ii) CHI's election, or (iii) one year after the Confirmation Date, each of the Non-Debtor Affiliates shall be merged into CHI, with all of the Properties and other assets, including rights under any potentially applicable insurance policies and any and all documents of a type that would have been in the Lead-Paint Litigation Repository had the Non-Debtor Affiliates been Debtors, owned by each of the Non-Debtor Affiliates to become assets of CHI, and all of the liabilities of the Non-Debtor Affiliates to become liabilities of CHI. Such liabilities that are uninsured shall be paid from the Net Sale Proceeds of Properties or other cash owned by each such Non-Debtor Affiliate prior to such funds being used by CHI to fund its other obligations under this Plan. The merger of the Non-Debtor Affiliates into CHI shall not alter the extent or limits of the liability or obligations of any Lead-Paint Insurance Policy with respect to any Lead-Paint Claim that may be asserted against any of the Non-Debtor Affiliates or Debtors,

so that all such liability or obligations shall remain the same as they are immediately prior to such mergers.

5.3 Temporary Rental Operations. The Debtors' real property will be retained by their respective owners for the continued rental operations of the Debtors' businesses, until the real property owned by each Debtor is sold pursuant to the Plan, and no Debtor shall be merged into CHI under Paragraph 5.2 above until after the closing of the sale of each such Debtor's Properties. Prior to the sale of the Properties, the Properties of the Debtors and the Non-Debtor Affiliates shall continue to be managed by City Homes Management LLC, and the Plan Trustee shall have no authority or responsibility for the management or operations of the Properties.

5.4 Sale of Properties. This Plan contemplates, among other things, the sale of all of the real property owned by the Debtors and their Non-Debtor Affiliates. The Confirmation Order shall authorize the Debtors to take all actions required to consummate the sales of the Properties. The sales of the Properties in all respects shall be deemed a sale pursuant to §§ 363 and 1123(a)(5)(D) of the Bankruptcy Code, pursuant to a Plan confirmed under § 1129 of the Bankruptcy Code, effectuated pursuant to § 1141 of the Bankruptcy Code, and all such sales shall be exempt from any transfer and other taxes in accordance with § 1146 of the Bankruptcy Code. Sales of the Properties shall convey title to the purchaser free of all liens, claims, encumbrances and interests, and without successor liability; provided, however, that all such sales shall be subject to the rights of any existing tenants to continue to occupy their respective leased premises in accordance with the terms of their leases and to the tenants' rights of first refusal, if any, to purchase the premises prior to any such sale. The purchasers of the Properties, upon closing, shall conclusively be considered to have purchased each of the Properties "in good faith" pursuant to Bankruptcy Code §363(m). If an Entity who asserts or holds a lien with respect to the Properties so sold does not object to this Plan, each such Entity shall be deemed to have consented to the sale free and clear of such Entity's asserted lien on the terms and conditions set forth herein. The Plan Sale Agent shall be entitled to be paid its compensation in accordance with its agreement with the Debtors, without any requirement for Bankruptcy Court approval or the filing of any applications, affidavits or notices with the Bankruptcy Court.

5.5 Flow of Funds and Funding of Post-Effective Date Operations of Reorganized Debtors. Under this Plan, upon the sale of Properties, each Debtor's available cash and Net Sale Proceeds shall be first applied to pay all Allowed Claims in the particular Debtor's Chapter 11 Case in accordance with the terms of this Plan. To the extent that each Debtor has funds available following the payment of Allowed Claims in the Debtor's Chapter 11 Case, such funds shall be managed and applied as follows: For all Debtors other than CHI, funds will be contributed to the Voluntary Lead-Paint Claim Compensation Fund to ensure its full and proper funding, and any remaining funds shall be distributed to CHI for funding of the Reorganized Debtors' post-Effective Date operations. In particular and without limitation, CHI shall use funds received from the other Debtors as well as Net Sale Proceeds received from CHI's Non-Debtor Affiliates, after sale of their respective Properties, to fund the costs of the Lead-Paint Litigation Document Repository and the Plan Trustee, as well as all other post-Effective Date costs, to implement the terms of this Plan.

5.6 Actions against the Debtors, Reorganized Debtors and Lead-Paint Insurance Entities to Obtain Benefits of the Lead-Paint Insurance Coverage.

(a) All Holders of Lead-Paint Claims shall be entitled to initiate, continue and/or prosecute their Lead-Paint Claims in the non-Bankruptcy Court tort system against the Debtors and the Reorganized Debtors. Lead-Paint Claimants' recoveries for such cases referred to in the foregoing sentence will be limited to the proceeds of Lead-Paint Insurance Policies applicable to their Lead-Paint Claim. Lead-Paint Insurance Entities are entitled to recover any deductible applicable to a Lead-Paint Claim by setting off such amount from the settlement or judgment paid to that Lead-Paint Claimant. In the event that a Holder of a Lead-Paint Claim commences or continues such an action after the Effective Date, any complaint in such an action shall name or substitute the appropriate Reorganized Debtors as a defendant, in lieu of the corresponding Debtors, but shall be non-recourse as against the Reorganized Debtors. A Lead-Paint Claimant shall be entitled to enforce Lead-Paint Insurance Rights against any Lead-Paint Insurance Entities to the same extent as the Debtor, Non-Debtor Affiliate or Reorganized Debtor would be entitled to enforce such rights, including but not limited to the Debtors', Non-Debtor Affiliates' or Reorganized Debtors' right to assert willful, bad faith or negligent refusal to settle claims. Notwithstanding the foregoing, in the event that any Holder of a Lead-Paint Claim elects to file a claim against the Voluntary Lead-Paint Claim Compensation Fund, the Holder shall dismiss with prejudice any pending suit against any of the Reorganized Debtors as a condition for receipt of a distribution from the Voluntary Lead-Paint Claim Compensation Fund.

