

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

In re:	§	Chapter 11
	§	
THE NATIONAL BENEVOLENT ASSOCIATION OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST), et al.	§	Case No. 04-50948-rbk
	§	
Debtors	§	Jointly Administered

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Dated: January 20, 2005

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Introduction

The Debtors and the Official Committee of Unsecured Creditors in the Bankruptcy Cases of the National Benevolent Association of the Christian Church (Disciples of Christ) and certain affiliated entities,¹ propose this First Amended Joint Plan of Reorganization (“Plan”) under Bankruptcy Code section 1121.

ARTICLE 1 Definitions and Construction of Terms

1.1 Scope of Definitions. All capitalized terms not otherwise defined in the Plan have the meanings ascribed to them in Article 1 of the Plan. Any capitalized term used in the Plan that is not defined in the Plan has the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, whichever is applicable.

1.2 Definitions.

1.2.1 *Administrative Claimant* means any Person asserting entitlement to payment of an Administrative Expense Claim.

1.2.2 *Administrative Expense Claims* means any right to payment constituting a cost or expense of administration of any of the Debtors’ chapter 11 cases under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the businesses of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors in the ordinary course of their businesses, including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under sections 330 or 503 of the Bankruptcy Code and any fees or charges assessed against the estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

1.2.3 *Administrative Tax Claim* means an Administrative Expense Claim held by a Governmental Unit for taxes (and for interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which accrued or became due from the Commencement Date through and including the Effective Date.

1.2.4 *Affiliated Entities* means Debtors and non-debtor affiliates, including those entities over which NBA exercises control by means of (i) being the sole member with the right to elect and remove directors, (ii) having the power and authority (either directly or with another entity) to cause the appointment and removal of members and/or directors

¹ The Debtors include the following affiliated entities: (1) Barton W. Stone Christian Home; (2) California Christian Home (3) CHANCE, Inc.; (4) Christian Retirement Center of Longview, Texas, Inc.; (5) Christian Services for Children in Alabama, Inc.; (6) Colorado Christian Home; (7) Cypress Village, Inc.; (8) Emily E. Flinn Community, Inc.; (9) Florida Christian Center, Inc.; (10) Foxwood Springs Living Center; (11) Gateway Homes, Inc.; (12) Greater Indianapolis Disciples Housing Inc. (13) Kansas Christian Home, Inc.; (14) Kennedy Memorial Christian Home, Inc. (15) Lenoir, Inc.; (16) National Benevolent Foundation; (17) Oklahoma Christian Home, Inc.; (18) Patriot Heights, Inc.; (19) Ramsey Home; (20) Serra Residential Center, Inc.; (21) Southern Christian Home, Inc.; (22) St. Louis Christian Home; (23) The Olive Branch; (24) Village at Skyline; and (25) Woodhaven Learning Center.

or (iii) otherwise effectively controlling a majority of directors. Affiliated Entities does not include the HUD Units as defined in the Disclosure Statement

1.2.5 *Allowance Date* means (i) as to a Disputed Claim, the date on which the Claim becomes an Allowed Claim by Final Order and (ii) as to any other claim that is not a Disputed Claim, the Effective Date.

1.2.6 *Allowed Administrative Expense Claim* means an Administrative Expense Claim that is an Allowed Claim.

1.2.7 *Allowed Claim* means any Claim allowable under Bankruptcy Code section 502 (i) for which a proof of claim was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim against the Debtors and as to which no objection to the allowance thereof has been timely filed, or if an objection has been timely filed, such Claim is allowed by Final Order, or (ii) for which a proof of claim is not filed and which is listed in the Debtors' Schedules of Assets and Liabilities and is not listed therein as disputed, contingent, or unliquidated as to amount, or (iii) which is deemed allowed by the terms of the Plan.

1.2.8 *Allowed Administrative Tax Claim* means an Administrative Tax Claim that is an Allowed Claim.

1.2.9 *Allowed Funded Debt Claim* means a Funded Debt Claim that is an Allowed Claim. Notwithstanding anything herein, the Funded Debt Claims as stated on the Schedule of Allowed Claims to be filed with the Disclosure Statement, and as modified from time to time as filed with the Bankruptcy Court, shall be deemed allowed (modifications to each filing shall only be additions to Allowed Claims and shall not delete claims or reduce amounts previously filed as Allowed Claims).

1.2.10 *Allowed Priority Unsecured Non-Tax Claim* means a Priority Unsecured Non-Tax Claim that is an Allowed Claim.

1.2.11 *Allowed Priority Unsecured Tax Claim* means a Priority Unsecured Tax Claim that is an Allowed Claim.

1.2.12 *Allowed Secured Claim* means a Secured Claim that is an Allowed Claim.

1.2.13 *Allowed Trade Debt Claim* means a Trade Debt Claim that is an Allowed Claim. Notwithstanding anything herein, the Trade Debt Claims as stated on the Schedule of Allowed Claims to be filed with the Disclosure Statement, and as modified from time to time as filed with the Bankruptcy Court, shall be deemed allowed (modifications to each filing shall only be additions to Allowed Claims and shall not delete claims or reduce amounts previously filed as Allowed Claims).

1.2.14 *Allowed Unsecured Claim* means an Unsecured Claim that is an Allowed Claim.

1.2.15 *Annuity Claim* means claims in respect of all gift annuity contracts entered into by NBA and the Affiliated Entities.

1.2.16 *Asset Purchase Agreement* means that certain Asset Purchase Agreement among NBA and certain Affiliated Entities, as sellers, Fortress NBA Acquisition, LLC, as buyer, and Fortress Investment Fund II LLC, as guarantor, pursuant to which the sellers are selling eleven (11) of their senior living facilities to Fortress, and as modified and supplemented by the Supplemental Agreement with Respect to Asset Purchase Agreement as approved by the Bankruptcy Court by its Order entered on December 1, 2004.

1.2.17 *Attorneys General* means the Office of the Attorney General for the State of Missouri and the Office of the Attorney General for the State of Texas. This term may also apply to other Attorneys General in other states.

1.2.18 *Avoidance Action* means any cause of action arising under Bankruptcy Code sections 506, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553, or similar causes of actions available under applicable state law.

1.2.19 *Ballot* means the ballot for voting to accept or reject the Plan.

1.2.20 *Bank Line of Credit Claims* means claims represented by the loans and other credit accommodations provided pursuant to the First Bank Credit Agreement, of which \$7,080,486.45² (including loans, reimbursement obligations, prepetition interest accrued at the non-default contract rate and fees and expenses) was outstanding as of the Commencement Date as shown on the Schedule of Allowed Claims.

1.2.21 *Bankruptcy Cases* means the bankruptcy cases of the Debtors pending in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division, bearing bankruptcy case numbers, 04-50945, 04-50948, 04-50950, 04-50951, 04-50952, 04-50953, 04-50954, 04-50955, 04-50956, 04-50957, 05-50958, 04-50960, 04-50961, 04-50962, 04-50963, 04-50964, 04-50965, 04-50966, 04-50967, 04-50968, 04-50969, 04-50970, 04-50971, 04-50972, 04-50973, 04-50974.

1.2.22 *Bankruptcy Code* means title 11 of the United States Code.

1.2.23 *Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Texas, San Antonio Division, or in the event that court ceases to exercise jurisdiction over the Bankruptcy Cases, such court as may have jurisdiction with respect to the reorganization or liquidation of the Debtors under chapter 11 of the Bankruptcy Code.

1.2.24 *Bankruptcy Rules* means the Federal Rules of Federal Bankruptcy Procedures.

1.2.25 *Bar Date* means the date by which proofs of claim and proofs of interest must be filed in the Bankruptcy Cases being June 22, 2004, at 4:30 p.m. Central for general unsecured claims, August 17, 2004, at 4:30 p.m. Central for governmental claims, and August 17, 2004, at 4:30 p.m. Central for resident claims other than rejection claims. (Claims arising from the rejection of unexpired leases and executory contracts may also

² This number should account for reconciliation of amounts setoff or otherwise paid in respect of these claims prior to the Commencement Date.

be subject to separate bar dates contained in orders of the Court rejecting those leases or contracts.)

1.2.26 *Beneficial Interests* means the beneficial interests in the Effective Date Escrow that shall be allocated to the Beneficiaries pursuant to the Effective Date Escrow Agreement.

1.2.27 *Beneficiary* means a Person holding a Beneficial Interest under the Effective Date Escrow.

1.2.28 *Business Day* means any day that is not a Saturday, Sunday, or a “legal holiday” within the meaning of and as determined by Bankruptcy Rule 9006.

1.2.29 *Cash and Investment Accounts* means all cash, investment or marketable securities accounts of the Debtors, including without limitation those certain investment accounts maintained with Bank of New York, Salomon Smith Barney and CSI Management and all charitable contributions and bequests received by the Debtors prior to the Effective Date.

1.2.30 *Claim* has the meaning set forth in 11 U.S.C. § 101(5).

1.2.31 *Claimant or Claimholder* means the holder of an Allowed Claim.

1.2.32 *Class* means a category of holders of Claims as classified in the Plan.

1.2.33 *Closing* means the closing to be conducted under Article 6 of the Plan.

1.2.34 *Closing Date* means the date after the Confirmation Order is entered and before the Effective Date as described in Article 6.

1.2.35 *Commencement Date* means February 16, 2004.

1.2.36 *Confirmation Account* means that certain segregated account under the control of the Debtors to which the Debtors shall transfer, at the time described in 6.3 of the Plan, an amount equal to the difference between the amount held in the Effective Date Escrow as of the date of the transfer and the sum of the amounts shown on the Schedule of Allowed Claims and Schedule of Estimated Claims.

1.2.37 *Confirmation Date* means the date on which the Confirmation Order is entered on the docket of the Bankruptcy Cases by the Clerk of the Bankruptcy Court.

1.2.38 *Confirmation Hearing* means the date designated by the Bankruptcy Court to consider confirmation of the Plan.

1.2.39 *Confirmation Order* means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.2.40 *Confirmation Schedules* means the various schedules and lists described herein (and listed on Exhibit A to this Plan) to be filed at least ten (10) days before the Confirmation Hearing.

1.2.41 *Creditor or Creditors* has the meaning set forth in 11 U.S.C. § 101(10) and parties holding Secured Claims, Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, Funded Debt Claims and Trade Debt Claims, but excluding the Attorneys General in their capacity as protectors of the public interest in charitable trusts within their respective states (“charitable trusts” encompasses charitable organizations as well as other types of charitable activities).

1.2.42 *Creditors Committee* means the Official Committee of Unsecured Creditors appointed in the Bankruptcy Cases pursuant to Bankruptcy Code section 1102.

1.2.43 *Cure* means the amount of cash required for the cure and assumption of an Executory Contract pursuant to the provisions of Bankruptcy Code section 365(b).

