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**COUNSEL FOR DLH MASTER LAND HOLDING, LLC
AND ALLEN CAPITAL PARTNERS, LLC, DEBTORS
AND DEBTORS IN POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	
DLH Master Land Holding, LLC,	§	
Allen Capital Partners, LLC,	§	Case No. 10- 30561-HDH-11
Richard S. Allen, Inc.	§	
Richard S. Allen,	§	Jointly Administered
	§	
Debtors.	§	
	§	

**MODIFICATIONS TO AMENDED FIFTH JOINT PLAN OF REORGANIZATION FOR
ALLEN CAPITAL PARTNERS, LLC AND DLH MASTER LAND HOLDING, LLC
AND REQUEST FOR VALUATION BY BANKRUPTCY COURT**

Debtors and Debtors-in-Possession DLH Master Land Holding, LLC (“**DLH**”) and Allen Capital Partners, LLC (“**ACP**” and collectively with DLH, the “**Debtors**”) propose the following modifications to the *Amended Fifth Joint Plan of Reorganization for Allen Capital Partners, LLC and DLH Master Land Holding, LLC* [Docket No. 943] (the “**Plan**”), and, in connection with such Modifications, request that the Bankruptcy Court value certain parcels of real property which is being distributed to Compass Bank:

A. Payment of 2010 Ad Valorem Property Taxes

1. Both Dallas County, at Docket No. 982, and the Madrigal Trust, at Docket No. 997, have filed objections to confirmation of the Plan on the grounds that the Plan does not provide for the method or timing of payment of the unpaid 2010 ad valorem property taxes on certain of the Debtors' real property. Specifically, Dallas County is the holder of a secured claim in the amount of \$21,068.36 for unpaid 2010 ad valorem property taxes on the Debtors' real property located at 534 W. Pleasant Run Road, City of Wilmer, Dallas County, Texas (aka DLH Master Parcel # 16, 17, 18), and at 809 N. J. J. Lemmon Road, City of Hutchins, Dallas County, Texas (aka DLH Master Parcel # 78). The latter property is referred to as "Tract 78" in the objection filed by Madrigal Trust.

2. Madrigal Trust claims the outstanding amount of 2010 real property taxes on Tract 78, together with accrued interest and penalties thereon, totals \$23,322.03; however, at the same time Madrigal Trusts represents that \$20,280.03 of the \$21,068.36 claim asserted by Dallas County relates to taxes due and owing on Tract 78. In order to resolve the objections filed by Dallas County and the Madrigal Trust, the Debtors will pay the outstanding 2010 ad valorem taxes as claimed by Dallas County (as opposed to the Madrigal Trust), which in turn should resolve the objection asserted by the Madrigal Trust. Accordingly, the Debtors propose to supplement the Plan as follows:

On or before September 30, 2011, DLH will pay to Dallas County, in immediately payable funds, the sum of \$21,068.36 for unpaid 2010 ad valorem property taxes on the Debtors' real property located at 534 W. Pleasant Run Road, City of Wilmer, Dallas County, Texas, and at 809 N. J J Lemmon Road, City of Hutchins, Dallas County, Texas. Upon receipt by Dallas County of the foregoing amount, the first priority liens held by Dallas County on the foregoing property for unpaid 2010 ad valorem property taxes will be released. As concerns any claims for unpaid 2011 ad valorem taxes on the Debtors' property, such claims are contingent pending the potential

structured sale of such property as described elsewhere in this Plan. Pending payment of the 2011 ad valorem property taxes on the Debtors' property, Dallas County shall retain a first priority lien on its collateral pursuant to sections 32.01 and 32.05 of the Texas Property Tax Code. If the Debtors are unable to close a structured sale or sales on the collateral of Dallas County as provided elsewhere in the Plan, DLH will pay any post-petition ad valorem property taxes assessed on the collateral of Dallas County as an administrative expense without the requirement that Dallas County file a request for payment of such taxes in accordance with 11 U.S.C. Section 503(b)(1)(D).