(b) Such action by the Holder of a Lead-Paint Claim may be filed in any court where the Debtors or Non-Debtor Affiliates were subject to *in personam* jurisdiction as of the Petition Date and shall be deemed by operation of law to be an action against the particular Debtor(s), Non-Debtor Affiliate(s) or Reorganized Debtor(s) against which the Lead-Paint Claimant asserts his or her claim. Any such action may be served on a person or entity appointed by the Reorganized Debtors for this purpose. The Reorganized Debtors shall exercise reasonable diligence to tender such actions to all potentially responsible Lead-Paint Insurance Entities within fourteen (14) days of receipt. To the full extent permissible under applicable non-bankruptcy law, any Lead-Paint Claimant shall be permitted to bring suit directly against any Lead-Paint Insurance Entity to enforce the Lead-Paint Insurance Rights. This Section 5.6(b) is not intended to create or expand upon any direct action rights that may otherwise exist under applicable non-bankruptcy law. All rights of any Lead-Paint Insurance Entity to object to or otherwise defend against any direct action claim(s) are fully preserved.

(c) *Preservation of Lead-Paint Related Defenses and Rights to Offset.* In any action commenced under Section 5.6(a) of this Plan against the Reorganized Debtors or against a Lead-Paint Insurance Entity the Reorganized Debtors shall have all defenses whatsoever available to the Debtors or Non-Debtor Affiliates under bankruptcy and non-bankruptcy law (including but not limited to all defenses under § 502 of the Bankruptcy Code), affirmative defenses, rights of setoff and recoupment, counterclaims and rights of contribution, reimbursement, subrogation and indemnity. Nothing relating to this Plan, the Disclosure Statement, the confirmation of this Plan or the entry of the Confirmation Order shall be construed as a waiver or admission with respect to any Lead-Paint Claim and all parties (expressly including the Lead-Paint Insurance Entities) shall be free to make any contentions

permitted by applicable bankruptcy and non-bankruptcy law with respect to such Lead Paint Claims.

(d) *Preservation of Lead-Paint Insurance Rights.* This Plan does not modify any of the rights or obligations of the Lead-Paint Insurance Entities or the Debtors or Non-Debtor Affiliates under the Lead-Paint Insurance Policies or Insurance Settlement Agreements. The Lead-Paint Insurance Entities and the Reorganized Debtors shall retain their respective rights and obligations (and the rights and obligations of their predecessors) to assert or oppose any claims or defenses arising under or in connection with any Lead-Paint Insurance Policy or Insurance Settlement Agreement.

(e) *Certain Ongoing Obligations of the Reorganized Debtors.* The Reorganized Debtors will perform all obligations, if any, necessary to preserve and maximize the Lead-Paint Insurance Rights to the fullest extent possible and shall not release or waive any Lead-Paint Insurance Rights at any time. The Reorganized Debtors will cooperate with the Lead-Paint Insurance Entities in the defense of Lead-Paint Claims to the extent required under the Lead-Paint Insurance Policies. To facilitate such cooperation, but without admission that such action is required under the Lead-Paint Insurance Policies, the Debtors shall establish the Lead-Paint Litigation Document Repository on or before the Effective Date. The Lead-Paint Litigation Document Repository is also being established for the benefit of the Lead Paint Claimants, who are entitled to access the non-privileged information therein in the pursuit of their Lead Paint Claims. Notwithstanding the foregoing sentence, the Lead Paint Claimants shall not have access to any non-privileged information in the Lead-Paint Litigation Document Repository except to the extent that such Lead Paint Claimant has filed a lawsuit in the non-bankruptcy tort system and requested discovery and in such case, such Lead-Paint Claimant shall have access to such responsive documents discoverable pursuant to the Maryland Rules of Civil Procedure and/or as ordered by the non-bankruptcy court where the lawsuit is pending. Such Lead-Paint Litigation Document Repository shall include all documents in the Debtors' possession, custody or control as of the Confirmation Date (including all documents from the Non-Debtor Affiliates) that relate to: (1) the presence or absence of lead paint in any properties ever owned, operated or managed by Debtors or Non-Debtor Affiliates; (2) maintenance and repair records, including, but not limited to, work tickets, records of lead paint interventions and/or abatements, and records related to property renovation and/or rehabilitation; (3) names, ages and any other information relating to tenants of the Debtors or Non-Debtor Affiliates, including, but not limited to, leases and rental applications, all rent records, rent cards, and other information showing the dates of tenancies and the identification of persons residing at each address; (4) Lead-Paint Insurance Policies and any documents related to or reflecting the existence of Lead-Paint Insurance Policies; (5) internal corporate communications, including but not limited to meeting minutes from board of directors meetings; and (6) any other documents reasonably related to Lead-Paint Claims or potential Lead-Paint Claims against the Debtors or Non-Debtor Affiliates or their officers, directors and employees, including, but not limited to, any documents relating to past Lead-Paint Claims, all of which shall be maintained in a manner and location mutually approved by the Debtors and the Committee. The Reorganized Debtors shall use their diligent efforts to make available their President and other employees, agents or representatives employed after the Effective Date to the extent required for the defense of Lead-Paint Claims. The Plan Trustee will oversee and manage the Lead-Paint Litigation Document Repository, regardless of where the Repository may be located. In the event that the Repository