1.2.44 *Debtors* means the National Benevolent Association of the Christian Church (Disciples of Christ) and the following Affiliated Entities: (1) Barton W. Stone Christian Home; (2) California Christian Home; (3) CHANCE, Inc.; (4) Christian Retirement Center of Longview, Texas, Inc.; (5) Christian Services for Children in Alabama, Inc.; (6) Colorado Christian Home; (7) Cypress Village, Inc.; (8) Emily E. Flinn Community, Inc.; (9) Florida Christian Center, Inc.; (10) Foxwood Springs Living Center; (11) Gateway Homes, Inc.; (12) Greater Indianapolis Disciples Housing Inc.; (13) Kansas Christian Home, Inc.; (14) Kennedy Memorial Christian Home, Inc.; (15) Lenoir, Inc.; (16) National Benevolent Foundation; (17) Oklahoma Christian Home, Inc.; (18) Patriot Heights, Inc.; (19) Ramsey Home; (20) Serra Residential Center, Inc.; (21) Southern Christian Home, Inc.; (22) St. Louis Christian Home; (23) The Olive Branch; (24) Village at Skyline; and (25) Woodhaven Learning Center.

1.2.45 *Disputed Claim* means (i) a Claim in a particular Class as to which a proof of claim has been filed or is deemed to have been filed under applicable law as to which an objection has been or is filed by the Creditors Committee, the Debtors, the Effective Date Escrow Agent, or any other party in interest in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, which objection has not been withdrawn or determined by a Final Order; (ii) an Administrative Claim as to which an objection has been or is filed by the Creditors Committee, the Debtors, the Effective Date Escrow Agent, or any other party in interest in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, which objection has not been withdrawn or determined by a Final Order; or (iii) a Claim as to which the Creditors Committee, the Debtors, or any other party in interest has filed a complaint or other pleading seeking to subordinate under applicable bankruptcy or nonbankruptcy law, which complaint or other pleading has not been dismissed or determined by a Final Order. At such time as a Disputed Claim is disallowed by a Final Order, that Claim shall no longer be considered a Claim for any purpose under the Plan. Prior to the time that an objection has been or is filed, for the purposes of the Plan, a Claim is a Disputed Claim to the extent that: (i) the amount of a Claim specified in a proof of claim exceeds the amount of any corresponding Claim scheduled by the Debtors in the Schedules of Assets and Liabilities; (ii) any corresponding Claim scheduled by the Debtors in its Schedules of Assets and Liabilities has been scheduled as disputed, contingent, or unliquidated, irrespective of the amount scheduled; or (iii) no corresponding Claim has been scheduled by the Debtors in the Schedules of Assets and Liabilities. Disputed Claim shall not include Allowed Funded Debt Claims and Allowed Trade Debt Claims.

- 1.2.46** *Disputed Claims Reserve* means part of the Effective Date Escrow that is maintained by the Effective Date Escrow Agent.
- 1.2.47** *Distribution* means a distribution from the Effective Date Escrow.
- 1.2.48** *Distribution Date* means any date on which the Distributions are made.
- 1.2.49** *Effective Date* means the effective date of the Plan and shall occur within ten (10) days after entry of the Confirmation Order.
- 1.2.50** *Effective Date Escrow* means an escrow account to be administered pursuant to the Escrow Agreement which shall provide for the appropriate distribution of the Unsecured Effective Date Payments by the Effective Date Escrow Agent in accordance with the applicable documents governing distributions under the Funded Debt Claims and Trade Debt Claims.
- 1.2.51** *Effective Date Escrow Agent* means Citibank, N.A., pursuant to the Escrow Agreement.
- 1.2.52** *Effective Date Escrow Amount* means the amounts in (and to be placed into) the Effective Date Escrow, as stated in Section 6.3 of this Plan.
- 1.2.53** *Escrow Agreement* means the Escrow Agreement to be included in the Confirmation Schedules.
- 1.2.54** *Estate or Estates* means the bankruptcy estates of the Debtors and all assets and other property comprising the estates within the meaning of Bankruptcy Code section 541.
- 1.2.55** *Executory Contracts* means “executory contracts” and “unexpired leases” as those terms are used within the meaning of Bankruptcy Code section 365.
- 1.2.56** *Final Order* means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, that has not been reversed, stayed, modified, or amended.
- 1.2.57** *First Bank* means First Bank or its assignees.
- 1.2.58** *First Bank Credit Agreement* means a Revolving Credit and Term Loan Agreement between First Bank and NBA.
- 1.2.59** *Fixed Rate Bonds* means the fixed-rate governmental bonds in the original principal amount of \$171,015,000 that were issued for the benefit of NBA, pursuant to various trust indentures under which either UMB Bank or UMB Bank Colorado, acts as trustee, the proceeds of which were loaned to the Debtors pursuant to various loan agreements including the Fixed Rate Bond Loan Agreements and in respect of which [\$153,642,208.18] (including principal, prepetition interest accrued at the non-default contract rate and fees and expenses) was outstanding as of the Commencement Date as shown in the Schedules to be included in the Confirmation Schedules.
- 1.2.60** *Fixed Rate Bond Claims* means all claims arising under or on account of the Fixed Rate Bonds.

1.2.61 *Fixed Rate Bond Secured Claim Amount* means the aggregate value of all reserve funds held by the indenture trustees as security for the payment of the Fixed Rate Bonds as of the Effective Date. As of the Commencement Date, the Fixed Rate Bond Secured Claim Amount is set forth on the Schedule of Allowed Claims.

1.2.62 *Fixed Rate Bond Secured Claims* means the Fixed Rate Bond Claims that are secured by funds held by the Fixed Rate Bond Trustee in one or more reserve accounts as of the Commencement Date.

1.2.63 *Fixed Rate Bond Loan Agreements* means various loan agreements between the Fixed Rate Bond Trustee and the Debtors.

1.2.64 *Fixed Rate Bond Trustees* means UMB Bank or UMB Bank Colorado.

1.2.65 *Fortress* means Fortress NBA Acquisition, LLC.

1.2.66 *Funded Debt Agreements* means Variable Rate Bonds, the Variable Rate Bond Loan Agreements, the Fixed Rate Bonds, the Fixed Rate Bond Loan Agreements, the Master Trust Indenture, the Master Notes, the Reimbursement Agreements, the KBC Obligations, the Bank Line of Credit Claims and First Bank Credit Agreement.

1.2.67 *Funded Debt Claims* means all claims arising under or on account of the Funded Debt Agreements as of the Commencement Date.

1.2.68 *Funded Debt Effective Date Payments* means the payments defined in Section 4.5.2.1.1 herein.

1.2.69 *GAAP* means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (“FASB”) (or in such other statements by such other entity as approved by a significant segment of the accounting profession that are in effect in the United States).

1.2.70 *Governmental Unit* means a governmental unit as that term is defined in Bankruptcy Code section 101(27).

1.2.71 *HUD* means the United States Department of Housing and Urban Development.

1.2.72 *Insider* has the meaning set forth in Bankruptcy Code section 101(31).

1.2.73 *Intercompany Claims* means all claims by and among NBA and/or the Affiliated Entities owing to NBA or one of the Affiliated Entities.

1.2.74 *IRS* means the Internal Revenue Service.

1.2.75 *KBC Bank* means KBC Bank N.V., New York Branch.

1.2.76 *KBC Obligations* means reimbursement obligations arising under Reimbursement Agreements resulting from draws made under eleven irrevocable direct

pay letters of credit issued by KBC Bank in the original amount of [\$76,810,000] for the account of NBA and in respect of which \$64,129,149.18 (including prepetition interest accrued at the non-default contract rate and fees and expenses) was outstanding as of the Commencement Date as shown on the Schedule of Allowed Claims.

1.2.77 *Lien* means a lien (as defined in Bankruptcy Code section 101(37)), security interest, or other interest or encumbrance asserted against Property.

1.2.78 *Master Notes* means master indenture notes issued by the Master Trustee. The Master Notes have been issued for the benefit of the trustees for the Fixed Rate Bonds and the Variable Rate Bonds, KBC Bank and First Bank to support and evidence the obligations of NBA under the Fixed Rate Bond Loan Agreements, the Variable Rate Bond Loan Agreements, the Reimbursement Agreements and the First Bank Credit Agreement, respectively.

1.2.79 *Master Trustee* means UMB Bank (as successor trustee).

1.2.80 *Master Trust Indenture* means Master Trust Indenture between UMB Bank (as successor trustee), NBA, and certain of the other Debtors, which provides for the issuance of Master Notes by NBA on behalf of itself and the other Debtors that are members of the “Obligated Group.”

1.2.81 *NBA* means the National Benevolent Association of the Christian Church (Disciples of Christ).

1.2.82 *Payment* means a payment in cash or by immediately available funds, that is not subject to being recovered, set off, recouped, avoided, set aside or in any way obtained from the recipient by the Debtors, the Affiliated Entities, the Effective Date Escrow Agent, the Master Trustee, or any disbursing agent for the Trade Debt Claims in these Bankruptcy Cases or any subsequent Bankruptcy Cases of the Debtors or Affiliated Entities.

1.2.83 *Person* means and includes natural persons, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, trusts, land trusts, business trusts, unincorporated organizations, or other legal entities, irrespective of whether they are governments, agencies or political subdivisions thereof.

1.2.84 *Plan* means this Joint Plan of Reorganization, as amended or modified.

1.2.85 *Postpetition Interest Payment Rate* means 2.17% per annum, subject to increase to 6.17% per annum pursuant to the terms of Sections 6.5 and 6.6 hereof.

1.2.86 *Prepetition Funded Debt Claim Amount* means \$224,851,844.20, as shown on the Schedule of Allowed Claims, which includes all amounts owing as of the Commencement Date in respect of the Funded Debt Claims, including accrued interest at the non-default contractual rate and fees and expenses.

1.2.87 *Priority Unsecured Non-Tax Claims* means claims, other than Administrative Expense Claims or Priority Tax Claims, entitled to priority in payment as specified in section 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code.

1.2.88 *Priority Unsecured Tax Claim* means claims of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.2.89 *Professional* means a professional employed in the Bankruptcy Cases under 11 U.S.C. §§ 327 and 1103.

1.2.90 *Professional Fee Claim* means a Claim for compensation or reimbursement of expenses of a Professional retained in the Bankruptcy Cases and requested in accordance with Bankruptcy Code sections 327, 328, 330, 331, 503(b) and 1103.

1.2.91 *Pro Rata* means, as to a particular holder of a Claim, the ratio that the amount of the Claim held by such holder bears to the total amount of all Claims held by holders of Claims within the same Class of Claims. Such ratio shall be calculated as if all Disputed Claims were Allowed Claims as of the Effective Date.

1.2.92 *Property* means all rights, title, and interest in and to any property of every kind or nature owned by the Debtors or its bankruptcy estates as of the Closing Date, including all property within the meaning of Bankruptcy Code section 541.

1.2.93 *Reimbursement Agreements* means various Reimbursement, Credit and Security Agreements between KBC Bank and NBA, including amended agreements.

1.2.94 *Reorganized Debtors* means the Debtors after the Effective Date.