B. Treatment of DLH Class 3 Subclass A: Pool 1 – Compass Pool

3. BBVA Compass Bank (“Compass”) has filed an objection to confirmation of the Plan at Docket No. 995. In order to resolve that objection and provide for the potential cramdown of Compass, the Debtors propose to modify the treatment of Compass and the terms of the Pool 1 Note¹ as follows:

- The treatment of DLH Class 3 Subclass A: Pool 1 – Compass Pool shall be modified in its entirety as follows:

(a) Creation of Pool 1 Notes. Compass, as the holder of an Allowed Secured Claim against DLH secured by a lien against all of the Pool 1 Parcels, shall receive a Pool 1 Variable Pay Note (the “**Pool 1 Note**”) in the amount of such Allowed Secured Claim, less the amount credited against such Allowed Secured Claim for the value of the Pool 1 Collateral to be distributed to Compass on the Effective Date, as hereafter provided. The Pool 1 Note will be issued by Reorganized DLH. All Parcel Senior Liens securing Allowed Secured Claims in this Subclass shall remain in place, as modified and extended pursuant to the Parcel Senior Lien Modifications to be executed and recorded concurrently with the issuance of the Pool 1 Note, and shall continue to be valid and perfected liens upon the Pool 1 Parcels until the earlier of the following: (i) any Parcel Senior Lien is released as described below, (ii) Compass forecloses upon the Parcel Senior Lien and Reorganized DLH has no remaining rights under applicable law to redeem the property so foreclosed, (iii) Reorganized DLH transfers any parcel or parcels subject to a Parcel Senior Lien to Compass in full or partial satisfaction of the Pool 1 Note, or (iv) the Pool 1 Note issued to the holder of the Allowed Secured Claim in this Subclass has been paid in full.

(b) Distribution of Pool 1 Collateral to Compass in Partial Payment of Secured Claim. On the Effective Date, DLH shall distribute to Compass in partial payment of the

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

Compass Allowed Secured Claim a portion of the Pool 1 Collateral, consisting of the following parcels:

<u>Parcel</u>	<u>Acres</u>	<u>Total Appraised Value</u>	<u>Proposed Discount</u>	<u>Valuation of Distribution</u>
57	19.00	\$ 890,000.00	12.00%	
58	55.34	2,580,000.00	12.00%	
85	4.20	150,000.00	12.00%	
86	49.61	2,590,000.00	12.00%	
139	1.08	33,000.00	12.00%	
140	3.52	150,000.00	12.00%	
72-1	8.57	839,900.00	12.00%	
72-2	2.54	248,900.00	12.00%	
72-3	6.70	656,700.00	12.00%	
Totals	150.56	\$8,138,500.00	12.00%	\$ 7,161,880.00

DLH proposes to value the parcels of the Pool 1 Collateral being distributed in kind to Compass (the “Distributed Pool 1 Parcels”) at the current appraised fair market value, less a discount of (i) six percent (6%) for the anticipated costs of sale to be incurred by Compass, and (ii) six percent (6%) for anticipated carrying costs which may be incurred by Compass pending a sale of these parcels. Based upon the appraisals obtained by DLH, and the foregoing discounts, DLH proposes that the Compass Allowed Secured Claim will be reduced by \$7,161,880.00 as a result of the distribution to Compass of the Distributed Pool 1 Parcels. DLH shall request the Bankruptcy Court to value the Distributed Pool 1 Parcels being distributed to Compass on the Effective Date in order to determine the amount of the credit against the Compass Allowed Secured Claim as a result of the distribution of the Distributed Pool 1 Parcels to Compass.

(c) **Terms of Pool 1 Note.** The Pool 1 Note shall have a beginning principal balance of the Allowed Secured Claim, less the amount to be credited upon distribution to Compass of the Distributed Pool 1 Parcels, as provided in Paragraph (b) above. Compass, as the holder of an Allowed Secured Claim against DLH secured by a lien against all of the Pool 1 Parcels, shall receive a Pool 1 Variable Pay Note (the “**Pool 1 Note**”) in the amount of such Allowed Secured

Claim, **as modified by the Parcel Senior Lien Modification.** The Pool 1 Note will be issued by Reorganized DLH. All Parcel Senior Liens securing Allowed Secured Claims in this Subclass shall remain in place, as modified and extended pursuant to the Parcel Senior Lien Modifications to be executed and recorded concurrently with the issuance of the Pool 1 Note, and shall continue to be valid and perfected liens upon the Pool 1 Parcels until the earlier of the following: (i) any Parcel Senior Lien is released as described below, (ii) Compass forecloses upon the Parcel Senior Lien and Reorganized DLH has no remaining rights under applicable law to redeem the property so foreclosed, (iii) Reorganized DLH transfers any parcel or parcels subject to a Parcel Senior Lien to Compass in full or partial satisfaction of the Pool 1 Note, or (iv) the Pool 1 Note issued to the holder of the Allowed Secured Claim in this Subclass has been paid in full.