is established with a third-party vendor, the Plan Administration Agent will coordinate and oversee the services provided by the vendor.

(f) *Assignment of Certain Claims.* Upon the request of any Lead-Paint Claimant that has asserted a Lead Paint-Claim against a Reorganized Debtor, the Reorganized Debtor will execute an assignment of its rights to pursue the applicable Lead-Paint Insurance Entity for willful, bad faith and/or negligent refusal to settle in favor of that Lead-Paint Claimant in substantially the form attached hereto as Exhibit D. This provision is not intended to create or expand upon any legal rights or remedies that may otherwise exist under applicable non-bankruptcy law and is not intended to be construed as a finding that willful, bad faith or negligent refusal to settle claims are legally cognizable under applicable non-bankruptcy law. Any Lead-Paint Insurance Entity that is the subject of an assigned claim(s) under this section retains the right to challenge, object to or otherwise defend against such assigned claim(s).

(g) *Impact on Insurance.* Nothing in the Disclosure Statement, Plan or any related documents or Confirmation Order (including any provision that purports to be preemptory or supervening or grants a release or injunction) shall: (i) affect, impair or prejudice the rights and defenses of any Lead-Paint Insurance Entity or the Debtors or Reorganized Debtors under the Lead-Paint Insurance Policies or Insurance Settlement Agreements in any manner, and such Lead-Paint Insurance Entity, Debtors and Reorganized Debtors shall retain all rights, obligations and defenses under the Lead Paint Insurance Policies or Insurance Settlement Agreements; (ii) have any *res judicata*, collateral estoppel or other preclusive effect on any party's legal, equitable or contractual rights and obligations under any Lead Paint Insurance Policy or Insurance Settlement Agreements, if any, or determine the applicability or non-applicability of any provision of any Lead Pant Insurance Policy or Insurance Settlement Agreement; (iii) constitute a trial, an adjudication on the merits or evidence establishing the liability of any insurer in subsequent litigation for any claim, including any Lead Paint Claim, or any of the Lead-Paint Insurance Policies or Insurance Settlement Agreements, including on the basis of the decision in *UNR Industries, Inc. v. Continental Casualty Co.*, 942 F.2d 1101 (7th Cir. 1991) or any coverage obligations(s), if any, of any Lead-Paint Insurance Entity for any Claim; (iv) establish the liability or obligation of Debtors or Reorganized Debtors with respect to any Claim including whether the Debtors or Reorganized Debtors suffered an insured loss; (v) be deemed to grant to any person any right to sue any Lead-Paint Insurance Entity directly that would not otherwise exist under applicable non-bankruptcy law; (vi) act as a determination that any Lead-Paint Insurance Entity has any defense or indemnity obligation with respect to any Claim.

(h) *Preservation of Lead-Paint Insurance Rights.* This Plan does not modify any of the rights or obligations of the Lead-Paint Insurance Entities or the Debtors under the Lead-Paint Insurance Policies or Insurance Settlement Agreements. The Lead-Paint Insurance Entities and the Reorganized Debtors shall retain their respective rights and obligations (and the rights and obligations of their predecessors) to assert or oppose any claims or defenses arising under or in connection with any Lead-Paint Insurance Policy or Insurance Settlement Agreement.

5.7 Volunteer Nature of the Board of Directors. Intentionally deleted.

5.8 Plan Trustee Duties and Authority. Upon the Effective Date, with the exception set forth below, the Plan Trustee shall perform the duties of the Debtors and Reorganized Debtors to implement the Plan, including without limitation, working with the Plan Sale Agent to oversee the sale of the Properties, maintenance of the Lead-Paint Litigation Document Repository, performing the Reorganized Debtors' non-monetary obligations under Lead-Paint Insurance Policies to the extent it is within the Reorganized Debtors' abilities to do so, administering the Voluntary Lead-Paint Claim Compensation Fund, assisting in the disputed Claims resolution procedures, and retaining any and all employees, independent contractors, agents and professionals, and entering into contracts on behalf of the Reorganized Debtors, as may be necessary or appropriate to assist the Plan Administration Agent to perform the Reorganized Debtors' duties under the Plan. Notwithstanding the foregoing, the Plan Trustee shall have no authority or responsibility for the management of the Properties or operations of City Homes Management LLC prior to the closing of the sales of the Properties.