1.2.95 *Residency Agreements* means each lease, sublease, license, occupancy agreement or other agreement for the present or future lease, rental, use or occupancy of any space in or on any of the Senior Living Facilities with a person who intends to occupy the space as a residential tenant or occupant or for purposes of any treatment or care provided by the Senior Living Facilities as part of the ownership and operation of the Senior Living Facilities, in respect of which NBA or an Affiliated Entity holds the interest of the lessor, sublessor or licensor or any other interest thereunder, as the case may be, and all guaranties or other documents relating thereto.

1.2.96 *Residents Committee* means the Official Committee of Residents/Creditors as appointed in the Bankruptcy Cases pursuant to Bankruptcy Code section 1102

1.2.97 *Rights of Action* means any and all claims, debts, demands, rights, defenses, actions, causes of action, suits, contracts, agreements, obligations, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, known or unknown, suspected or unsuspected, whether arising prior to, on or after the Commencement Date, in contract or in tort, at law or in equity, or under any other theory of law, of the Debtors or its Estate, including but not limited to (i) rights of setoff, counterclaim, or recoupment, and claims on contracts or for breaches of duties imposed by law, (ii) claims pursuant to Bankruptcy Code §§ 362, (iii) such claims and defenses as fraud, mistake, duress and usury, and (iv) all Avoidance Actions.

1.2.98 *Schedule of Allowed Claims* means such claims as stated in the schedule that will be filed with the Disclosure Statement, and as modified from time to time as filed with the Bankruptcy Court (modifications to each filing shall only be additions to

Allowed Claims and shall not delete claims or reduce amounts previously filed as Allowed Claims).

1.2.99 *Schedule of Estimated Claims* means such claims (the “Estimated Claims”) as stated in the schedule that will be filed with the Disclosure Statement, and as modified from time to time as filed with the Bankruptcy Court. (When and if an Estimated Claim becomes an Allowed Claim, it shall be removed from this schedule and added to the Schedule of Allowed Claims.)

1.2.100 *Schedules of Assets and Liabilities* means the schedules of assets and liabilities filed by the Debtors in the Bankruptcy Cases, as amended or modified.

1.2.101 *Secured Claim* means a Claim for which a Claimant holds a valid, perfected and enforceable Lien, not subject to avoidance or subordination under the Bankruptcy Code or applicable non-bankruptcy law, or a Claim for which a Claimant asserts a setoff under Bankruptcy Code section 553, but only to the extent of the value, determined in accordance with Bankruptcy Code section 506(a), of the Claimant’s interest in the Debtors’ interest in the Property or to the extent of the amount subject to such setoff, as the case may be, unless a timely election has been made under Bankruptcy Code section 1111(b)(2).

1.2.102 *Senior Living Facilities* means the eleven (11) senior living facilities owned by NBA or its Affiliated Entities to be sold pursuant to the Asset Purchase Agreement.

1.2.103 *Statement of Financial Affairs* means the statements of financial affairs filed by the Debtors in the Bankruptcy Cases, as amended or modified.

1.2.104 *Trade Debt Claims* means Unsecured Claims against the Debtors (other than Funded Debt Claims), including all prepetition vendor claims, rejection claims, any uninsured portion of a claim otherwise covered by insurance and all other prepetition claims against the Debtors that are not entitled to priority of payment, not secured, not the subject of a court approved motion to pay and are not a claim arising under an assumed executory contract or unexpired lease. Trade Debt Claims shall not include Intercompany Claims, Annuity Claims or claims covered by insurance.

1.2.105 *Trade Debt Effective Date Payments* has the meaning set forth in 4.5.2.2..

1.2.106 *Treasury Regulations* means the regulations promulgated under the Internal Revenue Code by the Department of the Treasury of the United States.

1.2.107 *UMB Bank* means UMB Bank, N.A.

1.2.108 *Unsecured Claim* means a Claim that is not a Secured Claim. The term specifically includes (i) any tort Claims or contractual Claims or Claims arising from damage or harm to the environment and, pursuant to Bankruptcy Code section 506(a), (ii) any Claim of a creditor against the Debtors to the extent that such Creditor’s Claim is greater than the value of the Lien securing such Claim, (iii) any Claim for damages resulting from rejection of any Executory Contract pursuant to Bankruptcy Code section 365, and (iv) any Claim not otherwise classified under the Plan.

1.2.109 *Unsecured Effective Date Payments* means the Trade Debt Effective Date Payments and the Funded Debt Effective Date Payments, collectively.

1.2.110 *Variable Rate Bonds* means variable rate governmental bonds in the original principal amount of [\$76,810,000] issued for the benefit of NBA pursuant to various trust indentures under which either UMB Bank or UMB Bank Colorado act as trustee (the “Variable Rate Bonds”),³ the proceeds of which were loaned to NBA pursuant to the Variable Rate Bond Loan Agreements and in respect of which \$64,129,149.18 (including principal, prepetition interest accrued at the non-default contract rate and fees and expenses) was outstanding as of the Commencement Date. The Variable Rate Bonds are currently owned by NBA and pledged to KBC Bank to secure the KBC Obligations as shown on the Schedule of Allowed Claims.

1.2.111 *Variable Rate Bond Claims* means all claims represented by the Variable Rate Bonds.

1.2.112 *Variable Rate Bond Loan Agreements* means various loan agreements between UMB Bank and NBA.

1.3 Rules of Interpretation and Construction. For purposes of the Plan, (i) any reference to an existing document or exhibit filed or to be filed means that document or exhibit as it may have been or may be amended, modified, or supplemented; (ii) unless otherwise specified, all references to sections, articles, and exhibits are references to sections, articles, or exhibits to the Plan; (iii) the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan in its entirety and not to any particular portion the Plan; (iv) captions and headings contained in the Plan are inserted for convenience and reference only, and are not intended to be part of or to affect the interpretation of the Plan; (v) wherever appropriate from the context, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter gender; and (vi) the rules of construction outlined in Bankruptcy Code section 102 and in the Bankruptcy Rules shall apply to the Plan.

ARTICLE 2

Classification of Claims and Equity Interests, Impairment

2.1 Classification. Pursuant to Bankruptcy Code section 1122, a Claim is placed in a particular Class for purposes of voting on the Plan and receiving Distributions under the Plan only to the extent (i) the particular Claim is an Allowed Claim in that Class and (ii) the Claim has not been paid, released, or otherwise settled before the Effective Date. A Claim shall be classified in a different Class to the extent that it qualifies within the identification of that different Class. In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims, Professional Fee Claims, and Priority Unsecured Tax Claims are not classified under the Plan, and the treatment of those Claims is set forth in Article 3 of the Plan.

³ Each series of Variable Rate Bonds was credit enhanced by a separate letter of credit, which expired on October 15, 2003. As a result of the letters of credit not being extended, renewed or replaced prior to September 1, 2003, the Variable Rate Bonds were called for mandatory tender and purchased on September 10, 2003. The Variable Rate Bonds were purchased in full from the holders thereof with funds drawn under their respective letters of credit. Pursuant to the terms of the Reimbursement Agreements and the bond indentures pursuant to which the Variable Rate Bonds were issued, the Variable Rate Bonds were pledged to KBC Bank as security for the outstanding reimbursement obligations under the Reimbursement Agreements.

2.2 Identification of Classes. The following are the designations for Classes of Claims against the Debtors:

- Class 1 Allowed Priority Unsecured Non-Tax Claims – not impaired, deemed to accept
- Class 2 Allowed Secured Claims of Taxing Authorities – not impaired, deemed to accept
- Class 3 Allowed Fixed Rate Bond Secured Claims – impaired
- Class 4 Allowed Secured Claims not included within another Class under the Plan – not impaired, deemed to accept
- Class 5 Allowed Unsecured Claims – impaired
- Class 6 Allowed Intercompany Claims – impaired, consented to by Debtors and the Affiliated Entities, deemed to accept, and shall not vote

2.3 Unimpaired Class. Claims in Classes 1, 2 and 4 are not impaired under the Plan. Under Bankruptcy Code section 1126(f), Claimholders within Classes 1, 2 and 4 are conclusively presumed to have accepted the Plan, and therefore are not entitled to vote to accept or reject the Plan.

2.4 Impaired Classes. Claims in Classes 3 and 5 are impaired under the Plan. Claimholders in Classes 3 and 5 are entitled to vote to accept or reject the Plan. Claimholders in Class 6 are impaired but the treatment has been consented to by the Debtors and therefore they are deemed to have accepted the Plan and are not entitled to vote.

ARTICLE 3

Treatment of Administrative Claims, Professional Fee Claims, and Allowed Priority Unsecured Tax Claims

3.1 Administrative Claims Bar Date. All applications or other requests for payment of Administrative Claims (except Professional Fee Claims) arising on or before the Confirmation Date must be filed with the Bankruptcy Court and served on counsel for the Debtors, the Effective Date Escrow Agent, the U.S. Trustee, counsel for the Attorneys General of Missouri and Texas, and counsel for the Residents Committee and the Creditors Committee, within thirty (30) days after the Effective Date, or by such earlier deadline governing a particular Administrative Claim contained in an order of the Bankruptcy Court entered before the Confirmation Date. Any such Administrative Claim (except Professional Fee Claims) for which an application or request for payment is not filed within the above-referenced time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan. Ordinary course post-petition bills will be paid in the ordinary course, pre- and post-confirmation (e.g., utilities, garbage, office supplies, etc.).

3.2 Professional Fee Claims Bar Date. All final applications or other final requests for payment of Professional Fee Claims arising on or before the conclusion of the Effective Date must be filed with the Bankruptcy Court and served on counsel for the Debtors, the Effective Date Escrow Agent, the U.S. Trustee, counsel for the Attorneys General of Missouri and Texas, and counsel for the Residents Committee and the Creditors Committee within forty-five (45) days after the Effective Date. Any such Professional Fee Claim for which an application or request for payment is not filed within that time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan. All applications for payment of Professional Fees, filed under this section, shall comply with the provisions contained in the Order approving the appointment of a Fee Auditor in this case.

3.3 Payment of Administrative Claims and Professional Fee Claims. Allowed Administrative Claims arising through the Confirmation Date shall be paid by the Debtors in cash on the Effective Date. Allowed Professional Fee Claims incurred through the conclusion of the Effective Date shall be paid by the Debtors within ten (10) days following the Allowance Date. Claims of professionals subject to Bankruptcy Code §§ 327 – 331 will be paid only if allowed by the Court following a hearing on notice. All applications for payment of Professional Fees, filed under this section, shall comply with the provisions contained in the Order approving the appointment of a Fee Auditor in this case.

3.4 Treatment and Satisfaction of Allowed Priority Unsecured Tax Claims. Allowed Priority Unsecured Tax Claims shall be paid by the Debtors or Reorganized Debtors within ten (10) days following the Allowance Date.

3.5 U.S. Trustee Fees. After the Closing Date and until the Bankruptcy Cases are closed, the Debtors and Reorganized Debtors shall pay all fees incurred under 28 U.S.C. § 1930(a)(6). Additionally, the Reorganized Debtors shall submit the periodic reporting required by the U.S. Trustee.