(d) **Terms of Pool 1 Note.** Pool 1 Note shall accrue interest at 7.25% per annum and all unpaid principal and interest accrued shall become due and payable on the fifth (5th) anniversary of the Effective Date. The Pool 1 Note will be paid from the (i) Release Price as to any parcel, when and if Compass is requested to release the Parcel Senior Lien on such a parcel, parcels or the remainder of a parcel securing such a Pool 1 Note, and (ii) quarterly from Secured Creditor Pool 1 Net Proceeds. All payments of the Release Price on the Pool 1 Note shall be applied in reduction of the principal balance of the Pool 1 Note, and all payments of the Secured Creditor Pool 1 Net Proceeds shall be applied first to payment of accrued but unpaid interest and then in reduction of the principal balance of the Pool 1 Note.

(e) **Security for Pool 1 Note.** The Pool 1 Note shall be secured by the existing Parcel Senior Liens securing the Allowed Secured Claim for which the Pool 1 Note is issued, as modified by the Parcel Senior Lien Modification. Upon receiving the lesser of (i) the Release Price for any parcel, as hereinafter defined, (ii) an agreed amount negotiated between Reorganized DLH and the Pool 1 Noteholder, or (iii) the remaining amount due and owing on the related Pool 1 Note, the Pool 1 Noteholder shall release the Parcel Senior Lien(s) on such a parcel, parcels or the remainder of a parcel. To the extent to which Pool 1 Noteholder agrees to release all of its Parcel Senior Liens for an amount less than the remaining amount due and owing on the related Pool 1 Note, such a Pool 1 Note shall be cancelled and the creditor shall not be entitled to assert an unsecured claim for any deficiency. Notwithstanding the definition of DLH Net Sales Proceeds, a Pool 1 Noteholder shall not be required to release its Parcel Senior Lien unless such Pool 1 Noteholder actually receives the full amount set forth in this paragraph. More specifically, no deduction from this amount shall be made for any of the adjustments set forth in the definition of DLH Net Sales Proceeds.

(f) **Trigger for Required Structured Sales.** In addition to the foregoing, at the end of each month following the second (2nd), (3rd) and fourth (4th) anniversary dates of the Effective Date of the Plan (each such date being a "**Trigger Date**"), if the cumulative sum of all distributions to the holder of the Pool 1 Note including Release Prices and distributions to the holder of the Pool 1 Note from DLH Excess Cash Distributions, is less than the amount necessary to pay current through such Trigger Date all accrued but unpaid interest on the Pool 1 Note and to have reduced the balance of principal, interest and attorneys on the Pool 1 Note fees by not less than (i) \$2.0 million by the second anniversary of the Effective Date, (ii) \$ 4.0 million

by the third anniversary of the Effective Date and, (iii) \$6.0 million by the fourth anniversary of the Effective Date, then Compass may declare Reorganized DLH in default on the Pool 1 Note by written notice of default. Reorganized DLH shall have six months from receipt of such notice to cure and reinstate the Pool 1 Note. To effect a cure of such a default, Reorganized DLH may, at its option, either (1) pay interest current through such Trigger Date on the Pool 1 Note and make any required principal pay down out of other funds available to Reorganized DLH, or (2) convey the remaining Pool 1 property back to the Pool 1 Noteholder in full satisfaction of the Pool 1 Note, or (3) offer a structured sale, sealed bid or auction ("Structured Sale") of a sufficient portion of Pool 1 property to pay such interest current through the Trigger Date and make any required principal pay down or any Combination of (1) and (3). The reserve price for such parcels in such a Structured Sale shall be (i) at least equal to the Release Price for each parcel included in the Structured Sale, plus all normal and customary closing costs, and (ii) no greater than 175% of the Release Price for such a parcel unless the holder of the Pool 1 Note consents. In the event the Reserve Prices are not met for one or more parcels, Reorganized DLH shall consult with the Pool 1 Noteholder with respect to the appropriate disposition of the parcels. If Reorganized DLH elects to pay the accrued but unpaid interest and any required principal pay down on the Pool 1 Note current through the Trigger Date out of other available funds, such payment shall be made concurrently with the notice of such election. In the event that Reorganized DLH elects to conduct a Structured Sale, the written notice of such election shall include a description of the parcel or parcels selected for such Structured Sale, the proposed reserve prices for such parcels, and the manner in which such Structured Sale shall be conducted. Any Structured Sale must be closed and funded not later than six (6) months after the applicable Trigger Date.