5.9 Disposition of Excess Funds. In the event that the Reorganized Debtors have completed all of their obligations under the Plan and all Allowed Claims have been paid the full amount to which Holders are entitled under the Plan and the Reorganized Debtors have any funds remaining, all such excess funds shall be added to the funds in the Voluntary Lead-Paint Claim Compensation Fund for the benefit of the participants in distributions from the Voluntary Lead-Paint Claim Compensation Fund.

ARTICLE VI PROCEDURES FOR DISPUTED CLAIMS, EXCLUDING LEAD-PAINT CLAIMS

6.1 Objections to Claims. Unless otherwise ordered by the Bankruptcy Court, the Debtors, and, from and after the Effective Date, the Reorganized Debtors, are entitled to object to all Claims, excluding the Lead-Paint Claims.

6.2 No Distribution Pending Allowance. Notwithstanding any other provision to the contrary and excepting Lead-Paint Claims, if any portion of a Claim is a Disputed Claim, no payment or distribution shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

6.3 Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, and excepting Lead-Paint Claims, following the Effective Date, the Reorganized Debtors shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under §§ 328(a), 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than sixty (60) days after the Effective Date (subject, however, to the right the Reorganized Debtors to seek an extension of time to file such objections by seeking such extension with approval from the Bankruptcy Court).

**ARTICLE VII
EXECUTORY CONTRACTS AND UNEXPIRED LEASES (AND INSURANCE
POLICIES)**

7.1 Executory Contracts and Unexpired Leases. On the Effective Date, all Executory Contracts and unexpired leases to which any one or more Debtors is a party shall be assumed, including but not limited to (i) the Severance Plan adopted by CHI and Management prior to the Petition Date, and (ii) those listed in the Debtors' Schedules, unless the Debtors designate any such Executory Contract or unexpired lease to be rejected pursuant to Section 365 of the Bankruptcy Code, with notice of such rejection to be issued prior to the Confirmation Date. With respect to the Severance Plan, payments under the Severance Plan will continue to be subject to all of the conditions set forth in Part V of the Severance Plan, including the inability of CHI to pay benefits when due, and such benefits will not be payable unless and until the Debtors have fully funded the Voluntary Lead-Paint Claim Compensation Fund and have sufficient funds to maintain the Lead-Paint Litigation Document Repository consistent with the Debtors' projections, and have sufficient funds to satisfy any outstanding or future obligations to Lead-Paint Insurance Entities, including for deductibles. The Debtors reserve the right to designate an unexpired lease with a tenant to be rejected as of the Effective Date, by filing a Notice of Rejection of Tenant Lease with the Bankruptcy Court and by providing notice to the tenant of the lease to be rejected, within five (5) business days prior to the Confirmation Date. All tenants for any such lease designated for rejection under Section 365 shall have all rights provided under Section 365(h) of the Bankruptcy Code, including without limitation the right to continue to remain in possession of the leased premises for the duration of the term of the lease.

7.2 Insurance Policies. All insurance policies, including but not limited to Lead-Paint Insurance Policies, shall remain in full force and effect unless otherwise validly terminated, and issuers of such insurance policies shall remain responsible to the Reorganized Debtors for claims in accordance with the terms and provisions of such insurance policies to exactly the same extent as they would be responsible to the Debtors or Non-Debtor Affiliates in the absence of this bankruptcy case. The issuers of insurance policies shall be responsible for continuing coverage obligations under such insurance policies in accordance with applicable law. The insurance policies, including but not limited to the Insurance Settlement Agreements, are not Executory Contracts subject to assumption or rejection.

Nothing contained in this Plan shall constitute or be deemed to be a waiver of any cause of action that the Debtors or Non-Debtor Affiliates may hold against any Entity, including any issuer of an insurance policy under which the Debtors or any of them has a right to benefits.

**ARTICLE VIII
CONDITIONS PRECEDENT**

8.1 Condition Precedent to Effective Date of Plan. The following are conditions precedent to the occurrence of the Effective Date:

(a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance satisfactory to the Debtors and Committee.

(b) The Confirmation Order shall have become a Final Order.

(c) No request for revocation of the Confirmation Order under § 1144 of the Bankruptcy Code has been made, or, if made, remains pending.

8.2 The Plan Proponents shall file a notice of the Effective Date of this Plan with the Bankruptcy Court.

8.3 Effect of Non-occurrence of Conditions to Effective Date. If each of the conditions to the occurrence of the Effective Date has not been satisfied or duly waived, the Confirmation Order may be vacated by the Bankruptcy Court upon request by the Plan Proponents. If the Confirmation Order is vacated pursuant to this Article 8.3, this Plan shall be null and void in all respects, and nothing contained in this Plan shall constitute a waiver or release of any Claims against the Debtors. Notwithstanding the foregoing, any of the conditions precedent to the Effective Date set forth in Section 8.1 may be waived or modified at any time by written agreement of both the Debtors and the Committee, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than filing of a written stipulation approved and executed by both the Debtors and the Committee.