3.6 Administrative Tax Claim Bar Date. Notwithstanding sections 3.1 and 3.2 of the Plan, any application or other request for payment of an Administrative Tax Claim must be filed with the Bankruptcy Court and served on counsel for the Debtors, the Effective Date Escrow Agent, U.S. Trustee, and counsel for the Attorneys General, the Residents Committee and the Creditors Committee, by the later of (i) thirty (30) days after the Effective Date or (ii) ninety (90) days after the filing of any required tax return relating to the Administrative Tax Claim. Any Administrative Tax Claim for which an application or request for payment is not filed within the applicable time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan.

3.7 Rejection Claims. See Section 5.3.

ARTICLE 4 Treatment of Allowed Claims

4.1 Treatment of Class 1 Allowed Priority Unsecured Non-Tax Claims. Class 1 Allowed Priority Unsecured Non-Tax Claims shall be paid by the Debtors within ten (10) days following the Allowance Date.

4.2 Treatment of Class 2 Allowed Secured Claims of Taxing Authorities

4.2.1 Determination of Class 2 Allowed Secured Claims of Taxing Authorities. If there is more than one Class 2 Allowed Secured Claim, each Class 2 Allowed Secured Claim shall be classified in a separate subclass. The Debtors may seek a determination regarding the allowability of any Class 2 Secured Claim pursuant to the Bankruptcy Code and the Bankruptcy Rules. The Debtors (or Reorganized Debtors, as the case may be) may, at their sole option, initiate litigation seeking a determination of the amount, extent, validity, and priority of any Liens securing any Class 2 Secured Claim.

4.2.2 Treatment of Class 2 Allowed Secured Claims of Taxing Authorities. Each Class 2 Allowed Secured Claim shall be satisfied in full at the election of the Debtors or the Reorganized Debtors by (i) the sale of any collateral securing the Class 2 Allowed Secured Claim in accordance with section 4.2.3 of the Plan, (ii) the transfer of that collateral to the holder of the Allowed Secured Claim in accordance with section 4.2.4 of the Plan, (iii) an agreement reached between the holder of the Class 2 Allowed Secured Claim and the Debtors or Reorganized Debtors in accordance with section 4.2.5 of the

Plan, or (iv) cash payments equal to the value of the collateral, plus interest and, if applicable, attorneys' fees.

4.2.3 Sale of Collateral. The Debtors or Reorganized Debtors may sell for cash any property serving as collateral for a Class 2 Allowed Secured Claim. The holder of the Class 2 Allowed Secured Claim shall be entitled to bid at such sale in accordance with Bankruptcy Code section 363(k). Any proceeds generated by the sale of any property serving as collateral for a Class 2 Allowed Secured Claim shall be paid by the Debtors to the holder of the Class 2 Allowed Secured Claim in satisfaction of that Claim. Any net sale proceeds remaining after satisfaction of a Class 2 Allowed Secured Claim shall remain property of the Debtors free and clear of the Allowed Secured Claims of Taxing Authorities' Liens to the extent it is not required to be transferred to the Confirmation Account.

4.2.4 Transfer of Collateral. The Debtors or Reorganized Debtors may satisfy any Class 2 Allowed Secured Claim by transferring and conveying to the holder of the Claim any property serving as collateral for the Class 2 Allowed Secured Claim to the extent of the amount of that Claim. Any collateral remaining after satisfaction of the Class 2 Allowed Secured Claim shall remain property free and clear of any Liens in favor of the Class 2 Claimants.

4.2.5 Other Agreements. Notwithstanding sections 4.2.3 and 4.2.4 of the Plan, a Class 2 Allowed Secured Claim may otherwise be satisfied by a written agreement between the holder of that Claim and the Debtors or Reorganized Debtors. The treatment set forth in any such agreement will supersede the provisions of sections 4.2.3 and 4.2.4 of the Plan.

4.2.6 Cash Payment. Notwithstanding sections 4.2.3, 4.2.4, and 4.2.5 of the Plan the Class 2 Allowed Secured Claim may otherwise be satisfied by the Debtors or Reorganized Debtors making a cash payment to the Class 2 Claimant equal to lesser of the value of the collateral or the amount of the Class 2 Allowed Secured Claim.

4.2.7 Retention of Lien. Each holder of a Class 2 Allowed Secured Claim shall retain the Liens securing the Class 2 Allowed Secured Claim until it is satisfied in accordance with the Plan, or until an earlier date agreed to by the Claimholder and the Debtors.

4.2.8 Deficiency Claim. If the holder of a Class 2 Allowed Secured Claim has a deficiency claim, it shall be treated under the Plan as either a Class 5 Unsecured Claim or a Priority Unsecured Tax Claim, as determined by the Bankruptcy Court.

4.3 Treatment of Class 3 Allowed Fixed Rate Bond Secured Claims

4.3.1 Determination of Class 3 Allowed Fixed Rate Bond Secured Claims . If there is more than one Class 3 Allowed Fixed Rate Bond Secured Claim, each Class 3 Allowed Fixed Rate Bond Secured Claim shall be classified in a separate subclass.

4.3.2 Treatment of Class 3 Allowed Secured Claims. Each holder of a Fixed Rate Bond Secured Claims shall receive a Payment on the Effective Date equal to their Pro Rata portion of the Fixed Rate Bond Secured Claim Amount.

4.3.3 Retention of Lien. Holders of any Class 3 Allowed Fixed Rate Bond Secured Claim shall retain any Liens securing that Claim until it is satisfied in accordance with the Plan.

4.3.4 Deficiency Claim. To the extent that a holder of a Class 3 Allowed Fixed Rate Bond Claim is not paid such Claim in full by the payment of its Pro Rata portion of the Fixed Rate Bond Secured Claim Amount, such deficiency shall be an Allowed Claim and shall be treated under the Plan as a Class 5 Unsecured Claim.

4.4 Treatment of Class 4 Allowed Secured Claims not included within another Class under the Plan

4.4.1 Determination of Class 4 Allowed Secured Claims not included within another Class under the Plan. If there is more than one Class 4 Allowed Secured Claim, each Class 4 Allowed Secured Claim shall be classified in a separate subclass. The Debtors may seek a determination regarding the allowability of any Class 4 Secured Claim pursuant to the Bankruptcy Code and the Bankruptcy Rules. The Debtors (or Reorganized Debtors, as applicable) may, at their sole option, initiate litigation seeking a determination of the amount, extent, validity, and priority of any Liens securing any Class 4 Secured Claim.

4.4.2 Treatment of Class 4 Allowed Secured Claims. Any Class 4 Allowed Secured Claim shall be satisfied in full at the election of the Debtors or Reorganized Debtors by (i) the sale of any collateral securing the Class 4 Allowed Secured Claim in accordance with section 4.4.3 of the Plan, (ii) the transfer of that collateral to the holder of the Class 4 Allowed Secured Claim in accordance with section 4.4.4 of the Plan, (iii) an agreement reached between the holder of the Class 4 Allowed Secured Claim and the Debtors or Reorganized Debtors in accordance with section 4.4.5 of the Plan, or (iv) cash payments equal to the value of the collateral.

4.4.3 Sale of Collateral. The Debtors or Reorganized Debtors, as applicable, may sell for cash any property serving as collateral for a Class 4 Allowed Secured Claim. The holder of a Class 4 Allowed Secured Claim shall be entitled to bid at such sale in accordance with Bankruptcy Code section 363(k). Any proceeds generated by the sale of property serving as collateral for a Class 4 Allowed Secured Claim shall be paid by the Debtors or Reorganized Debtors to the holder of the Class 4 Allowed Secured Claim in satisfaction of that Claim. Any net sale proceeds remaining after satisfaction of a Class 4 Allowed Secured Claim shall remain property of the Debtors free and clear of all Liens securing Class 4 Allowed Secured Claims to the extent it is not required to be transferred to the Confirmation Account.

4.4.4 Transfer of Collateral. The Debtors or Reorganized Debtors may satisfy any Class 4 Allowed Secured Claim by transferring and conveying to the holder of the Claim any property serving as collateral for the Class 4 Allowed Secured Claim to the extent of the amount of that Claim. Any collateral remaining after satisfaction of the Class 4 Allowed Secured Claim shall remain property free and clear of any Liens in favor of Class 4 Allowed Secured Claimholders.

4.4.5 Other Agreements. Notwithstanding sections 4.3.3 and 4.3.4 of the Plan, Class 4 Allowed Secured Claims may otherwise be satisfied by a written agreement between the holder of a Class 4 Allowed Secured Claim and the Debtors or Reorganized Debtors.

The treatment set forth in any such agreement will supersede the provisions of sections 4.4.3 and 4.4.4 of the Plan.

4.4.6 Cash Payment. Notwithstanding sections 4.4.3, 4.4.4, and 4.4.5 of the Plan the Class 4 Allowed Secured Claim may otherwise be satisfied by the Debtors or Reorganized Debtors making a cash payment to the Class 4 Claimant equal to the lesser of the value of the collateral or the amount of the Class 4 Secured Claim.

4.4.7 Retention of Lien. Holders of any Class 4 Allowed Secured Claim shall retain any Liens securing that Claim until it is satisfied in accordance with the Plan, or until an earlier date agreed to by the holder of the Class 4 Allowed Secured Claim and the Debtors or Reorganized Debtors.

4.4.8 Deficiency Claim. If the holder of a Class 4 Allowed Secured Claim has an Allowed deficiency claim, it shall be treated under the Plan as a Class 5 Unsecured Claim.

4.5 Treatment of Class 5 Allowed Unsecured Claims. Class 5 Allowed Unsecured Claims shall be satisfied in full, as provided herein, from Distributions from the Effective Date Escrow.

4.5.1 Subclasses.

Subclass 5A – Funded Debt Claims.

Subclass 5B – Trade Debt Claims.

4.5.2 Treatment of Class 5 Unsecured Claims. The Unsecured Effective Date Payments shall be paid from the Effective Date Escrow. All Unsecured Effective Date Payments, other than those maintained in the Disputed Claims Reserve, shall be distributed substantially simultaneously from the Effective Date Escrow.

4.5.2.1 Treatment of Funded Debt Claims. Funded Debt Effective Date Payments shall be made first from (a) the gross proceeds from the sale of the Senior Care Facilities and all other assets for which tax exempt Funded Debt was raised, and then from (b) proceeds from the sale of other assets of the Debtors, the Debtors' Cash and Investment Accounts and all other assets of the Debtors.