(g) **Reporting to Pool 1 Noteholder** . Reorganized DLH will provide quarterly reports, not later than sixty (60) days after the end of each calendar quarter, to the holder of the Pool 1 Note stating (i) whether any Pool 1 properties were sold during that quarter, and if so, setting forth the calculation of total Pool 1 Net Sales Proceeds for the quarter. To the extent the holders of a Pool 1 Note execute an acceptable confidentiality agreement, as part of the quarterly report, Reorganized DLH shall make additional information with respect to the individual property sales available and shall provide a brief report regarding the current status of Reorganized DLH's attempts to sell the Pool 1 Parcels. Upon request by the holder of a Pool 1 Note and after the holder of the Pool 1 Note executes a confidentiality agreement, Reorganized DLH shall provide all offers to purchase all or any portion of the Pool 1 Note's collateral to the Pool 1 Note holder within five (5) business days after receipt.

(h) **No Additional Liens or Refinancing Allowed Without Consent.** Unless the Pool 1 Noteholder consents, beginning sixty (60) days after the Effective Date, Reorganized DLH may not grant new or additional liens on any Pool 1 Parcel unless the proceeds of the loan are for the purpose of curing any default and or Alternate Exit Financing.

C. **Treatment of DLH Class 3 Subclass B: Pool 2 – Hutchins Industrial Pool**

3. Certain of the secured creditors classified in DLH Class 3 Subclass B² under the Plan have filed an objection to confirmation of the Plan at Docket No. 990. In order to resolve that objection and provide for the potential cramdown of creditors in DLH Class 3 Subclass B, the Debtors propose to modify the treatment of DLH Class 3 Subclass B: Pool 2 – Hutchins Industrial Pool and the terms of the Pool 2 Notes as follows:

- The treatment of DLH Class 3 Subclass B: Pool 2 – Hutchins Industrial Pool shall be modified in its entirety as follows:

(a) **Creation of Pool 2 Notes.** Each holder of an Allowed Secured Claim against DLH secured by a lien against one or more of the Pool 2 Parcels shall receive a Pool 2 Note (a “Pool 2 Note”, and collectively the “Pool 2 Notes”) in the amount of such Allowed Secured Claim. The Pool 2 Notes will be issued by Reorganized DLH. All Parcel Senior Liens securing Allowed Secured Claims in this Subclass shall remain in place, as modified and extended pursuant to the Parcel Senior Lien Modifications to be executed and recorded concurrently with the issuance of the Pool 2 Notes, and shall continue to be valid and perfected liens upon the Pool 2 Parcels until the earlier of the following: (i) any Senior Parcel Lien is released as described below, (ii) Pool 2 Noteholder forecloses the Senior Parcel Lien upon the parcel or parcels on which it has a lien and Reorganized DLH has no remaining rights under applicable law to redeem the property so foreclosed, (iii) Reorganized DLH transfers any parcel or parcels subject to a Parcel Senior Lien to the applicable Pool 2 Noteholder in satisfaction of the Parcel Note, or (iv) until the Pool 2 Note issued to the holder of the Allowed Secured Claim in this Subclass has been paid in full.

(b) **Terms of Pool 2 Notes.** Each Pool 2 Note shall have a beginning principal balance equal to the amount of the Allowed Secured Claim related to each Pool 2 Note. The Pool 2 Notes shall accrue interest at 5.5% per annum and all principal and accrued but unpaid interest shall be due and payable in full on the fifth (5th) anniversary of the Effective Date. The Pool 2 Notes shall be payable semi-annually in arrears, with interest only on the Pool 2 Note for the first three (3) years after the Effective Date, and thereafter, commencing with the date that is three and one-half (3 1/2) years after the Effective Date, in equal semi-annual payments of principal and interest sufficient to fully amortize the then outstanding principal balance of the Pool 2 Notes over ten (10) years (calculated from the 3rd anniversary of the Effective Date). Notwithstanding the forgoing, the first interest-only payment for each Pool 2 Note shall be due eighteen (18) months after the Effective Date. All interest accrued, but unpaid during the initial 12 month period shall be