ARTICLE IX EFFECT OF CONFIRMATION

9.1 Binding Effect. Except as otherwise provided in § 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the rights afforded under this Plan and the treatment of Claims and Interests under this Plan shall bind any Holder of a Claim against, or Interest in any one or more of the Debtors and their respective successors and assigns. Confirmation of this Plan shall bind and govern the acts of the Reorganized Debtors and all Holders of Claims against, and Interests in the Debtors, whether or not (a) a Proof of Claim is filed or deemed filed pursuant to § 501 of the Bankruptcy Code, (b) a Claim or Interest is allowed pursuant to § 502 of the Bankruptcy Code, or (c) the Holder of a Claim or Interest has accepted the Plan.

9.2 Lifting of Automatic Stay as to Lead-Paint Claims. Upon the date of the entry of the Confirmation Order, the automatic stay shall be immediately lifted, without need of a further order of the Bankruptcy Court, so as to permit Lead-Paint Claimants to immediately commence or continue actions against the Debtors, Barry Mankowitz (to whom the stay has been extended) and the Reorganized Debtors to obtain the benefits of the Lead Paint Insurance Policies, as provided in this Plan. As set forth in Paragraph 4.5 above, the rights of Holders of Lead-Paint Claims to recover on, or to enforce, such Claims against the Debtors and Reorganized Debtors shall be limited to the proceeds of Lead-Paint Insurance Policies applicable to their Lead-Paint Claim. In the event that the Confirmation Order were to be reversed on appeal, the automatic stay under § 362 of the Bankruptcy Code shall automatically be reinstated upon the entry of any such Order and any such litigation shall be stayed pending further proceedings in the Bankruptcy Court.

9.3 Injunction. As of the Effective Date, all Entities that have held, currently hold or may hold a Claim against any of the Debtors are permanently enjoined, to the full extent provided under the Bankruptcy Code, from the commencement or continuation of an action, the

employment of process, or an act, to collect, recover or offset any such debt as a personal liability of the Reorganized Debtors. Notwithstanding the foregoing or any other provision of this Plan, Lead-Paint Claimants shall be permitted to bring Lead-Paint Claims against the Debtors and Reorganized Debtors for the purpose of establishing the amount of the Debtors and/or Reorganized Debtors' liability for such Lead-Paint Claims. Such Lead-Paint Claims shall be non-recourse as against any asset of the Debtors or Reorganized Debtors except the Lead-Paint Insurance Policies. The provision in this Plan for an injunction or releases, as set forth in this Article IX, shall not affect the Debtors' or Reorganized Debtors' obligations to continue to comply with their obligations under the Insurance Settlement Agreements, including the indemnification provisions thereof, or the Lead-Paint Insurance Policies.

9.4 Injunction against Certain Actions against Protected Parties. Intentionally deleted.

9.5 Releases and Exculpations relating to the Chapter 11 Cases. Neither the Reorganized Debtors, the Committee, and their respective directors, officers, employees, members, attorneys, attorneys of the members, consultants and agents (acting in such capacity) shall have or incur any liability to any Holder of a Claim or Interest for any act or omission in connection with or arising out of the commencement of the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, confirmation or approval of this Plan, any other plan of reorganization or any compromises or settlements contained herein, any disclosure statement related thereto or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the transactions set forth in the Plan or in connection with any other proposed plan; provided, however, that the foregoing provisions shall not affect the liability that otherwise would result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct. Each of the foregoing parties in all respects shall have been and shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities during the Chapter 11 Cases and under this Plan.

9.6 Release of Directors from Lead Paint Claims. Intentionally deleted.

9.7 Retention of Charitable Immunity by Non-Debtor Parties. The directors, officers and employees of the Debtors and Reorganized Debtors shall retain such charitable immunity defenses with respect to Claims to the same extent, if any, that each such person has or may have under Maryland law as if the Chapter 11 Cases had never been filed, and no provision of this Plan shall be deemed to effect a waiver of any such charitable immunity defenses by such non-Debtor parties.

ARTICLE X RETENTION OF JURISDICTION

10.1 Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to the Chapter 11 Cases and this Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim (excluding a Lead-Paint Claim), including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims;
- (b) To hear and determine matters related to the assumption, assignment or rejection of Executory Contracts or unexpired leases and to determine and, if necessary, liquidate, any Claims resulting therefrom;
- (c) To ensure that distributions to Holders of Allowed Claims are accomplished as provided herein;
- (d) To consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim;
- (e) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;
- (f) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Entity with the consummation, implementation or enforcement of this Plan, the Confirmation Order or any other order of the Bankruptcy Court;
- (g) To hear and determine any application to modify this Plan in accordance with § 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (h) To hear and determine all applications under §§ 328, 330, 331 and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred by Professionals prior to and following the Confirmation Date;
- (i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order or any contract, instrument, release, or other agreement created in connection with this Plan or Confirmation Order, except as otherwise provided in this Plan;
- (j) To take any action and issue such orders as may be necessary to construe, enforce, implement, execute, consummate or enforce the Injunctions of this Plan or to maintain the integrity of this Plan following consummation, except at otherwise provided in this Plan;
- (k) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (l) To hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code;

- (m) To enter a final decree closing the Chapter 11 Cases.