4.5.2.1.1. Holders of Funded Debt Claims constituting Class 5 Unsecured Claims shall receive a Payment on the Effective Date in an amount such that the total amount that such holders will have received pursuant to this Plan on account of their Funded Debt Claims (including as such amounts received, their Pro Rata portion of any Fixed Rate Bond Secured Claim Amount paid pursuant to Section 4.3 hereof), plus the amount that such holders have received, if any, on account of the distribution of monies made after the Commencement Date and prior to the Effective Date from the so-called debt service reserve funds securing a portion of the Funded Debt Claims, is equal to the following (which shall herein collectively be referred to as the "*Funded Debt Effective Date Payments*," and which is presented in the Schedule of Allowed Claims and the Schedule of Estimated Claims as an aggregate amount to be paid to all such holders): (i) the Prepetition Funded Debt Claim

Amount, (ii) an amount such that each holder of a Funded Debt Claim shall have received a payment of interest accruing between the Commencement Date and the Effective Date on the principal portion of its Funded Debt Claim at the Postpetition Interest Payment Rate, and (iii) 100% of the fees and expenses incurred subsequent to the Commencement Date and reimbursable under the Funded Debt Agreements. In order to effectuate the Plan, the Fixed Rate Bonds shall be deemed accelerated under each of the applicable indentures on the Effective Date.

4.5.2.1.2. In order to make the Funded Debt Effective Date Payments as described above, payments to holders of allowed Class 5 Claims other than holders of the Fixed Rate Bonds shall be made directly to such holders from the Effective Date Escrow by the Effective Date Escrow Agent. Payments to holders of the Fixed Rate Bonds shall be made from the Effective Date Escrow to the Master Trustee in the aggregate amount due to all holders of the Fixed Rate Bonds. The Master Trustee shall, in turn, calculate and distribute such funds to the applicable bond trustees for such holders in accordance with the terms of the applicable Funded Debt Agreements and so that all such holders are treated equally and in accordance with the rights of such holders under the plan of reorganization. Each party herein shall be responsible for its distributions and shall not be responsible for the distributions made by the other parties. Each such distribution to a holder of a Funded Debt Claim shall take into consideration the amount, if any, that each such holder received on account of the distribution of funds to such holder after the Commencement Date from the so-called debt service reserve funds securing a portion of such holder's Funded Debt Claim. Notwithstanding any provision of the applicable bond indentures to the contrary, the bond trustees shall fix the date for payment of any amounts to be distributed to the holders of the Fixed Rate Bonds pursuant to the Plan by notice at least five (5) calendar days prior to such payment date (the "Fixed Rate Bond Payment Date"). Notwithstanding any provision of the applicable bond indentures to the contrary, the bond trustees shall be authorized to designate the Fixed Rate Bond Payment Date as the special record date for such payment within the meaning of the bond indentures. The bond trustees will set the Fixed Rate Bond Payment Date to be the same date as the Effective Date or as soon thereafter as practicable.

4.5.2.2 Treatment of Trade Debt Claims. Trade Debt Claims shall receive a Payment on the Effective Date, including interest accruing between (1) the later of the Commencement Date or the date such claim is liquidated and (2) the Effective Date at the Postpetition Interest Payment Rate and all fees and expenses incurred subsequent to the Commencement Date and reimbursable under the applicable documents evidencing the Trade Debt Claims (collectively, the "Trade Debt Effective Date Payments").

4.5.2.2.1. Trade Debt Effective Date Payments shall be paid first from (a) the Debtors' Cash and Investment Accounts and all other assets for which tax exempt Funded Debt was not raised, and then from (b)

proceeds from the sale of other assets of the Debtors, excluding the net proceeds from the sale of the Senior Care Facilities and all other assets of the Debtors for which tax exempt Funded Debt was raised, and then from (c) the net proceeds from the sale of the Senior Care Facilities and all other assets of the Debtors for which tax exempt Funded Debt was raised.

4.5.3 If, at any time, the Effective Date Escrow, including the Disputed Claims Reserve, should be insufficient to pay all Allowed Claims and Estimated Claims in accordance with the terms of the Plan, the Reorganized Debtors shall pay such additional sums into the Effective Date Escrow within five (5) business days after such determination is made.

4.6 Treatment of Class 6 Allowed Intercompany Claims. Class 6 Allowed Intercompany Claims shall be cancelled on the date that the Creditors Committee is dissolved. Because the Debtors and the Affiliated Entities have consented to this treatment, the Class 6 Claims are unimpaired and, therefore, shall not vote on the Plan. (The NBA and other Debtors and the non-debtor Affiliates have released or will release all claims, each against the others.)

ARTICLE 5

Executory Contracts

5.1 Assumption and Rejection. All Executory Contracts not (a) listed on the Schedule of Rejected Contracts to be included in the Confirmation Schedules and (b) not otherwise assumed or rejected pursuant to a Final Order entered before the Effective Date shall be deemed assumed as of the Confirmation Date. To the extent required under Bankruptcy Code section 365(b)(1), any and all Cure that is not subject to a dispute shall be paid by the party to which the particular Executory Contract has been assigned. The Schedule of Rejected Contracts shall be filed no later than 10 days before the deadline for objections to confirmation of the Plan.

5.1.1 Annuity Contracts. Annuity Contracts shall be assumed as of the Confirmation Date, to the extent that such are executory contracts; otherwise, these agreements are ratified and affirmed by the Reorganized Debtors.

5.1.2 Residency Agreements. Residency Agreements, including the obligation to pay amounts upon the respective unit's being reoccupied, shall be treated in accordance with the *Final Order and Stipulation Regarding the Debtors' Motion to Maintain and Honor Obligations Relating to Entrance Fee Programs at the Debtors' Senior Care Living Facilities*, which was entered on May 6, 2004 and the *Order Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and Section 105(A) of the Bankruptcy Code (i) Approving Supplemental Agreement with Respect to Asset Purchase Agreement and (ii) Binding Certain Residents to Certain of the Terms Thereof* on December 1, 2004. Obligations under any Residency Agreement that are not dealt with by either of the Orders referenced above shall be paid by the Reorganized Debtors in accordance with the terms of the Residency Agreement. It is the Debtors' intent that any obligation arising under a Residency Agreement to pay an amount to a previous resident upon the reoccupation of such resident's unit that is due and payable on or before the closing of the sale of the Senior Living Facilities shall be paid in full in the ordinary course.

5.2 Approval of Assumption or Rejection. Entry of the Confirmation Order shall constitute the approval, under Bankruptcy Code section 365(a), of (i) the assumption or assumption and assignment of the Executory Contracts identified in accordance with section 5.1 of the Plan, (ii) the assumption of the

remaining Executory Contracts, and (iii) the rejection of those contracts listed on the Schedule of Rejected Contracts as well as those identified in the Plan as being rejected.

5.3 Rejection Claims. Unless the Bankruptcy Court, the Bankruptcy Code, or the Bankruptcy Rules establish an earlier deadline governing the rejection of particular Executory Contracts, any Claim arising out of the rejection of Executory Contracts under sections 5.1, 5.2 or 5.4 of the Plan, or arising out of the rejection of Executory Contracts after the Bar Date and before the Confirmation Date, must be filed with the Bankruptcy Court and served on counsel for the Debtors, Effective Date Escrow Agent, the U.S. Trustee, and the Attorneys General of Missouri and Texas, and the Creditors Committee within thirty (30) days after the Confirmation Date. Any such Claims not filed within that time period will be extinguished and forever barred, and therefore will not be entitled to receive any Distributions under the Plan. Any Claims arising out of the rejection of an Executory Contract pursuant to a Final Order entered before the Bar Date must have been filed before the Bar Date or by the deadline specified in the relevant rejection order; otherwise those Claims are extinguished and forever barred, and therefore will not be entitled to receive any Distributions under the Plan. All Claims arising from the rejection of an Executory Contract shall be treated as a Class 5 Allowed Unsecured Claim under the Plan.

5.4 Employee Contracts. Employment contracts for Dennis Hagemann and Gary Zimmerman will be assumed as modified. Cindy Dougherty's employment contract shall be rejected. The Debtors anticipate that Ms. Dougherty and others will file claims for rejection of contracts equal to at least one year of compensation.

5.5 Severance and Retiree Benefits. Unless identified on the schedules of executory contracts and unexpired leases to be rejected pursuant to the Plan, all of the Debtors' savings plans, retirement plans, health care plans, performance-based incentive plans, retention plans, workers' compensation programs and life, disability, directors' and officers' liability and other insurance plans that represent enforceable contractual obligations against the Debtors will be assumed pursuant to the Plan, to the extent that such are executory contracts; otherwise, these agreements are ratified and affirmed by the Reorganized Debtors. Each of the reorganized Debtors will continue to pay the severance benefits that they are contractually obligated to pay in accordance with existing severance plans. Pursuant to section 1129(a) of the Bankruptcy Code, the reorganized Debtors will continue to pay the retiree benefits that they are contractually obligated to pay under enforceable obligations and contracts. Additionally, the Key Employee Retention Plan shall be continued as approved and/or modified by the Bankruptcy Court.

5.6 Insurance Policies. Unless identified on the Schedules of Rejected Contracts to be included in the Confirmation Schedules pursuant to the Plan, all of the Debtors' insurance policies will be assumed pursuant to the Plan. The Debtors have in place liability insurance for claims against their officers and directors.

ARTICLE 6

Means for Execution of the Plan

6.1 The Effective Date Escrow. Upon the respective closings occurring before the Effective Date, the following shall be placed in the Effective Date Escrow to be administered by Effective Date Escrow Agent pursuant to an escrow agreement to be executed by the appropriate parties and approved by the Debtors and the Creditors Committee (which escrow agreement shall provide for the appropriate distribution of the Unsecured Effective Date Payments by the Effective Date Escrow Agent in accordance with the applicable documents governing distributions under the Funded Debt Claims and Trade Debt Claims):

6.1.1 The sales proceeds and other cash consideration from the sale of the Senior Living Facilities in accordance with the Asset Purchase Agreement with Fortress NBA Acquisition, LLC; and,

6.1.2 All other proceeds from the sale or other disposition or liquidation of the Debtors' assets (including but not limited to the Cash and Investment Accounts derived from the previous sale of the Colorado Christian Home's programs, the real estate proceeds derived from the Colorado Christian Home, the headquarters facility in St. Louis, the HUD contracts and assets, the collections of receivables related to the Senior Care Facilities subsequent to the closing of the sale transaction, the proceeds from the cancellation of insurance benefits relating to the sale of the Senior Care Facilities and other such prepaid amounts); provided, however, that after any deposit of such proceeds into the Effective Date Escrow, additional proceeds shall only be required to be deposited into the Effective Date Escrow when they accumulate to an amount that equals or exceeds \$500,000. Until the proceeds equal or exceed \$500,000, the Debtors shall maintain such proceeds in a designated reserve account under their control.

6.1.3 Disputed Claims Reserve. The Disputed Claims Reserve shall be in the maximum amount of all claims timely asserted against the Debtors (other than duplicative claims filed against one or more Debtors) and as to which either the Creditors Committee or the Debtors dispute the claimant's entitlement to any portion of the claimed amount. Funds held in the Disputed Claims Reserve shall only be released on the Allowance Date upon Final Order of the Bankruptcy Court resolving the dispute regarding the claimant's entitlement to such funds. The Debtors shall not pay any undisputed portion of a claim until resolution of the disputed portion of the claim.

6.2 Debtors' Deposits. Under no circumstances shall the Debtors be required to deposit any proceeds described in points 6.1.1 or 6.1.2 above into the Effective Date Escrow after the amount held in the Effective Date Escrow equals or exceeds the sum of the Effective Date Escrow Amount.