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

capitalized on the 1st anniversary of the Effective Date and the principal balance of each note shall be adjusted accordingly. Commencing with the date which is three and one-half years after the Effective Date, Reorganized DLH shall make semiannual payments of principal and interest on each Pool 2 Note in equal semiannual amounts calculated to fully amortize the then current principal balance of each Pool 2 Note over ten (10) years, calculated from then current principal balance of the Pool 2 Note on the third anniversary of the Effective Date. All distributions to the holders of Pool 2 Notes from Secured Creditor Pool 2 Net Proceeds shall be credited against semiannual payments of interest and principal due under the Pool 2 Notes, so that, for any six month period for which there is either an interest payment due to the holders of the Pool 2 Notes or a payment of principal and interest due to the holders of the Pool 2 Notes, such holders shall receive the greater of: (1) the Secured Creditor Pool 2 Net Proceeds distributed for such six month period; or (2) the semiannual payment of interest or principal and interest due for such six month period. To the extent to which the underlying Allowed Secured Claim which gave rise to a Pool 2 Note was non-recourse to DLH, the Pool 2 Note issued to the holder of such Allowed Secured Claim shall also be non-recourse for any and all claims to DLH. Each such Pool 2 Note will be paid from: (i) the release price for such Pool 2 Note when and if Parcel Noteholder is requested to release the Parcel Senior Lien on such a parcel, parcels or the remainder of a parcel securing such a Pool 2 Note, and (ii) quarterly, from Secured Creditor Pool 2 Net Proceeds (which shall be distributed pro rata based on the then outstanding balance on all remaining Pool 2 Notes after taking into account distributions of the release price to discharge the first liens to the various holders of Pool 2 Notes during the quarter in question). The payment of the release price shall be applied to all accrued but unpaid interest and all principal due on the Pool 2 Note to which such release price relates. All payments from Secured Creditor Pool 2 Net Proceeds on the Pool 2 Notes shall be applied: (x) first, to payment of accrued but unpaid interest on each Pool 2 Note that remains unpaid, and (y) second in reduction of the principal balance of the Pool 2 Note.

(c) DELETED

(d) DELETED

(e) Special Treatment for Short Sales Recommended by Reorganized DLH. Notwithstanding any other provision in this section, in the event that the parcel or parcels securing the Allowed Secured Claim for which a non-recourse Pool 2 Note was issued are sold to a third party on the recommendation of Reorganized DLH and with the consent of the Parcel Noteholder(s) of the Pool 2 Note(s) secured by such Pool 2 parcel(s), and the Pool 2 Note(s) secured by such parcel or parcels has not been paid in full as a result of such sale, such Pool 2 Note shall continue to participate in distributions, if any, of Secured Creditor Pool 2 Net Proceeds until either the Pool 2 Note has been paid in full or the Pool 2 Note matures according to its terms.

(f) Security for Pool 2 Notes. Each Pool 2 Note is secured by (a) the existing Parcel Senior Lien securing the Allowed Secured Claim for which the Pool 2 Note was issued, and (b) an additional *pro rata* interest in a subordinate lien on all other Pool 2

Parcels. Reorganized DLH shall file in the Deed Records of Dallas County, Texas a Subordinate Lien Deed of Trust on the Pool 2 Parcels promptly after the later to occur of (i) the Effective Date, or (ii) the receipt by DLH of fully executed Parcel Senior Lien Modifications executed by the holders of all Pool 2 Notes. DLH, as the agent of the Pool 2 Noteholders, shall have full power and authority to execute and deliver partial releases from the Subordinate Lien Deed of Trust on the Pool 2 Parcels conditioned only upon delivery of directions to a Title Insurance Company or Escrow Agent to deliver the Secured Creditor Pool 2 Net Proceeds into an escrow account for the benefit of the holders of the Pool 2 Notes. No holder of a Pool 2 Note, either individually or collectively, shall have the right to foreclose upon the subordinate lien described herein unless and until the earlier of: (a) sixty (60) days after the final Maturity Date of the Pool 2 Notes; or (b) after any default by Reorganized DLH in (i) paying over any Secured Creditor Pool 2 Net Proceeds to an escrow account for the benefit of the holders of the Pool 2 Notes, or (ii) causing or directing the payment of quarterly distributions of the Secured Creditor Pool 2 Net Proceeds to the holders of the Pool 2 Notes, and either such default is not cured within ten (10) business days after written notice from any Pool 2 Note holder. In the event that a foreclosure of the Subordinate Lien Deed of Trust is authorized under the preceding sentence, such foreclosure shall be commenced upon the written consent and direction of the holders of two-thirds (2/3) in amount of the remaining outstanding balance of the Pool 2 Notes directed to the Trustee named in the Subordinate Lien Deed of Trust, or to any substitute trustee which may be appointed by the holders of not less than two-thirds (2/3) in amount of the Pool 2 Notes.

Upon receiving the lesser of (i) the release price in satisfaction of the first lien for any parcel, (ii) an agreed amount negotiated between Reorganized DLH and a Parcel Noteholder, or (iii) the remaining amount due and owing on the related Pool 2 Note, Parcel Noteholder shall release its Parcel Senior Lien on such a parcel. To the extent to which a creditor agrees to release all of its retained liens for an amount less than the remaining amount due and owing on the related Pool 2 Note, such a Pool 2 Note shall be cancelled and the creditor shall not be entitled to assert an unsecured claim for any deficiency. Notwithstanding the definition of DLH Net Sales Proceeds, Pool 2 Noteholder shall not be required to release their Parcel Senior Lien unless the creditor actually receives the amount set forth in this paragraph. More specifically, no deduction from this amount shall be made for any of the adjustments set forth in the definition of DLH Net Sales Proceeds.