ARTICLE XI CRAMDOWN RESERVATION

11.1 Nonconsensual Confirmation. If all applicable requirements for Confirmation of this Plan are met as set forth in § 1129(a)(1) through (13) of the Bankruptcy Code except subsection (8) thereof, the Plan Proponents may request that the Bankruptcy Court confirm this Plan in accordance with § 1129(b) of the Bankruptcy Code, notwithstanding the requirements of § 1129(a)(8) thereof, on the bases that this Plan is fair and equitable, and does not discriminate unfairly, with respect to each Class of Claims or Interests that is impaired under, and has not accepted, this Plan.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1 Post-Effective Date Fees and Expenses of Professionals. The Reorganized Debtors, in their sole discretion, may employ in the ordinary course of business and not subject to the approval of the Bankruptcy Court, attorneys and other professional persons after the Effective Date in connection with the implementation and consummation of this Plan, the claims reconciliation process, prosecution of any potential causes of action and any other matters as to which such professional persons may be retained.

12.2 Payment of Statutory Fees. On the Effective Date, and thereafter as may be required, the Debtors or post-confirmation Debtors shall pay out all fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

12.3 Modification of Plan. This Plan may be amended, modified, or supplemented by the Plan Proponents in the manner provided for by § 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to § 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of Holders of Claims or Interests under this Plan, the Plan Proponents may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of this Plan. Prior to the Effective Date, the Plan Proponents may make appropriate technical adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Interests.

12.4 Revocation or Withdrawal of Plan. The Plan Proponents shall have the right to revoke or withdraw this Plan at any time prior to the Confirmation Date. If the Plan Proponents make such a determination, this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any other Entity in any further proceedings involving the Debtors.

12.5 Dissolution of the Committee. The Committee shall continue in existence until the Effective Date, to exercise those powers and perform those duties specified in § 1103 of the Bankruptcy Code and/or authorized by the Bankruptcy Court prior to the Effective Date. On the Effective Date, the Committee shall be dissolved and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases and the retention or employment of the Committee's attorneys, and other agents shall terminate, except that the Committee shall exist for the limited purpose of satisfying the obligations set forth in Section 1.44. All expenses of Committee members and the fees and expenses of their professionals through the Effective Date shall be paid in accordance with the terms and conditions of any order of the Bankruptcy Court.

12.6 Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of this Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

12.7 Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit hereto provides otherwise, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without giving effect to the principles of conflicts of law thereof.

12.8 Exhibits. All exhibits, schedules, addenda or other documents annexed to this Plan are deemed incorporated into and are a part of this Plan as if set forth in full herein.

12.9 Successors and Assigns. All the rights, benefits and obligations of any Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Entity.

12.10 Section 1125 of the Bankruptcy Code. The Debtors have, and upon Confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code and the Debtors (and each of their respective Non-Debtor Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and Professionals), have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of the securities offered and sold under this Plan, and are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or the offer, issuance, sale, or purchase of the securities offered and sold under this Plan.

12.11 Section 1146 Exemption. To the fullest extent permitted under § 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan or pursuant to the Plan, or the execution, delivery or recording of an instrument of transfer under this Plan, or the revesting, transfer or sale of any real or other property of or to the Debtors, or the Reorganized Debtors, shall not be taxed under any state or local law imposing a stamp tax,

transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax. Without limiting the effect of the foregoing, the Holders of Secured Claims as of the Confirmation Date shall be entitled to the § 1146 exemption with respect to the collateral surrendered by the Reorganized Debtors after the Effective Date, pursuant to Section 4.1 of this Plan.

12.12 Merger of Debtors. The Confirmation Order shall provide that CHI shall be authorized to take all actions necessary to effect a merger of any of the other Debtors and Non-Debtor Affiliates into CHI pursuant to applicable non-bankruptcy law with the Secretary of State for each of the Debtors whose assets are to be liquidated for the benefit of creditors pursuant to the Plan, at any time after the Effective Date at the sole discretion of CHI, upon completion of the liquidation of the particular Debtor's assets. All applicable regulatory or government agencies shall take all steps necessary to allow and effect the prompt merger of the Debtors as provided herein, without the payment of any fee, tax, or charge and without need for the filing of reports or certificates.

12.13 Time. In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

12.14 Notices. All notices, requests and demands to or upon the Debtors or Committee to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by e-mail transmission, when received and telephonically confirmed, addressed as follows:

If to Debtors: Irving E. Walker, Esquire
G. David Dean, Esquire
Cole Schotz P.C.
300 East Lombard Street, Suite 1450
Baltimore, Maryland 21202
(410) 230-0660
iwalker@coleschotz.com
ddean@coleschotz.com

If to Committee: Kevin C. Maclay, Esquire
Todd E. Phillips, Esquire
Caplin & Drysdale, Chartered
One Thomas Circle, N.W., Suite 1100
Washington, D.C. 20005
(202) 862-5000
kmaclay@capdale.com
tphillips@capdale.com

Date: January 31, 2017

CITY HOMES III LLC

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,
Sole Member

CITY HOMES, INC.