6.3 Debtors to Transfer Cash and Investment Accounts. At least eight (8) days before the date that the Confirmation Hearing commences, the Debtors shall transfer from their Cash and Investment Accounts to the Confirmation Account the difference between the amount held in the Effective Date Escrow as of that date and the sum of (a) the amount shown on the Schedule of Allowed Claims and (b) the amount shown on the Schedule of Estimated Claims (including the Reserves described in Article 14) for a total that equals the Effective Date Escrow Amount. If the closing and funding of the sale of the Senior Living Facilities has not occurred before nine (9) days before the date the Confirmation Hearing commences, the transfer from the Cash and Investment Accounts to the Confirmation Account shall nevertheless be made as scheduled but the calculation of the amount to be paid will include a provisional credit in the amount of \$210 million to reflect the anticipated sales proceeds from the sale of the Senior Living Facilities.

6.4 Confirmation Account. Not more than two (2) business days following the Confirmation Date, the Debtors shall transfer all of the funds in the Confirmation Account to the Effective Date Escrow Agent to become part of the Effective Date Escrow.

6.5 Adjustment of Postpetition Interest Rate. If the Unsecured Effective Date Payments are not paid in full by the Debtors on or before February 28, 2005, then commencing on March 1, 2005, the Postpetition Interest Payment Rate shall increase by 400 basis points (to 6.17%) on the Funded Debt Claims and the Trade Debt Claims from such date forward; *provided, however*, that such increase shall not apply to the unpaid amount of any such claims that has not been paid on or before February 28, 2005

due to a delay that is solely attributable to (a) a buyer of the Senior Living Facilities or (b) obtaining any regulatory approval required to sell a Senior Living Facility that is caused by a party other than the Debtors for only that period of time solely attributable to (a) or (b); *provided further*, that either the Debtors or the Creditors Committee shall be able to refer any dispute over the cause of a delay to the Bankruptcy Court for determination.

6.6 Postpetition Interest Rate for Disputed Claims. If the Debtors dispute a Claim and the objection(s) is denied in total, the Debtors shall pay interest on the Claim at the rate 6.17% per annum from and after the date that the interest rate changes pursuant to the terms hereof. If the Debtors' objection(s) to a Disputed Claim is sustained or granted in part, the Court shall determine the portion of the Claim that accrues interest at 2.17% per annum and the portion of the Claim that accrues interest at 6.17% per annum based upon the facts presented in each objection, including the amount in dispute and the undisputed amount that was not paid while the dispute was unresolved, unless otherwise agreed to by the parties.

6.7 Timing. The Effective Date shall occur within ten (10) days after entry of the Confirmation Order, unless extended by the Creditors Committee on account of the closing and funding of the Senior Living Facilities occurring after the Confirmation Date. A notice of the same filed with the Bankruptcy Court will reflect any such extension.

6.8 Conditions Precedent. The Effective Date of the Plan will be conditioned upon prior satisfaction of the following conditions:

6.8.1 The closing and funding of the sale of the Debtors' Senior Living Facilities in accordance with the Asset Purchase Agreement; provided that if, under the terms of the Asset Purchase Agreement, the sale of certain Senior Living Facilities are deferred (the "Deferred Facilities"), the Effective Date shall not be conditioned on the sale of the Deferred Facilities (the date upon which this condition is satisfied shall be referred to herein as the "Senior Living Closing Date");

6.8.2 The effectiveness of all agreements and documents evidencing each element of this Plan to be executed by the Debtors and the counterparties to such an agreement;

6.8.3 The receipt of all necessary or appropriate third party and governmental waivers, consents and approvals (other than with respect to the sale of the Deferred Facilities); and

6.8.4 The full funding, in cash, of the Effective Date Escrow, including the required transfer from the Confirmation Account.

6.9 The Closing. A Closing of the transactions required and contemplated under the Plan shall take place on the Closing Date at the law offices of Haynes and Boone, LLP, or at such other place identified in a notice provided to those parties identified in the Notice provision of the Plan. Debtors' counsel may continue the Closing by making an announcement at the originally scheduled Closing of the new date for the Closing; provided, however, that the new date for the Closing must occur within fifteen (15) days of the original Closing Date. A notice of the rescheduled Closing Date shall be filed with the Bankruptcy Court within two (2) days after the originally scheduled Closing Date. The actions described in sections 6.9.1 through 6.9.5 of the Plan shall occur at or before the Closing, and shall be effective as of the Closing Date.

6.9.1 Execution and Ratification of the Escrow Agreement. The Escrow Agreement shall be executed by all necessary parties to the Escrow Agreement. Each holder of a

Claim shall be deemed to have ratified and become bound by the terms of the Escrow Agreement. The execution and ratification date of the Escrow Agreement shall be no later than the Confirmation Date.

6.9.2 Tax Treatment of the Effective Date Escrow. The general purpose of the Effective Date Escrow established under the Effective Date Escrow Agreement is to provide a mechanism for the liquidation of the Effective Date Escrow Amount, and to distribute the proceeds of the liquidation, net of all Claims, expenses, charges, liabilities, and obligations of the Effective Date Escrow, to the holders of Beneficial Interests and certain Allowed Claims and in accordance with the terms of the Plan. The Effective Date Escrow will not conduct or engage in any trade or business activities, other than those associated with or related to the liquidation of the Effective Date Escrow Property and the Distributions to the Beneficiaries. It is intended that, commencing on the Effective Date, the Effective Date Escrow be classified for federal income tax purposes as a “liquidating Effective Date Escrow” within the meaning of Treasury Regulations § 301.7701-4(d). All parties shall treat the transfers into the Effective Date Escrow described in the Effective Date Escrow Agreement as transfers as of the Effective Date to the Beneficiaries for all purposes of the Internal Revenue Code of 1986, as amended (including §§ 61(12), 483, 1001, 1012, and 1274). All parties shall treat the transfers into the Effective Date Escrow as if all the transferred assets, including all the Effective Date Escrow Property, had been first transferred to the Beneficiaries as of the Effective Date and then transferred by the Beneficiaries to the Effective Date Escrow. The Beneficiaries shall be treated for all purposes of the Internal Revenue Code of 1986, as amended, as the grantors on the Effective Date of the Effective Date Escrow and the owners of the Effective Date Escrow as of the Effective Date. All income of the Effective Date Escrow accrued after the Effective Date shall be taxed directly to the Beneficiaries (except to the extent the IRS is a Beneficiary). With respect to periods after the Effective Date, the Effective Date Escrow Agent shall file returns for the Effective Date Escrow as a grantor Effective Date Escrow under Treasury Regulations § 1.671-4(a) or (b). The parties, including the Effective Date Escrow Agent and the Beneficiaries, shall value the Property transferred to the Effective Date Escrow consistently, which valuations shall be used for all federal income tax purposes. The Beneficiaries (except to the extent the IRS is a Beneficiary) shall be responsible for payment of any taxes due with respect to the operations of the Effective Date Escrow after the Effective Date. The Effective Date Escrow shall terminate on the earlier of (i) the date that is 5 years after the date the Effective Date Escrow is created or (ii) the distribution of all available cash and Effective Date Escrow Property, unless its termination date is extended by the Bankruptcy Court as provided in the Effective Date Escrow Agreement. During its existence, the Effective Date Escrow shall not receive or retain cash or cash equivalents in excess of a reasonable amount necessary to meet Claims and contingent liabilities (including Disputed Claims) or to maintain the value of the Effective Date Escrow Property during liquidation. After the Effective Date, the Effective Date Escrow shall distribute at least annually to the Beneficiaries all its net income and all the net proceeds from the sale of Effective Date Escrow Property, less such net income or net proceeds reasonably necessary to maintain the value of the Effective Date Escrow Property or to meet Claims or contingent liabilities (including Disputed Claims). The Effective Date Escrow Agent shall use its continuing best efforts to dispose of the Effective Date Escrow Property, make timely Distributions, and shall not unduly prolong the duration of the Effective Date Escrow.

6.9.3 Amendment of Debtors' Articles of Organization and Bylaws NBA's Board of Trustees may amend the Articles of Organization and Bylaws, within the strictures of the Articles of Organization and Bylaws, to allow NBA to implement the Plan.

6.9.4 Execution of Documents and Company Action. The Debtors shall deliver all documents and perform all actions reasonably contemplated with respect to implementation and consummation of the Plan.

6.9.5 Surrender of Instruments. Except as otherwise provided in the Plan, each Claimholder holding a certificate or instrument evidencing a Claim against the Debtors or the property subject to the Escrow Agreement, except any holder of a Fixed Rate Bond or a Variable Rate Bond, and whose Claims are treated under the Plan shall surrender the certificate(s) or instrument(s) to the Effective Date Escrow Agent on or before the Closing Date as a prerequisite to receiving any Distribution under the Plan, unless the non-availability of such certificate(s) or instrument(s) is established to the satisfaction of the Effective Date Escrow Agent.

6.10 Termination of the Committees. The Creditors Committee will be dissolved one day after the date that the Effective Date Escrow Agent disburses the Unsecured Effective Date Payments (other than amounts held in the Disputed Claims Reserve) to the Master Trustee, KBC Bank, the holders of the Funded Debt Claims and to the disbursing agent for the Trade Debt Claims. If not previously dissolved, the Residents Committee will be dissolved upon the Effective Date.

6.11 Bankruptcy Code Section 1145 Determination. Confirmation of the Plan shall constitute a determination, in accordance with Bankruptcy Code section 1145, that (except with respect to an entity that is an underwriter as defined in Bankruptcy Code section 1145(b)) section 5 of the Securities Act of 1933 and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, broker or dealer in, a security do not apply to the offer or sale under the Plan of the Property in exchange for Claims against Debtors. Notwithstanding, if the Effective Date Escrow Agent determines that registration and reporting under the Securities Exchange Act of 1934 is required, the Effective Date Escrow Agent will take steps to comply with those requirements.

6.12 Injunction against Changing Tax Treatment of the Debtors. The Debtors, Reorganized Debtors and any of their officers and trustees, are enjoined from changing the Debtors' status or tax treatment under the check-the-box regulations or otherwise for federal income tax purposes in any manner that would adversely affect Distributions to Claimholders or would otherwise not be in the best interests of the Claimholders.

6.13 Board of Trustees. The Board of Trustees of the Reorganized Debtors will be comprised of trustees who were not members of NBA's Board of Trustees on the Commencement Date, who have significant business experience relating to the business of the NBA. On or before February 10, 2005, the Debtors shall file with the Bankruptcy Court and serve a schedule, which the Missouri Attorney General's office has reviewed, which identifies by name each individual who will serve on the Board of Trustees as of the Effective Date.

6.14 Appointment of Chief Financial Officer. Gary Zimmerman will be named as the chief financial officer of the Reorganized Debtors.

6.15 Post-Effective Date Cash and Investment Accounts. All Cash and Investment Accounts of the Debtors, net of the Effective Date Payments, shall be revested in the Reorganized

Debtors and all restrictions and other donor intentions associated with such Cash and Investment Accounts shall be honored by the Reorganized Debtors.