With respect to the sale of any parcel in Pool 2, once the Secured Creditor Pool 2 Net Sales Proceeds, if any, are directed to be deposited into an escrow or reserve account or are actually paid or distributed to the holders of the Pool 2 Notes, the subordinated lien granted against that parcel pursuant to this section shall be released and discharged automatically pursuant to this Plan. In such circumstances, Reorganized DLH shall have full power and authority to execute, as agent for the holders of the Pool 2 Notes, and deliver to any Title Company or closing agent, any partial release of the subordinated lien on the Pool 2 parcels, and the written consent of any Pool 2 Noteholder shall not be required to release and discharge the subordinated lien. In addition, to the extent to which Reorganized DLH transfers a parcel to the applicable Pool 2 Noteholder holding the Parcel

Senior Lien on that parcel in satisfaction of the Pool 2 Note secured by such parcel, the subordinate lien granted against such parcel so transferred shall be automatically released and discharged as well, and Reorganized DLH shall be fully authorized and empowered to execute and deliver a partial release of the subordinate lien in connection with any transfer in lieu of foreclosure of a Parcel Senior Lien on a Pool 2 parcel without any further consent of the remaining holders of the Pool 2 Notes.

(g) **Reporting to Pool 2 Noteholder.** Reorganized DLH will provide quarterly reports, not later than sixty (60) days after the end of each calendar quarter, to all holders of Pool 2 Notes stating whether any Pool 2 properties were sold during that quarter, and if so, setting forth the calculation of total Pool 2 Net Sales Proceeds for the quarter. To the extent the holders of Pool 2 Notes execute an acceptable confidentiality agreement, as part of the quarterly report, Reorganized DLH shall make the additional information with respect to the individual property sales available and shall provide a brief report regarding the current status of Reorganized DLH's attempts to sell the Pool 2 Parcels.

(h) **Each Claim Separately Classified.** Each Allowed Claim in Pool 2 which has its own identifiable and separate collateral will be in its own class under the Plan such that each secured claim in this group will constitute its own class for purposes of voting on the Plan; however, participants in any such claim do not constitute a separate class.

(i) **No Additional Liens or Refinancing Allowed Without Consent.** Unless 70% in the aggregate by principal amount of all Parcel Noteholders holding a Parcel Senior Lien on each Pool 2 Parcel owned by Reorganized DLH consent, beginning sixty (60) days after the Effective Date, Reorganized DLH may not grant a new or additional liens (exclusive of the Pool 2 Subordinate Lien Deed of Trust for the benefit of all Pool 2 Notes, the Additional Exit Financing and or lien created to cure a Pool 2 Note monetary default,) on any Pool 2 Parcel unless and until all of the remaining Pool 2 Notes, have been paid in full or will be paid in full as a result of the grant of such a lien.

D. Treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool

4. Certain of the secured creditors classified in DLH Class 3 Subclass D under the Plan have filed an objection to confirmation of the Plan at Docket No. 991. In order to resolve that objection and prevent the potential cramdown of the creditors in DLH Class 3 Subclass D, the Debtors propose to modify the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool and the terms of the Pool 4 Notes as follows:

- The “**Treatment**” subsection of DLH Class 3 Subclass D: Pool 4 Seller Financing

Pool shall be partially modified by revising the third sentence of that subsection as follows:

With respect to the remaining Pool 4 parcels, Reorganized DLH shall retain such parcels for up to one hundred eighty (180) days after the Effective Date in order to market such Pool 4 parcels through auctions, sealed bid, or other structured sales.

- Subsection (a) of the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool, entitled “Creation of Pool 4 Notes,” shall be partially modified by revising the final sentence of that subsection as follows:

All Parcel Senior Liens securing Allowed Secured Claims in this Subclass shall remain in place, as modified and extended to reflect a maturity of one hundred eighty (180) days after the Effective Date, and shall continue to be valid and perfected liens upon the Pool 4 Parcels until the earlier of the following: (i) any Senior Parcel Lien is released as described below, (ii) Parcel Noteholder forecloses the Senior Parcel Lien upon the parcel or parcels on which they have a lien and Reorganized DLH has no remaining rights under applicable law to redeem the property so foreclosed, (iii) Reorganized DLH transfers any parcel or parcels subject to a Parcel Senior Lien to the applicable Parcel Noteholder in satisfaction of the Parcel Note, or (iv) until the Pool 4 Note issued to the holder of the Allowed Secured Claim in this Subclass has been paid in full.