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,

CITY HOMES BRETTON LLC

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,
Sole Member

CITY HOMES EAST BUSINESS TRUST

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,
Trustee

CITY HOMES JOHNSTON SQUARE LLC
CITY HOMES MANAGEMENT LLC
CITY HOMES NEWINGTON LLC
CITY HOMES OCALA LLC
CITY HOMES PATRIOTS II LLC
CITY HOMES PEABODY LLC
CITY HOMES ROYALTON LLC

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,
Sole Member

CITY HOMES WEST BUSINESS TRUST

By: /s/ Barry Mankowitz
Barry Mankowitz, President of City Homes, Inc.,
Trustee

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: /s/ David Albright
Name: David Albright, Esq.
Committee Representative

EXHIBIT A

LEAD-PAINT INSURANCE ENTITIES

Insurers
Merchants & Businessmen's Insurance Company
Penn National Insurance Company
CNA Reinsurance Company
Penn Mutual Insurance Company
Evanston Insurance Company
Hartford Insurance Company
Continental Insurance Company*
Glenn Falls Insurance Company*
U.S. Fire Insurance Company
Federal Insurance Company
North River Insurance Company
U.S. Fire Insurance Company

*The Continental Insurance Company and Glenn Falls Insurance Company policies are subject to a Settlement Agreement, Release and Reservation of Rights dated May 15, 2013.

EXHIBIT B**LEAD-PAINT INSURANCE POLICIES**

Policy Period	Insurer	Policy Number	Layer
12/16/1986- 12/16/1991	Merchants & Businessmen's	19232183 BP	Primary
10/3/1991- 10/3/1997	Penn National Insurance	230 000 7170	Primary
10/3/1991- 10/3/1997	Penn National Insurance	381 041 5490	Umbrella
8/1/1997- 8/1/1998	CNA Reinsurance Co.	1107-97	Primary
8/1/1997- 8/1/1998	Penn Mutual Insurance Co.	BP 0014806- 000	Primary
8/1/1998- 8/1/1999	CNA Reinsurance Co.	1107-98	Primary
8/1/1998- 8/1/1999	Penn Mutual Insurance Co.	BP 0014806- 010	Primary
8/1/1999 – 8/1/2000	Merchants & Businessmen's	19337609	Primary
6/1/2000- 6/1/2001	Merchant's & Businessmen's	19338039	Primary
6/1/2001- 6/1/2002	Evanston Insurance Company	BE 9326612	Primary
1/26/1987 – 1/26/1988	Hartford Insurance Company	30 CBPVY 9992	Primary
1/26/1988- 8/1/1992	Continental Insurance Company	Various*	Primary
8/1/1992- 8/1/1995	Glenn Falls Insurance Company	25 CBP 06096745*	Primary
1/26/1987- 1/26/1988	U.S. Fire Insurance Company	30 CBP VY 9992	Umbrella
1/26/1987- 1/26/1990	Federal Insurance Company	79060072	Excess

EXHIBIT B (Continued)

Policy Period	Insurer	Policy Number	Layer
1/26/1988- 1/26/1989	North River Insurance Company	523-503729- 9	Umbrella
1/26/1989- 8/1/1991	North River Insurance Company	523-542981- 6	Umbrella
1/26/1989- 8/1/1993	Federal Insurance Company	79677193	Umbrella
8/1/1991- 8/1/1992	U.S. Fire Insurance Company	522 0618105-7	Excess
8/1/1992- 8/1/1993	U.S. Fire Insurance Company	522 056476- 8	Excess

*These Continental Insurance Company and Glenn Falls Insurance Company policies are subject to Settlement Agreement, Release and Reservation of Rights dated May 15, 2013.