6.16 Actions Related to the State of Texas.

6.16.1 Wind Down and Dissolution. On or as soon as practicable after the Effective Date, the Reorganized Debtors shall commence taking all actions necessary for the orderly wind down and liquidation and/or sale of the Affiliated Entities domiciled in Texas. Upon or as soon as practicable after the conclusion of the wind down and liquidation of any Affiliated Entity domiciled in Texas that is not sold, the Reorganized Debtors shall cause the dissolution of such Texas Affiliated Entity.

6.16.2 Fund Raising and Operations. As of the Effective Date, none of the Reorganized Debtors or other Affiliated Entities shall solicit or accept charitable contributions or bequests from Persons who reside in the State of Texas. Except for actions taken to wind down, liquidate and dissolve and/or sell the Texas Affiliated Entities, as of the Effective Date, all Reorganized Debtors and other Affiliated Entities shall cease and refrain from conducting any business operations within the State of Texas without the consent of the Texas Attorney General.

6.17 Fellowship of John. On or before the Confirmation Date, the Reorganized Debtors shall file with the Bankruptcy Court and supply to the Attorneys General in each state in which Debtors owned a facility that solicited funds for the “Fellowship of John” to assist residents of senior care facilities (“FOJ”), a listing based on their books and records as of the close of the prior month listing the accounts and amount of FOJ funds (including marketable securities) the Debtors had on hand that had been contributed to be used for the FOJ (the “FOJ Account Listing”). The FOJ Account Listing shall include the name and location of each facility as well as the balance of FOJ funds. The FOJ funds (including marketable securities) shall not include funds held in operating accounts or accounts designated as “Funds Functioning as Endowment” (as indicated by the “FFE” designation in the account’s name in the Debtors’ books and records).

Within thirty (30) days after the FOJ Account Listing is filed, any of the various Attorneys General that wish to have the funds shown on the FOJ Account Listing related to a facility in the respective Attorney General’s state transferred to a charity operating in that state may file a Notice with the Bankruptcy Court indicating their request that the funds in the FOJ account(s) for a facility in their respective state be transferred to a designated charity operating in that State pursuant to the doctrine of *cy pres*. If such a Notice is filed, the funds in the affected account(s) shall be transferred to such designated charity or charities. None of the Attorneys General is required to file such a Notice.

ARTICLE 7

General Provisions Governing Distributions

7.1 Distributions to Claimholders. The Effective Date Escrow Agreement will govern the manner in which distributions will be made to Claimholders.

ARTICLE 8

Vesting of Property

8.1 Revesting of Property. On the Effective Date, except as otherwise expressly provided in the Plan, title to all Property shall vest in the Reorganized Debtors, and all Property shall be free and clear of all Liens of any kind, other than as expressly provided in the Plan and subject to the Debtors’s

obligation to transfer and convey all Property constituting property subject to the Escrow Agreement to the Effective Date Escrow on behalf of the Beneficiaries in accordance with Article 6 of the Plan.

ARTICLE 9

Exculpation and Releases

9.1 Exculpation of Committee Professionals, Committee Members, and Officers and Managers. None of the Creditors Committee, the Residents Committee or any of their respective members, officers, directors, employees, advisors, professionals or agents shall have or incur any liability to any holder of a claim for any act or omission in connection with, related to or arising out of, the Debtors' chapter 11 cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for the willful misconduct or gross negligence that causes damages and, in all respects, the Creditors Committee and the Residents Committee shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Section 1125(e) of the Bankruptcy Code shall be enforced to the fullest extent possible.

9.2 Mutual Release and Injunction. The Debtors, on the one hand, and all Creditors (and their affiliates), including without limitation all current and former indenture trustees for any such Creditors on the other hand (the "Release Parties"), shall release, and be permanently enjoined from any prosecution or attempted prosecution of, each other and all of their respective members, officers, directors, employees, advisors, professionals, except that any Professional required to seek and obtain approval for payment of a Professional Fee claim is excluded from the provisions of Paragraph 9.2, not released; and such claim, if any, reserved under Paragraph 9.3 below, or agents on account of any and all claims or liabilities arising prior or subsequent to the Commencement Date through and including the Effective Date, including, without limitation, (a) any claims or liabilities related to or arising from the Fixed Rate Bonds, Variable Rate Bonds, Reimbursement Agreements, First Bank Credit Agreement or other Funded Debt Agreement; (b) all avoidance actions assertable pursuant to Chapter 5 of the Bankruptcy Code; and (c) any right, claim, demand or cause of action, at law or in equity, or any remedy therefor, of any of the Debtors, the Affiliated Entities, the Release Parties, any person or entity claiming by, through or on behalf of any Debtor, Affiliated Entity, or Release Party, any lender, creditor, issuer of any letter of credit, participating bank in any letter of credit, secured party under any security agreement or similar agreement, bondholder, trustee under any indenture relating to any bond, or against any affiliate or any officer, director, employee, agent, representative or advisor of any of the foregoing, and against any other person who acted or acts in concert with any of them, in respect of any act or omission in relation to any of the Debtors, the Affiliated Entities, or the Release Parties, whether or not any of the foregoing persons or entities held such status before, during or after the time of any act or omission in relation to any of the Debtors, the Affiliated Entities or the Release Parties, or whether or not such right, claim, demand, or cause of action arose before or after the Commencement Date through and including the Effective Date, or was or is asserted before or after the Effective Date, including any right, claim, demand or cause of action with respect to a continuation of such activity after either of the Commencement Date or the Effective Date and any damages sustained therefrom before or after the Commencement Date or the Effective Date. The foregoing release shall encompass, without limitation, any and all alleged liability and causes of action that have been, or could have been asserted based upon or related to the subject matter of the investigation performed by the Dow, Lohnes law firm pursuant to its role as special counsel to the Debtors in these bankruptcy cases or the conclusions reached by Dow Lohnes. Notwithstanding the foregoing, the Debtors shall remain responsible for taking all actions required to preserve the tax-exemption of interest on the Fixed Rate Bonds and Variable Rate Bonds issued as tax-exempt bonds, including without limitation (i) the timely preparation and filing of rebate calculations under Section 148 of the Internal Revenue Code of 1986, as amended and the payment of any rebate payments required in connection therewith and (ii) all actions and payments required by the

Internal Revenue Service as a condition to the execution and delivery by the Internal Revenue Service of a closing agreement, if a closing agreement is required to preserve the tax-exempt status of such bonds. Notwithstanding any provision in the Disclosure Statement or Plan to the contrary, NOTHING in the Plan or Confirmation Order shall be deemed to release or indemnify any current or former employee, officer, director, trustee, member of the board of trustees, Professional or firm for which the Debtors filed an application to employ as a Professional from any liability for any claims or causes of action which may be asserted by any of the Attorneys General of any state or by the Reorganized Debtors. However, the organizational documents of the NBA, including the By-Laws, contain indemnification provisions that may remain effective under state law.

9.3 Reserved Claims. Notwithstanding the foregoing, the following claims shall be expressly reserved and not released: (a) obligations under the Plan (including the obligations of the Debtors and Reorganized Debtors to pay all Allowed Administrative Claims); (b) claims based on implied and express warranties (including construction and similar types of contracts); (c) obligations under the Asset Purchase Agreement (provided that any reservations in the Asset Purchase Agreement of the Debtors' rights regarding any claims or liabilities not relating to the performance of Fortress and Fortress Investment Fund II LLC pursuant to the Asset Purchase Agreement, including without limitation those contained in section 5.14 thereof, shall be superseded by the Plan and any such claims shall be released); (d) objections to professional compensation applications as well as any other claims, if any, by Debtors against their professionals, notwithstanding the release of Avoidance Actions; (e) obligations under any agreement reached among NBA, the Affiliated Entities and HUD and approved by the Bankruptcy Court; (f) claims by the Reorganized Debtors or any of the Attorneys General of any state against the current or former officers, members of the Board of Trustees or Directors of the Debtors; and (g) claims, if any, regarding any Professional or relating to or arising from any Professional Fee Claim. Any Professional may seek a determination from the Bankruptcy Court regarding the effect of the entry of a final order on their final fee application.

ARTICLE 10

Discharge

10.1 Discharge. Except as otherwise provided in the Plan, the Confirmation Order, the rights granted in the Plan, the making of distributions and Distributions pursuant to the Plan and the treatment of all Claims shall be in exchange for and in complete satisfaction of, and shall discharge, and release, all Claims of any nature whatsoever against the Debtors, the Reorganized Debtors and their Estates arising prior to the Effective Date, including demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Bankruptcy Code sections 502(g), 502(h), or 502(i), regardless of whether or not (i) a proof of claim evidencing such debt was filed or deemed filed under Bankruptcy Code section 501; (ii) a Claim based on such debt is allowed under Bankruptcy Code section 502; or (iii) the holder of a Claim based on such debt has accepted the Plan. Except as otherwise provided in the Plan, the Confirmation Order shall be a judicial determination of discharge of all Claims against the Debtors. Pursuant to Bankruptcy Code section 524, entry of the Confirmation Order and the discharge granted under this Section 10.1 shall void any judgment against any of the Debtors at any time obtained (to the extent it relates to a discharged Claim), and operates as an injunction against the prosecution of any action against any of the Debtors or their property (to the extent it relates to a discharged Claim).

ARTICLE 11

Injunction against Enforcement of Preconfirmation Debt

11.1 Injunction Enjoining Claimholders Against Debtors. Except as otherwise expressly provided in the Plan, after the Effective Date, all Persons who have been, are, or may be holders of

Claims against, or Equity Interests in, the Debtors arising before the Effective Date shall be enjoined from taking any of the following actions against or affecting the Debtors, the Reorganized Debtors, their Bankruptcy Estates, or the Property or property subject to the Escrow Agreement, regarding such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan):

(i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against the Debtors, the Reorganized Debtors, their Bankruptcy Estates, or Property or property subject to the Escrow Agreement (including, all suits, actions, and proceedings that are pending as of the Effective Date, which shall be deemed to be withdrawn or dismissed with prejudice) regarding any Claim, debt, liability, or other cause of action;

(ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree, or order against the Debtors, the Reorganized Debtors, their Bankruptcy Estates, or Property or property subject to the Escrow Agreement;

(iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against the Debtors, the Reorganized Debtors, their Bankruptcy Estates, or Property or property subject to the Escrow Agreement;

(iv) asserting any right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Debtors, the Reorganized Debtors, their Bankruptcy Estates, or Property or property subject to the Escrow Agreement; and

(v) proceeding in any manner and in any place whatsoever that does not conform to or comply with the provisions of the Plan.

This injunction does not affect (1) the police and regulatory powers of any governmental entity and (2) rights of recoupment and offset of any governmental entity.

ARTICLE 12

Events of Default

12.1 Events of Default. An event of default shall occur if the Debtors or any other party takes any action, fails to take any action, or fails to refrain from taking an action as prevented, required, or otherwise set forth in the Plan.