- Subsection (b) of the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool, entitled “Terms of Pool 4 Notes,” shall be partially modified by revising the second sentence of that subsection as follows:

All accrued but unpaid interest and all principal of the Pool 4 Notes shall become due and payable in full one hundred eighty (180) days after the Effective Date, unless the maturity date of a Pool 4 Note is extended as provided in Paragraph (f) below.

- Subsection (c) of the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool, entitled “Security for Pool 4 Notes,” shall be partially modified by revising the first sentence of that subsection as follows:

Each Pool 4 Note shall be secured by the existing Parcel Senior Lien securing the Allowed Secured Claim for which the Pool 4 Note was issued, as modified and extended to reflect a maturity date of one hundred eighty (180) days after the Effective Date.

- Subsection (d) of the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool, entitled “Reporting to Parcel Noteholders,” is **omitted** in its entirety.

- Subsection (f) of the treatment of DLH Class 3 Subclass D: Pool 4 Seller Financing Pool, entitled “Maturity of Pool 4 Notes,” shall be partially modified by revising the first sentence of that subsection as follows:

The Pool 4 Notes shall be payable in full, with interest, on the earlier to occur of: (a) the closing of the sale of any Pool 4 parcel securing a Pool 4 Note; or (b) either (i) one hundred eighty (180) days after the Effective Date, for any Pool 4 Note secured by a Pool 4 parcel which has not been sold by Reorganized DLH, and for which no binding contract for sale has been executed prior to such maturity date, or (ii) for any Pool 4 Note secured by a Pool 4 parcel for which Reorganized DLH has received a binding contract to sell such parcel prior to the end of one hundred eighty (180) days after the Effective Date, sixty (60) days after the end of the ninetieth (90th) day after the Effective Date.

E. Treatment of ACP Disputed Secured Guaranty for Compass

5. The following modification will be made to the Plan regarding the treatment of Compass should it be determined to have an ACP Class – Allowed Secured Claim:

To the extent which the Court determines the scope and perfection of the Compass collateral and allows a secured claim by Compass against ACP, Compass is stayed from enforcing its security so long as DLH is performing under the Plan concerning its obligations thereunder to Compass.

F. Treatment of ACP Disputed Unsecured Guaranty for Compass

6. The following modification will be made to the Plan regarding the treatment of Compass should it be determined to have an ACP Class 4 Allowed Unsecured Claim with respect to the guaranty granted by ACP on the Compass Land Loan (but the following shall not

affect the Allowed Unsecured Claim of Compass with respect to it Guaranty Claim relating to the Compass Building Loan):

To the extent which the Court allows an unsecured claim by Compass against ACP arising out of ACP's guaranty of the Compass Class 3-A Claim, the Compass Land Loan, such Claim shall be deemed contingent as to both liability and amount, and Compass is stayed from enforcing its Claim and collecting any distributions thereon security so long as DLH is performing under the Plan concerning its obligations to Compass with respect to the Allowed Secured Claim of Compass treated in DLH Class 3-A.

G. Additional Exit Financing

7. In order to provide additional Exit Financing for DLH, one or more of the current DIP lenders, Richard Allen, and Luke Allen have agreed to provide Reorganized DLH a Line of Credit in the amount of \$2.0 Million, to be made upon the same terms and conditions as the DLH Term Loan, and secured by the same liens and collateral as the DLH Term Loan. The sources of funds for this Line of Credit are as follows: (a) \$875,000.00 to be provided by Richard S. Allen, subject to Bankruptcy Court approval in Richard S. Allen's Chapter 11 Bankruptcy Case, (b) \$125,000.00 to be provided by Luke Allen, and (c) \$1,000,000.00 to be provided by one or more of the current the DIP Lenders (cumulatively "Additional Exit Financing"). In order to reflect this Line of Credit, the following modifications will be made to the Plan regarding the DLH Term Loan and the Exit Financing:

Plan Summary

DLH Exit Financing

DLH anticipates that it will have approximately \$853,000 in available cash on the Effective Date in order to comply with its obligations under the Plan and exit bankruptcy. The obligations consist of an estimated 947,000 in Allowed but unpaid Administrative Expenses, and

based upon the Additional Exit Financing, a working capital reserve to cover budgeted operating expenses of the Reorganized Debtor and distributions under the Plan due within twelve (12) months after the Effective Date.