EXHIBIT C

**VOLUNTARY LEAD PAINT CLAIM COMPENSATION FUND
CLAIM FORM**

UNITED STATES BANKRUPTCY COURT DISTRICT OF MARYLAND		VOLUNTARY LEAD-PAINT CLAIM COMPENSATION FUND CLAIM FORM
Name of Debtor Landlord:		When completed send original signed form with required documentation to: Irving E. Walker, Esquire Cole Schotz P.C. 300 E. Lombard Street, #1450 Baltimore, MD 21202
<p>IMPORANT NOTE: <i>This Claim form should be used to file a claim to participate in the "Voluntary Lead-Paint Claim Compensation Fund" established under the Third Amended Chapter 11 Plan Jointly Proposed by the Debtors and the Official Committee of Unsecured Creditors (the "Third Amended Plan"). By submitting this Claim, you are electing to participate in the Voluntary Lead-Paint Claim Compensation Fund and will receive no further payment under the Third Amended Plan and are permanently enjoined from commencing or continuing the prosecution of any lead-paint claim in any court.</i></p>		
Name of Claimant:		<input type="checkbox"/> Check this box if this claim amends a previously filed claim.
Name and address of Claimant:		
Telephone number:	email:	
Name and address where payment should be sent (if different from above):		This original proof of claim and documentation must be actually received at the address above by _____, 2017 . Claims received late shall not be entitled to participate in the Uninsured Lead-Paint Claim Fund.
Telephone number:	email:	
<p>1. Address of City Homes property where you resided or spent significant time (Note: You are not entitled to participate in the Voluntary Lead-Paint Claim Compensation Fund on account of residing or spending significant time in any Johnston Square or Royalton property, or any property owned by a City Homes affiliate that did not file for bankruptcy protection):</p>		
<p>2. Period of time (month and year to month and year, for example, January 2015 – May 2015) you resided or spent significant time at the City Homes property address listed in section 1 above.</p>		
<p>3. Name of the tenant(s) of record/person(s) visiting when you resided at or spent significant time at the City Homes property, and your relationship with that person or persons.</p>		
<p>4. Required Documentation: To have an allowable Lead-Paint claim, you must attach documents sufficient to show your elevated blood level of at least <u>5ug/dl</u> at or about the time of your residency or time spent at the City Homes property listed in section 1 above and the date of the blood test.</p> <p>DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.</p>		
<p>5. Signature:</p> <p>Check the appropriate box.</p> <p><input type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized attorney.</p> <p>I declare under penalty of perjury that the information provided in this claim is true and correct.</p> <p>Print Name: _____</p> <p>Title: _____</p> <p>Company: _____</p> <p>Address and telephone number (if different from notice address above): _____ (Signature) _____ (Date)</p> <p>Telephone number: _____ email: _____</p>		

EXHIBIT D

FORM FOR ASSIGNMENT OF CERTAIN INSURANCE CLAIMS

INSURANCE RIGHTS TRANSFER AGREEMENT

This Insurance Rights Transfer Agreement (this “Transfer Agreement”) is made as of _____, 20__, by and among the [Reorganized Debtor] and [Claimant] (the “Parties”).¹

WHEREAS, Claimant has asserted a Lead-Paint Claim against [Reorganized Debtor],

WHEREAS, [Reorganized Debtor] tendered that claim to [Insurer] on [DATE],

WHEREAS, pursuant to the Plan of Reorganization filed in *In re City Homes III LLC* (Bankr. D. Md. Case No. 13-25370) (the “Plan”), and confirmed on _____, 2015, the Lead-Paint Claim against [Reorganized Debtor] is non-recourse as to [Reorganized Debtor] and may be collected only from Insurer,

WHEREAS, [Reorganized Debtor] has received good and valuable consideration in exchange for the transfers, grants and promises contained herein,

NOW, THEREFORE, subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

I. **TRANSFER OF INSURANCE RIGHTS**

1. Effective upon the execution date of this Transfer Agreement, the [Reorganized Debtor] hereby irrevocably transfers and assigns to [Claimant] any and all of its rights to pursue [Insurer] for any and all contractual and extra-contractual damages arising out of any act or omission of [Insurer] in connection with [Claimant’s] Lead-Paint Claim, including any willful, bad faith or negligent refusal to settle [Claimant’s] Lead-Paint Claim against [Reorganized Debtor] (the “Transferred Rights”). The Transferred Rights shall include the right to receive any and all proceeds of any action against [Insurer] arising out of the Lead-Paint Claim;
2. The transfer of insurance rights set forth in this Transfer Agreement is made to the maximum extent permitted under applicable law.
3. The Transfer Agreement is not an assignment of any insurance policy.
4. To the extent that the transfer of insurance rights set forth in this Transfer Agreement is determined to be invalid by a court of competent jurisdiction, upon request of the [Claimant], the [Reorganized Debtor], shall (i) take all reasonable actions to pursue the Transferred Rights for the benefit of the Claimant, at Claimant’s expense, and (ii) immediately transfer any amounts recovered in connection with any Transferred Rights to Claimant; provided, however, that

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

while any such amounts are held by or under the control of the [Reorganized Debtor], such amounts shall be held for the benefit of [Claimant].

II. MISCELLANEOUS

- A. Binding Effect; Third Party Beneficiaries. This Transfer Agreement shall be binding on each of the parties hereto and their respective successors and assigns. This Transfer Agreement is not intended, and shall not be construed, deemed or interpreted, to confer on any person or entity not a party hereto any rights or remedies hereunder, except as otherwise provided expressly herein.
- B. Entire Agreement; Amendment; Waivers. This Transfer Agreement and the Plan shall constitute the entire agreement and understanding among the parties to this Transfer Agreement with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, among the parties hereto relating to the subject matter of this Transfer Agreement. This Transfer Agreement may not be amended or modified, and no provision hereof may be waived, except by an agreement in writing signed by the party against whom enforcement of any such amendment, modification or waiver is sought.
- C. Governing Law. This Transfer Agreement and the rights and obligations of the parties hereto under this Transfer Agreement shall be governed by and construed and enforced in accordance with the substantive laws of the State of Maryland, without regard to any conflicts of law provisions thereof that would result in the application of the laws of any other jurisdiction.
- D. Counterparts. This Transfer Agreement may be executed in multiple counterparts, each of which will be an original, but all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Transfer Agreement to be duly executed by their respective duly authorized representatives as of the date first above written.