12.2 Remedies for Defaults. Should an event of default occur by the Reorganized Debtors or any other party, at least one other party-in-interest (including the Reorganized Debtors) must provide written notice of the default to the defaulting party and serve copies of the notice to all parties identified in Article 17 of the Plan. If the default is not cured within ten (10) days from service of the notice of default, the notifying party may obtain appropriate relief from the Bankruptcy Court, including designating a party to appear, sign, and/or accept on behalf of the defaulting party the documents required under the Plan in accordance with Federal Rule of Civil Procedure 70, or enter such other order compelling compliance with the applicable provisions of the Plan as may be necessary and that does not materially alter the terms of the Plan as it is confirmed.

ARTICLE 13
Provisions for the Resolution of Objections to Claims

13.1 Right to Object to Claims. The Reorganized Debtors shall have the right to examine and object to any Claims filed in the Bankruptcy Cases or any other Claims asserted against the Debtors or the Effective Date Escrow, and shall have the right to object to and contest the allowance and payment of any such Claims, except that they shall not have the right to object to any claims on the Schedule of Allowed Claims.

13.2 Deadline for Objecting to Claims. Unless extended by a subsequent order of the Bankruptcy Court, the Reorganized Debtors must file any objections to Claims with the Bankruptcy Court before the later of the expiration of (i) ninety (90) days after the Effective Date or (ii) sixty (60) days after the Bar Date; otherwise, such Claim shall be deemed allowed in accordance with Bankruptcy Code section 502.

13.3 Deadline for Responding to Claim Objections. Within thirty (30) days after service of an objection, the Claimholder whose Claim has been objected to in accordance with Section 12.2 of the Plan must file a written response to the objection with the Bankruptcy Court and serve a copy on the objecting party, the Effective Date Escrow Agent, and the parties identified in section 16.2 of the Plan. Failure to file a response within the thirty (30) day time period shall cause the Bankruptcy Court to enter a default judgment against the non-responding Claimholder, thereby granting the relief requested in the Claimholder objection.

13.4 Estimation of Claims. The Debtors, Reorganized Debtors, Creditors Committee and Effective Date Escrow Agent (on behalf of the Effective Date Escrow) may request the Bankruptcy Court to estimate any Claim for purposes of allowance under Bankruptcy Code section 502(c).

ARTICLE 14
Reserves

14.1 Reserves. Administrative Claims, Professional Fee Claims, Priority Unsecured Claims, and Disputed Claims shall be paid and administered by the Effective Date Escrow Agent, and the provisions relating to and governing the Reserves for those types of Claims are set forth in the Effective Date Escrow Agreement.

ARTICLE 15
**Retention, Enforcement, Compromise, or Adjustment
of Claims Belonging to the Bankruptcy Estate**

15.1 Right to Enforce, Compromise, or Adjust Bankruptcy Estate Claims. Pursuant to, among other authority, Bankruptcy Code section 1123(b)(3)(B), the Reorganized Debtors shall have, for the benefit of the Effective Date Escrow, the full power, authority, and standing to prosecute, compromise, or otherwise resolve any Rights of Action and any other Claims and causes of action belonging to the Effective Date Escrow. All cash or other proceeds derived from the Rights of Action or other claims and causes of action shall become property subject to the Escrow Agreement and be distributed as available cash in accordance with the Plan. The Debtors shall not be subject to any counterclaims with respect to the Rights of Action and any other Claims and causes of actions belonging to the Effective Date Escrow; provided, however, that the Rights of Action and any other Claims and causes of action belonging to the Effective Date Escrow will be subject to any setoff rights.

ARTICLE 16
Retention of Jurisdiction

16.1 Retention of Jurisdiction. The Bankruptcy Court, post-confirmation and even after the Bankruptcy Cases have been closed, shall have jurisdiction over all matters arising under, arising in, or relating to the Bankruptcy Cases, including proceedings to:

- (a) ensure that the Plan is implemented;
- (b) enter such orders that may be necessary or appropriate to implement, consummate, or enforce the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
- (c) consider any modification of the Plan under Bankruptcy Code section 1127;
- (d) hear and determine all Claims, controversies, suits, and disputes against the Debtors to the full extent permitted under 28 U.S.C. §§ 157 and 1334;
- (e) allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any and all objections to the allowance or priority of Claims;
- (f) hear, determine, and adjudicate any litigation involving the Rights of Action or other claims or causes of action constituting Property or property subject to the Escrow Agreement;
- (g) decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on or commenced after the Effective Date;
- (h) resolve any cases, controversies, suits, or disputes that may arise in connection with the implementation, consummation, interpretation, or enforcement of the Plan, or any entity's obligations incurred in connection with the Plan, or any other agreements governing, instruments evidencing, or documents relating to any of the foregoing, including the interpretation or enforcement of any rights, remedies, or obligations under any of the foregoing;
- (i) hear and determine all controversies, suits, and disputes that may arise out of or in connection with the enforcement of any and all subordination and similar agreements among various creditors pursuant to Bankruptcy Code section 510;
- (j) hear and determine all requests for compensation and/or reimbursement of expenses that may be made for professional fees and expenses incurred before the Closing Date;
- (k) enforce any Final Order, the Confirmation Order, the final decree, and all injunctions contained in those orders;
- (l) enter an order concluding and terminating this Bankruptcy Cases;
- (m) to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order;

- (n) determine all questions and disputes regarding title to the Property or property subject to the Escrow Agreement and any other assets of the Debtors;
- (o) classify the Claims of any Claimholders and the treatment of those Claims under the Plan, to re-examine Claims that may have been allowed for purposes of voting, and to determine objections that may be filed to any Claims;
- (p) take any action described in the Plan involving the post-confirmation Debtors;
- (q) enforce, by injunction or otherwise, the provisions set forth in the Plan, the Confirmation Order, any final decree, and any Final Order that provides for the adjudication of any issue by the Bankruptcy Court;
- (r) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated; and
- (s) enter a Final Order as contemplated by Bankruptcy Rule 3022.

ARTICLE 17
General Provisions

17.1 Notices. Whenever the Plan requires notice be given, such notice shall be given to the following parties at their respective addresses unless a prior notice of change of address has been served indicating a new address:

David Gragg
One of the Counsel for the Debtors
LANGLEY & BANACK, INC.
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745 East Mulberry, Suite 900
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Unsecured Creditors
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Missouri Attorney General's Office
P.O. Box 899
Jefferson City, Missouri 65102
Telephone: (573) 751-0662
Telecopier: (573) 751-4254

(Effective Date Escrow Agent)
Citibank, N.A.

17.2 Dates. Bankruptcy Rule 9006 shall govern the calculation of any dates or deadlines referenced in the Plan.

17.3 Further Action. Nothing contained in the Plan shall prevent the Debtors from taking any actions that may be necessary to consummate the Plan, even though such actions may not specifically be provided for within the Plan.

17.4 Exhibits. All Schedules filed in the Confirmation Schedules are incorporated herein by reference, and are intended to be an integral part of this document as though fully set forth in the Plan.

17.5 Plan Amendments. The Proponents may propose amendments or modifications to the Plan in accordance with Bankruptcy Code section 1127 at any time before the Confirmation Date. After the Confirmation Date and on or before the Closing Date, the Reorganized Debtors may, subject to Bankruptcy Court approval and so long as it does not affect the rights of Claimholders set forth in the Plan, amend or modify the Plan to remedy any defect or omission or reconcile any inconsistencies in the Plan or in the Confirmation Order, in such manner necessary to carry out the purposes and intent of the Plan. At the Confirmation Hearing, the Debtors and the Creditors Committee may, either in writing or on oral motion, request a modification of any provision of the Plan to address any objection to confirmation of the Plan and may seek confirmation of the Plan, as modified.

17.6 Exemption from Transfer Taxes. Pursuant to the provisions of Bankruptcy Code section 1146(c), the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of Effective Date Escrow, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

17.7 Binding Effect. The Plan shall be binding on, and inure to the benefit of, the Debtors, the Attorneys General, the Creditors Committee, the Residents Committee, the Claimholders, Creditors, the Affiliated Entities and their respective successors and assigns, regardless of whether those parties voted to accept the Plan.

17.8 Ratification. The Confirmation Order shall ratify all transactions effectuated by Debtors during the pendency of the Bankruptcy Cases.

17.9 Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without giving effect to any conflicts of law principles.

17.10 Reservation of Rights. The Postpetition Interest Payment Rate has been agreed upon by the parties and the impairment of the Funded Debt Claims and Trade Debt Claims has been agreed to by the Debtors solely for the purposes of achieving a consensual Plan, and are not intended to constitute an admission by any party as to, and shall not be used in any manner as evidence of, the amount of postpetition interest payable on any claim or impairment of the Funded Debt Claims and Trade Debt Claims other than pursuant to this Plan, and if the Plan is not confirmed, or if the Effective Date of such a Plan does not occur, then no party hereto shall be bound by the Postpetition Interest Payment Rate and impairment of the Funded Debt Claims and Trade Debt Claims, and the fact of the Postpetition Interest

Payment Rate and/or the impairment designation herein, or the amount of the Postpetition Interest Payment Rate shall not be binding upon or admissible as evidence in any subsequent proceeding. The application of the Postpetition Interest Payment Rate as provided in this Plan, or the application of any other provisions of this Plan affecting the Fixed Rate Bond, the Variable Rate Bonds or KBC Obligations, shall not constitute an agreement of any of the parties hereto to modify or amend any terms of the Fixed Rate Bonds, the Variable Rate Bonds or the Reimbursement Agreements.

17.11 Continued Prosecution of the Plan. Should either the Debtors or Creditors Committee attempt to vary the terms and provisions of the Plan to include terms or provisions that are different from those set forth herein and to which the Debtors or Creditors Committee do not agree, the Debtors or Creditors Committee may nevertheless continue prosecution of the Plan consistent with the terms and provisions outlined herein without the Debtors or Creditors Committee and without being required to file a separate plan and disclosure statement.

17.12 Avoidance Actions. Except as otherwise specifically reserved in the Plan, the Debtors waive the right to prosecute any avoidance or recovery actions.

ARTICLE 18 Substantial Consummation

18.1 Substantial Consummation. The Plan shall be deemed substantially consummated immediately on the completion of all actions required to be undertaken at the Closing.

18.2 Final Decree. On substantial consummation, the Reorganized Debtors may move for a final decree closing the case and requesting such other orders as may be necessary and appropriate.

ARTICLE 19 Contingencies to Effectiveness of the Plan

19.1 Contingencies. The Plan shall not be effective until the Bankruptcy Court enters a confirmation order acceptable in form and substance to the Debtors and the Creditors Committee, unless that condition is expressly waived.

DATED: January 20, 2005

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF THE NATIONAL BENEVOLENT ASSOCIATION
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

By: /s/ Franklin C. Bramwell

Name: Franklin C. Bramwell

Title: Committee Chair

THE DEBTORS

By: /s/ David S. Gragg

Name: David S. Gragg

Title: One of the Counsel for the Debtors