DIP Lenders' Term Loan and Line of Credit

The DLH Debtor-in-Possession Financing which remains unpaid on the Effective Date, which DLH estimates will be approximately \$2.625 Million (including accrued interest thereon), shall be converted to a Term Loan (the "**Term Loan**"). The Term Loan shall retain its perfected subordinate liens on the DLH Property other than the Pool 3 parcels and Pool 4 parcels being surrendered to the Secured Creditors in those pools. A new variable pay note and new subordinate lien deed of trust shall be executed on the Effective Date to evidence and secure the Term Loan. The Plan establishes Release Prices for the Term Loan for each parcel, calculated at 150% of the allocable portion for each parcel in Pool 1 and Pool 2 (excluding any land sold and or transferred to the Pool 1 Secured Creditor, prior to the Effective Date) of the initial balance of the Term Loan on the Effective Date of the Plan. With respect to parcels contained within Pool 4, the Release Price shall be equal to ten percent (10%) of the Net Sales Proceeds of each sale. The Term Loan shall bear a variable rate of interest at Prime plus ten percent (10%); provided that the Prime rate shall be capped at a rate no higher than 500 basis points above the Prime rate in effect on the Effective Date. Interest on the Term Loan shall accrue annually, and shall be payable solely from the Net Sales Proceeds of the Pool 1, Pool 2 and Pool 4 properties. The Term Loan shall mature on the last business day of the month occurring after the third (3rd) anniversary date of the Effective Date of the Plan. On the Effective Date, the balance of the Term Loan shall be increased by: (a) an Origination Fee equal to one percent (1%) of the outstanding balance of the DIP Loan on the Effective Date (excluding Additional Exit Financing), and (b) all reasonable costs, including reasonable attorneys' fees, incurred by the DIP Lenders in connection with the origination of the Term Loan subject to approval by the Bankruptcy Court.

In addition to the outstanding balance of the DIP Loan on the Effective Date, one or more of the current the DIP Lenders, Richard S. Allen (subject to Bankruptcy Court approval), and Luke Allen have agreed to provide a line of credit to Reorganized DLH (the "Term Loan Line of Credit" or "Additional Exit Financing") in an amount of \$2,000,000.00, to be available as and when Reorganized DLH needs cash to meet any obligations under the Plan and to provide for the payment of operating expenses of Reorganized DLH. The Term Loan Line of Credit shall be provided by: (a) Richard S. Allen, in the amount of \$875,000.00, subject to Bankruptcy Court approval in Richard S. Allen's Chapter 11 Bankruptcy Case, (b) Luke Allen, in the amount of \$125,000.00, and (c) one or more of the current the DIP Lenders, in the amount of \$1,000,000.00. The Term Loan Line of Credit shall be upon the same terms as the Term Loan, shall be secured by the same lien and collateral the Term Loan, and shall mature on the third (3rd) anniversary date of the Effective Date of the Plan.

ARTICLE IV - TREATMENT OF CLAIMS AND INTERESTS

4.01 **Class 1 — Allowed Administrative Expense Claims (Unimpaired)** shall be amended as follows:

(b) Deadlines for Filing Fee Claim Estimates and Applications. Each person asserting any Fee Claim for services rendered or expenses incurred on or before the Effective Date which is in whole or in part an Administrative Expense Claim, including without limitation any claim for “substantial contribution” under Section 503 of the Bankruptcy Code, shall be required to file with the Bankruptcy Court, and serve on Debtors and its counsel, (i) on or before Thursday, August 25, 2011, a Fee Estimate, and (ii) within 60 days after the Effective Date, a formal Fee Application, by which any and all Fee Claims shall be Allowed or Disallowed. Failure to file either a timely Fee Estimate or a timely Fee Application shall result in the Fee Claim of such Claimant or applicant being forever barred and discharged.

8. The foregoing modifications to the Plan are proposed by Debtors in order to resolve certain objections to the Plan. The Debtors believe these modifications are non-material changes to the Plan, and do not adversely affect the treatment of any creditor which has voted to accept the Plan, and therefore no further notice of the Plan, as modified hereby, is required, nor is any further solicitation of the Plan or a re-vote on the Plan necessary or required under 11 U.S.C. §1127(a) or (c). The Debtors believe the foregoing modifications to the Plan are in the best interests of the Debtors, their estates and the creditors thereof.

Dated: August __, 2011 Respectfully submitted,

By: /s/ Mark E. MacDonald
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LLC AND ALLEN CAPITAL PARTNERS, LLC,
DEBTORS AND DEBTORS IN POSSESSION**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August __, 2011, a true and correct copy of the foregoing was served by ECF notification on those parties registered for electronic notification.

/s/ Mark E. MacDonald
Mark E. MacDonald